

2024 SUSTAINABILITY REPORT SHANGHAI BAOLONG AUTOMOTIVE CORPORATION



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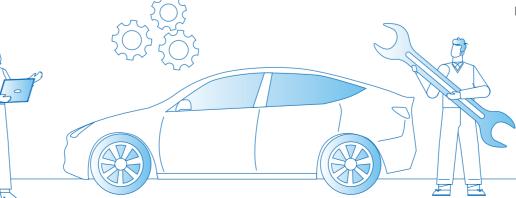


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About the Report

Shanghai Baolong Automotive Technology Co., Ltd. ("Baolong Automotive") publishes an annual sustainability report that regularly discloses the sustainability performance of Baolong Automotive and its subsidiaries, consistent with the scope of Baolong Automotive's annual report. The report is publicly available through the Shanghai Stock Exchange and the Company's official website.

Terms of Reference

Full name	Abbreviation
Shanghai Baolong Automotive Technology Co., Ltd.	Baolong Automotive, Company, the Company, us
Shanghai Wenxiang Automobile Sensor Co., Ltd.	Shanghai Wenxiang
Baolong (Anhui) Auto Parts Co., Ltd.	Ningguo Baolong
Anhui TPS Auto Parts Co., Ltd.	TPS
Shanghai Longan Automotive Technology Co., Ltd.	Longan Technology
Shanghai Longan Automobile Electronics Co., Ltd.	Longan Electronics
Shanghai Baolong Automotive Technology (Anhui) Co., Ltd.	Hefei Baolong
Baolong SALZGITTER (Anhui) Hydroforming Co., Ltd.	Hefei Baolong SALZGITTER
Detianfeng New Materials Jiangsu Co., Ltd.	Detianfeng
Anhui Ebusbar Automotive Technology Co., Ltd.	Ebusbar
Shanghai Baolong Automotive Technology (Wuhan) Co., Ltd.	Wuhan Baolong
Anhui Longwei Auto Parts Co., Ltd.	Anhui Longwei
Baolong Huf Hülsbeck & Fürst (Shanghai) Electronics Co., Ltd.	Baolong Huf Hülsbeck & Fürst China
Shanghai Kashibao Automobile Engineering Technology Co., Ltd.	Kashibao
MMS Automation Technology (Shanghai) Co., Ltd.	MMS
Shanghai Baolong Industry and Trade Co., Ltd.	Baolong Industry and Trade

Basis for Preparation

This year's report is prepared in accordance with the Shanghai Stock Exchange's self-regulatory guidelines, including *Guideline No.1 for Standardized Operation, Guideline No.14 for Sustainability Report (Trial), and Guidelines No.4 for the Self-regulation of Listed Companies-Preparation of Sustainability Report.* This report references the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) Standards, and the Global Reporting Initiative (GRI) Standards.

Report Scope and Boundary

This report covers the information and data of Baolong Automotive from January 1, 2024 to December 31, 2024 (hereinafter referred to as the "reporting period" or "current year"). Certain information and data may reference previous years or extend into 2025. Unless otherwise specified, this report covers Baolong Automotive and its subsidiaries*.

Data Source

All textual information and quantitative data are sourced from the Company's original records or financial reports reflecting its actual operations. In cases where the financial data differs from the Company's annual report, the figures in the annual report shall prevail. This report contains certain uncertainties regarding future plans or forecasts, and the Company reserves the right to revise these plans or forecasts as necessary. Unless otherwise specified, all monetary figures in this report are expressed in RMB.

Access and Response to this Report

Baolong Automotive highly values your comments and feedback on this report. The electronic version is available on both the Shanghai Stock Exchange website (www.sse.com.cn) and Baolong Automotive's official website (www.baolong.biz). If you have any comments or suggestions on this report, you can tell us by letter, telephone, fax, Internet, etc. For specific information, please refer to the *Reader Feedback Form* in the appendix to this report.



About Us Company Profile

Shanghai Baolong Automotive Technology Co., Ltd. (Stock Code: 603197), founded in 1997, has been dedicated to delivering high-quality products and services to its customers. Guided by the mission to "master advanced technology to improve automotive components," the Company focuses on deep innovation and sustainable development in the automotive parts industry. Baolong Automotive's core values of responsibility, progress, and sharing have driven its commitment to product quality, technological advancement through innovation, and fostering win-win partnerships based on a spirit of sharing.

Corporate culture

The Company's carefully nurtured "orchard culture" offers nourishment and support to its employees. It helps employees grow, showcase their talents, and realize their value in the Baolong family, creating a vibrant "talent" paradise that embodies the cultural spirit of perseverance and continuous growth.

Staff activities

The Company has established a comprehensive cultural activity matrix that involves departmental teambuilding and cross-unit collaboration projects to boost team cohesion. It also includes regular themed tourism, cultural, and sports association activities that enrich employees' lives. Additionally, the Company enhances professional skills through targeted initiatives like skills competitions and cultural theme months, while fulfilling social responsibilities through community volunteer services and haritable donations.

Vision

Develop automotive technology for the benefit of more people.



Baolong News

Serving as the primary channel for internal cultural communication at Baolong Automotive, Baolong News has been published continuously up to its 238th issue as of December 2024. The publication systematically conveys the Company's values by covering corporate developments, employee stories, and industry insights.

Global Network

Shanghai Baolong Automotive Technology Co., Ltd. has established a broad global presence to drive its business growth and support ongoing technological innovation. The Company is headquartered in Songjiang District, Shanghai, and has established production facilities, as well as R&D and sales branches in multiple locations, including Songjiang and Pudong in Shanghai, Gaoyou in Jiangsu, Ningguo and Hefei in Anhui, and Wuhan in Hubei. Internationally, it operates in the United States, Germany, Poland, Hungary, Austria, and other regions.

Baolong Automotive currently operates 11 R&D centers, 9 industrial parks, and 19 manufacturing facilities across 7 countries, establishing a comprehensive global network for research, production, and sales.

Global Layout of Baolong Automotive



Baolong 2024

Key Performance of Sustainability

Economic performance

The Company reported total assets of RMB 10.808 billion, marking a year-on-year increase of 27.53%. Operating income reached RMB 7.025 billion, up by 19.12% from the previous year, while revenue from core business operations totaled RMB 6.848 billion, reflecting an 18.44% year-on-year growth. R&D investment stood at RMB 570 million, accounting for 8.12% of total operating income. During the year, the Company filed 108 new invention patent applications and was granted 50 new invention patents.

Environmental performance

During the reporting period, the Company reduced GHG emissions by 2,515.13 tons and consumed 37,775.50 megawatt-hours of clean energy. It enhanced energy efficiency at its factories, saving 4,115.25 megawatt-hours of electricity and conserving 9,888 tons of water. Additionally, the Company invested a total of RMB 16.239 million in environmental protection initiatives.

Social performance

During the reporting period, the Company achieved a 100% labor contract signing rate, 100% coverage for social insurance and 100% coverage for work injury insurance. 0 major production safety accident occurred, and 100% employees received training. The total investment in employee training reached RMB 2.3447 million, and cumulative donations to public welfare and charity amounted to RMB 1.556 million.



off the assembly line in mass production

operation

The second phase of Hefei Park was put into

Our flat tire stability control TPMS

achieved mass production

Park was connected to the grid for

power generation

Sustainability Milestones

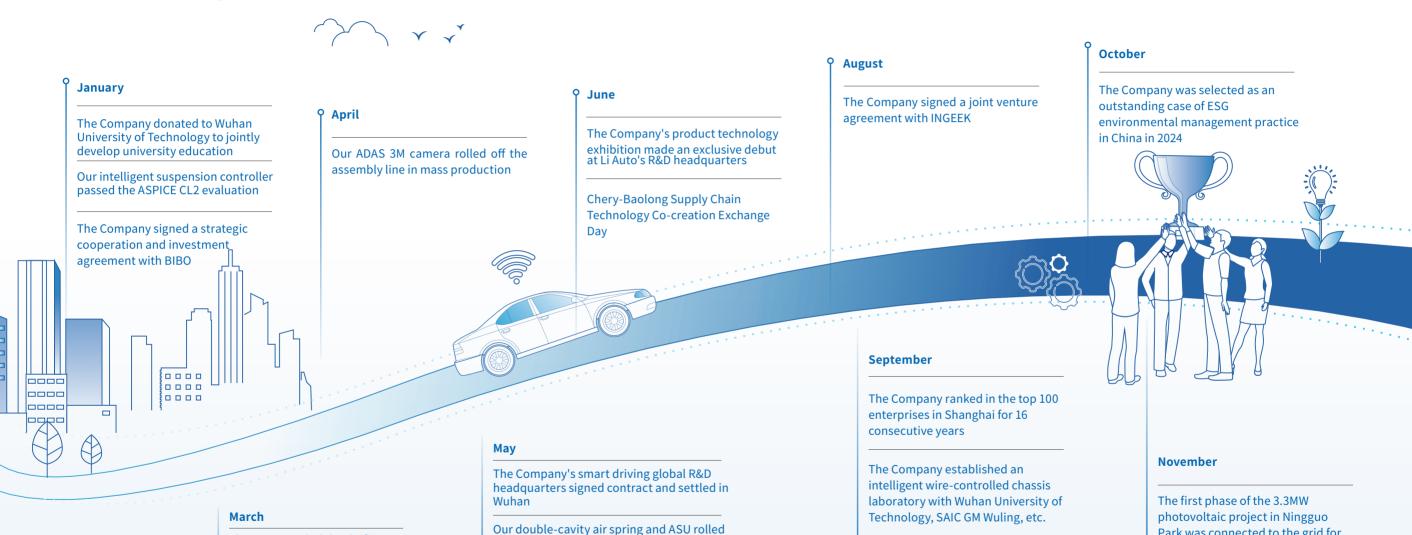
The Company led the drafting

of ASU group standards with

Vehicle Technology Research

China Merchants Testing

6 Institute



Corporate Honors and Certificates

"Excellent Cooperation and Collaboration Award" Chery Auto

BAOLONG

"Excellent Quality Award" SAIC GM Wuling

"Win-win Cooperation Award" Li Auto

"Special Contribution Award" BYD

"Jinyuan Award-Outstanding Key Technology of the Year" High-performance waveguide

4D radar



Ford Q1 Quality System Certification





"China's Top 100 Automotive Supply Chain" China Automobile News

"Global Supplier Quality Performance Excellence Award" **General Motors**

"Lingxuan Award" High-performance waveguide 4D radar

"Quality Assurance Award" XPeng Auto

"Ecological Partner Award of Technology Innovation" China Automobile News

"Science and Technology Innovation Award" **GAC Group**

"Outstanding Productivity **Achievement Award**" North American Yutaka Giken

> "Public Welfare Contribution Award"

China Automobile Foundation

Automotive Supply Chain" China Automobile Industry Quality Conference

"Top 100 Quality of China's

"Quality Excellence Award" Geely Auto

"Partner Blue Sky Award" NIO

"Golden Series Award Top 100 New Supply Chain and Best Overseas Practice Award" GASGOO Auto

"Science and Technology Award" Chinese Society of Automotive

Engineers

"Best Supply Chain Partner"

Dongfeng Nissan

Honors from the government



National Recognized Enterprise Technology Center



Academician Expert Workstation



National Intellectual Property Demonstration Enterprise



Würth A-level supplier



Li Auto Spirit Award



Awards

Supplier Quality Performance Excellence Award from General Motors



Volkswagen Class A supplier



Faurecia Global Suppliers



About this Report





Message from the Chairman



Zhang Zuqiu, Chairman and General Manager Shanghai Baolong Automotive Technology Co., Ltd.

As the sun and moon cycle and the seasons turn, a global wave of electrification and intelligent technology is sweeping across the automotive industry. This sector is undergoing a profound transformation unseen in a century—digitalization is redefining the industrial landscape, new entrants are rewriting the rules of competition, and supply chain value systems are rapidly evolving. Amid this period of rapid industrial change, Baolong Automotive has taken a forward-looking approach, driving innovation and hard work to achieve strategic breakthroughs in key areas such as intelligent perception, smart suspension, and lightweight chassis. These advancements mark a significant technological milestone and highlight the important role Chinese parts manufacturers are playing in shaping the future of the industry. In 2024, the Company advanced ESG strategic initiatives across all areas and achieved significant results.

Green Smart Manufacturing: Empowering a Low-Carbon Future

Environmental responsibility is the lifeline of companies' development. In 2024, we continued to advance the development of our green manufacturing system by building a carbon management framework across all business processes and implementing the Company's carbon neutrality strategy. The first phase of the 3.3-megawatt photovoltaic project at Baolong Automotive's Ningguo Park was connected to the grid, reducing carbon dioxide emissions by approximately 2,500 tons annually. At the same time, Baolong Automotive continuously reduced product packaging, transportation, and resource waste through technological innovations such as optimized packaging material design, circular transportation, and process improvements, aiming to create a more environmentally friendly and sustainable business model. We have continued to advance lean production, energy conservation, and emission reduction efforts, while enhancing the effectiveness of "three-waste" treatment processes. In 2024, the Company set five strategic priorities for product and service safety and quality: comprehensively strengthening product quality management and customer service capabilities across five dimensions, namely, quality planning, quality assurance, customer service, quality control, and quality management workforce readiness.

Tech for Good: Enabling a Better Future of Mobility

As a pioneer in auto intelligence and lightweight technologies, Baolong Automotive firmly believes that the ultimate purpose of innovation is to serve society and drive human progress. In 2024, our air suspension business entered a new phase of accelerated growth, securing multiple high-profile project awards while expanding production capacity. In the area of safety, driven by the rise in vehicle ownership worldwide, the enforcement of regulatory standards, and enhanced consumer awareness, we ascended to the second-largest operator in the world in Tire Pressure Monitoring System (TPMS) business in terms of market share. Our continuously expanding patent portfolio has contributed to the advancement of industry standards. At the same time, Baolong remains committed to intellectual property protection. We uphold the principles of respecting and safeguarding IP rights, exercise strict selfdiscipline in all business activities, and take all necessary measures to prevent IP infringement.

People First: Building a Shared Community of Responsibility

At Baolong Automotive, employees are regarded as the Company's most valuable asset. We are guided by a peoplecentric talent philosophy of "people first, inclusiveness and mutual trust, and shared development", and we embrace core values of responsibility, progress, and sharing. We strive to create a work environment where employees can grow alongside the Company, sharing both its achievements and future opportunities. We are continuously enhancing our systems for compensation, benefits, training, and career development, while also establishing a comprehensive employee health management system. Public welfare is viewed as our long-term commitment. We focus on initiatives such as talent development in industry, poverty alleviation, educational support, and contributions to rural revitalization, fulfilling our corporate social responsibility and helping foster a more prosperous and equitable society. In expanding into

overseas markets, we have also actively supported local education development and promoted equal employment opportunities, working together with relevant stakeholders to build a shared future and share the fruits of development.

Transparent Governance: Driving Long-Term Value

We recognize that strong corporate governance is the cornerstone of effective management and sustainable growth, and we consistently uphold the highest standards and rigorous practices. Baolong Automotive prioritizes operational quality, adhering to principles of legal compliance, clear accountability, efficient management, and scientific rationality. The Company continuously strengthens its board of directors, enhances internal management and risk control, and ensures that operations remain compliant and transparent. By building a robust corporate governance system, Baolong Automotive is committed to fostering healthy and sustainable growth. In 2024, the Company revised its Anti-Fraud Management System covering areas such as anti-commercial bribery, anti-corruption, anti-unfair competition, information confidentiality, conflict of interest, and anti-monopoly. The updated system specifies a zero-tolerance stance toward corruption, bribery, fraud, and any other violations of business ethics.

Looking ahead to 2025, Baolong Automotive will continue to embrace its mission of "mastering advanced technology to improve automotive components" and vision of "developing automotive technology for the benefit of more people." With a focus on people and innovation, the Company will collaborate with global partners to pursue green development, contribute to global sustainability goals, and create greater value for employees, shareholders, and society as a whole.







Baolong Automotive has established and continuously enhanced its sustainability management system by integrating environmental, social, and governance (ESG) principles into its existing framework. The Company systematically identifies and manages ESG risks, addresses concerns from the capital market, and drives high-quality, sustainable economic and social growth.

Sustainability governance structure

Positioning:

The highest decision-making and supervisory body of ESG

Composition: Director

Responsibilities: Conduct research, analysis, review and supervision of

the Company's ESG and other related matters, including ESG policies, risks and opportunities, strategies, objectives, systems, performance,

reports, etc.

Positioning:

Assist the ESG

Management Committee in implementing the ESG

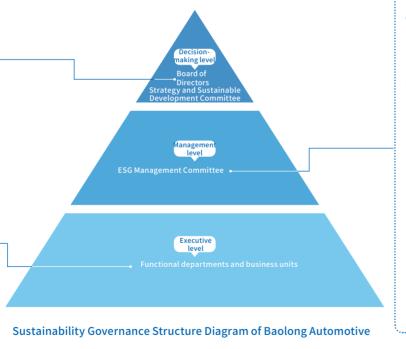
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Composition:

Representatives of various departments

Responsibilities:

- Collect and compile ESG-related data
- Implement ESG improvement measures
- Coordinate internal and external communication, etc.



Positioning: The highest ESG management

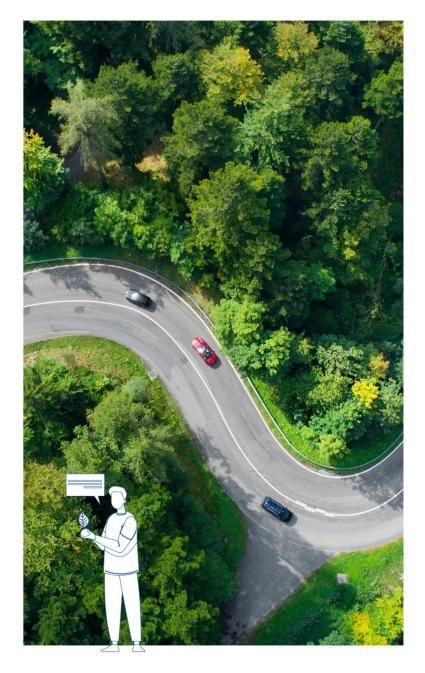
body

Composition:

Chairman of the Board (main person in charge), person in charge of related functional centers and person in charge of park management

Responsibilities:

- Guide and formulate the Company's ESG strategy and management requirements, including ESG management structure, strategy, goals, execution and performance management mechanism
- Identify the main ESG trends, risks and opportunities related to the Company's sustainable development, identify the Company's major ESG risk issues, and provide guidance on the business involved in important ESG issues
- Supervise the channels and methods of communication between the Company and stakeholders
- Supervise the implementation effect of the Company's ESG management work, evaluate management performance and put forward suggestions for improvement







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Stakeholder communication and due diligence

Baolong Automotive prioritizes stakeholder needs and has established multiple channels for open communication. The Company's stakeholders include customers and distributors, shareholders and investors, governments and regulatory agencies, suppliers and service providers, employees, and local communities. We actively listen to their concerns and expectations, continuously enhancing stakeholder engagement by adopting innovative communication methods and expanding the channels through which stakeholders can participate. The Company regularly and occasionally carries out due diligence through stakeholder interviews, research, and communication, thoroughly considering their core interests and development expectations for the Company. When major issues of stakeholders' concern arise, the Company actively listens to feedback from all parties and takes thoughtful actions to address them.

Stakeholders						
ers	Customer/Dealer	Shareholder/Investor	Government/Regulatory agency	Local community	Supplier/Service provider	Employees
Communication content and method	 Customer research Conference exchange Research and development of new products Establish a product quality control process Customer satisfaction survey 	 Shareholders' meeting Information disclosure Performance briefing Roadshow Investor hotline SSE E Interactive Seller Strategy Meeting Anti-roadshow On-site communication 	 Exchange of visits Official correspondence Information disclosure Policy implementation 	 Community activities Public welfare activities Company website Social media interaction 	Supplier evaluation Communication meeting	 Various training and activities Communication platforms such as email, WeChat, etc. Staff reception day Reception desk for petitions and reports Company trade union Staff congress Employee satisfaction survey
Issues of concern	 Data security and customer privacy protection Product and service safety and quality 	 Anti-commercial bribery and anti-corruption Innovation driven Anti-unfair competition Due diligence 	 Environmental compliance management Water resource utilization Energy utilization Anti-unfair competition Tackling climate change 	 Pollutant discharge Waste treatment Ecosystem and biodiversity conservation Rural revitalization Social contribution 	Supply chain security Circular economy	• Employees



Highly materia

Impact materiality

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Material topics management

Following the requirements of the *Guideline No.14 of Shanghai Stock Exchange for Sustainability Report (Trial)* (hereinafter referred to as the Guidelines), Baolong Automotive has developed a process for identifying and assessing key issues based on its industry characteristics and business operations. The Company evaluates issues from two perspectives, namely, impact materiality and financial materiality, to ensure that its information disclosure is comprehensive, accurate, and relevant, further enhancing the transparency and credibility of Baolong Automotive's sustainability report.

Double Materiality Assessment Process of Baolong Automotive in 2024

Understand the Company background

- Understand the Company's activities and business relationships and the external objective environment;
- Maintain regular communication with investors, customers, government bodies, regulatory agencies, employees, and other stakeholders, while documenting their needs and concerns.

Create a list of issues

- Based on the 21 issues outlined in the SSE's Guidelines, and incorporating policy analysis, peer benchmarking, and standard benchmarking, identify, screen, and define the Company's relevant sustainable development issues.
- Conduct due diligence on the risks, opportunities and impacts involved in the issue to the Company's management, various departments and stakeholders.

Assessment of the issue materiality

 Select the appropriate evaluation method and materiality threshold, integrate the due diligence survey results, assess the dual materiality of the topic, and determine its materiality ranking.

Issue results

 Develop a matrix combining impact materiality and financial materiality, and disclose information based on the assessment results.

Assessment results of the issue materiality*

Impact materiality:

- Supply chain security
- Energy utilization
- Pollutant discharge
- Waste treatment
- Employees
- Environmental compliance management
- Stakeholder

- communication
- Anti-unfair competition

About Us

- Social contribution
- Rural revitalization
- Circular economy
- Water resource utilization

Dual materiality:

- Product and service safety and quality
- Innovation driven
- Tackling climate change
- Anti-commercial bribery and anti-corruption

Ecosystem and biodiversity conservation

Financial materiality:

 Data security and customer privacy protection

Financial materiality:

Highly material

^{*}The Company has not engaged in scientific research, technology development, or other activities in sensitive ethical areas such as life sciences and artificial intelligence, and therefore does not disclose information related to scientific and technological ethics. Additionally, the Company had no overdue payment during the reporting period and thus does not disclose issues related to the equal treatment of small and medium-sized enterprises. Furthermore, the Company did not conduct sustainable development due diligence during the reporting period, so it does not report on due diligence matters.

STEWARDSHIP FOUNDATION

Baolong Automotive is committed to the vision of "developing automotive technology for the benefit of more people." Guided by the core values of "responsibility, progress, and sharing", the Company strengthens its foundation for sustainable development by continuously improving its governance system, enhancing risk prevention and control measures, and fostering a culture of integrity and self-discipline.

Contribute to the United Nations Sustainable Development Goals (SDGs)











Management System

Baolong Automotive has developed a comprehensive BMS management system centered on process management, integrating three key dimensions: operational control, customer focus, and resource support. The operation and control module establishes a standardized process framework to enhance decision-making effectiveness; the customer-oriented module implements a demand response system to create an end-to-end service experience; and the resource support module optimizes allocation algorithms to boost asset utilization efficiency.

In 2024, the BMS management system leveraged the Company's resource strengths to continuously improve management efficiency while maintaining compliance, providing systematic support for the Company to build differentiated advantages in the competitive market.

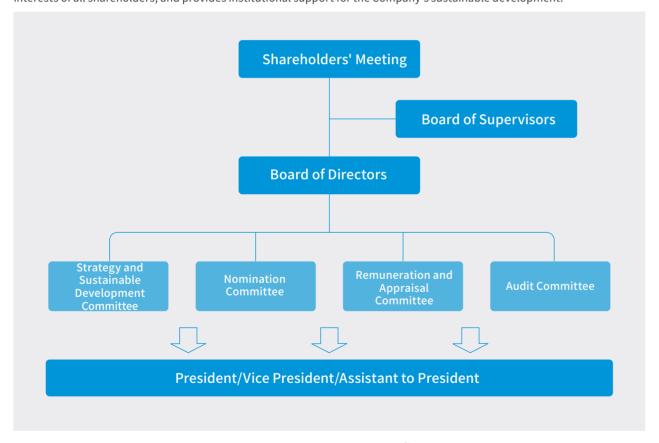
BMS management system



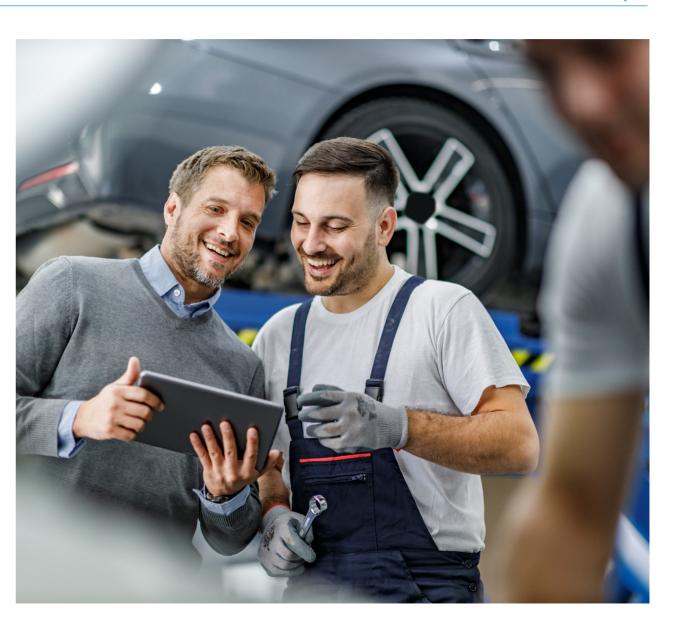


Corporate Governance

Baolong Automotive strictly adheres to the *Company Law of the People's Republic of China, the Code of Corporate Governance* for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and other relevant laws and regulations. The Company has formulated and continuously improved the Articles of Association of Shanghai Baolong Automotive Technology Co., Ltd. (hereinafter referred to as the Articles of Association) and established a corporate governance structure comprising the shareholders' meeting, board of directors, board of supervisors, and management. This structure ensures compliance, professionalism, and transparency in decision-making, effectively safeguards the legitimate rights and interests of all shareholders, and provides institutional support for the Company's sustainable development.









Shareholders' Meeting

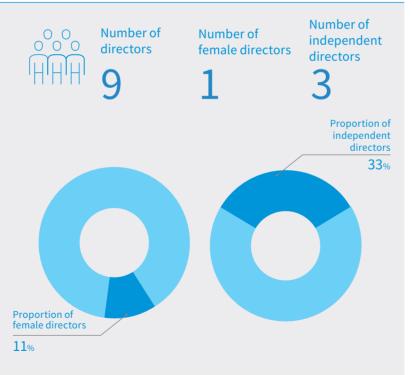
As the Company's highest authority, the shareholders' meeting exercises its legal functions and powers, offering a platform for the board of directors to engage directly with shareholders and foster strong relationships. To ensure equal treatment of all shareholders and the effective exercise of their rights, the Company strictly follows the procedures outlined in the *Articles of Association and the Rules of Procedure of the General Meeting of Shareholders* when convening shareholders' meetings, guaranteeing that shareholders can fully participate in the Company's major decision-making processes.



Board of Directors

The board of directors, elected by the Company's general meeting of shareholders and accountable to it, serves as the Company's core decision-making body. Its primary responsibilities include implementing shareholders' resolutions and making decisions on the Company's business plans, investment strategies, financial budgets, and other key matters.

The board members possess professional backgrounds and practical experience in areas such as management, operations, financial auditing, and financial law. They have the knowledge, skills, and qualities essential to effectively fulfill their responsibilities. In accordance with the *Measures for the Administration of Independent Directors of Listed Companies*, the Company has established the Working System for Independent Directors to fully safeguard their right to information, actively support them in exercising their decision-making authority, and ensure they can effectively fulfill their role in corporate governance. This system helps enhance both the independence and operational effectiveness of the board of directors. The term of office for the Company's directors is three years, with the possibility of reappointment upon expiration. However, the cumulative term for independent directors shall not exceed six years.



Special Committee of the Board of Directors

The Company's board of directors has established four specialized committees: the Strategy and Sustainable Development Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Each committee conducts in-depth research and deliberation on professional matters in accordance with relevant regulations and procedural rules, providing strong support for the board's decision-making process.

Board of Supervisors

The board of supervisors serves as the Company's oversight body. In accordance with the relevant provisions of the Company Law, the Articles of Association, and the Rules of Procedure of the Board of Supervisors, it supervises the Company's major matters, financial status, and the legal compliance of directors and senior management in the performance of their duties. It plays an active role in safeguarding the interests of the Company and its shareholders.





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Baolong Automotive remains committed to advancing its anti-fraud efforts by upholding the principles of integrity and accountability. The Company has strengthened oversight of high-risk areas and sensitive positions, while encouraging managers and stakeholders to operate in compliance with laws and regulations and to actively reject fraudulent practices.

Governance

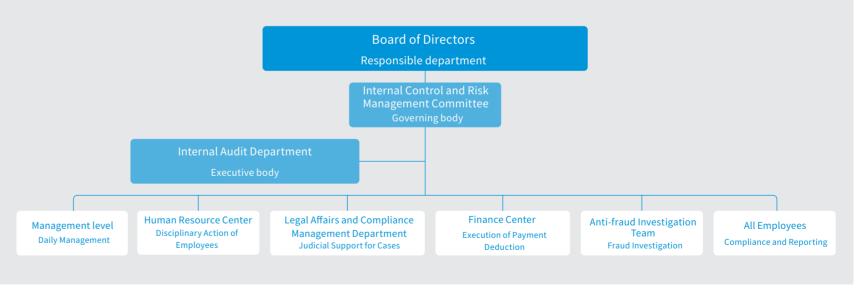
The Company has established a four-tier anti-fraud governance system that encompasses the Board of Directors, the Internal Control and Risk Management Committee, the management team, departmental units, and functional divisions. This system strengthens internal anti-corruption oversight, enhances transparency in management, protects the interests of shareholders and investors, and supports the Company's long-term, stable development.

For major and complex cases, an anti-fraud investigation team made up of professionals from multiple departments can carry out an independent investigation with the approval of the Internal Control and Risk Management Committee. The investigation team is authorized to retrieve documents and assets, order the suspension of duties, and hold responsible parties accountable for any damages, ensuring that the investigation is conducted thoroughly and effectively.

The Company strictly adheres to the Audit Law of the People's Republic of China, Oversight Law of the People's Republic of China, Anti-monopoly Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, and other relevant laws and regulations. It has also established an Anti-Fraud Management System tailored to its specific circumstances. The system applies to Baolong Automotive and its subsidiaries, all confidential personnel, suppliers, other business partners, and any third-party institutions with related interests.

In 2024, the Company updated its *Anti-Fraud Management System*, redefining the forms and classifications of fraud. The revised system now covers areas including anti-commercial bribery, anti-corruption, anti-unfair competition, information confidentiality, conflict of interest, anti-monopoly, and more. The Company maintains a zero-tolerance stance on corruption, bribery, fraud, money laundering, and other breaches of business ethics, firmly opposing any form of unfair competition and monopolistic behavior.





Anti-fraud governance structure



The Company regularly identifies fraud risks across short-, medium-, and long-term horizons at both the management and operational levels. It thoroughly evaluates fraud response mechanisms and strategies to enhance its targeted ability to manage and mitigate these risks effectively.

Fraud risk identification and response strategies

Risk category	Risk description	Risk response measures
Soliciting, offering bribes or kickbacks	 Abuse one's authority to solicit or unlawfully accept property, kickbacks, or other improper benefits from partners; Offer bribes to affiliated companies, suppliers, or customers, or incur improper expenses under false pretenses to gain unfair business advantages. 	 Establish a whistleblowing mechanism to encourage employees and partners to report any violations; Provide regular anti-fraud training to enhance compliance awareness.
Embezzlement, misappropriation, theft, unauthorized appropriation of assets, and unlawful use of Company resources	 The application funds were not used within the designated timeframe and were not returned to the Company, or Company assets were handled unlawfully or in violation of regulations; Use one's position to establish private funds or off-the-book accounts; Reimbursement of personal expenses, or falsification and inflation of various expense claims. 	 Strengthen the financial management system and standardize fund usage and reimbursement processes; Conduct regular asset inventories and audits to ensure that accounts accurately reflect reality; Set up a reporting system to encourage employees and partners to report any violations.
Deliberate actions that result in false financial statements and management reports	 Falsify or alter accounting records and books, or intentionally conceal or destroy accounting documents, books, and financial reports that are required to be retained; Conceal, misstate, or delete information related to transactions that should be disclosed, causing false, misleading, or incomplete information disclosure; Evade taxes in violation of tax laws; Falsify statements, including financial reports, analysis, and management statements. 	 Strengthen the financial internal control system to ensure the accuracy and authenticity of accounting documents and financial statements; Conduct independent audits and regularly review financial data and accounting policies to ensure accuracy and compliance; Establish an information disclosure mechanism to ensure information transparency.
Steal or intentionally disclose the Company's trade secrets, including major business information or technical confidential data	 Disclose employee information, customer data, sales plans, contracts, pricing details, financial information, technical secrets, test and experiment data, technical documents, construction or planning blueprints, research reports, bidding information, and other confidential materials. 	 Establish a hierarchical information management system to strictly control access to sensitive data; Implement data encryption and desensitization technologies to prevent information leaks; Require employees to sign non-disclosure agreements to clearly define their confidentiality obligations.
Failure to disclose conflicts of interest and to take appropriate measures to avoid them	 Employees or their close relatives engage in the sale or promotion of the Company's agency products; Employees or their close relatives have financial relationships with the Company's suppliers or their relatives but have failed to report or properly disclose and avoid these conflicts of interest. 	 Implement a conflict of interest declaration system that requires employees to proactively disclose any potential conflicts; Establish an avoidance system to ensure that employees with conflicts of interest recuse themselves from related decisions or activities; Regularly review the economic activities of employees and their close relatives to ensure compliance.

 $^{^{\}star}$ Short-term is defined as 1 year, medium-term as 1 to 5 years, and long-term as more than 5 years



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Impact, risk and opportunity management

In response to the identified fraud risks, the Company has implemented a digitized risk control process with clear separation of responsibilities. The mechanism covers critical steps including application, approval, authorization, and verification, ensuring that each step is independent yet mutually restrictive, effectively preventing fraudulent activities.

Regarding fraud investigations, the Internal Audit Department identifies key areas, critical steps, and main anti-fraud focus points, establishes prevention and control mechanisms targeting high-risk areas, and works to prevent fraud through specialized audits and ongoing supervision.

When dealing with fraudulent acts, the Company classifies and addresses offenders based on the severity of their actions. Measures include warnings, formal reprimands, demotion, salary reductions, recovery of illicit gains, and economic compensation. For more serious cases, penalties such as suspension of pay or termination of employment are applied. If violations involve legal offenses or crimes, the individuals are referred to judicial authorities.

At the same time, the Company also categorizes and manages individuals involved

according to their specific roles and levels of involvement. If fraud results from the improper performance of duties by management personnel, sanctions such as formal reprimands, disqualification from evaluations, and salary reductions will be imposed. In case a cooperating entity violate the "Obligation of Integrity and Honesty," the Company will immediately terminate the partnership, and any suspected criminal activity will be reported to judicial authorities. Those who obstruct investigations or retaliate against whistleblowers will face strict penalties, including dismissal or suspension, with suspected offenders referred to law enforcement. Individuals responsible for leaking or improperly reporting information will receive warnings, be subject to criticism, and be disqualified from annual evaluations.

In addition, once a fraud case occurs, the Company promptly initiates rectification procedures. The responsible department conducts a thorough evaluation of management weaknesses in the involved areas and submits a control improvement plan to management within a specified timeframe. Special assessments will be conducted for those responsible if rectification measures are not effectively implemented. A tracking and verification mechanism is established for all rectification measures to prevent similar issues from recurring.

Indicators and goals

In 2024, the Company delivered anti-fraud training on anti-commercial bribery and anti-corruption via its online E-learning platform. The training reached all directors and management, and was attended by 1,981 domestic employees at the civilian level and above, achieving an 83.20% participation rate.

Regarding anti-unfair competition, the Company rigorously reviewed all information published through its official website, public accounts, and other media channels to ensure accuracy, prevent false advertising, and avoid infringing on the trade secrets of others. At the same time, the Company continued to carry out anti-counterfeiting operations and actively cooperated with public security organs in investigations.

During the reporting period, the Company had no incident of fraud and did not face any litigation or major administrative penalties related to fraud or unfair competition.





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Fraud risk control strategy

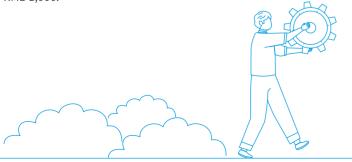
The Company has developed and implemented strict control measures to address identified fraud risks. These measures comprehensively cover critical areas such as detecting, preventing, and minimizing false financial reporting and the misuse of Company assets, establishing a robust fraud prevention and control system.

Fraud reporting mechanism

The Company has developed the *Rules for Reporting Management* and set up an Internal Audit Department as a dedicated reporting management unit. This department handles report intake, auditing, case handling, communication and awareness efforts, enforces whistleblower protection and reward policies, and maintains a dynamic system to analyze reporting data.

The Company enforces a three-layer confidentiality protocol for whistleblowers. This includes encrypting whistleblower information, managing reports as confidential documents, and maintaining independent documentation. Whistleblower identities are kept anonymous, with the verification process handled through a coded system. Additionally, any disclosure of reporting information requires his/her written approval.

In addition, the Company offers protection against retaliation and compensation for damages to whistleblowers. It also takes strict action against anyone who leaks whistleblower information, as well as against whistleblowers who fabricate facts or make false accusations. For verified reports, the Company rewards whistleblowers with a percentage of the recovered losses, depending on the quality and completeness of the information provided, with a minimum reward of RMB 1,000.









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Reporting channel

The Company offers multiple reporting channels, with the Internal Audit Department responsible for ensuring that these channels remain accessible and for promptly filing fraud case materials following reports and investigations.

Whistleblower Reception Office: Internal Audit Department

Whistleblower Hotline: 13764468716/13764468717

E-mail address: jubao@chinabaolong.net

Mailing address: Internal Audit Department of Baolong

Automotive, No. 5500 Shenzhuan Road, Dongjing Town, Songjiang

District, Shanghai

Postal code: 201619



Anti-fraud culture construction

The Company continuously strengthens its anti-fraud culture by actively fostering an environment that promotes honesty and integrity throughout the organization. By organizing anti-fraud training and awareness campaigns, encouraging stakeholders to sign anti-fraud commitments, and taking other proactive measures, the Company strengthens employees' awareness of fraud prevention and builds an internal mindset focused on resisting corruption and misconduct, thereby reducing the risk of fraud.

Measures to build an anti-fraud culture

Leadership by example

The Company's directors, supervisors, and executive team strictly adhere to legal standards and company policies, setting a benchmark for integrity through their leadership and management behaviors, and fostering a culture of compliance that flows from the top down.

Cultural promotion



Using the *Employee Handbook*, OA system, WeChat public account, and other channels, the Company has established a guiding mechanism to promote employee integrity. It systematically conducts anti-fraud awareness campaigns and integrates these principles into daily business operations. Additionally, the Company clearly communicates anti-fraud requirements to suppliers, customers, and other partners, fostering a clean and trustworthy business cooperation ecosystem.

Contractual constraints



The integrity article is a prerequisite for business cooperation. Contracts with suppliers who have not signed the integrity agreement will not be approved for printing, and the Finance Department will simultaneously freeze any related payments.

Ability improvement



Specialized anti-fraud skills training is provided for key roles such as finance and audit. The Company has also established an industry fraud case database and a response strategy manual to strengthen practical skills in identifying, preventing, and managing fraud risks.

Role commitment



Personnel in confidential positions must sign the *Commitment Letter to Integrity and Self-discipline* before starting their roles. This commitment clearly prohibits commercial bribery and other misconduct and is a mandatory requirement for business authorization. Anyone who has not signed the commitment is not permitted to participate in core business operations.

Long-term supervision



Reporting management is integrated into the Company's routine operations, leveraging digital tools to enable closed-loop management throughout the entire process from lead collection and verification to final disposition. A quarterly white paper on anti-fraud governance is also published to enhance transparency and oversight.





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Risk Management

Baolong Automotive is committed to safeguarding the interests of the Company and all shareholders, continuously enhancing its governance standards by "strengthening internal controls, preventing risks, and promoting a culture of compliance". By strengthening our risk management system and improving the mechanisms for identifying, assessing, and responding to risks, we embed risk prevention and control into our day-to-day operations. This helps cultivate a strong risk awareness among all employees and ensures that potential risks are proactively identified and effectively managed.

Internal control management

Internal control management system

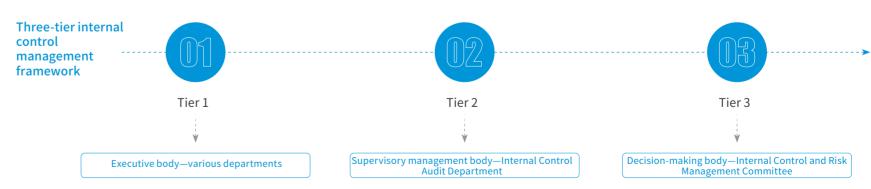
Baolong Automotive fully complies with the *Basic Norms of Corporate Internal Control and the Supporting Guidelines for Corporate Internal Control*, continuously refining its risk assessment mechanisms and reinforcing internal control evaluations and audits to support robust and effective corporate governance. The Company has established a comprehensive three-tier internal control management system. Internal control is led by the decision-making of the Internal Control and Risk Management Committee, supported by a hierarchical departmental responsibility structure to ensure effective implementation across all levels. The Company also integrates ESG-related risks, such as product quality, information security, and intellectual property, into its internal control and management framework, continuously strengthening its overall capacity for risk prevention and control.

Internal control audit and evaluation

The Company's internal control audit and evaluation are conducted based on the principles of objectivity and impartiality. By assessing both the design and operational effectiveness of the system, and applying a combination of quantitative and qualitative criteria, the Company conducts a comprehensive evaluation of internal control performance. This process enables the accurate identification of control deficiencies and the preparation of an evaluation report for submission to the Board of Directors for approval. The Company has also established an internal defect control and remediation mechanism that clearly defines the responsibilities of each department. It actively monitors the implementation of corrective actions to ensure timely and effective resolution of identified issues.

Additionally, the Company incorporates the results of internal control evaluations into its incentive and accountability mechanisms, using them as a key basis for performance appraisals and evaluations of the Board of Directors' duties. This drives continuous improvement of the internal control system and steadily enhances the Company's overall risk prevention and control capabilities.





Compliance operations

The Company continuously optimizes its compliance management framework, enhances the operational and support mechanisms for compliance risk management, strengthens its risk defense capabilities, and upholds the compliance principles of "abiding by rules, promoting integrity, controlling risks, and ensuring stable operation."

In 2024, the Company focused intensively on strengthening securities compliance management. The Company formulated the *Guidelines for Securities Compliance Management of Listed Companies* to further clarify the operating standards for securities activities. This covered areas from information disclosure to the prevention and control of insider trading, as well as the refinement of investor relations management. These efforts ensured that the Company's operations in the securities marketstrictly complied with relevant laws, regulations, and regulatory requirements, thereby enhancing its transparency and credibility in the capital market.

Additionally, the Company engaged external legal counsel, accountants, and brokerage partners to conduct securities compliance training for key members of the Board of Directors and supervisory personnel. Throughout the year, a total of three specialized training sessions were conducted for financial, securities investment, and legal compliance personnel. Through case analyses and regulatory interpretations, these sessions enhanced the compliance awareness and professional capabilities of the participants, effectively preventing securities compliance risks.

Number of participants in securities compliance training

99

Duration of securities compliance training

7 hours



Steps of compliance management of the Company

1..

Compliance risk identification

Special plans were developed for key compliance areas, including securities compliance and data compliance. Through interviews, research, and expert consultations, the Company comprehensively identified compliance obligations and assessed compliance risks and formed a compliance risk matrix

2.

Compliance risk assessment

Based on the compliance risk identification results, the Company conducted a comprehensive assessment of compliance risks considering both the likelihood of occurrence and the potential impact. This process determined the levels of compliance risk and formed a compliance risk assessment list

3

Compliance risk control

The Company formulates compliance risk response strategies that focus on medium- and high-risk issues, clearly defining responsible parties and implementation steps. It actively implements control measures and corrective actions to proactively prevent incidents in compliance management.

4...

System process optimization

Under the supervision of the Internal Control and Risk Management
Committee, the Company integrates compliance risk management into its BMS management system, advances the digitalization of compliance risk management, and comprehensively enhances its capabilities in preventing and controlling compliance risks.

The two long-term emerging risks that pose the greatest impact on the Company's future business

The two long-term emerging risks that pose the greatest impact on the Company's future business					
Name of risk	Data compliance/confidentiality risk		Securities compliance risk		
Risk description and impact analysis	Risks: Risk of leakage, tampering, destruction, loss, abuse and forgery of critical data assets Risk of illegal handling of personal information	Impact: • Lead to a decline in customer trust, damage the brand image, and cause business disruption due to data leakage	Risks: Information disclosure compliance risk Risk of non-compliance and divesting The disclosure of inside information raises the risk of insider trading Risk of violation of major matters such as related-party transactions and outbound investment	Impact: • Damage the Company's reputation and image, potentially triggering scrutiny or penalties from regulatory authorities	
Countermeasures	 The Company has formulated the Personal Privacy Management System - Data Privacy Policy and the Personal Privacy Management System - Data Privacy Announcement for the Feishu Office Collaborative Service Platform. It has conducted cross-border evaluations of personal information related to Feishu and optimized the privacy policy on the official website. The Company has optimized the classification and categorization of information assets by developing guidelines for this process. It conducts classification and risk assessments of information assets in each park, prioritizing medium- and high-risk items based on the risk matrix, and works to reduce risks to a controllable level. 		 Manage in accordance with the Specialized Construction Process of Compliance and enhance the compliance risk register. Conduct securities compliance self-inspections and regular risk assessments in accordance with the Guidelines for Securities Compliance Management of Listed Companies. 		







Innovation-driven

Baolong Automotive is committed to its innovation-driven development strategy, consistently strengthening its innovation capabilities and creating new-quality productivity. This approach fuels the company's sustainable, high-quality growth with strong momentum.

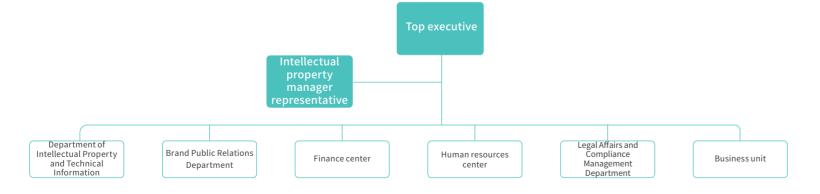
Governance

The Company's Technology Center oversees R&D management by coordinating technology development and support services across all business units. Its key responsibilities include managing technology research and development at the group level, leading common technology initiatives, and offering technical support for industry-university-research partnerships.

We have established and refined the R&D management system by developing key policies such as the *Project Management Specifications, Financial Management System of R&D Investment Accounting*, and the *Product Development and Design Verification Process*. These measures standardize the management of scientific and technological innovation and ensure the rational allocation and efficient oversight of R&D investments.

In intellectual property management, the Company's president acts as the top executive, responsible for setting intellectual property policies and goals, as well as coordinating the allocation of internal resources. The Company has a dedicated Intellectual Property and Technical Information Department staffed with a professional team and liaisons from various business units. This department is fully responsible for the strategic management of domestic and international intellectual property rights, including applications, maintenance, and related tasks.

The Company has formulated the Intellectual Property Management Manual, General Principles of Intellectual Property Management, Patent Management System, Intellectual Property Reward System, and other related procedures, establishing an intellectual property management framework that spans the group's headquarters, business units, and key core products.



Organizational structure of Intellectual Property Management



Certificate

Intellectual Property
Management System
Certification of Baolong
Automotive



Strategy

The Company regularly assesses innovation-driven risks and opportunities across the short, medium, and long term, and comprehensively considers response strategies to enhance its targeted ability to manage these risks and seize opportunities.

Innovation-driven risk identification and response strategies

Risk category	Risk description	Risk response measures
Intellectual property infringement risk	 The current product is not covered by independent patent claims; however, future research and development must be carefully designed to avoid infringing on specific existing patents Domestic utility model patents are prone to invalidation due to a lack of substantive examination, often resulting in issues with novelty or inventiveness The patent application is currently under examination or is only valid in a specific country or region Improvements in mature technology areas may lead to risks of infringing existing patents Reduce risk through technical comparison or invalid procedures The same technology is covered by a family of patents filed across multiple countries 	 Conduct feasibility patent analyses of technical solutions of product during the R&D phase Conduct patent risk assessments on products before sales

Innovation-driven opportunity identification and response strategies

response strategie	S	
Opportunity category	Opportunity description	Opportunity response measures
Technology R&D opportunities/ Market opportunities	 Assisted driving demands improved sensor accuracy and reliability, with particular emphasis on enhancing the performance of lidar and millimeterwave radar systems. The Company is capable of developing highly anti-interference sensors to effectively meet the requirements of environmental perception The intelligent suspension can automatically adjust the vehicle's height to adapt to road conditions during assisted driving, with its sensors sharing data and collaborating seamlessly with the assisted driving system. The Company has the opportunity to develop an integrated driver assistance suspension system that combines sensors with intelligent suspension technology, thereby enhancing the overall vehicle driver assistance experience 	 Participate in the development of relevant national and industry standards to strengthen the industry's influence and voice Promote collaboration among industry, academia, and research institutions to accelerate the development of new-quality productivity, and apply for national-level projects to secure R&D subsidies Incorporate forward EMC design principles into new product development to improve the electromagnetic compatibility of the Company's driver assistance products Establish channels for collecting, communicating, and exchanging intellectual property information to ensure timely access to relevant data and its effective notification to the relevant parties

 $^{^\}star$ Short-term is defined as 1 year, medium-term as 1 to 5 years, and long-term as more than 5 years



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Impact, risk and opportunity management

To enhance awareness of intellectual property infringement prevention and effectively safeguard the Company's intellectual property rights, the Company has established risk monitoring, early warning, management, and emergency response mechanisms and procedures. These measures aim to protect the Company's interests while also avoiding infringement on the intellectual property rights of others.

Intellectual property emergency management process

The Company has established a comprehensive intellectual property emergency management mechanism designed to promptly respond to incidents involving patent infringement, trademark violations, and trade secret breaches.

In response to patent infringement, the Company has established an emergency team comprising patent lawyers, the head of the Technology Center, and R&D personnel. This team verifies infringement through technical comparisons, evidence collection, and legal analysis, then takes actions such as issuing warning letters and seeking temporary restraining orders. If necessary, disputes are resolved through administrative procedures or litigation. For trademark infringement, the Company engages professional trademark lawyers to develop response strategies and may pursue resolution through administrative investigations or litigation as appropriate. Regarding the protection of trade secrets, the Company employs negotiation, arbitration, administrative complaints, or litigation based on the specific circumstances of infringement to ensure that its legitimate rights and interests are effectively safeguarded.

This mechanism extends to wholly-owned and majority-owned subsidiaries, ensuring that the Company can respond swiftly and effectively to intellectual property disputes, minimize losses, and maintain its market competitiveness.



The Company has established a market monitoring mechanism to promptly collect information on competing products, assess the risk of infringement, and, after preliminary evaluation, submit the findings along with a completed Market Infringement Monitoring Form to the Intellectual Property and Technical Intelligence Department.



By comparing and analyzing technical features, the risk of product infringement is systematically assessed. A lawyer's letter verification process is also established to ensure the accuracy and validity of the risk determination.



Relevant departments are promptly informed of cases deemed risk-free. For matters involving risks, multidepartmental coordinated response procedures are initiated to ensure systematic and timely evidence preservation, plan development, and emergency decision-making



Conduct stability analyses of patents with potential infringement risks, and adopt strategies such as initiating invalidation procedures, implementing design-around solutions, or engaging in license negotiations. In confirmed cases of infringement, a tiered rights protection approach is applied based on the severity of the infringement.







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Indicators and goals

The Company's intellectual property management objectives are aligned with its overall intellectual property policy. For the period from 2024 to 2028, specific targets have been set across multiple areas, including patent applications, proprietary technologies, software copyrights, integrated circuit layout design registrations, and trademark applications. The total number of applications is expected to exceed 1,000, with invention patents accounting for at least 45% of all patent filings. Additionally, the Company plans to file 10 to 15 international patent applications, averaging 2 to 3 per year.

During the reporting period, the Company was not involved in any legal proceedings related to intellectual property rights protection or disputes with industry competitors.

R&D investment The proportion of R&D investment in the main business income 8.12%

Number of R&D personnel

1,333

Proportion of R&D personnel

16.98%

Number of invention patents applied to the main business

271

Number of valid patents during the reporting period

761

Number of intellectual property training sessions

Number of municipal talent plan projects Number of national projects

Number of provincial and ministerial projects

3







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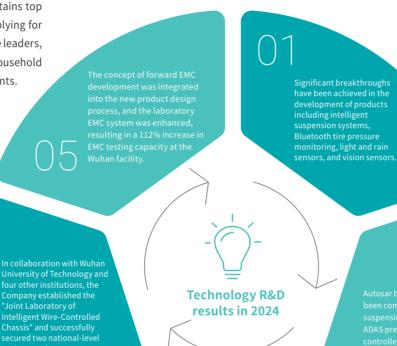
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Measures to attract and retain R&D talents

The Company makes flexible use of national and regional talent evaluation and incentive systems, tailoring them to its own circumstances to foster a favorable development environment for R&D personnel, and actively attracts and retains top research talent. The Company supports core R&D personnel in actively applying for honorary titles such as government talent awards and outstanding discipline leaders, while also assisting in resolving key issues such as obtaining Shanghai household registration (Hukou), school admission for children, and housing arrangements.





굱 Case

Participated in the formulation of auto industry standards

Baolong Automotive actively contributes to developing various technical standards in the automotive industry, covering areas such as panoramic image monitoring, millimeter-wave radar, micro-motor systems, advanced driver assistance systems, face recognition, and intelligent suspension. In 2024, the Company took part in developing 19 standards, with 3 already released. These included 7 national standards, 2 industry standards, and 10 group standards.



Collaborated with universities and research institutions to develop an intelligent tire management system

BH SENS participates in the Yangtze River Delta Science and Technology Innovation Community Project, embraces the regional collaborative innovation mechanism, and collaborates with Hangzhou Dianzi University and ENJOYOR Co., Ltd. to conduct research on vehicle health status systems. The project focuses on intelligent tire management by monitoring tire load, tread depth, and road surface conditions. It aims to develop a digital road surface evaluation model, enhance the model's generalization capabilities in complex scenarios, and enable accurate assessment of road conditions.



Collaborated with BYD to develop intelligent suspension system

Baolong Automotive participated in BYD's national key R&D program, focusing on the topic "Design and R&D of an Intelligent Active Suspension System for Integrated Passenger Car Chassis" under the "New Energy Vehicles" project. The binocular stereo vision system identifies obstacles on the road ahead in real time, enabling the suspension controller to adjust the suspension in advance based on this information, as well as the status of the vehicle body and wheels. This "feedforward control" reduces the impact of uneven road surfaces, enhancing overall ride comfort.

IP management measures

IP life cycle management



Develop an annual IP work plan and establish a comprehensive management system covering project initiation, approval, outcomes, and documentation, ensuring that all intellectual property rights are lawful, effective, and traceable throughout their lifecycle.



Allocate dedicated funds for intellectual property initiatives and incorporate them into the annual budget. Establish risk reserves to address potential intellectual property risk events and ensure timely and effective response.



Establish procedures for managing intellectual property information and hold quarterly meetings for reporting and review. Appoint part-time coordinators to ensure effective internal and external communication of the intellectual property management system. Strengthen intellectual property management within the procurement process to prevent trade secret leakage, clearly defining ownership, licensing scope, and infringement liabilities in procurement contracts.



Establish a sales process management system to prevent infringement, effectively protect rights, promptly respond to market feedback, and promote innovation at the source. Develop an intellectual property evaluation system to assess the value of intellectual property rights and guide decisions on whether to retain or abandon them.

R&D and intellectual property incentives

The Company has established an *Intellectual Property Reward System* to provide incentives for job-related inventions, technical secrets, computer software copyrights, integrated circuit layout designs, and scientific and technological papers. Based on the project's contribution to the Company's core business, participants may receive rewards of up to RMB 100,000 per project, while milestone project rewards are not subject to a cap.

During the reporting period, the Company issued a total of intellectual property incentive bonuses of

RMB 794,900



IP seminar

IP management training

To foster employees' innovation capabilities, the Company conducts quarterly training for technical personnel on writing patent submission documents, evaluating the novelty of technical solutions, identifying potential patents during project development, and navigating the patent application process.

In 2024, the Company launched an "Intellectual Property Month" campaign, providing intellectual property management training to all employees through seminars, surveys, outstanding contributor recognition, and knowledge competitions.



IP Knowledge Competition in Ningguo Park





Information Security and Privacy Protection



Baolong Automotive considers information security and privacy protection as central to its business strategy. By enhancing the information security management system, strengthening technical safeguards, and raising security awareness among all employees, we have established a comprehensive information security ecosystem to ensure the protection of data and business operations.

Governance

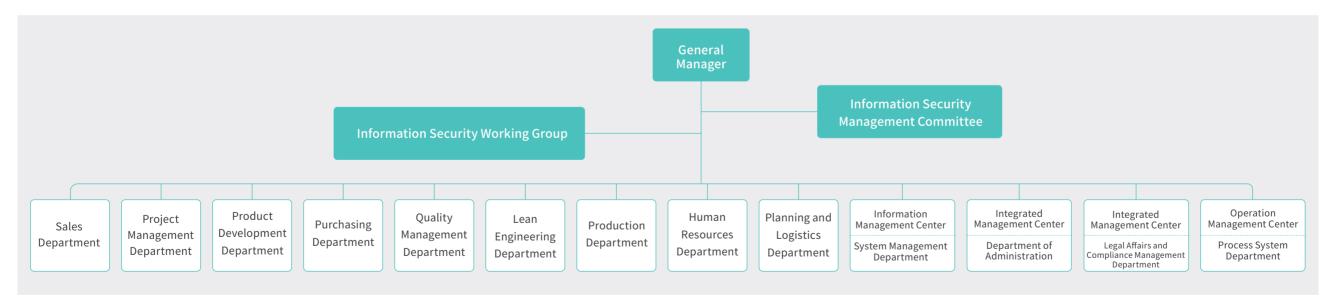
The Company has established a three-tier information security management system. The Information Security Management Committee oversees overall coordination and decision-making, with the General Manager acting as the chief information security officer, responsible for identifying risks, approving measures, and evaluating the effectiveness of the information security management system. Vice Presidents lead the promotion efforts in their respective departments, while department managers serve as committee members, managing the organization, implementation, and supervision of information security activities. Each department's promotion staff form dedicated working groups to handle daily tasks such as classifying information assets, improving systems, and conducting training, ensuring that the information security management system operates effectively.

The Company strictly complies with the *Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Several Provisions on the Management of Automobile Data Security,* and other relevant laws and regulations. It has developed over 30 information security systems and management processes, including the *Information Security Management System, Information Security Review System, Information Asset Management System, Data Backup and Recovery Management System,* and *Personal Privacy Management System*, continuously establishing and improving a comprehensive data compliance management framework.

In 2024, the Company formulated the Guidelines for Information Asset Classification

and Grading to identify the categories and levels of information assets across R&D, marketing, production, and support management operations, standardizing the classification and grading of six types of information assets. At the same time, we optimized the six systems related to TISAX certification to ensure the lifecycle security of critical corporate data.

The Company referred to the relevant requirements of the TISAX automotive industry information security system, the information security section of the IATF16949 system, and the information security components of the two-integration system to establish an information security management system. As of the end of the reporting period, the parent company and all production subsidiaries had obtained TISAX certification.



Information security management architecture



The Company regularly identifies information security and privacy protection risks within short-, medium-, and long-term scopes, thoroughly evaluates relevant response strategies to enhance its ability to manage these risks effectively.

Innovation-driven risk identification and response strategies

Risk category	Risk description	Risk response measures
Data assets risk	MES and PLM systems (including development drawings) faced risks of hardware and software failures, data leakage, and tampering	 Controlled identification was implemented to comply with internal confidentiality management requirements Developed security strategies, optimized system processes, and strengthened personnel management Regularly reviewed the permissions of departed and transferred personnel to ensure that current system permissions aligned with the original access settings Off-site backup
Physical environment assets risk	 Physical assets in the office and data center areas of the complex faced risks from environmental threats and potential physical attacks 	 Access by external personnel was managed and controlled Implemented universal access control measures to regulate entry
Personnel assets risk	 Members of the Information Management Department faced risks of inaction, operational errors, exceeding their authority, abuse of power, and information leaks 	 Improved the confidentiality agreement process and ensured that all employees signed the agreement Conducted regular training on data compliance and confidentiality management

Impact, risk and opportunity management

The Company determined management measures by evaluating the security and compliance risks of various information assets, and developed emergency plans and upgrade procedures for information security incidents to effectively ensure business continuity.



Information asset security compliance risk assessment

The Company assigned values to information assets based on confidentiality, integrity, and availability. A higher score indicated a greater impact from information security risks. The likelihood of risk occurrence was assessed by evaluating both threats and vulnerabilities; and higher threat frequency and greater vulnerability increased the risk probability. Combining the asset valuation and likelihood assessments, information security risks were categorized into low, medium, and high levels, with corresponding response strategies formulated accordingly.



Business continuity management

The Company established a business continuity management mechanism encompassing the detection, classification, handling, and recovery of information security incidents. Major information security incidents must be restored or mitigated within 48 hours, while general incidents should be resolved within 72 hours. The process includes establishing protective mechanisms in advance, proactive early warning and emergency response during incidents, as well as post-incident recovery, tracking, identification, and investigation to ensure rapid response and effective resolution.

The Company conducts an annual information security emergency plan and incident response program test to ensure business continuity.



Information security risk management

The Company adopts four strategies, namely, risk reduction, avoidance, transfer, and acceptance, to manage information security risks. Risk reduction involves eliminating or mitigating risks through control measures; risk avoidance entails avoiding risks by discontinuing related activities; risk transfer shifts risks through outsourcing or insurance; and risk acceptance manages risks by developing business continuity plans.

Indicators and goals

The Company conducts regular inspections to identify potential information security risks. During the reporting period, the Company did not identify any major information security vulnerabilities. No data security incident or customer privacy breach occurred, and no complaint related to violations of customer privacy or loss of customer information was received.







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The Company provided all employees with training on information security and privacy protection topics, including information asset classification, security compliance risk assessment, and personal information protection. It also conducted practical network security exercises, such as cyber attack and defense drills and phishing simulations, to continuously enhance the Company's information security management capabilities.



"24 Hours of Information Security"

The Company completed the "24 Hours of Information Security" training program to comprehensively enhance employees' awareness and skills in information security. The training focused on office, home, and mobile scenarios to help employees identify various information security risks, master fundamental skills for managing these risks, and cultivate good information security habits, thereby reducing the occurrence of security incidents at their source



Data privacy management

The Company strictly complies with data privacy laws and regulations, safeguarding the personal data of employees, shareholders, and business partners throughout all stages of data collection, transmission, storage, use, sharing, and deletion.

General principles of data processing

The Company processes data only when permitted by law or with the consent of the data subject, informs the data Legal, legitimate subject about the processing methods, and safeguards and transparent their rights to know, access, correct, delete, refuse processing, and data portability. The processing of personal data must have a specific. clear, and lawful purpose and must not deviate from the **Purpose restriction** original purpose. Any change in purpose requires the consent of the data subject or legal authorization. The processing of personal data is limited to the minimum Data minimization necessary scope, using methods that are appropriate, relevant, and necessary. The personal data processed should be accurate and updated in a timely manner when necessary, with Accuracy reasonable measures taken to delete or correct any inaccurate data. Storage The storage of personal data does not exceed the time restrictions period necessary to achieve the processing purpose. Security measures are implemented to prevent Integrity and unauthorized access to and modification of personal data, confidentiality as well as to avoid data corruption or loss. Records of personal data processing and privacy controls Accountability are maintained to demonstrate compliance with the above principles when required.

The Company regularly conducts personal data protection impact assessments and implements additional safeguards to address potential risks, such as restricting personnel access and applying anonymization, pseudonymization, and de-identification measures. Regarding data retransmission, the Company conducts non-cross-border data retransmission only after obtaining the clear, voluntary, and informed consent of the data subject. When necessary, the Company also enters into a data processing agreement with the data recipient. Any cross-border data retransmission strictly complies with the data export laws and regulations of the country where the data originator is located.

If a data breach occurs, the Company will promptly take effective steps to stop any further leakage, notify the relevant regulatory authorities without delay, and inform employees, users, or other potentially affected parties. Once the incident has been resolved, the Company will conduct a thorough review and analysis, then develop and implement corrective measures to prevent similar incidents from occurring in the future.



A dual-standard computer room enhances business continuity and strengthens data security

By building dual-standard computer rooms, the Company has significantly enhanced the IT systems' capabilities for continuous operation and disaster recovery. To address potential risks related to lines and systems, the dual-standard computer room enables secure data protection and rapid failover for key business systems and their associated components, ensuring stable system operation. In the event of severe, unavoidable disasters, a system recovery mechanism is in place that uses network backups to safeguard the integrity of critical business data, minimize operational losses, and provide reliable support for the company's core functions.





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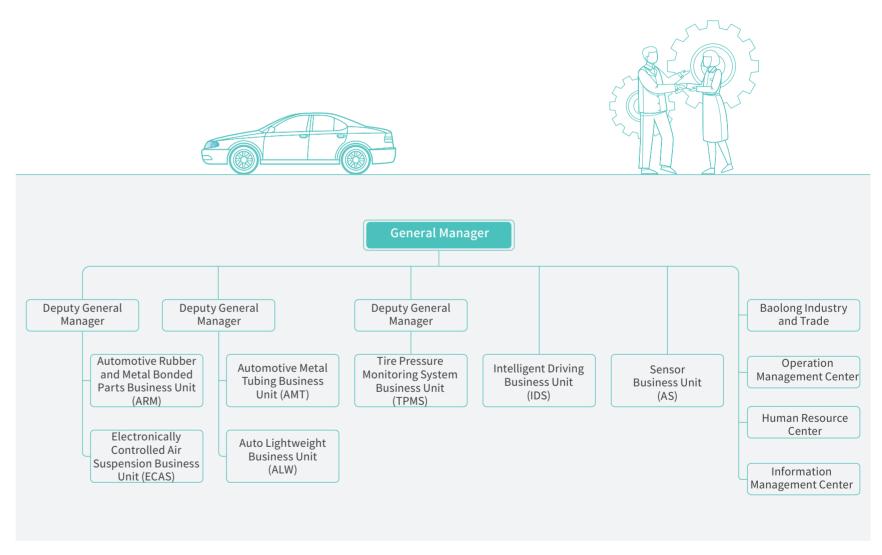
Product Quality and Customer Service Management

Baolong Automotive consistently upholds the quality management principles of "customer-oriented, quality first, rigor and pragmatism, continuous improvement and innovation," striving to achieve a "prevention-first approach" and the goal of "zero product defect." We maintain strict control over the entire process, from R&D and production to delivery to ensure high product reliability. At the same time, we prioritize customer needs and feedback, continuously enhancing the service experience with the goal of becoming a benchmark enterprise recognized for quality and service excellence.

Governance

The Company is organized into a multi-level quality management structure, comprising the General Manager, various functional centers, Baolong Industry and Trade, and seven production units. The top management is responsible for leading the development of quality policies and objectives, as well as providing the necessary resources to support system construction, operation, and continuous improvement. The Quality System Management Department and the Functional Safety and System Department are tasked with planning, establishing, and certifying the Group's quality and functional safety systems, while also overseeing their effective implementation. The seven major production units are responsible for fully executing quality management requirements to ensure that both production processes and product quality comply with relevant standards





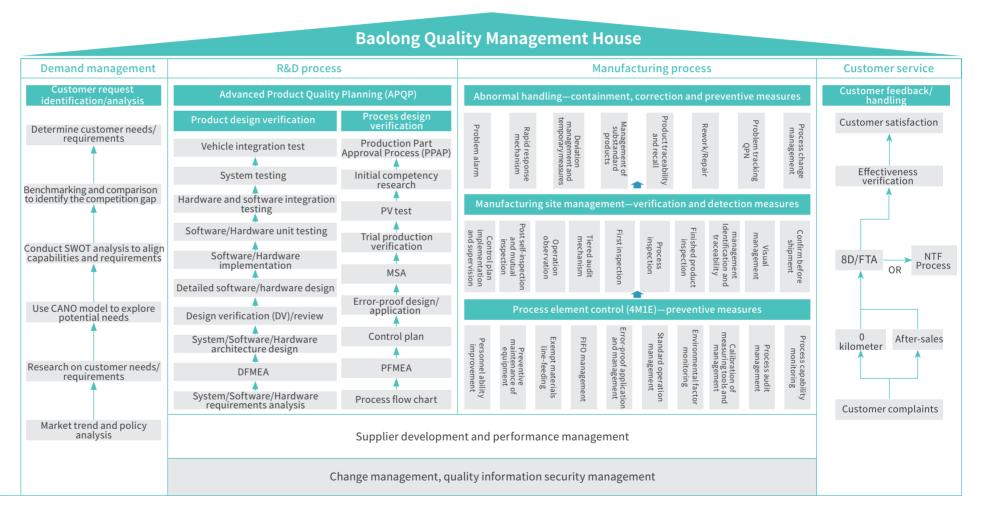
Quality management organizational structure



The Company strictly adheres to IATF 16949, ISO 26262, and other international standards as well as national regulatory requirements. We have established a comprehensive quality management system and developed the Baolong Quality Management System Manual to standardize the entire production process. Through this framework, the Company continuously optimizes production capabilities and enhances product quality performance. The Company has developed the "Baolong Quality Management House" model, which systematically implements a full-chain control framework encompassing four key stages: demand management, R&D, manufacturing, and customer service. This model adopts a hierarchical and progressive quality control strategy to ensure that international standards and customer technical requirements are strictly enforced at every stage, therefore bolstering the coordinated improvement of both product quality and production efficiency.

In 2024, Baolong Anhui, Hefei Baolong, Longan Electronics, Shanghai Wenxiang, Baolong Huf Hülsbeck & Fürst China, Anhui Longwei, Ebusbar, Detianfeng, TPS, and Hefei Baolong SALZGITTER all successfully obtained IATF 16949 certification.





Baolong Automotive Quality Management House

Strategy

The Company regularly identifies quality risks and opportunities related to product and service safety, carefully evaluates response strategies, and enhances its ability to effectively manage these risks and opportunities.

In 2024, the Company revised its 2025–2029 Strategic Plan of Quality Management, systematically outlining the key initiatives and priorities to advance its quality strategy over the next five years. By establishing a comprehensive quality control system throughout the entire process and focusing on customer value-driven service improvements, the Company continuously boosts customer satisfaction and strengthens its brand reputation, creating key competitive advantages in a fiercely competitive market.



Risk category	Risk description	Risk response measures		
Product strategy alignment risk	 A lack of alignment between product services and the company's development strategies may reduce market competitiveness and hinder the ability to meet customer demands. 	 Enhance quality planning by accurately identifying customer needs and emerging requirements, while increasing the adoption and application of Quality Function Deployment (QFD) tools. 	 Enhance quality assurance capabilities to ensure that services consistently align with evolving business strategies. 	 Strengthen the rapid response mechanism to customer needs, reinforcing the company's competitive edge in the market.
Talent management risk	 An insufficient pool of multidisciplinary quality talents leads to a gap between professional skills and business requirements. 	 Implement targeted training programs to continuously enhance capabilities in specialized processes. 	 Conduct quality personnel competency certification and strengthen talent retention by implementing project-based incentives. 	 Provide comprehensive internal and external training to continuously develop the skills and capabilities of quality personnel. Improve the development channels.

Product and service safety and quality opportunity identification and response strategies

Opportunity category	Opportunity description	Opportunity response measures
Opportunities in product and service optimization	 Leverage an intelligent platform, the Company develops the capability to rapidly deliver customized parts Create value-added customer service throughout the product lifecycle through modular and innovative design, establishing a technology-driven competitive advantage. 	 Strengthen the quality system framework, support audits of new factories, and enhance overall quality assurance capabilities Achieve end-to-end quality control by integrating PLM, Plato FMEA, MES, and SAP systems
Opportunities in quality culture management	 Foster long-term development by cultivating a culture of responsibility and embracing the principle of "doing the right thing the first time," thereby strengthening organizational cohesion 	 Establish a robust communication mechanism to actively promote the development of a quality-focused culture Conduct quality maturity assessments and implement targeted improvements to organizational processes and tool usage
Opportunities in benchmarking and upgrading	Study and adopt quality management models and tool applications from benchmark companies like Bosch and leading firms in Chinese mainland	 Engage in external exchanges to gather comparative data and refine management practices Drive independent quality improvement initiatives and reinforce the management of specialized processes
Opportunities in digital transformation	Utilize IT systems such as quality management platforms and MES to enhance management efficiency and improve user experience	 Work closely with the Information Center to optimize software features and enhance system usability Promote the use of online quality data to enable real-time monitoring and support informed decision-making

^{*} Short-term is defined as 1 year, medium-term as 1 to 5 years, and long-term as more than 5 years



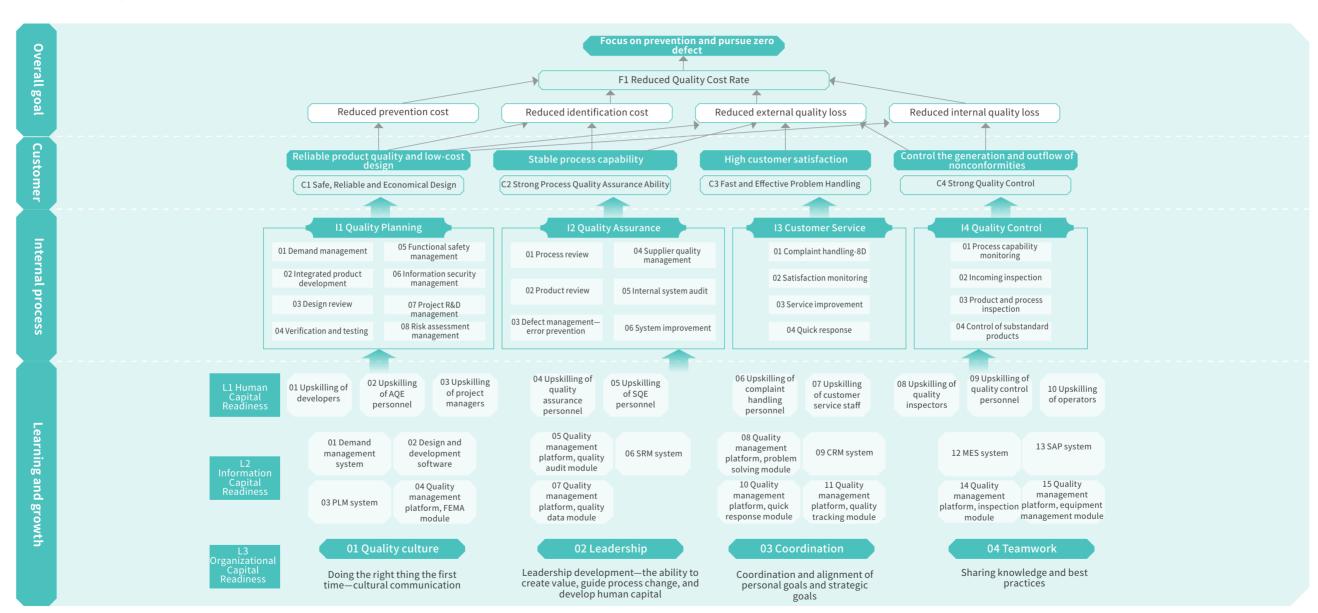
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Quality strategy Map





Impact, risk and opportunity management

The Company has established a closed-loop management system that covers the entire cycle of product quality and service risk prevention and control, including risk identification, response, prevention, and resolution.

For risk identification, the Company systematically identifies internal and external risks and opportunities through its strategic decision-making process. It establishes a standardized management framework centered on four key objectives: quality system integrity, product compliance, risk mitigation, and innovation-driven growth. This ensures that risk prevention and control efforts are fully aligned with the Company's strategic goals.

Regarding risk prevention and control, the Company gathers insights from product recalls, audits, customer complaints, and rework processes, documents these findings, and uses the data to support quality risk traceability and proactive prevention. Through a risk control process that includes assessing prevention and control needs, implementing measures, documenting control actions, verifying their effectiveness, and consolidating lessons learned, the Company achieves a closed-loop management system encompassing proactive prevention, in-event control, and post-event optimization.

Regarding risk emergency response, the Company has developed comprehensive emergency plans covering 12 scenarios, including natural disasters and supply chain disruptions. We conduct annual cross-departmental reviews, practical drills, and quality verification for production restarts. Additionally, we have implemented specialized network attack simulation tests to ensure service stability and product quality compliance during emergencies.

Indicators and goals

The Company has established a series of goals and key performance indicators aligned with the primary focus areas of its quality strategy. In the area of quality planning, the Company aims to achieve and maintain a 100% on-time rate for project phase reviews from 2025 to 2029. For quality assurance and service, it plans to continuously enhance customer satisfaction. In quality control, the Company intends to steadily reduce the quality cost rate year by year.

During the reporting period, the Company reported no major safety or quality liability incident related to its products and services, or there was no occurrence of product recalls.







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Quality management system audit and management review



Internal audit of quality system

The Company has established an internal audit mechanism that conducts regular reviews and verifications to ensure that quality management activities comply with international standards and corporate policies. This process helps accurately address customer needs and enables continuous and closed-loop improvement of quality management.

The Company takes a process-based approach to audit its quality management system, ensuring full compliance with the requirements of the IATF 16949 standard. Audit frequency is dynamically adjusted based on process risk and performance to ensure that all processes are thoroughly verified and validated. All audit results are reported to management, with corrective actions tracked to ensure a closed-loop improvement process. Relevant records are maintained as evidence of effective system operation. The Company also integrated the effectiveness of the audit plan into the annual management review indicators, continuously enhancing quality control through systematic evaluation.



Quality system management review

The Company holds an annual management review and increases the frequency of these reviews when significant changes occur in the internal or external environment or when there are risks related to customer requirements. The review assesses the effectiveness of previous improvement efforts, the achievement of quality targets, process performance, and the cost impact of defects. It also evaluates product realization efficiency and includes early risk warnings from FMEA. At the same time, it integrates customer satisfaction, warranty performance, and key measurement data from the product development stage to create a comprehensive, multidimensional evaluation matrix.

In case customer performance goals are not met, the Company will require a written corrective action plan and monitor its execution. The entire process must maintain complete records of all decisions to ensure that management activities are traceable and verifiable.



Process of handling substandard products

The Company has established a process for managing substandard products that rigorously controls product quality risks, prevents the unintended use or delivery of defective items, and ensures that quality issues can be traced, managed, and improved. This process effectively safeguards customer rights and protects the Company's quality reputation.

Process of handling substandard products

Identification and determination

Operators conduct self-inspections and record any defective products. Inspectors carry out comprehensive checks to identify unqualified products and handle customer returns as well as expired inventory. Meanwhile, quality engineers assess unqualified products based on on-site observations or customer complaints and make final determination.

Identification and isolation

Isolate and label sporadic defective products, products from the same batch, customer returns, and suspicious batches of finished or semi-finished goods, then fill out a *Quality Abnormality Handling Sheet*.

Formulation and approval of handling plan

Review the *Quality Abnormality Handling Sheet* to decide on rework, repair, or scrap disposal plans for defective products, customer returns, and expired inventory.

Execution of handling measures

Scrap, rework/repair, concession release, and return/claim.

Correction and prevention

Analyze the root causes of product nonconformities, develop improvement measures, and verify their effectiveness. Track the implementation and outcomes of these measures, and require further improvements if the standards are not met.

Problem solved

Confirm problem resolution based on the effectiveness of the measures, ensuring a closed-loop management process.

Emergency recall process for defective products

The Company has established an emergency recall system for defective products to ensure a rapid response and standardized handling of such issues.

When determining the recall scope, the Company verifies the batches of delivered or in-transit products affected by inspection oversights or equipment deviations, using customer feedback and internal traceability system checks.

When carrying out recall decisions, the Company follows the customer's recall requirements. If the customer does not request a recall, the recall team conducts a comprehensive evaluation of the product's repairability, handling costs, and technical confidentiality requirements, then negotiates an alternative solution without a recall.

For defective products in transit, the recall team dynamically develops a recall plan based on transportation costs and product value. Conduct root cause analysis simultaneously, develop corrective and preventive measures with closed-loop management, and prevent similar issues from recurring.







Handling of customer complaint

The Company has established a rapid response mechanism for customer complaints. Once the issue is confirmed on site, a cross-functional team is promptly formed to implement temporary containment measures. Tools like 5 Why and FTA are used for root cause analysis to develop and verify corrective actions. The problem is fully resolved through standardization and broad implementation, followed by final confirmation of results, documentation archiving, and a summary of lessons learned.

360-degree evaluation of customer satisfaction

In order to ensure the quality of service and customer experience, the Company has established a customer satisfaction management mechanism, conducted questionnaires for core customer groups at home and abroad, and achieved accurate response to customer needs through digital control of the whole process, and promoted the continuous optimization of service quality.

The investigation covers customer zero-kilometer situation, customer complaints, market recalls, actual supply and service performance, excess freight, timely and accurate order delivery, as well as business and technical services. We use hierarchical analysis and weighted scoring to calculate customer satisfaction scores. In 2024, the customer satisfaction score was 97.48, indicating that customers were highly satisfied.

Quality education and training

In 2024, the Company effectively promoted quality knowledge and facilitated the exchange of experience and skills through 25 major quality training sessions and themed events such as association meetings, Quality Month, and Harvest Day. Each factory's QCC teams completed 81 quality improvement projects, generating total savings of RMB 22.21 million and achieving impressive results in quality management.



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Environmental Compliance Management

Baolong Automotive is committed to supporting the construction of a Beautiful China by deeply integrating environmental protection into its development strategy and governance system. The Company aligns its production and operational practices with environmental management requirements, actively responds to public concerns, rigorously implements its environmental management system, and diligently fulfills its environmental responsibilities. Through proactive pollution prevention and control, Baolong Automotive strives to contribute to sustainable development.

Governance structure

Baolong Automotive has restructured its EHSS Management Committee into the ESG Management Committee, establishing it as the top environmental governance body. This committee conducts quarterly reviews of the environmental management system's operation, progress toward goals, and key action plan outcomes, ensuring thorough oversight and supervision. The Company's General Manager serves as the director of the ESG Management Committee, while the Secretary-General is responsible for convening regular meetings—at least once a year—to track progress on environmental management goals, address issues raised by committee members, and regularly report to the Strategy and Sustainable Development Committee. This ensures that environmental management remains closely aligned with the Company's overall strategy.



Environmental management mechanism

The Company strictly adheres to laws and regulations such as the Environmental Protection Law and the Law on Environmental Impact Assessment. It has established an environmental management system centered around the EHSS Environmental and Occupational Health and Safety Management Manual. By implementing measures such as environmental factor identification, low-carbon green design, pollution control, and waste reduction, the Company conducts regular performance assessments to continuously optimize its environmental management practices and effectively enhance its environmental performance.

Environmental performance management

The Company developed environmental management performance appraisal indicators and, for the first time in 2024, included carbon emission performance as part of these environmental management metrics.

Environmental management performance in 2024

Types of environmental resources	Performance indicators in 2024
Carbon intensity	9.46 tCO ₂ e/million RMB of revenue
Electricity intensity	19.11MWh/million RMB of revenue
Water intensity	82.08 tons/million RMB of revenue
Hazardous waste emission intensity	0.058 tons/million RMB of revenue
Total environmental protection investment	RMB 16.239 million

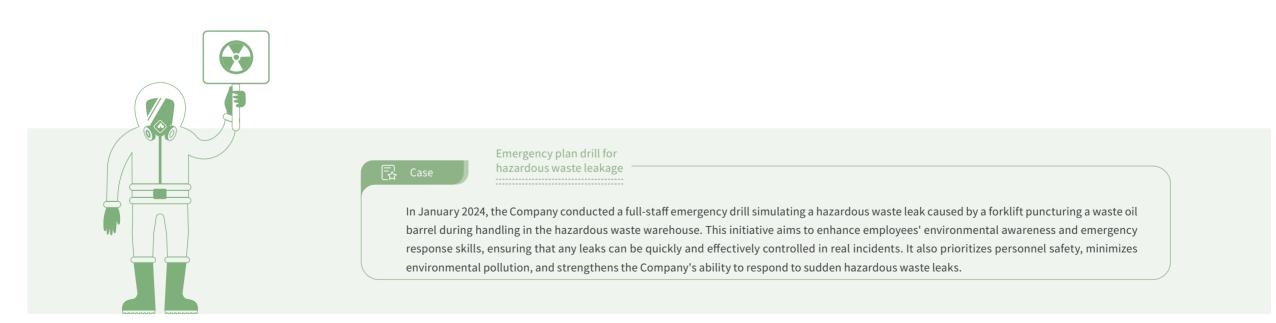


Environmental emergency management

Each factory developed an environmental emergency management plan tailored to its specific environmental conditions. After expert review and validation of the plan's effectiveness, it has been recorded in the Company's system, providing clear and effective guidelines for managing future environmental emergencies.

Hazardous chemical control process

Identification and classification of Storage, loading, unloading, labeling Coordinate with relevant departments to Conduct fixed-point, quantitative Store hazardous chemicals in Based on the Technical Safety Manual of procurement based on production identify the Company's existing designated areas with clear Chemical, the Company developed hazardous chemicals and compile a *List of* needs; sign safe transportation identification of their hazardous detailed operating procedures for Hazardous Chemicals agreements with qualified professional properties, regularly inspect storage hazardous chemicals tailored to on-site carriers for hazardous chemicals; and conditions, and conduct loading and usage requirements, and organized require suppliers to provide the unloading operations following training sessions to ensure that operators Technical Safety Manual of Chemical established procedures are properly educated and proficient.



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Environmental management system certification and review

The Company's production-focused subsidiaries have obtained ISO 14001 environmental management system certification, while the Shanghai Songjiang Park has passed ISO 50001 energy management system certification, with both certifications reviewed in 2024.

Baolong Automotive ISO 14001 Certification

Certification subject	Certification scope	Certification period
Detianfeng New Materials Jiangsu Co., Ltd.	Production of exterior parts and luggage racks of automobile and related management activities	December 20, 2025
Baolong Huf Hülsbeck & Fürst (Shanghai) Electronics Co., Ltd.	Design and production of tire pressure monitoring system for automobiles and related management activities	Tuesday, August 17, 2027
Shanghai Wenxiang Automobile Sensor Co., Ltd.	Design, production of automotive sensors and related management activities	Sunday, June 7, 2026
Shanghai Longan Automobile Electronics Co., Ltd.	Design, production of automotive sensors and related management activities	Monday, July 6, 2026
Baolong (Anhui) Auto Parts Co., Ltd.	Design and production of automobile exhaust system pipe fittings, structural parts of automobile and related management activities	Wednesday, March 17, 2027
Anhui TPS Auto Parts Co., Ltd.	Design and production of wheel accessories and air spring damping system accessories Production of metal accessories and metal accessories of sensor for heat exchange systems and related management activities	Saturday, August 9, 2025
Anhui Longwei Auto Parts Co., Ltd.	Design and production of air springs and their accessories and related management activities	Thursday, July 24, 2025
Anhui Ebusbar Automotive Technology Co., Ltd.	Design and production of busbars for automobiles and related management activities	Sunday, November 9, 2025
Shanghai Baolong Automotive Technology (Anhui) Co., Ltd.	Design and production of air spring damping assembly of passenger car and its accessories and related management activities	Sunday, June 29, 2025
Baolong SALZGITTER (Anhui) Hydroforming Co., Ltd.	Manufacturing of structural parts of hydroformed passenger car chassis and related management activities	Thursday, July 3, 2025



ISO50001 certificate



Environmental impact identification and management

The Company manages environmental risks in its operations and throughout its value chain by following an environmental risk assessment process. It regularly conducts self-inspections and impact assessments and welcomes external reviews.

In 2024, the Company's self-inspections and assessments found no issue, and the external review also raised no major concern. No significant environmental accident occurred during the year. However, a subsidiary, Detianfeng, received an administrative penalty of RMB 10,000 from the Emergency Management Bureau for inadequate safety measures in storing hazardous materials.

Environmental protection culture construction

The Company strictly follows the EHSS Competence and Awareness Training Management System and the Contractor Operation Service EHSS Management System. It actively promotes EHSS awareness through various educational and outreach activities, deeply fostering a culture of environmental protection. By providing regular environmental training, the Company ensures that all employees and partners across the value chain consistently strengthen their EHSS awareness. The Company's environmental protection code of conduct applies to employees, suppliers, contractors, construction workers, and other stakeholders.

Environmental management goals

Based on past environmental management performance, the Company will set clear environmental goals for the coming year and integrate them into the factory assessment system as key indicators of environmental management performance for 2025.

Types of environmental resources	Management goals
Carbon emissions	Reduce total annual emissions by 4% each year
Electricity consumption	Save 5% of total electricity consumption each year
Hazardous waste emissions	Reduce by 2% each year
Occurrence of environmental accidents	0



Tackling Climate Change

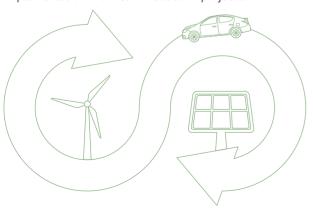
By improving production technology, upgrading equipment, optimizing the energy mix, enhancing energy efficiency, and strengthening management practices, the Company has advanced green and low-carbon development, contributing to the vision of a Beautiful China.

Governance

Baolong Automotive has actively responded to national policy directives under the dual-carbon strategy ("peaking carbon emission" and "carbon neutrality") by establishing a carbon neutrality governance structure. This structure includes the ESG Management Committee, the EHSS Management Department, and various frontline management teams.

The Company has developed a series of systems and management standards, including the *Carbon Reduction and Carbon Neutrality Management Guidelines*, the *Dual-Carbon Management Plan*, and *Energy-Saving Improvement Guidelines of the Production System*, to effectively advance its carbon neutrality goals.

In terms of carbon neutrality information collection, the Company requires its sales staff to stay informed about customer expectations regarding carbon emissions, green energy usage, and related matters. They are also expected to communicate this information internally in a timely manner and help drive carbon management initiatives to meet customer requirements. For carbon reduction initiatives, the Company holds a cross-departmental project exchange and sharing meeting each quarter, fosters collaborative project incubation and targeted research, and offers incentive bonuses to encourage the successful implementation of emission reduction projects.



Organizational structure of carbon neutrality governance



ESG Management
Committee

 Responsible for approving strategic plans and targets related to carbon neutrality, as well as reviewing and approving major carbon neutrality projects



Management Department

- Responsible for the overall management of the carbon neutrality working group, developing a carbon neutrality implementation plan based on internal and external requirements, and overseeing the progress and execution of related projects
- $Establish \ a \ product \ carbon \ footprint \ team \ to \ carry \ out \ data \ calculation \ and \ analysis \ of \ product \ carbon \ footprints$
- Establish a dedicated team to conduct an annual carbon inventory and compile a GHG emission list



Frontline personnel • Coordinate and manage energy-saving improvement projects in the production system, promoting internal energy consumption reduction, procurement of external green power certificates, photovoltaic installation, and other energy-saving and emission reduction initiatives

Lean Engineer Process Engineer Product Engineer Equipment Engineer Electrical Engineer Infrastructure Engineer EHSS Engineer Workshop Director



Strategy

Baolong Automotive embraces the core principle of "energy conservation and emission reduction for a sustainable future" and is building a comprehensive carbon neutrality strategy. By developing a carbon neutrality management strategy map and innovatively building a "low-carbon, carbon-saving, zero-carbon" dual-carbon management system, the Company coordinates various management measures in a scientific manner. This approach steadily advances the carbon neutrality process and provides a strong foundation for achieving the 2060 carbon neutrality goal.

The Company uses internationally recognized climate scenario analysis methods, drawing on the International Energy Agency's (IEA) "2050 Net Zero Emissions (NZE)" and "Stated Policies Scenario (STEPS)," as well as the Intergovernmental Panel on Climate Change's (IPCC) "Representative Concentration Pathways (RCP)" model. It systematically evaluates short-, medium-, and long-term climate-related risks and opportunities across its operations and value chain. At the same time, the Company conducts financial risk analysis to assess the potential financial impacts and carefully considers relevant response mechanisms and strategies to enhance its climate change resilience in a targeted and effective way.

IEA

Stated Policy Scenarios (STEPS): These scenarios are based on the current policies of various industries and countries worldwide, including the full implementation of all announced policy plans.

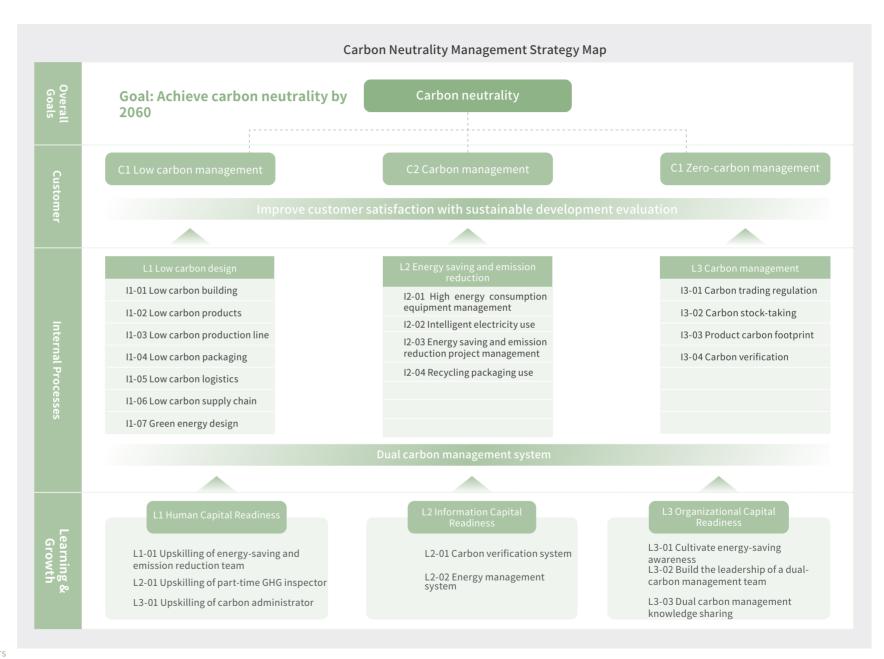
Net Zero Emissions (NZE) Scenario for 2050: This scenario envisions the global energy sector achieving net zero carbon dioxide emissions by 2050 without relying on emission reductions outside the energy industry to meet this goal.



Representative Concentration Pathways (RCP) 8.5: A scenario where the global average temperature rises by more than 4°C above preindustrial levels by 2100, representing a "warming of 4°C or higher."

Representative Concentration Pathways (RCP) 4.5: A scenario where the global average temperature increases by less than 2°C above pre-industrial levels by 2100, representing a "warming of 2°C or lower."

 $^{^{\}star}$ Short-term is defined as 1 year, medium-term as 1 to 5 years, and long-term as more than 5 years





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BAOLONG ESG 保隆科技可持续发展 BAOLONG SUSTAINABILITY

			Climate change-related risks			
Risk category		Risk description	Financial transmission mechanism	Business model and value chain impact	Time horizon	Strategic adjustment and response measures in business model
	Policy and legal risks	China is committed to its dual-carbon strategy, with provinces and cities implementing a range of carbon emission restrictions and management measures. Since the official launch of China's carbon emissions trading market, emission reduction requirements have become increasingly stringent.	 Failure to meet the emission reduction requirements set by policies and laws can result in higher compliance costs and increased operating expenses. Rising carbon prices have driven up the cost of carbon emissions, leading to higher overall operating expenses. 	Its own business activities	Short-term Mid-term Long-term	 Enhance the climate compliance information collection and early warning system to ensure full adherence to emission reduction laws and regulations. Strengthen carbon asset management and proactively plan for carbon trading controls.
	Technical risks	Producing low-carbon products requires updating equipment and upgrading processes to effectively reduce the products' carbon footprint.	One-time and ongoing investments, including equipment upgrades, process improvements, and logistics optimization, contribute to increased operating costs.	Its own business activities	Short-term Mid-term	 Incorporate low-carbon principles into product design to minimize the product's carbon footprint from the very beginning. Assess the priority of equipment renewal, systematically implement energy-saving upgrade to production equipment, and reduce production costs. Carry out low-carbon logistics practices.
Transformation risk	Market risks	Regional markets in Asia and Europe have gradually established "green trade barriers," raising the thresholds for market access.	ed "green trade barriers," raising the • Upstream and downstream enterprises must upgrade Its own business activities	Short-term Mid-term	 Incorporate low-carbon principles into product design to minimize the product's carbon footprint from the very beginning. Incorporate low-carbon criteria into supplier selection requirements to build a sustainable, low-carbon supply chain. Assess the priority of equipment renewal, systematically implement energy-saving upgrade to production equipment, and reduce production costs. 	
	Reputational risks	The Company's inadequate emission reduction and energy efficiency management have led to environmental pollution and resulted in regulatory penalties.	• This has damaged the Company's reputation, making it difficult to maintain the loyalty of customers, partners, and investors, and increasing challenges in securing financing.	Its own business activities	Mid-term Long-term	Enhance the climate compliance information collection and early warning system to ensure full adherence to emission reduction laws and regulations.
Plantal	Acute risks	 The increasing frequency of extreme weather events, such as typhoons, hurricanes, floods, and heavy rainfall, may damage plant infrastructure, cause shutdowns, and disrupt the continuity and stability of production and operations. 	 Operating income declined, while operating costs and management expenses increased. Shutdowns led to delays in fulfilling contract obligations, resulting in higher breach of contract costs. 	Its own business activities	Mid-term Long-term	 Prepare a climate change emergency plan. Expand the drainage system and implement a rainwater collection system to mitigate the impact of extreme rainfall and weather on production schedules.
Physical risks	Chronic risks	 Persistent high temperatures may lead to increased use of air conditioning and refrigeration, resulting in higher power consumption. 	 Higher refrigeration demand drives up power consumption, leading to increased operating costs. Physical and mental health of employees may decline, leading to reduced production efficiency and increased operating costs. 	Its own business activities	Long-term	 Enhance occupational health and safety management and provide high-temperature allowances to support employees. Implement energy-saving technical upgrades for conditioning systems to improve cooling efficience



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	Opportunities related to climate change					
Opportunity category	Opportunity description	Financial transmission mechanism	Business model and value chain impact	Time horizon	Strategic adjustment and response measures in business model	
Resource efficiency	 Comply with legal and policy requirements to reduce emissions by upgrading production equipment and processes to enhance energy efficiency. 	Reduce energy consumption to lower operating costs	Its own business activities	Short-term Mid-term	 Assess the priority of equipment renewal, systematically implement energy-saving upgrades to production equipment, and reduce production costs. 	
Energy source	Explore alternative energy sources and optimize the energy mix.	• Use renewable energy to reduce operating costs	Upstream Its own business activities	Short-term Mid-term Long-term	 Install distributed photovoltaic systems to generate solar power for the grid. 	
Products and services	Offer customers low-carbon products that meet environmental compliance requirements in their regions, enhancing customer loyalty.	• Increase operating income	Its own business activities Downstream	Short-term Mid-term Long-term	 Follow a low-carbon design strategy to deliver a wider range of high-quality, low-carbon products. Enhance the climate compliance information collection and early warning system to ensure full adherence to emission reduction laws and regulations. 	
Market	 Low-carbon products comply with the European Green Deal requirements and help expand the share of overseas sales. Participate in the carbon trading market and enhance carbon asset management. 	Increase operating incomeImprove asset flow rate	Its own business activities Downstream	Short-term Mid-term Long-term	Follow a low-carbon design strategy to deliver a wider range of high-quality, low-carbon products.	
Adaptability	 Actively align with the energy transition trend by increasing support for green and low-carbon innovation projects, technology research, and development. Promote collaborative transformation with key supply chain partners to enhance the resilience and adaptability of the supply chain. 	• Enhance the supply chain's risk resilience, improve its stability, and reduce operating costs.	Upstream Its own business activities	Short-term Mid-term Long-term	 Follow a low-carbon design strategy to deliver a wider range of high-quality, low-carbon products. Incorporate low-carbon criteria into supplier selection requirements to build a sustainable, low-carbon supply chain. Offer training programs to suppliers to help enhance their climate resilience and adaptability. 	





Low carbon management

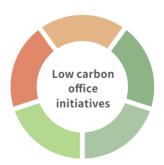
Low-carbon building ■

The Company embraces low-carbon design principles and chooses green building materials for new industrial construction to promote energy conservation and emission reduction. The main buildings in the new factory area use reusable and recyclable materials like steel structures, eco-friendly concrete, and energy-saving glass. Compared to traditional materials, these choices reduce carbon emissions by 10% to 30% and comply with green building standards.

Low-carbon office

The Company actively promotes a green, eco-friendly, and sustainable lifestyle, integrating low-carbon principles into everyday office work and management practices.

- Promote paperless offices by piloting paperless workshops and encouraging the use of online OA systems;
 establish an online approval process to replace paper-based approvals. A total of 13 approval processes were
 successfully transitioned to online systems during the reporting period
- Technical documents, including drawings, are published and accessed through the system to reduce paper printing.
- Limit the use of electric heating devices, such as electric kettles.



- Install automatic shutdown devices for office equipment, such as printers and water dispensers, to power off after working hours
- Establish standardized guidelines for air conditioner operation, including timing and temperature settings

Low-carbon logistics and low-carbon packaging

Baolong Automotive is building a green and low-carbon logistics system by focusing on key areas such as green transportation and warehousing. The Company promotes logistics mechanization, automation, and digitalization to accelerate the transition toward low pollution, low consumption, low emissions, and high operational efficiency.

Relying on its digital transportation management system, the Company dynamically monitors the entire logistics process, and has established a modern logistics benchmark characterized by integration, informatization, and visualization. By collecting and analyzing logistics data, we develop efficient transportation strategies that increase loading rates and reduce the number of trips. We also adopt direct river-sea and Ro-Ro transportation modes to boost the share of railway, waterway, and new energy truck transport, thereby lowering carbon emissions from transportation outside the factory.



The finished product warehouse at the Logistics Center of Longwei Park has officially opened

Longwei Park has completed and opened the finished product warehouse at its logistics center, significantly enhancing the efficiency of the park's supply chain. Through centralized warehousing management, the center adopts an integrated shipping and logistics deployment model, improving turnover efficiency by 30% compared to traditional decentralized management. Once operational, a collaborative mechanism will be established with major factories in the park, such as the air spring facility. By optimizing the production scheduling process, the system will reserve operating time windows for subsequent processes.



Promote low carbonization of logistics packaging and operations

The Company continues to promote the simplification and reuse of packaging materials, aiming to reduce the use of disposable packaging. By leveraging information software to transmit job information, the Company has achieved paperless logistics operations. The Company is enhancing the digital management of logistics processes and advancing the development of intelligent logistics systems, including smart warehousing, sorting, and transportation, to improve efficiency and achieve precise carbon reduction.



Carbon saving management

Carbon reduction ■

The Company has developed a Dual-Carbon Management Plan to reduce carbon emissions through two main approaches: implementing energy-saving, consumption-reducing, and emission-controlling measures, alongside exploring alternative emission reduction strategies. The Company has established a threelevel carbon reduction management system covering parks, infrastructure, and factories. We have developed tailored emission reduction projects for each area and actively promoted energy conservation, consumption reduction, emission control, and alternative emission reduction efforts across all levels.

Pathway 1: Energy saving, consumption reduction and emission control

All factories of the Company follow the Guidelines for the Management and Improvement of Energy Data in Product Production. The dual-carbon team coordinates and oversees energy-saving improvements in the production system by assessing current energy usage, collecting and analyzing energy data from production processes, and developing and implementing scientifically sound energy-saving plans.

Pathway 2: Alternative emission reduction

Use clean energy to reduce emissions

The Company plans to expand its use of clean energy to reduce both the variety and total volume of GHG emissions in its operations. Regarding official vehicles, the Company reduces gasoline consumption by promoting electric vehicle use and increasing occupancy rates in fuel-powered vehicles. For in-plant transportation, electric forklifts are being purchased to replace low-tonnage diesel forklifts, thereby cutting diesel consumption during on-site goods turnover. In terms of refrigerant emissions, the Company monitors refrigerant use in air conditioners, refrigerators, and freezers, establishing standards to reduce and gradually phase out high-carbon refrigerants, effectively lowering carbon emissions.



Use renewable energy to reduce emissions

The Company aims to reduce carbon emissions by purchasing and utilizing renewable energy, which includes both outsourced energy and on-site generation. For purchased energy, the Company has implemented a green power procurement framework and enters into green power purchase agreements using common market instruments such as power purchase agreements (PPAs), green electricity tariffs, and energy attribute certificates (EACs or guarantees of origin, GOOs). For on-site generation, the Company utilizes the plant's rooftop to install a grid-connected distributed photovoltaic power station to effectively reduce carbon emissions.

Carbon neutrality

The Company purchases green power consumption certificates, including those for hydropower, wind power, and solar energy, from power suppliers to offset non-renewable electricity use and advance its carbon neutrality goals.

for a Sustainable

Accounting of transformation cost

The Company's low-carbon transformation costs include the incremental expenses associated with purchasing green electricity and green certificates to achieve carbon neutrality. We assess the impact of green power and green certificates on unit costs, enabling the inclusion of the increased expenses from their use—both in the early project stages and mass production—within the product cost accounting scope.

Zero carbon management

Product carbon footprint management

The Company has formulated the Product Carbon Footprint Analysis Table and the Supply Chain Product Carbon Footprint Analysis Table - Guide Book to comprehensively address energy-saving and emission reduction throughout the product's entire life cycle at the design stage. By improving process flows, upgrading to energy-efficient production equipment, and optimizing transportation methods and routes, the Company has effectively reduced the product's overall energy consumption and carbon footprint. The Company utilizes the China Industrial Carbon Emission Information System (CICES) to report and regularly update energy consumption and carbon footprint data for its unit products. Baolong (Anhui) Auto Parts Co., Ltd., a subsidiary of the Company, has obtained national green factory certification.



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About this

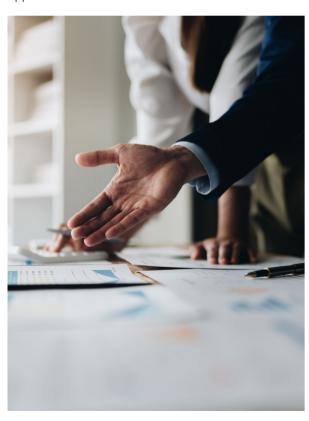
Building upon Responsibility



management



The Company incorporates climate change risks into its risk management system by researching and identifying climate-related risks and opportunities. It regularly reviews, updates, and enhances the list of transitional and physical climate risks, along with corresponding response measures, and prioritizes them based on their significance. We continuously enhance risk monitoring measures, develop risk response plans, and regularly update strategies to address emerging risks and opportunities.



Transformation risk management

In 2024, pursuant to the *Basic Norms of Corporate Internal Control and the Dual-Carbon Management Plan*, the Company systematically forecasts and assesses climate change risk frequency and likelihood to ensure effective risk management.

To address risks related to policies, legal frameworks, technology, markets, and reputation, the Company conducts comprehensive evaluations of domestic and international policy requirements and closely monitors the latest developments in laws and regulations to ensure full compliance in production. Simultaneously, the Company advances energy structure adjustments by promoting the adoption of clean and renewable energy, and strengthens support for low-carbon product design and technological research and development, effectively mitigating the risks associated with climate change transition.

Entity risk management

Based on the climate change risk identification results, Baolong Automotive's current physical risks primarily consist of acute risks from extreme weather events and chronic risks stemming from prolonged high temperatures. To address physical climate risks, we employ a risk matrix approach that integrates qualitative and quantitative analyses to evaluate each risk source individually. Based on this, we develop and implement preventive and control measures to ensure the safety of personnel and production facilities.

Indicators and goals

About Us

Baolong Automotive's GHG emissions primarily originate from direct carbon dioxide emissions during production and indirect carbon dioxide emissions associated with purchased electricity consumption. We comprehensively assess the Company's current business development, affirm the long-term goal of achieving carbon neutrality by 2060, and continuously monitor and regularly disclose GHG emission data.

Each year in the first quarter, the Company conducts a carbon inventory of the previous year, gathering essential data to measure its GHG emissions for that period.

Emission indicators

Emission range		Unit	2024
GHG emissions	Scope 1	TCO ₂ e	9,507.42
	Scope 2	TCO ₂ e	56,988.94
Total GHG emissions		TCO ₂ e	66,496.36

Emission reduction indicators

Indicator		Unit	2024
Total emission reduction		TCO ₂ e	2,515.13
Classification by	Scope 1 GHG Emission Reductions	TCO ₂ e	30.27
range	Scope 2 GHG Emission Reductions	TCO ₂ e	2,484.86
Classification by	Redesign the production process	TCO ₂ e	20.31
	Retrofit equipment	TCO ₂ e	1,091.39
emission reduction measures	Transformation process	TCO ₂ e	1,230.11
	Self-built photovoltaic	TCO ₂ e	173.32
Emission reduction investment		RMB 10,000	1,114.61



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Creating Value Together Appendix

Reducing Impact on Ecosystem

Baolong Automotive upholds the principle of green development by ensuring compliant discharge of the three wastes through source pollution reduction, process control, and resource recycling. Concurrently, the Company promotes ecological restoration around its plant sites, supports biodiversity conservation, and strives to achieve harmonious coexistence between

Pollution prevention

production and the environment.

"Three-waste" disposal

The Company strictly adheres to national and local discharge standards for the "three wastes" (wastewater, exhaust gas, and solid waste) and enforces full-processcontrolstoensurecompliantpollutantdischarge. Simultaneously, by continuously optimizing production processes, pollutant emissions are reduced at the source, effectively fulfilling environmental protection responsibilities.



	Main types of emis	ssions	Treatment measures
		matter nethane hydrocarbons ganic compounds (VOC)	 Timely installation of exhaust gas treatment facilities, designed with surplus processing capacity to accommodate future needs Any process increase, decrease, or change must be evaluated in advance to ensure compatibility with the appropriate exhaust gas treatment equipment Any increase, decrease, or modification of production lines and equipment must be evaluated in
Exhiudst Edus	Nitrogen o Sulfur oxid	kide	 advance to ensure proper alignment with the appropriate exhaust gas treatment equipment Conduct regular cleaning and maintenance to maintain equipment adsorption efficiency and minimize safety and deflagration risks Develop an annual testing plan and schedule regular monitoring of discharge outlets to ensure emission compliance
Wastewater	Sewage from production	Chemical oxygen demand (COD) Biochemical oxygen demand (BOD) Suspended matter	 Sewage management: All production wastewater and workshop floor cleaning sewage are piped to the treatment station to prevent oil spills; biological activity within sewage treatment is carefully controlled; sewage stations undergo regular cleaning and maintenance; and water quality is monitored online after treatment to ensure compliance Domestic sewage management: septic tank emptying, sewer flushing, and routine maintenance Prevent combined flow of rainwater and wastewater through the use of anti-backflow pipes, and ensure
	Domestic sewage	Ammonia nitrogenTotal phosphorusTotal nitrogen	Prevent combined flow of an water and wastewater through the use of anti-backflow pipes, and ensure protection against damage and leaks Sewage outlet management: Develop an annual inspection plan, conduct regular monitoring of discharge outlets, and calibrate online monitoring equipment to ensure compliance with discharge standards
Waste	General industrial solid waste	 Packaging materials (wood, plastic, paper) Waste rubber Waste glass Waste plastic Metal scrap Waste paper board 	 Classification: recyclable waste, non-recyclable waste For general solid waste such as waste cardboard and scrap iron generated during production, the Company has established a designated storage area and partners with qualified disposal units for recycling, ensuring proper classification, collection, transfer, and compliant disposal
	Hazardous waste	 Waste oil Activated carbon Glue Laboratory waste chemicals Sludge 	 Construction of hazardous waste storage room Standardize the collection, storage, transfer, and disposal processes Regularly entrust qualified disposal units for disposal Enhance record-keeping to enable comprehensive lifecycle management of waste generation, storage, and disposal



Reuse of waste equipment

In 2024, the Company dismantled 26 pieces of waste equipment and recycled 10,400 old parts and components, totaling 8,800 kilograms in weight.



Liquid-cooled plate grinding line wet dust removal system



Waste gas treatment facilities for aluminum parts



Dust removal upgrade and replacement of laser cutting equipment

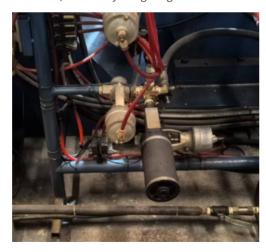
Treatment of other pollutants

In addition to managing exhaust gas, wastewater, and solid waste, the Company also addresses other pollutants such as noise and radiation, implementing various measures to minimize their impact on employees and the surrounding community.



Noise reduction improvement of vulcanization equipment

During operation, the vulcanization equipment at the air spring factory emits noise levels reaching up to 95 decibels. To reduce noise pollution, waste leather bags were repurposed on site as noise-dampening devices. Following the improvements, exhaust noise was significantly reduced to approximately 83 decibels, effectively mitigating the noise issue.



Indicator	Unit	2024
Total exhaust emissions	Cubic meter	2,430,496,800
Total production sewage discharge	Cubic meter	96,588.2
Total domestic sewage discharge	Cubic meter	121,530
Total amount of waste generated	Tons	14,682.17
Total amount of hazardous waste generated	Tons	404.06
Total amount of general industrial solid waste generated	Tons	14,278.05
Hazardous waste emission intensity	Tons/million RMB of revenue	0.058
Solid waste emission intensity	Tons/million RMB of revenue	2.55
Total amount of waste recycled/reused	Tons	9,555.87

Biodiversity conservation

The Company actively supports the *United Nations Convention on Biological Diversity* and, in line with the *Kunming-Montreal Global Biodiversity Framework*, contributes to protecting the surrounding factory ecosystem and fostering harmonious coexistence between society and nature.



Baolong Orchard Vegetable Plot

The Company converted 8 acres of unused land in Shanghai Songjiang Park into the "Baolong Orchard Vegetable Plot" and established a vegetable-growing association to encourage employee participation. Employees can cultivate flowers, grow vegetables, and plant trees in the orchard vegetable plot, personally creating a green ecological space that adds vitality and brightness to Baolong Automotive's work and living environment. Additionally, the Company has extended this green initiative to its subsidiaries, encouraging factory employees to utilize idle onsite areas for vegetable cultivation. Employees actively engage in activities such as sowing, weeding, and watering, fostering a harmonious relationship between the enterprise and the ecological environment, and injecting new vitality into sustainable development.







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Resource Conservation and Utilization

With a pragmatic and innovative approach, Baolong Automotive continually advances efforts in energy management, water resource conservation, and the circular economy. Guided by the principle of being budget-conscious and the cost-control practice of pennywise management, we have embarked on a sustainable development path that optimizes resource investment while maximizing economic returns.

Energy utilization

The Company continuously develops and enhances its energy management system, reducing resource consumption in the production process through the adoption of various energy-saving technologies.

Energy conservation and utilization ■

In 2024, we continued implementing energy-saving improvement projects across our factories, promoting comprehensive energy-efficient upgrades in ten key areas, including lighting, process optimization, standby time reduction, thermal insulation, servo upgrades, recycling, waste heat recovery, water conservation, air compressor efficiency, and process system optimization, to enhance production efficiency while significantly lowering energy consumption.

Key energy-saving improvement projects in 2024

Project type	Specific plan	Effectiveness
Process efficiency	By optimizing the transmission method, the hanger's movement is enhanced, thus improving the efficiency of the oxidation line	138,652.8 kWh of power has been saved 1,338.48m³ of natural gas has been saved
Motor transformation	Replacing the power frequency motor of the 2,500-ton forming machine with a servo motor is expected to achieve energy savings of 25% after the upgrade	345,600 kWh of power has been saved
Standby management	Retrofit the CNC hydraulic system to automatically stop the oil pump after 5 minutes of unmanned operation	19,800 kWh of power has been saved
Waste heat utilization	Utilize the thermal energy from the snap-in air compressor to replace the air conditioner in the snap-in workshop's assembly area during winter	20,000 kWh of power has been saved
Air compressor	Utilize the high-pressure air compressor branch at the air compressor station to reduce pressure from 3 MPa to 1.3 MPa	30,800 kWh of power has been saved

Power saved	Water saved
4,115,256 kWh	9,888 tons
Total power consumption of the factory in 2024	Power saving ratio
120,061,251 kWh	7.91%
	4,115,256 kWh Total power consumption of the factory in 2024

Renewable energy utilization

In 2024, Baolong Automotive undertook the construction of a rooftop distributed photovoltaic power station at the Ningguo campus. The project aimed to alleviate energy pressure from production by generating electricity through a self-built grid-connected photovoltaic system, reduce the Company's electricity costs, lower carbon emissions, and enhance its green competitiveness. As of the end of the reporting period, the Company had installed a photovoltaic capacity of 3.3 megawatts and achieved a cumulative power generation of 308,560 kWh.

The Company's parks strictly adhere to the Group's *Carbon Neutrality Management Strategy and Carbon Reduction and Carbon Neutrality Management Guidelines*, embracing the service philosophy of "high-level design, high-standard construction, and efficient operation and maintenance." They promote phased photovoltaic project development to achieve the Company's strategic goals of peaking carbon emission and achieving carbon neutrality.

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Grid-connected power generation of photovoltaic projects in Ningguo Park of Baolong Automotive

In November 2024, the first phase of Baolong Automotive's 3.3 MW photovoltaic project in Ningguo Park was successfully completed, accepted, and connected to the grid for power generation. The project adopts a model of "local connection, self-consumption of generated power, and grid feed-in of surplus electricity," making full use of the 30,000-square-meter rooftop space at the Topos factory for construction. Once operational, the project is expected to supply 3.47 million kilowatt-hours of clean electricity annually, equivalent to saving over 400 tons of standard coal and reducing carbon dioxide emissions by approximately 2,500 tons. According to the Group's plan, Baolong Automotive will continue advancing the construction of photovoltaic power plants: Ningguo Park is planned to reach a total installed capacity of 18 megawatts, Hefei Park is planned to reach a total installed capacity of 2 megawatts, and Shanghai Songjiang Zhangjing Road Park is planned to reach a total installed capacity of 1 megawatt, with all projects to be implemented in phases as scheduled.



Indicator	Unit	2024
Comprehensive energy consumption	Tons of standard coal	17,898.33 *
Gasoline	Liter	85,380.63
Diesel	Liter	77,796.07
Electricity	Megawatt hours	134,285.06
Direct energy consumption	Tons of standard coal	1,394.42
Indirect energy consumption	Tons of standard coal	16,494.91
Energy intensity	Tons of standard coal/million RMB of revenue	2.55
Clean energy usage	Tons of standard coal	5,722.36 *
Natural gas	Cubic meter	990,258
Wind power	Megawatt hours	960
Solar power	Megawatt hours	35,836.46
Energy savings achieved from energy- saving initiatives	Megawatt hours	4115.25
Proportion of energy conserved through energy-saving improvement initiatives	%	7.91

Water resource utilization

About Us

The Company places great emphasis on the rational utilization of water resources by formulating water resource management measures and overseeing the achievement of water-saving targets, thereby promoting the conservation and efficient use of water. Through technological innovation and process optimization, the Company promotes wastewater reuse and significantly reduces water resource wastage.

Water-saving measures



To enhance water resource utilization efficiency, the Company has adopted the sponge city design concept and transformed certain factory areas to collect and utilize rainwater, thereby supplementing the factory's water supply. We construct reservoirs and recessed green spaces, and employ drainage methods such as rainwater overflow and surface dispersion to efficiently channel rainwater runoff into underground storage facilities. Implement tailored rainwater drainage, conveyance, and control measures based on specific site conditions. By coordinating the design of rainwater discharge and the site's vertical elevation, we strategically divide the catchment areas and optimize the overflow system to maximize rainwater utilization. This approach supports the sponge city construction goals of "seepage, retention, storage, purification, utilization, and discharge," thereby enhancing the regional water environment and promoting the sustainable use of water resources.

^{*} According to the conversion factors specified in the national standard GB/T 2589-2020, each type of energy consumption is converted into tons of standard coal (tce): Gasoline: 0.0010897 tce per liter Diesel: 0.0012714 tce per liter Electricity (equivalent value): 0.1229 tce per megawatt-hour (MWh) Natural Gas: 12.143 tce per 10,000 cubic meters

^{*} Calculated according to the national standard GB/T 2589-2020: Natural gas conversion coefficient: 12.143 tce per 10,000 cubic meters Standard coal conversion: 1 ton of standard coal (tce) is equivalent to 8.141 megawatt-hours (MWh) of energy (equivalent value)





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Rainwater recovery system in Hefei Park

When construction began on the road drainage system for the second phase of the Hefei Park facility, a comprehensive rainwater reuse system was also put in place. This system collects and stores rainwater from the area, treats it, and repurposes it for landscape irrigation, water feature replenishment, and road and vehicle washing. The system is equipped with a 284m³ rainwater storage tank, a rainwater interception and filtration unit, a 46m³ clean water tank, a lifting pipe and pump for transporting the treated water, as well as an overflow pipe network and other supporting facilities. Completed in 2024, the system is now fully operational, allowing collected rainwater to be effectively utilized based on daily needs.

Indicator	Unit	2024 data
Total water consumption	Tons	576,629

Circular economy

The Company places strong emphasis on the intensive and efficient use of resources, continuously enhancing resource management throughout its operations. It actively promotes reduction, reuse, and recycling across both production and distribution processes.



Progress in circular packaging practice

Company name	Circulating packaging type	Proportion
Baolong SALZGITTER (Anhui) Hydroforming Co., Ltd.	Storage container	88%
Shanghai Baolong Automotive Technology (Anhui) Co., Ltd.	Turnover box, pallet	52%
Baolong Huf Hülsbeck & Fürst (Shanghai) Electronics Co., Ltd.	Turnover box, pallet	5%
Shanghai Wenxiang Automobile Sensor Co., Ltd.	Turnover box	16%
Shanghai Longan Automobile Electronics Co., Ltd.	Turnover box	17%
Baolong (Anhui) Auto Parts Co., Ltd.	Storage container, turnover baskets, metal boxes	36%
Anhui TPS Auto Parts Co., Ltd.	Turnover box, hoarding box	44%
Anhui Longwei Auto Parts Co., Ltd.	Turnover box, pallet	69%
Anhui Ebusbar Automotive Technology Co., Ltd.	Turnover box, pallet	42%
Detianfeng New Materials Jiangsu Co., Ltd.	Tray	40%

Circular packaging

The Company remains committed to the concept of green development, actively advancing a circular economy model. By offering reusable packaging solutions, it delivers both economic and environmental value to its customers. Our efforts are focused on reducing the use of single-use plastic packaging, minimizing waste generation, and lessening environmental impact, all in support of sustainable development and ecological preservation.

In 2024, the Company made significant progress in recycling packaging. With the support of our information management system, we have significantly improved the utilization and recycling rates of reusable packaging at our Ningguo and Hefei factories. Additionally, we have made long-term efforts in recycling and reusing of

auxiliary materials of packaging. At the same time, we have optimized and enhanced both the internal and external packaging of our products, achieved mass production, and launched a city-wide circular pick-up service. During the reporting period, the Company saved a total of 146,956 cartons.

Circulating material

During the renovation of factories in Hefei, Lingang, and Songjiang Parks, the Company implemented sorting and reuse practices for recyclable materials. Select materials were effectively processed and reused in the projects, maximizing resource conservation.

SHARED VALUE SYMBIOSIS

Baolong Automotive has always viewed social responsibility as a key component of its core competitiveness. We firmly believe that an enterprise's sustainable development relies not only on technological innovation and business success but also on safeguarding employee well-being, empowering supply chain partners, and actively addressing social needs.

Contribute to the United Nations Sustainable Development Goals (SDGs)



















Supply Chain Security



To strengthen supply chain risk management, ensure supply chain safety and stability, and establish a standardized procurement management system, Baolong Automotive has systematically developed a series of core frameworks. These include the Operation System of the Procurement Committee, Operation System of the Procurement Expert Group, Code of Conduct for Procurement and Supplier Management Personnel, General Principles of Productive Procurement, Evaluation and Management Process of Productive Material Suppliers, Supplier Certification and Selection Process, Procurement Process, etc.

Supply chain management

Baolong Automotive has established a tiered authorization system for procurement decisions. Procurement committees at all levels are responsible for developing procurement strategies and approving major purchasing matters, while the procurement expert group oversees supplier certification to ensure that supplier selection is both scientific and compliant. Before being designated, suppliers must comply with the *General Principles of Productive Procurement* to establish clear standards for ESG, quality, and service. Prior to mass production, the *Procurement Product Verification Process* ensures that suppliers meet requirements for capacity, cost, and quality. After mass production begins, suppliers undergo hierarchical dynamic management, with annual performance evaluations conducted according to the *Productive Supplier Evaluation Management Process*. Together with the *Supplier Claim Process*, this strengthens the quality accountability system.

The Company has implemented the *Code of Conduct for Procurement and Supplier Management Personnel* to standardize ethical practices. It has established a dual audit mechanism for procurement activities, regularly conducting system implementation audits and process walkthroughs. By doing so, a closed-loop governance system involving system controls, process supervision, and result traceability has been put in place, continuously enhancing transparency and compliance in procurement management, laying a strong institutional foundation for the efficient operation of the supply chain.



Supply chain risk management



Identify environmental and social risks, such as extreme weather, energy and resource consumption, policy changes, conflicts, and shifts in market demand across procurement, production, and logistics. Conduct thorough risk assessments and mapping, then develop targeted response strategies to address

these challenges



Supplier relationship management

Conduct dynamic monitoring and management of multidimensional data, including supplier product quality and material usage, and perform regular evaluations of supplier quality performance

Actively organize strategic supplier exchanges and visits, along with training sessions focused on supplier quality cost management, carbon footprint accounting, and other skills to enhance management capabilities





Packaging and logistics management

Establish a verifiable and traceable green recycling system; recycling supplier product packaging, offering customized packaging solutions, using renewable and biodegradable materials, and achieving packaging standardization

Achieve full deployment of batterypowered electric forklifts, optimize logistics routes, and reduce both energy consumption and air pollutant emissions



Supplier relationship management SRM system

Leveraging the supplier relationship management (SRM) system as the core, build a digital supply chain management platform that integrates intelligent demand forecasting and real-time data analysis. This system will focus on the key operational workflow of "supplier lifecycle management – seamless collaboration (logistics, information, and capital flows) – comprehensive risk control."



Clean procurement

Productive suppliers are required to sign the *General Principles of Productive Procurement* and have the integrity clause explicitly stated in their contracts.

The Company designates positions involving direct business contact with suppliers as confidential procurement roles, requiring employees to sign the Commitment to Integrity and Self-discipline and the Anti-fraud Agreement before taking their post.

Additionally, procurement and supplier management positions are subject to regular rotation.

About Us

Supplier cooperation

ESG 保隆科技可持续发展

Supplier capacity building is a key focus in creating a sustainable supply chain ecosystem. Embracing the concept of "shared responsibility and value," Baolong Automotive systematically delivers ESG-focused training programs across the entire industry chain. Using customized curricula, online learning modules, and on-site competency assessments, the training covers sustainable development of supplier, lean logistics, performance evaluation, and the implementation of the SRM system.



BAOL ONG

Strategic collaboration drives the localization of intelligent chassis technology

In February 2024, Baolong Automotive and BIBO entered into a strategic partnership aimed at deepening technical collaboration in the field of intelligent chassis of automotive. The two parties signed a strategic agreement and an equity investment agreement, leveraging Baolong Automotive's global supply chain strengths in air suspension and BIBO's expertise in wire-controlled chassis technology. Together, they will jointly research core technologies for intelligent and integrated chassis systems to accelerate the domestic substitution process.

During the collaboration, Baolong Automotive will provide access to overseas market resources and its quality management system, while BIBO will contribute its intelligent chassis algorithm innovation capabilities, creating a "hardware + software" dual-drive model. By sharing R&D data and conducting joint testing and verification, the two parties have advanced the deep integration of electronically controlled air suspension and wire-controlled steering systems, delivering highly reliable solutions for high-end autonomous driving.



Employees

Baolong Automotive embraces a people-oriented development philosophy focused on diversity and inclusion, fostering an equal and diverse work environment that aligns employees' career growth with the Company's goals. By implementing an inclusive talent strategy, Baolong Automotive has built a comprehensive talent development system and offers competitive compensation and benefits, fostering employees' personal growth and creating a win-win situation for both the company and its workforce.

Compliant employment

Baolong Automotive strictly complies with relevant laws and regulations, including the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, and the Regulations on the Prohibition of the Use of Child Labor. The Company has also established comprehensive internal policies to standardize and enhance its human resource management system. The Company firmly opposes all forms of child labor and forced labor, implementing specific measures to prevent such practices.

At the same time, the Company is committed to providing equal opportunities to all employees throughout every stage—from recruitment and appointment to compensation, training, promotion, resignation, and retirement. It respects the cultural diversity of its workforce and strives to foster an inclusive and diverse work environment.

The Company respects and safeguards the personal privacy of its employees and has zero tolerance for any discrimination or harassment based on factors such as race, ethnicity, religion, gender, age, health, nationality, or any other grounds. It is committed to eliminating employment discrimination and promoting workplace equality.

During the reporting period, there were a total of three labor disputes, all of which were resolved through labor arbitration with compensation agreements reached.



Indicator	Unit	Year 2024*
Total number of full-time employees	Person	7,849
Number of male full-time employees	Person	5,370
Number of female full-time employees	Person	2,479
Number of employees under 30 years old	Person	2,222
Number of full-time employees between the ages of 30 and 50 $$	Person	4,557
Number of full-time employees over 50 years old	Person	1,070
Number of new employees in 2024	Person	2,815
Number of newly recruited male employees	Person	1,993
Number of new female employees	Person	822
Number of new employees under the age of 30	Person	1,376
Number of new employees between the ages of 30 and 50	Person	1,297
Number of new employees over 50 years old	Person	142
Employee turnover rate	%	3.31
Voluntary turnover rate of employees	%	3.31
Proportion of women in all management positions	%	21.54
Proportion of women in junior management positions	%	22.22
Proportion of women in senior management positions	%	5
Proportion of women in management positions in income-generating functions	%	38.78



Buildingupon

Responsibility





Employee rights

Remuneration incentive

In its ongoing efforts to build and maintain a highquality talent pool, Baolong Automotive has established a fair, equitable, and market-competitive salary and benefits incentive system. Beyond base wages, the Company offers performance bonuses, year-end bonuses, special rewards, additional bonuses, annual salary adjustments, and equity incentives, supported by a flexible salary system that applies to all employees.

Employee benefits

Baolong Automotive offers a range of benefits beyond salary to all employees, guided by its established Employee Welfare Management System, which outlines various welfare mechanisms. In addition to providing the statutory five social insurances and one housing fund for all employees, the Company also offers employer liability insurance to certain staff members.



Baolong Automotive labor union activities

Labor union activities	Specific provisions
Folk festival	Gifts are distributed during the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival
International Women's Day	Gifts are offered for female employees
Health check-up	The Company organizes health check-up for all employees uniformly and implements any updated standards promptly when adjustments are made in the year. If an employee misses the scheduled medical examination due to business reasons, they may undergo the check-up independently and submit the related medical documents for reimbursement according to the established standards.
Corporate travel	Each person has a travel opportunity once a year. Each unit may apply to organize independent tourism activities or collaborate with the group's functional center to host joint events
Departmental activities (Labor union group activities)	Departments will organize activities based on a fixed per capita budget standard
Cultural and entertainment activities and association activities	The Company organizes a variety of cultural and entertainment activities throughout the year, ranging from large to small, open for all employees to participate. The Company facilitates the creation of various cultural and sports clubs based on employees' hobbies, as well as professional associations aligned with their areas of expertise.

Enhance health and safety

Baolong Automotive has established an occupational health and safety management system. Except for Shanghai Longan and Detianfeng, the Company's other eight production-focused subsidiaries have obtained ISO 45001 certification. The Company's ESG management committee regularly reviews and oversees the operation of the health and safety system, monitoring the progress of set goals, action plans, and key achievements. The Company has appointed the Director of the ESG Management Committee, concurrently serving as the General Manager, to coordinate and oversee the Company's overall health and safety governance. All Company-wide health and safety initiatives are directly led by the General Manager.

Baolong Automotive carried out a comprehensive evaluation of its safety management systems across all business sites, engaging safety experts with research and consulting expertise, and benchmarking against global best practices. Based on the assessment results, the Company formulated the *Occupational Health Management System* and other related policies. It also enhanced the management of five key safety pillars—organization and staffing, budgeting, training, labor relations, and safety culture. Efforts were focused on aligning the Company's core values with its safety culture, reinforcing safety education, improving communication and leadership on safety matters, and promoting collaborative initiatives between labor and management.



Indicator	Unit	2024
Labor contract signing rate	%	100
Number of paid annual leave days per capita	Day	7
Coverage rate of social insurance	%	100
Coverage rate of employee work injury insurance	%	100
Amount invested in employee work injury insurance	RMB 10,000	325.45
Amount invested in employee safety production liability insurance	RMB 10,000	14
Employee mortality rate	%	0
Coverage rate of employee health check-up	%	100







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Focus on employee growth

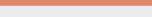
Baolong Automotive is committed to building a robust talent development system that offers employees diverse career growth pathways. We place a strong emphasis on the career development of our employees. Through structured training programs and well-defined promotion pathways, we support our employees in continuously enhancing their skills and capabilities, enabling them to achieve their individual career aspirations.

Training and development

Baolong Automotive places great importance on employee development by offering a wide range of diverse training opportunities and channels to support continuous learning and growth. Aligned with the Company's development strategy, we have established and implemented institutional measures such as the *Outsourcing Training Management System, Internal Training Management System of Departmental Business*, and *Operation Staff Training Management System*. Together, these form a comprehensive talent development framework that includes both domestic and international training, targeted professional advancement for key and core positions, and both vertical and horizontal career paths for high-potential employees, ensuring that employee growth stays closely aligned with the evolving needs of the business.

Company talent development framework

Management talents



Senior management

Develop strategic thinking with a global perspective, foster leadership, and enhance critical decision-making abilities.

Middle management

Strengthen business process improvement skills, boost teamwork efficiency, and elevate management practices.

Frontline managers

Enhance daily operational and management skills, strengthen execution, and improve employee relationship management.

Technical talents



R&D leader

Foster innovation skills, enhance product R&D efficiency, and deepen insight into market trends.

Senior technical staff

Strengthen professional skills and technical expertise to rapidly apply the latest technologies and effectively solve technical challenges.

Technical operator

Enhance operational skills, master the use of new processes, and strengthen safety awareness in production.

Skilled talents



Skill leader

Enhance specialized technical guidance and project management skills to promote technological innovation.

Senior skilled personnel

Acquire advanced skills to optimize operations, enhance accuracy, and drive process improvements.

Production operator

Enhance fundamental skills and efficiency awareness to guarantee work quality and promote safe production.

2024 Baolong Automotive Staff Training Data

Number of staff training sessions

4,608

Amount invested in employee training

RMB 2.3447 million

Coverage rate of employee training

100%





To objectively and fairly assess employee performance and support their ongoing development, Baolong Automotive has established a Performance Appraisal Management System and implemented a comprehensive performance management framework that encompasses all employees. We have not only defined the core principles of performance management but also refined the methods for performance appraisal and introduced a range of efficient performance management tools.



Core concept of performance management

An integrated performance system is implemented to ensure that every key position has clearly defined goals, balancing both short-term business results and long-term skill development.

For core management positions, a differentiated performance design is implemented to evaluate both their results and long-term contributions. Key performance indicators are selected according to the organization's functional requirements, and a unified performance model is applied.

The design of performance indicators follows the principle of "competency + weighting + focus," aiming to ensure fair and effective performance management.



Performance appraisal management method

It consists of four components: performance model, performance goals, performance calculation and measurement, and performance incentives:

Performance model: Developed based on the work plan and job requirements/standards, it includes key performance indicators, their weights, performance criteria, and scoring methods to ensure that a consistent model is applied across similar positions.

Performance goals: The purpose of performance management is to drive the growth of individuals and teams through accountability and healthy competition. Both evaluators and employees should prioritize enhancing performance as the central objective of the process.

Performance calculation and measurement: Clearly define indicator definitions, calculation rules, and data sources to ensure that the evaluation is enforceable.

Performance incentives: Designed to ensure the achievement of basic goals while encouraging the attainment of stretch goals, using additional performance points and bonuses as rewards.



Performance appraisa management tools

A variety of advanced management tools and methods, such as balanced scorecards, fishbone diagrams, and performance flywheels, have been adopted to provide comprehensive support for performance appraisal.

These tools help clarify performance goals, quantify evaluation criteria, identify root causes of issues, develop targeted improvement measures, and continuously track performance progress, ensuring that every employee's work objectives are closely aligned with the Company's strategic goals.



Baolong Newspaper Editorial Training __ Session for Each Park's Official WeChat Account

Centered on "Compliance Empowerment and Upskilling," Baolong Automotive organizes specialized training sessions for public account and internal journal editors across its parks nationwide, establishing a standardized talent development system for communication professionals. Led by the Brand Public Relations Department, the cross-park exchange meeting systematically covers the compliance system, photography skills, and audit processes for external communications. By analyzing the operational data of each park's public accounts, it enables targeted optimization of editing strategies and visual presentation.

The editorial teams from Hefei, Ningguo, and other parks engage in in-depth experience sharing on topics like content gathering and user engagement, resulting in the creation of reusable resources such as a "compliance case library" and an "operation toolkit." The training focuses on enhancing risk control capabilities throughout the entire

communication chain, while also establishing a cross-regional collaboration mechanism to drive simultaneous improvements in both communication content quality and brand image.





Skills competitions promote safety; professional development drives growth

On July 19, 2024, to enhance employees' skills and safety awareness, the Company held its inaugural forklift skills competition, drawing participation from forklift operators across multiple parks. The competition consisted of three assessments: theoretical knowledge (30%), pallet stacking (40%), and skillful basketball (30%), designed to comprehensively evaluate both the operators' procedural knowledge and practical abilities.

 $The \ activities \ encourage \ learning \ through \ competition, boost \ employees' \ enthus iasm \ for$

skill enhancement, and simultaneously embed the concept of safe operation, reinforcing the professional mindset of "safety first."



Employee promotion

Baolong Automotive values employee career development and offers ample opportunities for advancement. We have established the Management Channel Rank Position and Promotion Management System and the Qualification Certification Management System to evaluate organizational needs and employees' overall development. These systems align management channel employees with appropriate rank positions, ensuring that the right people are placed in the right roles. At the end of each year, the Company initiates the rank promotion process, which involves rigorous assessment and approval procedures to ensure that employees receive fair and transparent promotion opportunities.



Baolong Automotive in 2024 Employee promotion

The Company continues to advance the dual-channel development system of "management + professional," fostering employee growth through standardized qualification certification. The entire certification process is scientifically evaluated based on two dimensions: behavioral standards and competency standards. A standardized procedure is strictly followed to ensure that the results are open, transparent, and fair. Qualification certification helps employees identify their strengths and areas for improvement, providing clear guidance for their career development path. The Company will continue to refine and optimize the qualification system to foster the mutual growth of both employees and the organization.



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Employee engagement and well-being

The Company actively fosters a welcoming environment, promotes open communication, and emphasizes human-centered care for employees. Through a variety of innovative cultural and sports activities, it helps employees achieve a healthy work-life balance, boosts their happiness and sense of belonging, and strengthens overall team cohesion.



Democratic management

The Company upholds and continuously improves its democratic management system centered on the workers' congress. It respects and safeguards employees' rights to participate in democratic decision-making, management, and supervision, while establishing open, transparent, and responsive multi-channel communication channels. Besides traditional phone lines and mailboxes, the labor union leverages diverse scenarios to organize various communication activities, enabling rapid resolution of employee issues and requests. We encourage employees to provide suggestions and participate in consultations at the staff congress on topics such as salary, work environment, health and safety, diversity, anti-discrimination, and training. The annual employee satisfaction survey gathers insights from both employee and organizational perspectives. Based on the survey results, key areas for improvement are identified to continuously enhance employee satisfaction.



Open Day for Families at the Air Spring Factory

To strengthen employees' families' understanding and appreciation of the Company, the Human Resources Department of the Air Spring Factory Joint Park organized a family open day in June 2024, inviting employees and their relatives to join. Through family interactions, a Q&A session with the General Manager, workshop tours, and product demonstrations, the event gave employees' families a vivid insight into their work environment and daily tasks. The General Manager explained the purpose of the event: to promote family understanding, strengthen the bond between families and the company, and introduce the Company's development plans and employee protection measures. The lunch gathering and personalized gifts further demonstrated the Company's care and appreciation for its employees' well-being.

${\bf Cultural}\, {\bf and}\, {\bf sports}\, {\bf activities}$

While maintaining efficient production, the Company organizes a variety of activities—including cultural and sports events, interest clubs, health seminars, and teambuilding exercises—to foster a relaxed work environment, support employees' physical and mental well-being, and strengthen team cohesion.



Cultural and Sports Activities of Baolong Automotive in 2024

The group has established a total of 51 cultural and sports associations. In 2024, it organized over 1,000 cultural and sports events, with over 10,000 employees participating. Most of these were regular activities organized by the cultural and sports associations.

In addition, we also hosted a sports event themed "Music, Sports, Love Sharing" this year, which saw full participation and combined competitive and recreational activities.

At the same time, we actively participate in various external events, joining friendly competitions organized by clients or other companies, such as the Li Lian Cup football and badminton tournaments. We also take part in a wide range of sports events held at the street, town, and city levels, including the Dongjing Town Sports Games, Dongjing Town badminton competitions, and Ningguo City five-a-side and six-a-side football matches.

Taken together, we have a wealth of types of activities and a large number of activities, which have created a good atmosphere for students to relax and exercise after work.

Employee care

Baolong Automotive truly cares for the life and health of every employee. We have introduced mental health care services of employees, offering free psychological counseling to all staff. This support helps employees effectively manage emotional challenges and workplace or life pressures, promoting the mental well-being of every individual.

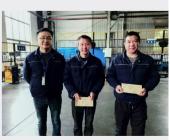
We also offer comprehensive support for female employees. Our maternity protection measures include maternity leave, parental leave, maternity insurance, and other benefits to ensure that the legal rights and interests of women during pregnancy and motherhood are fully safeguarded.

Support for employees in need









Public Welfare and Charity



Baolong Automotive has always upheld the principle of boldly taking on social responsibility. We recognize that a company's sustainable development relies not only on economic growth but also on the social value it creates. Therefore, we actively engage in various public welfare initiatives, putting the concept of sustainable philanthropy into practice through concrete actions, and strive to make greater contributions to social progress.

Social contribution

While pursuing its development, Baolong Automotive remains true to its original mission, always remembering its roots and giving back to society. Under the leadership of the Company's senior management, we carefully plan and actively participate in a variety of public welfare initiatives, taking them as a long-term commitment. Our efforts focus on poverty alleviation, educational support, and assistance for vulnerable groups. We regularly organize charitable donations, voluntary blood drives, and community outreach activities, such as visiting and supporting those in need. Through these actions, we put corporate social responsibility into practice and contribute to social prosperity and progress. During the reporting period, the Company donated a total of RMB 1.556 million to support initiatives in education, healthcare, disaster relief, and environmental protection.

Promote rural revitalization

Baolong Automotive actively aligns with national strategic goals, driving progress through innovation in products, technology, and services. By building a dual-engine model of "industrial empowerment and ecological co-construction," the Company is exploring a distinctive, practical approach to rural revitalization with strong industry demonstration value, contributing to the national pursuit of carbon neutrality and common prosperity.





Consumption-driven support revitalizes the rural industrial chain

Baolong Automotive is deeply committed to the rural revitalization strategy, using Ningguo, Anhui as a key focal point. The company has launched an innovative "consumption-based support" initiative to drive sustainable local development. In 2024, Baolong Automotive purchased a total of RMB 38,700 worth of local products from Ningguo, including specialty agricultural goods such as nuts and tea. These products were repurposed into customized corporate gifts and used in scenarios like client receptions and employee appreciation. This initiative vividly reflected the dual value of promoting "orchard culture" while fulfilling social responsibility.

The high-quality agricultural products were widely appreciated by both customers and employees, sparking a wave of spontaneous repurchases. This success effectively established a closed-loop cycle of "corporate procurement – marketing – consumer feedback," enhancing both social and business value. This initiative directly expanded the sales channels for Ningguo's specialty products, boosted farmers' incomes, and revitalized rural industries by leveraging a market-oriented approach to unlock their internal growth potential.



Baolong Automotive's Dual-Drive Model in Action: "Labor Service Cooperation + Public Welfare Assistance"

In 2024, Baolong Automotive responded to the government's call for cooperation between eastern and western regions by participating in the "100-day campaign" to facilitate rural labor transfer in Yiliang County, Yunnan Province. The Company accurately matched employment needs across five townships, offering over 50 suitable positions including technical and production roles. Through a dual approach of "offline recruitment and online follow-up," Baolong attracted more than 700 inquiries and successfully helped 33 people secure jobs. The team introduced an innovative "instant registration + WeChat direct link" system, successfully securing 120 employment commitments and providing ongoing support to over 60 individuals.

In practice, the Company combines support for struggling families with donations of aid funds, achieving a two-way empowerment approach that blends "employment assistance" with "public welfare care." This initiative not only helps

poverty-stricken families boost their income but also fosters resource complementarity in the Ningguo-Yiliang industrial chain, creating a powerful demonstration of how one person's employment can lift an entire family out of poverty.







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	Governance performance	e	
Issue	Indicator	Unit	2024
	Number of directors	Person	9
	Number of executive directors	Person	3
	Number of non-executive directors	Person	2
	Number of female directors	Person	1
	Proportion of female directors	%	11
	Number of independent directors	Person	3
	Proportion of independent directors	%	33
	Number of supervisory boards	Person	3
Company governance	Number of male supervisors	Person	1
	Number of female supervisors	Person	2
	Number of supervisory board meetings	Times	11
	Number of resolution deliberated	Item	52
	Number of board meetings	Times	11
	Number of resolution deliberated	Item	66
	Number of general meetings of shareholders	Times	3
	Number of resolution deliberated	Item	22
	Proportion of directors receiving anti-fraud training	%	100
	Proportion of management receiving anti-fraud training	%	100
	Coverage rate of anti-fraud training for administrative and above staff	%	83.20
	Corruption or bribery incidents	Case	0
Business	Incidents of discrimination or harassment	Case	0
ethics	Incidents of customer privacy data breach	Case	0
	Incidents of conflict of interest	Case	0
	Amount involved in lawsuits or major administrative penalties due to the Company's unfair competition practices	Ten thousand yuan/ RMB	0
Risk	Number of participants in securities compliance training	Person	99
management	Duration of securities compliance training	Hours	7

Issue	Indicator	Unit	2024
	R&D investment	RMB 100 million	5.70
	The proportion of R&D investment in the main business income	%	8.12
	Number of R&D personnel	Person	1,333
	Proportion of R&D personnel	%	16.98
	Number of invention patents applied to the main business	Item	271
	Number of applied invention patents during the reporting period	Item	108
	Number of granted invention patents during the reporting period	Item	50
	Number of valid patents during the reporting period	Item	761
Innovation-	Cumulative number of overseas patent applications filed with the World Intellectual Property Organization (WIPO)	Case	64
driven	Cumulative number of computer software copyrights	Item	131
	Cumulative number of integrated circuit layout design registrations	Item	5
	Cumulative number of registered trademarks	Item	96
	Number of intellectual property training sessions	Times	7
	Duration of intellectual property training	Hours	10.50
	Number of municipal talent plan projects	Item	1
	Number of national projects	Item	2
	Provincial and ministerial projects	Item	3
	Number of provincial and ministerial projects	/	54
Data security and	Total number of major information security vulnerabilities	1	0
customer privacy protection	Number of participants in data compliance training	Person	377

Environmental performance*

Unit

TCO, e

TCO, e

TCO, e

TCO, e

TCO₂e

TCO₂e

TCO, e

TCO, e

TCO, e

TCO, e

TCO, e

TCO, e

RMB 10,000

Cubic meter

Kilogram

Kilogram

Kilogram

Kilogram

Cubic meter

Cubic meter

Mg/liter

Mg/liter

Tons

Mg/cubic meter

Mg/cubic meter

Mg/cubic meter

Micrograms/cubic meter

Scope 1 GHG Emission

Scope 2 GHG Emission

Redesign the production

Transformation process

Self-built photovoltaic

Average emission

Average emission

Average emission

Average emission

Average emission

Average emission

concentration

Total annual emissions

Total annual emissions

concentration

concentration

Total annual emissions

Total annual emissions

Total annual emissions

concentration

concentration

concentration

Total annual emissions

Retrofit equipment

Reductions

Reductions

process



Indicator

Total GHG emissions

Scope 1 GHG Emissions

Scope 2 GHG Emissions

Total emission reduction

Classification by range

Classification by emission reduction measures

Emission reduction investment

Total exhaust emissions

Particulate matter (PM)

Sulfur oxide (SOx)

Nitrogen oxide (NOx)

(VOCs)

(BOD)

Volatile organic compounds

Total production sewage discharge

Total domestic sewage discharge

Chemical oxygen demand (COD)

Biochemical oxygen demand

Scope 1 GHG Emission Reductions

Scope 2 GHG Emission Reductions

Issue

Tackling climate change

Pollution prevention and control



2024

66,496.36

9,507.42

56,988.94

30.27

2,484.86

2,515.13

2,484.86

20.31

1,091.39

1,230.11

173.32

1,114.61

2,386.36

5,800.04

0.12

302.40

0.25

612

0.54

1,314.72

96,588.20

121,530

81.87

17.86

16.64

3.63

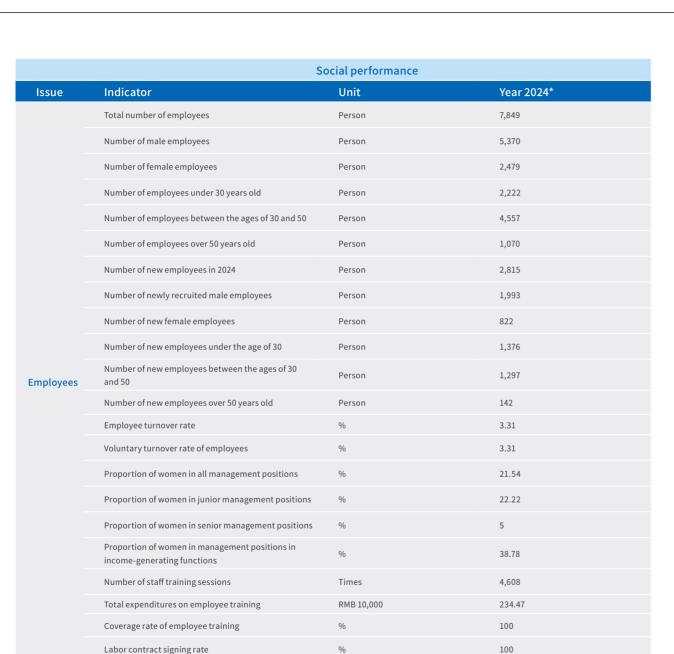
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		Environmental p	erformance	
Issue	Indicator		Unit	2024
	Ammonia nitrogen (NH3-N)	Average emission concentration	Mg/liter	11.93
		Total annual emissions	Tons	2.6
	Total phosphorus (TP)	Average emission concentration	Mg/liter	0.36
		Total annual emissions	Tons	0.08
5 II e	Total nitrogen (TN)	Average emission concentration	Mg/liter	1.78
Pollution prevention and		Total annual emissions	Tons	0.93
control	Total amount of waste generated		Tons	14,682.17
	Total amount of hazardous waste generated		Tons	404.06
	Total amount of general industrial solid waste generated		Tons	14,278.05
	Hazardous waste emission intensi	ity	Tons/million RMB of revenue	0.058
	Solid waste emission intensity		Tons/million RMB of revenue	2.03
	Total amount of waste recycled/re	eused	Tons	9,555.87
	Comprehensive energy consumpt	ion	Tons of standard coal	17,898.33
	Gasoline		Liter	85,380.63
	Diesel		Liter	77,796.07
	Electricity		Megawatt hours	134,285.06
	Direct energy consumption		Tons of standard coal	1,394.42
	Indirect energy consumption		Tons of standard coal	16,494.91
Energy use	Energy intensity		Tons of standard coal/million RMB of revenue	2.55
	Clean energy usage		Tons of standard coal	5,722.36
	Natural gas		Cubic meter	990,258
	Wind power		Megawatt hours	960
	Solar power		Megawatt hours	35,836.46
	Energy savings achieved from ene	rgy-saving initiatives	Megawatt hours	4,115.25
	Proportion of energy conserved th initiatives	nrough energy-saving improvement	%	7.91
Water	Total water consumption		Tons	576,629
resource Itilization	Water intensity		Tons/million RMB of revenue	82.08





	Social performance		
Issue	Indicator	Unit	2024
	Number of paid annual leave days per capita	Day	7
	Coverage rate of social insurance	%	100
	Coverage rate of employee work injury insurance	%	100
Employees	Amount invested in employee work injury insurance	RMB 10,000	325.45
	Amount invested in employee safety production liability insurance	RMB 10,000	14
	Employee mortality rate	%	0
	Coverage rate of employee health check-up	%	100
	Number of productive suppliers *This count includes only production suppliers involved in the supplier evaluation process and excludes 440 suppliers from Kashibao and MMS.	1	734
	Number of non-productive suppliers	1	1,671
	Number of A-level suppliers	/	255
	Proportion of purchase amount from A-level suppliers	%	21.7
	Number of important suppliers among non-productive suppliers	/	274
Supply	Total number of important suppliers	/	529
Supply chain safety	Number of suppliers assessed for ESG through on-site audits and online questionnaires *Including productive suppliers and non-productive suppliers	/	317
	Number of key suppliers assessed for ESG through on-site audits and online questionnaires *Including productive suppliers and non-productive suppliers	/	271
	Number of evaluated suppliers with significant actual/potential ESG negative impacts	1	0
	Percentage of suppliers that have a significant actual/potential negative impact based on the agreed corrective action plan	%	0
	$\label{lem:number} Number of suppliers with significant actual or potential negative impacts whose cooperation has been terminated$	/	0
	Total number of suppliers participating in ESG training	/	161

Labor contract signing rate

^{*}As of December 31, 2024/full year of 2024







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Appendix 2: Table of Indicators Index

BAOLONG ESG 保隆科技可持续发展 BAOLONG SUSTAINABILITY

Index of Guideline No.14 of Shanghai Stock Exchange for Sustainability Report (Trial)	Report Disclosure Section	Disclosure
Article 21	Tackling Climate Change	Disclosed
Article 22	Tackling Climate Change	Disclosed
Article 23	Tackling Climate Change	Disclosed
Article 24	Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 25	Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 26	Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 27	Tackling Climate Change	Disclosed
Article 28	Tackling Climate Change	Disclosed
Article 30	Reducing Ecological Impact Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 31	Reducing Ecological Impact Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 32	Reduce Impact on Ecosystem	Disclosed
Article 33	Environmental Compliance Management	Disclosed
Article 35	Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 36	Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Article 37	Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
	Article 21 Article 22 Article 23 Article 24 Article 25 Article 26 Article 27 Article 28 Article 30 Article 31 Article 32 Article 33 Article 35 Article 36	Article 21 Article 22 Article 23 Tackling Climate Change Article 23 Tackling Climate Change Article 24 Tackling Climate Change Article 25 Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development Article 25 Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development Article 26 Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development Article 27 Tackling Climate Change Key Performance Indicators (KPIs) Table of Sustainable Development Article 27 Tackling Climate Change Article 28 Tackling Climate Change Article 30 Reducing Ecological Impact Key Performance Indicators (KPIs) Table of Sustainable Development Article 31 Reducing Ecological Impact Key Performance Indicators (KPIs) Table of Sustainable Development Article 32 Reduce Impact on Ecosystem Article 33 Environmental Compliance Management Article 35 Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development Article 36 Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development Article 36 Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development Article 36 Resource Conservation and Utilization Key Performance Indicators (KPIs) Table of Sustainable Development



Empowering a Smarter Tomorrow

Charting Course for a Sustainable Future





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Issue	Index of Guideline No.14 of Shanghai Stock Exchange for Sustainability Report (Trial)	Report Disclosure Section	Disclosure
Rural Revitalization	Article 39	Public Welfare and Charity Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Social contribution	Article 40	Public Welfare and Charity Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Innovation-driven	Article 42	Innovation Driven Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Science and technology ethics	Article 43	NA	
Supply Chain Security	Article 45	Supply Chain Safety Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Equal treatment of SMEs	Article 46	NA	
Safety and Quality of Products and Services	Article 47	Product Quality and Customer Service Management Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Data security and customer privacy protection	Article 48	Information Security and Privacy Protection Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Employees	Article 50	Employee Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Due diligence	Article 52	NA	
Stakeholder communication	Article 53	Sustainable Development Management	Disclosed
Anti-commercial bribery and anti-corruption	Article 55	Business Ethics Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed
Anti-unfair competition	Article 56	Business Ethics Key Performance Indicators (KPIs) Table of Sustainable Development	Disclosed

Appendix 3: Independent Certification Statement



Independent Verification Statement

To: All stakeholders of Shanghai Baolong Automotive Technology Co., Ltd.

China Quality Certification Center Co., Ltd. (hereinafter referred to as "CQC") was commissioned by Shanghai Baolong Automotive Technology Co., Ltd. (hereinafter referred to as "Baolong Automotive") to independently verify the 2024 Annual Sustainability Report of Shanghai Baolong Automotive Technology Co., Ltd. (hereinafter referred to as the "Sustainability Report").

Baolong Automotive is responsible for collecting, compiling, analyzing, and disclosing the information and data presented in the report. CQC conducts the report verification within the scope outlined in the agreement with Baolong Automotive. Baolong Automotive is the designated user of this statement.

This statement is based on the assurance activities conducted on Baolong Automotive's sustainability report, which was prepared in accordance with the Shanghai Stock Exchange's self-regulatory guidelines, including Guideline No.1 for Standardized Operation, Guideline No.14 for Sustainability Report (Trial), and Guidelines No.4 for the Self-regulation of Listed Companies—Preparation of Sustainability Report, and with reference to the United Nations Sustainable Development Goals (SDGs), the Sustainable Accounting Standards Board (SASB) Standards, and the GRI Standards. The Board of Directors of Baolong Automotive, along with all directors, guarantee that the report contains no false record, misleading statement, or material omission, and they assume full legal responsibility for the authenticity, accuracy, and completeness of its content.

Scope of verification

Key data and information disclosed in the 2024 Annual Sustainability Report of Shanghai Baolong Automotive Technology Co., Ltd.

Basis for verification

Verification was conducted according to the AA1000 Assurance Standard v3, with a verification type and level of "Type 2, Moderate Verification."

Verification method

The methods used in this verification include but are not limited to

- a) Report review;
- b) Interview;
- c) Inspection/Support of documents, records, certificates, bills, etc.;
- d) Verification of trusted information sources;
- e) Verification of the basis for comparative disclosure;
- f) Recalculation/Measuring and calculation;
- g) Confirmation of statistics, calculation/measuring and calculation process.

Limitation statement

- This verification is conducted using sampling methods based on quantitative and qualitative risk analysis. The scope of sampling is limited to the data and information presented in the report, and not all original data from Baolong Automotive have been fully traceable or independently recalculated.
- This verification involved interviews and/or review of relevant documents for Baolong Automotive and its subsidiaries (aligned with the scope of Baolong Automotive's annual report) but did not include external stakeholders.
- Data and information in the report that have already been audited or verified by a third party were not subject to repeated verification in this process.

Statement of independence and competence

China Quality Certification Center Co., Ltd. (CQC) is an independent third-party certification body with legal status, possessing professional qualifications and extensive experience in providing certification services related to sustainable development. CQC maintains independence and impartiality throughout this certification process and possesses the technical expertise and industry knowledge necessary to conduct ESG report certification, fully meeting the requirements of the AA1000 Assurance Standard v3 for certification bodies. The certification team consists of experienced AA1000-certified sustainability report assessors (PCSAP level), auditors registered with the China Certification and Accreditation Association (CCAA) in quality, environment, energy, occupational health and safety, compliance, and anti-bribery management systems, as well as ISO 14064 inspectors and social responsibility auditors registered with the Association of Professional Social Compliance Auditors (APSCA).

CQC ensures that no conflict of interest exist between itself, Baolong Automotive, and its stakeholders throughout the verification process of this report. All information in this report is provided by Baolong Automotive. CQC and the personnel involved in this report verification did not participate in the preparation of the report.

Verification conclusion

The sustainability report reflects Baolong Automotive's sustainable development progress and performance in 2024, and overall complies with the requirements of the AA1000 Assurance Standard v3 as well as the four principles of the AA1000APS:

Inclusiveness: Baolong Automotive identifies its internal and external stakeholders—such as customers and distributors, employees, suppliers and service providers, local communities, government and regulatory agencies, and shareholders and investors—and takes their expectations and needs into account during the preparation of the report.

Materiality: Following the principles of impact significance and financial relevance, Baolong Automotive has identified key ESG issues that reflect the Company's actual and potential impacts, risks, and opportunities. Priorities were determined through scientific methods, including policy references, online surveys, stakeholder engagement, industry benchmarking, and comparisons with rating agency standards.

Responsiveness: Baolong Automotive has established a governance structure, management systems, processes, and stakeholder communication mechanisms to ensure timely and effective responses to substantive issues that are of high importance and impact to both the Company and its stakeholders.

Impact: Using a combination of quantitative and qualitative methods, Baolong Automotive has disclosed its key impacts on both the Company and its stakeholders in relation to sustainable development.

Specific performance information: Based on the verification process and results, no deficiency was found in the reliability or quality of the key data and information presented in the sustainability report.

Recommendation

Based on the findings of this verification, our recommendations for improving Baolong Automotive's ESG practice and management are as follows:

■ Further clarify the data sources and calculation methods used for key environmental performance indicators (such as CO₂ emission reductions) to enhance the traceability of sustainable development performance data.



Signature of CQC authorizer:



China Quality Certification Center Co., Ltd.
Sunday, April 20, 2025

Beijing, China







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Reader Feedback

Dear readers,

Hello!

Thank you very much for taking the time to read the 2024 Annual Sustainability Report of Shanghai Baolong Automotive Technology Co., Ltd. We look forward to continuing to share detailed updates on Baolong Automotive's ESG management performance and impact with you and all our stakeholders in the future.

To that end, we sincerely invite you to complete the feedback form and share your thoughts on Baolong Automotive's ESG performance and this report. Your feedback and suggestions will be invaluable in helping us continuously improve our sustainability efforts.

You can fill out the feedback form directly or scan the QR code below with your mobile phone to provide feedback. Please feel free to share your thoughts and suggestions.

Reader feedback form

1. Do you think this report offers a clear understanding of the current state of ESG management at Baolong Automotiv	ve?
--	-----

A. Very Good B. Good C. Average D. Poor E. Don't know

2. How do you evaluate the ESG management effectiveness of Baolong Automotive in 2024?

A. Very Good B. Good C. Average D. Poor E. Very Poor

3. In which of the following areas do you think this report needs improvement? (Multiple choice)

A. Framework and logic B. Substance and completeness of content C. Language expression D. Report design E. Others

4. Does this report omit any information you were looking for? If so, please specify the topics or content you were interested in.

5. Please share any other comments or suggestions you have for improving Baolong Automotive's ESG management:

Address: No. 5500, Shenzhuan Road, Songjiang

District, Shanghai

Tel: 021-3127-3333 Zip Code: 201619

Official website: https://www.baolong.biz

E-mail: sbic@baolong.biz

If convenient, you are welcome to provide your personal information:

Name:______
Occupation: ______

Tel: _____

Email:

Organization:_____

Postal code: