



ZHONGTONG BUS HOLDING CO.,LTD SUSTAINABILITY REPORT 2024



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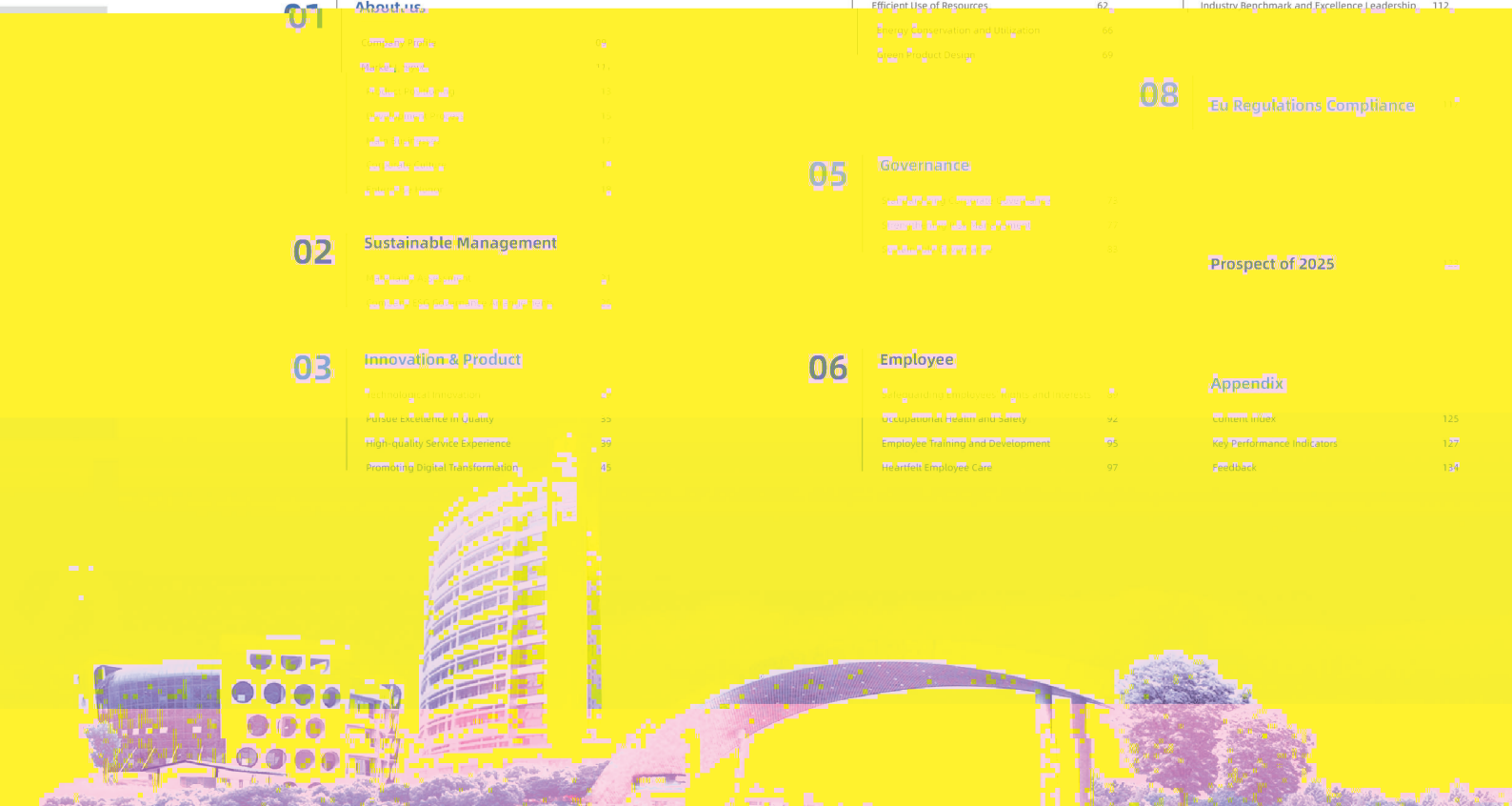
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About the Report

This report is the first sustainability report/ESG report issued by Zhongtong Bus Holding Co., Ltd. in line with the principles of objectivity, standardization, transparency and comprehensiveness. It details the company's management actions, specific measures, key practices, highlights, cases and key performance indicators in actively undertaking social responsibility and promoting sustainable development in 2024. It aims to respond to the expectations and demands of stakeholders and better fulfill social responsibility in the future.

Time Range

This report covers the period from 1st January 2024 to 31st December 2024. In order to ensure the comparative and forward-looking nature of this report, some data and content are appropriately traced back to the previous years.

Scope of Report

This report takes Zhongtong Bus Holding Co., Ltd. as the main body, including subordinate subsidiaries. Unless otherwise specified, the scope of this report is consistent with the scope of the Company's annual report.

Preparation Basis

This report is based on the Shenzhen Stock Exchange Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange - Preparation of Sustainability Report, Guidelines for Corporate Social Reporting Initiative and United Nations Sustainable Development Goals (UN SDGs 2030).

Title of the Report

Zhongtong Bus Co., Ltd./Zhongtong Bus, We, the company, company	refer to	Zhongtong Bus Holding Co., Ltd.
Shandong Heavy Industry Group, group company, group	refer to	Shandong heavy industry group Co., Ltd.

Data Source and Reliability Assurance

All the information and data cited in this report come from the internal documents or relevant public information of Zhongtong Bus. Zhongtong Bus ensures that there are no false records, misstatement, statements or major omissions in the content of this report.

Access to Reporting

You can obtain the digital version of this report through the following website:

<https://www.zhongtong.com/>

<http://www.ztinfo.com.cn/>

If you have any questions or feedback on this report, please contact us:

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Embarking on a New Path Towards Sustainability

2023年，我们深入贯彻新发展理念，坚持高质量发展，扎实推进“双碳”工作，

全面提升绿色低碳发展水平，深入推进绿色制造体系建设，加大绿色技术创新力度，不断提升绿色制造水平，为经济社会高质量发展贡献了力量。

Strengthen scientific and technological innovation and enhance the core competitiveness of enterprises.

我们坚持创新驱动发展战略，加大研发投入，推动企业技术创新，不断提升企业核心竞争力。通过加强产学研合作，推动科技成果转化，为企业高质量发展提供强有力的支撑。

Show on the international stage, in response to the national strategy of "Going Global".

我们积极响应国家“走出去”战略，加大国际交流合作力度，推动企业国际化经营。通过参与国际市场竞争，提升企业品牌影响力，为企业高质量发展注入新的动力。

我们坚持绿色发展理念，加大绿色技术创新力度，不断提升绿色制造水平。通过加强绿色技术创新，推动绿色制造体系建设，为企业高质量发展提供强有力的支撑。

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Mr. Wang Binbin, Chairman of Shandong Iron and Steel Group

ESG Highlights

Energy Saving and Emission Reduction

Deepen the comprehensive reform of the energy system, actively promote the green transformation of the energy system, and actively promote the green transformation of the energy system. By using advanced energy-saving and emission-reducing technologies, we have achieved significant energy-saving and emission-reducing results through technological innovation and iterative upgrades.

- The average electricity consumption per production unit has decreased compared to the same period:

11.77%

- The average gas consumption per vehicle in production has decreased compared to the same period:

7.36%

- The average CO₂ emissions per production unit has decreased compared to the same period:

4,100 tons of CO₂e

- Reduce CO₂ emissions through equipment retrofitting in welding and painting processes:

225 tons of CO₂e

Technical Breakthrough

Continuously research and develop new technologies, and actively promote the green transformation of the energy system. By using advanced energy-saving and emission-reducing technologies, we have achieved significant energy-saving and emission-reducing results through technological innovation and iterative upgrades.

- New patent applications:

122 Items

- New patents increased year-on-year:

8.93%

- Relevant industry and group standards participated in the formulation and release in 2024:

10 Items

Win Together

Join hands with a wide range of suppliers and partners to seize opportunities and jointly build a "community with a shared future." Through the leading role of the "chain leader" and the momentum of the industrial chain, collaborate with upstream and downstream partners to improve quality and efficiency, and implement the concept of green development.

- The proportion of suppliers certified with the DHSAS 18001/ISO 45001 systems:

85%

- The proportion of suppliers certified with the IATF 16949 system:

93%

- The proportion of direct suppliers that have signed "Supplier Code of Conduct":

92%

Quality Service

Adhering to the value-oriented principle that "customer satisfaction is our original and ultimate goal," we have always adhered to the philosophy of "customer first, quality service, respect to customers, and maximize customer value." We persist in the service philosophy of "customer first, quality service, respect to customers, and maximize customer value."

- Customer complaint handling rate:

100%

- Win "The most trusted group bus" (H11) in the "2024 China Passenger Vehicle Industry Brand Survey":

Win "The most trusted group bus" (H11) in the "2024 China Passenger Vehicle Industry Brand Survey"

Win "The most trusted group bus" (H11) in the "2024 China Passenger Vehicle Industry Brand Survey"

Employee Growth

Adhering to the core concept of "people-oriented," we improve employee benefits and satisfaction, create a comprehensive training and development mechanism as well as broad career - development space, help every employee achieve continuous growth and development, and inspire their passion and creativity.

- Employees assisted in difficulty:

60 people

- Promote employee study re-education:

More than 30 people

Green Product

Advocating the concept of sustainable development, the company insists on empowering the high-quality development of the industry with green products and cutting-edge technologies. Zhongtong Bus takes the lead as a "green pioneer," helps create a travel-oriented new lifestyle, and provides a "Chinese solution" for the global green-transportation passenger market.

- The energy consumption of H9 hybrid model is reduced year-on-year:

8.26%

(1.7% lower than the industry's transportation companies' products with the same configuration of the same model.)

- The energy consumption of H11E hybrid model is reduced year-on-year:

5.5%

(4.9% lower than the industry's transportation companies' products with the same configuration of the same model.)

- The energy consumption of H12 hybrid model is reduced year-on-year:

12%

(6.7% lower than the industry's transportation companies' products with the same configuration of the same model.)



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Company Profile

Zhongtong Bus adheres to customer-orientated approach, meeting market demands with a diverse product range, which covers six main series and 10 sub-series, spanning various niche markets, including highway buses, public transport, tourism buses, group travel, high-end business vehicles, school buses, logistics vehicles, and special-purpose vehicles, with lengths ranging from 5.5 to

Shanghai Zhongtong Bus Holding Co., Ltd. (hereinafter referred to as "Company") was established in 2000. The Company is a public company listed on the Shanghai Stock Exchange (600312). The Company is a leading manufacturer of commercial vehicles in China, with a long history and a strong reputation in the industry. The Company's products are widely used in various markets, including highway buses, public transport, tourism buses, group travel, high-end business vehicles, school buses, logistics vehicles, and special-purpose vehicles. The Company has a strong R&D capability and a mature production system, ensuring the quality and reliability of its products. The Company is committed to providing high-quality products and services to its customers, and is dedicated to promoting the sustainable development of the industry.

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Revenue (million)	116.43
Operating profit (million)	17.003
Net profit (million)	52.34
Basic EPS (yuan)	0.5711
Dividend per share (yuan)	0.2620
Shareholder's return (yuan)	156.25%
Return on assets (yuan)	2.79



Market Layout

Domestic



10
758
10

International

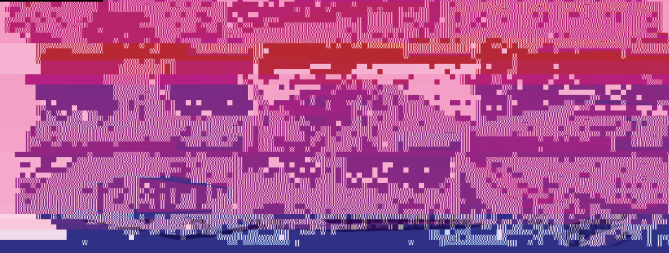
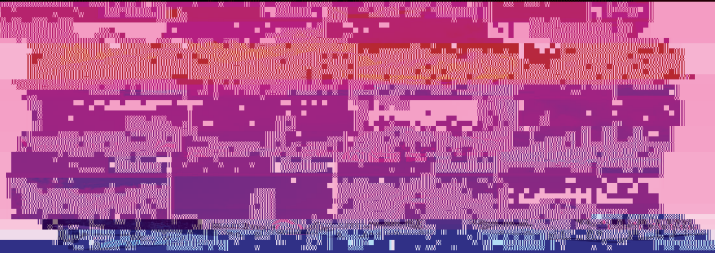


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Domestic Distribution



International Distribution



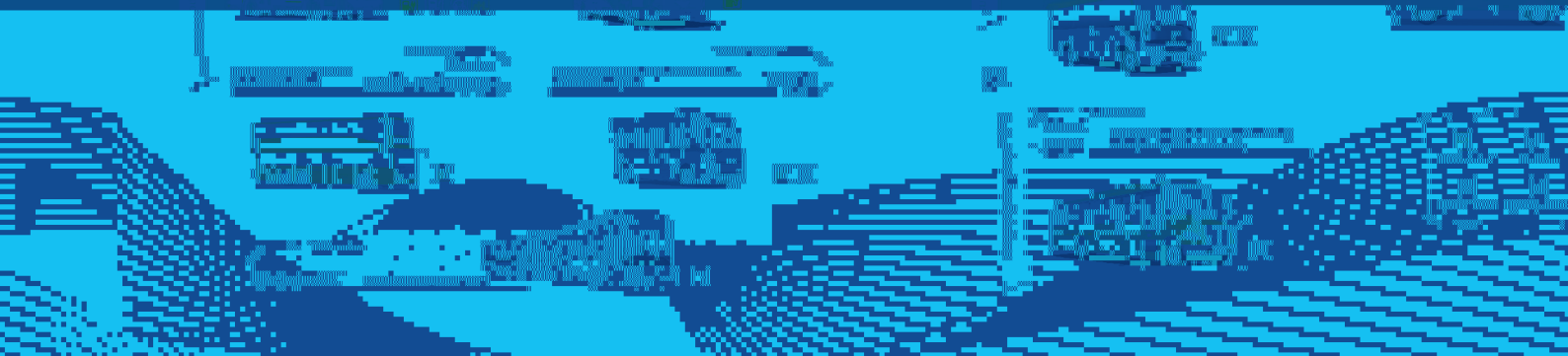
Product Positioning

01 8-14 meters
H Series For airport services, trunk line transportation and shuttle services.

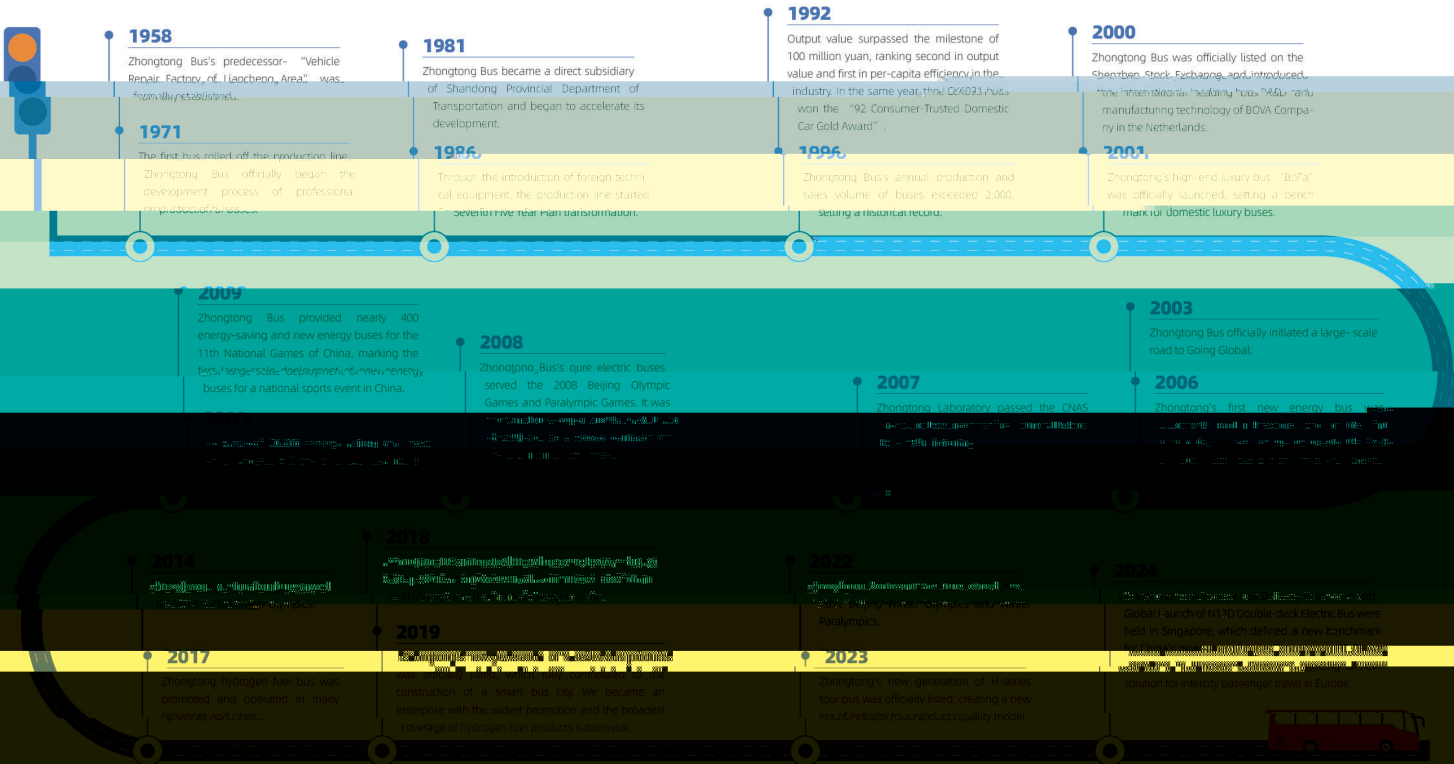
02 12-13 meters
Shijia Series For inter-buses and trunk line transportation.

03 Intelligent Driving Assistance System Buses
 Special operations, characteristic towns and customized needs.

06 5-13 meters
Medical Vehicle Series For CT vehicles, blood collection vehicles and ambulances.



Development Process

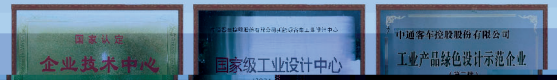


Main Business

Zhongtong Bus focuses primarily on buses with its core technology manufacturing and general commercial passenger vehicle uses. Our bus products range in size from 5.5 to 27 meters and come in various series and grades. The application scenarios mainly cover highways, buses, tourism, airports, school buses, and other market segments. The types of products include highway buses, public buses, express buses, and distribution buses, school buses, urban buses, and school buses, logistics vehicles, recreational vehicles, and special-purpose vehicles. Our operations are orders-driven, implementing a customized sales model to meet the needs of different customers. We mainly rely on direct sales, supplemented by dealership. We are committed to the parallel development of domestic and international markets.

Enterprise Honor

With excellent quality and innovation ability, Zhongtong Bus has won many national awards, such as "National Quality Integrity Enterprise", "Export AAA Credit Enterprise", and "National Green Design Center". It has also won the "National Quality Integrity Enterprise" award for the first time in the industry. It has also won the "National Quality Integrity Enterprise" award for the first time in the industry. It has also won the "National Quality Integrity Enterprise" award for the first time in the industry. It has also won the "National Quality Integrity Enterprise" award for the first time in the industry.



Technology Center

Demonstration Enterprise (Green Design)

Values

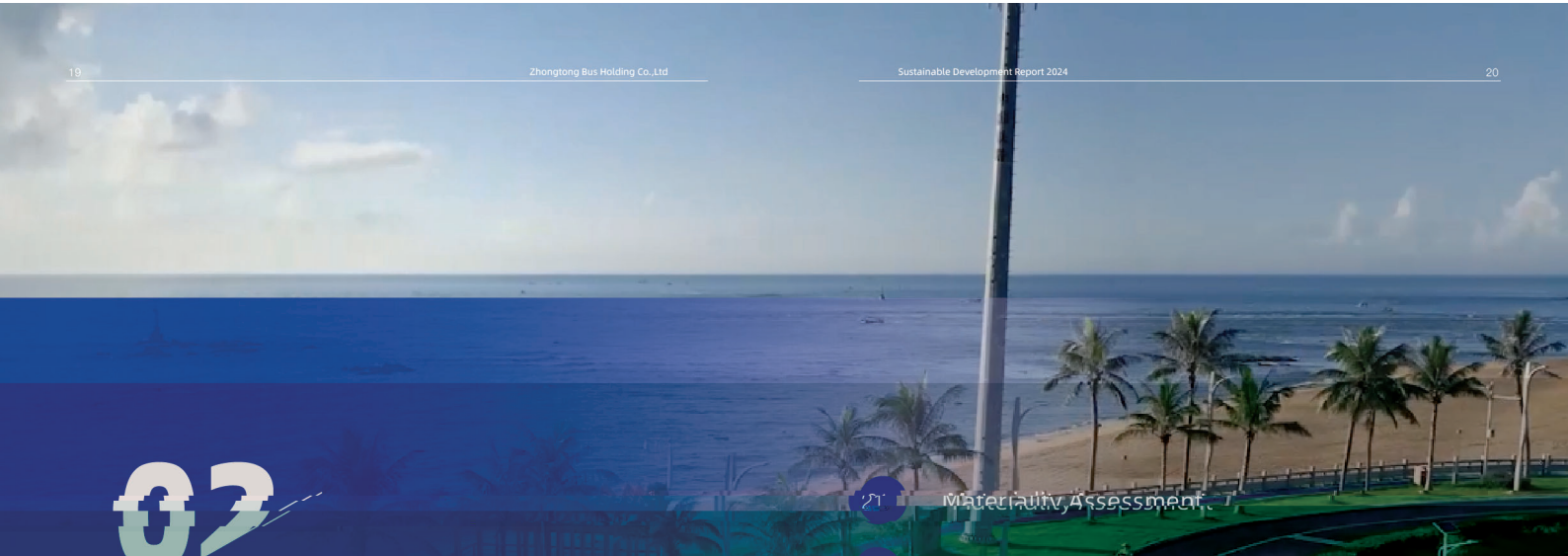
Customer satisfaction is our purpose



National Quality Integrity Enterprise

National Quality Integrity Enterprise

National Quality Integrity Enterprise



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Materiality Assessment

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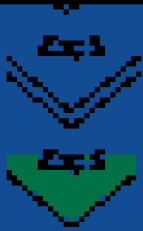
Company ESG Governance Arrangements

Materiality Assessment

Double Materiality Analysis

According to the principle of "double materiality", Zhongtong Bus combines industry characteristics, industry development stage, our business model, value chain, and so on. Based on the 21 issues set in the Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No.37-Sustainable Development Report (Trial), we refer to the industry practice, materiality assessment of excellent companies in the same industry, identified other potential issues of financial materiality and impact materiality, and formed a list of materiality issues. By consulting relevant internal and external experts and communicating with stakeholders, we evaluate, sort and control the materiality issues to form the materiality issues list. In addition, to the company's financial materiality, Zhongtong Bus also actively fulfills its social responsibilities, including environmental protection, employee safety, and other aspects. In 2024, we carried out the identification and analysis of materiality issues as follows:

Understand the company's activities and business relationships.
 Understand the external effects of operations.
 Understand the company's materiality issues.



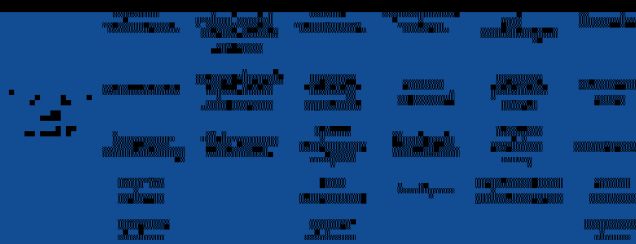
- Identify the company's activities and business relationships.
- Understand the external effects of operations.
- Understand the company's materiality issues.

Due Diligence, Stakeholder Communication

Zhongtong Bus actively fulfills its social responsibilities and attaches great importance to the expectations and demands of stakeholders. We conduct due diligence through various channels, study macro policies, laws, and regulations of the industry and refer to excellent benchmarking companies in the same industry. We also engage in in-depth communication with stakeholders to fully understand the opinions and suggestions of different stakeholders, including government and regulatory authorities, shareholders and investors, customers, creditors, employees, communities, etc. We aim to improve our ESG performance in a targeted manner and continuously improve our sustainable development strategy and implementation. Through respectation of each stakeholder, our communication and response situations are as follows:

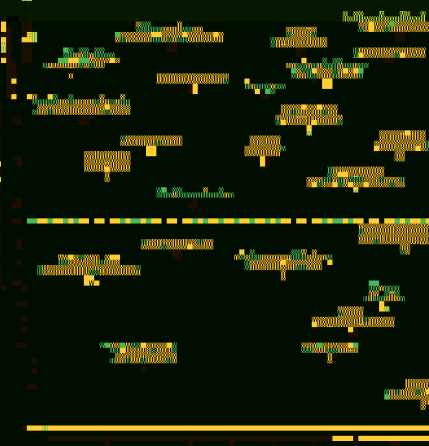


Stakeholder Group	Key Issues	Response Strategy
Government and Regulatory Authorities	Compliance with laws and regulations, industry standards, and government policies.	Actively engage in industry associations and government communication, and ensure compliance with all applicable laws and regulations.
Shareholders and Investors	Company performance, financial stability, and ESG performance.	Provide transparent and timely financial and ESG information, and actively engage in investor communication.
Customers	Product quality, safety, and customer service.	Improve product quality and safety, and provide excellent customer service.
Creditors	Company credit and financial stability.	Maintain good credit and financial stability, and actively engage in creditor communication.
Employees	Employee safety, fair wages, and employee benefits.	Ensure employee safety, provide fair wages and benefits, and actively engage in employee communication.
Communities	Community development, environmental protection, and social contribution.	Actively participate in community development, environmental protection, and social contribution.



Materiality Analysis Conclusion

Materiality Category	High Priority	Low Priority
Corporate Governance	Material	Material
Employees	Material	Material
Environment	Material	Material
Product Safety and Quality	Material	Material
Customer Satisfaction	Material	Material
Supplier Relations	Material	Material
Community Relations	Material	Material
Government Relations	Material	Material
Shareholder Relations	Material	Material

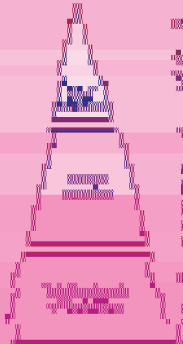


Company ESG Governance Arrangements

Company ESG Governance Structure

The Board of Directors is the highest decision-making body of the Company, responsible for the overall ESG strategy and supervision. The Board has established the ESG Committee, which is responsible for formulating and reviewing the Company's ESG strategy, policies, and plans, and for supervising the implementation of these measures. The ESG Committee is composed of independent non-executive directors and representatives from various departments. The ESG Committee reports to the Board of Directors and is responsible for the following tasks:

- 1. Formulating and reviewing the Company's ESG strategy, policies, and plans.
- 2. Supervising the implementation of the Company's ESG strategy, policies, and plans.
- 3. Identifying and assessing the Company's ESG risks and opportunities.
- 4. Promoting the Company's ESG performance and reporting.



Board of Directors
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ESG Committee
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ESG Management Department
The ESG Management Department is responsible for the day-to-day management and implementation of the Company's ESG strategy, policies, and plans. The ESG Management Department reports to the ESG Committee and is responsible for the following tasks:

- 1. Implementing the Company's ESG strategy, policies, and plans.
- 2. Identifying and assessing the Company's ESG risks and opportunities.
- 3. Promoting the Company's ESG performance and reporting.

Company ESG Management Arrangements

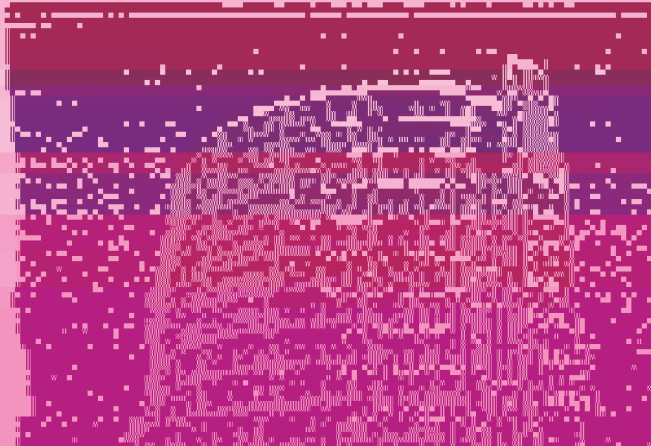
The Company has established a comprehensive ESG management system, covering the entire value chain. The Company has established the ESG Committee, which is responsible for formulating and reviewing the Company's ESG strategy, policies, and plans, and for supervising the implementation of these measures. The ESG Committee is composed of independent non-executive directors and representatives from various departments. The ESG Committee reports to the Board of Directors and is responsible for the following tasks:

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- 4. Promoting the Company's ESG performance and reporting.

Company ESG Management Mechanism

The Company has established a comprehensive ESG management mechanism, covering the entire value chain. The Company has established the ESG Committee, which is responsible for formulating and reviewing the Company's ESG strategy, policies, and plans, and for supervising the implementation of these measures. The ESG Committee is composed of independent non-executive directors and representatives from various departments. The ESG Committee reports to the Board of Directors and is responsible for the following tasks:

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- 3. Identifying and assessing the Company's ESG risks and opportunities.
- 4. Promoting the Company's ESG performance and reporting.



03

Innovation & Product

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Technological Innovation

Zhongtong Bus takes green and green innovation development direction and is committed to creating more environmentally friendly, intelligent, and high-quality bus products, considering both economic and environmental benefits.

Innovative Product System and Precise Business Layout

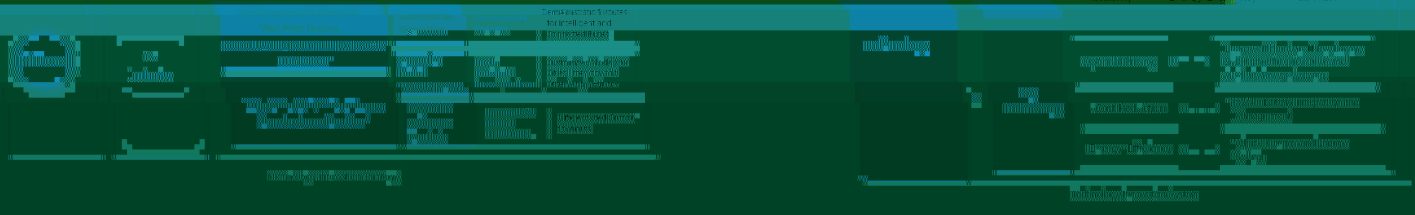
We focus on three major technological fields: new energy, intelligent driving assistance, and vehicle networking. In the field of new energy, we have achieved a breakthrough in the field of energy storage and power distribution, and developed a new energy storage system. In the field of intelligent driving assistance, the company is committed to developing more advanced intelligent driving assistance technology. In the field of vehicle networking, we have built a comprehensive vehicle networking system. In the field of vehicle networking, we have built a comprehensive vehicle networking system, covering four major customer scenarios: public transport, travel groups, school buses, and intelligent networked vehicles. We have also developed a comprehensive vehicle networking system, covering four major customer scenarios: public transport, travel groups, school buses, and intelligent networked vehicles.

Independent R&D and Protection of Achievements

Zhongtong Bus focuses on the independent research and development of key technologies in the bus field, actively creates an

Assistance	Smart Driving	Vehicle-to-Everything
Assistance	Autonomous Driving	Vehicle-to-Everything
Assistance	Assistance	Vehicle-to-Everything

Reliability	Energy Efficiency	Safety
Reliability	Energy Efficiency	Safety
Reliability	Energy Efficiency	Safety



Innovative Strategies for Talent Cultivation in Industry

Intellectual Property Protection

As a global leader in new energy buses, Zhongtong Bus empowers transportation with technology and leads innovation with talent, focusing on "attracting, cultivating, and retaining talent" to provide core momentum for growth.

Zhongtong Bus has implemented the national standard of Enterprise Intellectual Property Management Specification. In



2024, we passed the 1st review conclusion of the enterprise intellectual property management system, and our advantages in external bidding and market competitiveness were enhanced. Our products, including L7 and H10, have completed the filing of national patent-intensive products. Among them, the two models of new energy gas-powered buses and pure electric buses have been recognized as national patent-intensive products by the "China Association for Patent-intensive Products".

In 2024, we achieved significant achievements in patent applications. We shifted the focus of patent application from utility model patents to invention patents, which enhances the technological content. At the beginning of each year, we formulate the annual intellectual property plan for the year, break down the targets of the number and weight of patent applications to the relevant departments of the company. In 2024, we applied for 122 patent proposals, an increase of 8.93% year on year. 115 patents were authorized, including 75 invention patents, 33 utility patents, and 7 design patents; 39 patents were authorized, including 18 invention patents, 17 utility model patents, and 4 design patents.

Industry - University - Research Collaboration to Build an Ecosystem

Technological innovation is the core engine leading the high-quality development of enterprises, and industry-research cooperation is the source of innovation kinetic energy. We widely join hands with universities, research institutions and industry chains to jointly create an innovative ecosystem and enhance brand strength.

Pursue Excellence in Quality

Through the continuous pursuit of the company's "zero defect" goal, we have achieved significant results in product quality.

Quality Assurance and Control Management

Quality is the foundation for the survival of an enterprise. Zhongtong has always pursued higher quality in the primary market, strictly guards the quality life line, comprehensively improves the company's product quality, effectively enhances the company's product competitiveness and brand influence, and accelerates the company's high-quality development. In 2024, we obtained the IATF16949 quality management system certification, combined with ISO9001 quality management system certification.



We conduct comprehensive quality management, in which all employees and relevant departments work together. It integrates professional experience, business management, mathematical statistics, and technical education to form a PDCA cycle system that covers all activities and stages of product quality for design, the entire process of production. This fully utilizes human, material, financial, and information resources to produce customer-satisfactory products in the most economical way. Comprehensive quality management has shifted from "pass - strict inspection and control" to "prevention and improvement", when inspection or

Measures related to quality control quality management system (IATF16949, ISO9001, GB/T19001, Method, Measurement, Measurement)

The Six Sigma Quality Control Model
Measurement point data visualization



DOE (Design of Experiments) to find the best process parameters, and then use the results to improve the process. The process is: Plan -> Do -> Check -> Act. The process is: Plan -> Do -> Check -> Act. The process is: Plan -> Do -> Check -> Act.

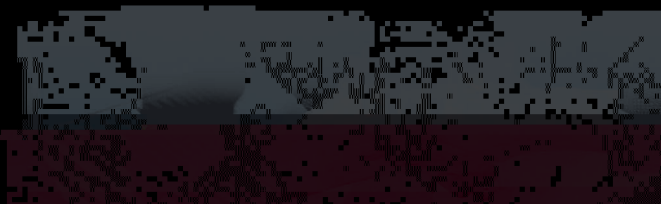
Lean Six Sigma Improvement
Measurement point data visualization

Table 1: Quality Control Data (Sample Data)

Item	Specification	Actual Value	Compliance Rate
1	100 ± 0.05	100.02	100%
2	200 ± 0.1	200.05	100%
3	300 ± 0.15	300.08	100%
4	400 ± 0.2	400.12	100%
5	500 ± 0.25	500.15	100%
6	600 ± 0.3	600.18	100%
7	700 ± 0.35	700.22	100%
8	800 ± 0.4	800.25	100%
9	900 ± 0.45	900.28	100%
10	1000 ± 0.5	1000.3	100%

Table 2: Quality Control Data (Sample Data)

Item	Specification	Actual Value	Compliance Rate
11	1100 ± 0.55	1100.35	100%
12	1200 ± 0.6	1200.38	100%
13	1300 ± 0.65	1300.42	100%
14	1400 ± 0.7	1400.45	100%
15	1500 ± 0.75	1500.48	100%



Case: 2024 Quality Conference

On July 14, 2024, we held the 2024 Quality Conference. The meeting was held both onsite and online, with more than 500 participants, including department assistant leaders and above, business managers, team leaders from the production front line, and employee representatives.

At the meeting, all departments reported



Quality management is the core of the company's business. In 2024, we have achieved significant progress in quality management. We have established a comprehensive quality management system, strengthened the quality management team, and improved the quality management process. Through continuous improvement and innovation, we have achieved a significant improvement in product quality and customer satisfaction.



High Quality Products

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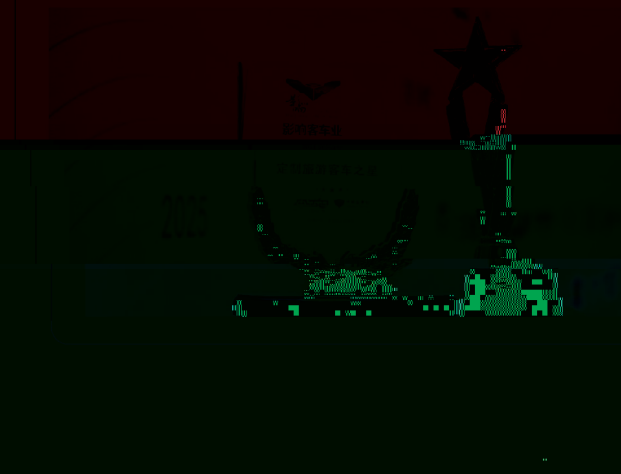
Through continuous improvement and innovation, we have achieved a significant improvement in product quality and customer satisfaction. We have established a comprehensive quality management system, strengthened the quality management team, and improved the quality management process. Through continuous improvement and innovation, we have achieved a significant improvement in product quality and customer satisfaction.

Customization

With deep understanding of the application scenarios and habits in different countries and regions, Zhongtong Bus has an insight into the personalized needs of global customers. For example, in the global market, with customized strategies. In Singapore, we have optimized the air conditioning system to adapt to the hot and humid climate. In the Middle East, we have strengthened the body corrosion protection to address the local problem of body corrosion caused by frequent use of snow-removal agents.

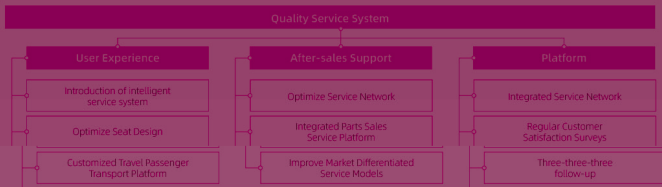
Global Customization Strategy

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High-quality Service Experience

Zhongtong Bus always adhered to the value-oriented concept that "customer satisfaction is the core pursuit" and adheres to the idea of "quality services first, needs first, user expectations first" to maximize customer value with the goal of "maximizing customer satisfaction".



Customer Satisfaction Evaluation System and Process





Production and Sales Department

Overseas Market Support

The company has established a professional service team with a high level of professionalism and service quality. The team provides comprehensive technical support and maintenance services for customers, ensuring the smooth operation of their equipment. Through continuous training and technical exchange, the team's service capabilities have been significantly improved, and the customer satisfaction rate has reached a new height.

Spare Parts Information Management

After-sales Service System

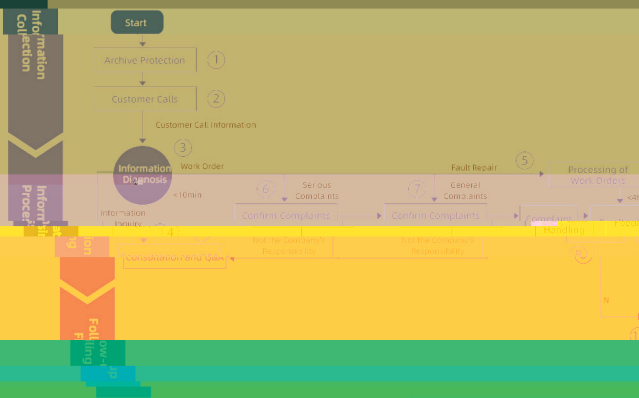
Zhongtong Bus continues to establish a comprehensive product after-sales service system. This system is primarily based on Zhongtong Bus' domestic and international sales companies, which include domestic service and overseas service modules. The domestic service is further divided into three branches: domestic service, spare parts service, and Shengdong Service Company. The overseas service is divided into service technical support, spare parts service, and eight overseas service districts.

The domestic service has a three-tier service management structure with 10 overseas service offices as branches and 758 professional service outlets as touchpoints. The new after-sales service system is fully managed by the Zhongtong Bus Customer Service Center, which provides overall management and logistical support for the service system. Service offices are established in central cities within the jurisdictions of each sales subsidiary to manage and implement services in their respective areas. Local franchised service stations are responsible for providing customer service within their jurisdictions. We have successively established 19 spare parts central warehouses and more than 80 spare parts dealers in places such as Jinan, Qingdao, Xi'an, Shanghai, and Hefei. In terms of overseas service, we have set up eight overseas service districts in sync with the sales districts and established 126 professional service outlets.

At present, we have successively established 27 spare parts central warehouses and 100 spare parts regional distribution centers (WUS, TWS, Southeast Asia, Africa, Central Asia, Europe, and the Americas). Both domestically and internationally, a diversified spare parts service network has been formed, focusing on the construction of central warehouses, with dealers and service stations as supplements, continuously reducing the service radius and making it more convenient and faster for customers to purchase spare parts.

We continuously optimize our products based on market demands and enhance the professionalism of its sales and service. We keep expanding our manufacturing and sales network for spare parts and build an integrated system for sales service of spare parts to meet customers' diverse service needs. We also develop a centralized spare parts network to expand our service radius, improve service efficiency, and reduce the cost of spare parts. In addition, we continue to improve our spare parts online ordering system and website-based service system.

Call Center, Department Head, Branch Office Director, Service Outlet



Major Customer Service Follow-up and Service Support Process



Customer Service Platform

Zhongtong Bus proactively engages in customer service, building an integrated service platform to achieve remote and predictive services and creating a new model of intelligent after-sales service. Through effective and dedicated customer service into a full batch follow-up system, we ensure that technical services reach customers' homes, responding quickly to their needs. We conduct a "three-three-three" return visit model, following each customer to understand their evaluation, opinions, and suggestions regarding Zhongtong's services and products, continuously improving to provide better products and services. The domestic customer service hotline (400-760-8800) has been launched to offer "7x24 hours x 365 days" round-the-clock service. By regularly conduct-

Performance of 5

Service Network: **758**

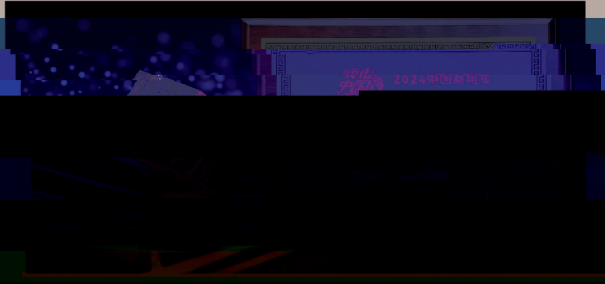
Service Radius: **180**

Professional Team: **106**

Overseas Service

Case: Zhongtong H11 - "Most Trusted Tourist Coach"

As travel and transportation methods shift towards diversification, experientiality, and greenification, future public transportation vehicles need to meet the public's requirements for intelligence, safety, and comfort. Zhongtong H11's "Most Trusted Tourist Coach" award is the best proof of its quality updating in line with new-era travel needs.



- Process digitalization
 - Operational data digitization
- Business Intelligence Digitization
- Digital Efficiency

Information Platform Construction

With the rapid development of digital technology, the construction of information platforms has become a key factor for enterprises to improve their core competitiveness. Zhongtong Bus Holding Co., Ltd. has always adhered to the idea of "digital first" and actively explored the application of digital technology in various business scenarios. Through the construction of information platforms, we have realized the efficient integration of data resources, improved the quality of services, and enhanced the overall management level.

In the future, we will continue to deepen the construction of information platforms, explore new digital business models, and contribute to the digital transformation and high-quality development of the industry.

Smart Manufacturing and Smart Operation

With the rapid development of digital technology, the construction of information platforms has become a key factor for enterprises to improve their core competitiveness. Zhongtong Bus Holding Co., Ltd. has always adhered to the idea of "digital first" and actively explored the application of digital technology in various business scenarios. Through the construction of information platforms, we have realized the efficient integration of data resources, improved the quality of services, and enhanced the overall management level.

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User Experience and Service Capability

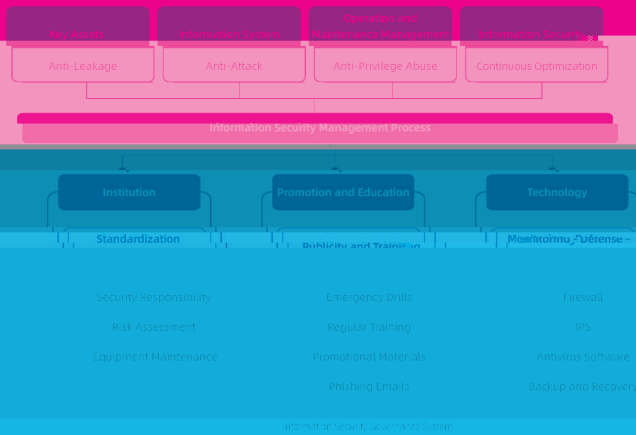
Zhongtong Bus has introduced a marketing service platform covering domestic and international business, which has reconnected the end-to-end business process with Lead to Cash (LTC). This has enabled us to quickly respond to market demands, reduce operating costs, support data-driven decision-making, and enhance our competitiveness and profit management capabilities, laying a foundation for business expansion.

Data-Driven Decision-Making

We have introduced internal data from various digital business systems and conducted collaborative in areas such as enterprise operation analysis, quality analysis, and sales and service analysis. After data cleansing and organization, providing strong support for our operation management and decision-making.

Data Security and Privacy Protection

Zhongtong Bus has established a data security management system and implemented a series of measures to ensure data security. We have established a solid information security awareness and risk prevention system. This ensures the proper protection of customer and employee privacy information and enhances the company's overall risk resistance capability. In 2024, we did not have any information leakage or cybersecurity incidents.



Data and Information Security Management

Zhongtong Bus has established the Information Security Management Process and actively implemented information security controls. The company aims to build a system that supports the group's strategic development, meets the information security capability requirements of "preventing leakage of critical assets", "protecting information systems from attacks", "preventing privilege abuse in operation and maintenance management", and "continuously optimizing information security". By implementing risk management, strengthening audits, and managing incidents, we rely on continuous improvement in the organizational management and technical aspects of information security to ensure the safety of business development. For example, in the sales and after-sales information systems developed by the company, we adopt field-level permission control. Furthermore, personal data of different levels is encrypted, and customer information is administered in separate systems. Access to sensitive information is strictly controlled, and data is managed in accordance with customer habits, and are not allowed to access sensitive information. The contact details, telephone number, and address are managed.

We regularly conduct information security training and phishing email tests to shift information security from passive defense to active protection, building a three-dimensional security system that covers both organization and individuals. In terms of technical support, measures such as adding server firewalls, intrusion prevention systems (IPS), installing network antivirus software, and establishing robust backup and recovery mechanisms have been implemented to form an integrated technical safeguard system of "multi-layered defense". Such measures have effectively reduced the risk of information leakage and data loss. In addition, a series of security risk assessment and risk prevention measures, such as risk assessment, risk prevention, and risk monitoring, are implemented to ensure the security of information systems.

Data Security Incidents and Response

The management of information security incidents of the company adheres to unified leadership, unified command, graded responsibility, close collaboration, rapid response, and scientific disposal. In the event of a security incident, we establish an emergency response mechanism. We also uphold the principle of "whoever is in charge is responsible" and "whoever operates is responsible". In the event of a security incident, we will mobilize resources to promptly carry out the prevention and handling of information security incidents.

We have established and improved our emergency mechanism for cybersecurity incidents and organized the reporting mechanism for handling information security incidents in accordance with the Emergency Management Process for Information Security Incidents and the Emergency Response Plan for Information System Incidents. In the event of a security incident, the Emergency Management and Information Department will immediately activate the emergency response mechanism. Upon receiving the urgency of the information security incident, the notification of the security incident follows the "need to know" principle, communicated to the necessary leaders and personnel as appropriate. If on-site analysis of the attack target is required, it is conducted by personnel designated by the Enterprise Management and Information Department. However, it is allowed to power off the system without authorization. Security and emergency response measures must be reviewed and approved before implementation, and the incident can only be closed after achieving the expected results. All logs and other relevant information relative to information security incidents are uniformly managed by the Enterprise Management and Information Department, and unauthorized access is prohibited.

04

Environment

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Zhongtong Bus is committed to green and clean production. By establishing and perfecting an environmental management system and improving the equipment management system, we ensure that the discharge of "three wastes" (waste gas, wastewater, and solid waste) strictly complies with national standards, reflecting our dedication to environmental protection and the concept of sustainable development.

Responding to Climate Change

Zhongtong Bus actively implements the national strategic deployment of the "Dual Carbon Goals", guided by the group's strategy, actively responds to and fulfills the mission and responsibility of a state-owned enterprise through dedication and practical action. While achieving our own green and low-carbon development, we export green transportation vehicles to empower society in reducing emissions and achieving carbon reduction.

Governance

As a leading global bus manufacturer, Zhongtong Bus proactively takes on the responsibility of climate governance. We integrate climate change mitigation into our business development and operational strategies and coordinate the relevant work accordingly. We plan to start with the governance structure by establishing a Carbon Neutrality Working Group led by the company's general manager. This group will be specifically responsible for the overall planning, implementation, and coordination of all work related to carbon peaking and carbon neutrality. It will also oversee the identification, assessment, and response to climate risks and promote the implementation and execution of climate-related strategies. We aim to gradually improve our governance system for climate change. Zhongtong Bus has established a multi-level governance system, such as the Enterprise Management and Information Department, the Safety and Environmental Protection Department, the Environmental Protection Department, the Safety and Environmental Protection Planning Department, and the Product Planning Department.

Strategy

Zhongtong Bus fully responds to the global energy transition trend and deeply integrates the concept of green and low-carbon into our strategic planning. We actively explore the path of product technology transformation and upgrading and systematically plan the energy transformation of automobiles. Currently, we are actively planning and formulating action plans for carbon peaking and carbon neutrality. In accordance with the overall principle of gradual progress, we are gradually establishing a performance management system that evolves from "dual control of energy consumption" to "dual control of carbon emissions".

Impact, Risk, and Opportunity Management

Zhongtong Bus has a deep understanding of the impacts and potential risks that climate change poses to different industries. We have gradually come to regard climate change as a key consideration in our development process. We actively respond to the concerns of governments, investors, and other stakeholders regarding climate change. We identify risks and opportunities related to climate change and continue to optimize management measures based on these findings, striving to minimize the carbon emissions generated by our operations to the greatest extent possible.

Climate Change Risk Identification and Response Measures

Through systematic risk assessment, Zhongtong Bus has identified several climate-related risks that may impact our business operations. These risks include extreme weather events, chronic climate change impacts, transition-related policy, internal environmental, and market risks.

To address these risks, we have developed a series of response measures, including enhancing monitoring and early warning systems, strengthening power generation capacity, promoting innovation in new technologies and applications. These measures will help us adapt to and mitigate the impacts of climate change on our business operations and sustainable development.

Climate change risk identification and responding measures			
Risk Type	Climate Risk Factors	Risk Statement	Risk Response
Entity Risk	Acute Entity Risk	The occurrence of extreme weather events such as typhoons, hurricanes, or floods may damage our factory, inventory, or transport facilities, affect the stability of the supply chain, and cause interruptions in our factory's operations, if the continuity and stability of production are not ensured under extreme climate conditions, a lower capacity to adapt to extreme weather will have a negative impact on our business, operations, and reduce operating revenue.	Develop the Special Emergency Response Plan for Natural Disasters to enhance the collection of information on natural disasters risks and conduct training for responding to natural disaster events. The training aims to improve the emergency management capabilities in dealing with environmental risks.
		When selecting a location, a thorough evaluation of local weather conditions and environmental factors should be conducted to avoid potential risks caused by natural disasters.	Actively allocate R&D funds to boost the climate resilience, upgrade of equipment and facilities.
Entity Risk	Chronic Entity Risk	Adverse factors caused by climate change, such as temperature changes, sea level rise, and water resource shortages, may lead to increased costs and other negative impacts on our transportation routes and facilities along the coast are facing challenges.	Closely monitor the introduction and updates of domestic and international environmental, carbon-related product and regulations, and actively respond to compliance risks in line with our own actual situation.
		As international and domestic environmental laws and regulations become increasingly strict, pressure from stakeholders, companies may face compliance risks such as allegations or penalties, investigations, etc.	Strengthen continuous attention to and analysis of the international and trade policies of export markets. Formulate and implement response strategies in a timely manner. Integrate internal and external organizations and focus on the external organizations' and focus on the regional characteristics.
Transformation Risk	Policies Regulations Risk	Geopolitical conflicts threaten world peace and stability, the global economy recovery lacks sufficient momentum, and there are uncertain risks in the export market.	Climate change encourages companies to improve resource-use efficiency. Zhongtong can reduce resource consumption, improve efficiency and resource recycling, reduce resource consumption, and saving costs are lowered, and operational efficiency is enhanced.
		There is a risk that the company's carbon costs may increase due to fluctuations in raw material prices, energy prices, and carbon prices. The company's carbon costs may increase due to fluctuations in raw material prices, energy prices, and carbon prices.	Climate change encourages companies to improve resource-use efficiency. Zhongtong can reduce resource consumption, improve efficiency and resource recycling, reduce resource consumption, and saving costs are lowered, and operational efficiency is enhanced.
Transformation Risk	External Risk	There is a risk that the company's carbon costs may increase due to fluctuations in raw material prices, energy prices, and carbon prices. The company's carbon costs may increase due to fluctuations in raw material prices, energy prices, and carbon prices.	Climate change encourages companies to improve resource-use efficiency. Zhongtong can reduce resource consumption, improve efficiency and resource recycling, reduce resource consumption, and saving costs are lowered, and operational efficiency is enhanced.
		High-levels of resource prices and carbon prices can affect the company's production and operations, because with the fluctuation of raw material prices, there is a high risk of production and operation.	Climate change encourages companies to improve resource-use efficiency. Zhongtong can reduce resource consumption, improve efficiency and resource recycling, reduce resource consumption, and saving costs are lowered, and operational efficiency is enhanced.
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Opportunities of Climate Change

Under the same policy background and in the face of global climate change challenges, Zhongtong Bus also sees the opportunities contained therein. In 2024, we summarize the development opportunities related to climate change. These opportunities involve aspects such as product and service innovation, market expansion, improvement of resource efficiency, optimization of energy structure, and enhancement of corporate resilience. We plan to seize these opportunities by developing high-performance materials with low-carbon emissions, exploring new markets, improving resource-use efficiency, optimizing energy structure, and strengthening our capacity to respond to climate risks. While adapting to the challenges brought about by climate change, these measures will also promote our sustainable development and economic growth and contribute to creating a favorable environment for green and low-carbon development.

Climate change opportunities	
Types of opportunity	Opportunity description
Product and Service Innovation	We strive to produce energy-efficient, high-technology and green and low-carbon strategy. As a result of the increasing preference of users for new energy vehicles, the competency of our products has been enhanced and market share has increased which in turn led to an increase in operating revenue.
Market expansion	We continue to strategically position ourselves in the global market and actively promote green and low-carbon development for both the company and the industry. We actively responded to the Belt and Road Initiative with our complete vehicles being exported to numerous countries and regions, including Europe, South America, Africa, Southeast Asia, etc. We actively adjust our production and sales strategy in the global market.
Resource Efficiency	Climate change encourages companies to improve resource-use efficiency. Zhongtong can reduce resource consumption, improve efficiency and resource recycling, reduce resource consumption, and saving costs are lowered, and operational efficiency is enhanced.
Optimization of Energy Structure	Climate change encourages companies to improve resource-use efficiency. Zhongtong can reduce resource consumption, improve efficiency and resource recycling, reduce resource consumption, and saving costs are lowered, and operational efficiency is enhanced.



Strengthening Environmental Management

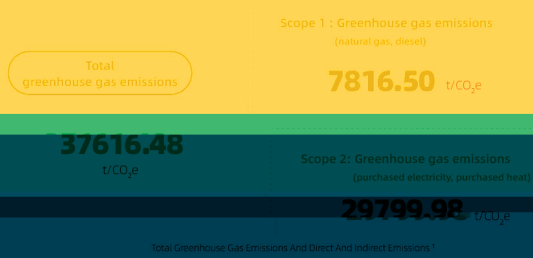
Zhongtong Bus continuously improves its environmental management system and actively implements green production

Department, which is responsible for carrying out the company's environmental protection work. Environmental management is handled by dedicated personnel to ensure that environmental protection is effectively implemented. This ensures that all environmental protection indicators meet the required standards for emissions.

Metrics and Targets

Zhongtong Bus is in the process of formulating our carbon peaking and carbon neutrality targets. The primary metrics for measurement include the total amount of greenhouse gas emissions. The organizational boundary for Zhongtong Bus (including its subsidiaries) greenhouse gas accounting covers direct and indirect emissions from production, office areas, and living quarters within the factory premises. The main sources of emissions are direct emissions (scope 1) from the use of natural gas and diesel and indirect emissions (Scope 2) from the use of electricity and heat. The primary type of greenhouse gas is carbon dioxide.

In 2024, Zhongtong Bus emitted a total of 37616.48 metric tons of carbon dioxide equivalent (CO₂e) in greenhouse gases. Of this total, direct (Scope 1) greenhouse gas emissions amounted to 7816.50 metric tons of carbon dioxide equivalent (CO₂e), and indirect (Scope 2) greenhouse gas emissions were 29799.98 metric tons of carbon dioxide equivalent (CO₂e).



¹Notes: Selection of relevant emission factors: The emission factor for electricity is based on the electricity carbon dioxide emission factor for Shandong Province published by the Ministry of Ecology and Environment of Shandong Province (SD) in 2022. The emission factor for natural gas is based on the emission factor for natural gas published by the Ministry of Ecology and Environment of Shandong Province (SD) in 2022. The emission factor for diesel is based on the emission factor for diesel published by the Ministry of Ecology and Environment of Shandong Province (SD) in 2022.

Environmental Governance System

Zhongtong Bus strictly complies with the Environmental Protection Law of the People's Republic of China and effectively implements the local emission standards set by Shandong Province. In line with our actual situation, we have formulated the Environmental Protection Management Measures, which are based on the environmental standards and requirements of the production component manufacturing, welding, painting, assembly, trial delivery, logistics and security and waste management. This network of effective fulfillment of our environmental protection responsibilities.

We first obtained certification for our environmental management system in 2006 and have since maintained the effective operation and continuous improvement of the system. The establishment and improvement of the environmental management system have always been standardized, systematic, and comprehensive. Focusing on the overall policy of "complying with regulations, reducing pollution, and conserving energy", we have established a long-term improvement mechanism to continuously enhance our environmental performance.

Emergency Response System for Sudden Environmental Incidents

In accordance with the Emergency Response Law of the People's Republic of China, the National Contingency Plan for Sudden Environmental Emergencies, the Interim Measures for the Management of Emergency Plans for Sudden Environmental Incidents, and other relevant environmental protection laws and regulations, we have established the Emergency Plan for Sudden Environmental Incidents based on the analysis of our environmental risks. This plan has been approved and filed with the local environmental protection administrative department.

Additionally, we have established an annual emergency response plan drill schedule, regularly organizing promotion, training and drills for the emergency response plan. This ensures effective control in the event of an emergency, enhances emergency response capabilities, and minimizes environmental harm. We also promptly revise and review the emergency response plan based on the effectiveness of the drills, continuously improving our emergency response system for sudden environmental incidents.

Case: Training Meeting on the Emergency Response Plan for Sudden Environmental Incidents

On April 27, 2024, Zhongtong Bus held a training meeting on the Emergency Response Plan for Sudden Environmental Incidents in the conference room of the Safety and Environmental Protection Department. The meeting emphasized that the emergency response plan is an action plan formulated to deal with sudden incidents. An effective emergency response plan is crucial for ensuring the safety of personnel, assets, and social stability. Every organization and enterprise needs to be prepared for a disaster. Training is a process through which personnel can be equipped with necessary knowledge and skills to apply the emergency response plan. It is also an essential guarantee for the effective operation of the emergency response system.

The meeting disseminated the contents of the Emergency Response Plan for Sudden Environmental Incidents, including an overview of the plan, classification of sudden incidents, and emergency response procedures and methods. It also provided a detailed analysis of various environmental incidents. The meeting required each workshop and department to conduct a thorough review and research, submit records. Finally, the meeting highlighted the importance of our emergency drills and exercises and the role of emergency drills for each workshop and department. It emphasized the key role of emergency drills in improving the emergency response plan and enhancing



Status of Environmental Protection Administrative Permits

In 2019, Zhongtong Bus first applied for and obtained a discharge permit. We have timely completed the quarterly and annual reports as required by the discharge permit execution report every year. No environmental violations occurred within the validity period of the permit. In January 2022, after upgrading our production facilities, we re-applied for a discharge permit in accordance with the application requirements. We have established and improved pollution control facilities in accordance with ecological and environmental management requirements, established an environmental management system, and strictly controlled the discharge of pollutants. Upon inspection, all pollutants were discharged up to standard. We ensured that all pollution prevention and control measures were effectively implemented and that pollutants were discharged up to standard. The current discharge permit is valid from November 3, 2024 to November 2, 2029.

Our environmental information is disclosed on the Shandong Province Enterprise Environmental Information Legal Disclosure System and open to public supervision. The disclosed information mainly includes basic enterprise information, production processes, pollutant discharge conditions, solid waste information, environmental emergency information, discharge permit information, and environmental management information, etc.

Prevention and Control

Zhongtong Bus carries out end-of-pipe treatment of pollutants to ensure compliance with emission standards and processes.

Exhaust Gas Emission Index

Nitrogen oxide (NO _x) emissions	t	3.81
Nitrogen oxide (NO _x) emission density	t/vehicle	0.00042
Sulfur dioxide (SO ₂) emissions	t	0.016
Sulfur dioxide (SO ₂) emission density	t/vehicle	0.00033
Emission density of volatile organic compounds (VOCs)	t	19.17
Emission density of volatile organic compounds (VOCs)	t/vehicle	0.0021
Non-methane hydrocarbons (NMHC) emissions	t	19.13
Emission density of non-methane hydrocarbons (NMHC)	t/vehicle	0.0021

Our exhaust gas emissions are mainly divided into Nitrogen oxides (NO_x) and VOCs non-point sources. Our VOCs treatment equipment is relatively advanced, and our emissions are significantly lower than the relevant local emission standard limits. In addition, the company has taken source control measures such as using water-based paints.

Measures to Improve Wastewater Treatment Capacity

01 Enhance the daily operation and management of the wastewater treatment plant. Optimize and upgrade key processes such as the forced-discharge wells and material-feeding pipelines to reduce the frequency of cleaning and replacement, thereby improving the efficiency of the machinery.

02 Rectify the feed support and packing materials inside the sedimentation tanks. Innovatively add activated sludge and bacterial strains to ensure that suspended solids can be effectively precipitated and discharged during the wastewater treatment process, significantly improving the efficiency and effectiveness of wastewater treatment.

Wastewater Treatment Capacity

Total discharge of main industrial wastewater	t	53095
Discharge of wastewater from production	t	500
Discharge of wastewater from life support	t	52595
Discharge of wastewater from other sources	t	0
COD emission concentration	mg/L	61.1
Ammonia nitrogen pollution concentration	mg/L	3.44
Total phosphorus emission concentration	mg/L	0.169

Case: Zhongtong Bus Uses Advanced VOCs Treatment Equipment

Zhongtong Bus's spray painting plant has introduced the most advanced exhaust gas treatment facilities in China, employing a process of "two-stage hydrocarbon adsorption + rotary RTO (regenerative thermal oxidizer) + low-temperature treatment". After passing through a multi-stage filtration, the workshop exhaust gas enters the zeolite wheel for adsorption treatment. The treated clean gas is then discharged into the atmosphere through a chimney. Meanwhile, high-temperature gas is used to desorb and concentrate the exhaust gas adsorbed by the zeolite wheel. The concentrated exhaust gas, after desorption, is sent into the rotary RTO by the main fan for oxidation and incineration treatment, and the treated gas is discharged into the atmosphere through a chimney. The sludge scraping and foaming exhaust gas, after being treated by the "multi-stage hydrocarbon adsorption + rotary RTO + zeolite adsorption + catalytic combustion" treatment facilities, is discharged up to the standard. Particulate matter is discharged after being filtered by a pulse filter cartridge.

Wastewater Pollution Control

Zhongtong Bus strictly complies with the wastewater quality standards for discharging to municipal sewers (GB13157-2023) and the discharge standards for the surface water (GB18918-2020).

The company has established a self-monitoring and regulatory commission, equipped with online monitoring equipment to monitor the wastewater discharge outlet, to pollute emission indicators meet the required standards. In addition, our local wastewater discharge outlet is subject to the supervision and management of the local environmental protection department, which has established a real-time monitoring of wastewater discharge data.

Our wastewater discharge is mainly composed of production wastewater, domestic wastewater, and rainwater. We have established a comprehensive wastewater management system, including regular inspections and maintenance of the wastewater treatment facilities.

Solid Waste

Zhongtong Bus strictly complies with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, Standard for Pollution Control on Hazardous Waste Storage, the Pollution Control Standard for the Storage of Hazardous Wastes, and the Hazardous Waste Transfer Manifest System, for the collection, storage, and disposal of solid waste.

01 Solid waste is stored in a dedicated storage facility, and hazardous waste is stored in a dedicated storage facility, and hazardous waste is stored in a dedicated storage facility.

02 In 2024, the company has processed 5,223.38 tons of scrap iron and 392.04 tons of scrap aluminum.

03 The company has established a self-monitoring and regulatory commission, equipped with online monitoring equipment to monitor the hazardous waste storage and disposal process. In addition, our local hazardous waste storage and disposal is subject to the supervision and management of the local environmental protection department, which has established a real-time monitoring of hazardous waste storage and disposal data.

Serial Number	Hazardous Waste Types	Production Amount	Disposal Amount
1	Sludge	278.75	265.63
2	Phosphate slag	18.57	19.79
3	Paint sludge	168.01	173.37
4	Waste packaging barrel	1103.99	1147.82
5	Waste rubber feet	12.15	12.92
6	Waste plastic	1.94	2.02
7	Masking films	2.89	2.59
8	Laboratory waste	0.72	0.07
9	Waste lubricating oil	4.95	4.95
10	Waste oil barrel	3.77	3.71
11	Waste hydraulic oil	2.7	2.7
12	Waste hydraulic oil	23.57	23.57
13	Waste hydraulic oil	3.86	3.86
Sum-up		772.07	759.62

Zhonet, Jan./Dec. 2024 Hazardous Waste Information Table

Efficient Use of Resources

Water Resource Utilization

Zhonet Bus strictly complies with relevant laws, regulations, and the Water Law of the People's Republic of China, and carries out comprehensive water-saving management. We enhance the recycling rate of water resources and reduce water waste through measures such as reusing concentrated water to achieve effective utilization of water resources. Meanwhile, we standardize water resource management and formulate water-saving techniques to ensure that it is applied to all bases.

"The water-intensive enterprises in our main manufacturing areas actively carry out water-saving and resource utilization work, and set up a water-saving management committee to establish a comprehensive water-saving mechanism."

"In addition, we actively strengthen water-saving education, build a water-saving knowledge training system for employees, carry out water-saving themed practical activities and suggestion collection activities, and establish a dynamic governance mechanism for "leakage and waste". This has created a positive atmosphere where all employees cherish, love, and save water."



"We will continue to actively explore and apply advanced water-saving technologies, and further improve the water-saving management system to ensure the sustainable utilization of water resources."

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Water Resources Utilization Statistics

Total water consumption	350437t
Water intake category	* tap water
The total fresh water consumption in the production area	312064.12t
Average water consumption per unit of product	26.8 t/ vehicle
Total circulating water consumption	13865648t
Recycling amount of industrial water resources	13865648 t
Recycling rate of industrial water resources	97.53%

Case: Water-Saving Effect Assessment Report of the Concentrated Water Reuse Project in 2024



Customer Service Center

- Collect and sell customer power batteries, whether there are scrapped vehicles and problem power batteries, and establish customer recycling awareness.
- Report the power battery problems in the market to the quality management department.
- Contact the power battery production plant to recycle the non-reusable battery through the relevant process.

Quality Management Department

- Recycle and treat waste products generated in the company's production process.
- Recycle, disassemble, sort and treat power batteries that have been comprehensively evaluated as scrap and sold to customers.
- Evaluate the power batteries of scrapped vehicles for echelon utilization or recycling treatment.

Bus Research Institute

- Collaborate with relevant supporting factories to establish standards for battery scrapping and provide guiding principles.
- Determine the condition of power batteries to see if they meet the scrapping criteria.
- Offer replacement solutions for scrapped power batteries that are still under warranty in the market.

Battery Production Enterprises

- Organize relevant departments and power battery supporting enterprises to comprehensively evaluate the status of power batteries to see whether they meet the scrapping conditions.
- Punish the power battery enterprises with more problems according to the system.
- Track the handling of the problem of power batteries sold in guarantee.

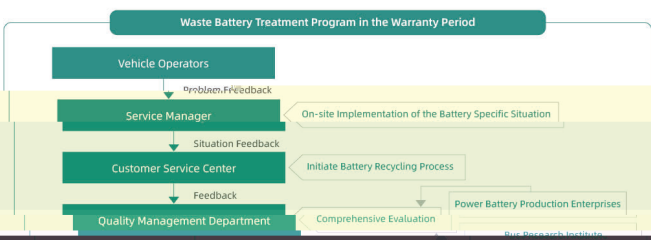
Enterprise Management and Information Department

- Conduct regular audits of the qualifications of...

Comprehensive Utilization Enterprise

- The comprehensive evaluation of the power...

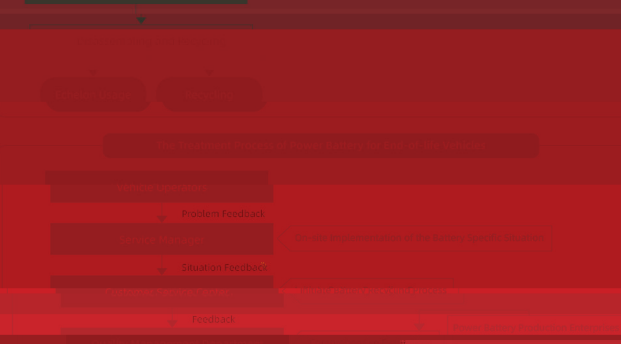




Energy Conservation and Utilization

Strengthening Energy Management

Zhongtong Bus has obtained the ISO 50001 Energy Management System certification. We are developing an integrated energy control system based on institutional processes, with energy governance at our core progressively. This system combines energy-saving retrofitting, cost management, and performance management. We also refine the four-tier cost-control mechanism for energy and improve reserves. Regular energy audits and energy-consumption analysis are conducted to accurately identify energy loss points in



ISO 50001 Energy Management System Certification

The main types of energy used by the company are electricity, natural gas, and diesel. Currently, the Light Bus Division is to conduct a distributed power generation project. Natural gas is mainly used for environmental protection facilities and production. Diesel is mainly used for power generation and other production facilities.

Energy conservation project	Year	Energy saving
Energy-saving projects in production	2024	100,000 kWh
Energy-saving projects in production	2023	100,000 kWh
Energy-saving projects in production	2022	100,000 kWh
Energy-saving projects in production	2021	100,000 kWh
Energy-saving projects in production	2020	100,000 kWh
Energy-saving projects in production	2019	100,000 kWh
Energy-saving projects in production	2018	100,000 kWh
Energy-saving projects in production	2017	100,000 kWh
Energy-saving projects in production	2016	100,000 kWh
Energy-saving projects in production	2015	100,000 kWh

Waste Battery Recycling Project

Energy Conservation Project



Governance

- 76 Strengthening Corporate Governance
- 77 Strengthening Risk Management
- 83 Sustainable Governance

Audit Committee

The Audit Committee is chaired by an independent director with an accounting background and...

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee is chaired by an independent director and consists of 3 members...

Nomination Committee

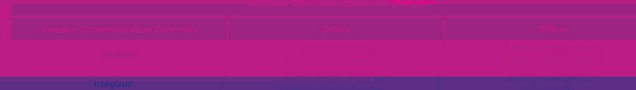
The Nomination Committee consists of 3 members...

Board of Supervisors

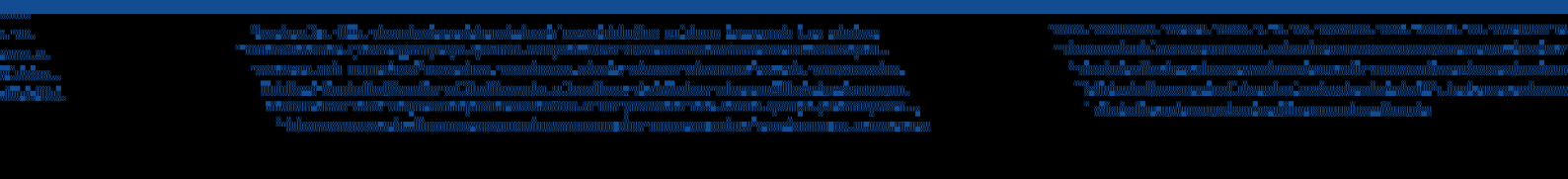
The Board of Supervisors consists of 3 members...

disclosed information is in accordance with the industry-specific regulatory guidance from the China Securities Regulatory Commission

We always prioritize investor relations management, striving to enhance information exchange between the company and both current and potential investors...



Executive Remuneration Management



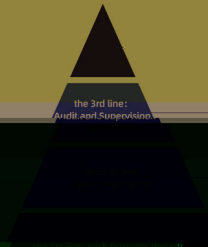
Strengthening Risk Management

Zhongtong Bus deeply implements the rule of law in corporate governance, abiding by integrity, compliance, and transparency operations. We continuously improve our legal governance framework and have established a comprehensive internal management and risk prevention mechanism. We built a strict and effective internal control system oriented by risk management and centered on compliance management.

Risk Management

We have comprehensively strengthened our risk management work, earnestly implementing regulatory requirements such as the Comprehensive Risk Management Guidelines for Central Enterprises. We have formulated the "Risk Management System" to establish our

We have established a "three-line defense" system for comprehensive risk management to form a collective force in risk control. Each business department fulfills the responsibilities of the first line of defense in comprehensive risk management, being in charge of the day-to-day supervision, rectification, and self-inspection of risk control. The legal department shoulders the responsibilities of the second line of defense, providing risk compliance support to all functional departments. The Audit and Supervision Department carries out the duties of the third line of defense, conducting regular audits and supervision of the comprehensive risk management situation in all units.



conducting regular audits and supervision of the comprehensive risk management situation in all units.

high execution, supervision, and rectification, implements key controls over important business areas, identifies and tracks major risks and critical risks, and actively responds to changes in business scope, scale of operations, organizational structure, risk conditions, and external environment (including market, technological, and legal environments), we timely adjust and improve our risk control measures each year and form an annual risk assessment report.



Comprehensiveness	Materiality	Adaptability	Cost-Effectiveness
Important Business Areas	Significant Risks	Major Operational Areas	High-Risk Fields
Business	Scale of Operations	Organizational Structure	External Environment

Zhongtong Bus Risk Management System

Risk Management Process



Source of Risk Management Information: Internal and External Information. The Risk Management Process: Identification of Significant Risks for Overall Control, Enhancement of Pre-Event and Process Supervision, Establishment of Continuous Supervision and Improvement Mechanism, Promptly response to Sudden Major Risk Events.

occurring and the extent of their impact. In 2024, a total of 44 risk items were identified and sorted, covering 8 aspects: strategy and quality, legal affairs, finance, operations, production, and sales.

2 Identification of Significant Risk Items for Overall Control

Based on the risk identification and assessment by various departments, we identified and tracked 5 significant risk items for continuous monitoring in 2024.



Key Risks in 2024

Enhancement of Pre-Event and Process Supervision

● Conduct special identification of high-risk legal opinions and working materials

● Conduct special identification of high-risk legal opinions and working materials

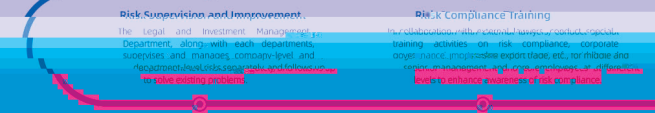
During-Event Control

Pre-Event Supervision

Post-Event Management

5 Strengthening Response to Sudden Major Risks Events

In response to significant sudden events identified during routine risk monitoring, we have established a real-time feedback mechanism, which organizes the assessment of the impact of these sudden events and formulates risk response plans to prevent business risks. For decision-making errors, management dereliction of duty, and violations during the risk management process, we hold relevant personnel accountable to enhance the importance placed on risk management work by all departments.



Management of Major Litigation Cases

The risk management team has established a real-time feedback mechanism to assess the impact of sudden major risks events and formulate risk response plans to prevent business risks.

● Conduct special identification of high-risk legal opinions and working materials

● Conduct special identification of high-risk legal opinions and working materials

Compliance Operation

Our Legal and Investment Management Department is responsible for comprehensive compliance management and has established a compliance management system. Our compliance management efforts are comprehensive, covering the entire value chain, covering all business activities, covering all departments, and covering all employees.

Compliance Management

Our compliance work is carried out in accordance with the "Guidelines for Corporate Compliance" issued by the China Securities Regulatory Commission, the "Guidelines for Corporate Compliance" issued by the State Administration of Market Regulation, and the "Guidelines for Corporate Compliance" issued by the State Administration of Foreign Exchange. The compliance management system is managed according to the principles of full coverage, focusing on key aspects, law-based, effectiveness, flexibility, low cost, and innovation, and fully integrates compliance into the company's business processes, including legal review, with the laws and regulations, internal company systems, and compliance conditions related to their job responsibilities. They perform their jobs, focus on compliance with the law, conduct compliance training, and are responsible for the legality and compliance of their actions.

We have appointed compliance officers in each department, who are responsible for screening and supervising compliance matters within their respective departments. The legal department provides compliance support for business department operations, conducts compliance reviews of major business decisions. The Audit and Supervision Department, as the third line of defense in the compliance field, conducts special audits and administrative accountability for areas with insufficient control. In addition, we have identified and organize key areas of compliance, including bidding activities, safety and environmental protection, intellectual property, product quality, and labor relations.

Compliance training

01. Inviting external lawyers to provide legal knowledge training.

02. Inviting external lawyers to provide legal knowledge training. Additionally, we held separate training sessions on the revised sections of the Company Law and overseas anti-commercial bribery regulations to enhance compliance awareness.



Inviting external lawyers to provide legal knowledge training

Internal Control and Audit

Zhongtong Bus has formulated the Internal Control Evaluation Management Process and the Internal Audit Management Process in accordance with the principles of prudence. We have established a comprehensive internal control system, covering all departments, the entire value chain, and all employees. The internal control system covers all business activities, covering all departments, and covering all employees.

Internal Control

Our internal control system operates in accordance with the system of internal control, covering all departments, the entire value chain, and all employees. The internal control system covers all business activities, covering all departments, and covering all employees. The Enterprise Management and Promotion Department takes the lead in internal control, formulating principles and conducting cross-departmental assessments. The Audit and Supervision Department leads the formation of working groups to implement on-site evaluations, with the internal control evaluation team specifically carrying out tests, identifying deficiencies, and forming reports. Business departments are tasked with self-assessment and rectification within their own areas. The system adheres to the principles of comprehensive coverage, focused control, and objective evidence, relying on science-oriented methods to focus on high-risk areas and ensuring the effectiveness of evaluations through qualitative evidence.

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Internal Audit

Our Audit and Supervision Department, serving as the Internal Audit body, directly under the Audit Committee, is fully responsible for internal audit. The department has established a comprehensive internal audit system, covering all departments, the entire value chain, and all employees. The internal audit system covers all business activities, covering all departments, and covering all employees.

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Inviting external lawyers to provide legal knowledge training

Sustainable Governance

Zhongtong Bus adheres to business ethics principles, firmly maintains high standards of business ethics, integrity compliance, and commitment to all business partners, ensuring a fair, transparent, and standardized process and standardized treatment of all partners.

Integrity Compliance

Zhongtong Bus has established a comprehensive integrity compliance system, continuously fostering a "three emphases" integrity compliance culture. It advances the integrated approach of not doing to be correct, not being able to be correct, and not wanting to be correct, maintaining a zero-tolerance policy towards corruption. We have established relevant systems such as the Administrative Accountability Management Measures and the Management Measures for the Transfer of Responsibility for Violations in Business and Recruitment to provide institutional support for integrity compliance and recruitment. We have established a multi-party cooperation mechanism with external partners, providing a platform for the high-quality, multi-party cooperation, creating a healthy business environment.

Integrity Compliance

Zhongtong Bus has always been committed to the construction of "party discipline" and has established a series of party discipline primary responsibility systems. The Party Committee's ideological study group takes the lead in studying Disciplinary Sanctions Regulations of the Communist Party of China and Regulations on the Discipline of State-Owned Enterprise Managers, enhancing awareness of clean business practices, we devoted to improve the integrity field of access, dynamically updated personal, family reports, and further strengthen the calculation of business and political risk and 4-F risk.

We have established a series of internal control systems, covering the entire value chain and covering all major and sensitive business areas, and continuously improve the internal control system, ensuring the integrity of business operations.

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Vigorously Fostering a Culture of Integrity

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Integrity compliance is the foundation of business operations. Zhongtong Bus has always been committed to the construction of "party discipline" and has established a series of party discipline primary responsibility systems. The Party Committee's ideological study group takes the lead in studying Disciplinary Sanctions Regulations of the Communist Party of China and Regulations on the Discipline of State-Owned Enterprise Managers, enhancing awareness of clean business practices, we devoted to improve the integrity field of access, dynamically updated personal, family reports, and further strengthen the calculation of business and political risk and 4-F risk.

Case: Zhongtong Bus Held an Initiating Meeting for "Three Emphases" Integrity Building

Zhongtong Bus held an initiating meeting for "Three Emphases" integrity building, mainly to clarify the meaning of integrity, diligence, and value integrity. The meeting communicated the "Integrity Building" work plan, emphasizing the emphasis on morality, diligence, and integrity, and set forth requirements for "three emphases" work to be completed in the implementation of Zhongtong Bus.

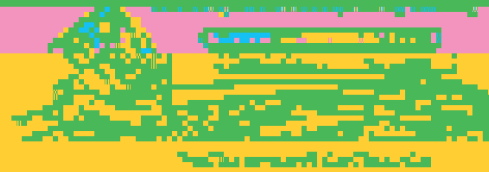


Zhongtong Bus currently has various channels for receiving reports and complaints, including letters, visits, email, telephone, and WeChat services. We have established a series of internal control systems, covering the entire value chain and covering all major and sensitive business areas, and continuously improve the internal control system, ensuring the integrity of business operations.

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Clean and Honest Environment

Create a new supply chain ecosystem with integrity and uprightness together!



Case: Special Rectification in the "Testing and Certification" Field

For the risks in the process of product certification, we reviewed the business processes for announcements and selection of testing and certification institutions, standardized the work, and formulated rectification measures to earnestly promote the resolution of issues.

1. Strict Control over the Introduction of Testing Institutions

Firstly, for certification and testing services, we strictly control the cooperative partners to be the source of the business. Secondly, we standardized the selection and entry rules for cooperative partners, referred to the Bidding results of testing institutions from the Group and selected one of testing institutions to sign cooperation agreements, clarifying the rules for the allocation of subsequent certification and testing services. Thirdly, when signing cooperation agreements with the chosen testing institutions, we concurrently signed Integrity and Honesty Agreements to regulate the behavior of both parties.

At the same time, we also established a bid management system to ensure the transparency and fairness of the bidding process.

We revised the Product Announcement and Application Management Process, institutionalizing, standardizing, and optimizing the product services with detailed requirements for every node, key position and job content in the certification and testing services. We standardized the entire chain from the result of certification requirements to the selection of testing institutions, from the continuation of testing projects to the confirmation and payment of testing costs, and added prevention and control measures for the seven identified integrity risks. We also established a objection mechanism, classifying product testing and certification positions as high integrity risk positions, and arranged required observations to guard against risks.

Anti-Corruption

Zhongtong Bus adheres to the principle of fair competition, establishing and complying with the Organizational Performance Management Measures and Bidding and Procurement Management Process. We strictly require adherence to strict control

See page 100 for more information about our anti-corruption

of the bidding process, and strictly prohibit the use of any form of bribery, kickbacks, gifts, entertainment, and other improper means to obtain business opportunities. We also require all employees to report any suspected bribery or kickback activities to the relevant departments in a timely manner.

At the same time, we also established a bid management system to ensure the transparency and fairness of the bidding process.

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06

Employee

89 Safeguarding Employees' Rights and Interests

92 Occupational Health and Safety

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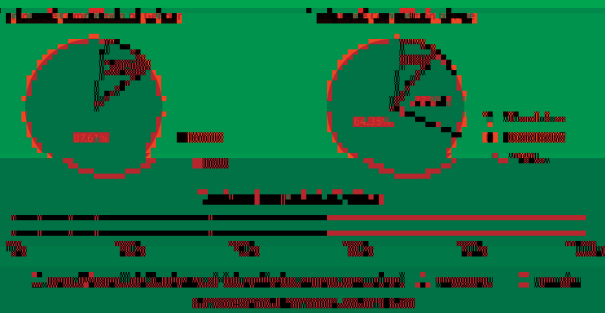
Zhongtong Bus adheres to the core philosophy of "people-oriented" and actively attracts and cultivates outstanding talents, provides employees with a highly competitive compensation and benefits system, establishes a comprehensive training and development mechanism, and offers broad career development opportunities, enabling every employee to achieve continuous growth and development.

Safeguarding Employees' Rights and Interests

Zhongtong Bus continuously improves our employee rights protection system to safeguard the legitimate rights and interests of employees.

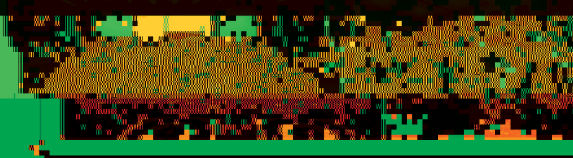
Compliance and Equal Employment

Zhongtong Bus strictly complies with the laws and regulations of the People's Republic of China, and actively implements the requirements of the State and local governments regarding labor protection and employee rights. We have established a complete labor contract management system, ensuring that all employees sign labor contracts in a timely manner. We also strictly implement the labor dispute mediation and arbitration procedures, ensuring that all labor disputes are handled in a fair and just manner.



We actively recruit high-caliber talent and implement a talent professionalization development strategy. We hire outstanding individuals through multiple channels, including conducting on-campus recruitment fairs at specific universities each year and supplementing this with online recruitment platforms and our email system. Additionally, we organize a training camp for newly hired university graduates to help them quickly adapt to their roles and settle into their positions. For high-end talents, we also assist with talent recognition and adaptation through housing subsidies. In 2024, we hired 304 new employees, of whom 141 were college graduates with associate degrees or above.

Case: The 2024 Zhongtong Bus New Graduate Training Camp Concluded Successfully



The 2024 Zhongtong Bus New Graduate Training Camp was held from July to September in Zhongtong Bus's training base. The camp was designed to help new graduates quickly adapt to their roles and settle into their positions. Through a series of theoretical courses, practical training, and on-site visits, the new graduates gained a deep understanding of Zhongtong Bus's corporate culture, business model, and product lines. They also participated in various team-building activities and practical exercises, which significantly enhanced their team spirit and problem-solving abilities. The camp concluded successfully, and the new graduates expressed their confidence and enthusiasm for their new roles at Zhongtong Bus.

Performance Appraisal

We have established a comprehensive performance appraisal system based on the Employee Performance Management Process, a model of strategic decomposition, implementation, alignment, delivery, employee contribution, contribution, performance, and corporate operating results. Through joint target-setting and quantitative evaluation, the system ensures a fair assessment of value contributions, with results applied to salary adjustments, promotion, and training and development. The daily assessment adopts a 360-degree evaluation mechanism, and constant measures are implemented to ensure assessment results are publicized and confirmed, with the Human Resources Department overseeing the entire process for compliance.

We are also committed to implementing ESG responsibilities. Key indicators such as energy consumption and safety compliance are broken down and assigned to responsible departments, such as the Manufacturing Engineering Department and the Safety and Environmental Protection Department. Through the implementation of the "red line awareness" and "bottom-line thinking" in work safety, firmly establishing the philosophy of "people-oriented, safety first", leading to a stable and safe working environment.

During the reporting period, we conducted performance appraisals through target management, key performance indicators (KPIs), and a 360-degree evaluation mechanism, covering 100% of employees. This approach has effectively enhanced employees' performance and strengthened their capabilities.

Benefits System

We offer a comprehensive range of statutory and non-statutory benefits to our employees, including housing provident funds, medical insurance, corporate pension plans, and health check-ups. These benefits are designed to fully address employees' interests and to care for their physical and mental well-being. In addition, employees enjoy a variety of other benefits, such as free shuttle buses, staff apartments, subsidies for outstanding university graduates, family visitation allowances, and other benefits, providing a high-quality work environment.

Democratic Management Mechanism

At Zhongtong Bus, we are committed to democratic management and employee participation. We have established a comprehensive system of democratic management, including the Employee Representative Conference, the Employee Involvement Mechanism, and the Employee Suggestion System. Through these mechanisms, we ensure that employees' voices are heard and their interests are protected. We also actively engage employees in the company's decision-making process, encouraging them to contribute their ideas and suggestions. This not only enhances the company's operational efficiency but also fosters a sense of ownership and responsibility among employees. We believe that democratic management is the key to long-term success and sustainable development.

Occupational Health and Safety

Zhongtong Bus has thoroughly implemented the decisions and plans on work safety from every level of government regulatory authorities. Using the ISO 45001 "Occupational Health and Safety" Management System framework, we have carried out a series of safety education and training programs, as well as intensive campaigns for work safety improvement. Through the implementation of five key "implementations", we have further strengthened the "red line awareness" and "bottom-line thinking" in work safety, firmly establishing the philosophy of "people-oriented, safety first", leading to a stable and safe working environment.



ISO 45001 Occupational Health and Safety Management System Certification

HEALTH AND SAFETY

Production Safety Management System

We have implemented the responsibility for the production safety management system and improved the basic safety management. We have established a comprehensive list of primary responsibilities for production safety for all employees, implemented the production safety responsibility system, set safety targets for each department, and signed 23 company-level safety

Zhongtong Bus's Safety investment



Emergency Response Responsibilities

We actively implement responsibilities for emergency response to safety accidents and enhance its emergency response capabilities. We organize relevant departments, subsidiaries and production workshops to develop emergency response drill plans and carry them out. In 2024, a total of 56 emergency drills were conducted, with 3,447 participants. These drills across various units validated the effectiveness and feasibility of the emergency response plans, and improved the emergency response capabilities of the units in our company.

Case: Special Emergency Response Drill for Natural Gas Fire and Explosion Accidents

Zhongtong Bus organized a special emergency response drill for natural gas fire and explosion accidents. We emphasized the importance of the



employees and workers to follow standard operating procedures, including fire prevention

measures, fire emergency response measures, and how to call the fire and emergency services. Additionally, we disseminated information on emergency evacuation and safety precautions, as well as the proper use of fire-fighting equipment.



Case: Flood Control Emergency Drill in the Painting Workshop

Zhongtong Bus organized a flood control emergency drill in the painting workshop, conducting training on flood emergency

response. The drill simulated a flood emergency in the painting workshop, testing the employees' ability to respond to sudden floods. Through the drill, employees learned how to quickly identify flood risks, take effective measures to prevent and control floods, and ensure the safety of themselves and others. The drill also tested the effectiveness of the flood control response plan.



Safety Training and Education

We effectively implement our primary responsibility for safety training and education, enhancing safety awareness and capabilities. We organized a variety of activities including the "First Safety Lesson at the Start of Work", the "Comprehensive Learning, Training and Examination" program, and training sessions on the dual prevention system for all employees. In total, these activities involved 16,838 person-times, significantly improving the safety awareness of the management and staff.

Annual Employee Work Safety Training Statistics

Number of Work Safety Training Sessions	16
Total Work Hours or Person-times Completed	16,838
Total Duration of Work Safety Training (in minutes)	39,271
Coverage Rate of Safety Training	100%

Safety Hazard Identification and Management

We continuously update a dual prevention system, implementing dual control of risk points, and have organized regular safety hazard identification and management activities. We have established a safety responsibility system, special hazard checks during holidays, and occupational safety inspections before resuming work after holidays.

Occupational Health Management

We have effectively implemented its responsibility for occupational health management and provide a good working environment in accordance with national requirements, we posted notices in the production units to identify and eliminate harmful factors and documented, filed, and disclosed the implementation of the occupational safety and health work. We organized regular occupational health check-ups for all employees. In 2024, we organized over 4,000 person-times of various health check-ups.



Employee Training and Development

Talent is the core competitive strength of a company's development. In line with the overall development strategy of the company, we focus on "strengthening the enterprise with talent", regarding employee training as the core driving force for corporate development. To this end, we focus on the training theme of "training for all employees and capability enhancement", carry out targeted training, and build a team of personnel who are professionalized

Our Human Resources Department is responsible for the formulation, implementation, and supervision of the annual training plan. Each system, based on our training plan and priorities, develops its own annual and monthly training plans for the system and department level and ensures the organization, process management, and effectiveness evaluation of the training programs. All departments work closely together to implement the various training plans issued by our company, conduct on-the-job training, assess the effectiveness of the training, establish employee training records, and provide timely feedback to the Human Resources Department.

Every month, we invite professional organizations to conduct specialized training sessions for managers and business leaders. For overseas operations, specialized online English courses have been introduced, covering content such as business etiquette and everyday

English. We also offer training programs such as special operators training, manual training for workshop workers, and specialized training for CCP members.

Training Management Mechanism

Zhongtong Bus has established a comprehensive training management mechanism. We conduct extensive research on training needs, assess various professional abilities, formulating training plans, and promptly announce these plans to employees. Leveraging the platform of Zhongtong University, we provide systematic career-enhancement training for employees at all levels and in all specialties. The training adopts a combination of online learning, self-study, and decentralized and partial methods, covering theoretical teaching, practical exercises, and technical competitions. Meanwhile, we exercise strict control over the entire training process and ensure that the training achieves the expected results through assessment, tracking, and evaluation, effectively supporting employee growth and corporate development.

Case: The First Educational Institution in China's Coach Industry-Zhongtong University

Zhongtong University, established in 2002, is the first educational institution in the coach industry. Through continuous institutional and development, it has provided the company with a large number of talents. Zhongtong Bus implements a talent professionalization development strategy, committed to building a learning-oriented enterprise culture, a modern talent production mechanism, and a talent development system. We have scientifically established an innovative training system, Zhongtong Education College, and established two chief technical expert groups and improved training management systems. Based on the position-compatibility model, we promote employee professionalization training and enhanced the match between people and positions. In line with our talent

development strategy, we have established a talent production mechanism for technical talents, such as theoretical training, practical exercises, and technical competitions. We have built various platforms and achieved remarkable results by cultivating middle and senior-level professional managers, leading technical talents, and highly skilled personnel.

Zhongtong Education Institute and Zhongtong Bus Co., Ltd. have successively become one of the first 16 pilot units for the new apprenticeship system in Shandong Province, the first provincial technician workstation in Liaocheng City, and the first provincial high-skilled talent training technician base. They have cultivated 2 "01 Lu craftsmen", 9 "01 Lu chief technicians", and 15 Liaocheng City chief technicians. Zhongtong Education Institute has been rated as a "National Model Point for Employee Education" by the All-China Federation of Trade Unions, a "Top 100 Chinese Enterprise Education" by the Municipal Economic and Information Commission of 22 provinces, cities, and counties, "Chinese Education and Training Demonstration Base" by Xinhua News Agency.

Employee Training in 2024

Total Training Hours for Employees	93,526
Average Training Hours for Employees	278
Employee Training Coverage Rate	100%
Total Investment in Employee Training	823,100 yuan

Career Development Pathways

Career Rotation

Within the company, there are four main career sequences: management, production, technology, and marketing. Each sequence has its own promotion and job rotation system. We have established differentiated career pathways. Each pathway consists of multiple job grades, which correspond to different salary levels, thereby providing positions for promotion. Once the rotation conditions are met, a job rotation plan will be implemented.

Job Positioning and Staffing

We implement a system of fixed positions, staffing levels, and personnel assignments, with a strong emphasis on internal talent. Regarding internal job transfers, once the hiring department clarifies its needs, a recruitment notice is posted on our company's intranet. After applying and competing for the position, employees who pass the interview are eligible for internal transfer. As for the job rotation system, we target high-risk and sensitive positions in technology, marketing, and other key areas. Once the rotation conditions are met, a job rotation plan will be implemented.

Heartfelt Employee Care

Zhongtong Bus is deeply aware that the happiness and growth of employees are the key cornerstones of sustainable corporate development. We always place employee care at the core of its corporate strategy, committed to creating a working environment

Establishing a System of Employee Care

Case: "Summer Refreshment" Series of Consolation Activities

Since June 2024, we have maintained high production levels. Faced with high temperatures and heat, the labor union actively played its role in safeguarding the welfare of employees, acting as a bridge and link. It intensified research into the needs of grassroots employees and increased the frequency of visits to frontline workers, organizing a series of "Summer Refreshment" consolation activities. According to statistics, the labor union distributed a total of 1,650 kg of cooling green

has been 200 boxes of instant noodles, 100 boxes of milk, 115 boxes of ham sausages, and more than 40,000 pop-it as consolation for frontline workers as part of its efforts to provide refreshment and warmth. Additionally, it has supplied 240 cases of household prevention medicines, including chlorophyll, cooling, clearing heat, and relief from mosquito bites.

Effectively Addressing Employee Needs

As a company, we are committed to providing a safe and healthy work environment for our employees. We have implemented a variety of measures to ensure the safety and health of our workforce, including providing safety training, conducting regular safety audits, and providing personal protective equipment (PPE) to all employees.

In 2023, we conducted safety training for all employees, including new hires and existing employees. We also conducted regular safety audits of our facilities and equipment to ensure that they are in good working order. Additionally, we provided PPE to all employees, including hard hats, safety glasses, and gloves. These measures have helped to reduce the number of safety incidents and injuries in our workplace.



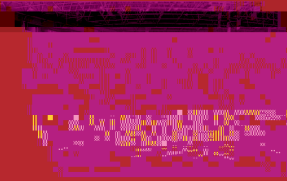
Cultural and Sports Activities to Boost Morale

We believe that a strong and positive company culture is essential for the success of our organization. To boost morale and foster a sense of community among our employees, we have organized a variety of cultural and sports activities throughout the year.

Support Activities for Employees' Well-being

In 2023, we also organized the following cultural and sports activities:

- Organized a company-wide fitness challenge to encourage employees to stay active and healthy.
- Hosted a company picnic and team-building exercises to foster camaraderie and teamwork.
- Supported local cultural events and festivals to promote diversity and community engagement.
- Provided flexible work arrangements to accommodate employees' personal and family needs.



07

07 Sustainable Supply Chain Construction

07-01 Supplier Management Mechanism

07-02 Responding to the Belt and Road Initiative

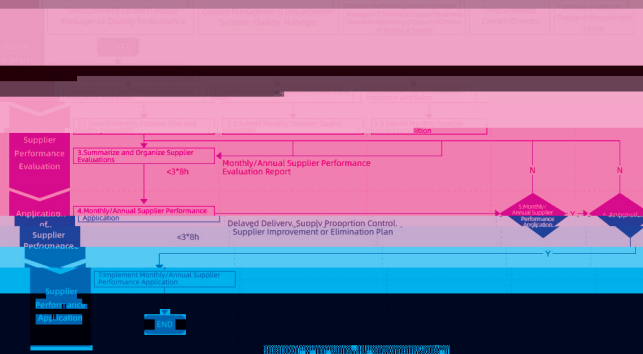
07-03 Industry Benchmark and Experience Leadership

Supplier Responsibility Management

As the "chain leader", we focus on the core needs of customers, integrate the upstream and downstream industrial chains, continuously increase R&D investment, expand product portfolio in the markets, and continuously optimize product performance to reduce the carbon footprint and realize green and low-carbon development.

We require that all supplier products comply with national and local laws and regulations, meet national and industry mandatory standards, and conform to technical and quality requirements. For items not specified in national and industry mandatory standards,

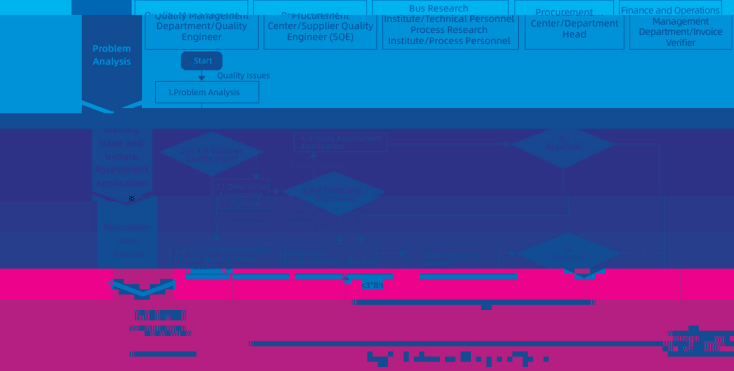
we continuously optimize performance evaluation for qualified suppliers, strengthen quality and technical training, to improve product quality, enhance suppliers' delivery capabilities, and reduce procurement costs. We are committed to building an excellent supply chain system. Through performance evaluation, suppliers are managed in different classes. We also honor A-class suppliers at the annual meeting.



Car-Zhongtong 2025 Global Strategic Supply Chain Summit Conference

On November 14, 2024, the 2025 Global Strategic Supply Chain Summit Conference was successfully held in Xinhua Hotel, Beijing. Suppliers from around the world gathered to discuss cooperation and development.

The conference reviewed Zhongtong Bus's performance and experience in 2024 from four aspects: market, R&D, quality and procurement, and elaborated on the development plan for 2025. It also honored the advanced suppliers of Zhongtong Bus in 2024 and clarified the quality index system and cooperative ecosystem for the supply chain in 2025.

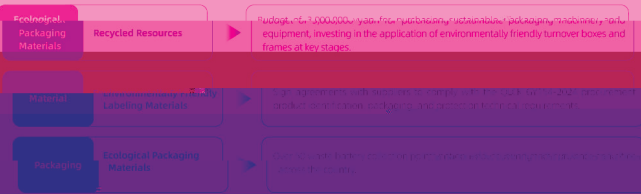


Sustainable Supply Chain

Zhongtong Bus adheres to the cooperation principle of balancing fairness and efficiency, combining the economic principle of high quality and reasonable price with the responsibility principle of sustainable development. We collaborate to promote transparent and responsible procurement and to build a sustainable supply chain. We strive to create a healthy development pattern characterized by complementary advantages and mutually beneficial cooperation.

In the supply chain and raw materials sector, we actively explore the development path of green procurement. We advocate the development of a circular economy and seek ways to improve resource utilization efficiency. We strengthen the recycling of resources and reduce the use of packaging materials. In terms of materials, we are committed to using environmentally friendly materials, reducing the use of harmful substances, and ensuring that materials are odorless, wear-resistant, and heat-resistant. In packaging and logistics, we

Recycling and Resource Utilization



Waste Recycling Measures

We sign the "Supplier Integrity and Anti-Corruption Agreement" with all suppliers to ensure fair, just, and open competition among suppliers. We actively cooperate with our suppliers to improve their business ethics and compliance management systems, and jointly strengthen the construction of integrity and self-discipline.

At the same time, we select suppliers using 5G of human rights and environmental standards. We require suppliers to establish a compliance system and implement the requirements of ISO 14001. We select suppliers that comply with the corporate social responsibility management system and require suppliers to follow the corporate social responsibility clauses in the Zhongtong Bus code of conduct. We ask suppliers to consider the environmental impact of their production processes and implement a continuous improvement plan to deal with these impacts. This includes reducing materials, reducing carbon emissions, and improving the treatment and control methods of waste that affects air, water, and soil.

Public Welfare Always on the Way

In 2024, Zhongtong Bus, guided by the philosophy of "Green Manufacturing and Responsible Development", joined the public sphere of public welfare activities in three major areas: rural revitalization, local development, resource conservation, and low-carbon travel. We deeply integrated technological innovation with social responsibility and fulfilled our commitment to a sustainable future.

Statistics of Public Welfare Projects

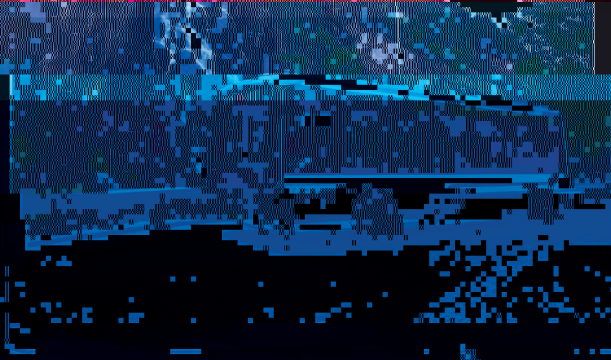
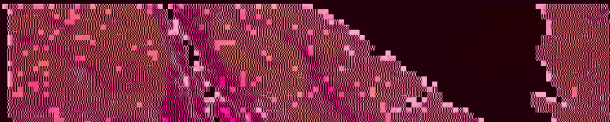
Total Operation Amount of Public Welfare Projects	100
Other Activities Fulfilling Social Responsibility (such as Educational Public Welfare, Support for Western Regions, Industry Standard Development, National and Local Charity Activities)	1
Resource Conservation (Public Welfare Charity and Volunteer Activities)	200
Support for Local Welfare Charity and Education Activities	5
Low-carbon Travel (such as Low-carbon Travel Activities)	100

Case Study: Rural Revitalization- Zhongtong Bus "Mountain Goods Bus" Connects the Green Rural Revitalization Road

In June 2024, Jinan Public Transport...

route runs from Jinan city center to Wopu Village in the southern mountainous area, covering a one-way distance of 39 kilometers. The Route 883 Love Fruit Farmer Line departs punctually from Wopu Village, passing through Wopu, Houling...

The Zhongtong N-Series pure electric buses have deeply optimized the interior space, widening the aisles inside the bus. This not only improves the passability within the bus but also provides ample space for more villagers to carry their mountain...



Case: Public Convenience Service - Zhongtong N10 Boosts Green Public Transportation in Shigatse

stone - home to the world's highest peak - Mount Everest, rich in mountains and vision of colorful landscapes. It is one of the must-visit places for tourists in Tibet. Improving the public transportation environment has become key to the local people's livelihood and the development of the tourism industry.

25 Zhongtong N10 new energy buses have been serving the Shigatse area since 2022, mainly operating on the No. 2 and "Jiu" urban bus routes. Over the past two years of operation in Shigatse, these buses, with their stable performance, have brought convenient, comfortable, and green travel experiences to the local residents and tourists from other places.



Case: Zhongtong Bus Attends the 2024 Singapore SITCE Exhibition

Zhongtong Bus showcased its latest hybrid products at the 2024 Singapore SITCE Exhibition. This exhibition is jointly organized by the International Association of Public Transport (UITP), the Land Transport Authority of Singapore (LTA), and MSF. Global transit leaders from the 40+ largest metro systems worldwide gathered in Singapore.

Zhongtong Bus continued to focus on overseas markets, expanding the distribution network to the Asia-Pacific region. The company's products are highly praised in the global market for their advanced technology, reliability, and innovation. Our overall quality and service are highly recognized by the global market. In 2024, Zhongtong Bus will continue to promote the green transformation and development of Singapore's public transportation industry, and the development of the entire Southeast Asian public transportation industry, contributing to the green and sustainable development of the global public transportation industry.



Case: Zhongtong Bus Attends the 2024 Hannover International Commercial Vehicle Show

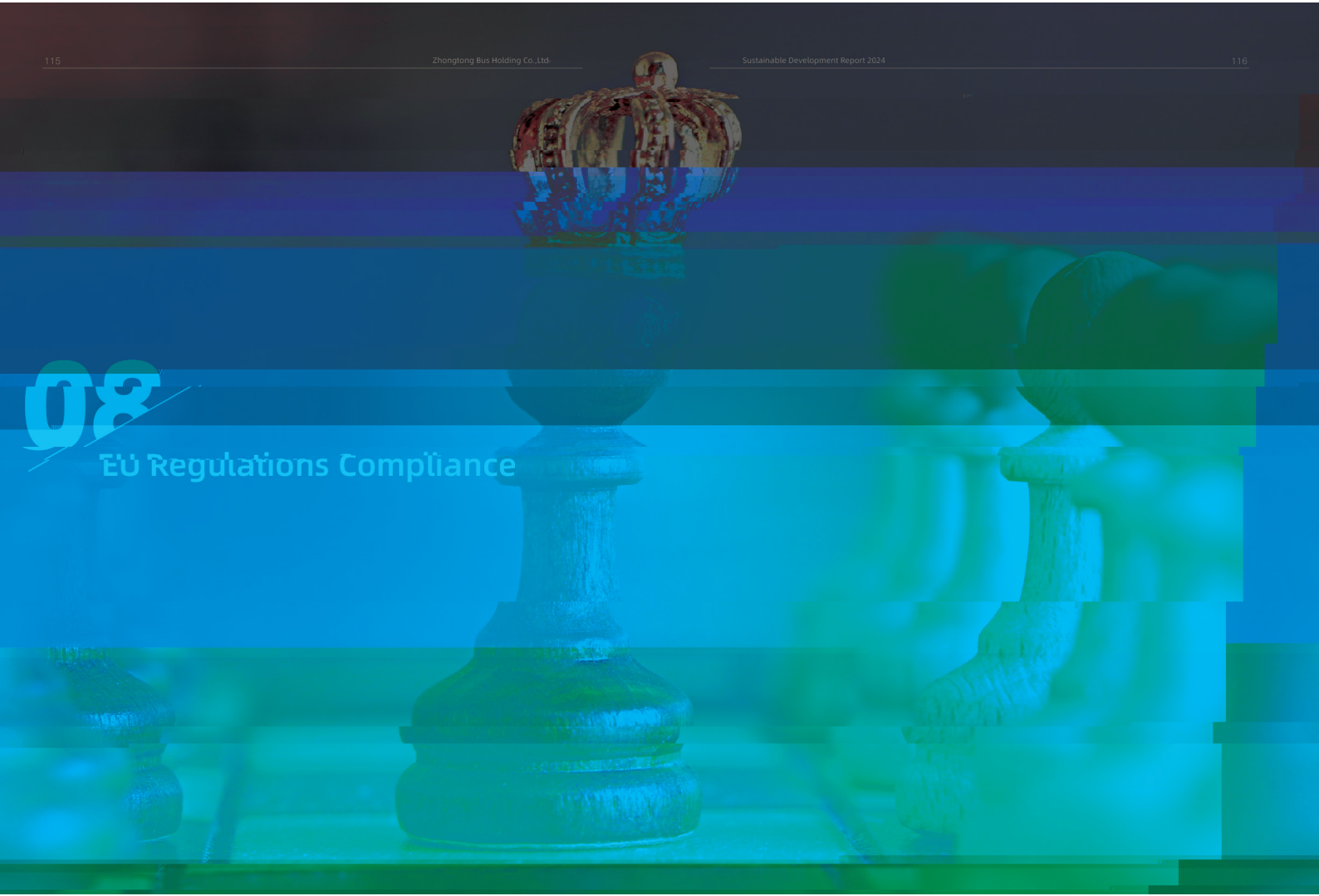
The Zhongtong HTR Electric bus was showcased at the 2024 Hannover International Commercial Vehicle Expo. Germany offers a more targeted solution for the global high-end electric passenger market. The Expo attracted

well-known automobile manufacturers, component suppliers, and technology service providers from many countries and regions around the world, representing the latest development trends and innovative achievements of the global commercial vehicle industry. During the Expo, Zhongtong's hybrid and electric bus models were highly praised by the international audience.



08

EU Regulations Compliance



Zhongtong Bus actively expands into overseas markets, complying with all applicable laws, regulations, industry standards,

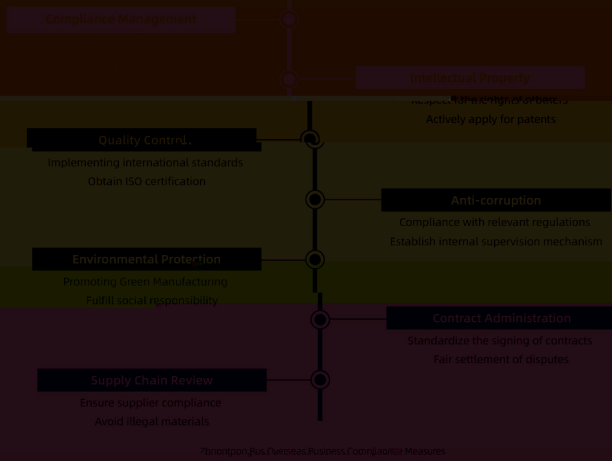
Facing the policy and legal risks related to export controls, particularly the EU's Corporate Sustainability Due Diligence Directive (CSDDD), the New Battery Act...

Export and Overseas Compliance Risk Management

EU CSDDD Alignment with a Data Privacy and Security Strategy

As a global manufacturer, Zhongtong Bus is committed to ensuring compliance with all applicable laws, regulations, industry standards, and internal policies across all operations. We have established a comprehensive compliance framework that covers various areas, including environmental protection, labor rights, and anti-corruption.

The EU CSDDD (Corporate Sustainability Due Diligence Directive) is a landmark regulation that requires companies to identify, prevent, and mitigate adverse impacts on human rights and the environment. Zhongtong Bus is actively working to align our operations with the requirements of this directive, ensuring that we maintain high standards of sustainability and social responsibility.



Zhongtong Bus Overseas Business Compliance Measures

Supplier Access Management

personnel management and other measures to ensure the safety and security of our facilities and equipment during peak seasons.

Supplier Access Management: We have specific environmental and social requirements for suppliers. For example, in terms of vehicle emissions, we require them to obtain the ISO 14001 Environmental Management System certification and the ISO 45001 Occupational Health and Safety Management System certification.

Supplier Quality Management: We will establish a performance evaluation mechanism for suppliers, with monthly, semi-annual, and annual reports. In terms of quality, we supervise suppliers' quality reports.

Supplier Communication and Collaboration Mechanism: We hold an annual supplier conference to inform suppliers of our requirements regarding supply chain management and risk prevention. In addition, we regularly conduct technical exchanges to improve products in aspects such as energy efficiency and noise reduction.

Green Products:

We take measures such as material lightweighting, changing control strategies, and optimizing vehicle design to reduce product energy consumption and create green products. In 2024, the electric vehicles exported to Portugal by the company used biodiesel-powered heating systems, significantly increasing the vehicle's driving range. The double-decker electric buses provided to Singapore by us adopted the sixth generation of new energy-saving technology, with energy consumption reduced by about 18% compared to the previous generation. In addition, we are actively developing cutting-edge green products such as hydrogen-fuel-cell vehicles.

Recycled Materials:

We have significantly reduced the use of non-recyclable materials, such as PVC, and actively applied lightweight eco-friendly materials. For example, for the interior, ABS molding materials are used, which have good recyclability. They can be completely recycled through crushing, sorting, and re-processing into new materials. In the future, we will, in the future, incorporate requirements for the proportion of recycled materials in raw material procurement based on the regulations of the European Union.

Environmental-friendly Materials:

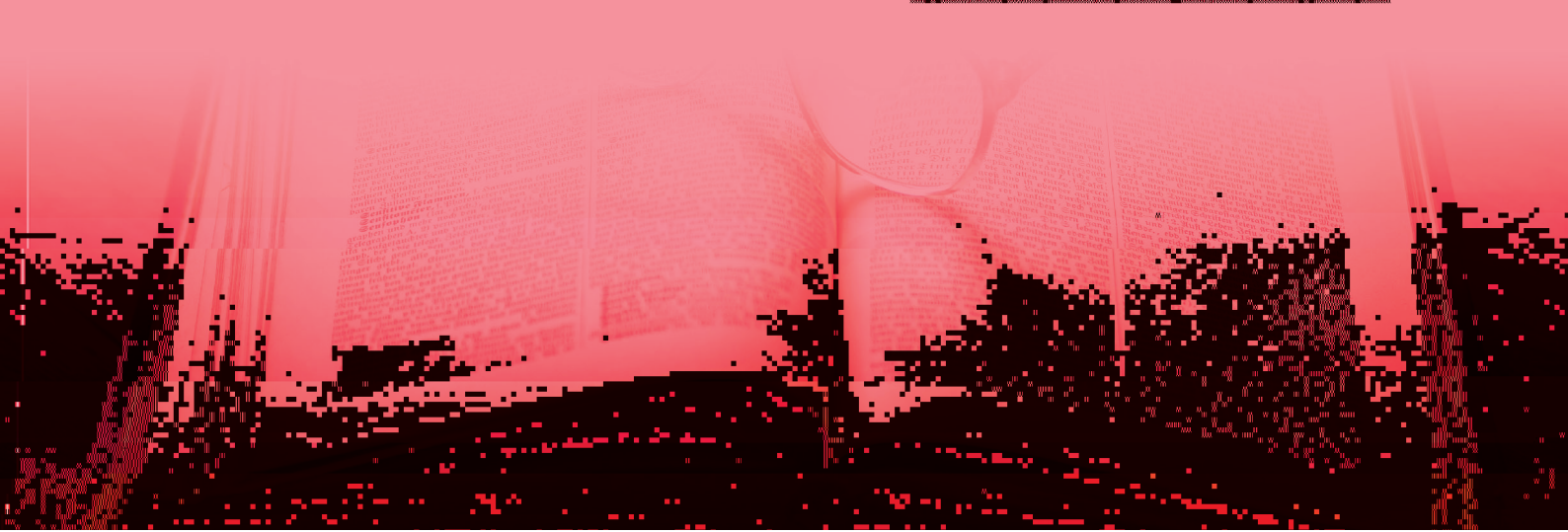
We recommend and encourage the use of environmental-friendly materials. The Process Research Institute has established...

Zhongtong Bus has become the first domestic enterprise to obtain the first WVTA certificate under the new EU regulations. Our cybersecurity capabilities have gained international recognition.

Zhongtong Bus has officially passed the EU UN R155/R156 regulation certification and successfully obtained the first WVTA certificate for Chinese commercial vehicles from the implementation of the new EU regulations. This milestone not only signifies that Zhongtong Bus's cybersecurity capabilities have reached the top international standards but also represents a historic leap in the journey of Chinese intelligent connected vehicles to expand globally.

Previously, the EU made a series of adjustments to the market access technical regulations on driver fatigue monitoring during vehicle operation, protection of vulnerable road users outside the vehicle, and vehicle cybersecurity and incorporated them into EU regulations. Faced with the EU's strict cybersecurity access standards, Zhongtong Bus, relying on our full life cycle cybersecurity protection system, has achieved comprehensive breakthroughs in the fields of vehicle hardware security architecture, software risk prevention and control, data encryption and transmission, and remote upgrade management. Certified by EU authoritative institutions, our vehicle cybersecurity management system (CSMS) and product protection capabilities have gained international recognition, injecting Made-in-China safety confidence into the European and even the global market.

As a leader in the Chinese bus industry's "going global" efforts, Zhongtong Bus has always driven high-quality development...



Certifications

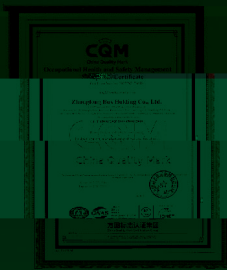


Zhongtong Bus ISO 50003 Energy Management System Certification

Zhongtong Bus ISO 14001 Environmental Management System Certification



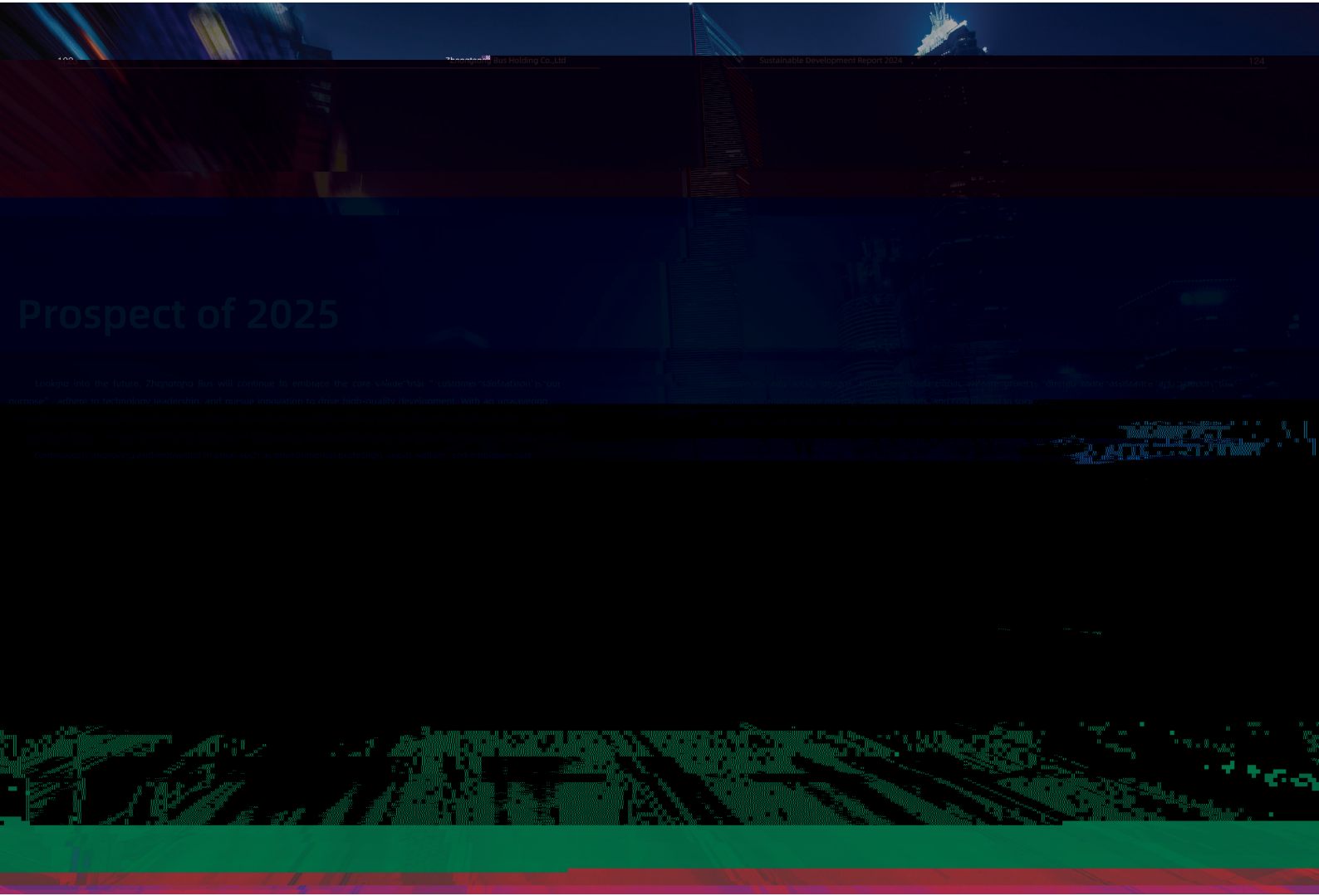
Zhongtong Bus ISO 9001 Quality Management System Certification



Zhongtong Bus ISO 45001 Occupational Health and Safety Management System Certification

Score	Category
82	Good

Zhongtong Bus Ecovadis Evaluation score



Prospect of 2025

Looking into the future, Shimizu will continue to enhance the value chain that "contributes to the growth" of our customers, and pursue innovation to drive sustainable development.

Shimizu will continue to enhance the value chain that "contributes to the growth" of our customers, and pursue innovation to drive sustainable development.

Continuing innovation and investment in areas such as environmental protection, social welfare, and employee care.

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CASS-ESG6.0 index system and GRI standard

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	Main business, Corporate culture, Corporate goals	P3	2-1
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	Company ESG Governance Arrangements	31.1	3-2, 3-3
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	Pursue Excellence in Quality	31.3	
	High-quality Service Experience	31.3	
	Promoting Digital Transformation	31.4	
Environment-Friendly Processing Our Home	Responding to Climate Change	31.1	
	Strengthening Environmental Management	31.1	
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Appendix	Responding to the Belt and Road Initiative		Industry benchmark and Leadership Leadership
	ESG Data Tables		

Key Performance Indicators

Part I: Financial Indicators

Indicator	Unit of measure	Result 2024
Annual revenue	billion Yuan	57.34
Tax paid	billion Yuan	1.28
Total employees	people	3601
Annual vehicles production	Vehicle	11643
Annual vehicles sold	Vehicle	11409
Annual New energy vehicle exported	Vehicle	419
Operating income	billion Yuan	57.34
Revenue growth rate	%	35.66
Total profit	billion Yuan	2.69
Total profit growth rate	%	156.85
Net profit attributable to shareholders of the parent company	billion Yuan	2.49
Growth rate of net profit attributable to shareholders of the parent company	%	258.12
Weighted average return on equity	%	8.47
Earnings per share	Yuan	0.42
End-of-period liability to asset ratio	%	63.96

Part II: Governance Indicators

Indicator	Unit of measure	Result 2024
Number of anti-corruption training	times	40
Anti-corruption training duration	hours	50
Employee anti-corruption training number of employees participating in anti-corruption related training	people	1000

Part II: Governance Indicators

Indicator	Unit of measure	Result 2024
Employees dismissed or disciplined due to corruption, and the total number of confirmed incidents	times	3
The amount involved in litigation or major administrative punishment due to the company's unfair competition behavior	yuan	0
Total number of customers and employees affected by information leakage incidents	people	0
Fines and litigation cost losses caused by corruption and bribery incidents	yuan	0
Number of board of directors	people	7
Number of board meetings	times	6
Number of shareholders' meetings held	times	3
Number of supervisors on the Supervisory Board	people	3
Number of supervisory board meetings held	times	5

Part III: Environmental Indicators

Indicator	Unit of measure	Result 2024
Scale of environmental investment	Million Yuan	3
The completion rate of environmental impact assessment and the implementation of "Three Simultaneities" for new and expansion projects	%	100
Environmental records with compliance rate of environmental issues	%	100
Environmental facilities equipping rate and normal operation rate	%	100
Number of environmental incidents caused by environmental management	times	0
Number of environmental penalties for violation of environmental laws and regulations	times	0

Part III: Environmental Indicators		
Indicator	Unit of measure	Result 2024
Nitrogen oxide (NO_x) emissions	t	3.81
Nitrogen oxide (NO _x) emission density	t/vehicle	0.00342
Sulphur dioxide (SO ₂) emissions	t	3.04
Sulphur dioxide (SO ₂) emission density	t/vehicle	0.00033
Emissions of volatile organic compounds (VOCs)	t	19.13
Emission density of volatile organic compounds (VOCs)	t/vehicle	0.0021
Non-methane hydrocarbons (NMHC) emissions	t	19.13
Emission density of non-methane hydrocarbons (NMHC)	t/vehicle	0.0021
The total amount of hazardous waste generated	t	772.07
The density of hazardous waste generated	t/ Vehicle	0.084
Compliance rate of major pollutant emissions	%	99.9
Total discharge of main industrial wastewater	t	52095
Industrial wastewater discharge concentration	t/ Vehicle	5.69
COD emission concentration	mg/L	64.1
Ammonia nitrogen emission concentration	mg/L	3.44
Total heavy metals emission concentration	mg/L	0.169
Total water consumption	t	350437
Total electricity consumption (excluding purchased electricity)	t	145,021.12
Total CO ₂ emissions (excluding purchased electricity)	t	1,450,211.2

Part III: Environmental Indicators		
Indicator	Unit of measure	Result 2024
Total energy consumption	tce	110377.2
Energy intensity	tce / ten thousand Yuan	0.01759
Sales volume of new energy vehicles	Vehicle	2738
Total greenhouse gas emissions	t/CO ₂ e	37616.48
Scope 1: Greenhouse gas emissions (natural gas, diesel)	t/CO ₂ e	7936.50
Scope 2: Greenhouse gas emissions (purchased electricity, purchased heat)	t/CO ₂ e	29799.98
Next 1 year to buy sustainable packaging, machine, and equipment budget plan (vehicle interior and spare parts packaging)	Yuan	3000000
Percentage of green buildings with new plants planned in the next 3 years	%	100
The replacement ratio of pure electric vehicles instead of fuel vehicles in the future	%	80
The proportion of battery recycling and echelon utilization of new energy vehicles	%	20
Utilization rate of renewable plastics	%	10

Part IV: Social Indicators		
Indicator	Unit of measure	Result 2024
Total number of employees at end of year	People	3601
Number of new employees	People	304
Number of graduates recruited	People	154
Minority employees at the year end	People	67
Number of employees by type of employment (full-time employees + dispatched workers)	People	3738
Distribution of regular employees by region (Remainder of 365)	People	446/1155
Year-end employee distribution by age group (under 30 / 30-50 / over 50)	People	902/2316/300
Year-end employee distribution by region (North China / Northeast China / Southeast China / East China / South China / Northeast China / Hong Kong, Macao and Taiwan / Overseas regions)	People	72/22/11/240/3 53/49/0/0
Number of employees by employee positions (research / support (including sales, supply chain and business support personnel, etc.) / management / operation)	People	1290/667/1654
Members of the highest governance body	People	8
Total number of minority employees	People	67
Number of disabled people employed	People	46
Labor contract coverage	%	100
Social insurance coverage	%	100
Social insurance paid	Yuan	119074433
Coverage of physical examination and health records	%	100
Percentage of employees subject to regular performance and career development evaluations	%	100
Proportion of employees participating in trade unions	%	100
Number of incidents of child labor, forced labor and human trafficking	Times	0

Part IV: Social Indicators		
Indicator	Unit of measure	Result 2024
Total number of resigned employees	People	108
Annual employee turnover rate	%	3.35
Staff resignation rate by gender (male/female)	%	3.21/3.50
Employee turnover rate by age group (under 30 / 30-50 / over 50)	%	0.66/1.96/0.41
Staff turnover rate by region (inside/outside Liaocheng City)	%	1.02/5.28
Staff training organized	times	93526
Learning hours of employee training	hours	7201
Total training investment of employees	Yuan	122156
Total number of staff training	People	2150
Training ratio for employees at different levels	%	100
Average number of training hours per employee, by position (research / support / management operations)	hours	27.8
Percentage of active labor force signing labor agreement	%	100
Strike days	Day	0
Total number of suppliers	Items	869
Proportion of first-level suppliers conducting daily and irregular audits	%	5
Proportion of suppliers certified by ISO14001 system	%	78
Proportion of suppliers certified by OHSAS18001 / ISO45001 system	%	85
Proportion of suppliers certified by IATF16949 system	%	93
Percentage of direct suppliers signing Supplier Code of Conduct	%	92
Number of suppliers identified as having significant actual and potential negative environmental and social impacts	Items	0
Safety production investment	Yuan	403000
Number of safety accidents	Cases	0
Number of near-miss incidents (company employees & contractor employees)	People	0

Part IV: Social Indicators		
Indicator	Unit of measure	Result 2024
The frequency of recordable injury (company employees + contractor employees)	times / year	0
Severe injury accident rate	%	0
Mild injury accident rate	%	0
Number of occupational disease accidents	Times	0
Prevention of occupational disease	%	100
Economic losses due to safety accidents	Yuan	0
Safety production training	Times	6
Safety production training	Person times	16836
Safety production training (total duration of safety production training)	Hour	35271
Safety production training coverage	%	100
Complaint handling ratio	%	100
Customer satisfaction rate	%	96.49
R&D investment	Yuan	11,288,000.00
Cumulative patent	piece	174
Number of new patents added	piece	32
Proportion of high-value patents	%	100
Other indicators to which social responsibilities, such as public welfare education, contribute to the work industry	Yuan	1,000,000.00

Feedback

Dear Reader,

Thank you for taking the time out of your busy schedule to read the **Zhongtong Bus Holding Co.,LTD Sustainable Development Report 2024**. We sincerely hope that you will provide us with your valuable comments and suggestions on the report and our work. You may fill out the questionnaire and send it back to us either by mail or by e-mail. Your feedback is greatly appreciated!

Address: No. 261, Yellow River Road, Liaocheng City, Shandong Province.

Phone: 400 - 760 - 8000

1. Which category of Zhongtong Bus's stakeholders does your workplace belong to?

- | | |
|--|--|
| <input type="checkbox"/> Internal Management | <input type="checkbox"/> Shareholder/Investor |
| <input type="checkbox"/> Internal Employee | <input type="checkbox"/> Supplier/Partner |
| <input type="checkbox"/> Customer and Potential Customer | <input type="checkbox"/> Government and Regulatory Authorities |
| <input type="checkbox"/> Community | <input type="checkbox"/> Expert and Scholar |
| <input type="checkbox"/> Non - Governmental Organization | <input type="checkbox"/> Public |
| <input type="checkbox"/> Other (Please Specify) _____ | |

2. Are the issues you are concerned about all reflected in the report?

- Yes Fundamental No

3. Your overall evaluation of the 2024 Sustainability Report

Overall, the expression is easy to understand, the design is aesthetically pleasing, it is innovative, and the information you need is easy to find.

- 1 point (Poor) 2 points (Fair) 3 points (Good)

(Please indicate the information in the report to generate and to improve)

- 1 point (Poor) 2 points (Fair) 3 points (Good)

Overall, the expression is easy to understand, the design is aesthetically pleasing, it is innovative, and the information you need is easy to find.

- 1 point (Poor) 2 points (Fair) 3 points (Good)

Overall, the expression is easy to understand, the design is aesthetically pleasing, it is innovative, and the information you need is easy to find.

- 1 point (Poor) 2 points (Fair) 3 points (Good)