

STATEMENT

December 19th 2024

Dear Sir or Madam,

Thank you for your attention to us and set up of a direct contact with us for those allegations related to us. The management team of Linglong International Europe d.o.o. Zrenjanin pays great attention to all the allegations reflected in the press and hereby would like to give the following facts and actions about the factory. First of all, we would like to emphasize that all allegations are old news and all the facts are twisted and crafted to make fake news to damage our reputation.

All information about workers is related to our previous contractors (contract terminated in Sept. 22) and their subcontractors, they hired some Vietnamese workers to work on our site – but as far as we know they never hired workers from India. Winter clothes were procured and dispatched to these workers due to the season changes and passports were collected to process residence and work permits according to Serbian law as well as vaccination register and were returned after the above procedures were completed. We want to further emphasize that these workers have full freedom of movement here in Serbia and nobody controls them or forces them to do something that they don't like. They live a peaceful life here and can buy any kind of food that they like and every month they went to the Post Offices to transfer their salaries to their families. They have basketball courts in their living area, all their human rights are protected. Furthermore, we are not allowed to charge workers for recruitment. We can guarantee that all workers who signed the contracts with Linglong didn't pay any fee to us.

Further information regarding CEEC TEPC: We declare that the claims about Linglong International Europe renting labor from CEEC TEPC are not true. Until 2022, Linglong and CEEC TEPC had a contractual relationship as investor and contractor. Linglong never had the need nor the legal basis under the Employment Agency Law to rent employees from CEEC TEPC. The cooperation and contract with CEEC TEPC were terminated in September 2022, and since then, we have had no relationship with CEEC TEPC or its subcontractors. Any questions related to TEPC after this period should be directed to that company, as Linglong is not their representative. All our business activities are conducted in accordance with the laws of the Republic of Serbia, including employment regulations. Furthermore with the recruit company M&S International we never had any contact.

We do not have any detailed knowledge about the payment situation at our subcontractors. We don't have late payments to our employees, and we are not 100% sure at that time that the workers were paid late but the reality is, no workers came to us to complain or protest for late payment. We work on the same site; they have free channels for us. If they had such a problem, they would definitely have come to us to ask for the payment.

On Nov. 12, 2021, the first allegations were pressed about the subcontractor on Vietnamese workers' living conditions, upon that we have taken immediate reaction to figure out the whole situation within 24 hours and urged them to bring up a solution. On Nov. 16, 2021, Serbian Government delegation took immediate reaction of inspection including Ministry of the Interior, local Fire and Police with official report released, only finding that the only issue for the living quarters is that there are some LPG bottles and barrels blocking the fire access. On Dec. 2021, workers were moved to new living quarters to have better heating, water access and dining facilities. At the same time, we upgraded our internal system for suppliers' management, you can find our Code of Conduct for suppliers attached. Due to the lack of fulfillment of obligation according to our contracts, we have terminated the cooperation with this contractor after clarifying all obligations and rights according to the contracts.

On Nov. 22, Vietnamese Embassy personnel from Romania inspected the workers living facilities, interview workers and concluded that allegations are not true, no assault or abuse was found and the language barrier is the main problem. We reject the allegation of forced labour. Official announcement quoted from Ministry of Foreign Affairs of Vietnam is "First-hand information from the Vietnamese embassy in Serbia showed there was no assault or beating whatsoever". You can find the announcement in following link: <https://m.hanoitimes.vn/mofa-speaks-out-on-locking-up-and-mistreatment-of-vietnamese-nationals-in-serbia-319313.html>.

Again, at Linglong Tire, we acknowledge the importance of adhering to international standards on human rights, environmental practices, and compliance. This was confirmed at 17 December 2024 by an Third Party RSCI audit performed by the TÜV Rheinland and passed successfully at our production location in Serbia, Linglong International Europe d.o.o. No Human Rights Violations could be found during this audit. The certification label from the RSCI organization can be expected within January 2025. The Responsible Supply Chain Initiative (RSCI - www.rsci.online/en) is an association to gain sustainability along global supply chains in the automotive industry. The automotive industry has set a voluntary standard to strive for more transparency on social and ecological compliance within the supply chain. During an assessment, the conditions of labor rights, health and safety, environmental compliance and supply chain management will be verified on-site.

Regarding published photos related to that matter, we note that it is very difficult to determine the time and exact context of the images. We also emphasize that in the future, we will avoid further analysis of photographs that have clearly been obtained in an illegal manner, as there is reasonable suspicion that the individuals who took them violated the law, specifically Articles 144 and 146 of the Criminal Code of the Republic of Serbia, which relate to unauthorized recording and the collection of personal data.

More Information about us:***Some Action Plan and Output:***

We have taken further reaction and draw interferences from this by improving our internal management regulations which is applicable for all subsidiaries of Linglong Tire and business ethics according to ESG targets

- We have the tradition to build up our own employee apartment, we have it in our Thai factory and we have procured the land here in Serbia and we are working on the design and construction now equipped with shops, canteens, coffee shops and playground to provide better living conditions to our employees and partners.
- January 2022, we establish our Suppliers Sustainability Request regulating the basic requirements for all kinds of suppliers not only the existing raw material suppliers but also other kinds of suppliers such as equipment suppliers and General Contractors.
- Mar. 2022, Linglong released Supplier Code of Conduct, according to the customers' Supplier Code of Conduct, including the core of working conditions and human rights, health and safety, business ethics, environmental protection, supplier management and responsible raw material sourcing.
- Mar. 2022, General Construction Contractor and Suppliers Management Regulation has been revised by adding Supplier social responsibility assessment based on above-mentioned two documents.
- In April 2022, Linglong International Europe published Sustainability Development System Plan to coincide all related business and take action plan.
- Same month of Apr. 2022, Management Regulation of Equipment Suppliers is published to regulate the supplier management for equipment.
- In terms of environmental protection, Linglong International Europe has strictly obeyed the Serbian and EU laws and regulations completing all required testing in construction and equipment trial. Each quarter of 2024, third-party testing of sewage discharge and other discharge have been finished with reports showing that no pollution in construction and trial and all work is conform to the legal requirements. Later, we will continue required testing to carry it out quarterly or semiannually. All finished testing reports are available.

- At the same time, to further improve, we made a study for the Audit standards among “Responsible Business Alliance”, RSCI (Responsible Supply Chain Initiative) and SEDEX (Supplier Ethical Data Exchange) and in the end, we became a member of RSCI from 2023 to make a better factory in Serbia.

Overall, Linglong International Europe has been applying the high industry standards and norms in our business operations. We are a member of Responsible Supply Chain Initiative (RSCI), a non-government auto industry association committed to setting supply chain standards and mitigation of social and environmental risks. We are further committed to working with certification agencies including ISO, IATF and TUV Nord for our business and industrial operations in Serbia and ensuring all our practices and standards are certified by the most reputable and trustworthy third parties. After the publishing of the standard, we will make the benchmark and start the audit.

Linglong International Europe d.o.o. was launched in 2018 in Zrenjanin, Serbia and employs about 1400 Serbian employees at this moment. Linglong International Europe has a highly strict code of conduct both internally and with its partners and suppliers. This includes a strict respect of workers’ rights and treatment, along with the compliance with all local, national and EU laws and regulations in this regard. The Code of Conduct is also an important part of our contracts with partners and suppliers. Our designated team conducts regular audits of all suppliers and partners to ensure the Code of Conduct is not breached. In Linglong International Europe we are proud of our multicultural environment and treat all of our colleagues with the utmost respect and care, and we expect the same from all our partners, suppliers and clients.

We would also like to add that the leadership and employees of Shandong Linglong Tyre Co. Ltd and Linglong International Europe d.o.o. have worked hard to bring the company to its current success and trust of our local and international clients. Our core corporate values emphasize an employee-oriented work atmosphere and protection of our living environment, among others, and we are strongly committed to these long term. For more information on Linglong’s corporate culture, please visit <https://linglongtyre.eu/sustainability/culture.html>. We would like to establish and keep a transparent communication with our clients and share the progress and information of sustainable development.

If you have any further questions, please feel free to contact us.




Kefeng Yang, General manager