

2023

Environmental, Social and Corporate Governance (ESG) Report

Short name: Baolong Automotive
Stock code: 603197

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About this Report



Time period

This Report is the third ESG report issued by Shanghai Baolong Automotive Corporation to its stakeholders (the previous two are corporate social responsibility reports). The information and performance contained in this Report mainly cover the period from January 1, 2023 to December 31, 2023, and some may concern the policies and practices of the previous years or 2024.



Scope of this Report

This Report discloses the information about the fulfillment of economic, social, environmental, and governance responsibilities by Shanghai Baolong Automotive Corporation and its subsidiaries, and the typical cases are from the affiliated enterprises of the Company.



Source of information

The information and data disclosed herein are from the internal official documents, statistical reports and annual reports of Shanghai Baolong Automotive Corporation. The Board of Directors and all directors of the Company warrant that the information contained in this Report is true, accurate and complete and this Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liability for this Report. The financial data contained herein are denominated in RMB.



Basis for preparation

- Sustainable Development Goals of the United Nations (SDGs)
- Global Reporting Initiative Standards* (GRI Standards) issued by Global Sustainability Standards Board
- Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* (CASS-ESG5.0) issued by the Chinese Academy of Social Sciences
- Guidance on Social Responsibility Reporting* (GB/T 36001-2015) issued by the China National Institute of Standardization
- ISO 26000: Guidance on Social Responsibility (2010)* issued by the International Organization for Standardization
- Self Regulatory Guidelines No. 1 for Listed Companies – Standardized Operation* issued by the Shanghai Stock Exchange



Abbreviations

- Shanghai Baolong Automotive Corporation ("Baolong Automotive", the "Company" or "we/us")
- Baolong Huf (Shanghai) Electronics Co., Ltd. ("Baolong Huf China")
- Huf Baolong Electronics Bretten GmbH ("HufBaolong Germerny")
- Baolong Huf (Shanghai) Electronics Co., Ltd., Huf Baolong Electronics Bretten GmbH, Huf Baolong Electronics North America Corp. ("BH SENS")
- Shanghai Wenxiang Automotive Sensor Co., Ltd. ("Shanghai Wenxiang")
- Baolong (Anhui) Auto-Parts Co., Ltd. ("Ningguo Baolong")
- Anhui Tops Automotive Parts Co., Ltd. ("Tops")
- Shanghai Longgan Automobile Technology Co., Ltd. ("Longgan Technology")
- Shanghai Longgan Automotive Electronics Co., Ltd. ("Longgan Electronics")
- Shanghai Baolong Automotive Technology (Anhui) Co., Ltd. ("Hefei Baolong")
- Baolong Salzgitter (Anhui) Hydroforming Co., Ltd. ("Hefei Baosha")
- Detianfeng New Material Jiangsu Co., Ltd. ("Detianfeng")
- Anhui Busbar Automobile Technology Co., Ltd. ("Busbar")
- Shanghai Baolong Automotive Technology (Wuhan) Co., Ltd. ("Wuhan Baolong")
- Anhui Longwei Auto Parts Co., Ltd. ("Anhui Longwei")



Access to this Report

This Report is available in both paper and electronic forms. You may visit www.baolong.biz for an electronic copy of this Report.

If you have any questions or suggestions about this Report, please contact us through the email address SBAC@BAOLONG.BIZ or the phone number 021-31273333.



Message from the Chairman



2023 is our first year entering the fast track, with both revenue and profit registering rapid growth. In 2023, China's automobile industry set a number of new records. Specifically, both production and sales exceeded 30 million units for the first time, the production and sales of new energy vehicles exceeded 9 million units, the penetration rate exceeded 30%, the annual market share of self-owned brand passenger cars was 52%, up 4.6 percentage points year-on-year, and the automobile export ranked first in the world. Coupled with other factors such as the implementation of China VI b emission standards and the withdrawal of new energy subsidies, China's automobile industry has set off a price war of unprecedented magnitude and intensity, and OEMs and parts manufacturers faced huge cost pressure. In the international market, the impact of the trade war and geopolitics has intensified, and the demand for local supply has become more urgent. Amid challenges and opportunities, we have forged ahead and risen to the challenges. **In 2023, our revenue was RMB5.897 billion, an increase of 23.44% compared to the previous year.**

Over the past year, our six new production bases were under construction smoothly in line with our mid-term strategy and capacity expansion requirements. The Hungarian production base, the Tops Ningguo base Phase III, and the Longwei new base were successfully completed and put into operation, and the main structures of the Hefei base Phase II, the Zhangjing Road base of Songjiang, and the Lingang sensor base were also completed the construction of the main building.

This year, we continued our intelligent and lightweight strategy; our spinning process of gas storage tanks achieved mass production, leading in China; our suspension controllers and double-cavity air springs went into mass production, and our air suspension business made great strides and became one of the leading players in China with the most complete air suspension business presence; our ADAS services made breakthroughs in high-definition surround view cameras, forward multi-eye cameras, millimeter wave radar, and other aspects; our lightweight chassis structural parts and automotive sensor business registered rapid growth, and our tire pressure monitoring system captured more market share; and our traditional businesses, such as valves, balance weights and exhaust pipes, continued to grow.

Last year, we intensified our efforts in expanding international markets as our European R&D and manufacturing center opened.

In 2023, we launched SAP Phase 3 and Phase 4, and our Hungarian base began to promote the SAP project. We continued to advance digital transformation, established and optimized the digital governance system centering on scenario-level capacity construction and operation.

We also upgraded our *Corporate Culture Manual* by integrating the orchard culture with life views, values, career views, team spirit, company philosophy and family outlook and making the theory more related to the practice. We emphasized people-oriented, maintained scientific operation, vibrant systems and platforms, and friendly interpersonal relations, and pursued sustainable success while assuming responsibilities to ourselves, career, families, and the society.

Under the guidance of the *Carbon Neutrality Management Strategy* and the *Guidelines for Carbon Emission Reduction and Neutrality Management*, we effectively implemented strategic actions and key measures, fully defined the duties and responsibilities of all departments, and promoted the implementation of carbon neutrality actions; we continued to push forward lean manufacturing, carried out energy conservation and emission reduction by improving waste treatment, and planned photovoltaic power generation projects in Ningguo, Hefei and Shanghai bases. We started to apply for photovoltaic construction in the Ningguo base in 2023, increased the purchase of green electricity and improved the proportion of green electricity use in each base. We strive to comprehensively improve green and intelligent manufacturing, in a bid to maximize economic, environmental and social benefits and realise sustainable development.








With a focus on employee protection and development, we prioritize our workforce by protecting their occupational health and safety according to the national occupational health standards and system requirements. We provided our employees with sufficient training and opportunities for career development; built the orchard culture, advocated the values of "responsibility, progress and sharing", and carried out a variety of corporate cultural activities to promote the mental health of our employees; established the relief mechanisms for employees with financial difficulties, gave assistance to employees with financial difficulties and awarded student grants to families with financial difficulties; integrated industries and education in cooperation with universities by providing internship opportunities for college students; and continuously made donations to help disaster relief, run schools and promote automobile technical exchanges, and actively fulfilled our social responsibilities.

Facing great changes and opportunities in the automobile industry, we will adhere to the mission of "master advanced technologies and improve automotive components", contribute to the rise of China's automobile industry, and let more people benefit from the development of automobile technology.

Sustainable Development

Communication with the stakeholders

We attach great importance to the communications and exchanges with our internal and external stakeholders, and conduct dialogues with the stakeholders through various channels, to thoroughly understand their demands and expectations, strive to gain their confidence and support, and promote the continuous improvement of our social responsibility management.

Stakeholders	Expectations and demands	Communication and response
Shareholders 	<ul style="list-style-type: none"> Operate according to laws and regulations Steady growth of operating results Protection of shareholders' rights and interests Sufficient information disclosure Investor relations management Protection of intellectual property rights (IP) 	<ul style="list-style-type: none"> Operate according to laws and regulations Sound risk management Regular and interim information disclosures Accessible communication channels for investors IP Protection
Government and regulatory authorities 	<ul style="list-style-type: none"> Operate according to laws and regulations Comply with regulatory requirements Respond to national development policies 	<ul style="list-style-type: none"> Comply with laws and regulations Cooperate with supervision and inspection Regular and interim information disclosures Enhance regulation of professional integrity Promote the integration of informatization and industrialization
Customers 	<ul style="list-style-type: none"> High-quality products After-sales services Ensure supply and stable production 	<ul style="list-style-type: none"> R&D design Quality management Response to customer feedbacks Customer satisfaction survey Ensure supply of products
Employees 	<ul style="list-style-type: none"> Employment and protection of rights and interests Employees' compensation and welfare Career development and training Employee safety and health 	<ul style="list-style-type: none"> Protection of employees' rights and interests Sound salary system Open promotion system Rich employee activities Sound health and safety system
Partners 	<ul style="list-style-type: none"> Supply chain management Honest and friendly cooperation Sunshine procurement 	<ul style="list-style-type: none"> Supplier Training and Assistance Supplier Performance Management
Community and public 	<ul style="list-style-type: none"> Educational cooperation Community benefits 	<ul style="list-style-type: none"> Education cooperation Volunteer and public benefit activities
Environment 	<ul style="list-style-type: none"> Green operation Environmental protection 	<ul style="list-style-type: none"> Carbon neutrality management Practice green development Properly treat three wastes Conduct environmental protection activities

Analysis of material topics

In order to fully and accurately disclose our progress in the fulfillment of social responsibilities to our internal and external stakeholders, we have continuously improved the identification and assessment process for social responsibility topics, from identification and selection of topics, survey of stakeholders, comprehensive analysis of results, and finally to the formation of a matrix of material topics, in order to respond to the demands of stakeholders and make the relevant disclosures. The result of the analysis of material topics will provide important references for our social responsibility management in the future.

Process of analysis of material topics



Matrix of material topics



TOPICS
Topics

With Global Vision, Strive to Be an Innovation Leader

Baolong Automotive has made remarkable achievements in the industrialization of automotive intelligent products, and continues to expand the international market and meet domestic consumer demands in ADAS, automotive sensors, TPMS, air suspension and other products. Our innovation achievements not only highlight its continuous engagement and investment in automotive intelligence, but also reflect our solid advancement in intelligent and lightweight strategy.

In the future, we will further engage in the auto parts industry, make continuous efforts to develop body structural parts, intelligent sensors, domain control, active suspension systems and other automotive components, and contribute to the industrialization of automobile intelligent connection with more innovative technological achievements and excellent products, so that more people can benefit from the development of automobile technology.

R&D capabilities



R&D investment **470** million, an increase of **43.71%** compared to 2022. R&D expenses accounted for **7.96%** of revenue.



R&D and engineering workers **1,165**



R&D centers at home and abroad **11**



Patents **662**. Involve many fields such as wheels, sensors, in-vehicle millimeter-wave radar, panoramic image, electric vehicle charging control and protection

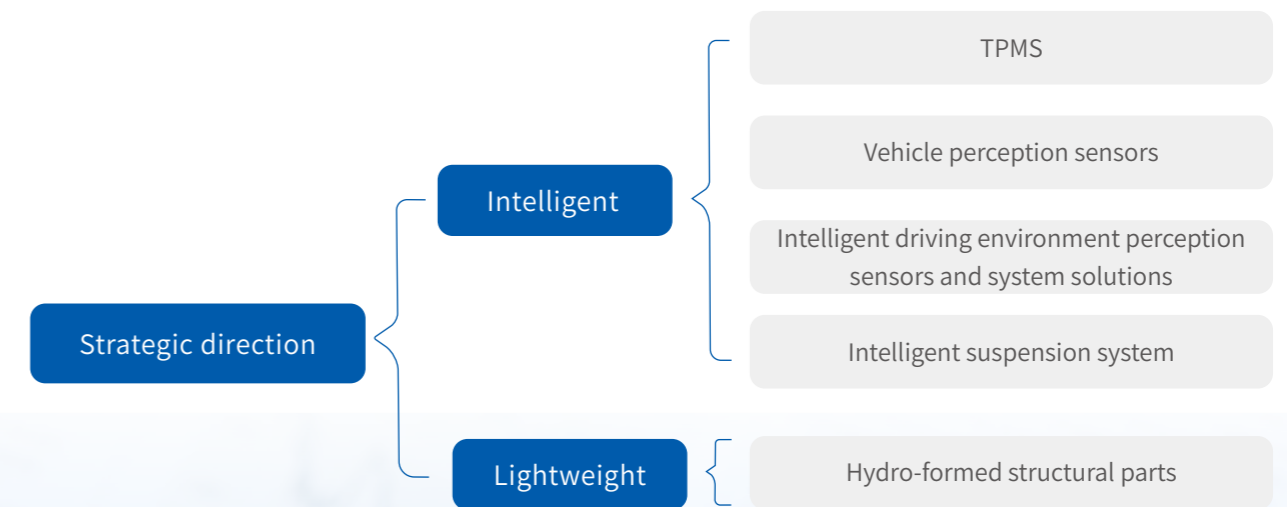


Laboratory covered **7,110** square meters. Recognized by CNAS, and has industry-leading EMC equipment and optical laboratory



Participate in the drafting of **33** national and industry standards

Our intelligent and lightweight products



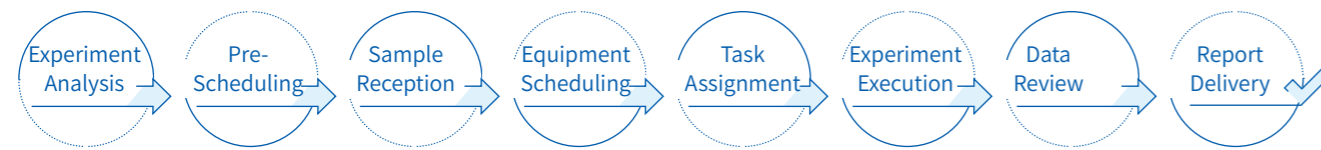
Scientific research capabilities

Our main products have adopted industry-leading technology, we have been recognized as science and technology little giants in Shanghai, Shanghai Innovative Enterprise and National Intellectual Property Model Enterprise, our technology center is "National Recognized Enterprise Technology Center", our central laboratory has passed the CNAS certification, we have passed the ISO 26262 Functional Safety ASIL D process system certification, and our tire pressure monitoring sensors (TPMS) and intelligent suspension controllers have passed the VDA ASPICE CL2 certification.

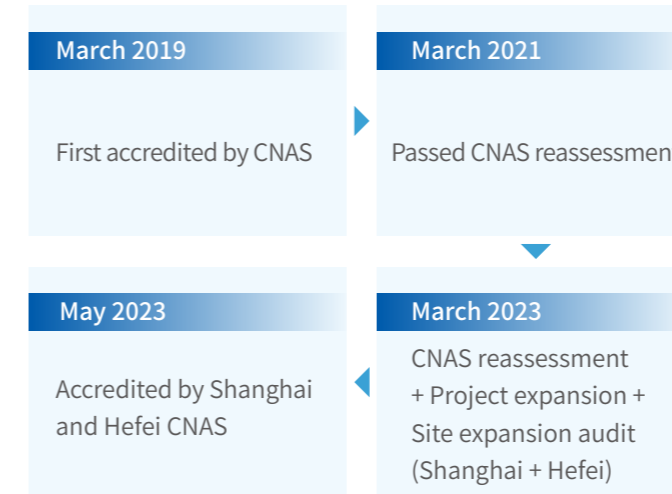
Lab construction

The Company continued to increase lab resources to boost its lab testing capabilities and cover the lab network in many cities and regions. At present, we operate six labs in Shanghai, Hefei, Ningguo and Wuhan. At the same time, in order to enhance laboratory information management, improve the management and efficiency of laboratories in multiple cities, and ensure the effectiveness of test results, the Company has built a laboratory information management system (LIMS), which has been formally put into operation in the three laboratories in Shanghai, Wuhan and Hefei, and will be expanded to more product segments in the future.

Framework for LIMS implementation



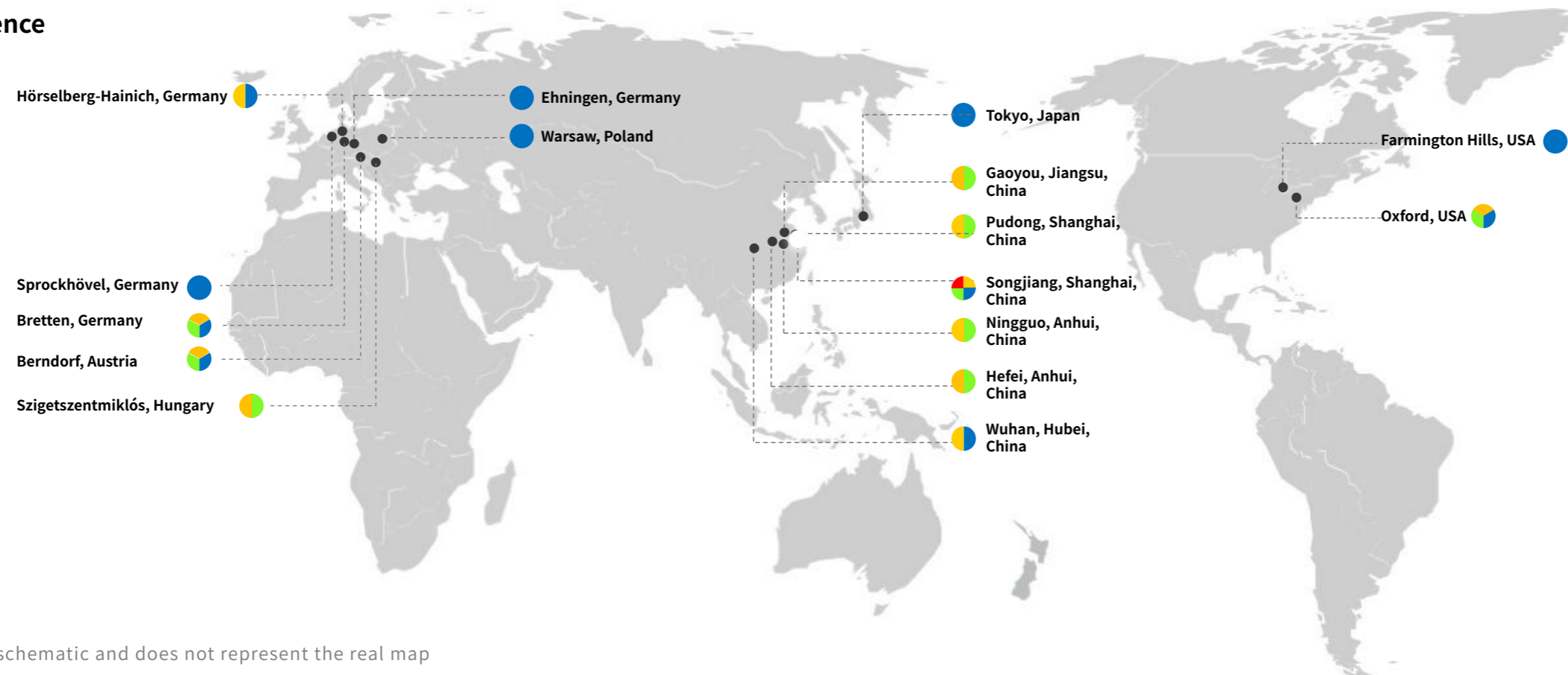
In 2023, the Technology Center Laboratory updated the ISO17025 management system and test process, applied for CNAS expansion accreditation for Shanghai Laboratory and Hefei Laboratory, and obtained the CNAS accreditation certificate. Besides, the Laboratory provided EMC and electrical testing services for a number of cooperative institutions in Shanghai, which reflected our open attitude in resource sharing and win-win cooperation.



Our laboratory accredited by CNAS

Our global presence

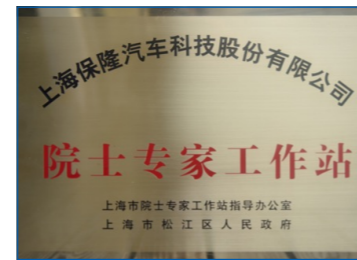
- 7** countries
- 11** R&D centers
- 9** production bases
- 19** factories



Note: This map is only a schematic and does not represent the real map

Academician workstation

In addition to the technology center R&D platform, the Company has set up an academician workstation and appointed a number of academician experts to the workstation. The workstation has carried out research and development of various projects, including "360 automobile circular vision dynamic adaptive correction system", "millimeter wave vehicle radar and visual feature information fusion", "automobile tire pressure control mobile terminal system", and "passenger car air spring structure optimization". The academician R&D team not only brings us advanced R&D concepts and technical support, but also trains a group of high-quality R&D talents for us, which will provide strong technical guarantee and talent support for our future competition. In addition, through close cooperation with academician experts, our influence in the industry has also been further enhanced, laying a solid foundation for our long-term development.



Academician workstation

Innovation achievements



"8MP ADAS Multi-Functional Integrated Controller" won the "2023 8th Lingxuan Award - Foresight - Intelligent Driving, Merit Prize"

"Binocular Road Preview (Magic Carpet) System" won the "2023 8th Lingxuan Award - Mass Production - Intelligent Driving, Merit Prize"

Air Suspension

- Completed the development and mass production of the dual-chamber air spring
- Completed the development of the bearingless split air spring
- Completed ASU assembly design and assembly study
- Completed the development of a suspension controller with simultaneous control of air spring and electronic damper

Air suspension controller innovation

The intelligent suspension controller is the core of the suspension system. It forms a control strategy according to the sensor data, and then adjusts the damping parameters and body attitude through the air spring and the electronic damper. Paired with the electronic damper, it can comprehensively improve the comfort, economy, passability, convenience, and stability of vehicles, and bring better experience to drivers and passengers.

Innovation keypoints of our air suspension controllers

Equipped with Infineon 32-bit high-performance processor	Integrated 3-axis inertial gyroscope	Extensive external sensor signal interfaces (PSI5, PWM, Analog)	Support simultaneous control of air spring and electric damper	Complete AUTOSAR software architecture
Mature and efficient suspension control algorithm	Support OTA remote upgrade and A/B backup	Meet ISO 26262 ASIL B	Support network security (R155/R156)	Obtained ASPICE CL2 assessment

Innovation keypoints of the dual-chamber air spring

Completed the mass production of the dual-chamber air spring, and realized two different modes and styles for bicycles

Adopted a larger volume ratio, completed a larger stiffness gradient, and obtained a better driving experience

Innovation keypoints of the bearingless split air spring

Adopted advanced capsule skin formula and structure design and achieved mass production of large torsion capsule skin

Reduced the total cost and met customers' terminal requirements

Innovation keypoints of ASU development

Achieved a comprehensive replacement of foreign products with domestic products and solved the bottleneck problem

Innovatively developed vibration reduction design and solved customers' pain points

ADAS

- Millimeter Wave Radar: Completed the development of 4T4R front radars and corner radars
- Development of Integrated Parking and Driving Domain Control: Completed the development of large computing domain controller
- Development of Imaging Radars: Completed the development of 6T8R imaging radars
- 8MP Front-View Integrated Parking and Driving Solutions: Completed plan architecture, implementation, and localization plan
- L2 ADAS driving function was planned and launched, and the real car function experience is good
- 1MP Camera: Completed the mass production of domestic chips, and enriched the product offerings of surround-view/cabin cameras
- 2MP Camera: Completed the development of surround-view products
- 3MP Camera: Completed the mass production of products and realized the platform architecture
- 8MP Camera: Implemented the project, and completed the pre-research of COB packaging chip technology

Development of the 8MP ADAS multi-functional all-in-one machine

Our 8MP ADAS all-in-one machine uses a high-resolution forward-facing camera module to achieve long-distance and wide-angle detection, and reduces costs through technological innovation to improve the intelligent driving experience of L2 models.

Easy-operated and secure plug-in control capability, significantly improving the functional continuity and safety of assisted driving

Extremely safe 120Kph braking capability for stationary targets, significantly improving the braking safety of assisted driving

R&D Advantages

More anthropomorphic curve preview deceleration function, significantly improving the continuous curve-passing function of assisted driving

More better-experience functions, realizing extensive functional experience of low-cost and small-computing controllers

◎ Sensors

- Completed the research and development of electric motor position sensors
- Completed the development of transmission temperature wiring harness assembly
- Completed the development of pedal position sensors
- Completed the development of commercial body height sensors
- Completed the development of transmission speed sensors
- Completed the development of IBS sensors
- Completed the research and development of composite open-loop Hall current sensors
- Completed the research and development of the fourth-generation light and rain sensors with functional safety

High-precision 1000A/1500A fluxgate current sensor

The current sensor is the core component of monitoring the current of new energy vehicles, which is crucial to the battery management system (BMS). Our new products adopt the fluxgate technology to accurately measure the current signal and identify a variety of failure modes. The measurement accuracy is very high, the linear error can be less than 0.1%, and the error in the full temperature zone is less than 0.5%.

Advantages of our current sensors



High precision

Our fluxgate current sensor adopts the original PID regulation technology, which can give negative software feedback to reduce the influence of large current on the magnetic core, and form a closed-loop magnetic feedback function, so as to improve the accuracy of data acquisition



High sensitivity

It adopts the high-reliability H-bridge fluxgate excitation technology, and the magnetic material used has extremely high sensitivity. The permeability can reach more than 100,000, which is tens to hundreds of times that of ordinary magnetic materials



Low zero drift

The high-reliability H-bridge fluxgate excitation technology can eliminate the impact of the circuit zero offset and compensate for the magnetic field induced voltage under different currents, so that the sensor's zero drift is very small



Proprietary technology for 1000A/1500A fluxgate current sensors

On the basis of the core technology and advantages of the original 500A fluxgate, the 1000A/1500A range products add a new module to collect the current of the BMS bus copper bar by using the high-permeability fluxgate and TMR dual-sensor probe, thereby improving the reliability and accuracy of the collection

◎ Cold plate

- Straight cold plate product series: Completed the research and development of stamping plate products
- Cold plate product series: Completed the research and development of harmonica tube products and stamping plate products

Cold plate R&D

Cold plate, a component of the power battery and energy storage battery, is used to regulate the battery temperature by cooling the battery module through liquid flow. Compared with the air cooling system, the liquid cooling system has better heat conduction performance and stability, and can flexibly adjust the cooling or heating of the battery module according to the ambient temperature.

Features of our cold plate



Stable battery pack temperature

Runners are rationally arranged to ensure uniform heat dissipation and maintain temperature difference at the top of the battery cell less than 5°C (inclusive), improving the life and reliability of the battery cell



Bidirectional temperature control

It can operate normally under extreme environmental conditions. In cold environments, the battery pack can also be heated to improve the efficiency of the power battery



Energy conservation and emission reduction

Heat absorbed from the battery pack can be transferred to the interior of the car, reducing energy consumption



Good thermal conductivity

Pure aluminum alloy materials are used to ensure good thermal conductivity and light weight



Good tightness

The integral brazing process is used to reduce the risk of leakage



Strong corrosion resistance

Special composite layer materials are used



Strong design flexibility

Quick-insert joints and the runner stamping process are adopted to ensure high production efficiency



About Baolong Automotive

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Company Profile

Brief introduction

Founded in May 1997, Shanghai Baolong Automotive Corporation is headquartered in Songjiang District, Shanghai, and has production bases, R&D centers and sales branches in Songjiang of Shanghai, Pudong of Shanghai, Gaoyou of Jiangsu, Ningguo of Anhui, Hefei of Anhui, Wuhan of Hubei, the United States, Germany, Poland, Hungary, and Austria, with more than 6,600 employees. The Company was listed on the Shanghai Stock Exchange in 2017 (Stock Code: 603197).

We are engaged in the R&D, manufacturing and sales of automotive intelligent and lightweight products, including automotive tire pressure monitoring system (TPMS), automotive sensors (mainly including pressure, light and rain, speed, position, acceleration and current sensors), intelligent driving products (including automotive cameras, automotive radars, controllers and system solutions), intelligent active air suspension (including air springs, air storage tanks, air supply units, electronic dampers, suspension controllers and suspension system integration), automotive metal pipe fittings (including lightweight chassis and body structural parts, exhaust pipes and EGR pipes), valves and balance weights, BUSBAR, cold plates, and aluminum exterior fittings, etc.

We are qualified suppliers of well-known automobile manufacturers, such as BMW, Mercedes-Benz, Audi, Volkswagen, Toyota, GM, FAW, Dongfeng, Chang'an, GWM, Chery, Geely, BYD, NIO, Xiaopeng, Li Auto, and Leapmotor. Our vision is to "let more people benefit from the development of automotive technology", our mission is to "master advanced technologies and improve automotive components", and we are committed to achieving in-depth development in automotive components.

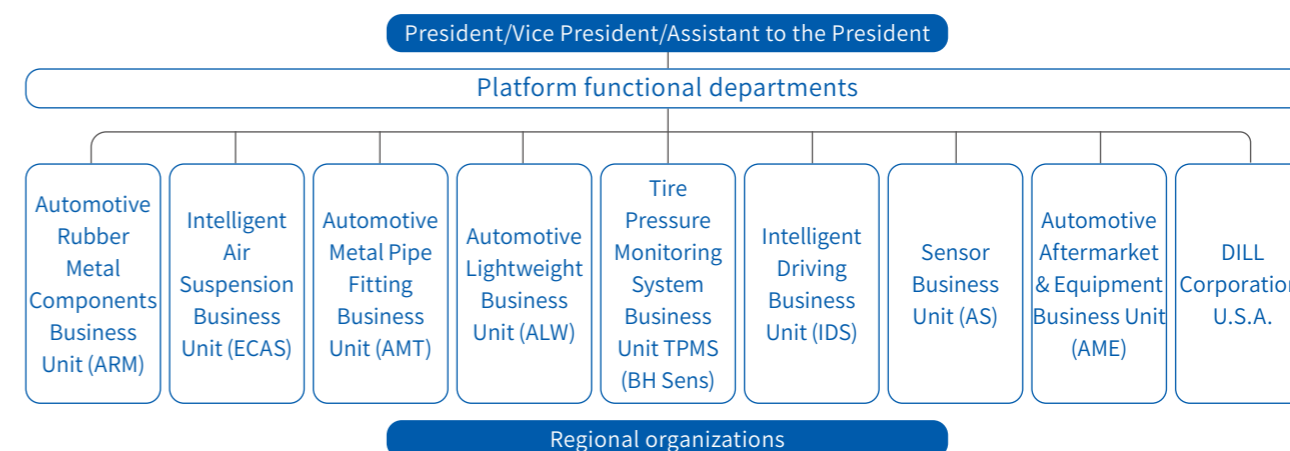
<p>Development history</p> <h1 style="font-size: 2em;">27</h1> <p>years</p> <hr style="width: 50%; margin: 10px auto;"/> <p>Founded in Songjiang, Shanghai on May 20, 1997</p>	<p>Market capitalization</p> <h1 style="font-size: 2em;">11+</h1> <p>RMB billion</p> <hr style="width: 50%; margin: 10px auto;"/> <p>Stock code: 603197.SH Average daily market capitalization in 2023: RMB11.02 billion Listed on the Shanghai Stock Exchange on May 19, 2017 Completed the non-public offering of A-shares on April 30, 2021</p>	<p>Revenue</p> <h1 style="font-size: 2em;">5.9</h1> <p>RMB billion</p> <hr style="width: 50%; margin: 10px auto;"/> <p>Global consolidated revenue in 2023: RMB5.9 billion</p>
<p>Employees worldwide</p> <h1 style="font-size: 2em;">6,600+</h1> <hr style="width: 50%; margin: 10px auto;"/> <p>As of December 31, 2023, the total number of employees worldwide exceeded 6,600</p>	<p>Production bases</p> <h1 style="font-size: 2em;">9</h1> <hr style="width: 50%; margin: 10px auto;"/> <p>We have 9 production bases in China, North America and Europe</p>	<p>Customers</p> <h1 style="font-size: 2em;">2000+</h1> <hr style="width: 50%; margin: 10px auto;"/> <p>We provide products and services to more than 2,000 customers in more than 50 countries and regions worldwide</p>



Organizational structure

In strict accordance with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and other laws and regulations, we have established a scientific and normalized internal organizational structure, and the general manager under the board of directors is responsible for the control and management of branches, subsidiaries and nine centers, and makes improvement according to our actual operation, so as to ensure our efficient and normalized operation.

Internal organizational structure



Note: We adopt a 3D matrix management structure to build a process, project-based, digital management capability. Each business unit (BU) is an independently accounted profit center responsible for the R&D, manufacturing and sales of its product lines. The platform functional departments are responsible for process construction and control, and resources integration to support the development of each BU. Regional organizations are responsible for providing infrastructure and public services to BUs in each region to safeguard their operation.

Milestone



Highlights



Corporate Culture

Cultural outline and values

We have established the "orchard culture" with Baolong's characteristics, striving to create a "growth" environment for our employees.

Orchard Culture

Outline of culture	Concrete	Abstract	Mystical
World view	Inclusiveness	Infinite power (expansion)	Infinite source
View of life	Body and value	Soul and happiness	Spirit and tranquility
Outline of values	(Body) Responsibility	(Soul) Progress	(Spirit) Sharing
View on career	Mission (Sector) : Master advanced technologies and improve automotive components	Core competencies (Capability) : Capability to master and apply advanced technologies	Vision (Belief) : Let more people benefit from the development of automotive technology
Team view - Business philosophy	Common development (Fruit)	Inclusiveness and mutual trust (Juice)	People-oriented (Root)
Company philosophy	Products	Resources	Platform
Family view	Exclusive physical relationship	Soul relationship like friends	Homologous spiritual relationship

Values

In this great era of reform and opening up and the ever-changing scientific and technological environment, we uphold the spirit of responsibility, progress and sharing, and actively learn advanced skills and apply them to the automotive industry. We aim to enhance automotive components by mastering and applying advanced technologies, in order to let more people benefit from the development of automotive technology.



Corporate Honors and Certificates



In 2023, the Company won the following honors and certificates:

Name of Honor	Issuer
★ 2023 Top 100 Players of China's Automotive Supply Chain	China Automotive News
★ Shanghai Import and Export Units - Vice President Unit (2023)	Shanghai Chamber of Commerce for Import and Export
★ China Optics Valley Global Industrial Partner	Administrative committee of Wuhan East Lake High-tech Development Zone
★ G60 S&T Innovation Valley of Yangtze River Delta - Quality Standard Contribution Award	Joint Conference Office of G60 S&T Innovation Valley of Yangtze River Delta
★ Shanghai Intelligent Manufacturing Industry Association Director Unit Certificate	Shanghai Intelligent Manufacturing Industry Association
★ Shanghai Intelligent Manufacturing Industry Association Director Certificate	Shanghai Intelligent Manufacturing Industry Association
★ 2023 Shanghai Top 50 Growth Enterprises (44th)	Shanghai Enterprise Confederation/Shanghai Enterprisers Association/Jiefang Daily
★ 2023 Shanghai Top 100 Private Enterprises (80th)	Shanghai Enterprise Confederation/Shanghai Enterprisers Association/Jiefang Daily
★ 2023 Shanghai Top 100 Private Manufacturing Enterprises (29th)	Shanghai Enterprise Confederation/Shanghai Enterprisers Association/Jiefang Daily
★ 2023 Shanghai Top 100 Emerging Industry Enterprises (47th)	Shanghai Enterprise Confederation/Shanghai Enterprisers Association/Jiefang Daily
★ 2023 Shanghai Top 100 Manufacturing Enterprises (48th)	Shanghai Enterprise Confederation/Shanghai Federation of Economic Organizations/Shanghai Enterprisers Association/Jiefang Daily
★ Third prize for outstanding achievement in the essay competition (Shanghai) of the 11th National Brand Story Competition	Shanghai Association for Quality
★ Second prize for outstanding achievement in the short video competition (Shanghai) of the 11th National Brand Story Competition	Shanghai Association for Quality
★ Shanghai Automotive Chip Industry Alliance Vice Chairman Unit	Shanghai Automotive Chip Industry Alliance
★ Shanghai Specialized and Sophisticated SMEs (March 2023 - February 2026)	Shanghai Municipal Commission of Economy and Informatization
★ Excellent Automotive Electronics Supplier	China Automotive News
★ Changfeng Award	apsoto
★ Li Auto's Quality Excellence Award 2023	Li Auto



Name of Honor	Issuer
★ Roadshow Merit Prize	Chongqing Jiangbei District Science and Technology Bureau/Society of Automotive Engineers of Chongqing/ Chongqing Chamber of Commerce for Automotive Industry
★ 2023 Top 100 Players of China's New Automotive Supply Chain	Gasgoo
★ 2023 Lingxuan Award – 8MP ADAS Multi-function Integrated Controller	Auto Business Review
★ 2023 Lingxuan Award –ADAS Binocular Road Preview (Magic Carpet System)	Auto Business Review
★ 2023 Automotive Electronics Innovation Week · Innovation Demonstration Units Shortlist	Organizing Committee of Automotive Electronics Innovation Week/Automotive Electronics Industry Alliance
★ Top 100 Innovative Enterprises in the Intelligent Automotive Industry	Gaogong Intelligent Automotive Industry Think Tank
★ Anhui New Product Certificate	Department of Economy and Information Technology of Anhui Province
★ 2023 China Top 100 Core Components Enterprises of Intelligent Electric Vehicles	diancheren
★ Jinyuan Award - 2023 New Energy and Intelligent Connection Vehicles Selection - "Core Components of the Year"	China National Machinery Industry International Co.,Ltd./ Messe Frankfurt (Shanghai) Ltd./Automotive Electric Motor, Electrical Appliance and Electronic Information Network
★ Global Automotive Supply Chain Technology Innovation Eco-Partner	China Automotive News
★ 2023 NIO Quality Excellence Partner	NIO Inc.
★ 2023 Productivity Achievement Award	YUTAKA
★ Advanced Party Branch in the Dongjing Town	CPC Songjiang Dongjing Township Committee/ People's Government of Dongjing Town, Songjiang District
★ 2023 Dongjing Town High-quality Development Special Contribution Award	CPC Songjiang Dongjing Township Committee/ People's Government of Dongjing Town, Songjiang District
★ ISO26262 Functional Safety Management Certification	TüV Rheinland
★ ASPICE CL2 (Intelligent Suspension Controller)	Worthy Technology
★ Thank You Letter from Wuhan University of Technology	Wuhan University of Technology Education Development Foundation

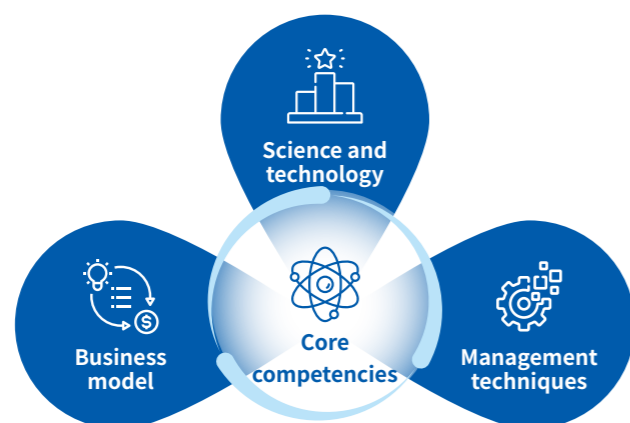


Market Performance

Core competencies

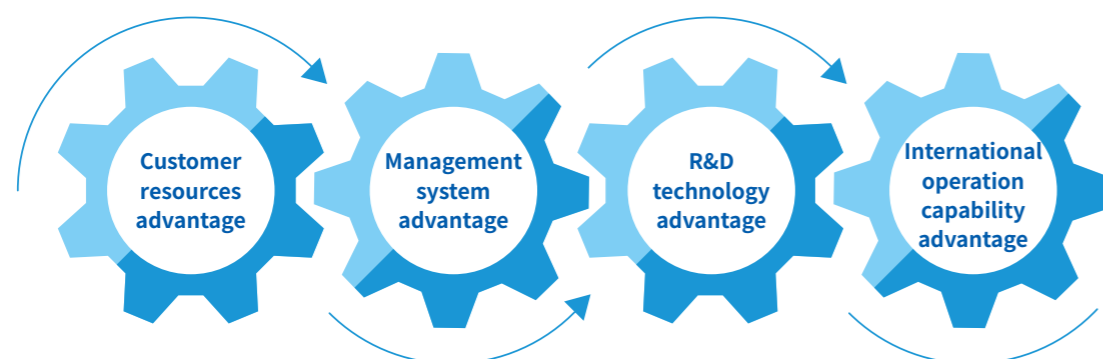
We concentrate our efforts on fulfilling the mission to "master advanced technologies and improve automotive components", achieving the target to enter into and maintain top 3 on the global market segment for each product line, and continuously consolidate and improve our core competencies. We have built a moat to enhance our market competitiveness with industry-leading technology, mature business model and excellent management techniques.

Our core competencies

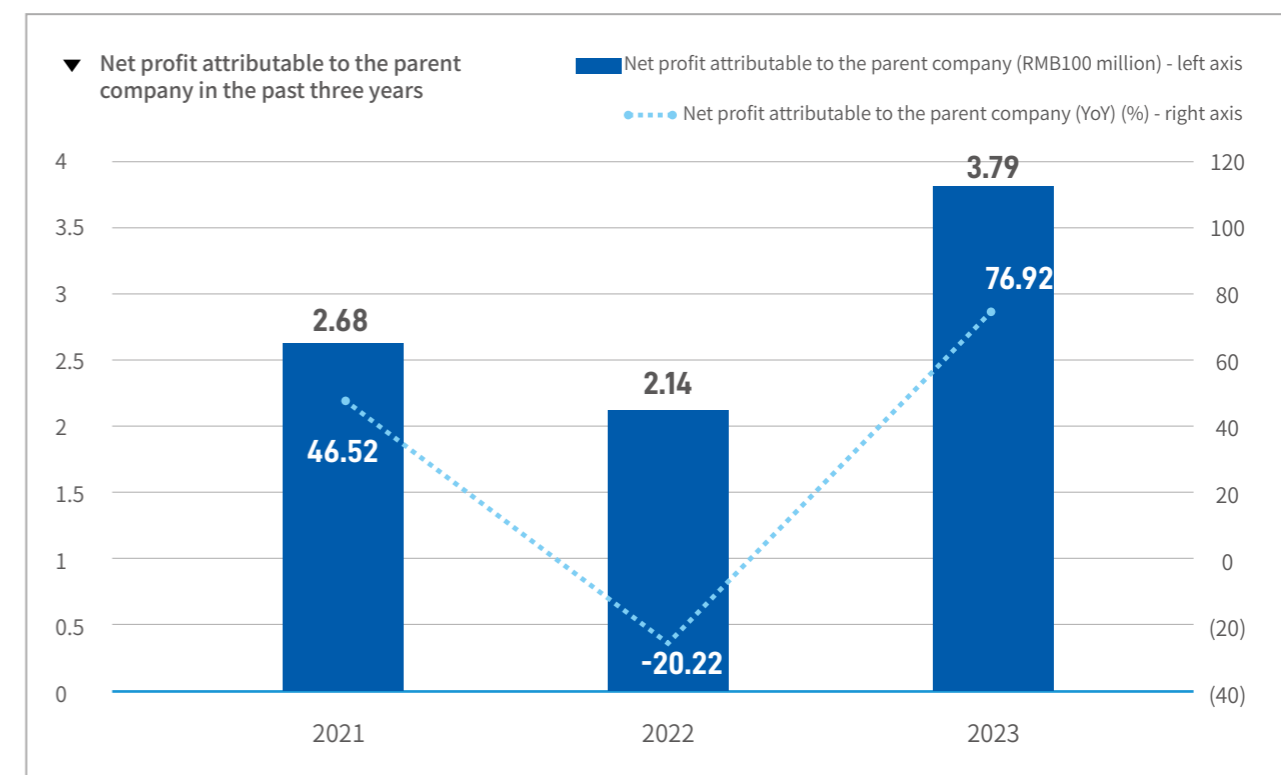
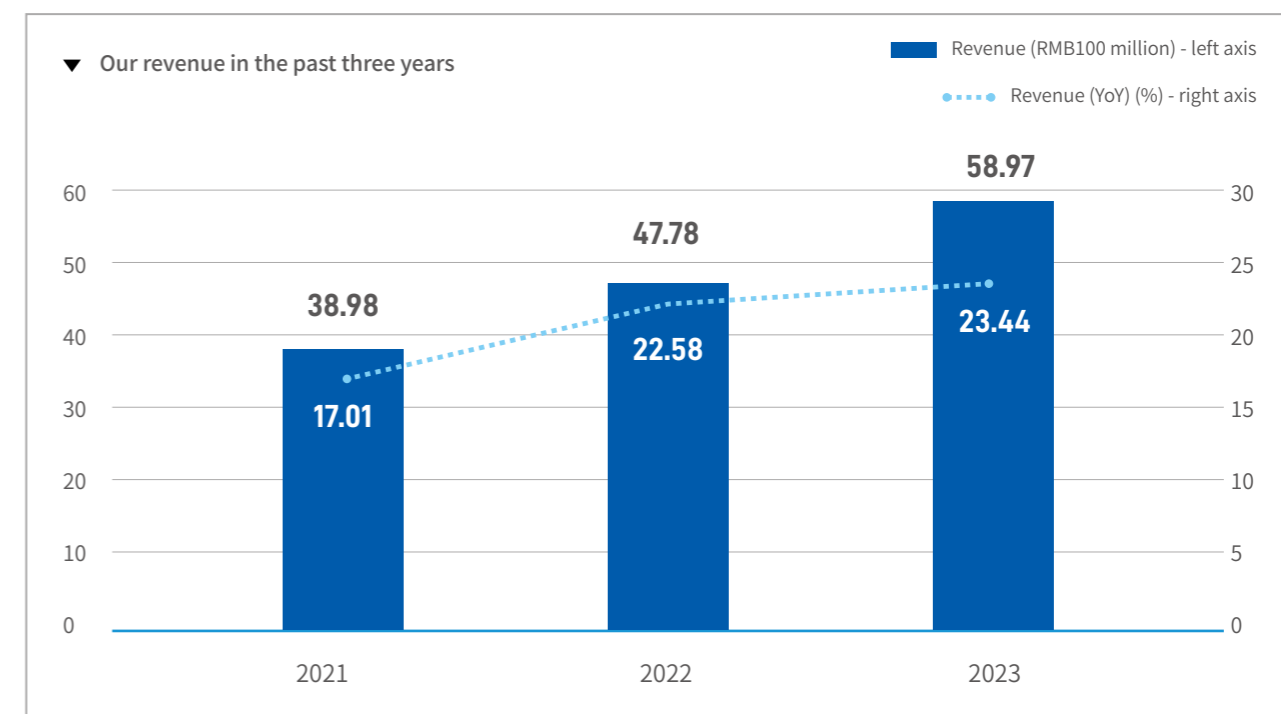


Based on extensive customer resources, we have consolidated the market position of our flagship products in the industry and expanded the market share of new products with the advantage of international operation capability. Taking root in the advanced auto parts manufacturing industry, we have established BMS process management system and BPS lean production system, and continued to strengthen our innovation and R&D capabilities to ensure the leading position of our product technology, so that we can stand out in both internal operation and external competition.

Our core competitive advantages



Financial performance of our core competencies



Customer projects

To cope with the risk of the intensified competition in the vehicle market being transferred to the downstream automotive components enterprises, we continued to improve innovation capability, explored internal potential, continued to improve operation and management, and strengthened the management of key projects to ensure the smooth mass production of key projects and pursue long-term development. In 2023, the Company further expanded its influence and obtained a number of market-oriented projects, which injected a strong impetus for the rapid development of our business and the significant improvement of our core competencies, thus laying a solid foundation for our future long-standing development.

Our ADAS business went global and corner radars were put into mass production

In May 2023, our joint venture Baohang Technology mass-produced the corner radars developed for VinFast's VF series models. The project provided 200,000 corner radars for the single model of VF series within the life cycle, and gradually escorted all VF series models. The cooperation between Baohang Technology and VinFast has experienced more than a year since it got the designated supplier contract in 2022. Through their development, the product technology, function and quality have been highly recognized by customers, and the products have passed the ASEAN NCAP certification and obtained the highest five-star recognition.



Features of corner radars

We got the designated supplier contract for the height sensors from a top joint venture brand carmaker

In June 2023, we got the designated supplier contract for the height sensors from a top joint venture brand carmaker. The project is worth RMB110 million with a life cycle of 10 years and is planned to be mass-produced in 2025. This is the first time that the product has entered the supply chain of the joint venture carmakers, and has become the starting point for entering other joint-venture and foreign capital-invested supply chains, marking a major breakthrough in our position sensor business.



Features of height sensors

We got the designated supplier contract for the 3M surround-view system project

In July 2023, we got the designated supplier contract for the 3M surround-view cameras from a domestic independent brand. The life cycle is expected to be 3 years, the total amount is expected to be RMB346 million, and it is planned to be mass-produced in April 2024. The products in this project adopt 3MP cameras and digital high-definition technology, which can realize lane departure warning and video recording functions. This project opens a new chapter for us to enhance our market competitiveness in the automotive industry.

We got the designated supplier contract for the AK2 ultrasonic radars

In August 2023, our subsidiary Baoyou Technology got the designated supplier contract for the new-generation AK2 ultrasonic radar sensors from an independent brand carmaker. The sensors are planned to be mass-produced in July 2024. With the software and hardware development capabilities of AK2 ultrasonic radars, as well as the development capabilities of ultrasonic wavelength driving and sensing algorithms, ultrasonic and image fusion algorithms and automatic parking planning and control algorithms, the Company can provide flexible solutions according to different customer needs and give full play to the potential of ultrasonic sensors. This cooperation is an important milestone for the new products and business development of the Company.



Features of AK2 ultrasonic radars



Focus on Shareholders and Pursue Sustainable Development

- 31 / Management System
- 32 / Corporate Governance
- 35 / Risk Management
- 39 / Information Security
- 44 / Information Disclosure
- 48 / Anti-corruption

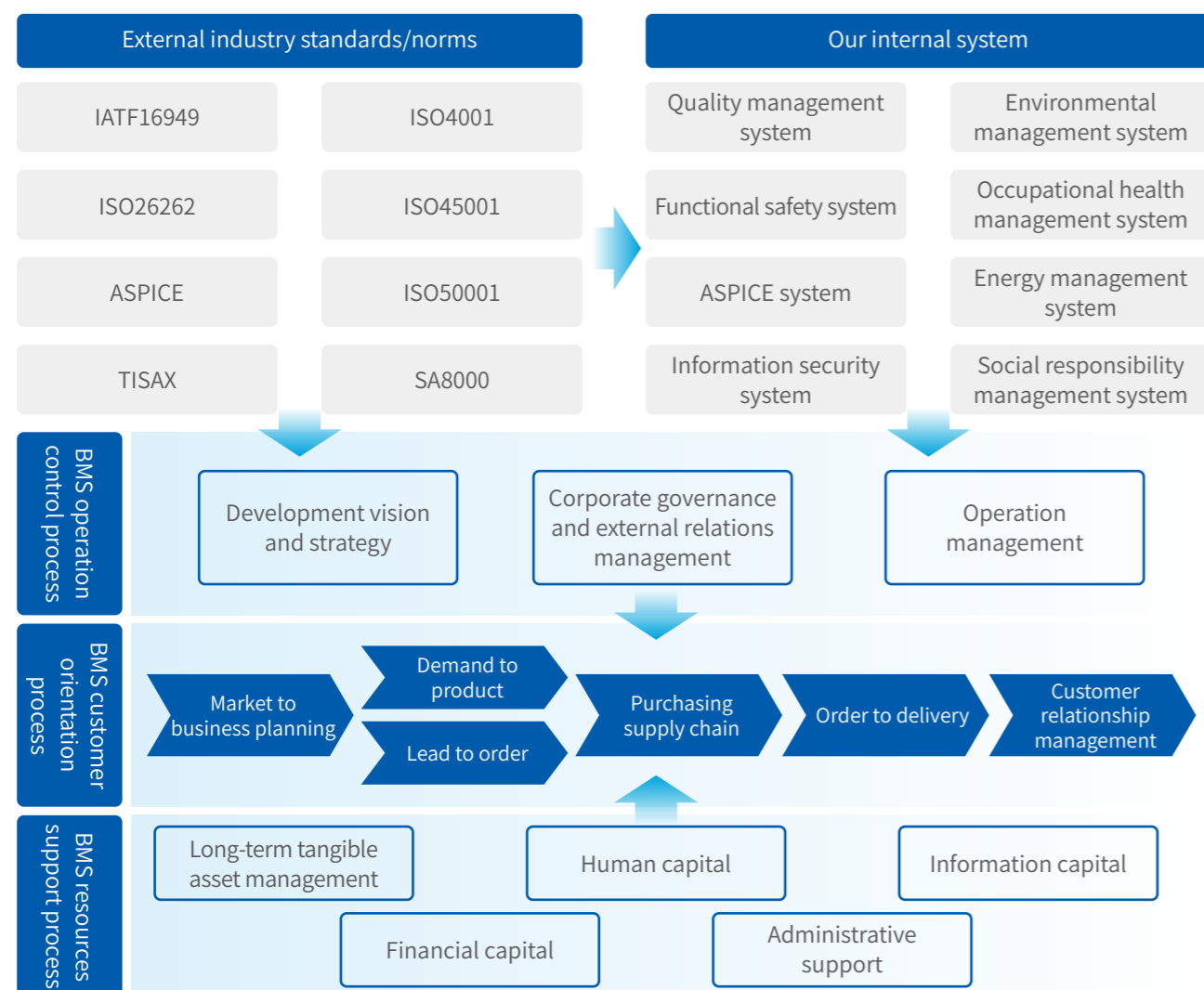


Management System

Adhering to the "process management" concept, we have established a BMS management system that conforms to our corporate governance and meets the market demand. We have also built a multi-party collaborative, efficient management system by integrating our internal control system, IP system, regulatory requirements, and other rules and regulations, so as to continuously enhance our core competitiveness.

BMS management system

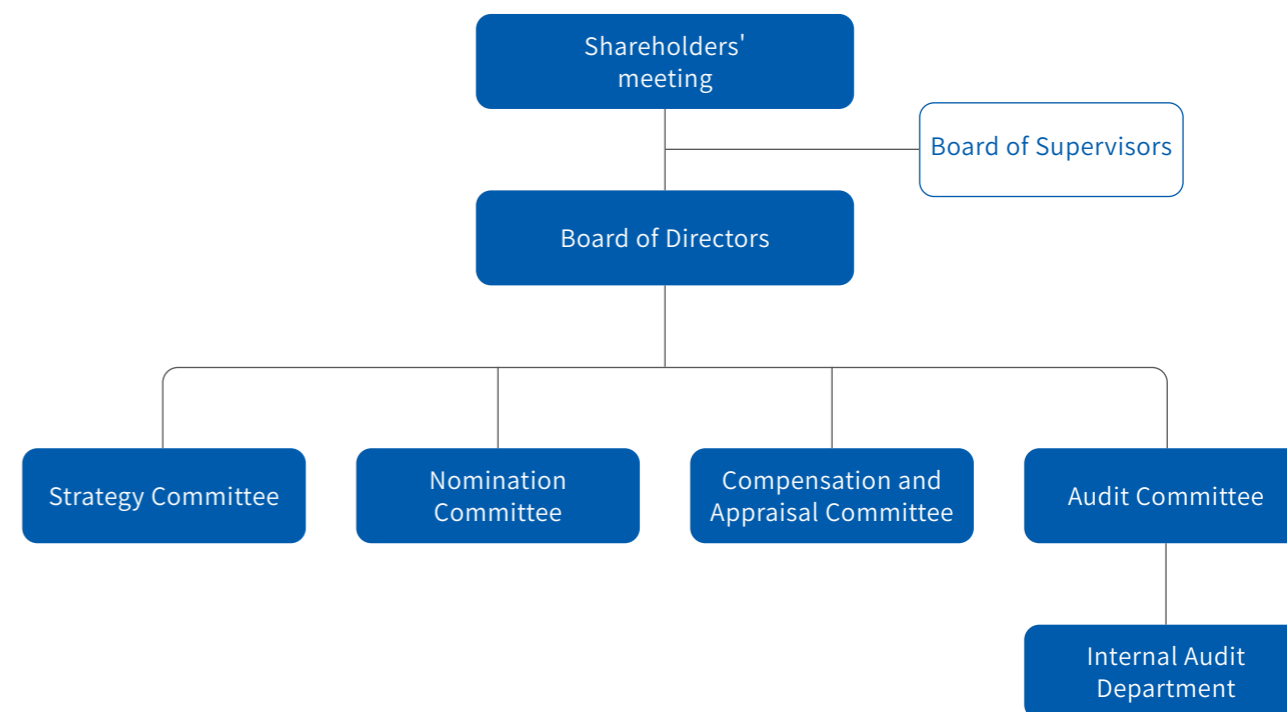
The Company has established a BMS management system centered on "operation control", "customer orientation" and "resources support", which enhances the efficiency of our internal management process and continuously improves the efficiency of our internal operation and management. Based on customer demands and our resources, the BMS system has created a modern, scientific and integrated management system that caters to corporate governance requirements.



Corporate Governance

In accordance with the requirements of the *Company Law*, the *Corporate Governance Code for Listed Companies* and the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, the Company has improved its corporate governance structure by setting up a corporate governance structure composed of the shareholders' meeting, the Board of Directors, the Board of Supervisors and the management, which exercise the functions of the authority, the decision-making body, the supervision body, and the execution body, respectively. They have formed a governance mechanism with clear powers and responsibilities and mutual checks and balances, so that the fairness and scientificity of corporate governance decisions can be guaranteed and the legitimate rights and interests of the Company and its shareholders can be safeguarded.

Operation of the shareholders' meeting, the Board of Directors and the Board of Supervisors



Key performance

During the reporting period, we held **4** shareholders' meetings, including **1** annual general meeting and **3** extraordinary general meetings, **10** meetings of the Board of Directors, and **10** meetings of the Board of Supervisors. Among them, the Strategy Committee held **1** meeting, the Nominating Committee held **2** meetings, the Audit Committee held **4** meetings, and the Compensation and Appraisal Committee held **6** meetings.

◎ Shareholders' meeting

The shareholders' meeting is our highest authority and exercises its functions and powers according to law. We convene and hold shareholders' meetings in accordance with the *Company Law*, our *Articles of Association* and *Rules of Procedure for the Shareholders' Meeting* to ensure that all shareholders enjoy equal status and effectively exercise their rights.

◎ Board of Directors

Effectiveness of the Board of Directors

- The Board of Directors is our decision-making body and plays a key role in corporate governance. We convene and hold the meetings of the Board of Directors in accordance with the *Company Law*, our *Articles of Association* and *Rules of Procedure for the Board of Directors*, continuously improve the working mechanism of the Board of Directors, and provide guarantee for its effective governance.

Diversity of the Board of Directors

- The members of our Board of Directors possess the professional background and work experience in management and operation, financial audit, finance, and law, and have the knowledge, skills and quality necessary for performing their duties.

Independence of the Board of Directors

- During the reporting period, we revised the *Independent Director Work System* in accordance with the *Measures for the Management of Independent Directors of Listed Companies*, so as to ensure that the role of independent directors in corporate governance can be fully brought into play.
- Our Board of Directors currently has 3 independent directors, accounting for 33% of all its members. The 3 independent directors serve as the chairman of the Audit Committee, the Nomination Committee and the Compensation and Appraisal Committee, respectively, and are deeply involved in the work of the special committees of the Board of Directors.
- We fully protect the independent directors' right to know and cooperate with them to exercise their decision-making power, thus enhancing the independence and effectiveness of the Board of Directors.

Key performance

During the reporting period, our Board of Directors consisted of **9** directors, including **3** independent directors and **1** female director. Our directors were elected by and were responsible to the shareholders' meeting. Their term of office was three years, and they may be re-elected upon expiration of their term of office. Independent directors shall not be re-elected for more than six years.

Our female directors accounted for **11.11%**, and foreign directors accounted for **11.11%**.

◎ Special committees of the Board of Directors

Our Board of Directors consists of four special committees, i.e. the strategy committee, the audit committee, the nomination committee and the compensation and appraisal committee. Members of each special committee conduct research and discussion on professional matters in accordance with relevant regulations and rules of procedure to provide support for the decision-making of the Board of Directors.

◎ Board of Supervisors

As our supervision body, the Board of Supervisors supervises our major events, financial status and legal compliance of the performance of duties by directors and senior managers in accordance with the *Company Law*, our *Articles of Association*, the *Rules of Procedure for the Board of Supervisors* and other relevant provisions, so as to safeguard the interests of the Company and its shareholders.

Key performance

During the reporting period, our Board of Supervisors consisted of **3** supervisors, including **1** employee supervisor and **2** shareholder representative supervisors. Female supervisors accounted for **66.67%**, and the average age of all supervisors was **44** years old.

◎ Operate in good faith and pay taxes according to law

In our development, we have always strictly abided by the requirements of national tax laws and regulations, attached great importance to the implementation of our values of "responsibility, sharing and progress", and strengthened the foundation for local economic development under the guidance of the local Party committee and government. Adhering to the principle of paying taxes according to law and in good faith in our operation, we have paid taxes in full by constantly improving our internal accounting system, and earnestly practicing our corporate social responsibility. In February 2023, we won the Tax Payment Gold Award in the "Dongjing Town 2022 Advanced Enterprise Commendation Conference and Business Environment Optimization Work Conference". Since 2015, we have been rated as Class "AAA" in contract credit.



▶ Awarding Site of the "Tax Payment Gold Award" of Dongjing Town 2022 Advanced Enterprise Commendation Conference



▶ Yin Shufei, our deputy general manager and secretary of the Board of Directors, spoke on behalf of the winners at the Dongjing Town 2022 Advanced Enterprise Commendation Conference

Key performance

During the reporting period, we paid RMB **250 million** in taxes in total and were **not** punished by tax authorities. There was no other punishment by customs and other administrative departments, and there was no tax violation.

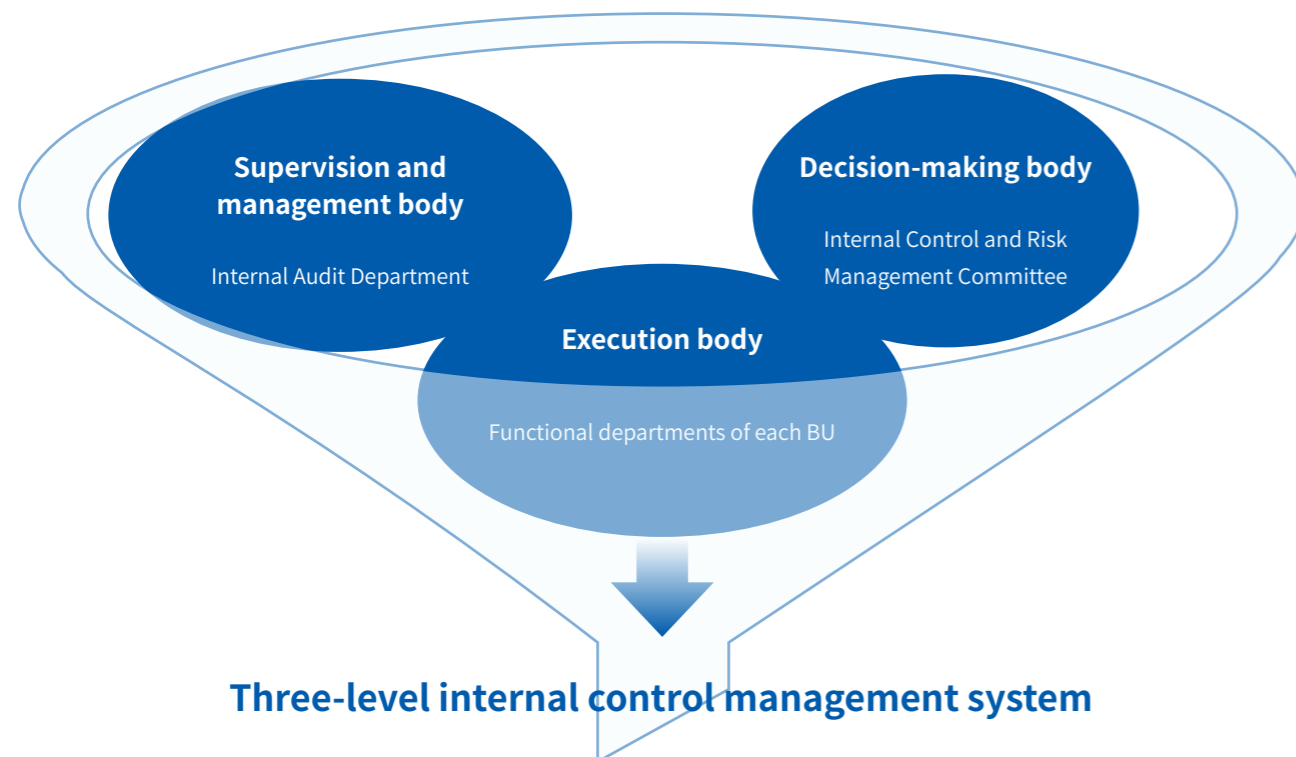
Risk Management

We have always operated in compliance with laws, regulations and regulatory requirements. In strict accordance with the relevant requirements of the *Basic Internal Control Norms for Enterprises* and the *Guidelines for Enterprise Internal Controls*, as well as under the guidance of the *Compliance Management Systems - Requirements with guidance for use* (National Standard GB/T 35770-2022), we continue to optimize the internal control system, improve the risk assessment mechanism, strengthen internal control evaluation and audit, and promote the establishment and operation of compliance management system; we also strictly follow the risk control policy to protect the interests of the Company and all its shareholders, and improve our internal governance of "strengthening internal control, preventing risks and ensuring compliance" from the perspective of comprehensive risk management.

Internal control management

Internal control management system

Based on the "decision-making body", the "supervision and management body" and the "execution body", we have established a three-level internal control management system with our governance characteristics. According to the system, we implement internal control management under the decision-making of the internal control and risk management committee and the hierarchical management responsibility system of departments, to ensure the efficiency and stability of our management.



Internal control evaluation

In order to thoroughly implement the spirit of the 20th CPC National Congress and the relevant requirements of the *Opinions on Further Strengthening the Supervision over Finance and Accounting* and the *Opinions on Further Improving the Quality of Listed Companies* issued by the General Office of the CPC Central Committee and the General Office of the State Council, we regularly carry out internal control evaluation every year, and disclose the annual Internal Control Evaluation Report and Internal Control Audit Report to all parties on the website of Shanghai Stock Exchange. In addition, we carry out internal control supervision and evaluation by verifying the deployment and completion of internal control operation of our business and functional departments through self-examination, with an aim to ensure the smooth progress of our internal control work.



Internal Control Audit Report of the Company

Internal Control Evaluation Report of the Company

Key performance

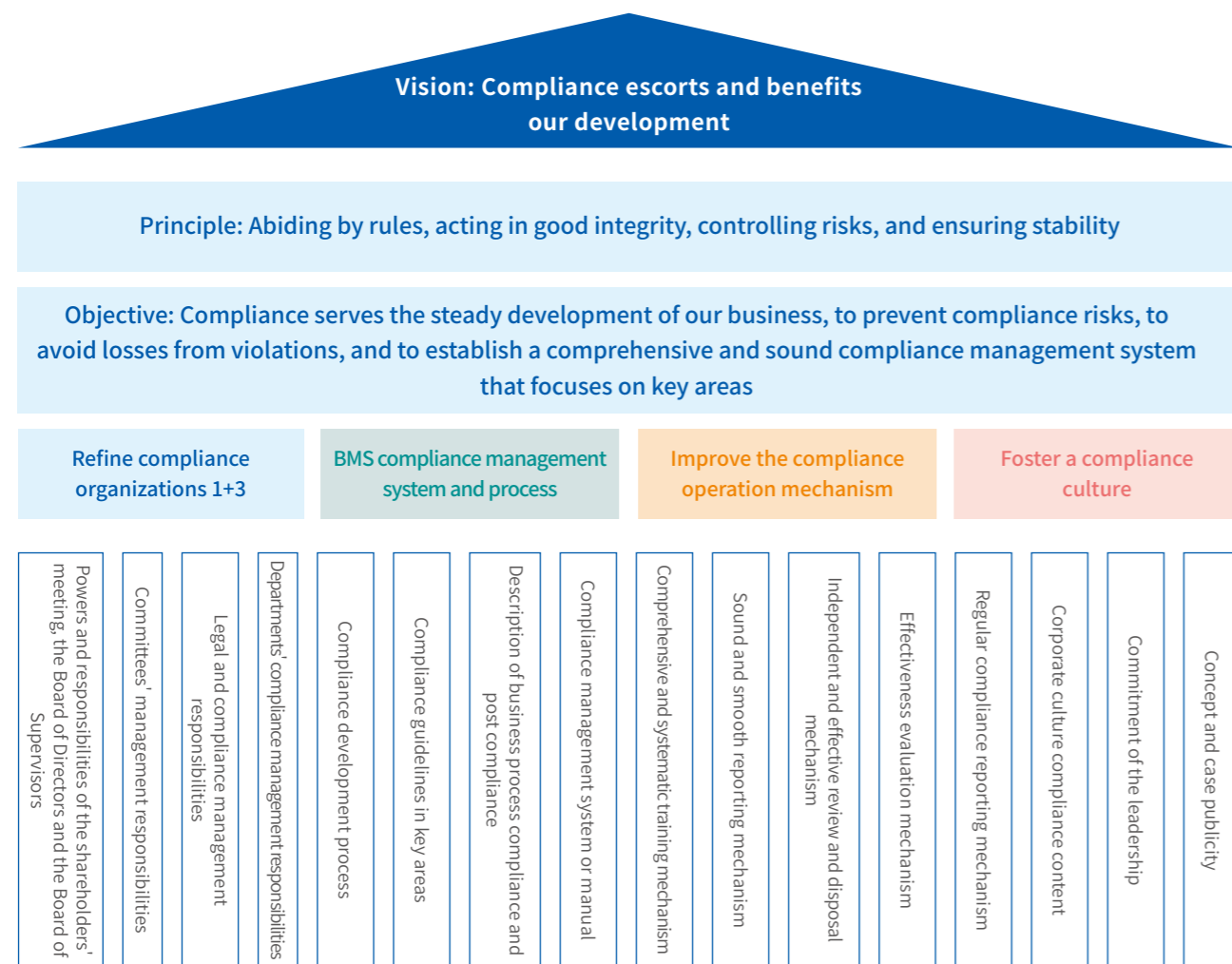
During the reporting period, we organized internal control evaluation and put forward **95** internal control defects; recorded **32** internal control risk lists and formulated countermeasures one by one; carried out **28** on-site communications on risk control integration and internal control self-evaluation.

Compliance management

We attach great importance to compliance development and control. To this end, we enhance employees' compliance awareness and comprehensively optimize our compliance risk management. We have initiated special compliance projects year by year and carried out a series of thematic compliance training activities, striving to improve the compliance awareness and professional capability of employees, boost our legal and compliant operation, and promote our sustainable development.

Compliance management framework

We strictly abide by national laws and regulations and international standards. With the vision of "compliance escorts and benefits our development" and the principle of "abiding by rules, acting in good integrity, controlling risks, and ensuring stability", we have built a comprehensive and sound compliance management system that focuses on key areas, and strive to achieve sustainable success based on compliance management in light of our management and development requirements.



Based on BMS business process, we, being problem- and risk-oriented, promote 1+3 unified and coordinated advancement, make continuous improvement, and finally escort our steady development

We held compliance training activities to enhance employees' risk control awareness and risk management capabilities



In February 2023, we invited external cooperative lawyers, accountants and securities brokers to carry out compliance training activities with the theme of "Related Party and Related Party Transactions", "External Guarantee, Financial Assistance, Short-term Trading, and Persons Acting in Concert", and "Information Disclosure Requirements and Related Cases of Listed Companies on the Main Board of the Shanghai Stock Exchange". The training activities were organized on-site for our directors, supervisors, senior managers and the secretary office of the Board of Directors.

The training activities continuously enhanced the risk awareness of our directors, supervisors, senior managers, and the employees of our office of the Board of Directors, and ensured our operation compliance in the capital market.



Compliance training activities

Key performance

During the reporting period, we held **7** compliance training sessions, including **5** sessions by inviting external trainers, with a total of **307** participants. The total compliance training hours were **13.5** hours.

We collected **157** compliance-related questions and handled **67** internal compliance issues.

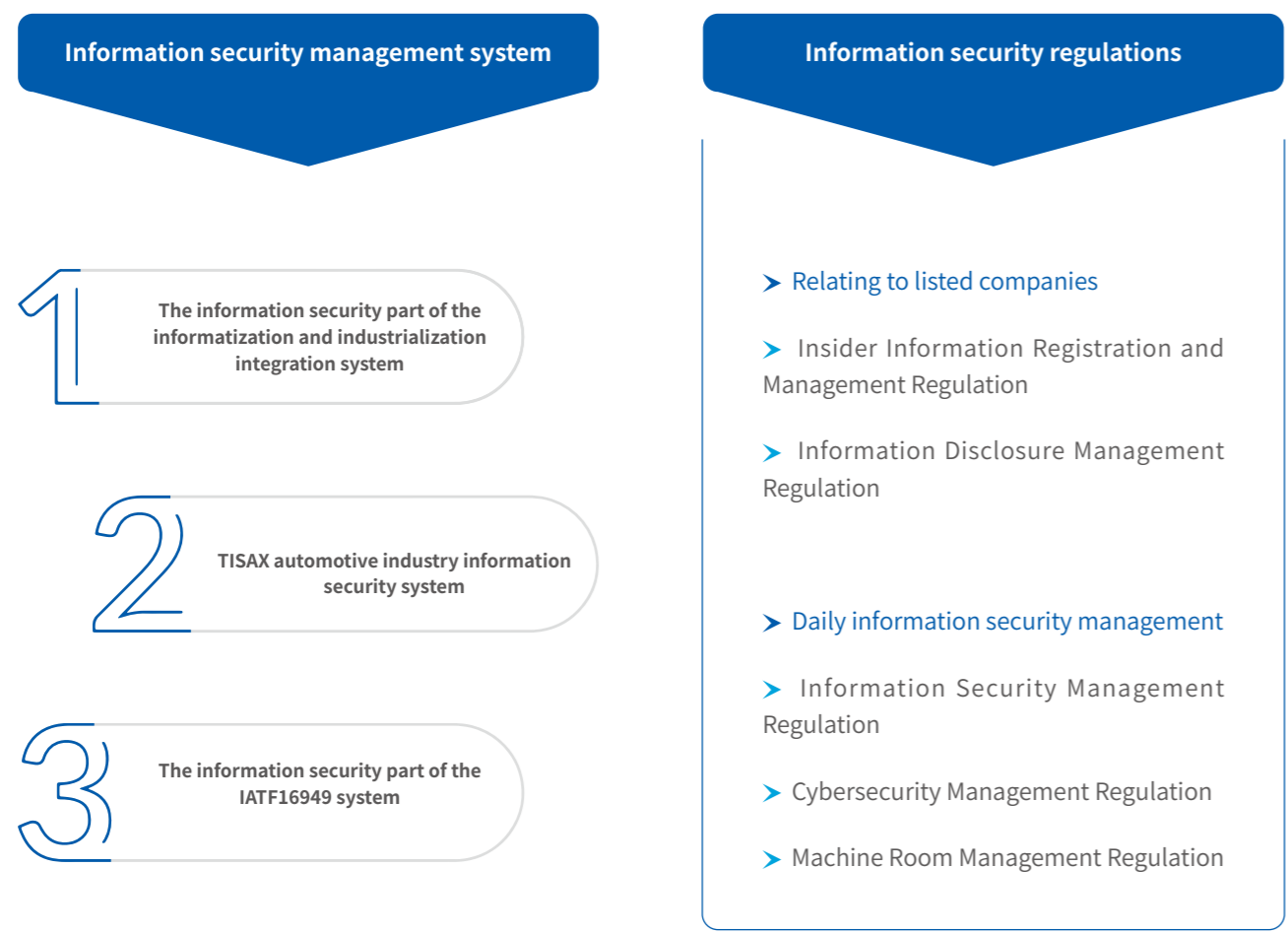
Information Security

We prevent and supervise internal and external risks by taking advantage of a sound information security management system and diversified information security protection measures. We also organize trainings on information security to enhance the safety awareness of our employees, so as to comprehensively safeguard our operation safety.

Information security management system

As a vital part of the national strategy, information security is also the key to our business development. Under the guidance of "put prevention first, jointly protect information security; improve management, gain customers' confidence", we have developed 12 normative documents, including the *Information Security Risk Management Regulations*, the *Information Security Event Management Regulations*, and the *Mobile Equipment Management Regulations*, and constantly improve our information security management system in accordance with TISAXStandScope, the authoritative certification of the automotive industry, so that we can effectively identify and assess our information security risks and support our strategic decision-making and high-standard governance.

Information security management system and related regulations



A number of our factories have obtained TISAX certification labels, empowering the value chain of the automotive industry with information security

In 2023, we obtained the following new TISAX certification labels:

■ Baosha obtained the TISAX certification label

■ Our IDS& air suspension factory obtained the TISAX certification label

■ Our exhaust pipes & hydraulic pipes factory obtained the TISAX certification label

Key performance

During the reporting period, we revised 2 information security regulations, namely the Data Backup and Recovery Management Regulation and the Cybersecurity and Emergency Plan Management Regulation.

Information security protection measures

To defend our information security, our information management center has devised the "24H Information Security", which provides employees with suggestions for integrated information security management measures with office security and home network security at the core, in a bid to ensure our development through high-level information security measures.

Office security

- 1.Social engineering
- 2.Paper documents protection
- 3.Protection of sensitive information
- 4.Password encrypted
- 5.Software downloads
- 6.Selection of browsers
7. Intranet connection in violation of laws or regulations
- 8.Use of unknown U disks
- 9.Weak email password
10. Virus processing
- 11.Protection of confidential documents
- 12.Confidentiality awareness enhancement
- 13.Familiar with the reporting process

Home network security

1. Adopt safe router configurations
2. Install patches in time
3. Install security software
4. Turn on the firewall
- 5.Classify passwords
- 6.Confirm domain names of websites
- 7.Upload files to network disks
- 8.Equipment repair/scrap

"24H Information Security" Test Questions

- | | |
|---|--|
| <p>1.Which statement is wrong: (C)</p> <p>A.Do not leave the public printer when printing files, so as not to cause the loss of files.</p> <p>B. Software should be downloaded from the developer's official website.</p> <p>C. For easy access to the system, you can automatically save the password and account number.</p> <p>D. In case of a virus in the computer, you should immediately disconnect the network and contact the manager.</p> | <p>2.Which statement is wrong: (D)</p> <p>A. Use different passwords for multiple accounts.</p> <p>B. Update passwords regularly.</p> <p>C. Do not record passwords in plain text on paper, and you can store them in encrypted media.</p> <p>D. Keep your password simple and easy to remember.</p> |
|---|--|

▣ "24H Information Security" Test

Information security protection measures in 2023



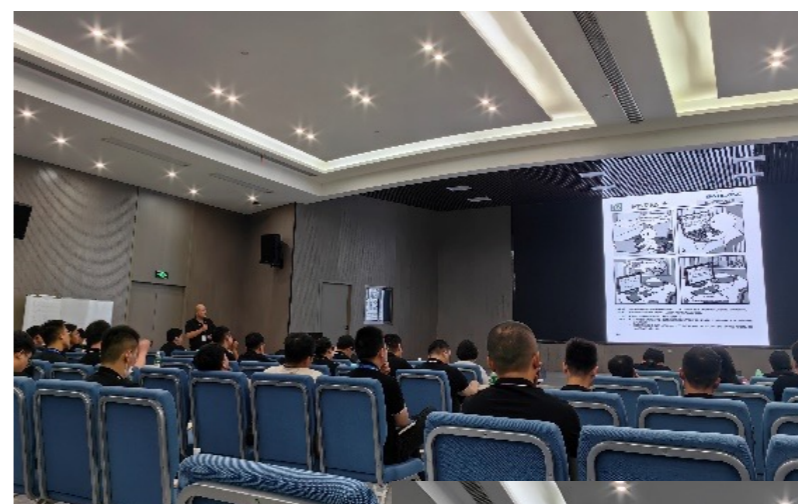
Information security training

We strictly comply with the *Information Security Requirements of Listed Companies* and other relevant laws and regulations, and continue to improve our information security management by organizing diversified information security trainings for all our employees

Hefei and Ningguo bases held internal trainings on information security to strengthen employees' comprehensive response capability



In 2023, our Ningguo base held 3 internal trainings on information security, which focused on "Project Information Security Training", "Information Security Risk Management", and "Information Security Training – Awareness". Such trainings were organized from various angles based on employees' awareness, professional skills and professional knowledge, improving employees' comprehensive response capability and effectively managing and preventing information security risks.



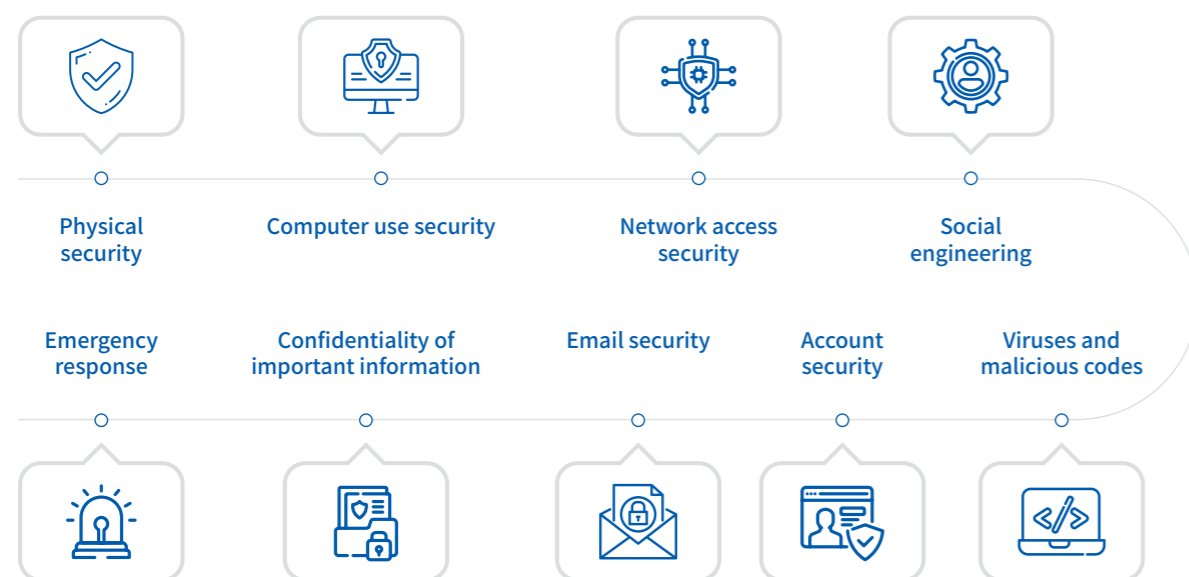
▣ Internal trainings on information security at the Hefei base

We carried out information security trainings to enhance the information security awareness of all our employees



In 2023, we carried out information security trainings for our employees. The trainings relate to the information security implementation path, information security management laws and regulations, information security management system and current regulations, information security in work and life and other aspects, and aim to guide employees to abide by the correct way of behavior and inform them of the measures to be taken when information security accidents occur. The trainings have effectively enhanced employees' awareness of information security.

Information security training - information security implementation path



Key performance

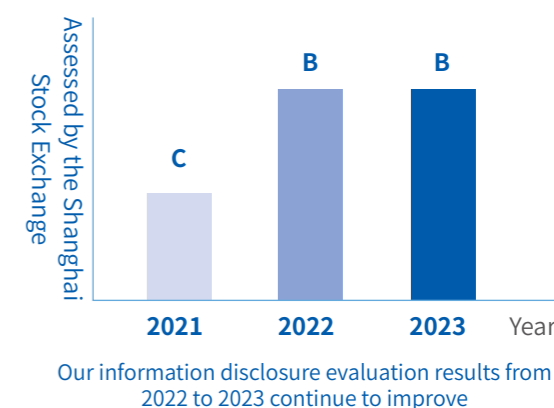
During the reporting period, we organized **3** information security training sessions, with a total of **1,410** participants; the total training duration was **1,993.98** hours, with an average of **1.41** hours of training completed per employee; we organized **2** tests related to information security management regulations, with a total of **578** participants and the pass rate of **100%**.

Information Disclosure

To better understand the market demand and investors' expectations, and promote our sustainable and healthy development through normalized capital operation, we have always prioritized the protection of investors' rights and interests and information disclosure. Based on a sound information disclosure management regulation, we have established a good and long-term relationship with investors and improved our existing governance structure to boost our high-quality development.

Information disclosure

Since our listing, we have constantly normalized our information disclosure. Based on our actual situation, we have formulated internal information disclosure management regulations, such as the *Information Disclosure Management Regulation*, the *Insider Information Registration and Management Regulation*, and the *Information Disclosure Suspension and Exemption Business Management Regulation*, in strict compliance with the *Company Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, the *Management Measures for Information Disclosure of Listed Companies* and other laws and regulations as well as our Articles of Association. We also revised and improved the above regulations in 2023. We continuously strengthened information disclosure management to protect the legitimate rights and interests of investors.



We disclosed the special report on the deposit and actual use of the raised funds to enhance our information transparency



In August 2023, we disclosed the Special Report on the Deposit and Actual Use of Raised Funds in the First Half of 2023 in accordance with the *Regulatory Guidelines No. 2 for Listed Companies - Regulatory Requirements for Management and Use of Raised Funds by Listed Companies*, the *Self Regulatory Guidelines No. 1 for Listed Companies - Standardized Operation* issued by the Shanghai Stock Exchange and relevant format guidelines. The special report explained in detail the use and deposit of our raised funds in the first half of 2023 and effectively enhanced the quality of our information disclosure.

Key performance

During the reporting period, we disclosed **232** documents, including **4** regular reports, **127** interim announcements and **101** non-announcement online documents, covering annual reports, semi-annual reports, quarterly reports, guarantee for holding subsidiaries, use of raised funds, profit distribution, equity incentive, strategic cooperation, issuance of convertible corporate bonds, etc.

Investor Relations

To enhance communication between us and existing and potential investors, enhance investors' understanding of the Company, establish a good corporate image, improve our governance structure, and maximize our value and the interests of shareholders, we have formulated and revised the Investor Relations Management Regulations based on the our actual situation in accordance with relevant laws and administrative regulations such as the *Guidelines for Investor Relations Management of Listed Companies and the Self Regulatory Guidelines No. 1 for Listed Companies – Standardized Operation* issued by the Shanghai Stock Exchange, as well as our *Articles of Association*, to regulate our daily investor management, further enhance investors' communication and participation, and respect, reward and protect investors.

Investor communication channels



Return to shareholders

To establish and improve a scientific, sustainable and stable dividend decision-making and supervision mechanism, increase the transparency and operability of profit distribution decisions, reward shareholders and fully protect the legitimate rights and interests of shareholders, we disclosed the *Shareholder Return Plan for the Next Three Years (2023-2025)* in May 2023, which specified the form, conditions and proportion of profit distribution, review procedures and other specific rules for shareholder return, and agreed on the formulation cycle and adjustment mechanism of shareholder return plans, effectively normalizing and materializing our shareholder return.

Profit distribution

In April 2023, we disclosed the *Announcement on 2022 Profit Distribution Plan*, under which we will distribute cash dividend of RMB0.31 per share (tax inclusive) to all shareholders based on the total share capital registered on the registration date of equity distribution. We paid cash dividend of RMB64,782,949.98 in July 2023.

Our performance briefings were successfully concluded, consolidating our investor relations management



2022 performance briefing:

In April 2023, we held the 2022 performance briefing on the "Investor Relations Interactive Platform" of <https://rs.p5w.net/qyzs/> (Panorama Network). Participants included Mr. Zhang Zuqiu, our Chairman and General Manager, Mr. Wen Jianfeng, our Deputy General Manager and Chief Financial Officer, Mr. Yin Shufei, our Deputy General Manager and Secretary of the Board of Directors, etc., who made an in-depth review of our business performance in 2022.

2023 H1 performance briefing:

In September 2023, we held the 2023 H1 performance briefing through live streaming and network interaction at the SSE Road Show Center. Participants included Mr. Zhang Zuqiu, our Chairman and General Manager, Mr. Wen Jianfeng, our Deputy General Manager and Chief Financial Officer, Mr. Yin Shufei, our Deputy General Manager and Secretary of the Board of Directors, etc. At the meeting, they shared our operating results and financial status for the first half of 2023 with investors.

2023 Q3 performance briefing:

In October 2023, we held the 2023 Q3 performance briefing on the "Investor Relations Interactive Platform" of <https://rs.p5w.net/qyzs/> (Panorama Network). Participants included Mr. Zhang Zuqiu, our Chairman and General Manager, Mr. Wen Jianfeng, our Deputy General Manager and Chief Financial Officer, Mr. Yin Shufei, our Deputy General Manager and Secretary of the Board of Directors, etc. We answered questions of common concern to investors at the meeting.



Performance briefing

5th annual investor meeting enhanced investors' confidence in us



In December 2023, we successfully held the 5th annual investor meeting. On the day, nearly 40 investors and analysts attended the meeting to communicate and interact with our management face to face and enhance their understanding of us. Investors proactively interacted with each other and were full of expectations for our future development.



Investor exchanges

Anti-corruption

Taking stakeholders as the starting point, we implemented the national guidelines for comprehensively winning the battle against corruption through a series of actions such as constantly improving our *Anti-fraud Management Regulations* and *Detailed Whistleblowing Rules*, and implementing anti-fraud measures. We continued to strengthen internal anti-corruption supervision and management, and enhance our transparency and reputation, so as to safeguard the interests of shareholders and investors, and promote our long-term, steady development.

Anti-corruption management

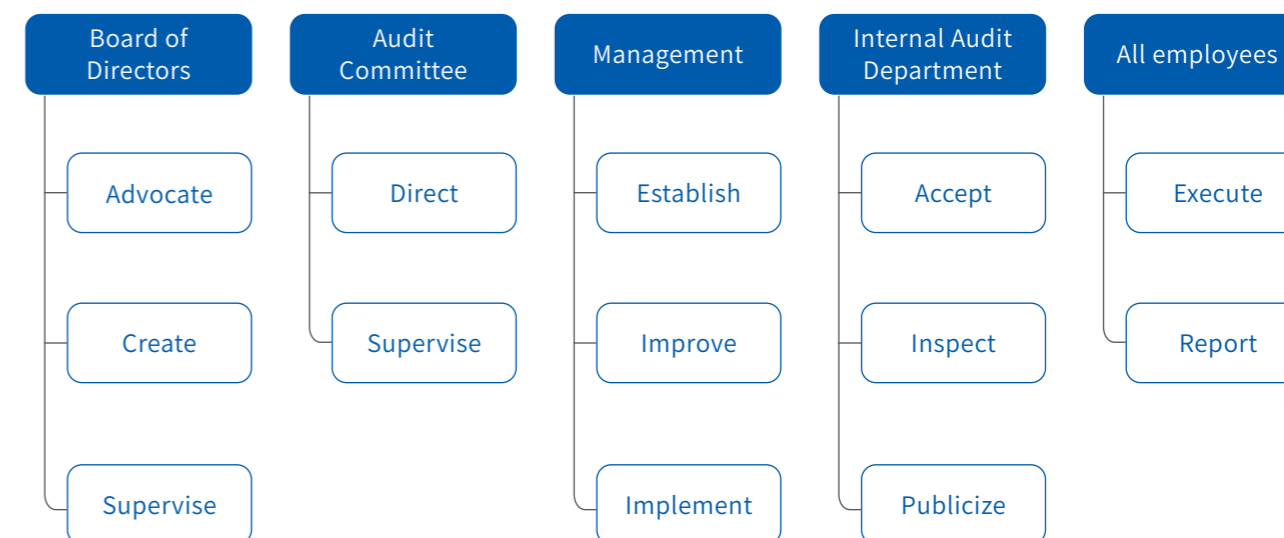
In response to General Secretary Xi Jinping's guiding ideology of "making sure officials don't dare to, are unable to and have no desire to commit corruption" and in order to win the tough and protracted battle against corruption, we have formulated the *Anti-fraud Management Regulations* on the basis of the *Supervision Law of the People's Republic of China* and other relevant laws and regulations, to build our anti-corruption management system and carry out anti-corruption management. With clear rules and regulations, our managers and stakeholders have been guided to act in good faith and according to law.

In July 2023, we revised the Anti-fraud Management Regulations according to our actual situation, requiring all suppliers who have business with us to sign contracts containing anti-corruption clauses.

Anti-corruption organization system

We have set up an anti-fraud organization system covering the Board of Directors, the Audit Committee, our management (including functional centers, base centers, business units, and departments of business segments), the Internal Audit Department and all employees to implement our anti-corruption construction.

Anti-fraud organization system



Key performance

During the reporting period, we arranged **265** investor investigations

More than **1,500** people participated

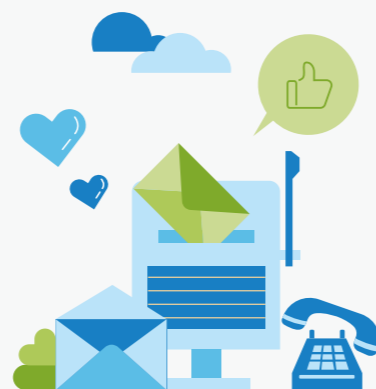
we received **100** consultation calls from investors

we answered **55** questions through the e-iteration platform

The response rate reached **100%**

we held **3** performance briefings for investors

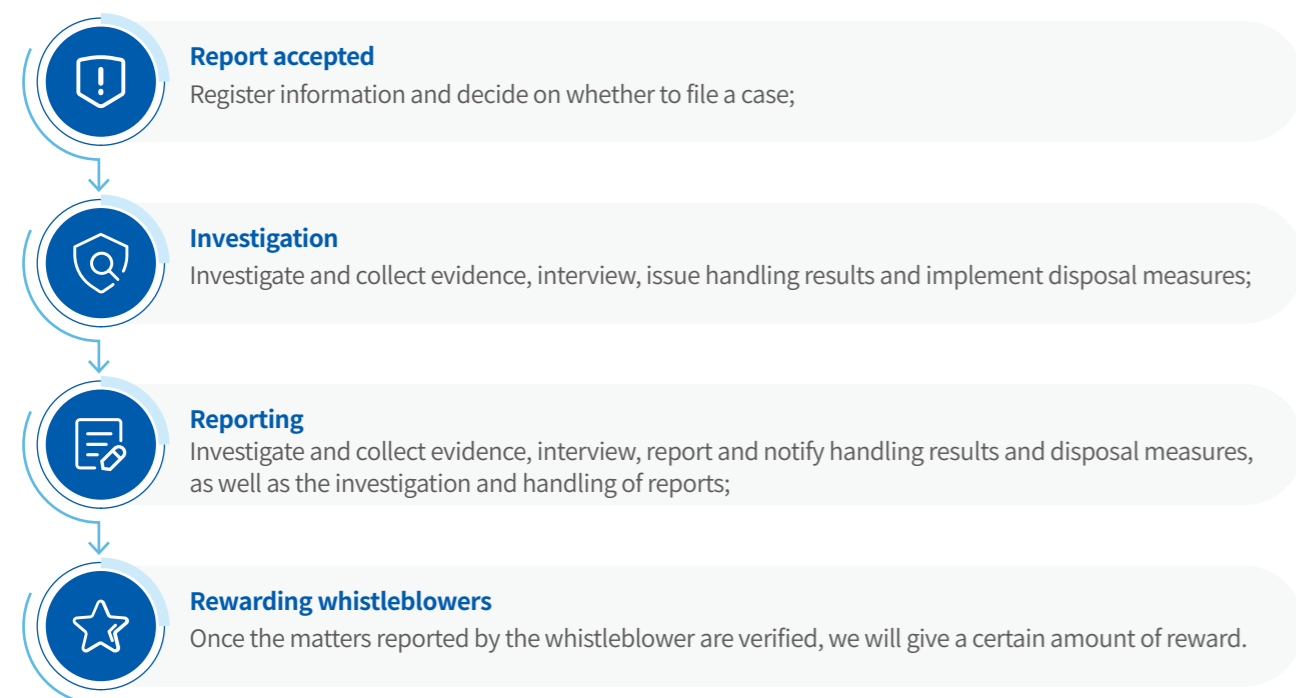
50 online and offline strategy seminars and reverse road shows were held



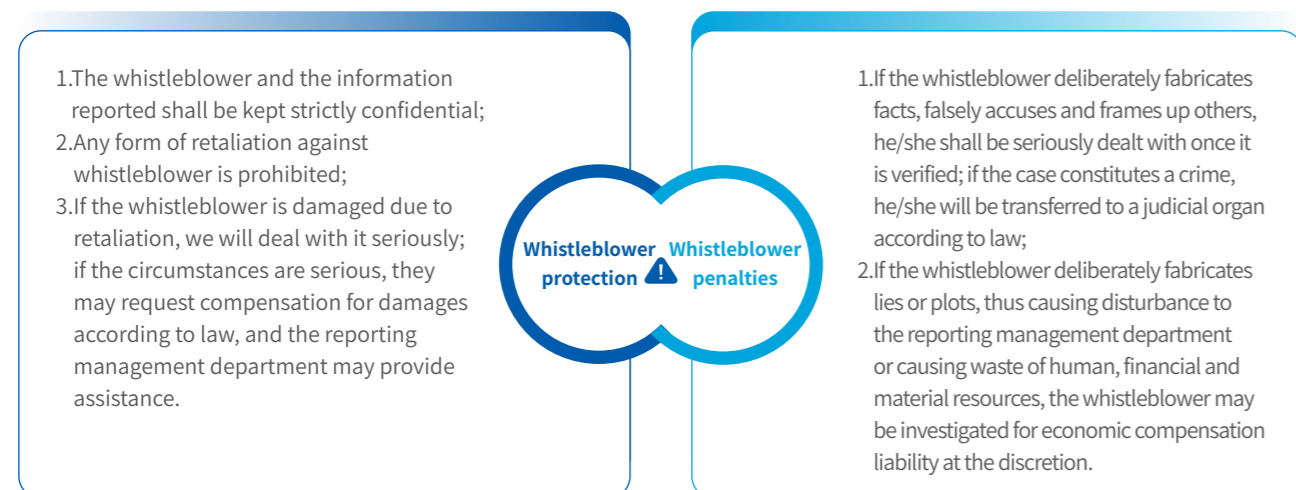
Supervision and reporting mechanism

In order to strengthen internal monitoring, prevent and rectify improper, illegal and disciplinary behaviors, regulate reporting management, and protect the legitimate rights and interests of whistleblowers according to law, we have formulated the *Detailed Whistleblowing Rules* and designated the Internal Audit Department as the permanent organization of reporting management, responsible for our daily reporting management and accepting reports and inspection management. By unblocking supervision and reporting channels and improving the protection mechanism for whistleblowers, we have effectively regulated our anti-corruption work and created an anti-corruption and honest environment, thus continuously enhancing our internal governance.

Report handling procedures



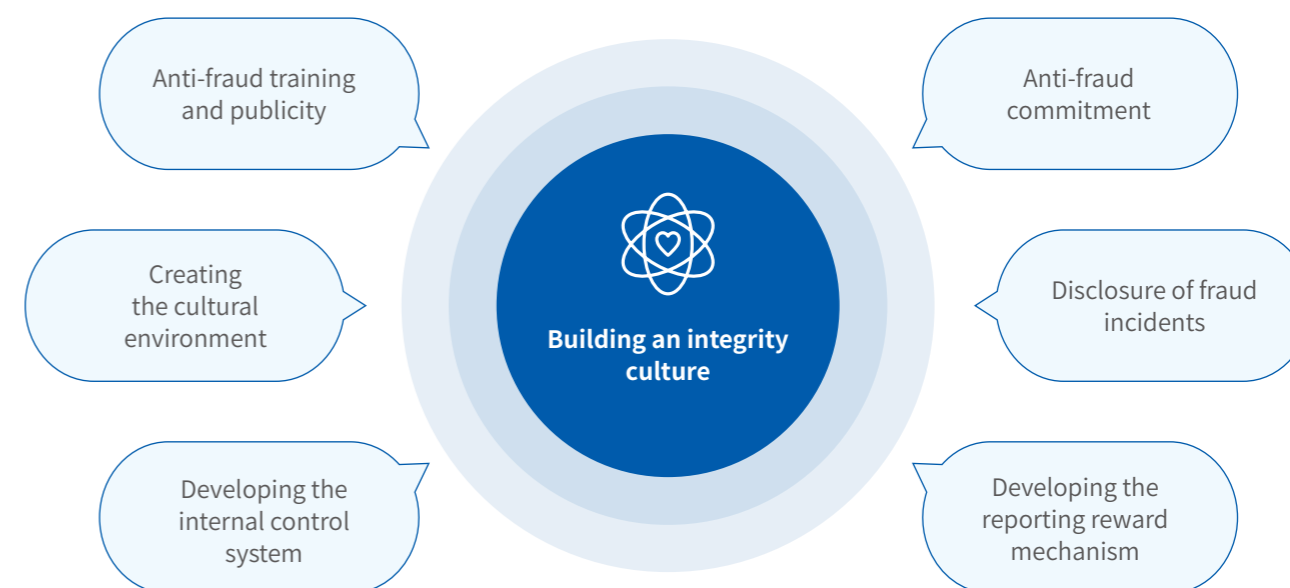
Report handling—Whistleblower protection & penalties



Anti-fraud construction

With the "orchard culture" as the foundation, we have constantly improved our anti-corruption culture. We strived to foster an anti-corruption environment by enhancing the anti-fraud awareness of all our employees through a variety of actions, including implementing anti-fraud measures and corruption risk assessment, carrying out anti-fraud trainings and publicity, and procuring stakeholders to sign the anti-fraud commitment.

Development of anti-fraud culture



Anti-fraud measures

We have implemented anti-fraud regulations and processes, and regarded anti-fraud as a strategic priority of our internal audit. We identified fraud risks in our key aspects, audited and inspected the operation of anti-fraud measures, and carried out anti-fraud publicity and trainings. We aim to build an integrity culture in the new era through these diversified anti-fraud measures.

Our bases held anti-fraud trainings to build risk identification and early warning implementation paths

In June and September 2023, our Hefei base and Ningguo base held anti-fraud trainings successively. The Hefei base invited the Corporate Culture Department, the Internal Audit Department and the Legal and Compliance Management Department to carry out on-site training for our employees at section level and above, with a total of 58 participants. The Ningguo base also invited the Internal Audit Department and the Legal and Compliance Management Department to carry out on-site training for our employees at section level and above, with a total of 150 participants.

The trainings represent an important implementation path for us to comprehensively build employees' anti-fraud awareness, and then improve our anti-fraud compliance system based on such awareness of employees.



Anti-fraud training site

Corruption risk assessment

To control and prevent the corruption risks inherent in the industry we operate in advance, we have constantly refined the existing system for assessing the corruption risks in our procurement business, and formulated various processes and regulations to control fraud risks, such as the *Confidentiality Management Regulations*, the *Procurement & Supplier Management Post Rotation Management Regulations*, the *Code of Conduct for the Procurement and Supplier Management Staff*, the *Working Regulations for the Procurement Expert Group*, and the *Working Regulations for the Procurement Committee*, which have continuously improved our anti-corruption efforts.

Assessment of fraud risks in our procurement business

Risk control points

Internal environment

- 1. Separation of posts
- 2. Confidential information
- 3. Behaviors of purchasing agents

Method of purchase

- 1. Centralized certification and centralized procurement
- 2. Centralized certification and decentralized procurement
- 3. Decentralized certification and decentralized procurement

Price management

- 1. Price maintenance

Warehousing management

- 1. Qualified for storage
- 2. Separation of posts

Bookkeeping and payment

- 1. Payment for procurement

Description of risks

It may lead to fraud

The absence of proper authorization leads to non-compliance of materials procured in emergency, thus causing fraud, or high procurement price or unnecessary procurement causing loss or waste

The procurement by the same organization without supervision is prone to fraud risks

No separation of posts may cause fraud risks

The inconsistency between physical materials and system records may cause material shortage or loss, and even fraud risks

There exists a risk of occupational fraud, which may cause a loss of our assets

The incomplete payment approval process may lead to the inconsistency between the payment and the budget, contract and reimbursement documents, thus resulting in payment errors or overpayment; the approval procedure with loopholes and the failure to properly set payment approval authority may lead to fraud and cause direct economic losses to us

Key performance

During the reporting period, we carried out **2** anti-corruption and anti-bribery training sessions, with a total of **208** participants, and the total duration of the trainings was **4** hours.



Keep Customers in Mind and Boost the Development of Automotive Technology

- 55 / Continuous Improvements and Innovations
- 57 / IP Protection
- 60 / More Emphasis on Quality Management
- 65 / Enhanced Cooperation with Suppliers
- 68 / Refined Customer Services



Continuous Improvements and Innovations

We have established a set of sound R&D management process documents, including the *Project Management Norms*, the *R&D Investment Accounting Financial Management Regulations*, the *Project Kick-off Management Process (R&D Projects)*, the *R&D Project Sample Procurement Management Process*, and the *Product Development and Design Verification Process*, to provide clear guidance and normalization for the R&D process and ensure the rational use and efficient management of R&D investment. We are committed to maintaining the leading technology in the industry, enhancing our core competitiveness, and ensuring a dominant position in the global market.

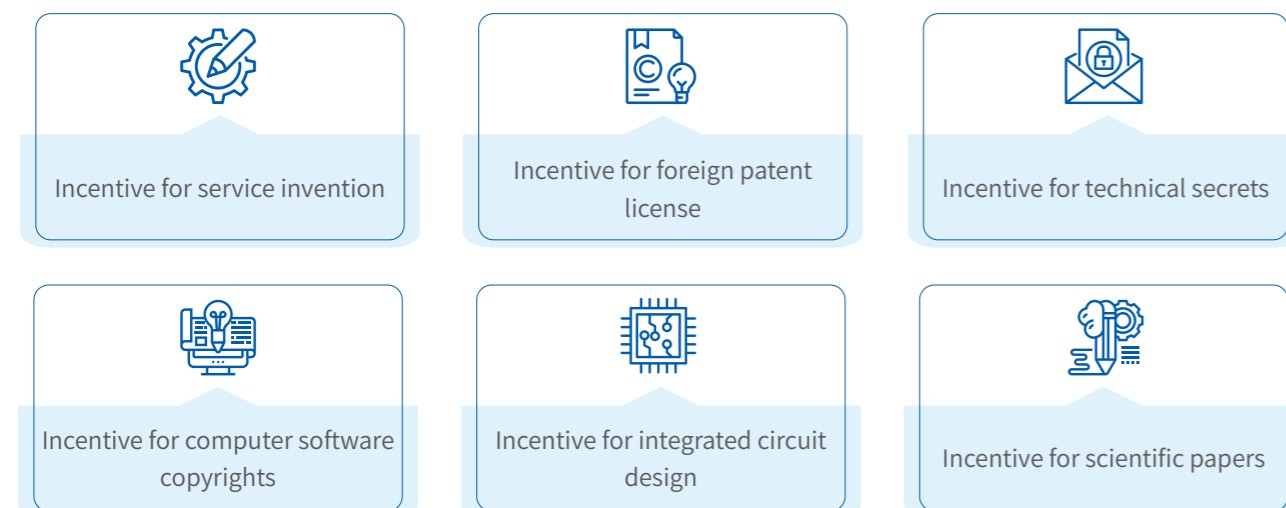
R&D management

In 2023, we fully considered the requirements of ASPICE and ISO26262 in our product research and development, and developed the R&D process based on our experience in existing projects. In the process, we specified the roles involved in the development process, the tasks to be completed, as well as the corresponding input and output files and templates, which not only enhanced the efficiency and quality of product development, but also promoted the standardization and modularization of product development, laying a solid foundation for our continuous innovation and development.

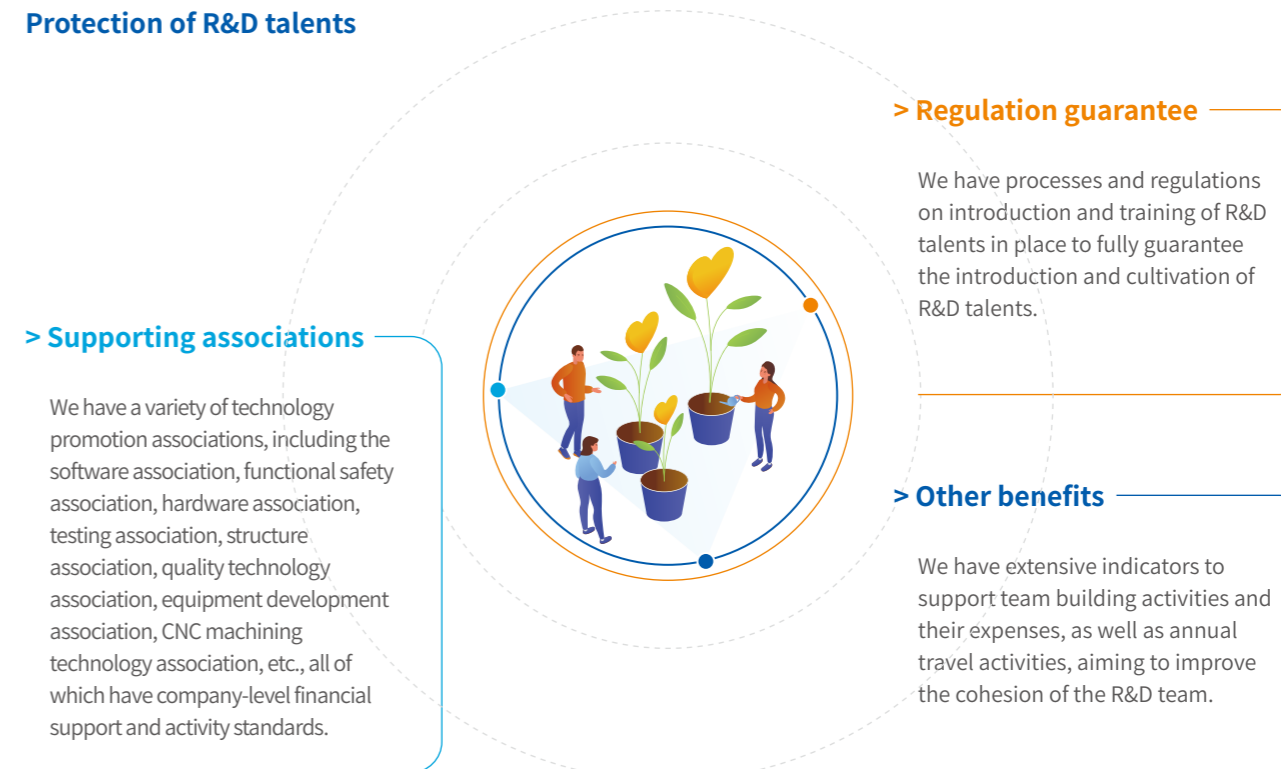
R&D incentives

To further stimulate employees' innovation, we not only held TRIZ trainings on patent innovation methods on a regular basis to improve employees' innovation and skills, but also developed the *IP Incentive Policy*. With material incentives and spiritual incentives combined, the policy fully recognizes and encourages the innovation achievements of employees, further stimulates the innovation vitality of employees, and then boosts our technology innovation.

Types of R&D incentives



Protection of R&D talents



Our software association shared technical knowledge to increase exchange efficiency



Our software association (formerly known as the programmers association) currently has 159 active members, bringing together the elites in software and algorithms. Based on a clear constitution and regulation, the association provides a professional and efficient communication platform for members. In 2023, the association organized 6 technical training activities, which focused on the core difficulties of our business.

In addition to in-depth analysis of professional courseware, there were heated discussions and viewpoints collisions among members in the activities. This interaction has greatly promoted the efficient sharing of professional knowledge, experience and skills, which has been highly recognized and directly participated by many leaders. The association has become a crucial space for knowledge sharing and experience exchange among our professionals.



Knowledge sharing by professional associations

IP Protection

Based on the IP management principles of "encouraging innovation, effectively exploiting and protecting IPs according to law, and promoting business development", we have developed and implemented management regulations and procedures such as *IP Incentive Policy*, the *Patent Management Regulations*, the *Trademark Management Regulations*, the *IP Liaison and Incentive Policy*, and the *Patent Application Procedures* for five consecutive years to ensure the effective management and protection of intellectual property rights. Meanwhile, our IP management database is synchronized with the data of the National Intellectual Property Administration, which ensures the consistency and maintainability of data and provides strong support for our technology innovation and patent strategy research.

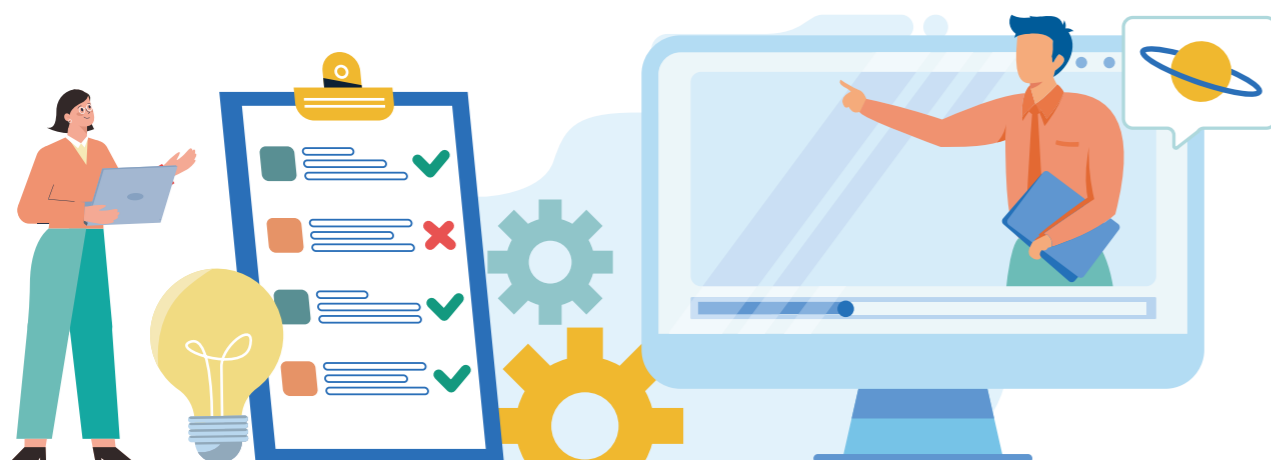
At present, we have 6 full-time IP employees and numerous IP contact persons of business units, who are jointly responsible for the exploration, layout, application, and basic management of IPs.

Key performance

As of December 31, 2023, we owned **662** issued patents worldwide, submitted **59** overseas patent applications to the World Intellectual Property Organization (WIPO), registered copyright in **95** pieces of computer software and **5** integrated circuit layout designs, and owned **95** registered trademarks.

In 2023, we held **12** IP training sessions, including **4** training sessions for technical personnel, **1** training session on basic IP knowledge for all employees, and **7** training sessions for IP employees, each taking **60-90** minutes.

In 2023, there were **no** legal proceedings related to IP protection or industry competition.



Our IP management system has passed the **third-party supervision and audit**

In November 2023, we won the title of **"National Intellectual Property Model Enterprise"**

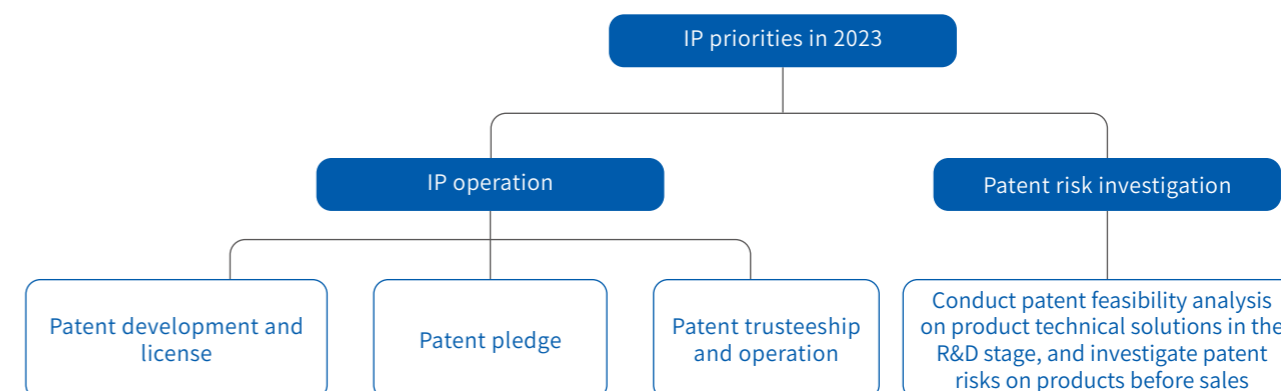


IP management system certification



National Intellectual Property Model Enterprise

IP priorities in 2023



We carried out IP trainings at many of our bases to deepen employees' awareness of IP protection

In April 2023, we carried out IP trainings at our four bases respectively, covering IP types and infringement judgment. This activity enhanced employees' awareness of IP protection and strengthened our confidence in boosting innovative development. In the future, we will increase publicity efforts and strive to elevate IP protection to a new height to provide strong support for our innovative development.



Training at the Ningguo base



Training at the Shanghai base



Training at the Hefei base



Training at the Wuhan base

We fought against counterfeiting and protected rights and interests compliance

Typical cases of IP infringement

In 2023, we launched a special anti-counterfeits campaign for TPMS tire pressure sensors and targeted a number of sales agents and manufacturers. After investigation and evidence collection, we reported and filed the case with the Shanghai Public Security Bureau. The case is under investigation.

Typical cases of IP infringement

In 2023, our TPMS tire pressure sensors were counterfeited by the shops on the Taobao and Xianyu platforms. We immediately reported the case to the online platform. The report was established and the counterfeit products have been removed from the shelves.



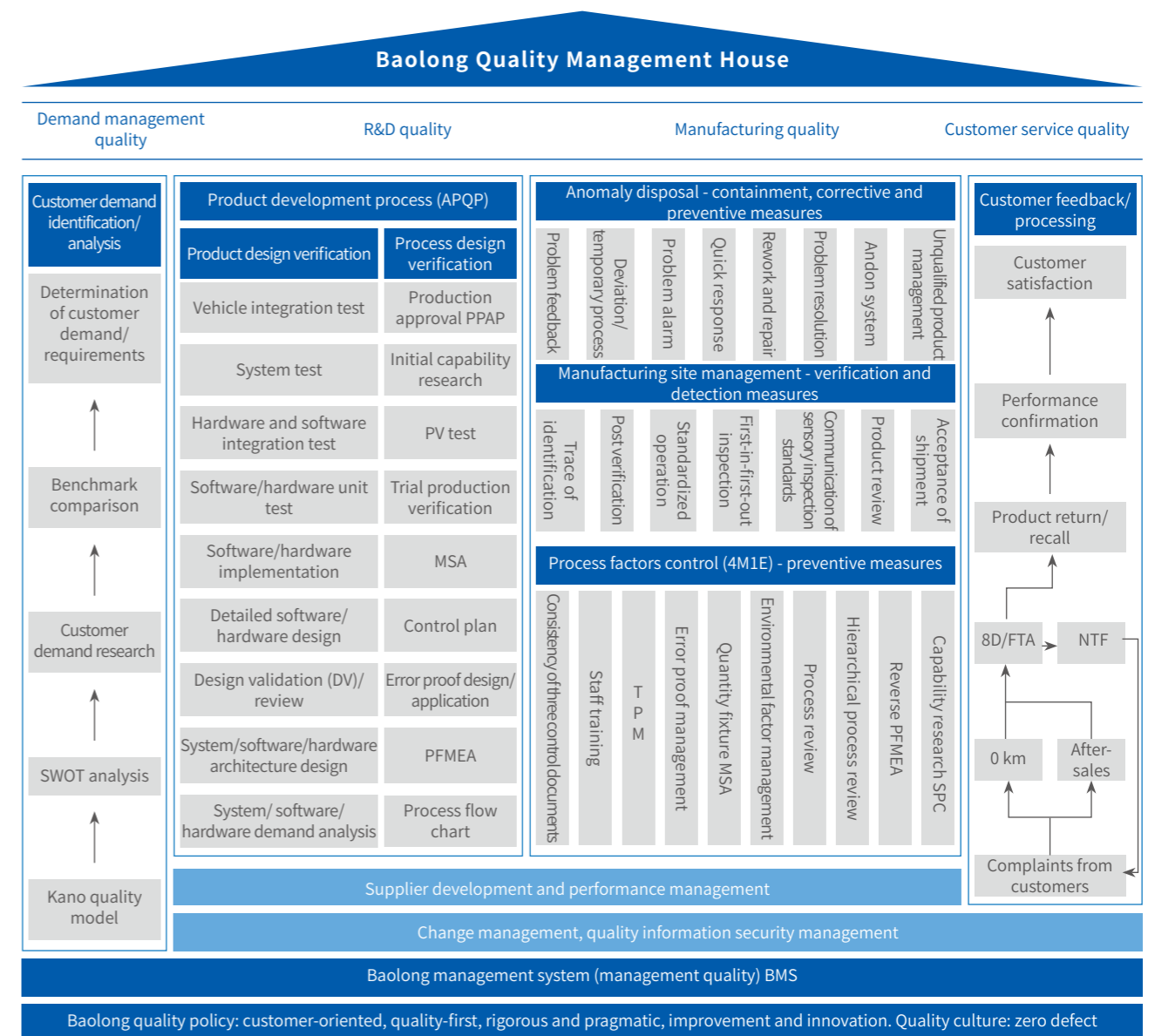
Reports on IP protection of our TPMS tire pressure sensors

More Emphasis on Quality Management

We always adhere to the quality management principle of "customer-oriented, quality-first, rigorous and pragmatic, improvement and innovation", work towards the overall objective of "putting prevention first, pursuing zero defect", and have set a clear goal of reducing the quality cost rate of 5%-10% per year in the next five years.

To achieve this goal, we have carefully constructed the "Baolong Quality Management House", which advances layer by layer from the four core aspects of demand management quality, R&D quality, manufacturing quality and customer service quality, to ensure that strict quality control is implemented in each link. In addition, to deepen the innovation of quality management, we have formulated the Quality Management Strategy from 2024 to 2028, and specifically deployed seven action plans under the quality strategy to enhance our product quality and services, meet customer demands, and further consolidate and enhance our market competitiveness.

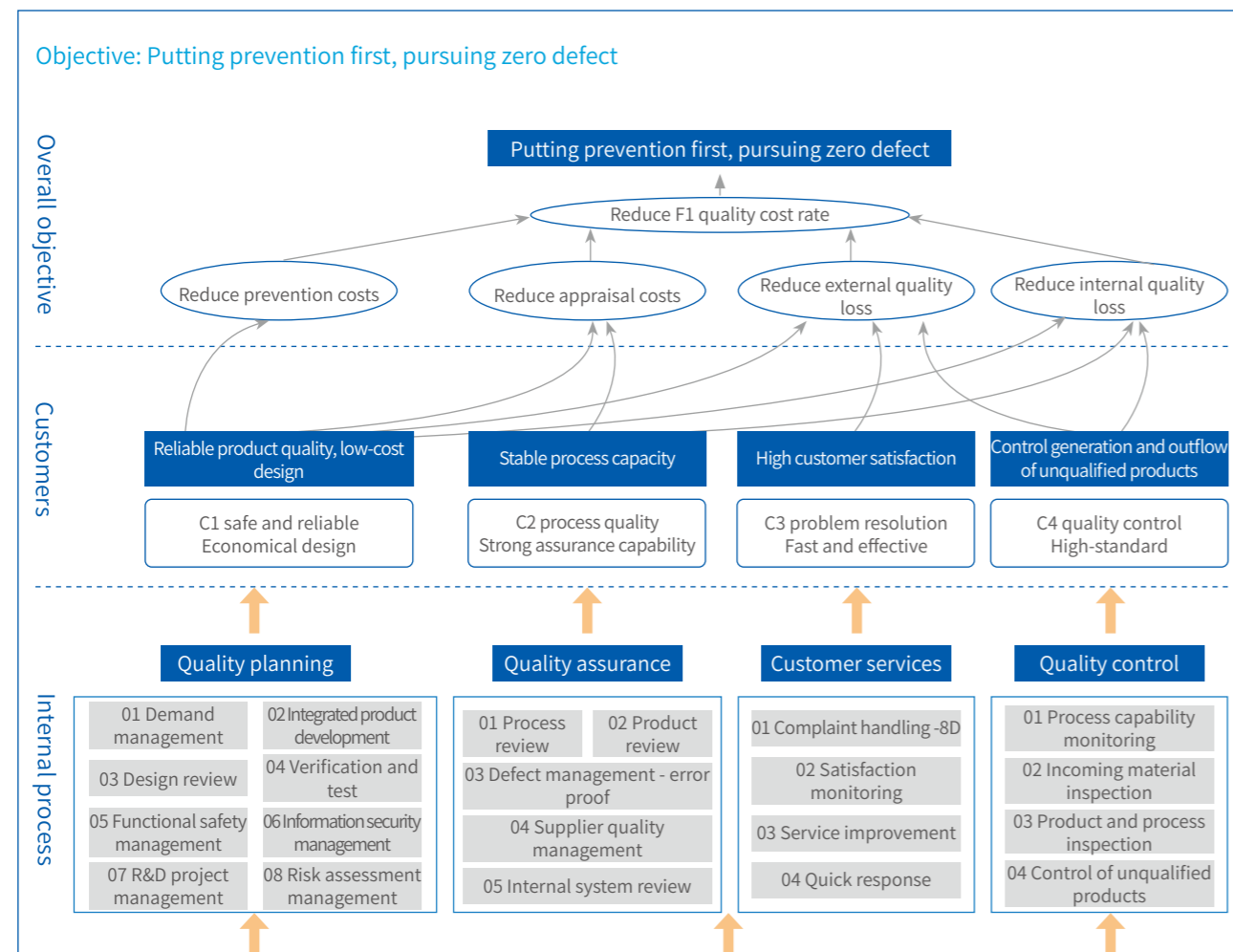
Our quality management model



Seven action plans under the quality strategy



Quality strategy map



Quality management

In order to enhance product quality and production efficiency, we have established the *Production Process Control Procedures* and the *Unqualified Products Disposal Procedures* to regulate our production and ensure that the products, parts and materials that do not meet the requirements are identified and controlled, so as to prevent their unexpected use and delivery from causing adverse effects on customers. Besides, we and our subsidiaries have strictly observed national laws and regulations and IATF 16949, ISO 26262 and other automotive industry standards, and prepared the Baolong Quality Management System Manual to continuously improve the effectiveness of the quality management system, product quality, process capacity and process performance, thereby ensuring the compliance of our products with international standards and customer expectations.

- ▶ Baolong Automotive has obtained IATF 16949 automotive industry quality management system certification and ISO 26262 functional safety management system certification
- ▶ Ningguo Baolong, Tops, and Hefei Baolong have all passed the IATF 16949 automotive industry quality management system certification
- ▶ Baolong Huf China, Busbar, and Longgan Electronics have all passed IATF 16949 automotive industry quality management system certification

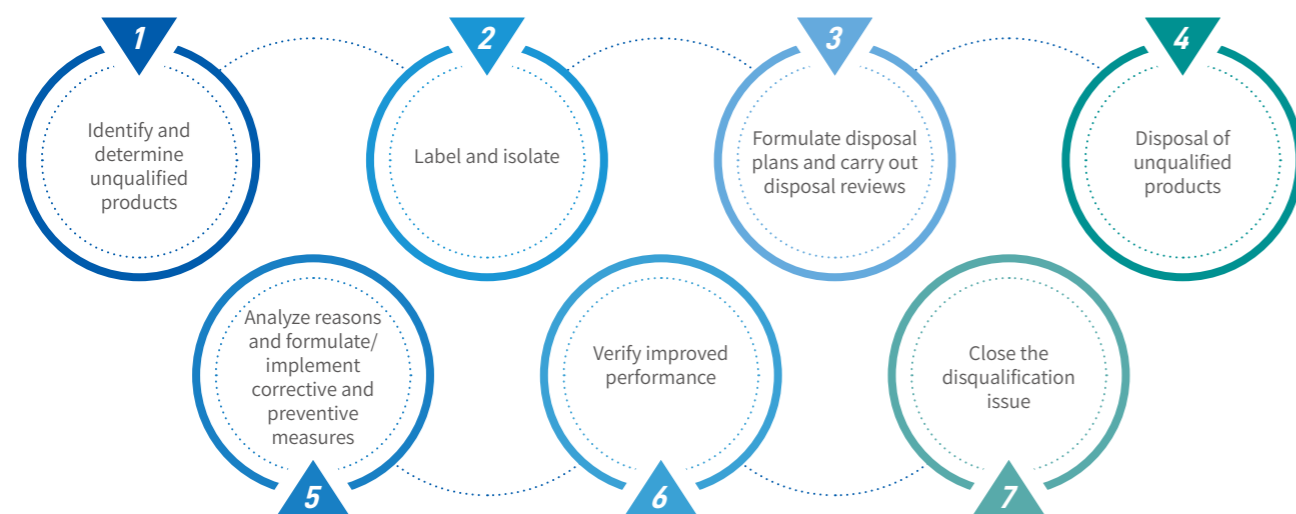
Key performance

In 2023, the qualified rate of our products reached **99.99%**; the disposal rate of our unqualified products was **100%**.

Production Process Control Procedures



Unqualified Products Disposal Procedures



Quality culture development

To build and cultivate a zero-defect quality culture, we have formulated the *QCC Quality Control Guide*, carried out QCC quality control activities, encouraged employees to participate in quality improvement and innovation, and constantly improved our quality management capability and economic benefits. At the same time, we attach importance to quality management training, and endeavor to realize comprehensive, all-employee and whole-process quality management by enhancing the quality awareness and skills of our team.

Principles of QCC establishment



Adding innovation as an independent subject

Management-oriented QCC team

It is composed of managers, and it aims to enhance work quality, solve management problems, and enhance management capability

Innovation-oriented QCC team

QCC team members develop new products (project services), tools and methods by adopting new ways of thinking and innovative methods, so as to achieve the expected goal

Problem-solving QCC team

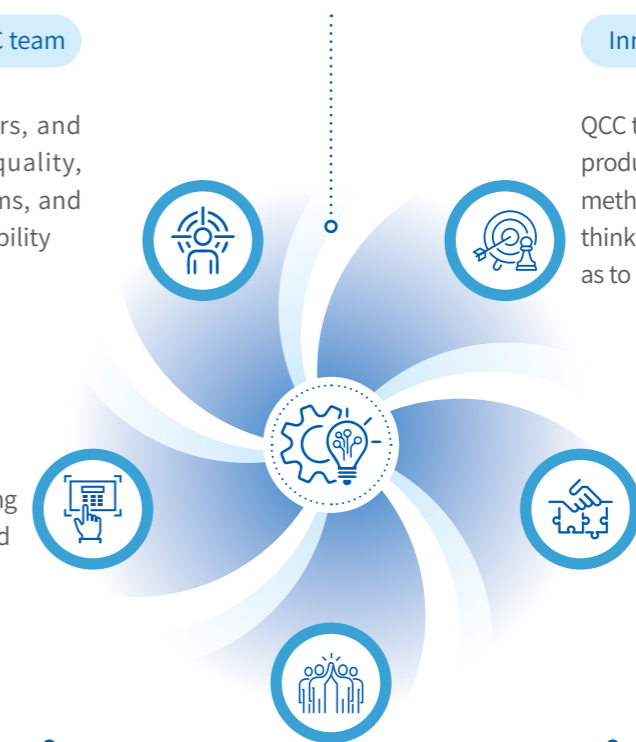
It is usually composed of leading cadres, technical personnel and operators, and it aims to solve the key part of technology. The subject is difficult, the activity cycle is long, more resources need to be invested, and the technical performance is usually remarkable

On-site QCC team

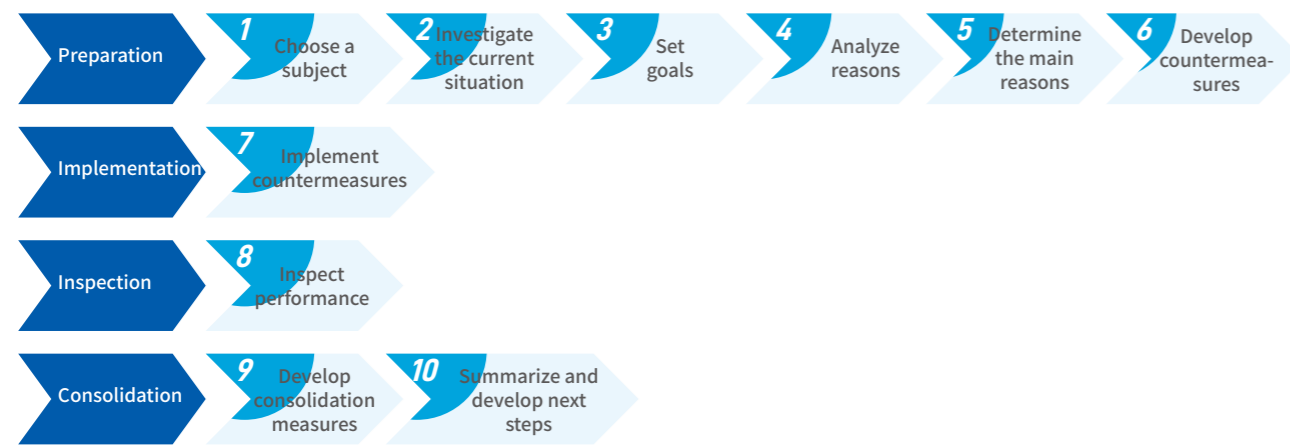
It aims to stabilize process quality, enhance product quality, reduce consumption and improve production environment, and the scope of activities is mainly in the production site

Service-oriented QCC team

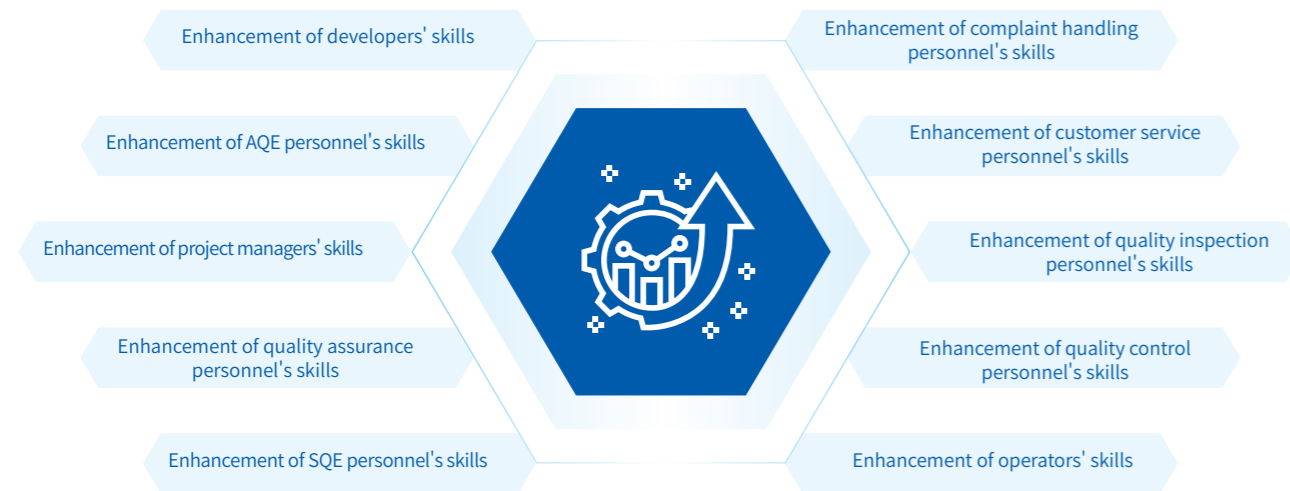
It consists of our support and service employees



10 steps for QCC activities



Quality management training



Enhanced Cooperation with Suppliers

To establish long-term, stable, and positive cooperation relationships with suppliers, we have formulated various regulations and procedures related to procurement management, including the *Supplier Claim Procedures*, the *Working Regulations for the Procurement Committee*, the *Working Regulations for the Procurement Expert Group*, the *Code of Conduct for the Procurement and Supplier Management Staff*, the *General Rules for Production-related Procurement*, the *Production-related Supplier Evaluation Management Procedures*, the *Supplier Certification and Selection Procedures*, and the *Procured Product Verification Procedures*, advanced the closed-loop management of the whole process of supplier relationship management (SRM) system from supplier access, supplier performance evaluation, supplier problem notification and solution, supplier problem upgrade management, to supplier withdrawal, strictly regulated procurement activities, and promoted communication and cooperation with suppliers.

Supplier management

To improve the normalization and efficiency of supplier management, we have developed the *Supplier Certification and Selection Procedures* to ensure that the newly selected suppliers meet the requirements of our business development. For new suppliers, we conduct environmental and social impact assessments and trainings, aiming to build a sustainable supply chain with them. For formal suppliers, we evaluate their performance on a regular basis according to the *Production-related Supplier Evaluation Management Procedures*, pointing out their weak points in management and helping them constantly improve. Besides, we have formulated the *Supplier Claim Procedures* to normalize the processing of suppliers' claims for quality loss, shorten the processing time and improve the processing efficiency, so as to protect the rights and interests of both parties.



Environmental health and safety and social impact assessment for suppliers

 Environmental health and safety assessment	 Social impact assessment
<ul style="list-style-type: none"> The raw materials provided by the suppliers and their production and service processes shall comply with the applicable national, local and industrial laws and regulations related to environmental protection, work safety and occupational health The suppliers shall draw up plans and take measures to deal with the pollutants discharged during their production, activities and services, to ensure compliance with the applicable national or local discharge standards The suppliers shall use pollution-free or low pollution, and hazard-free or low hazard, production technologies and facilities to the extent practicable, refrain from using any prohibited production technology, facility, or equipment, and reduce the use of packing materials to the extent that the quality is guaranteed The suppliers shall take effective measures to protect the safety of their employees and prevent occupational diseases at workplace 	<ul style="list-style-type: none"> The supplier shall comply with the applicable national laws, regulations and code of conduct in respect of social responsibilities, and apply the strictest standards in case of different laws and regulations regarding the same act, to ensure that the products and services provided by them meet the highest safety standard The suppliers shall employ and protect the legitimate rights and interests of the labors in strict accordance with the applicable national regulations



Supplier claim procedures



Sunshine procurement

We strictly comply with the sunshine procurement policies and ensure our procurement process is open, transparent, fair, honest and efficient. We also regularly inquire of those failed suppliers about whether any purchasing agent or project team member has solicited benefits or whether they have suffered unfair competition through questionnaires, and receive complaints through special telephone lines and email addresses.

Requirements of sunshine procurement



Supplier training

We hold regular supplier trainings with a focus on demand and standards to improve our service standard, aiming to strengthen supply chain stability and efficiency. Through the trainings, suppliers have deepened their understanding of us and strengthened their business cooperation with us.

We successfully held the fourth supplier training course



In September 2023, we successfully held the fourth supplier training course in Ningguo, Hefei and Shanghai, attracting 151 principals from 126 suppliers under seven business units. The training covers key contents such as 8D problem solutions, lean logistics, suppliers' sustainable development, suppliers' performance evaluation, SRM system and VMI introduction, aiming to improve suppliers' understanding of our requirements and standards, thus strengthening production, sales and service standards, and enhancing the stability and efficiency of supply chain.



► The fourth supplier training course was successfully held

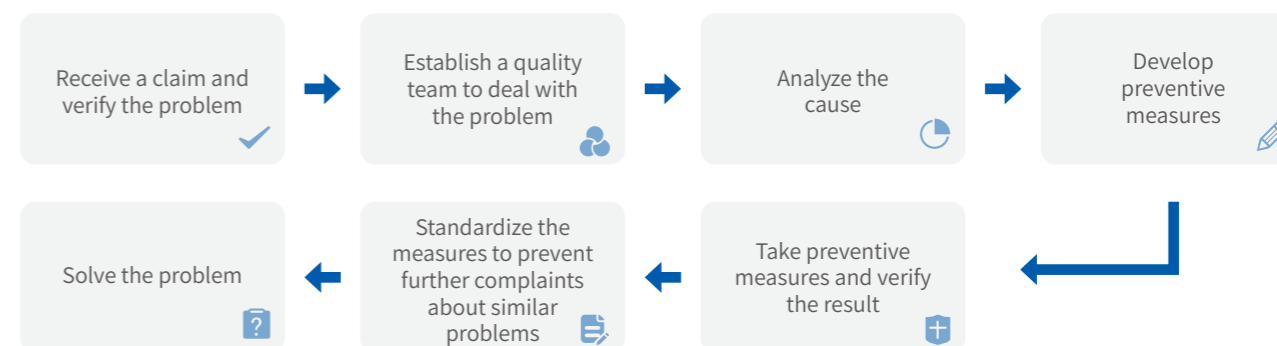
Refined Customer Services

With high emphasis on customer services, we have formulated the *Customer Quality Complaint Handling Process*, under which we verify, assess, prevent, and analyze customers' problems from the technical and management aspects, and take corrective measures to prevent the expansion and re-occurrence of such problems, in order to further improve products and services and enhance customer satisfaction.

Key performance

During the reporting period, the complaints solving rate reached **100%**.

Customer quality complaint handling process



Customer satisfaction survey

Our main target customers are carmakers and tier-1 component suppliers. We conduct regular customer satisfaction surveys every year to gain an in-depth understanding of customer satisfaction from the five dimensions, i.e. product evaluation, project development, PO handling, logistics services, and customer services, so as to further optimize our products and services. Moreover, we constantly adjust our questionnaire design and coverage, and optimize the way and details of questionnaire surveys, striving to maximize the practicality of survey results while increasing efficiency.

Key performance

In 2023, we surveyed **70** domestic customers and **65** overseas customers. The domestic customers rated us **4.7** points out of **5** points, **0.1** points higher than last year, while the overseas customers rated us **4.4** points out of **5** points.

Questionnaire design adjustment

Questionnaire design

The questionnaire in 2023 has been adjusted according to the current unit division, and the product purchase has been adjusted to the product selection classified by each unit



Questionnaire collection

Most of questionnaires need to be collected with the assistance of the business personnel. Such circumstance has been changed. The business personnel can directly send questionnaires and copy them to the mailbox of the Market Center. The Market Center is still responsible for the statistical analysis and report editing of questionnaires

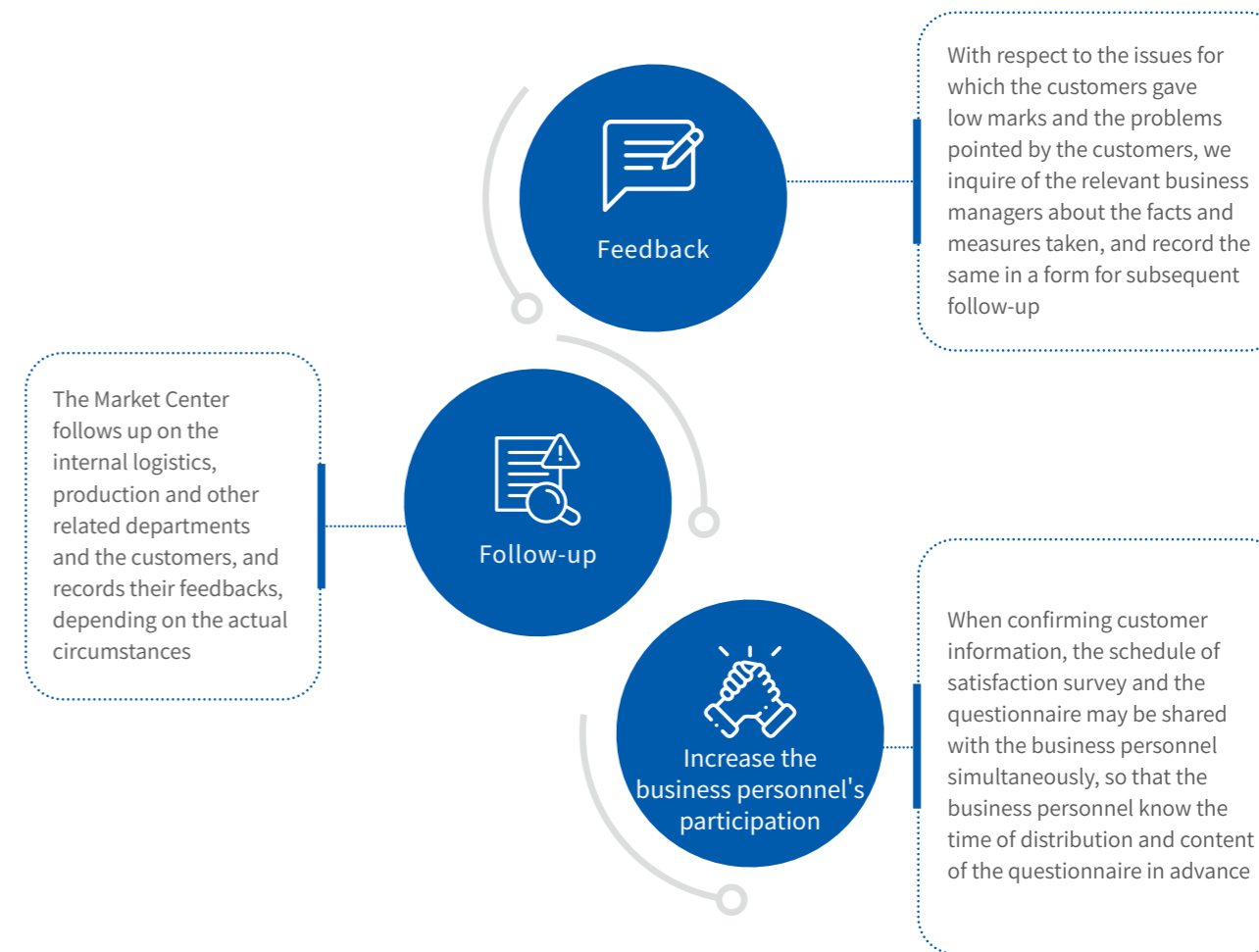
Internal communication

In the preliminary preparation, we collect the suggestions of our business managers for satisfaction surveys as a reference, increase the participation of business units, and emphasize the importance of satisfaction surveys in the customer rating process, so as to increase the attention of business personnel to the satisfaction adjustment

List of customers

At present, most of customer contacts are purchasers, who are not familiar enough with the actual use of our products. Therefore, it is of little significance to fill in the product-related questions. When confirming the list of customers, we have added the persons actually using our products as the contacts of our surveyed customers

Implementation of the improvement program



Customer service training

We attach great importance to customer service training. Therefore, we continuously improve the professional quality and service standards of our customer service employees to provide better services and win the trust and support of customers.

Key performance

In 2023, we carried out the training on the *Customer Service New Order and Prototype Order Production*, with **6** participants, and carried out the training on the *Guidelines for Execution, Order Processing and Customer Services*, with **20** participants.



Protect the Environment and Build a Green Community of Life

- 73 / Build Green Factories through Environmental Management
- 77 / Actively Control the Three Wastes through Upgrading
- 81 / Create Environmental Benefits through Resource Conservation



Build Green Factories through Environmental Management

We attach great importance to environmental management, strictly comply with the *Environmental Protection Law*, the *Environmental Impact Assessment Law* and other applicable national laws, regulations and local norms and standards, and have got the ISO 14001 environmental management system certification and ISO 50001 energy management system certification. We have also compiled the *EHSS Environmental and Occupational Health and Safety Management Manual* in accordance with the requirements of standards, to implement our environmental protection responsibility and improve our environmental performance. In 2023, we have not been subject to any regulatory penalty related to environment.



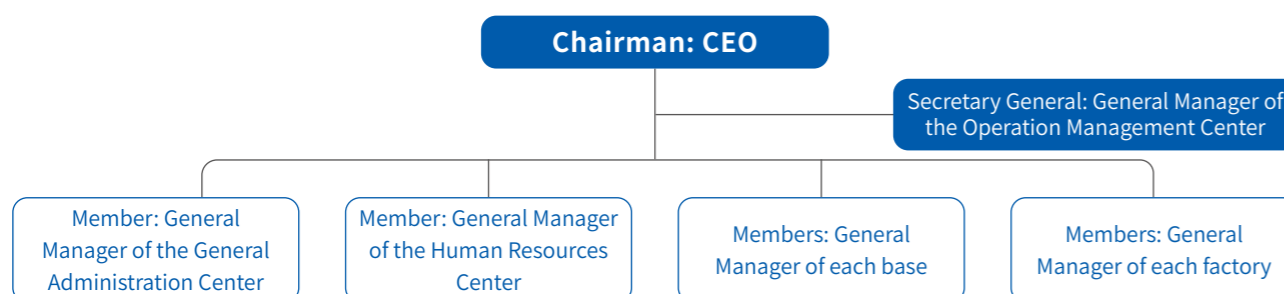
✓ We have got the ISO 14001 environmental management system certification and ISO 50001 energy management system certification(Partial Sample)

Key performance

Our production-related subsidiaries have passed the **ISO 14001 environmental management system certification**.

In 2023, we spent RMB **8,867,500** on environmental protection.

Organizational structure of the EHSS Management Committee



Emergency response management

We have established a sound emergency response management system, which clarifies the responsibilities and coordination mechanism of all departments. We also organize emergency drills and training on a regular basis to ensure that we can quickly initiate emergency response procedures in the face of emergencies and minimize losses.

Control of hazardous chemicals



Identification and classification of hazardous chemicals

The EHSS Management Department organized the relevant departments to check the chemicals currently used by us, identified the hazardous chemicals therein, and created the *List of Hazardous Chemicals*.

Purchase and transportation

- The purchasing department purchases hazardous chemicals at fixed quantities from designated suppliers according to the needs of production;
- Appoint qualified professional transportation companies and enter into transportation agreements with them;
- Request the suppliers to provide MSDSs of hazardous chemicals.

Storage, loading and unloading, and labeling

- Store the hazardous chemicals at designated places, mark their hazardous properties, examine their storage status regularly, and carry out loading and unloading operations as required.

Management

- The EHSS Management Department converts the safety and technical specifications of hazardous chemicals into our safe operating instructions;
- Distribute the safe operating instructions to the workshops;
- The human resources center arranges the relevant personnel to receive training on the safe operation instructions for hazardous chemicals.

Our Ningguo base carried out a hazardous waste emergency drill to strengthen its response capacity for hazardous waste leakage

In August 2023, we organized a company-wide emergency drill for hazardous waste leakage, where we simulated minor poisoning of personnel due to sludge leakage on site. The drill and training lasted 40 minutes. This emergency drill deepened employees' understanding of hazardous waste environment and strengthened their emergency response capability in case of sudden hazardous waste leakage.



✓ Hazardous waste emergency drill



Environmental protection training

In order to enhance the environmental awareness of all our employees, we have strictly implemented the *EHSS Capability and Awareness Training Regulations* to enhance the EHSS awareness of all our employees and relevant parties through continuous training, and to normalize the environmental protection behaviors of employees, suppliers, outsourcers, constructors and other relevant parties.

Key performance

In 2023, we conducted **85** environmental protection training sessions for employees, covering **3,702** person-times throughout the year.

Employees' EHSS capacity building

- Hazard investigation system
- Compliance management platform



- Cultivate EHSS culture
- Build the leadership of the EHSS management team
- Share the EHSS management knowledge

- Enhancement of part-timers' skills
- Enhancement of skills of the EHSS management team
- Enhancement of professionals' skills

Relevant parties received training on EHSS awareness

- Request the constructors and contractors to dispose of all wastes generated during construction
- Request all external construction workers and drivers to comply with our environmental protection regulations
- Prohibit external personnel from dumping residuals, cleaning vehicles or discharging pollutants within our premises without permission



EHSS training received by relevant parties

Green life

We advocate a green, eco-friendly, and sustainable lifestyle, and infuse the concept of green and environmental protection into our daily office and operations, in a bid to enable harmonious coexistence between man and nature.



Green office measures

Advocate paperless office, implement the paperless workshop trial program, and encourage the use of online OA system

Put up a slogan "economize on paper and print on both sides" on each printer, reminding the employees to save energy and reduce consumption

Place an old battery recycling box at each printing area, and dispose of used toner cartridges in a centralized manner

Request the employees to turn off the power before they leave

Put up a slogan "water is valuable resource" above water faucets, reminding the employees to economize on water

Establish and post the policy on the use of air conditioners in winter and summer, which only permits the use of air conditioners in summer when the temperature is above 28°C or in winter when the temperature is below 10°C

Establish the standardized office management regulations, and set strict requirements for the office environment

Use purely electric vehicles at the bases

Our Ningguo base carried out the Environment Day activity to enhance the environmental awareness of all employees



On the World Environment Day in June 2023, to respond to the national theme of "building modernization in harmony between man and nature" and advance ecological civilization, the EHSS Management Department of our Ningguo base carried out the Environment Day activity, where employees paid a visit to sewage treatment stations and hazardous waste storage and intuitively understand the processes and standards of sewage treatment and hazardous waste treatment. It has augmented the publicity of ecological environment and enhanced the environmental awareness of all employees.



World Environment Day activity

Actively Control the Three Wastes through Upgrading

We focus on the normalization and efficiency of three wastes treatment, and strive to reduce the generation of pollutants from the source and ensure pollutants discharge to the standard by strengthening pretreatment and recycling. In addition, we improve employees' awareness and skills of waste treatment through trainings and emergency drills, thus fostering a sound atmosphere that all employees participate in controlling the three wastes.

Index	Unit	2023
Total hazardous wastes	tonne	358
Total waste gas emissions	m ³	939,446,420
Total waste water discharged	m ³	195,736

Management of the three wastes

We have developed the *Hazardous Waste Management Regulations* and the *Regulations on the Responsibility for the Prevention and Control of Pollution by General Industrial Solid Wastes and Domestic Wastes* in accordance with the *Law on Prevention and Control of Environmental Pollution by Solid Wastes*, and classified our wastes into general industrial solid wastes, hazardous wastes, and domestic wastes. The scientific waste classification is conducive to our comprehensive control and effective management of waste.



Waste gas management

- Install waste gas treatment facilities in a timely manner, and deploy certain surplus treatment capacity
- Increase, decrease and changes in the processes are subject to pre-evaluation, in order to provide appropriate waste gas treatment equipment
- Increase, decrease and changes in the production lines and equipment are subject to pre-evaluation, in order to provide appropriate waste gas treatment equipment
- Inspect excess bending of the pipelines, evaporation, emission, drippage or leakage on a regular basis, to reduce losses
- Clean and maintain the equipment on a regular basis, to ensure the adsorption efficiency of the equipment and reduce safety/ deflagration hazards
- Develop annual inspection plans and conduct regular discharge outlet monitoring, to ensure the compliance with the relevant discharge standards



Waste water management

- Sewage management: All domestic sewage and sewage generated from cleaning of workshop floors are transmitted through pipes into the sewage treatment station to prevent oil leakage. The sewage treatment station adopts controls of biological bacteria activities, and is cleaned and maintained regularly. The quality of sewage discharged after treatment is monitored online
- Domestic waste water management: Cleaning of septic tanks, sluicing and maintenance of sewers
- Prevention of mixture of storm water and sewage: Prevent connection between storm water pipes and sewage pipes, damage and leakage of pipes
- Sewage outlet management: Develop annual inspection plans, conduct discharge outlet monitoring and calibrate the online monitoring equipment on a regular basis, to ensure the compliance with the relevant discharge standards



Management of general industrial solid wastes

- Classification: Recyclable wastes and non-recyclable wastes
- We store waste cardboards, scrap iron and other general solid wastes generated during production in general solid waste storerooms, and appoint qualified disposal service providers to recycle the wastes, to realize the classified collection, transfer and legal disposal of general solid wastes



Management of hazardous wastes

- Set up hazardous wastes storerooms
- Normalize the collection, storage, transfer and disposal processes
- Appoint qualified waste disposal service providers to dispose of the hazardous wastes on a regular basis
- Maintain detailed accounts, and implement lifecycle management from generation, storage to disposal of hazardous wastes

Upgrade and transformation of environmental protection equipment



▶ Laser-cut waste gas treatment equipment



▶ Cleaning waste gas treatment equipment



▶ New waste water treatment station



▶ New waste gas treatment equipment

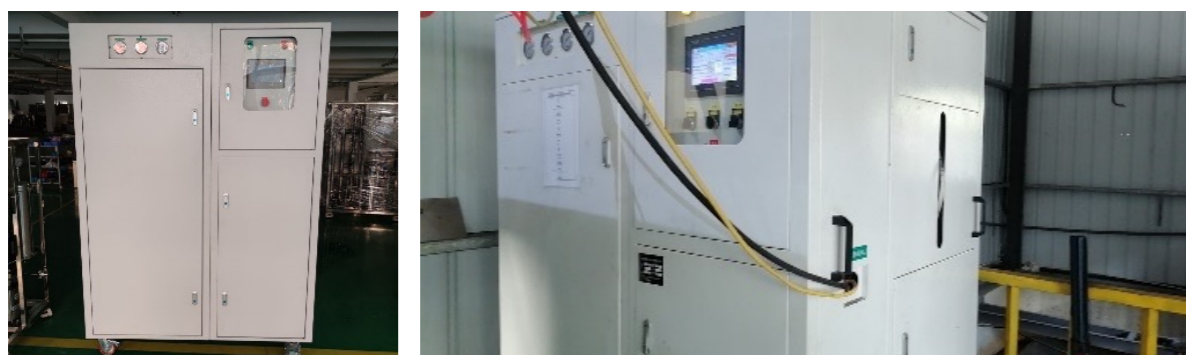
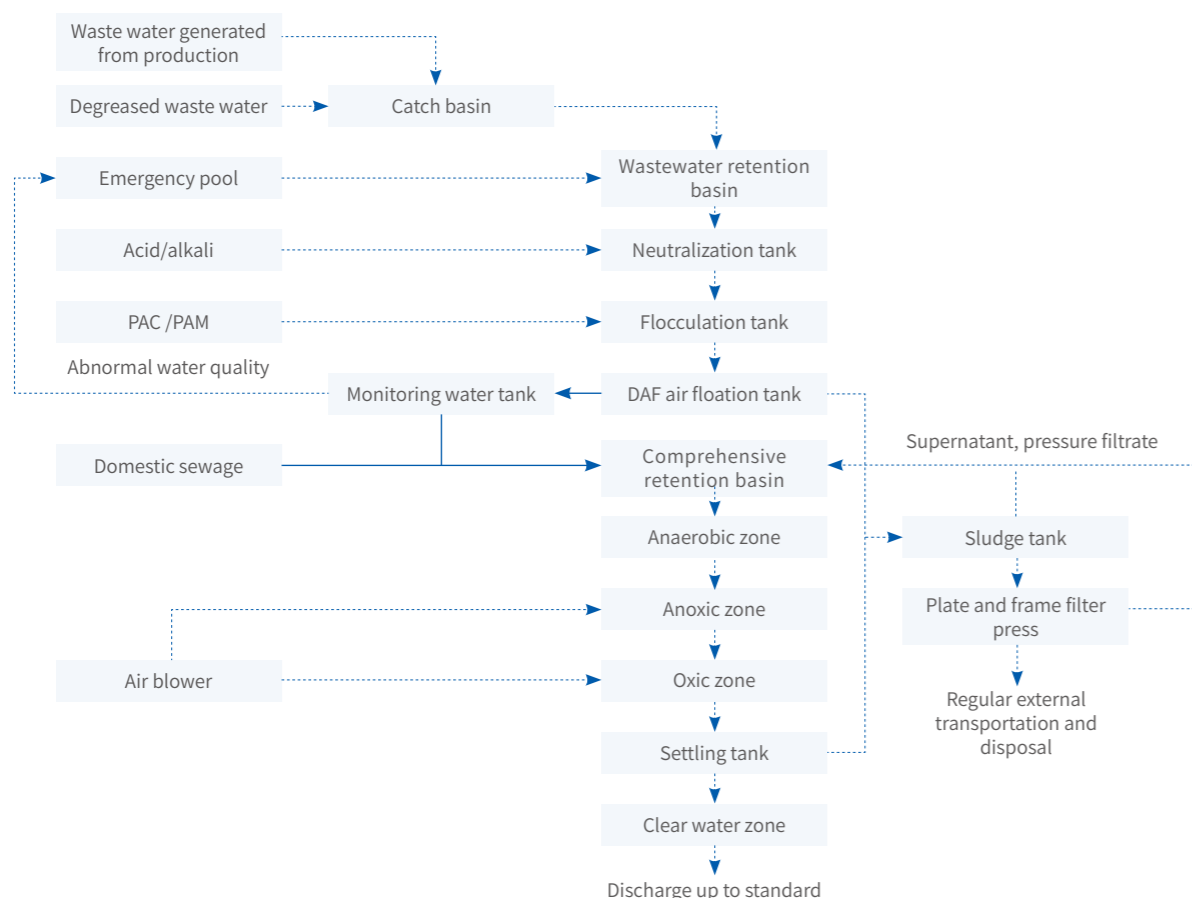


▶ New closed cooling tower

Control of high-concentration waste water

Due to the increase in production processes and projects, the inlet concentration of sewage raw water in our Ningguo base was sometimes higher than the designed concentration of sewage treatment facilities, resulting in reduced sewage treatment efficiency and abnormal drainage. In 2023, our Ningguo base carried out independent pretreatment for sewage raw water with high inlet concentration to reduce the concentration of pollution factors and reduce COD and ammonia nitrogen discharge.

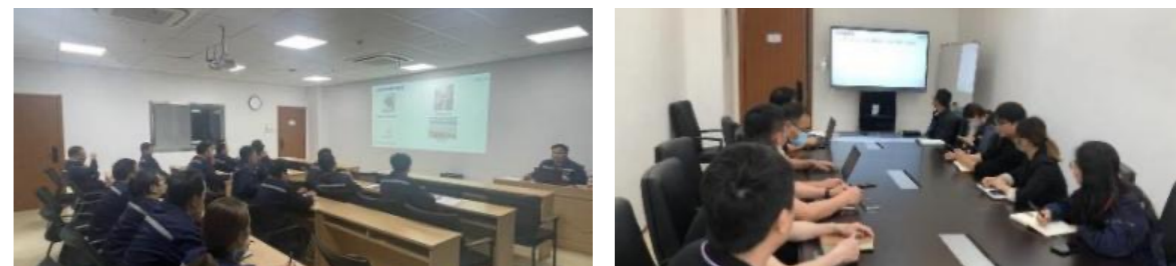
Integrated water treatment process



▶ New waste liquid recycling treatment equipment

Our Hefei base carried out special training on three wastes to enhance the management of three wastes

In 2023, our Hefei base carried out three special training and assessment related to the management of three wastes, namely Three Wastes Management Training, Waste Management Training, and Hazardous Waste Reduction Training, with a total of 27 participants. Through these training and assessment, employees have mastered the professional knowledge and legal and regulatory requirements of the management of three wastes, and have an in-depth understanding of the generation and treatment facilities of the three wastes, so that they can deal with all kinds of wastes in daily work in a more normative and efficient manner, thus reducing the risk of environmental pollution.



▶ Training on the management of three wastes

▶ Waste management training

Recyclable packaging

Adhering to the concept of green development, we are committed to providing customers with recyclable packaging and contributing to environmental protection with practical actions. By using reusable packaging materials, we helped customers reduce the use of disposable plastic packaging and the waste generated, thereby effectively reducing the environmental burden and achieving both economic benefits and environmental benefits.

Recyclable packages of customers		
Location	Types	Proportion
Hefei Baosha	Storage cage	79.00%
Hefei Baolong	Reusable containers, pallets	73.26%
Baolong Huf China	Reusable containers, pallets	5.00%
Shanghai Wenxiang	Reusable containers	16.00%
Longgan Electronics	Reusable containers	3.40%
Ningguo Baolong	Storage cage, reusable containers, iron containers	20.74%
Tops	Reusable containers, pallet collars	33.54%
Anhui Longwei	Reusable containers, pallets	70.00%



Recyclable packaging measures

Create Environmental Benefits through Resource Conservation

We pursue technology innovation and process optimization, and strive to efficiently utilize resources by introducing advanced energy-saving technologies and equipment, as well as refining production processes. We have developed the *Guide to the Reduction of Energy Consumption of the Production System* and the *Bases' Water and Electricity Management Regulations* to regulate the use of electricity and water and guide the production energy consumption control and improvement of each factory, so as to maximize economic output with minimum resource consumption.

Index	Unit	2022	2023
Total purchased electricity	kWh	69,770,105	93,472,141
Total consumption of natural gas	m ³	391,575	726,552
Total consumption of diesel	L	29,374	97,336







Key performance

In 2023, we completed **94** energy-conservation technology transformation projects, which have saved **4,289,295** kWh of electricity and **621** tonnes of water, and reduced **3,397** tonnes of carbon. Some projects are still in progress. Our investment in energy conservation amounted to RMB **2,443,300**.

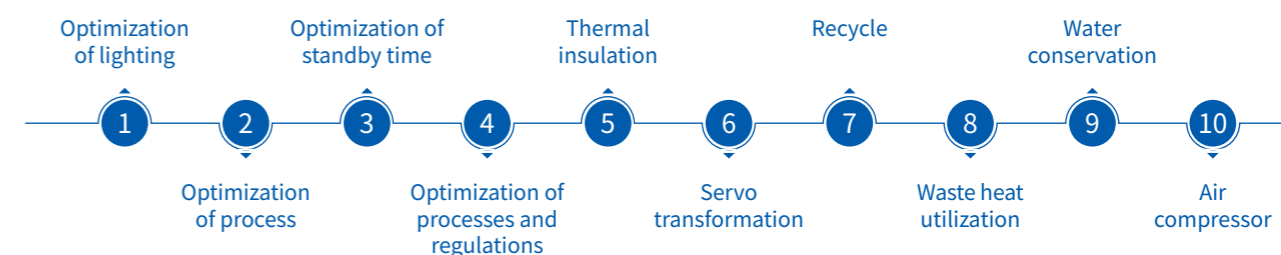
Energy saving and consumption reduction

We have defined the roles and responsibilities in the production energy saving system to ensure that every employee plays a positive role in energy saving and consumption reduction. We have also developed a comprehensive and detailed implementation plan after analyzing various circumstances of energy saving and consumption reduction, and constantly improving our measures. We intend to constantly enhance our performance in energy saving and consumption reduction and maximize energy benefits through technology innovation and management optimization.

Roles and responsibilities in the production energy saving system

Role	Responsibilities
 Project manager	Be responsible for setting up the structure of the project team, decomposing the targets, developing the project action plan, organizing the implementation thereof, controlling and following up on the progress of implementation thereof, submitting regular project reports, achieving the objectives, and standardizing and spreading the relevant practices
 Lean engineers	Be responsible for developing and spreading the standards, analyzing energy consumption, developing proposals for improvement, and reducing energy consumption
 Equipment engineers	Be responsible for the collection of equipment energy consumption data, status analysis, development and implementation of proposals for improvement, and standardization
 Technical engineers	Be responsible for the introduction of new projects, application of energy consumption standards, process improvement, technology optimization, and standardization
 Production managers	Be responsible for the daily management of energy consumption, implementation of regulations, optimization of process management, and promotion of improvement in production
 EHSS engineers	Be responsible for the implementation and publicity of the relevant regulatory requirements, process improvement, energy analysis, and promotion of improvement

Types of energy saving and consumption reduction projects



Energy saving improvement when the equipment was on standby



By transforming the hydraulic system and electrical system, we changed 10 ordinary molding motors into servo motors, saving 1,672,860 kWh of electricity and 1,325 tonnes of carbon.



- The molding machines adopt power frequency motors with high energy consumption

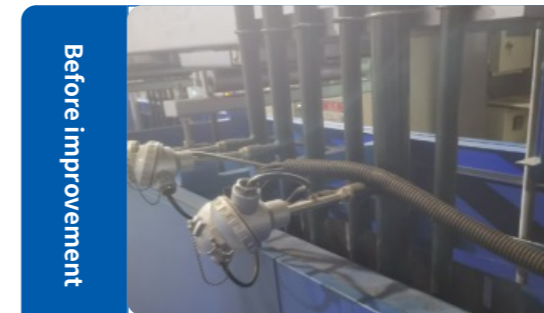


- Servo motors were used to reduce power consumption

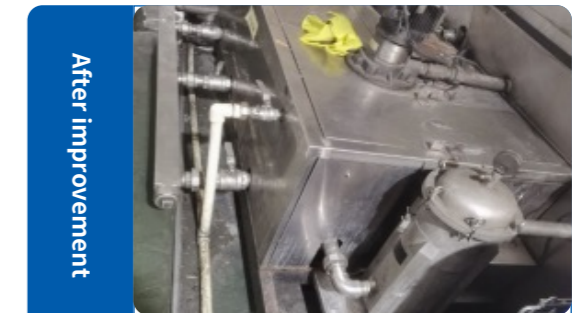
Energy saving improvement in the annealer's waste heat utilization



We introduced the cooling water of the annealer into the hot water tank of the cleaning machine to reduce the heating time of the hot water tank, saving 155,000 kWh of electricity and 123 tonnes of carbon.



- The cooling water of the annealer was directly returned to the pool after cooling the furnace



- Pipes were added to introduce the cooling water of the annealer into the hot water tank of the cleaning machine, which greatly reduced the heating time of the hot water tank

Water conservation

We are committed to saving and efficiently utilizing water resources. For this purpose, we have taken water conservation and improvement measures, and intensified technology innovation and process optimization. With these efforts, we successfully reused wastewater and significantly reduced the waste of water resources. In the future, we will continue to strengthen water conservation and integrate the concept of water conservation into every aspect of our production and operation.

Energy saving improvement for SMT production lines



Through line balance analysis, we improved bottleneck processes and enhanced line efficiency, which reduced energy consumption per unit and saved 134,667 kWh of electricity and 514 tonnes of carbon.



- It takes 6.65s to produce a 1pc product



- It only takes 3.3s to produce a 1pc product
- Electricity consumption per unit was reduced by 46%

Water saving improvement in waste water utilization of water purification machines



By installing water pumps and pipelines, we completed the transformation of waste water pipelines in the buckle workshop and the aluminum parts workshop, and introduced the waste water generated by water purification machines into the circulating pool for reuse, saving 2,304 tonnes of water.



The waste water generated by water purification machines was not recycled



The waste water generated by water purification machines was introduced into the circulating pool for reuse

Carbon neutrality management

We proactively address climate change. Based on our own climate governance system, we have established our internal carbon peak and neutrality targets and ways to achieve such targets, and released the *Guidelines for Carbon Peak and Neutrality Management* and the *Carbon Neutrality Management Strategy* to effectively promote the implementation of carbon neutrality measures, in order to achieve the carbon neutrality targets of the Company and its subsidiaries by 2060.

Key performance

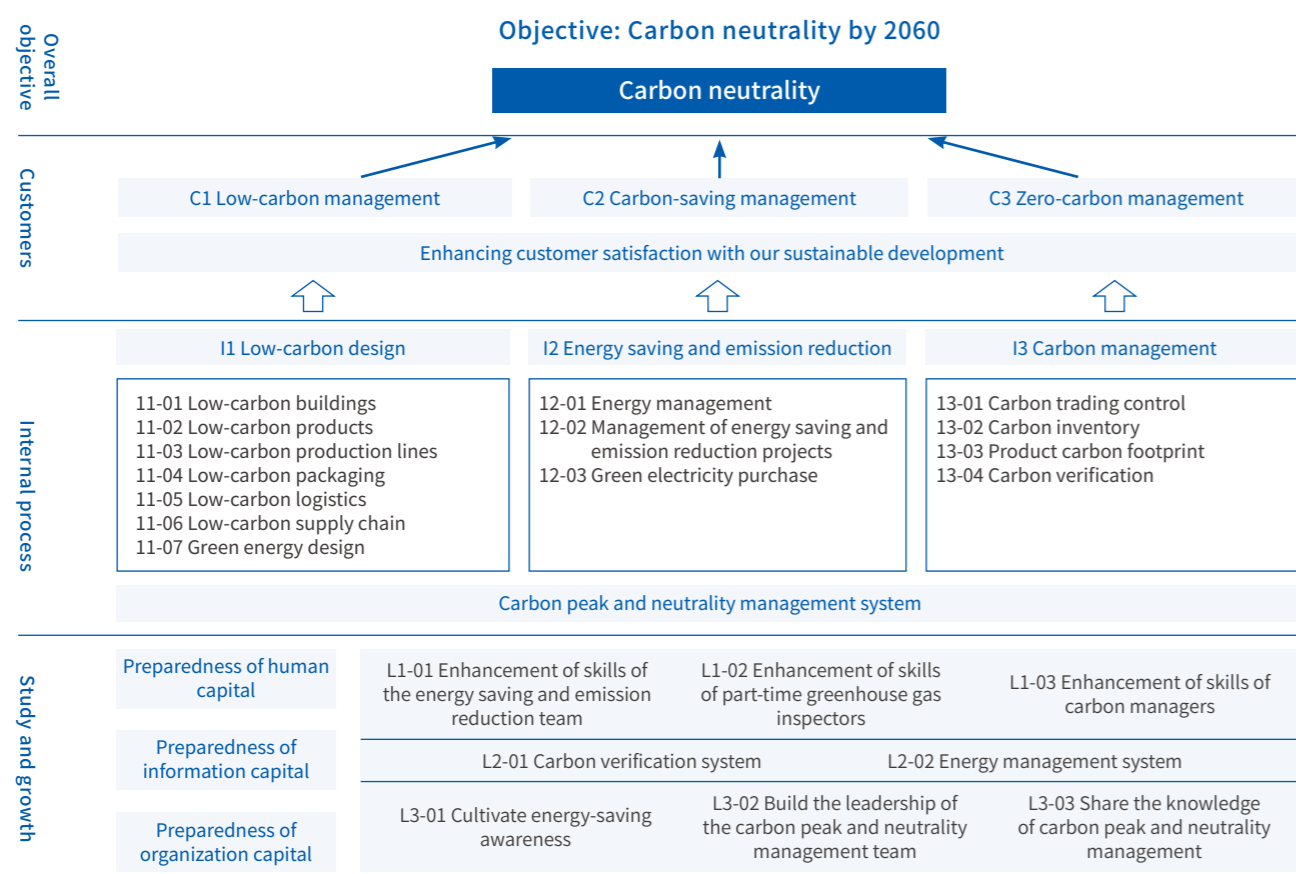
In 2023, the total Scope 1 and Scope 2 carbon emissions of the Company were **7,795.66** tonnes and **59,764.80** tonnes, respectively.

The green electricity purchased amounted to **22,982,298.5** Kwh.

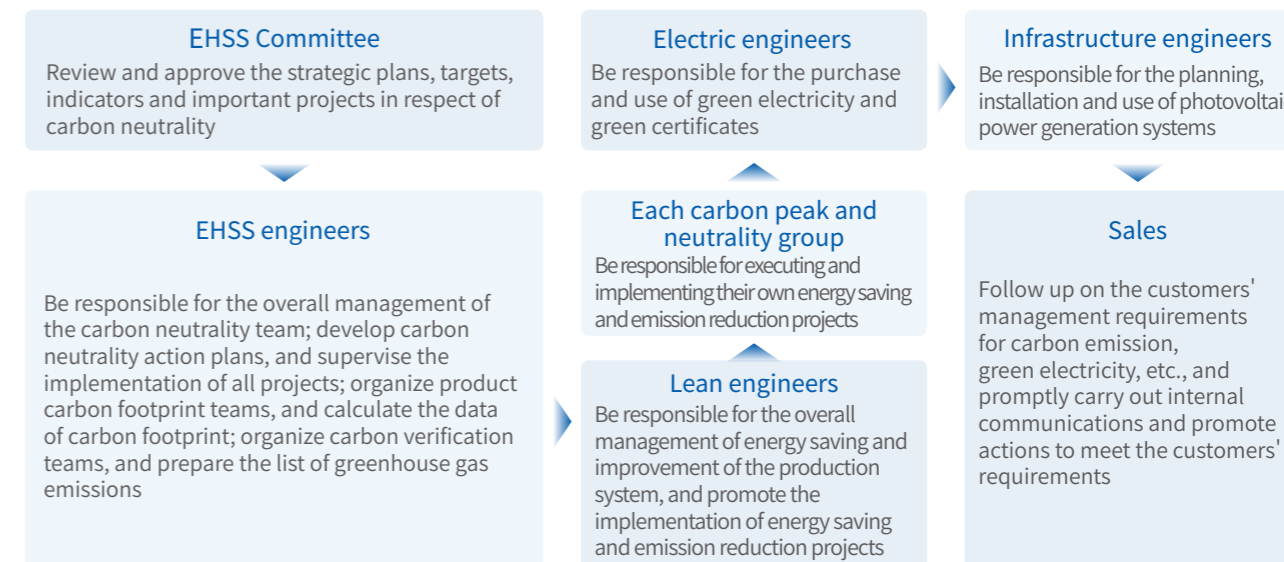
Carbon neutrality strategy

Save energy and reduce emissions to shape the future.

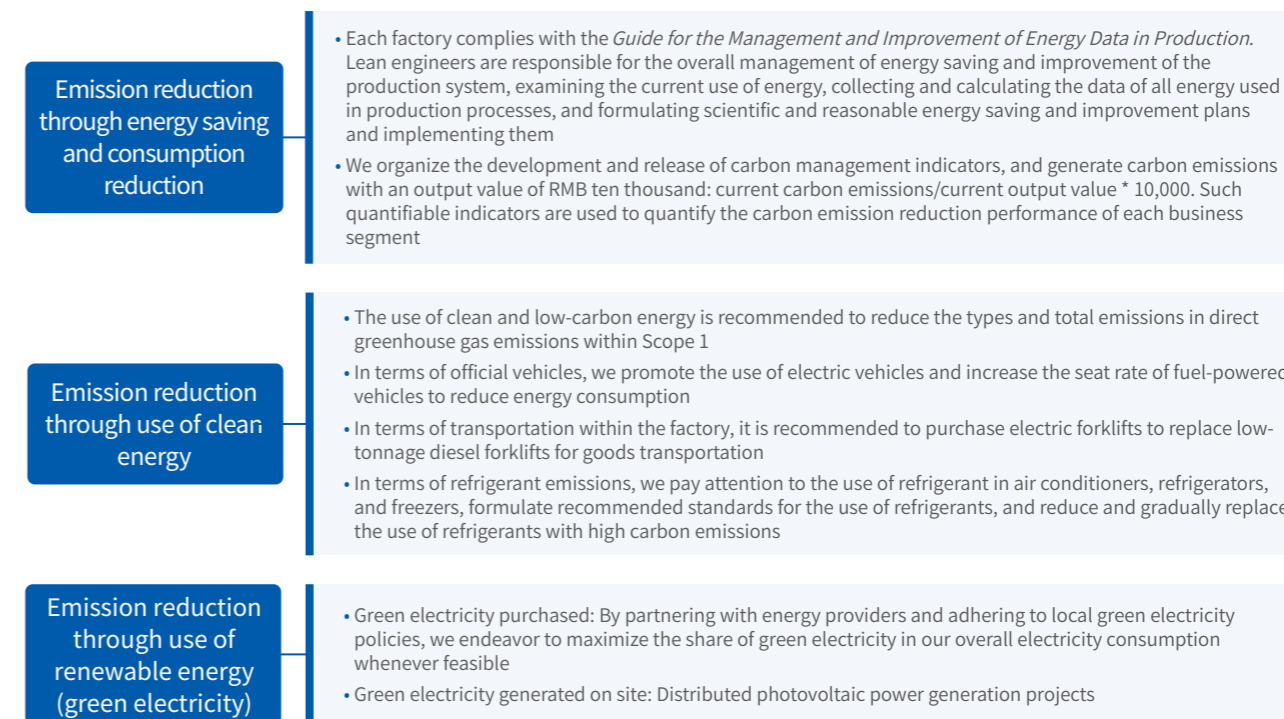
Map of carbon neutrality management strategy



Roles and responsibilities of carbon neutrality managerial staff



Steps of the carbon emission reduction action



In 2023, we gradually advanced the photovoltaic construction of existing factories in active response to national clean energy policies. According to the photovoltaic progress plan (draft) of the Phase I Tops factory of our Ningguo base, the annual power generation is expected to be 3.5-4 MW, which will inject strong force into our green and sustainable development. The implementation of this project will not only contribute to reduce environmental pollution and carbon emissions, but also bring us considerable economic benefits, achieving a win-win situation between economic benefits and environmental benefits.

In addition, we purchased renewable energy in 2023, which can reduce our operating costs and minimize environmental pollution. This demonstrates our corporate social responsibility and is beneficial to the national environmental protection cause.



Put People First and Create a Stage for Talent Development

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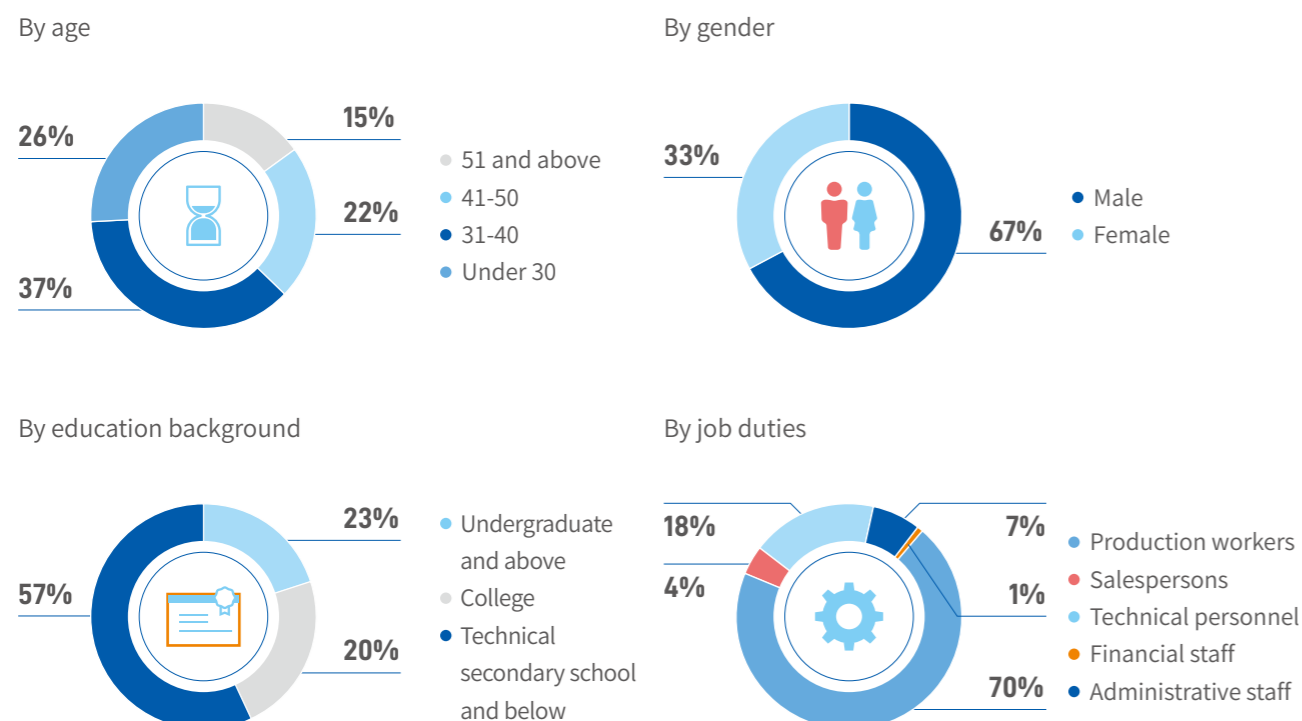


Employment Compliance

Baolong Automotive adheres to an employment strategy of diversity and equal opportunity, and has formulated the *Recruitment Management System* to strictly normalize the recruitment, selection and employment of all employees. We firmly oppose the employment of child labor, treat all applicants equally in recruitment, and oppose any form of discrimination, including employees' ethnicity, region, social origin, social class, descent, religion, physical disability, gender, family responsibility, marital status, trade union membership, political opinion, age, etc.

Principles of recruitment	Channels of recruitment	Process of recruitment
<ul style="list-style-type: none"> Careful planning and scientific selection Quality over quantity Combination of internal and external talents Suitability Unity and coordination No discrimination 	<ul style="list-style-type: none"> Job fairs on site Online recruitment platform Internal referral Campus job fairs, etc 	<ul style="list-style-type: none"> Clarify requirements Post vacant jobs Recommend and screen resumes Interview and reference checking Determine the remuneration package Send an offer

Composition of employees in 2023



Key performance

As of the end of the reporting period, we had **6,678** employees, including **11** disabled employees. We have signed labor contracts with all employees, and the average turnover rate was **2.55%**.

We were selected as the "Graduates Internship Base" to boost talent development

In July 2023, Tops and School of Automotive and Transportation Engineering, Hefei University of Technology held the opening ceremony of "Graduates Internship Base". This cooperation will provide internship opportunities for more students of Hefei University of Technology, while further strengthening Tops' talent team, thereby promoting our innovative development and transformation of scientific research achievements, and enhancing the quality of talent training.



Exchanges at the meeting

We signed an agreement with Nanchang Institute of Science and Technology to promote the integration of industry and education

To further promote the integration of industry and education and strengthen talent training, we signed a cooperation agreement with Nanchang Institute of Science and Technology in July 2023, under which we will carry out exploration and research with Nanchang Institute of Science and Technology in the fields of talent interaction and mechanical manufacturing, aiming to cultivate more practical and excellent technical talents for the Company, the industry and the society.



Signing the agreement with Nanchang Institute of Science and Technology

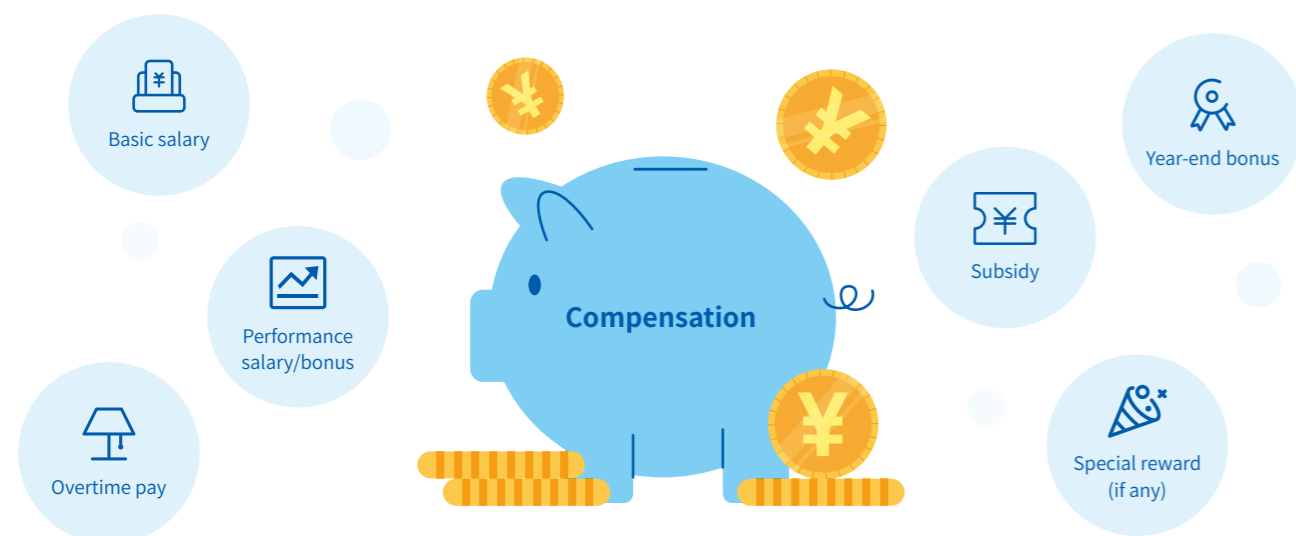
Employees' Rights and Interests

Baolong Automotive attaches great importance to and protects the rights and interests of employees. We have conducted scientific compensation management and developed solid democratic management regulations to enhance employees' occupational security and stability, and thus create a fair and democratic working environment.

Compensation management

We are committed to providing a fair and competitive compensation system for employees, implementing the *Compensation System* to ensure that employees' income is closely linked with their position value, personal ability and performance, and our benefits, so that employees can timely get rewards and incentives, so as to attract and retain all kinds of talents required by the Company.

Our compensation structure



Principles of our compensation distribution

Compensation distribution follows the principles of efficiency first, internal and external equity, and sustainability

Stimulate employees' work enthusiasm by dynamically adjusting fixed and floating salaries every year

Adhere to the combination of job value, personal ability and quality, and performance contribution

Refer to the salary survey report of the Company's domestic business location and industry level, and closely follow the market level

Scientific salary adjustment to promote salary equity



We adjust salaries at the beginning and middle of every year. Guided by the equity principle, we position and adjust the salaries of new and old employees according to their personal ability, performance, market salary, and other indicators, so as to enhance employees' satisfaction, attract and retain excellent talents, and encourage employees to grow continuously.

Equity in salary adjustment

- External equity**
Current market salary, current price, etc
- Internal equity**
The salary of other personnel in similar positions
- Self-equity**
Considering the employee's salary, personal ability and performance in the previous year, job changes for the next year, qualifications, and rank changes arising from job adjustment, etc

Democratic management

Fully aware of the importance of democratic management to protect the rights and interests of employees and enterprise development, we have formulated the *Trade Union Activity Project* and the *Association Management Regulations* to protect the freedom of association and collective bargaining rights of employees, encourage employees to participate in trade union activities and make efforts to safeguard their rights and interests. In addition, to stimulate employees' enthusiasm to participate in our management, we have listened to employees' suggestions and opinions by organizing employee forums, employee meetings and employee satisfaction surveys.

Main tasks of our democratic management

Inter-layer employee forums

It is held once a year, and the Corporate Culture Department of the Human Resources Center will organize our chairman, general manager of the functional center, and departmental heads to participate in it. The forum aims to collect opinions and suggestions put forward by our departments, answer questions and solve problems

Employee meetings

It is held at least twice a year to collect work or life-related questions raised by employee representatives

Employee satisfaction network surveys

It is conducted on a quarterly basis, and the names of participants and respondents will be kept confidential

In 2023, a total of 1,812 employees participated in the satisfaction survey. 105 feedback opinions were collected, covering modules such as comprehensive service, performance management and employee training. All these opinions have been replied to by the responsible department

Key performance

During the reporting period, the number of our employees who were represented by independent trade unions or covered by collective bargaining agreements was **6,678**, and the employee satisfaction rate was **91.43%**

Holding the employee representative congress to practice democratic management

In May 2023, we held the eighth session of the fourth employee representative congress. The employee representatives carefully listened to and deliberated three drafts of the *Collective Contract*, the *Collective Contract for Salaries* and the *Collective Contract for the Protection of the Rights and Interests of Female Employees*, and finally approved them by vote. The consideration and voting of the drafts of the collective contracts by the employee representatives reflects the importance we attach to the protection of employees' rights and interests and democratic management, and demonstrates the healthy and transparent communication mechanism and decision-making process within the Company.

Career Promotion

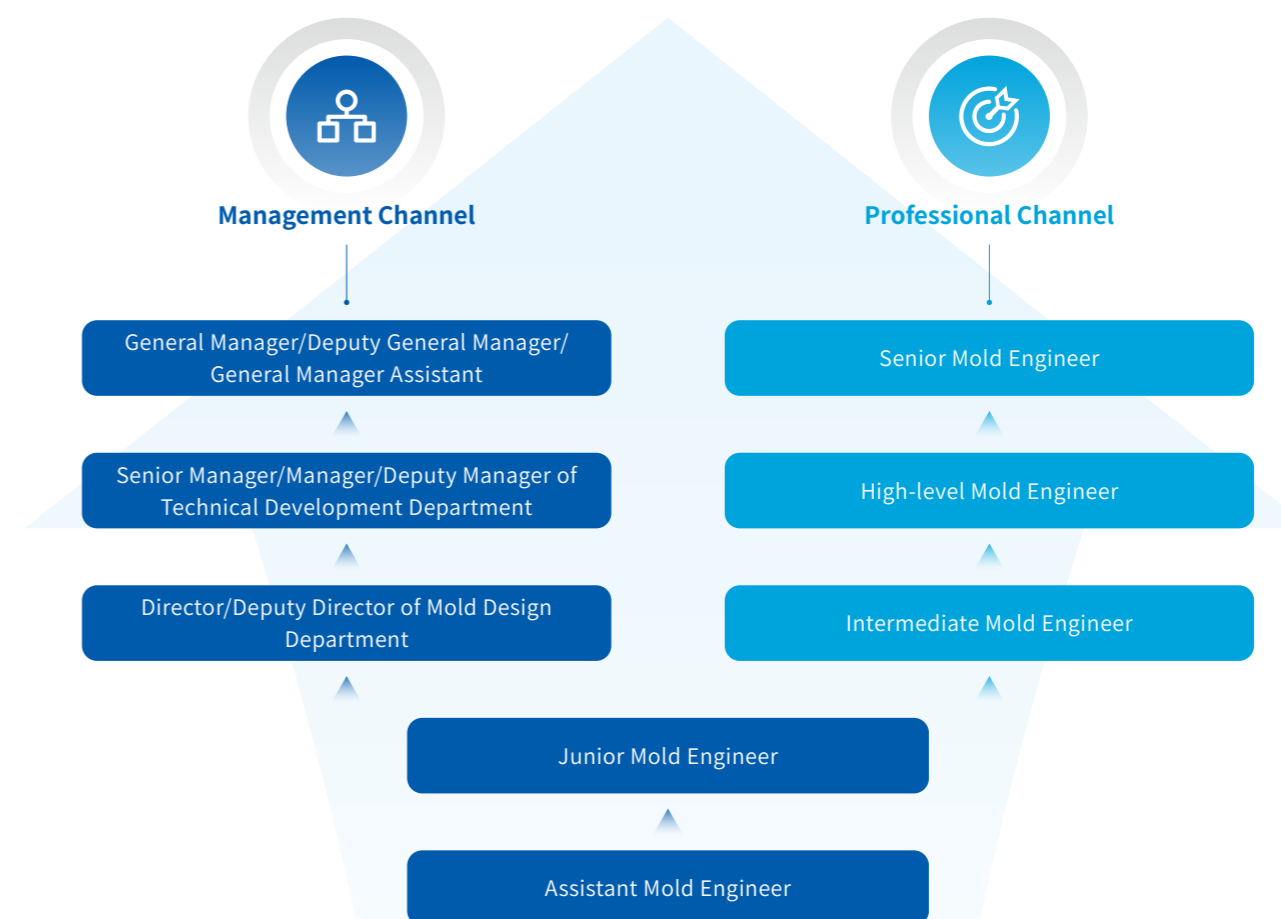
We value the cultivation and development of talents, and have set the concept of human resources development. We adhere to the corporate culture of "responsibility, progress and sharing" and observe the *Guidelines for Formulating and Revising Qualification Standards*. We have carefully designed the career development path based on our development requirements, and established and improved our internal and external talent training system, in order to provide support and guarantee for the rapid growth and career development of employees.



Promotion channels

To help employees grow and progress in their career path, we have developed "professional" and "management" promotion channels for employees' career development. We also formulated the *Rank, Position and Promotion Management Regulations for the Management Channel* and the *Professional Sequence Qualification Certification Management Regulations* to systematically, scientifically and reasonably stipulate the two career promotion paths and the qualifications and promotion conditions of positions at all levels, respectively, so as to ensure that the career development and promotion of employees have rules to follow and advance our talent training.

Our dual career development channels



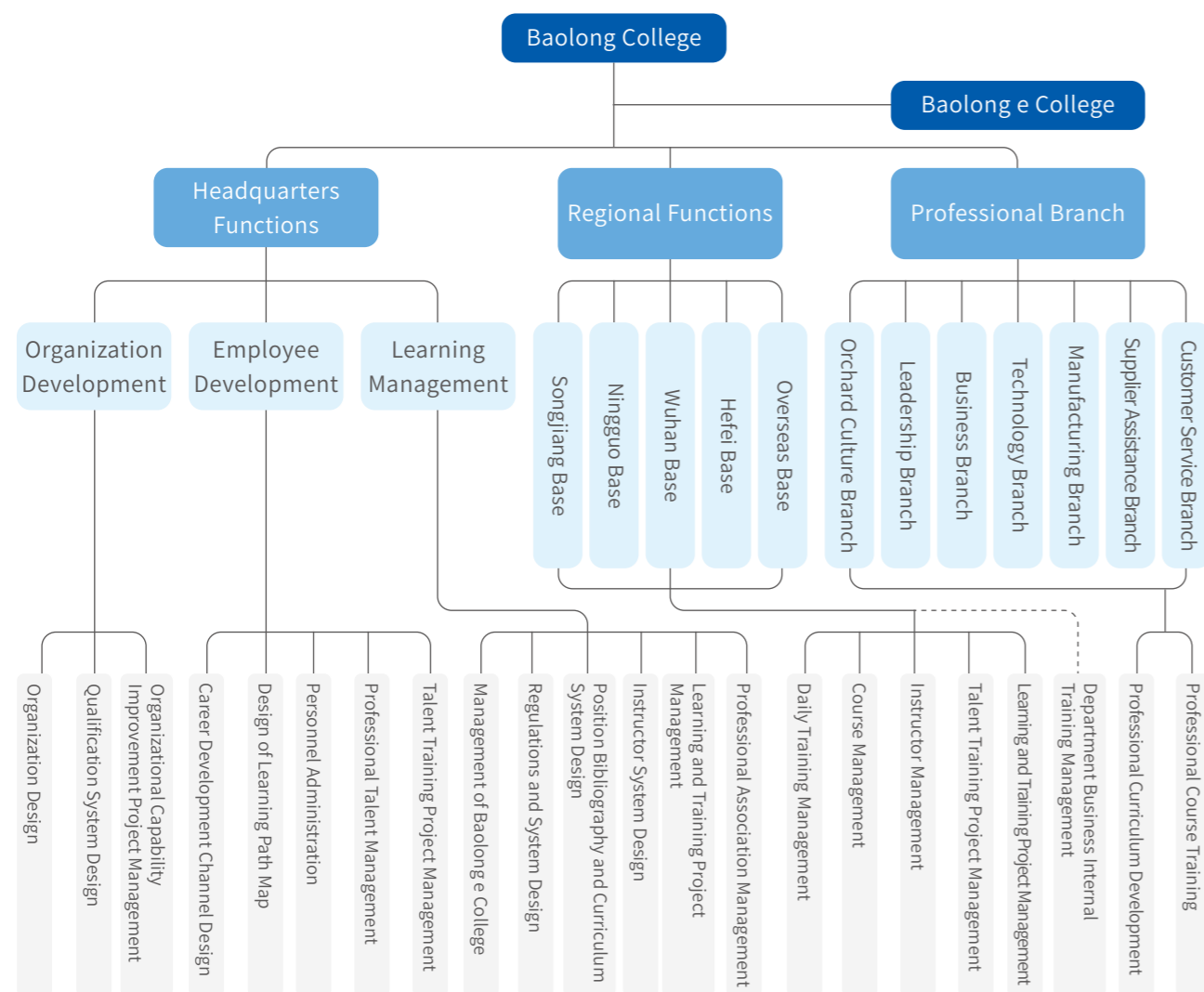
My Career Development Channel (Taking the Mold major as an example)



Training and development

With "to succeed, to grow up and to be a talent person" as our core task, we have established and refined our employee training system, and actively carried out internal and external employee trainings according to the *Outsourcing Training Management Regulations*, the *Department Business Internal Training Management Regulations*, the *Operation Employee Training Management Regulations*, and other regulations and methods, so as to improve the overall ability of employees. In addition, we have established the Baolong College and built an independent learning and development platform for employees to encourage them to grow together with us.

Organizational structure and working framework of Baolong College



Key performance






During the reporting period, the total number of employees receiving our training was **6,678**, and the total training duration was **184,312.8** hours.

Induction training to help new employees quickly adapt to the Company



The Company implements the responsibilities of each department according to the *Clerk Induction Training Management Regulations*, and provides comprehensive, diverse, and effective training for new employees to help them integrate into the work team, deeply understand our values and culture, and quickly adapt to the working environment and job requirements.

New employee training on the responsibilities of positions at all levels

- 
Baolong College
 Responsible for the group training and assessment of all new employees
- 
Human resources departments of business units
 Arrange unit induction training and assessment for new employees in time
- 
Departmental heads
 Cooperate with the human resources system to complete the group and unit training, organize department training and post training for new employees, and arrange mentors for new employees
- 
Mentors
 They are assumed by the direct superior of employees, who will provide guidance on life, work, thought and other aspects, and can assign others to be responsible for the guidance of specific business
- 
New employees
 Receive training and assessment in accordance with the requirements of the human resources system, and the assessment results of group induction training will be used as a reference for whether they can be a regular employee

Robot Competition to stimulate innovation



In response to the national trend of digital transformation of manufacturing industry, further enhance the professional skills of robot repairers in the factories, and create an atmosphere of automation, informatization and digital development, Ningguo Baolong held the first robot skills competition in the Ningguo base in December 2023, and 14 repairers from our factories participated in the competition. By holding colorful fun competitions, we have not only enriched the sparetime life of employees, but also boosted their professional quality and comprehensive development.



Robot Competition

Baolong e College, an independent learning platform of our employees



"Baolong e College" is an independent platform for employees we established, aiming to realize the precipitation, management, dissemination, and innovation of our internal knowledge. The platform has six learning modules and provides extensive and profound classic and professional courses. Through this platform, employees can gain knowledge at a lower cost, learn quickly, and strengthen their comprehensive and business capabilities, which in turn enhance our production efficiency and business performance.

Six modules of Baolong e College

<p>Online Course</p> <ul style="list-style-type: none"> Including R&D Technology, Production and Manufacturing, Marketing and sales, and Functional Management Micro Course 	<p>Career Development</p> <ul style="list-style-type: none"> My Career Development Path Professional Sequence Qualification Standard Professional Sequence Books Professional Sequence Course Professional Association 	<p>Knowledge Management</p> <ul style="list-style-type: none"> Uploading Knowledge Publishing An Article
<p>College Forum</p> <ul style="list-style-type: none"> Creating/Joining a Group Creating A Topic Hot Topic Discussion 	<p>Learning Path Map</p> <ul style="list-style-type: none"> Helping New Employees Understand the Company's Related Matters and Easily Pass Levels Based on the Roadmap 	<p>My Learning Center</p> <ul style="list-style-type: none"> Task Center My Learning My Growth

Platform of Baolong e College



Safety and Health

Adhering to the principle of "green and low-carbon development, safe and healthy operation, fulfillment of social responsibilities", we strictly implement the policy on work safety and the principle in handling safety accidents. To this end, we continue to improve our work safety management system, regularly carry out safety risk investigations, enhance early warning and emergency response capabilities, strengthen occupational health management, and deepen employees' awareness of work safety, in a bid to build a safe, controllable, and stable production and operation environment, and comprehensively safeguard our daily production and operation.

Work safety system

The Company strictly abides by the *Work Safety Law*, the *Law on Prevention and Control of Occupational Diseases*, and other national laws and regulations, has formulated documents, such as the *Occupational Health Management System*, the *Management Guide for Danger Identification, Risk Assessment and Control*, the *Work-related Accident Processing System*, and the *Dangerous Work Permit System*, establishes and continuously improves the work safety management system, and enhances the occupational health and safety management for employees.



Several subsidiaries of Baolong Automotive have obtained ISO 45001 occupational health and safety management system certification

Key performance

During the reporting period, we invested RMB **167,400** in work safety and RMB **75,028** in occupational health and safety;

During the reporting period, no employee died due to work.

Carrying out occupational health examinations to protect the health and safety of employees

In strict compliance with relevant laws and regulations, we provide pre-employment, on-the-job, transfer, and post-employment physical examinations for those employees who work in hazardous positions to ensure that they are suitable for such positions. Those who are not suitable will be transferred to other positions. We also provide annual physical examination for employees to help them understand their health status, detect and treat potential health risks in a timely manner, and ensure their health.



Photo of on-the-job physical examination

Carrying out safety hazards investigation to reduce safety risks

Through monthly safety inspection, we can identify and find possible hazards, harmful and dangerous factors, defects, special equipment, chemical problems and so on in production and safety management, timely identify weak links in production and safety hazards, check unsafe factors, seek methods and measures to control and eliminate these hazards, and make rectification, so that the hazards can be effectively managed and controlled and the work safety can be ensured.

In 2023,

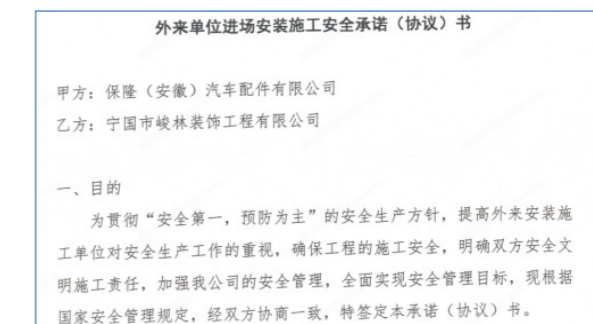
- Hefei base: **263** hidden dangers were identified and **246** rectification items were completed, with a rectification rate of **93.50%**
- Songjiang base: **95** hidden dangers were identified and **92** rectification items were completed, with a rectification rate of **96.80%**
- Ningguo base: **1,556** hidden dangers were identified and **1,418** rectification items were completed, with a rectification rate of **91.13%**

July 4	Stamping shop		Adjustment was made immediately	Yang Tao	July 4	July 4	Rectified
July 4	Stamping shop		Bandage and recycle was made immediately	Li Jie	July 11	July 11	Rectified

Safety hazard identification and rectification record

Safety management of relevant parties to prevent accidents

To observe the work safety policy and enhance safety management, we propose safety management requirements and formulate safety management procedures for relevant parties including outsourced construction units, logistics companies, and equipment installation and maintenance companies. We inspect the qualification of relevant parties, require relevant parties to perform their production responsibilities, carry out safety training and education, and sign safety agreements, so as to enhance their safety awareness and protect the safety of employees.



Safety agreements of relevant parties

Health and safety training

It is the responsibility of every company to ensure the health and safety of employees, which is not only related to the well-being of employees, but also directly related to the stable development of the company. In practice, we focus on improving the safety awareness of employees and carry out relevant safety training to ensure that employees can consciously abide by safety rules and regulations at work and prevent accidents.

Hazard identification and evaluation training to strengthen the control over safety risks

In May 2023, Ningguo Baolong organized relevant employees to carry out hazard identification and evaluation training, aiming to enhance employees' ability to identify and control potential risks in the workplace. The training covers terminology explanation, hazard classification method, risk point determination, hazard identification, and risk control measures. Through this training, we consolidate the foundation for further improving our work safety system and take solid steps to create a safer and healthier working environment.



Hazard identification and evaluation training

Carrying out forklift safety training to ensure safe driving



In October 2023, Ningguo Baolong organized relevant employees to conduct forklift driving safety training, aiming to enhance the safety awareness of relevant employees. Through the sharing and explanation of forklift safety accident cases and the popularization of related common sense and laws and regulations, the training emphasizes the safety precautions that cannot be ignored by drivers when driving forklifts, so as to prevent and reduce the risk of forklift accidents.



▶ Forklift safety training site

Occupational health knowledge training for new employees to enhance their safety awareness



To strengthen the safety awareness of new employees and ensure work safety, Ningguo Baolong organized new employees to participate in occupational health knowledge training. The training popularizes the domestic occupational safety and health status and occupational hazard protection measures to new employees, and provides comprehensive and detailed guidance and teaching on the use methods and matters for attention of all kinds of personal protective equipment, helping new employees quickly understand safety matters and learn to protect their own health and safety.

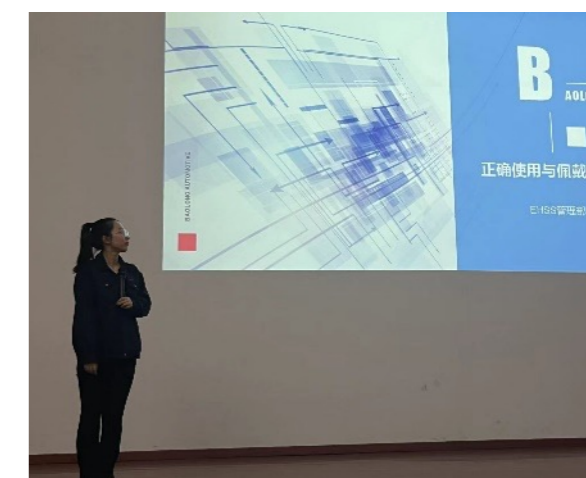


▶ Occupational health knowledge training

Publicity week of the Law on the Prevention and Control of Occupational Diseases to build a harmonious workplace



In April 2023, we launched a one-week publicity week of the *Law on the Prevention and Control of Occupational Diseases*. The Ningguo base has proactively created a publicity atmosphere for the prevention and control of occupational diseases by broadcasting relevant publicity and education videos to warm up the activity. Besides, the CDC and the Health Inspection Institute of Xuancheng and Ningguo cities organized on-site and free consultation activities to provide health consultation and examination services for employees, jointly contributing to the prevention and control of occupational diseases, protecting the health of employees, and building a harmonious workplace.



▶ Training on the *Law on the Prevention and Control of Occupational Diseases*



▶ Launching ceremony of the publicity week of the *Law on the Prevention and Control of Occupational Diseases*

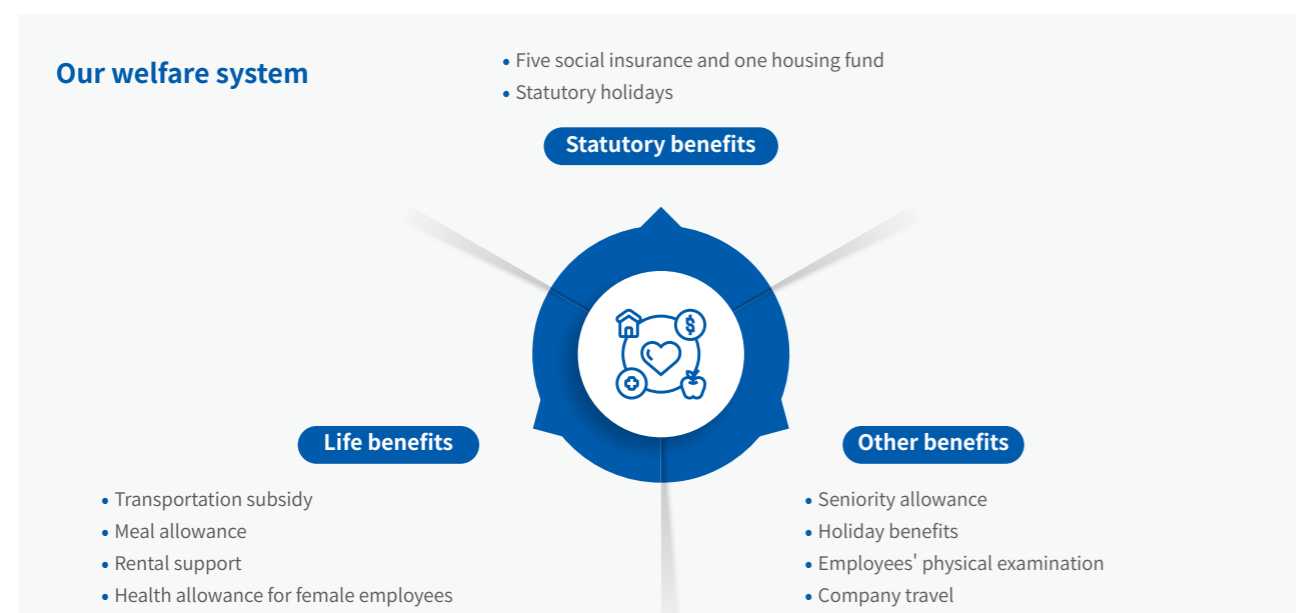
Care Activities

We adhere to the principle of employee-centered, strive to create a positive, healthy, and supportive working environment, strengthen the emotional bond between the company and employees, and establish closer mutual trust and cooperation, in order to enhance employees' loyalty and sense of belonging to the Company and promote our long-term development.

Welfare care

We proactively fulfill social responsibilities and provide employees with extensive benefits and secure life. We have formulated the *Welfare System*, which sets up a variety of independent benefits on top of statutory benefits to enhance employees' happiness and sense of gain. In addition, we help employees with difficulties to solve their problems. We have developed the *Policy for the Administration of Temporary Subsidies for Employees with Living Difficulties* to provide comfort, care, and economic assistance to employees' families when they have large expenses due to illness or accidents, or when their children have difficulty in paying tuition for getting into universities.

According to the *Policy for the Administration of Temporary Subsidies for Employees with Living Difficulties*, we also provide comfort, care and financial support to employees who encounter financial difficulties due to serious diseases or their children's enrollment.

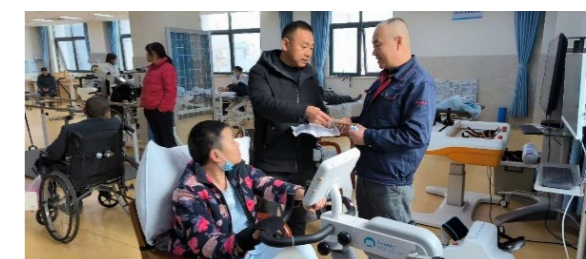


Key performance

During the reporting period, we provided staff quarters for **1,295** employees and paid holiday benefits of RMB **1,000** per employee.

Helping employees with difficulties

We care about the well-being of employees and their families, provide subsidies to employees who suffer huge losses due to natural disasters, serious diseases, and accidents in proportion to the losses, and provide door-to-door condolence and care with the approval of the human resources department and the union. In 2023, we provided special care for 70 employees, with a total subsidy amount of RMB188,000.



Condolence for employees with difficulties

Grants for poor employees to support their children to study in universities

To help the children of employees in financial difficulties to enter college and receive better education, we provide educational grants for the families of employees in financial difficulties to reduce their financial burden. This reflects our deep care for employees. In 2023, we distributed a total of RMB16,000 in grants.



Grants for employees' children

Cultural activities

We carry out a variety of cultural activities to relieve the working pressure of employees and enhance their satisfaction and happiness. We have formulated the Departmental Activity Management Measures and the Employee Tourism Management Measures, which stipulate the requirements for cultural activities, require at least one employee activity to be held every quarter and at least four activity forms to be adopted throughout the year, and incorporate the form and number of annual activities into the department's annual performance assessment, in order to enhance our cohesion and centripetal force.

Form of activities



Ningguo Baolong held basketball games to keep employees fit and healthy



To demonstrate our hardworking spirit, reinforce cooperation and exchange between departments, and strengthen employees' physique, Ningguo Baolong held the 11th Men's Basketball Game and Women's Basketball Performance Game for 12 days in October 2023, which attracted more than 40 employees from four teams in various factories of our bases. We aim to enhance the team spirit of employees from all our departments, strengthen their senses of collective honor, and provide channels for employees to relax after work by organizing basketball games.



Basketball games

We launched colorful activities in our bases to celebrate the Mid-Autumn Festival and employees gathered together with warm and sweet vibes



In September 2023, employees gathered together to enjoy the bright moon, taste moon cakes and celebrate the festival. There were not only traditional DIY moon cakes, but also interactive games and artistic performances, which enhanced the friendship between employees and created a harmonious and beautiful festival atmosphere.



Songjiang base: DIY Cantonese mooncake

Ningguo base: Mid-Autumn Festival activity - Circle your favorite gifts

We launched colorful activities in our bases to celebrate the Women's Day and female employees enjoyed a wonderful time



On the occasion of the Women's Day, our bases carefully organized a variety of activities, such as floral lectures, sending flowers into workshops, etc., to send blessings to our female employees. The activities not only showed our care and respect for female employees, but also enhanced our team cohesion and made female employees feel the warmth and care we extended on this special day.



Wuhan base

Lingang base

Songjiang base

Ningguo base

Hefei base



Take Public Welfare Responsibilities and Build a Better Homeland

109 / Local Economy and Industrial
Development

113 / Charity and Public Welfare



Local Economy and Industrial Development

As a regional high-quality enterprise, Baolong Automotive has taken the initiative to contribute to local development with its own development, and drive regional prosperity and economic development by increasing local employment, developing local industrial chains, and helping the poor. In addition, we take the cooperative and open attitude and have carried out extensive cooperation. We have established a strategic cooperation mechanism with multiple parties through various means such as participation in industry exhibitions and standard revision, to help the revitalization of the automotive industry and contribute to the progress of the industry.

Key performance

In 2023, we participated in the discussion of the draft of *C-ICAP High Express Road Automatic Driving System Evaluation Rules*. As of the end of the reporting period, we have participated in the formulation of **33** national and industrial standards, among which we were the lead drafter of **18** standards.

Participating in the Gasgoo Intelligent Cockpit Forum to share advanced technology

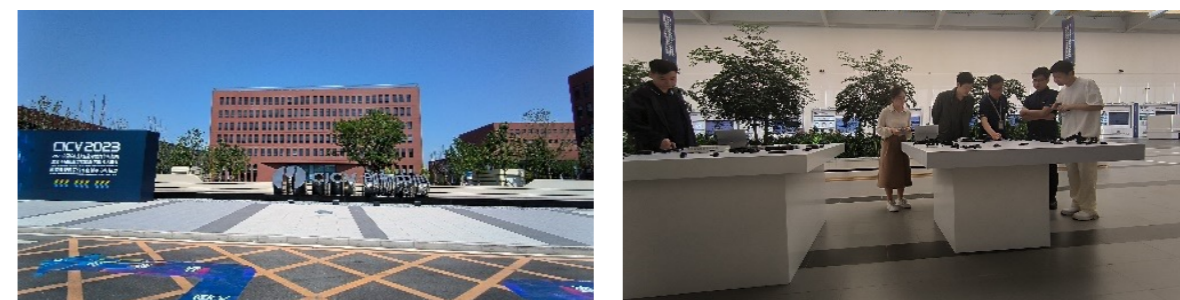
In December 2023, we participated in the fifth Intelligent Cockpit and User Experience Conference, and discussed the status quo, development and future of intelligent cockpit technology with industry giants and peer enterprises. During the conference, the general manager of our IDS Technology Exchange Center shared the advanced technology and product R&D process of our intelligent cockpits, and discussed and analyzed the current situation and market demand of the intelligent cockpit industry.



Our technical experts attended the Gasgoo Intelligent Cockpit Forum

Participating in the 10th International Conference of Intelligent and Connected Vehicles Technology

In March 2023, we participated in the 10th International Conference of Intelligent and Connected Vehicles Technology in Beijing. The conference brought together world-renowned carmakers, automotive technology companies and industry experts to discuss the development trends, challenges and opportunities of intelligent and connected vehicle technology. We participated in business docking and technology exchange activities, and explored cooperation opportunities with other participants, aiming to promote knowledge sharing and explore new cooperation models to boost the further development of intelligent and connected vehicles technology.



The 10th International Conference of Intelligent and Connected Vehicles Technology

Participating in China Automotive Chip Conference

In July 2023, we participated in the 2023 China Automotive Chip Conference to promote high-quality development and cross-border integration of the automotive chip industry. More than 500 enterprises participated in the conference, which brought together governments, industry experts and alliance members. In the future, we will explore the automotive chip innovation ecology with other participants, strengthen independent safety and control, and promote the rapid development of the industry.



Conference site

Making donations to contribute to the automotive culture public welfare

We are committed to pushing forward the cultivation and development of automotive talents, and take building a solid foundation of the automotive industry as our own responsibility. In September 2023, we donated RMB500,000 to support plans and projects on automotive culture and education, so as to contribute to the prosperity of the automotive industry.



Donation Certificate

Community where we are located and its residents

We are well aware of the role and responsibility of an enterprise in the community, and strive to establish a good interactive relationship with the local community and the residents thereof. For the community, we participate in community activities, build community communication channels, and give back to the community with our development. As for local residents, we will continue to formulate and improve relevant policies, goals and action plans, and establish a more harmonious and symbiotic relationship with local residents by establishing cooperation mechanisms, cultivating talent teams and innovating development models, so as to jointly promote the prosperity and development of the society.

Our policies for local community residents

Respect for culture

- We respect the cultural traditions and values of local community residents, and encourage employees to integrate the cultural elements of the local community into their work.

Benefits sharing

- We share development achievements with local community residents, and enable them to benefit from our development by offering employment opportunities, purchasing local products and strengthening local public services.
- We also care about the basic needs of local community residents such as education and medical care, and provide support and assistance through school-enterprise cooperation, donation of used clothes, voluntary blood donation, and assistance to those in difficulties.

Community engagement

- We participate in the construction and development of the local community, and support local public welfare undertakings such as infrastructure construction and environmental protection through financial and material donation, voluntary blood donation, and volunteer activities.
- Besides, we establish cooperative relations with local governments and social organizations to jointly promote the sustainable development of the local community.

Our actions to solve the problems of local community residents



Establishing cooperation mechanisms

- Establish long-term and stable cooperative relations with local community residents, and solve problems and disputes encountered in cooperation by signing contracts, regular communication, and negotiation
- Establish a good cooperation mechanism with local governments and social organizations to jointly promote the development of the local community



Cultivating talent teams

- Cultivate a professional team with cultural knowledge and communication ability of local community residents, and improve the cultural literacy and cross-cultural communication capability of employees through internal training and external introduction
- Encourage employees to have an in-depth understanding of the lifestyles and cultural traditions of local community residents to enhance mutual understanding and trust



Innovating development models

- Explore new models and paths of common development with local community residents, and enhance our competitiveness and sustainable development capacity through technological innovation and industrial upgrading
- Care about the education, health and other issues of local community residents, promote useful experience and practices, and promote the overall progress of the whole community

Protecting the interests of the community and establishing community compliant channels

We take it as our responsibility to prosper together with and give back to the local community. To safeguard the interests of the community, we have established a community feedback system to allow the community to reflect the negative impact caused by our operation on the community through a formal complaints process. We attach great importance to every feedback, take every complaint seriously, and take practical and effective measures to protect the interests of the community, in a bid to build a better future together with the community.

Community compliant resolution process



Charity and Public Welfare

We respond to the call of the society, and participate in and establish social public welfare undertakings. We support the development of education and sports through donations, and organize employees to carry out a series of charity and volunteer service activities, including clothing donation, unpaid blood donation, and love donation, to contribute our power with practical actions, publicize the spirit of dedication, pass on warmth and hope, and repay the society with love.

Making donations to Wuhan University of Technology to prosper university education

Since 2017, we have donated RMB1 million to Wuhan University of Technology every year, with a total planned donation of RMB10 million. By 2023, we have donated RMB8 million to develop automotive disciplines, cultivate excellent talents for the automotive industry, and boost the sustainable growth of the automotive industry. We have also initiated a number of donations to the Sports Fund and the Football Development Fund of Wuhan University of Technology to support the development of culture, education and sports.



Thank-you note for donations

Cleaning the Nursing Home of Dongjing Town

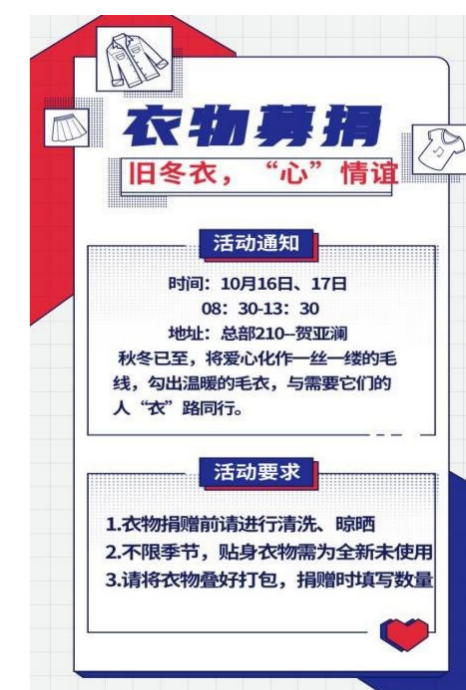
In November 2023, we organized 33 employees to send condolences to the Nursing Home of Dongjing Town, Songjiang District, Shanghai. The employees carried gifts and sent blessings and care to the elderly in the nursing home. Besides, our employees spontaneously cleaned the nursing home to provide a comfortable and clean environment for the elderly. We fulfill our social responsibilities and contribute to a harmonious and friendly society.



Photo of volunteers

Winter clothes donation activity to transfer love and warmth

We organize employees to donate used clothes every year. We call on employees to donate winter clothes to people in need in poor areas to improve the living standards of the poor. In October 2023, we collected more than 200 pieces of used clothes through donation activities, which were sent to the people in need in Yunnan through Shanghai Songjiang District Volunteers Association.



Clothes donation poster



Voluntary blood donation



Donating RMB100,000 to the "Interscience Crossing Science Innovation Principal Space"

Key Performance

Key Economic Performance				
Indicator	Unit	2021	2022	2023
Revenue	RMB10,000	389,758.56	477,771.43	589,746.49
Net profit attributable to shareholders of listed companies	RMB10,000	26,839.82	21,413.70	37,883.35
Total assets	RMB10,000	514,948.44	661,505.99	847,570.48
Net assets attributable to shareholders of listed companies	RMB10,000	219,851.29	249,843.20	295,344.46
R&D expenses	RMB10,000	28,050.41	32,672.09	46,952.62
R&D personnel	person	773	911	1,165
Proportion of R&D personnel	%	16.40	16.94	17.45

Note: Please refer to the 2023 Annual Report of Baolong Automotive for other financial data of the Company in 2023.

Key Environmental Performance			
	Disclosures	Unit	2023
Energy consumption	Natural gas	m ³	726,552.00
	Diesel	L	97,335.60
	Fuel oil	tonne	7,009.00
	Gasoline	L	83,241.41
	Purchased electricity	kWh	93,472,141.00
	Renewable energy 2 Note: ISO/IEC CD13273-1.2 defines renewable energy including wind, solar, hydro, geothermal, etc	kWh	22,738,344.90
Use of water resources	Municipal water purchase	m ³	415,972.00
Waste gas	Total waste gas emissions	m ³	939,446,420.00
	Particulate matter	Mg/m ³	1.92
	Non-methane hydrocarbon	Mg/m ³	2.43
	VOC emissions	Mg/m ³	1.00
	Nitrogen oxide	Mg/m ³	18.00
	Sulfur oxide	Mg/m ³	21.00
	Nitrogen oxide	Mg/m ³	0.57

Key Environmental Performance			
	Disclosures	Unit	2023
Waste water	Total waste water discharged	m ³	195,735.75
	Chemical oxygen demand (COD)	Mg/l	93.68
	Five-day biochemical oxygen demand (BOD5)	Mg/l	28.60
	Suspended substance	Mg/l	12.26
	Ammonia nitrogen	Mg/l	10.13
	Total phosphorus	Mg/l	0.17
	pH	-	6.93
General waste	Paperboard generated	tonne	59.61
	Plastic generated	tonne	8.09
	Metal generated	tonne	1,583.25
	Kitchen waste generated	tonne	57.38
	General domestic waste generated	tonne	92.60
	Total general solid waste incinerated	tonne	56.55
	Total non-hazardous waste	tonne	321.19
	Non-hazardous waste recycled	tonne	276.34
	Total hazardous waste generated	tonne	357.93
Toxic waste	Total hazardous waste incinerated	tonne	14.12
	Total physical and chemical disposal of hazardous waste	tonne	2.50
	Hazardous waste recycled	tonne	27.22
Materials	Non-renewable materials used	tonne	172,181.90
Packaging materials	Total packaging consumables used	tonne	18,452.46
	Packaging materials used: wood	tonne	17,347.05
	Packaging materials used: plastic	tonne	285.14
	Packaging materials used: paper	tonne	816.59
	Packaging materials used: others	tonne	3.68
Investment in environmental protection	Investment in environmental protection	RMB	8,867,501.48
Investment in energy saving	Investment in energy saving	RMB	2,443,300.00
Carbon emissions	Total carbon emissions-Scope 1	tonne	7,795.66
	Total carbon emissions-Scope 2	tonne	59,764.80

Social Quantitative Data						
Disclosures		Unit	2021	2022	2023	
Employment	Labor contract signing rate		%	100	100	100
	Total number of employees		person	4,712	5,377	6,678
	By gender	Male	person	3,078	3,555	4,470
		Female	person	1,634	1,822	2,208
	By type of employment	Labor contracts	person	4,183	4,801	5,425
		Labor dispatching	person	490	541	1,078
		Others	person	39	35	175
	By age	51 and above	person	760	872	973
		41-50	person	1,139	1,179	1,453
		31-40	person	1,803	2,023	2,506
		30 and below	person	1,010	1,303	1,746
	By region	Employees working in Mainland China	person	4,147	4,830	6,107
		Employees working in Hong Kong, Macao and Taiwan	person	0	0	0
		Employees working in other countries and regions	person	565	547	571
	By educational background	Bachelor degree and above	person	1,059	1,286	1,544
		College	person	832	1,005	1,318
		Technical secondary school and below	person	2,821	3,086	3,816
	By type of employees	Total number of grassroots employees	person	1,125	1,386	1,779
		Total number of middle management employees	person	135	167	225
		Number of female employees in middle management	person	27	34	42
		Total number of senior management employees	person	62	60	60
		Number of female employees in senior management	person	3	3	3
	By profession composition of employees	Production workers	%	69	69	70
Salespersons		%	6	5	4	
Technical personnel		%	16	17	17	
Financial staff		%	2	1	1	

Social Quantitative Data						
Disclosures		Unit	2021	2022	2023	
Employment	By profession composition of employees	Administrative staff	%	7	8	7
		Service personnel	%	0	0	0
		Others	%	0	0	0
	Persons with disabilities	Number of employees with disabilities	person	11	11	11
Employee satisfaction	Employee satisfaction survey	Number of employees covered by the employee satisfaction survey	person	4712	5377	5762
		Number of employees receiving effective feedback in the employee satisfaction survey	person	1739	1649	1812
		Employee satisfaction survey results %	%	91.10%	91.38%	91.43%
Human rights	Free association	Free association coverage	person	4,712	5,377	6,678
	Total number of departed employees		person	1,802	1,473	1,965
	Number of voluntarily-departed employees		person	1,802	1,473	1,965
	Employee turnover rate		%	3	2	3
Employee turnover rate	By gender	Number of departed male employees	person	1,108	989	1,256
		Number of departed female employees	person	694	484	560
	By age	Number of departed employees aged 51 and above	person	108	87	161
		Number of departed employees aged 41 to 50	person	302	292	319
		Number of departed employees aged 31 to 40	person	578	479	506
		Number of departed employees aged 30 and below	person	814	615	830
	By region	Number of departed employees working in Mainland China	%	83	97	98
		Number of departed employees working in Hong Kong, Macao and Taiwan	%	0	0	0
		Number of departed employees working in other countries and regions	%	18	3	2
	By type of employment	Labor contracts	%	71	67	52
Labor dispatching		%	21	24	47	
Others		%	8	9	1	

Social Quantitative Data						
Disclosures		Unit	2021	2022	2023	
Employee training	Total number of employees receiving training		person	4,712	5,377	6,678
	By gender	Number of male employees receiving training	person	3,078	3,555	4,470
		Number of female employees receiving training	person	1,634	1,822	2,208
	By type of employees	Number of grassroots employees receiving training	person	1,125	1,386	1,779
		Number of middle management employees receiving training	person	135	167	225
		Number of senior management employees receiving training	person	62	60	60
	Total number of hours of training received by employees		hour	166,334	143,566	184,313
	Average employee training hours		hour	35	27	28
	By gender	Total number of hours of training received by male employees	hour	105,268	93,497	122,478
		Total number of hours of training received by female employees	hour	61,066	50,189	61,167
	By type of employees	Total number of hours of training received by grassroots employees	hour	41,963	37,561	50,702
		Total number of hours of training received by middle management employees	hour	5,184	4,526	6,413
		Total number of hours of training received by senior management employees	hour	2,871	1,782	1,890
	New employees	Total number of new employees	person	1,854	2,060	3,058
By gender		Female	person	625	624	962
		Male	person	1,229	1,436	2,096
By level		Grassroots employees (P"4-6")	person	326	445	431
		Junior management (P"3")	person	34	26	13
		Middle management (P"2")	person	23	20	17
		Senior management (P"1")	person	7	4	0
By age		Number of new employees aged 51 and above	person	112	97	124
		Number of new employees aged 41 to 50	person	343	264	448
		Number of new employees aged 31 to 40	person	520	611	880
	Number of new employees aged 30 and below	person	879	1,088	1,606	

Social Quantitative Data						
Disclosures			Unit	2021	2022	2023
New employees	By region	New employees working in Mainland China	person	1,876	2,023	3,007
		New employees working in Hong Kong, Macao and Taiwan	person	0	0	0
		New employees working in other countries and regions	person	29	37	51

Social Quantitative Data				
Disclosures			Unit	2023
Indicators for employee health and safety	Employee health and safety	Number of working days lost due to work-related injury	day	2,169.5
		Number of employees who died due to work	person	0
		Number of employees in occupational-disease-risk positions	person	740
		Number of employees participating in physical examination for occupational diseases	person	740
		Number of employees with occupational diseases	person	1
		Number of employees with work-related injuries	person	55
		Number of work-related accidents	/	53
		Number of employees with occupational diseases	person	1
		Number of work-related deaths	/	0
	Safety accidents and personnel Note: Applicable to companies with production sites	Number of work-related fatalities	person	0
		Fatality Rates per million work-hours	%	0
		Injury rate per million work-hours	piece/million work-hours	4.12
		Investment in health and safety	RMB10,000	3
	Work-related injury of contractors	Lost time injury rate of contractors	%	0
		Number of work-related deaths of contractors	person	0
		Percentage of work-related deaths of contractors	%	0
	Investment in health and safety	Investment in the occupational health and safety of employees	RMB10,000	3
Investment in work safety		RMB10,000	21	

Indicator Index

GRI Standard	Explanation	Section
The organization and its reporting practices		
G2-1	Organizational details	About Baolong Automotive
G2-2	Entities included in the organization's sustainability reporting	About this Report
G2-3	Reporting period, frequency and contact person	About this Report
G2-4	Restatements of information	N/A
G2-5	External assurance	N/A
Activities and workers		
G2-6	Activities, value chain and other business relationships	About Baolong Automotive
G2-7	Employees	Key Performance
G2-8	Workers who are not employees	Key Performance
Governance		
G2-9	Governance structure and composition	Corporate Governance
G2-10	Nomination and selection of the highest governance body	Corporate Governance
G2-11	Chair of the highest governance body	See the Annual Report
G2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
G2-13	Delegation of responsibility for managing impacts	Corporate Governance
G2-14	Role of the highest governance body in sustainability reporting	Not disclosed
G2-15	Conflicts of interest	N/A
G2-16	Communication of critical concerns	Sustainable Development
G2-17	Collective knowledge of the highest governance body	See the Annual Report
G2-18	Evaluation of the performance of the highest governance body	See the Annual Report
G2-19	Remuneration policies	Employees' Rights and Interests
G2-20	Process to determine remuneration	Employees' Rights and Interests
G2-21	Annual total compensation ratio	See the Annual Report
Strategy, policies and practices		
G2-22	Statement on sustainable development strategy	Message from the Management
G2-23	Policy commitments	Not disclosed
G2-24	Embedding policy commitments	Not disclosed
G2-25	Processes to remediate negative impacts	Anti-corruption
G2-26	Mechanisms for seeking advice and raising concerns	Employees' Rights and Interests
G2-27	Compliance with laws and regulations	Risk Management
G2-28	Membership associations	Local Economy and Industrial Development

GRI Standard	Explanation	Section
Stakeholder engagement		
G2-29	Reporting period, frequency and contact person	About this Report
G2-30	Collective bargaining agreements	Not disclosed
Material Topics		
G3-1	Process to determine material topics	Sustainable Development
G3-2	List of material topics	Sustainable Development
G3-3	Management of material topics	Not disclosed
Economic Performance		
G201-1	Direct economic value generated and distributed	See the Annual Report
G201-2	Financial implications and other risks and opportunities due to climate change	Not disclosed
G201-3	Defined benefit plan obligations and other retirement plans	Not disclosed
G201-4	Financial assistance received from government	See the Annual Report
Market Presence		
G202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed
G202-2	Proportion of senior management hired from the local community	Not disclosed
Indirect Economic Impacts		
G203-1	Infrastructure investments and services supported	N/A
G203-2	Significant indirect economic impacts	N/A
Procurement Practices		
G204-1	Proportion of spending on local suppliers	Not disclosed
Anti-corruption		
G205-1	Operations assessed for risks related to corruption	Not disclosed
G205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
G205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
Anti-competitive Behavior		
G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not disclosed
Tax		
G207-1	Approach to tax	See the Annual Report
G207-2	Tax governance, control, and risk management	Risk Management
G207-3	Stakeholder engagement and management of concerns related to tax	See the Annual Report
G207-4	Country-by-country reporting	See the Annual Report

GRI Standard	Explanation	Section
Materials		
G301-1	Materials used by weight or volume	Key Performance
G301-2	Recycled input materials used	Actively Control the Three Wastes through Upgrading
G301-3	Reclaimed products and their packaging materials	Actively Control the Three Wastes through Upgrading
Energy		
G302-1	Energy consumption within the organization	Create Environmental Benefits through Resource Conservation, Key Performance
G302-2	Energy consumption outside of the organization	Not disclosed
G302-3	Energy intensity	Not disclosed
G302-4	Reduction of energy consumption	Create Environmental Benefits through Resource Conservation
G302-5	Reductions in energy requirements of products and services	Create Environmental Benefits through Resource Conservation
Water and Effluents		
G303-1	Interactions with water as a shared resource	Not disclosed
G303-2	Management of water discharge-related impacts	Create Environmental Benefits through Resource Conservation
G303-3	Water withdrawal	Key Performance
G303-4	Water discharge	Not disclosed
G303-5	Water consumption	Not disclosed
Biodiversity		
G304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
G304-2	Significant impacts of activities, products and services on biodiversity	N/A
G304-3	Habitats protected or restored	N/A
G304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
Emissions		
G305-1	Direct (Scope 1) GHG emissions	Key Performance
G305-2	Energy indirect (Scope 2) GHG emissions	Key Performance
G305-3	Other indirect (Scope 3) GHG emissions	Not disclosed
G305-4	GHG emissions intensity	Not disclosed
G305-5	Reduction of GHG emissions	Create Environmental Benefits through Resource Conservation
G305-6	Emissions of ozone-depleting substances (ODS)	Not disclosed
G305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Key Performance

GRI Standard	Explanation	Section
Waste		
G306-1	Waste generation and significant waste-related impacts	Actively Control the Three Wastes through Upgrading
G306-2	Management of significant waste-related impacts	Actively Control the Three Wastes through Upgrading
G306-3	Waste generated	Key Performance
G306-4	Waste diverted from disposal	Actively Control the Three Wastes through Upgrading
G306-5	Waste directed to disposal	Key Performance
Supplier Environmental Assessment		
G308-1	New suppliers that were screened using environmental criteria	Enhanced Cooperation with Suppliers
G308-2	Negative environmental impacts in the supply chain and actions taken	Enhanced Cooperation with Suppliers
Employment		
G401-1	New employee hires and employee turnover	Employment Compliance
G401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Care Activities
G401-3	Parental leave	Not disclosed
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G402-1	Minimum notice periods regarding operational changes	Not disclosed
Occupational Health and Safety		
G403-1	Occupational health and safety management system	Safety and Health
G403-2	Hazard identification, risk assessment, and incident investigation	Safety and Health
G403-3	Occupational health services	Safety and Health
G403-4	Worker participation, consultation, and communication on occupational health and safety	Safety and Health
G403-5	Worker training on occupational health and safety	Safety and Health
G403-6	Promotion of worker health	Safety and Health
G403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety and Health
G403-8	Workers covered by an occupational health and safety management system	Not disclosed
G403-9	Work-related injuries	Key Performance
G403-10	Work-related ill health	Not disclosed
Training and Education		
G404-1	Average hours of training per year per employee	Key Performance
G404-2	Programs for upgrading employee skills and transition assistance programs	Career Promotion
G404-3	Percentage of employees receiving regular performance and career development reviews	Not disclosed
Diversity and Equal Opportunity		
G405-1	Diversity of governance bodies and employees	Key Performance
G405-2	Ratio of basic salary and remuneration of women to men	Not disclosed

GRI Standard	Explanation	Section
Non-discrimination		
G406-1	Incidents of discrimination and corrective actions taken	Employment Compliance
Freedom of Association and Collective Bargaining		
G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employees' Rights and Interests
Child Labor		
G408-1	Operations and suppliers at significant risk for incidents of child labor	Employment Compliance
Forced or Compulsory Labor		
G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not disclosed
Security Practices		
G410-1	Security personnel trained in human rights policies or procedures	N/A
Rights of Indigenous Peoples		
G411-1	Incidents of violations involving rights of indigenous peoples	Local Economy and Industrial Development
Local Communities		
G413-1	Operations with local community engagement, impact assessments, and development programs	Charity and Public Welfare
G413-2	Operations with significant actual and potential negative impacts on local communities	N/A
N/A		
G414-1	New suppliers that were screened using social criteria	Enhanced Cooperation with Suppliers
G414-2	Negative social impacts in the supply chain and actions taken	Enhanced Cooperation with Suppliers
Public Policy		
G415-1	Political contributions	N/A
Customer Health and Safety		
G416-1	Assessment of the health and safety impacts of product and service categories	More Emphasis on Quality Management
G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not disclosed
Marketing and Labeling		
G417-1	Requirements for product and service information and labeling	Not disclosed
G417-2	Incidents of non-compliance concerning product and service information and labeling	Not disclosed
G417-3	Incidents of non-compliance concerning marketing communications	Not disclosed
Customer Privacy		
G418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not disclosed

Topic	CASS Indicator	Disclosures	Section
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		P1.2 Information interpretation	About this Report
		P1.3 Reporting system	About this Report
	(P2) Message from the Management	P2.1 Situation analysis and strategic consideration of ESG performance	Message from the Management
		P2.2 Annual work progress in ESG	Message from the Management
	(P3) Responsibility Focus	P3.1 Major ESG events	With Global Vision, Strive to Be an Innovation Leader
	(P4) Corporate Profile	P4.1 Basic information	Company Profile
		P4.2 Strategy and culture	Corporate Culture
		P4.3 Business overview	Company Profile
		P4.4 Major changes in organizational size, structure, ownership or supply chain during the reporting period	Company Profile
	Part II: Responsibility Management (G-Series)	(G1) Corporate Governance	G1.1 Board composition diversity
G1.2 Board independence			Corporate Governance
G1.3 Compliance system			Corporate Governance
G1.4 Compliance training performance			Risk Management
G1.5 Anti unfair competition			Not disclosed
G1.6 Complaint and reporting mechanism			Anti-corruption
G1.7 Anti-commercial bribery and anti-corruption system			Anti-corruption
G1.8 Anti-corruption training performance			Anti-corruption
G1.9 Corruption incidents and responses			Not disclosed
G1.10 Information transparency			Information Disclosure
G1.11 Incidents incurring penalties due to violation of information disclosure requirements			Not disclosed
(G2) Board & ESG Governance		G2.1 The Board's ESG management policy	Not disclosed
		G2.2 The Board's mechanism for ESG work and leadership	Not disclosed
		G2.3 The Board's identification of ESG risks and opportunities	Not disclosed
		G2.4 The Board's review of ESG goals	Not disclosed
	G2.5 Executive compensation linked to ESG performance	Not disclosed	

Topic	CASS Indicator	Disclosures	Section
Part II: Responsibility Management (G-Series)	(G3) ESG Management	G3.1 Departments responsible for ESG work	Not disclosed
		G3.2 ESG strategy	Not disclosed
		G3.3 ESG work system	Not disclosed
		G3.4 Participation in ESG research or the development of ESG standards for the industry	Not disclosed
		G3.5 Identification of material ESG issues	Sustainable Development
		G3.6 Communication with stakeholders	Sustainable Development
		G3.7 Channels for ESG information disclosure	About this Report
		G3.8 System for ESG appraisal	Not disclosed
		G3.9 ESG training	Not disclosed
		G3.10 ESG training performance	Not disclosed
		G3.11 ESG awards	Not disclosed
Part III: Environmental Risk Management (E-Series)	(E1) Environmental Management	E1.1 Environmental management system	Build Green Factories through Environmental Management
		E1.2 Environmental management goals	Create Environmental Benefits through Resource Conservation
		E1.3 Investment in environmental protection	Build Green Factories through Environmental Management
		E1.4 Early warning and emergency mechanism for environmental protection	Build Green Factories through Environmental Management
		E1.5 Environmental assessment policy for new projects	Not disclosed
		E1.6 Environmental management system certification	Build Green Factories through Environmental Management
		E1.7 Environmental protection training and publicity	Create Environmental Benefits through Resource Conservation
		E1.8 R&D and application of environmental products or technologies	Create Environmental Benefits through Resource Conservation
		E1.9 Environmental violations and penalties	Build Green Factories through Environmental Management
	(E2) Resources Utilization	E2.1 Energy management system	Create Environmental Benefits through Resource Conservation
		E2.2 Energy consumption	Create Environmental Benefits through Resource Conservation
		E2.3 Energy consumption intensity	Not disclosed
		E2.4 Policies for using clean energy	Create Environmental Benefits through Resource Conservation
		E2.5 Clean energy used	Create Environmental Benefits through Resource Conservation
		E2.6 Policies for reducing packaging materials used for finished goods	Actively Control the Three Wastes through Upgrading
		E2.7 Total packaging materials used for finished goods	Not disclosed
		E2.8 Percentage of recycled packaging materials used for finished products	Actively Control the Three Wastes through Upgrading
		E2.9 Policies for using water resources	Create Environmental Benefits through Resource Conservation
		E2.10 Fresh water consumption	Key Performance
		E2.11 Water consumption intensity	Not disclosed
		E2.12 Water saving	Create Environmental Benefits through Resource Conservation
		E2.13 Recycled water consumption	Not disclosed
		E2.14 Green office measures	Build Green Factories through Environmental Management
		E2.15 Green office performance	Not disclosed

Topic	CASS Indicator	Disclosures	Section	
Part III: Environmental Risk Management (E-Series)	(E3) Emissions	E3.1 Policies for reducing wastewater discharge	Actively Control the Three Wastes through Upgrading	
		E3.2 Wastewater discharge	Actively Control the Three Wastes through Upgrading	
		E3.3 Policies for reducing waste gas emissions	Actively Control the Three Wastes through Upgrading	
		E3.4 Waste gas emissions	Actively Control the Three Wastes through Upgrading	
		E3.5 Policies for managing waste discharge	Actively Control the Three Wastes through Upgrading	
		E3.6 General waste discharge	Key Performance	
		E3.7 General waste discharge intensity	Not disclosed	
		E3.8 Hazardous waste discharge	Actively Control the Three Wastes through Upgrading	
		E3.9 Hazardous waste discharge intensity	Not disclosed	
		E3.10 Waste recycling and reuse performance	Actively Control the Three Wastes through Upgrading	
	(E4) Ecological Safety Protection	E4.1 Impact of business operations on biodiversity and ecological system	Not disclosed	
		E4.2 Biodiversity protection actions	Not disclosed	
		E4.3 Ecological restoration and management	Not disclosed	
	(E5) Addressing Climate Change	E5.1 Governance mechanism to address climate-related risks and opportunities	Not disclosed	
		E5.2 Impact of climate-related risks and opportunities on operations	Not disclosed	
		E5.3 Climate-related risk management	Not disclosed	
		E5.4 Targets and performance in relation to climate-related risks and opportunities	Create Environmental Benefits through Resource Conservation	
		E5.5 Direct GHG emissions	Create Environmental Benefits through Resource Conservation	
		E5.6 Indirect GHG emissions	Create Environmental Benefits through Resource Conservation	
		E5.7 GHG emission intensity	Not disclosed	
	Part IV: Social Risk Management (S-Series)	(S1) Employment	S1.1 Compliance with labor law standards	Employment Compliance
			S1.2 Diversity and equal opportunity	Employment Compliance
			S1.3 Employee composition	Employment Compliance
			S1.4 Signing rate of labor contracts	Employment Compliance
			S1.5 Employee turnover	Employment Compliance
			S1.6 Democratic management	Employees' Rights and Interests
			S1.7 Compensation and benefit system	Employees' Rights and Interests
			S1.8 Social security coverage	Not disclosed
			S1.9 Average number of annual paid leave days each employee	Not disclosed
			S1.10 Care for employees	Care Activities
S1.11 Employee satisfaction			Employees' Rights and Interests	
(S2) Development and Training		S2.1 Career development channel	Career Promotion	
		S2.2 Occupational training system	Career Promotion	
		S2.3 Investments in occupational training	Not disclosed	
		S2.4 Occupational training performance	Career Promotion	

Topic	CASS Indicator	Disclosures	Section
Part IV: Social Risk Management (S-Series)	(S3) Occupational Health and Work Safety	S3.1 Occupational health management	Safety and Health
		S3.2 Occupational health and safety management system certification	Safety and Health
		S3.3 Number of new occupational diseases	Key Performance
		S3.4 Work safety management system	Safety and Health
		S3.5 Safety education, publicity and training	Safety and Health
		S3.6 Potential risk inspection and rectification	Safety and Health
		S3.7 Emergency management system	Build Green Factories through Environmental Management
		S3.8 Investment in work safety	Safety and Health
		S3.9 Work safety training performance	Safety and Health
		S3.10 Number of accidents in work safety	Key Performance
		S3.11 Number of work-related injuries / deaths	Key Performance
		S3.12 Lost work days due to work-rated injuries	Key Performance
	(S4) Responsibilities to Customers	S4.1 Product / service quality management	More Emphasis on Quality Management
		S4.2 Product qualification rate	More Emphasis on Quality Management
		S4.3 Responsible marketing	Not disclosed
		S4.4 Stop loss and compensation mechanism	Not disclosed
		S4.5 Response to customer complaints	Refined Customer Services
		S4.6 Information security and privacy protection	Not disclosed
		S4.7 Customer satisfaction	Refined Customer Services
		S4.8 Complaint resolution rate	Refined Customer Services
	S4.9 Negative incidents related to customer health and safety during the reporting period	Not disclosed	
	(S5) Responsible Supply Chain	S5.1 Supply chain ESG management system	Enhanced Cooperation with Suppliers
		S5.2 Supplier ESG review and assessment	Enhanced Cooperation with Suppliers
		S5.3 Number of suppliers reviewed	Not disclosed
		S5.4 Number of suppliers subject to suspension of cooperation due to non-compliance	Not disclosed
		S5.5 Number of potential suppliers rejected due to non-compliance	Not disclosed
		S5.6 Supplier ESG training system	Enhanced Cooperation with Suppliers
		S5.7 Supplier ESG training performance	Enhanced Cooperation with Suppliers

Topic	CASS Indicator	Disclosures	Section	
Part V: Value Creation (V-Series)	(V1) Value to the Country	V1.1 Concepts and policies serving major national strategies	Local Economy and Industrial Development	
		V1.2 Contribution to major national strategies	Create Environmental Benefits through Resource Conservation	
		V1.3 Actions to serve major national strategies	Create Environmental Benefits through Resource Conservation	
		V1.4 Achievements in serving major national strategies	Create Environmental Benefits through Resource Conservation	
	(V2) Value to Products	V2.1 Institutional system of technological innovation	Continuous Improvements and Innovations	
		V2.2 Technological innovation actions and measures	Continuous Improvements and Innovations	
		V2.3 R&D investments	With Global Vision, Strive to Be an Innovation Leader	
		V2.4 Major achievements in technological innovation	With Global Vision, Strive to Be an Innovation Leader	
		V2.5 Coordinated development of upstream and downstream industrial chains	Local Economy and Industrial Development	
		V2.6 Safety and stability of the industrial chain and supply chain	Local Economy and Industrial Development	
		V2.7 Participation in the development of industry standards	Local Economy and Industrial Development	
		V2.8 Strategic cooperation mechanism and platform	With Global Vision, Strive to Be an Innovation Leader	
	(V3) Value to People's Livelihood	V3.1 Actions to boost employment	Employment Compliance	
		V3.2 Number of new jobs created	Key Performance	
		V3.3 Participation in infrastructure construction	Charity and Public Welfare	
		V3.4 Public welfare actions	Charity and Public Welfare	
		V3.5 Public welfare branding	Charity and Public Welfare	
		V3.6 Total charitable donations	Not disclosed	
		V3.7 Volunteer service performance	Charity and Public Welfare	
	(V4) Value to the Environment	V4.1 Carbon peak and carbon neutrality strategy and goals	Create Environmental Benefits through Resource Conservation	
		V4.2 Carbon peak and carbon neutrality action plan and path	Create Environmental Benefits through Resource Conservation	
		V4.3 Carbon reduction effect	Create Environmental Benefits through Resource Conservation	
		V4.4 Actions to protect the environment and ecological system	Build Green Factories through Environmental Management	
		V4.5 Progress and effect of protecting the environment and ecological system	Not disclosed	
	Part VI: Appendix of the Report (A-Series)	(A1) Future prospect	Description of the overall idea and key planning of the ESG work of the company	Not disclosed
		(A2) Key performance indicators	Collective Display of the annual performance of key quantitative indicators of ESG of the company during the reporting period	Key Performance
		(A3) Report evaluation	The comprehensive evaluation of ESG reports by ESG experts, industry experts, stakeholders and third-party institutions	Not disclosed
		(A4) Reference index	Description of the Report's response to ESG related standards, and presentation of the Report's response to specific indicators of the reference guide in the form of a list	Indicator Index
(A5) Suggestions and feedback		The reader questionnaire and the channels for readers' suggestions and feedback	Readers' Feedback	

Independent Assurance and Statement of Opinion

InFaith Group (hereinafter referred to as "InFaith"), as entrusted by Shanghai Baolong Automotive Corporation (hereinafter referred to as "Baolong Automotive"), has conducted independent limited assurance of the environmental, social and governance information and data disclosed in Baolong Automotive 2023 Environmental, Social and Governance Report (hereinafter referred to as the Report), and disclosed the assurance result and conclusion to readers and stakeholders of the Report in the form of independent assurance and statement of opinion.

Independent Assurance and Statement of Opinion

1. All the assurance team members of InFaith have no business relationship with Baolong Automotive that leads to conflicts of interest; The team of InFaith has performed this assurance work independently;
2. The assurance team of InFaith consists of experienced professionals in the industry. Relevant persons have received professional training on the GRI Standards issued by the Global Reporting Initiative, AA1000AS v3, ISO 14001, ISO 26000, SA 8000, EcoVadis global supply chain rating and other sustainability-related standards and have adequate understanding and practical experience in relevant international principles, evaluation systems and assurance standards.

Assurance Statement

1. Baolong Automotive management shall be fully held accountable for the preparation and content of the Report. It is the responsibility of InFaith to conduct an assurance based on the scope as described herein, and to provide professional assurance opinions to the Report readers and stakeholders.
2. Based on the assurance scope limits, InFaith shall, in accordance with AA1000AS v3, conduct independent limited assurance and guarantee conclusion for the matters within the scope defined in the Report. In addition to providing independent assurance and making other statements of opinion on the facts of assurance under the conclusion, InFaith will not assume any legal or other liabilities for any inquiries for any other purposes, or for any other persons who read this Independent Assurance and Statement of Opinion.
3. If you have any questions about the contents contained herein or related matters, Baolong Automotive will reply in a lump sum.
4. In the event of any conflict or inconsistency between the Chinese version and the English version of this Independent Assurance and Statement of Opinion, the Chinese version shall prevail.

Assurance Standard

InFaith adopts AA1000 v3 type-2 medium assurance level, which includes Baolong Automotive's evaluation of the compliance situation and degree of the four AA1000 v3 assurance principles, including inclusiveness, substantiality, responsiveness and impact.

Assurance Scope

1. The assurance scope is limited to the information and data of Baolong Automotive and its affiliated companies covered by the Report, excluding the data and information of CIMC suppliers, contractors and other third parties;
2. InFaith adopts AA1000AS v3 type-2 medium assurance level to evaluate Baolong Automotive's compliance nature and degree of the four assurance principles in AA1000AS v3;
3. Baolong Automotive and InFaith have reached an agreement to select specific performance information in the Report as part of the assurance contents. The selected specific performance indicators are as follows:

- Renewable energy consumption
- Investment in environmental protection
- Gasoline consumption
- Municipal water purchase
- Number of working days lost due to work-related injury
- Total number of employees
- Total number of hours of training received by employees

Assurance Process and Work

1. According to the information provided by Baolong Automotive and the sample test, there is no material misrepresentation in the Report.
2. For the principles of inclusiveness, substantiality, responsiveness and impact included in AA1000AS v3, the detailed assurance conclusions are as follows:

Inclusiveness	According to the Report, Baolong Automotive has taken important measures including continuously seeking the participation of stakeholders in the business operation, understanding their expectations and concerns, communicating about and confirming substantive issues in a timely manner, etc., to respond responsibly and strategically to stakeholders related to the environmental, social and governance issues of the company.
Substantiality	Baolong Automotive has announced major topics that will have substantial influence and impact on the evaluation, decision-making, actions and performance of the organization and its stakeholders, and judged and improved the management and performance of the issues.
Responsiveness	Baolong Automotive has implemented relevant policies, and is able to respond to issues that concern the stakeholders in a timely manner.
Impact	Baolong Automotive has the adequate ability to identify substantive issues. It has implemented balanced and effective evaluation and disclosure methods, and has established a systematic process for monitoring, measurement, evaluation and management impact, so as to achieve more efficient management of decision-making and results within the organization, and demonstrate the impact of the substantive issues in an impartial and objective manner.

3. Based on the procedures implemented and the evidence obtained by InFaith, we have found nothing that causes us to doubt the reliability and quality of the specific performance indicators selected in the Report.

Limitation

The assurance process was carried out at the location within the scope of the Report. Because there is no internationally recognized and commonly used standard for the evaluation and measurement of non-financial information, the application of different but acceptable information and measurement technologies may affect the comparability with other institutions.

If you have any advice for this Independent Assurance and Statement of Opinion, you may contact:

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Tina Zhong

Zhong Wentang, Managing Partner of the Sustainable Development Department of InFaith

InFaith Group
Shanghai, April 2024

Readers' Feedback

Dear readers,

Thanks very much for reading the 2023 Environmental, Social and Corporate Governance Report of Shanghai Baolong Automotive Corporation in your busy schedule. We sincerely look forward to your opinions and suggestions to provide you and other stakeholders with more valuable information and effectively promote the Company to improve its ability and level of fulfilling corporate social responsibility.

Multiple choice questions (Please tick in the corresponding post)

Your overall evaluation of the Report is:

Very Good Good Average Poor Very Poor

The response and disclosure of the Report to the concerns of stakeholders?

Very Good Good Average Poor Very Poor

How do you think Baolong Automotive is doing in terms of economic responsibility?

Very Good Good Average Poor Very Poor

How do you think Baolong Automotive is doing in terms of environmental responsibility?

Very Good Good Average Poor Very Poor

How do you think Baolong Automotive is doing in safety management?

Very Good Good Average Poor Very Poor

How do you think Baolong Automotive is doing in terms of employee responsibility?

Very Good Good Average Poor Very Poor

How do you think Baolong Automotive is doing in terms of community responsibility?

Very Good Good Average Poor Very Poor

Is the information, indicators and data disclosed in the Report clear, accurate and complete?

Very Good Good Average Poor Very Poor

Do you think the content arrangement and layout design of the Report are easy to read?

Yes No

Open questions

Do you have any opinion and suggestion on the performance of social responsibility and the Report of Shanghai Baolong Automotive Corporation?

