

Governance

1. Corporate Governance

● Corporate Governance Structure

The Board of Directors serves as the Company's decision-making body. It has established the following committees: the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and Sustainability Committee. The Strategy and Sustainability Committee, chaired by the Board Chairman, is tasked with studying and defining the strategic vision and implementation plans for corporate social responsibility, and participates in decision-making on related topics.

Board Composition and Background

The Board and the Nomination Committee consider the diversity of the Board in terms of gender, age, cultural and educational background, professional experience, skills, and knowledge when determining the composition of the Board. The Board comprises nine directors, of whom three are independent directors (33.33% of the total), two are female (22.22%), and one is from an ethnic minority group (11.11%). Directors are elected or replaced by the General Meeting of Shareholders and may be removed by the same body before their terms expire. Directors serve three-year terms and may be re-elected upon expiry.

Board members bring extensive expertise in vehicle engineering, corporate governance, financial management, risk control, international marketing, and related fields. This breadth of experience supports the efficient and compliant execution of the Company's operations and drives sustained value creation for both the market and society.

● Clawback Policy

The Company has formulated the *Management System for Remuneration and Allowances of Directors and Senior Management Personnel* internally. The policy stipulates that, in the event of a retrospective restatement of financial reports due to misstatement (including financial fraud), the Company shall promptly reassess and recover any overpaid performance-based and medium- to long-term incentive compensation previously awarded to directors and senior management personnel. Furthermore, if directors or senior management personnel breach their duties, causing losses to the Company, or are found responsible for illegal or non-compliant conduct such as financial fraud, fund misappropriation, or unauthorized guarantees, the Company may, depending on the severity, reduce or withhold unpaid

performance-based and medium- to long-term incentive compensation, and recover, in whole or in part, such compensation already disbursed during the relevant period.

- **Salary Evaluation**

Effective from 2026, the Remuneration and Appraisal Committee will be specifically responsible for formulating the annual compensation plans for directors and senior management personnel. The director compensation plan will be approved by the General Meeting of Shareholders, while the compensation plan for senior management personnel will be determined by the Board of Directors. The Committee will conduct performance evaluations for all non-independent directors and senior management personnel annually. These evaluations are based on key indicators that reflect the Company's operational results and growth prospects, such as sales volume, revenue, gross profit margin, total profit, and return on equity. The Company will stipulate clearly that performance-based compensation for non-independent directors and senior management personnel shall constitute no less than 50% of the total fixed and variable remuneration.

2. Business Ethics

- **Our Commitment**

The Company prioritizes anti-fraud governance, strictly complies with applicable national laws, regulations, and compliance policies, and has established 10 integrity management documents, including the *Yutong Code of Conduct for Integrity*, the *Yutong Partner Integrity Management System*, and the *Yutong Whistleblowing Management System*. Externally, policies such as the *Yutong Anti-commercial Bribery Statement*, the *Yutong Anti-commercial Bribery Policy*, and the *Yutong Bus Code of Business Conduct* have been published and are regularly enhanced. At the same time, the Company spares sustained efforts to cultivate a transparent, fair, and trust-based ecosystem with stakeholders, driving high-quality mutual development and progressing toward the vision of becoming a global leading bus manufacturing brand.

- **Management and Supervision**

The Company has established a mature anti-fraud governance structure. The Board of Directors oversees, manages, and provides guidance on business ethics matters. The Discipline Inspection Committee supervises and reviews significant anti-fraud

initiatives and the implementation of related policies, reporting related outcomes to the Board of Directors. Under the Discipline Inspection Committee, specialized anti-fraud unit such as the Audit and Supervision Office and the Legal Affairs Department are set up to systematically advance the "Threefold Anti-Corruption" management framework within the Company and across our partners. Through awareness campaigns, scientific monitoring, and proactive investigations, the Company works to reduce incidents of corruption, foster a clean and integrity-driven organizational culture, and safeguard the achievement of operational goals.

- **Goals & Strategies**

The Company remains committed to upholding an integrity-driven business environment, establishing our anti-fraud governance system, conducted business ethics audits, and continuously provided comprehensive training on business ethics and anti-corruption. We have streamlined reporting channels to foster a transparent, fair, and integrity-driven environment for mutually beneficial cooperative development.

Conducting Business Ethics Audits: In accordance with the *Yutong Inspection Procedures* and other relevant provisions, the Company conducts an annual dynamic risk assessment across its business areas and establishes corresponding inspection and audit plans. These plans support cyclic oversight and audit of all business areas. Every two years, the Company carries out business ethics audits covering all operational units, focusing on key areas including anti-corruption, anti-bribery, and anti-fraud.

Conducting Business Ethics Training: To continuously reinforce integrity awareness and self-discipline across the workforce, the Company systematically enhances the integrity education framework. We have established the *Yutong Bus Integrity Education Management System* and provide integrity, compliance, and anti-corruption training to all employees in key high-risk areas as well as all partners.

- **Key 2025 Milestones**

In 2025, the Company conducted 11 integrity and anti-corruption training sessions and held 5 large-scale thematic awareness campaigns, including the "December 9 International Anti-Corruption Day" event and specialized warning education programs for procurement functions. Offline participation exceeded 20,000 attendances, achieving full coverage in integrity education. Additionally, the

Company issued 12 editions of the *Yutong Integrity Exposure Bulletin*, highlighting typical non-compliance cases to alert all employees.

No incidents involving bribery, unfair competition, or corruption among employees were reported during the year.