



## Tongwei Co., Ltd

# Policy for Performance-Based Pay and its Clawbacks

### 1. Purpose

This policy is designed to effectively motivate the Company's senior executives (hereinafter referred to as "executives" ) to enhance their duties and performance, strengthen the sense of responsibility for mutual growth between executives and the Company, fully engage the motivation and innovation of executives, and to ensure that executive actions align with the Company's sustainable development goals and shareholders' long-term interests.

### 2. Scope of Application

This policy applies to the executives of Tongwei Co., Ltd.

### 3. Performance-Based Pay Policy

The pay structure consists of fixed salary and performance-based rewards. The

performance-based rewards are linked to the financial performance indicators and ESG performance indicators of the Company.

(1) The financial performance indicators include the Company's revenue, profit, cost and other indicators.

(2) ESG performance indicators include the achievement of the Company's internal ESG targets and external ESG ratings. ESG targets encompass but are not limited to climate change management targets, energy saving and emission reduction targets, innovative research and development targets, employee management targets, green supply chain management targets, safe production targets, business ethics and anti-corruption management targets.

Annual comprehensive assessment is adopted to determine executive performance-based pay, ensuring active participation and continuous improvement of the Company's executive team in advancing the overall corporate targets.

#### **4. Performance-Based Pay Clawback Mechanism**

In instances where executives fail to achieve the performance indicators corresponding to their performance-based pay, engage in falsification of performance appraisal results, significantly harm the Company's interests, violate the code of ethics, or commit legal violations, the clawback mechanism will be triggered in accordance with the Company's policy. The Company has a dedicated

auditing department that ensures the clawback process is conducted in a lawful, compliant, and equitable manner, in accordance with the Company's regulations and auditing procedures.

## **5. Other**

The Company publishes information on pay arrangements in the annual report and other disclosures to enhance the transparency of the Company's pay practices.

Tongwei Co., Ltd

Date: December 2023

Remarks:

1.This document is interpreted and revised by Tongwei Co, Ltd. To ensure the efficacy and timeliness of this policy, the Company will make necessary revisions or updates in a timely manner based on the actual operation and changes in laws and regulations.

2.In the event of any inconsistencies between the Chinese and English versions of this document, the Chinese version shall prevail.