

# 2022

## Corporate Social Responsibility Report



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# About this Report

## Time range

This Report is the second corporate social responsibility report issued by Shanghai Baolong Automotive Corporation to its stakeholders. The information and performance contained in this Report mainly cover the period from January 1, 2022 to December 31, 2022, some may concern the policies and practices of the previous years or 2023.

## 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. In case of any discrepancy between the financial data disclosed in this Report and the financial report, the financial report shall prevail.

## Abbreviations

Shanghai Baolong Automotive Corporation ( “Baolong Automotive” , the “Company” or “we/us” )  
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) Automotive Parts Co., Ltd. ( “Ningguo Baolong” )  
Anhui Tops Automotive Parts Co., Ltd. ( “Tops” )

## Basis for preparation

2030 Sustainable Development Goals of the United Nations (SDGs)  
*Global Reporting Initiative Standards (GRI Standards)* issued by Global Sustainability Standards Board  
*Guide for the Preparation of Corporate Social Responsibility Report in China (CASS-ESG5.0)* issued by the Chinese Academy of Social Sciences  
*Guide for the Preparation of Social Responsibility Report (GB/T 36001-2015)* (Chinese national standards)  
*ISO 26000: Guidance on Social Responsibility (2010)* issued by the International Organization for Standardization  
*Guide on Self-regulatory Supervision for Companies Listed on the Shanghai Stock Exchange No. 1 – Code of Operations* issued by the Shanghai Stock Exchange

## Availability of this Report

This Report is available in both paper and electronic forms. You may visit [www.baolong.biz](http://www.baolong.biz) to view the electronic copy of this Report. If you have any question or suggestion about this Report, please contact us at SBAC@BAOLONG.BIZ or 021-31273333.



# Chairman's Statement



Chairman

**Charles Zhang**

The year of 2022 was our 25th anniversary, in which we achieved rapid growth amid numerous challenges. In 2022, chip shortage, disrupted logistics and fluctuations in the prices of raw materials greatly affected our business operation. On the other hand, the domestic automotive industry demonstrated a strong resilience for development. The production and sales of passenger cars in China reached 23,813,500 units and 23,550,100 units, representing an increase of 11.3% and 9.7% year-over-year; of which, 11,872,300 units of self-owned brand cars were sold, accounting for 50.4% of total sales of passenger cars. The export of vehicles hit a new record, and the new energy vehicles continued to grow sharply. Amid the challenges and opportunities, we have acted prudently and pressed forward in face of difficulties. In 2022, our operating revenue was RMB4.778 billion, an increase of 22.58% compared to the previous year.

In order to achieve our five-year strategic goal to increase the operating revenue to above RMB10 billion in 2027, taking into account the development of all product lines and demands for production capacity, we started the construction of six new production bases, including the Hungarian production base, the Hefei base Phase II, the Tops Ningguo base Phase III, the Longwei new base, the Zhangjing Road base of Songjiang and the Lingang sensor base.

We continued to focus on automotive sensors and intelligent drive, and entered the fields of intelligent equipment and new energy vehicles; acquired Longgan Technology, established Baoyou, Xianglong Technology and MMS Automation Technology; successfully went into mass production of aluminum air suspension gas tanks and took the lead in the domestic industry in this technology, completed the development of air suspension controller and air supply unit which have been selected as designated products, achieved tremendous growth of the air suspension products, and rapid growth of sensor, tire pressure monitoring system and lightweight hydraulic pipe fitting businesses, ranked steadily among the top 2 on the market of tire pressure monitoring system; achieved continuous growth of our traditional business, such as valves, balance weights and exhaust pipes, and entered into top 2 on the market of balance weights.

We launched SAP, and made continuous advancement in intelligent manufacturing, and many of our factories were elected as “Intelligent Factory” or one of “100 Intelligent Factories of Shanghai”. In order to accelerate the digital transformation, we have built a digital governance system that covers digital governance regulations, digital leadership, digital talents, digital funds, information security and other areas, and centers on the scenario-level capacity building, operation and optimization.

In accordance with the national carbon peak and neutrality strategy, we drew the map of carbon neutrality management strategy and developed detailed carbon neutrality strategy, developed plans for strategic actions and key measures to be taken in terms of internal operation, study and growth, and strived to achieve carbon neutrality with concrete actions. We released the Guidelines for Carbon Peak and Neutrality Management, drew the map of carbon neutrality management strategy, defined the duties and responsibilities of all departments, reviewed the steps for examination of carbon emissions, analyzed the carbon footprints of the products on the supply chain, continuously promoted lean manufacturing, and further carried out energy saving and emission reduction projects, to increase the ratio of green electricity used. We have planned for the areas of photovoltaic power generation at our Ningguo, Hefei, Shanghai and other production bases, and plan to build photovoltaic power generation systems from 2023, to gradually increase the ratio of green electricity used. We will continue to take concrete actions to promote green manufacturing and intelligent manufacturing in an all-round way, produce maximum economic, environmental and social benefits, and achieve sustainable development.

With a focus on employee protection and development, we prioritize our workforce by establishing comprehensive safety and occupational health processes, and implementing new production lines, new equipment, new process evaluation management, as well as safety and occupational health measures before their launch to ensure employee safety. Furthermore, we conducted occupational health exams for positions with potential hazards, covering pre-job, on-job, post-transfer, and post-departure stages. This enabled full-spectrum control of occupational health screenings. By integrating with the EHS compliance management platform, we achieved online oversight of occupational health, safeguarding employee well-being; provided our employees with sufficient training and opportunities for career development; built the “Orchard Culture”, advocated the values of “responsibility, progress and sharing”, 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, given assistance to employees with financial difficulties and awarded student grants to families with financial difficulties. With respect to social responsibilities, we have continuously made donations to help hygienic safety and run schools, give assistance to farmers and promote automotive technical exchanges, and actively fulfilled our social responsibilities.

We will follow our vision to “let more people benefit from the development of automotive technology” and our mission to “master advanced technologies and improve automotive components”, and continue to make our contributions to the rise of China's automotive and automotive component industry and growth of national brands, with our solid, healthy and green performance.

# 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
 <b>Shareholders</b>	Operate according to laws and regulations Steady growth of operating results Protection of shareholders' rights and interests Sufficient information disclosure Investor relationship management Protection of intellectual property rights (IP)	Operate according to laws and regulations Sound risk management Regular and interim information disclosures Accessible communication channels for investors IP Protection
 <b>Government and regulatory authorities</b>	Operate according to laws and regulations Comply with regulatory requirements Respond to national development policies	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

Stakeholders	Expectations and demands	Communication and response
 <b>Customers</b>	High-quality products After-sale services Ensure supply and stable production	R&D design Quality management Response to customer feedbacks Customer satisfaction survey Ensure supply of products
 <b>Employees</b>	Employment and protection of rights and interests Employees' compensation and welfare Career development and training Employee safety and health	Protection of employees' rights and interests Sound salary system Open promotion system Rich employee activities Sound health and safety system
 <b>Partners</b>	Supply chain management Honest and friendly cooperation Sunshine procurement	Supplier Training and Assistance Supplier Performance Management
 <b>Community and public</b>	Educational cooperation Community benefits	Education cooperation Volunteer and public benefit activities
 <b>Environment</b>	Green operation Environmental protection	Carbon neutrality management Practice green development Properly treat three wastes Conduct environmental protection activities

## Analysis of substantive issues

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 issues, from identification and selection of issues, survey of stakeholders, comprehensive analysis of results, and finally to the formation of a matrix of substantive issues, in order to respond to the demands of stakeholders and make the relevant disclosures. The result of analysis of substantive issues will provide important references for our social responsibility management in the future.

### Process of analysis of substantive issues



According to the national macro-policies, taking into account the domestic and foreign studies on social responsibility standards, annual hot topics, trends of the industry and focus of rating, based on our actual development situation, identify the substantive issues significantly affecting our development and stakeholders.



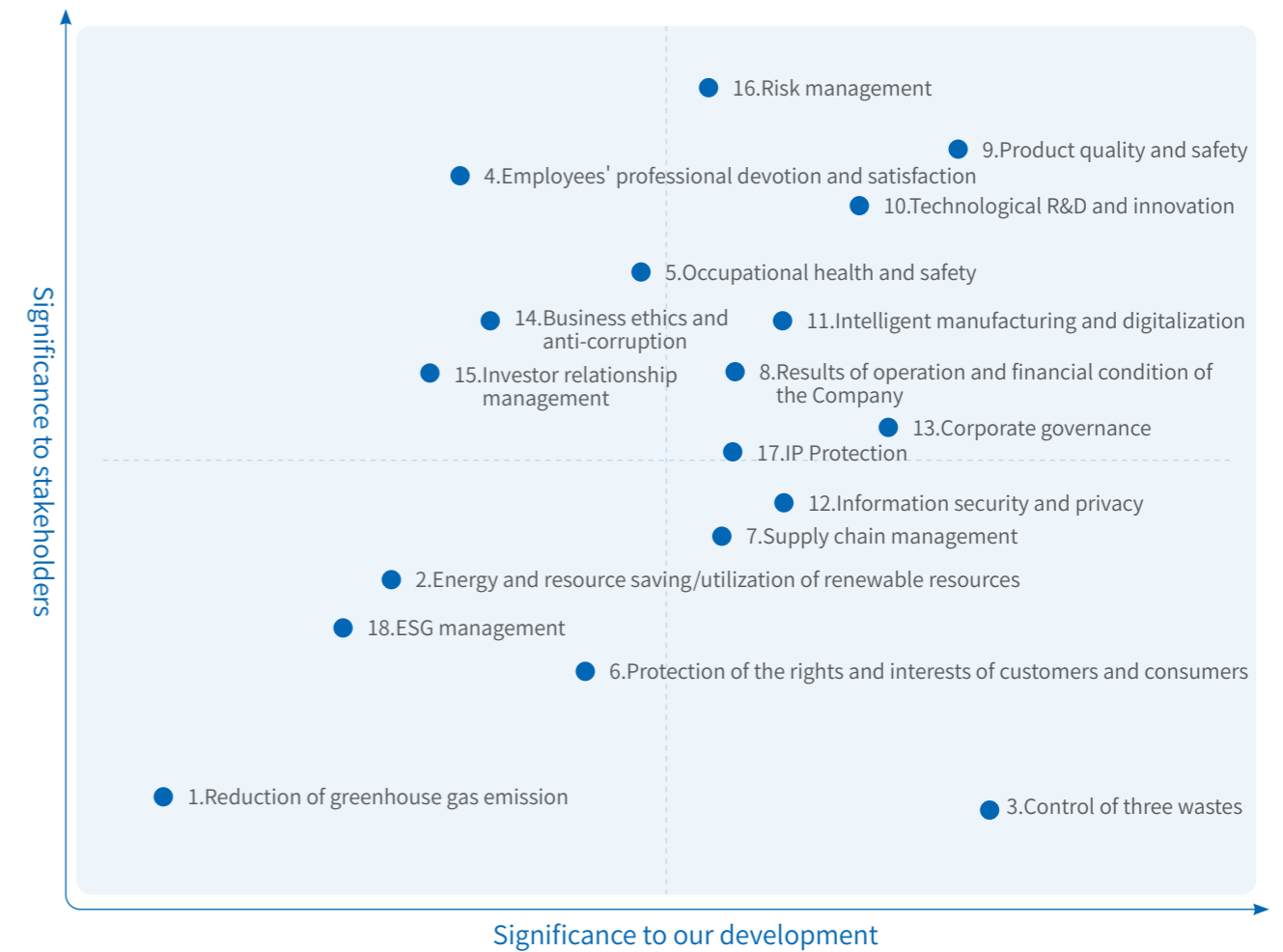
Through online questionnaire and communications with the internal and external stakeholders, the survey of stakeholders in 2022 covered our employees, customers, investors, suppliers, service providers, government and regulatory authorities, media, trade associations, partners and other stakeholders.



According to the result of survey, calculate and analyze the points scored by each issue, adjust the substantive issues taking into account of the comments of the management and external experts, determine the order of significance, form the matrix of substantive issues, and respond to the key issues of interest to our stakeholders.



### Matrix of substantive issues



Environment			Society			Economy			Governance								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18



## Topic: Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future


Due to the climate change and changes in human living conditions, green and low-carbon development has become imperative. China has set the objective to peak CO<sub>2</sub> emission before 2030 and achieve carbon neutrality by 2060 ( “30 60” target), demonstrating its determination and responsibility in respect of overall green transformation and promotion of global sustainability.

Along with the continuously growth of our business, we concentrate our efforts on satisfying the demands for high-quality products, while reducing greenhouse gas emissions during production, to promote our green transformation and contribute to the achievement of the carbon peak and neutrality targets. We clearly know that energy transition and improvement of energy efficiency are the basis idea for achieving the carbon peak and neutrality targets. Based on our 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, in order to achieve carbon neutrality by 2060, and make our contributions in coping with the climate crisis.


### Carbon Neutrality Pledge

Baolong Automotive and its subsidiaries are committed to achieving carbon neutrality by 2060.


#### Carbon Neutrality Pledge Statement

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**Energy Conservation and Emissions Reduction**

Be committed to enhancing our energy resource management processes and systems. Implement energy-saving projects on a regular basis to lower our energy consumption across operations, production, and logistics transportation. Leverage local green electricity policies to increase the share of renewable energy in our power mix. Install rooftop photovoltaic systems in all our new factories and progressively upgrade our existing factories with rooftop photovoltaic systems.
- 

**Low Carbon Design**

Strive to minimize carbon emissions at their origin by incorporating our energy-saving expertise into our eco-friendly design standards. Create and establish highly efficient factories and auxiliary facilities that adhere to stringent guidelines, while fostering the development of low-carbon products, processes, production lines, as well as sustainable packaging and transportation solutions.
- 

**Carbon Peak and Neutrality Management**

Diligently adhere to both domestic and international carbon peak and neutrality policies, standards, and mandates in order to execute our company's carbon neutrality initiatives. Periodic carbon audits are systematically conducted at both the group and company levels, with the results transparently disclosed in our social responsibility report.



#### Low Carbon Culture

Actively champion our carbon neutrality strategy and carbon management principles to all team members, fostering a heightened awareness of low-carbon practices encourage low-carbon lifestyles and eco-friendly commuting habits among our employees. and cultivate a pervasive low-carbon culture throughout the organization.

## Development of the Carbon Neutrality Strategy

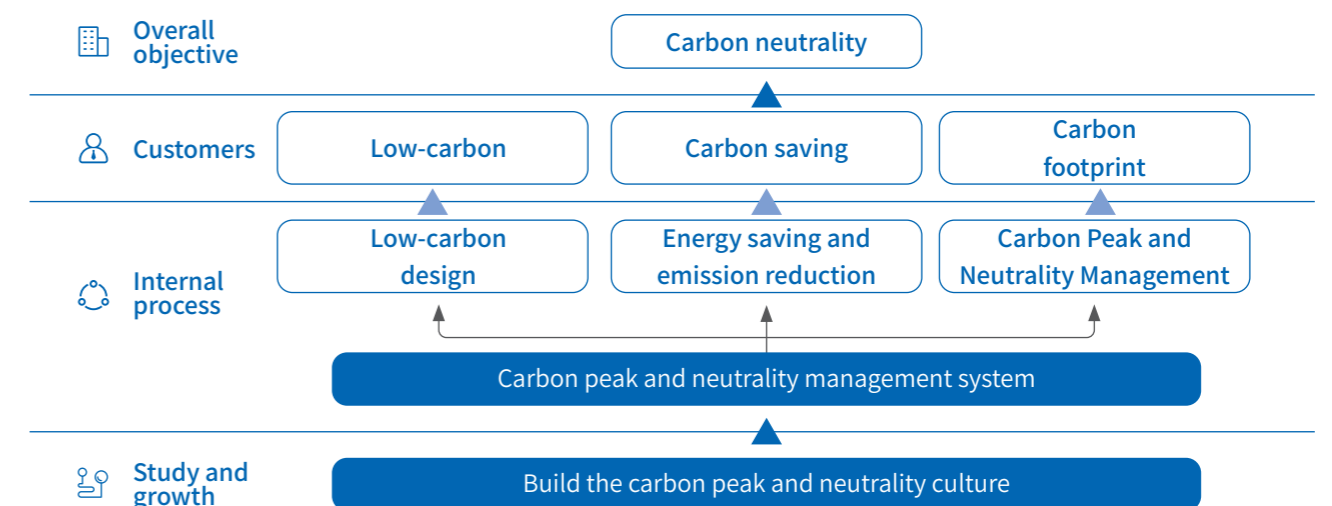
We actively cope with climate changes, and cooperate with our partners to jointly take actions to accelerate the transition to clean energy and green and low-carbon development. In order to ensure the practicability of the carbon neutrality target, we drew the map of carbon neutrality management strategy and established the detailed Carbon Neutrality Management Strategy, developed plans for strategic actions and key measures to be taken in terms of internal operation, study and growth, and strived to achieve carbon neutrality with concrete actions.

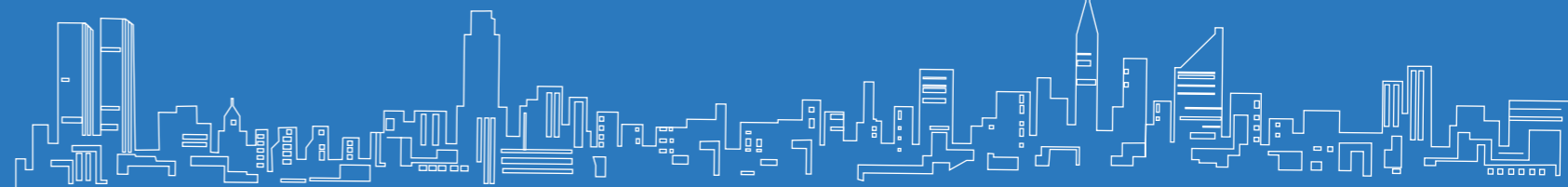
### The Carbon Neutrality Strategy

Save energy and reduce emission to shape the future.



#### Map of carbon neutrality management strategy





### Direction of carbon neutrality actions and key measures/plans

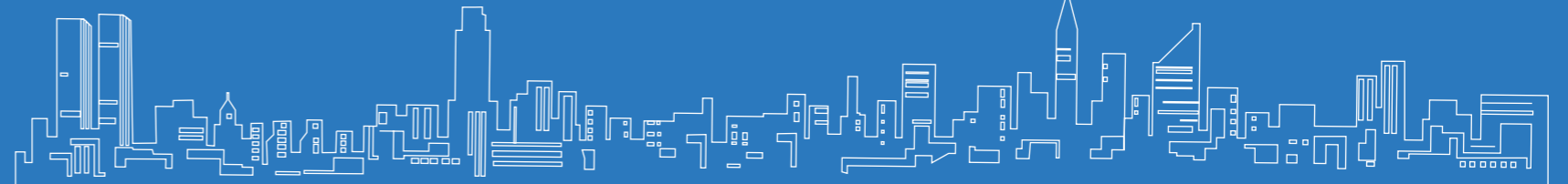
Level	Direction of strategic actions	Key measures/plans
Internal operation	Low-carbon design	Gradually establish and apply energy saving and emission reduction standards for architectural design
		Gradually establish and apply low-carbon standards for product design
		Gradually establish and apply low-carbon standards for product line design
		Increase the use of recyclable packaging
		Promote the building of photovoltaic power generation systems
	Energy saving and emission reduction	Implement internal energy management, identify high energy consuming facilities, take emission reduction measures to reduce electricity consumption and carbon emission, and introduce the energy management system at all bases
		Increase the proportion of outsourced electricity generated by renewable energy, and promote the use of new energy vehicles as company vehicles
	Carbon Peak and Neutrality Management	Follow up on the development of the carbon market, and seek carbon offset through carbon trade, green certificate trade, carbon inclusion mechanism or otherwise, to satisfy the customers' demands for green electricity
		Establish the carbon footprint verification standards, and carry out carbon footprint verifications on all factories on a regular basis
		Promote statistical analysis of the energy management form, and provide carbon footprint reports according to the requirements of the customers
		Have third parties certify carbon footprint verifications and carbon footprint, or make carbon disclosures on the CDP platform

Level	Direction of strategic actions	Key measures/plans
Study and growth	Improve the skills of the carbon peak and neutrality management team	Develop the assessment matrix for greenhouse gas examination and capabilities of energy saving appraisers and carbon managers, and assess and improve their capabilities on a regular basis
	Energy management system	Promote the application of the energy management system, monitor and improve the energy consumption of key energy consuming facilities
	Build the carbon peak and neutrality culture	Carry out activities to popularize the carbon peak and neutrality culture, and the publicity week program, enhance exchanges with the relevant professional associations, promote publicity of the carbon peak and neutrality culture through the program of bringing corporate culture to workshops, advocate and promote energy saving and emission reduction in daily lives

## Ways to achieve carbon neutrality

In July 2022, we added the Guidelines for Carbon Peak and Neutrality Management into our management system, drew the map of carbon neutrality management strategy, defined the duties and responsibilities of all departments, reviewed the steps for examination of carbon emissions, analyzed the carbon footprints of the products on the supply chain, and updated the routes of emission reduction according to the macro-environment and customers' requirements.





### Roles and responsibilities of carbon neutrality managerial staff

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**EHSS Committee**

  - Review and approve the strategic plans, targets, indicators and important projects in respect of carbon neutrality.
- 

**EHSS engineers**

  - Be responsible for the overall management of the carbon neutrality team, develop carbon neutrality action plans, and supervise the implementation of all projects.
  - Organize product carbon footprint teams, and calculate the data of carbon footprint.
  - Organize carbon footprint verification teams, and prepare the list of greenhouse gas emission list.
- 

**Lean engineers**

  - Be responsible for the overall management of energy saving and improvement of the production system, and promote the implementation of energy saving and emission reduction projects.
- 

**Each carbon reduction group**

  - Be responsible for executing and implementing their own energy-saving and emission-reduction projects.
- 

**Electric engineers**

  - Be responsible for the purchase and use of green electricity and green certificates.
- 

**Capital construction engineers**

  - Be responsible for the planning, installation and use of photovoltaic power generation systems.
- 

**Sales**

  - Follow up on the customers' management requirements for carbon emission, green electricity, etc., and promptly carry out internal communications and promote actions to meet the customers' requirements.

We have developed reasonable and feasible carbon emission strategies based on the social demands and our responsibilities to the customers. Our Carbon Peak and Neutrality Management Plan expressly classifies strategies to achieve carbon emission reduction into the emission reduction strategy through energy saving and consumption reduction, and the alternative emission reduction strategy. According to these two routes of carbon emission reduction, we determined the specific course of action, and requested all functional departments to implement the same, to take practical measures to achieve emission reduction through energy saving and consumption reduction, and alternative emission reduction.

### Course of action for carbon emission reduction

Emission reduction through energy saving and consumption reduction

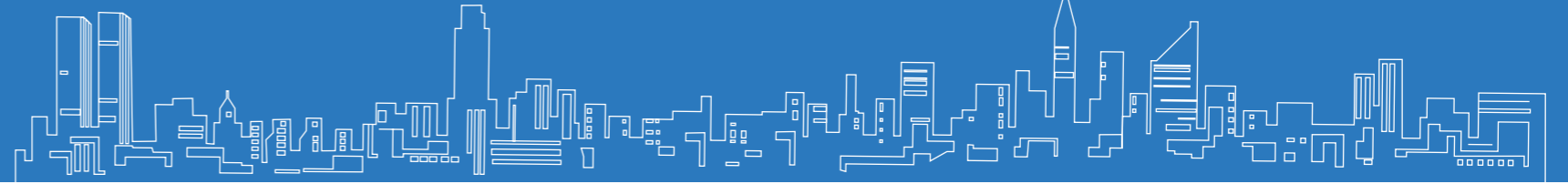
- Examine the current use of energy, collect and calculate the data of all energy used in production processes.
- Both the emission reduction strategy through energy saving and consumption reduction, and the alternative emission reduction strategy may include specific proposals, time and scope of implementation (replacement), amount of funds required and source of funds, and amount of greenhouse gas emissions reduced.

Emission reduction through use of clean energy

- Use clean energy and low-carbon energy to reduce greenhouse gas emissions within scope 1.
- Use electric equipment to replace traditional diesel equipment to the extent practicable.
- Pay attention to the use of refrigerant and coolant, and gradually reduce the use of high-carbon refrigerant.

Emission reduction through use of renewable energy (green electricity)

- Achieve emission reduction through purchase and use of green electricity or otherwise.
- The green electricity may be outsourced or generated on the site.



### Heat recovery from air compressor



Through factory-wide examination in the Ningguo base, we found the huge volume of heat generated from the air compressor was directly emitted into the atmosphere without utilization, while the molding room in the workshop needed to start air conditioners in winter to keep the temperature at a certain level due to the process requirements, so we decided to utilize the heat generated by the air compressor by installing a pipe to connect the heat outlet of the air compressor with the molding room, to supply heat to the constant temperature workshop in winter.



Pipe connecting the heat outlet of the air compressor with the molding room

The calculation shows that the residual heat of an air compressor is equivalent to the capacity of a set (4 units) of air conditioners, which is 30kW·h. Supposing the period of winter heat supply is 4 months, it is estimated that such upgrade will reduce electricity consumption by 52,416kW·h and carbon emission by about 41 tons every year.

### Planning for building photovoltaic power generation systems



We have carried out energy saving and emission reduction projects, and increased the ratio of green electricity used. In 2022, we planned for the areas of photovoltaic power generation at our Ningguo, Hefei, Shanghai and other bases, and plan to build photovoltaic power generation systems from 2023, to gradually increase the ratio of green electricity that we use.



### Efficiently Cutting Emissions through Green Power Procurement

#### Green electricity purchases

- By partnering with energy providers and adhering to local green energy policies, we endeavor to maximize the share of green power in our overall electricity consumption whenever feasible.

#### Respective duties and responsibilities of all departments

- According to our requirements, the project procurement expert group is responsible for the survey and assessment in respect of green electricity, green certificate and photovoltaic power generation; the electric engineers of a production base are responsible for collecting the purchase needs of the production base and performing the relevant tasks; the capital construction engineers are responsible for the planning, installation and use of photovoltaic power generation systems, based on the assessment of use of buildings at each production base and the needs of new factories.



#### Key performance

We purchase at least **30%** of our electricity from green energy every year.





# 01 Introduction of Baolong Automotive

# Company Profile

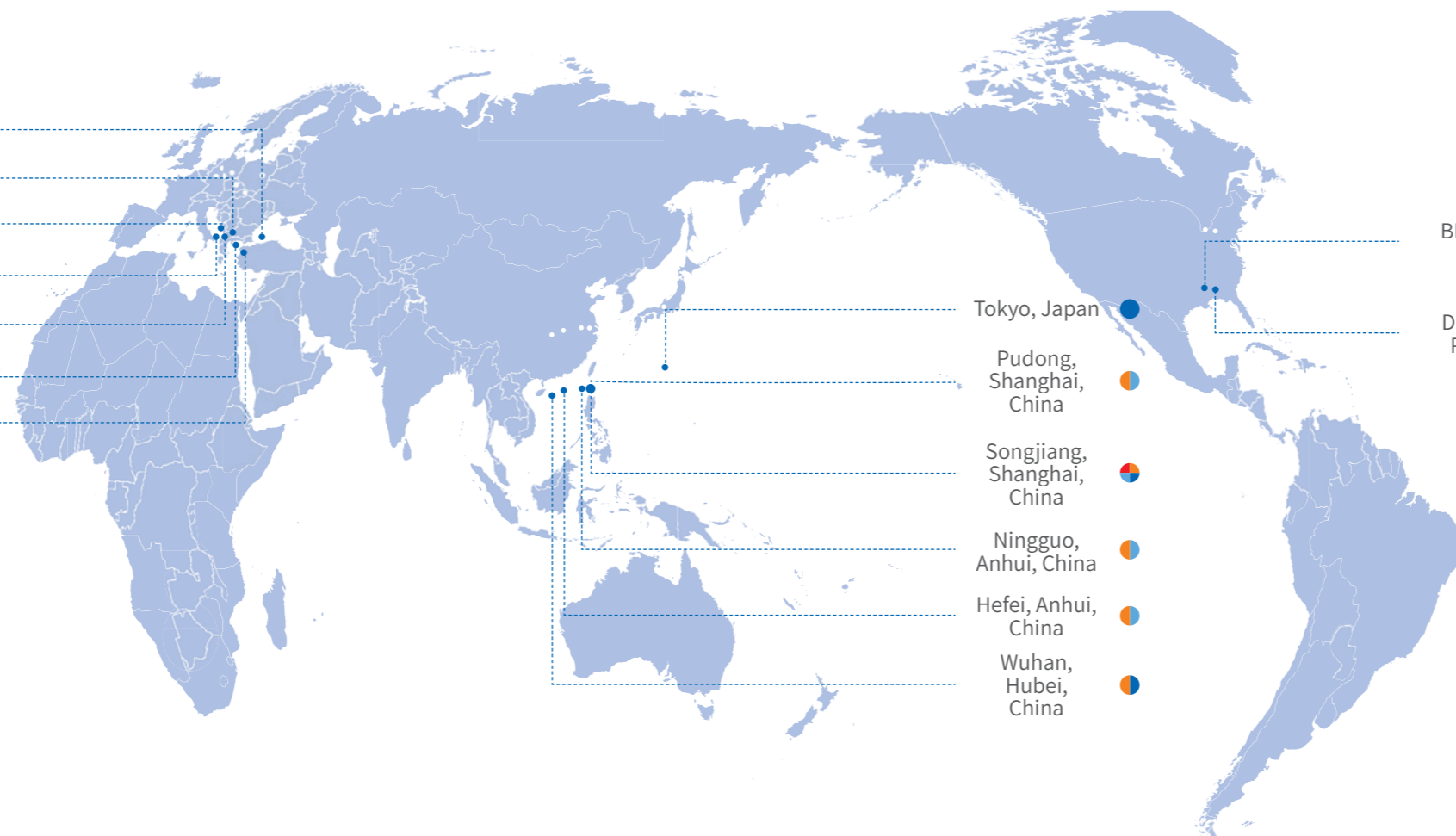
Founded in Songjiang in May 1997, we were successfully listed on the Main Board of the Shanghai Stock Exchange (the "SSE" ) in 2017 (Stock Code: 603197). We are headquartered in Songjiang District, Shanghai, and have production bases, R&D centers and sales branches in Songjiang of Shanghai, Ningguo and Hefei of Anhui, Wuhan of Hubei, the United States, Germany, Poland, Hungary and Austria, with more than 5,300 employees worldwide.

We are engaged in the R&D, manufacturing and sale of automotive intelligent and lightweight products, include automotive tire pressure monitoring system (TPMS), automotive sensors (including pressure, light and rain, speed, position, acceleration and current sensors), advanced auxiliary driving system (ADAS), active air suspension, automotive metal pipe fittings (including lightweight chassis and body structural parts, exhaust pipes and EGR pipes), valves and balance weights, etc.

Our main customers include major global and domestic carmakers, such as Volkswagen, Audi, Porsche, BMW, Mercedes Benz, Toyota, GM, Ford, Nissan, Honda, Hyundai Kia, Stellantis, Jaguar Land Rover, SAIC, Dongfeng, Chang'an, FAW, Geely, GWM, Chery and BYD, and have established business relations with leading electric car companies, such as NIO, Xiaopeng, Li Auto, Leapmotor, and He Zhong. We have also established stable and long-term supply relations with large tier-1 suppliers worldwide, such as Faurecia, Tenneco, BorgWarner, Magneti Marelli, Yanfeng, Magna, Continental, Knorr, ZF, Sanwu and Brembo. On the aftermarket, we supply products to well-known independent aftermarket distributors in North America and Europe, such as Discount Tire, Tire Kingdom, Ascot and Wurth. Our large customer base reflects the market position of our main products in the industry, and is conducive to the market development of our new products.

## Global presence

- Longway, Poland
- PEX, Gemany
- TESONA Germany
- Valor, Germany
- BH SENS, Gemany
- MMB, Austria
- PEX, Hungany



- Headquarter
- R & D Centers
- Production Bases
- Sales Branches

Legend: Global presence

# Corporate Culture

## Vision:

Let more people benefit from the development of automotive technology

## Strategic direction:

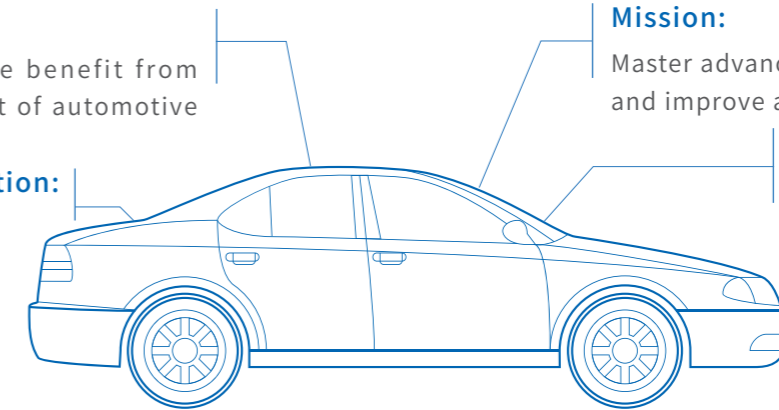
Intelligent, lightweight

## Mission:

Master advanced technologies and improve automotive components

## Core competencies:

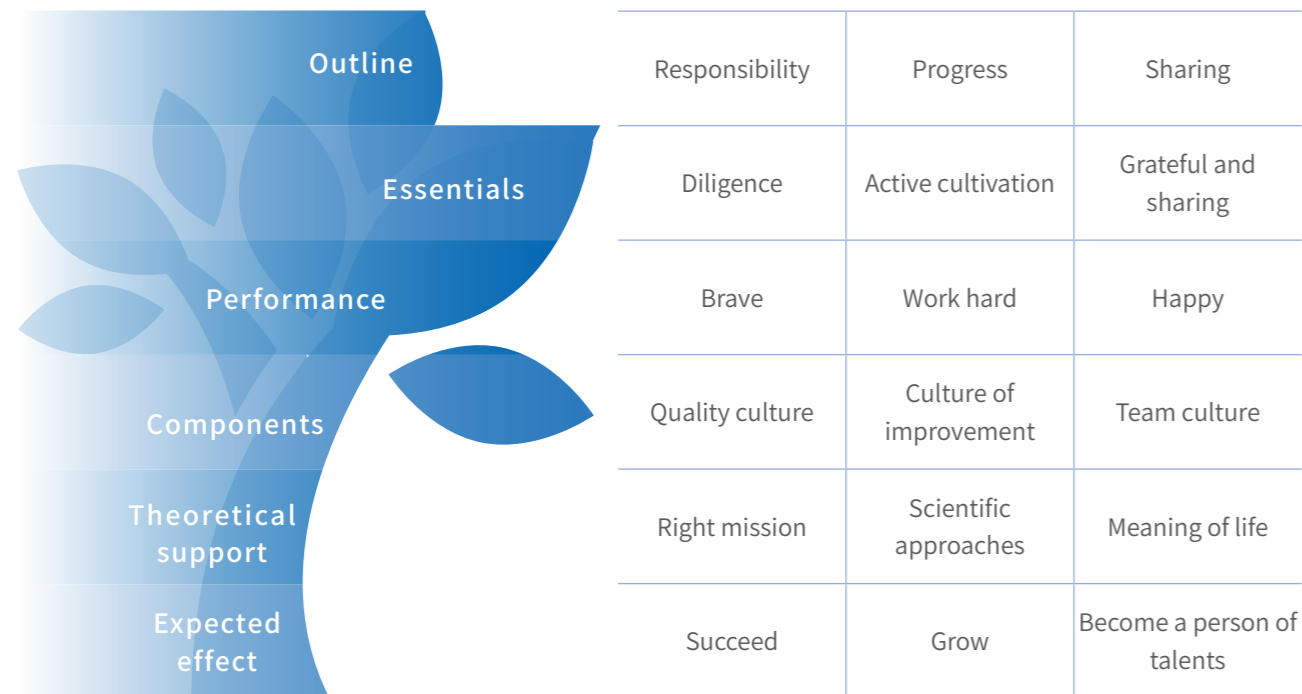
Ability to master and apply advanced technologies



<b>More intelligent</b>	<b>More environment friendly</b>	<b>Safer</b>	<b>Lighter</b>	<b>Affordable</b>
Comfortable, convenient, interconnected	Efficient, clean	Active safety	Lightweight technology	Commercializable innovation

We advocate the “Orchard Culture” , uphold the spirit of responsibility, progress and sharing, active learn advanced skills and apply such skills in the automotive industry, master the advanced technologies to improve automotive components, respect and share fruits with each other with a grateful heart, and strive to let more people benefit from the development of automotive technology.

### Orchard Culture



In face of the unprecedented changes and opportunities for development in the automotive industry, we released the “123 Mid-term Strategy” for the first time.

### “123 Mid-term Strategy”

#### 01

- To achieve RMB10 billion of operating revenue and RMB1 billion of net profit in 2027, the 30th anniversary of the Company.

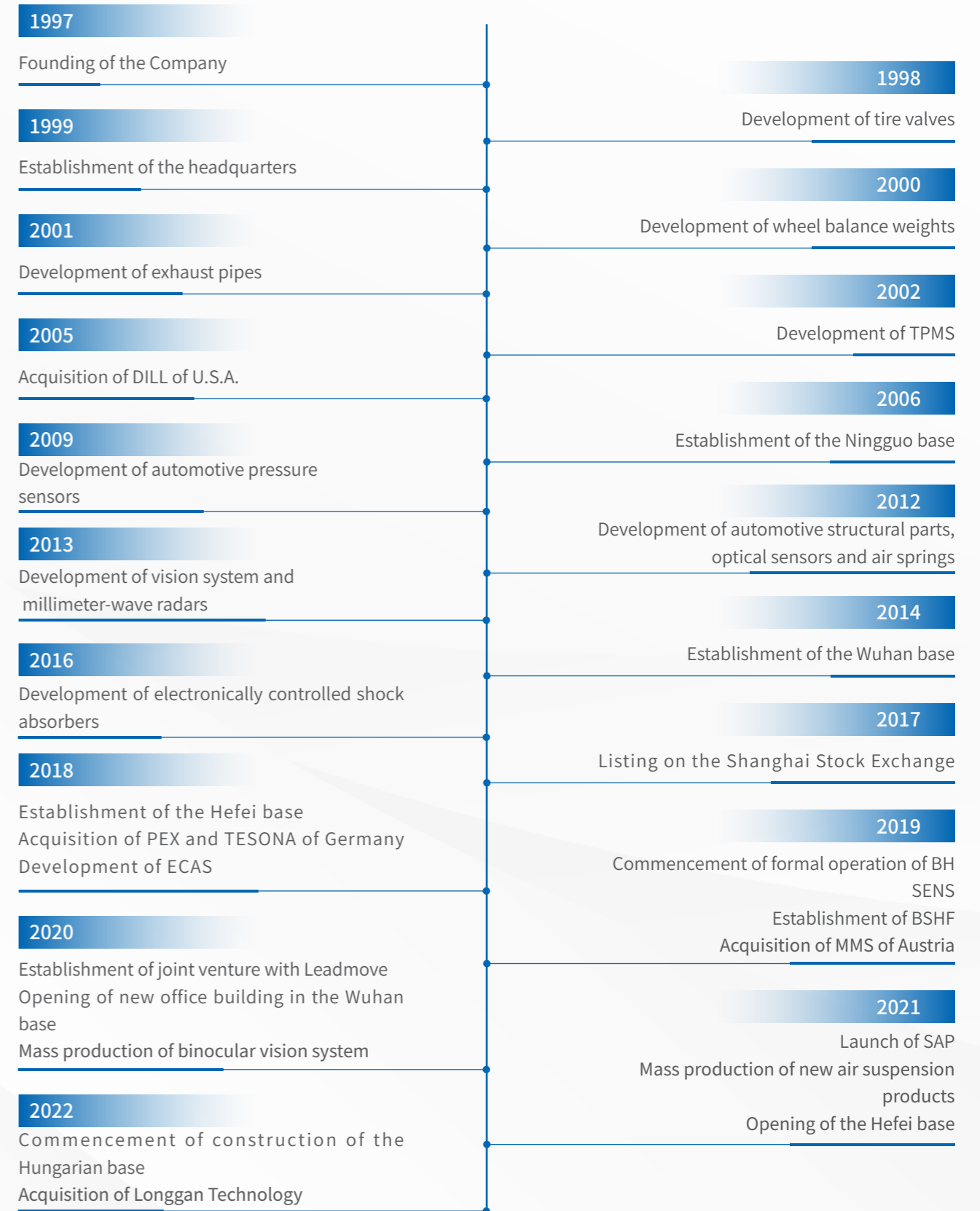
#### 02

- Develop towards intelligent and lightweight.
- Through continuous investment in intelligent chassis, intelligent drive, automotive sensors, lightweight automotive structure and other fields, grow into the leader in the field of intelligent and lightweight automotive components.

#### 03

- Enter into top 3 on the global market segment for each product line.
- At present, our valve, balance weight, exhaust pipe and TPMS products have achieved such target, and sensor, air suspension and other products take the lead on the domestic market.

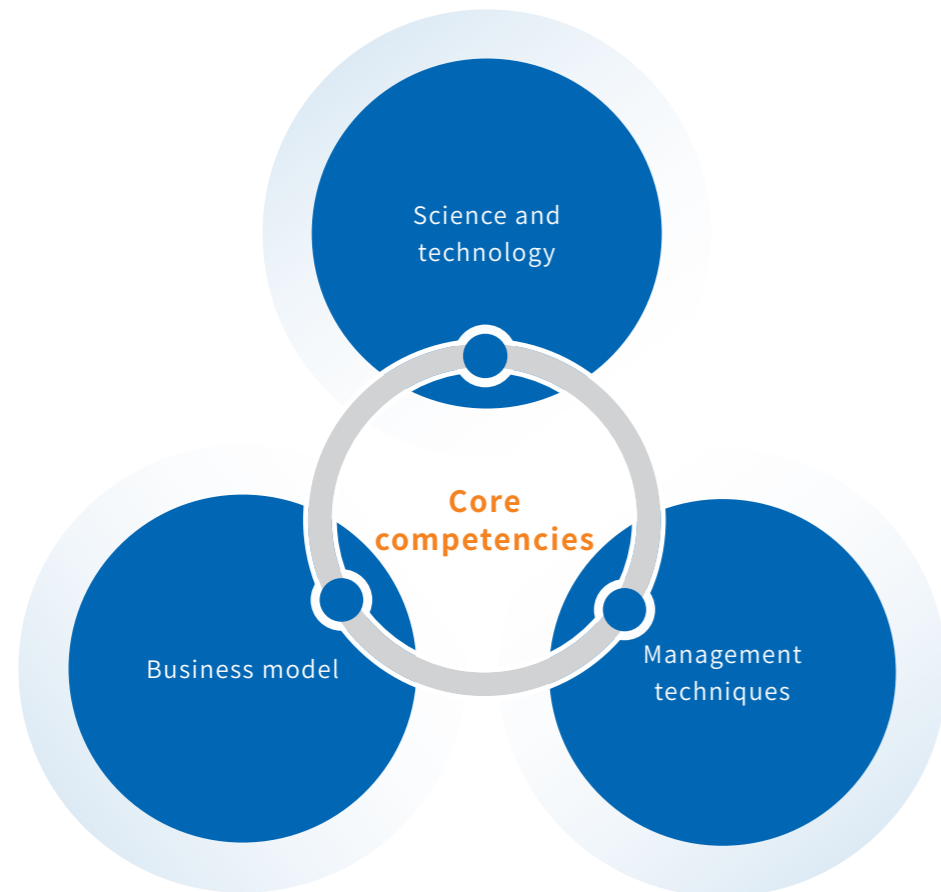
## Milestone



# Market Performance

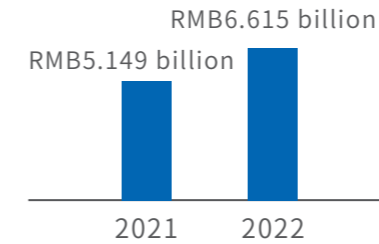
We concentrate our efforts on fulfilling the mission to “master advanced technologies and improve automotive components”, achieving the target to enter into top 3 on the global market segment for each product line, and continuously consolidate and improve our core competencies. Our mature businesses have increased their market shares, and new businesses have grown rapidly and we have got many designated supplier contracts. In addition, we have further increased our influence, actively participated in trade exhibitions and other marketing activities, made continuous progress through exchanges, and earned the approbation of our customers and the industry.

## Core competencies

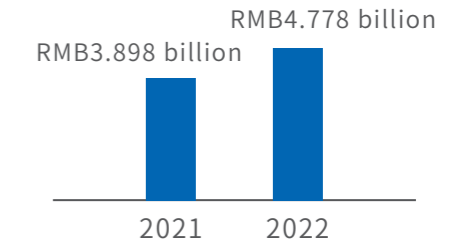


Through 25 years of learning and accumulation, we have established the operating and management capabilities meeting the requirements of global benchmark customers with respect to product development, quality assurance, cost control, product delivery and customer response, and become an industrial leader on many market segments.

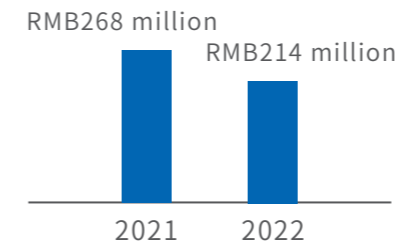
Total assets



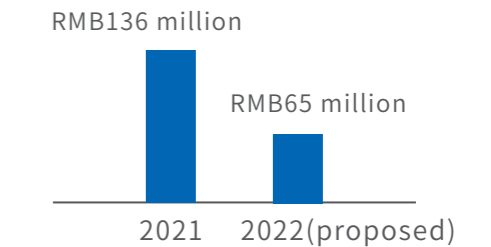
Operating revenue



Net income attributable to ordinary shareholders



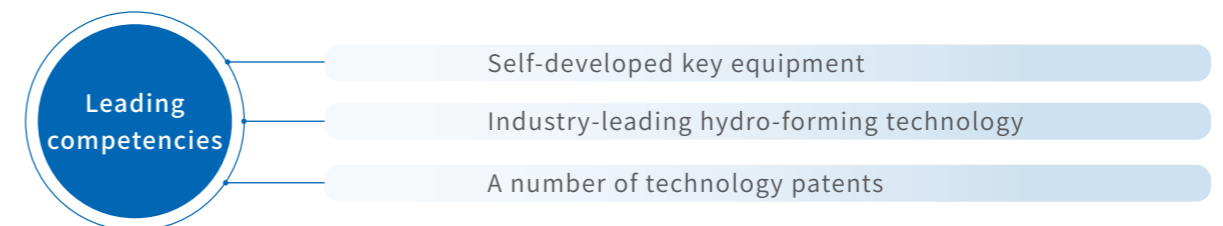
Dividends



## Market-oriented Projects

### We were designated as the supplier of automotive exhaust system hot ends

In June 2022, we received a Notice of Designation from a tier-1 supplier of North America, which designated us as the supplier of automotive exhaust system hot ends for its wholly new platform project. Our exhaust pipe business ranks among the first on the global market, and has strong R&D and manufacturing capabilities. This designation will further increase our competitive advantages and market share.



Exhaust system hot ends

## Our balance weight business obtained a contract with a value of several hundred million Yuan

In August 2022, our balance weight business received a Notice of Designation from a foreign company, which designated us as the supplier of continuous balance weights. We have grown into a top 3 OEM balance weight supplier in the world, and been appraised by many customer as an outstanding supplier or class A supplier. In the field of balance weight design, we took the lead in successfully developing online balance weight cutting, austempering and other process technologies in China, and used a number of self-developed gluing, riveting, automatic forming and other key process equipment, to ensure satisfactory steel hook hardness, block ductility and gluing quality. Our balance weight production line adopts a highly intelligent and highly automated production mode and takes the lead in the industry in terms of overall technological level. After getting this designation, we have made preparations for the increase in purchases by the foreign customer, and will create more values for our domestic and foreign customers.



Balance weight

## We launched the wholly new automotive sensor products

In December 2022, we held the “Electrically-Powered Sensing, Chip-Based Intelligence” Launch Event for New Automotive Sensor Products, at which, we demonstrated two new products developed for new energy vehicles, namely fluxgate current sensor and motor position sensor.

### High-precision 1000A/1500A fluxgate current sensor



This new product adopts the fluxgate technology, detects current signals through detecting and inducing voltage differences, is able to identify a number of failure modes, and has very high measurement accuracy, with a linear error of less than 0.1%, and full temperature zone error of less than 0.5%. It also has +8V~+16V power supply protection and CAN2.0B interface.

### Electric motor position sensor



One solution is based on the induction principle, and detects rotor position through transmitting and receiving voltage difference between coils. The other solution is based on the TMR principle, and detects rotor position through inducing magnet displacement via magnetoresistive chips.

## Our “high-end air spring technology for passenger cars” won a Lingxuan award

At the China Auto Supply Chain Summit 2022 and Prize-giving Ceremony of the 7<sup>th</sup> Lingxuan Award held in China Auto Valley, Wuhan on December 23-24, 2022, our “high-end air spring technology for passenger cars” won the “Lingxuan Award 2022 – Mass Production – Chassis, Gold Prize” for the first time.

### Advantages of our air suspension business

Concentrate our efforts on the development of intelligent manufacturing technologies, and seek excellent “product power”

- Our high-end air spring products for passenger cars break up the monopoly of international suppliers in OEM air springs for passenger cars, and reach the advanced world level in durable life, NVH and burst strength, among others.
- Our air spring production process is highly automated and informatized, with all process parameters in each step recorded by sensors and uploaded to the manufacturing execution system (MES), and realizes real-time SPC control and accurate process traceability, to effectively ensure product quality.

Continuously improve product matrix, and take the lead in installed amount

- We have been engaged in the development of automotive air suspension since 2012, continuously improved our air suspension product matrix, and developed air spring damper assembly, air supply unit, air suspension controller, air suspension gas tank, suspension height sensor, body acceleration sensor and other products.
- In 2022, we made steady development in air suspension products. Along with the continuous improvement of our products and technologies, and in-depth cooperation with the carmakers, we have secured designated supplier contracts for all kinds of products from domestic leading carmakers.

Pursue win-win cooperation with the customers, and build a high-quality supply ecosystem

- We have a premium supply chain, developed complete technical standards, positive development system and well-equipped testing facilities, reduced the customers' purchasing costs by about 30% while providing high-quality products, and laid the foundation for the increase in the adoption rate of our air suspension products for passenger cars.

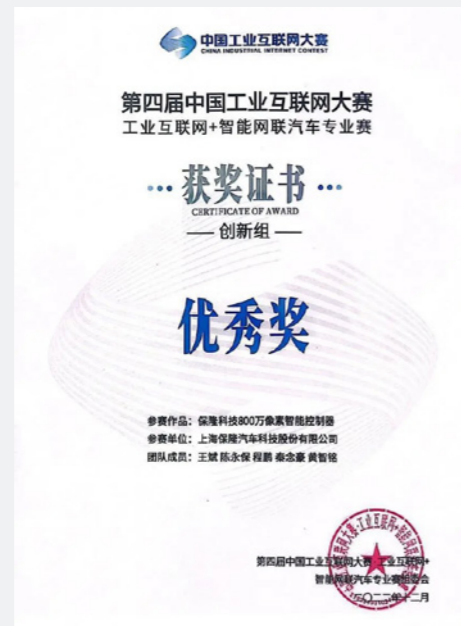


## Our “8 mega-pixel intelligent controller” won a prize

The 8 mega-pixel intelligent controller developed by us, due to its better performance than 2 mega-pixel intelligent controllers (including better perception performance, smaller controller, and better and more functions), good cornering performance, braking at high speed when approaching to stationary objects, large angle of view, identification of traffic signs and other features, won a merit prize of the innovation group in the 4th China Industrial Internet Contest - Industrial Internet + Intelligent Connected Vehicle Contest.



8 mega-pixel intelligent controller



Our 8 mega-pixel intelligent controller won a merit prize of the innovation group in the 4th China Industrial Internet Contest - Industrial Internet + Intelligent Connected Vehicle Contest.

## Company Honors

- |   |   |
|---|---|
| <p>January 2022</p> <p><b>Member of the Shanghai Chamber of Commerce for Import and Export</b></p> <p>Shanghai Chamber of Commerce for Import and Export</p>                              | <p>March 2022</p> <p><b>Director of the China Society of Automotive Engineers</b></p> <p>China Society of Automotive Engineers</p>  |
| <p>May 2022</p> <p><b>Director of the Shanghai Intelligent Manufacturing Industry Association</b></p> <p>Shanghai Intelligent Manufacturing Industry Association</p>                      | <p>July 2022</p> <p><b>Contract Abiding and Trustworthy Enterprise of Shanghai (2020-2021)</b></p> <p>Shanghai Contract Credit Promotion Commission</p>                                 |
| <p>July 2022</p> <p><b>Contract Credit Class AAA (2020-2021)</b></p> <p>Shanghai Contract Credit Promotion Commission</p>   | <p>August 2022</p> <p><b>2022 Top 100 Private Enterprise of Shanghai (No. 95)</b></p> <p>Shanghai Enterprise Confederation/ Shanghai Enterprise Directors Association/Jiefang Daily</p> |
| <p>August 2022</p> <p><b>2022 Top 100 Private Manufacturer of Shanghai (No. 37)</b></p> <p>Shanghai Enterprise Confederation/ Shanghai Enterprise Directors Association/Jiefang Daily</p> | <p>August 2022</p> <p><b>2022 Top 100 Manufacturer of Shanghai (No. 60)</b></p> <p>Shanghai Enterprise Confederation/ Shanghai Enterprise Directors Association/Jiefang Daily</p>       |
| <p>August 2022</p> <p><b>Third prize of the 10<sup>th</sup> National Brand Story Contest - Shanghai Venue Speech Contest 2022</b></p> <p>Shanghai Association for Quality</p>             | <p>August 2022</p> <p><b>Third prize of the 10<sup>th</sup> National Brand Story Contest - Shanghai Venue Essay Contest 2022</b></p> <p>Shanghai Association for Quality</p>            |
| <p>November 2022</p> <p><b>Intelligent Factory of Shanghai</b></p> <p>Songjiang District Economic Committee</p>   | <p>December 2022</p> <p><b>Lingxuan Award 2022 given to the high-end air spring for passenger cars</b></p> <p>Auto Business Review</p>  |

## 02 Shareholders' Responsibility, Promotes Long-term Development

We have continuously improved our corporate governance, strictly complied with the applicable laws, regulations and industrial requirements, developed the relevant management regulations, and operated in accordance with laws and regulations. We have attached great importance to risk management and control, continuously enhanced protection of information security, seriously performed the obligation of information disclosure, and strengthened investor relationship management and anti-corruption education, in order to protect the legitimate rights and interests of all shareholders and other stakeholders.

### Our actions

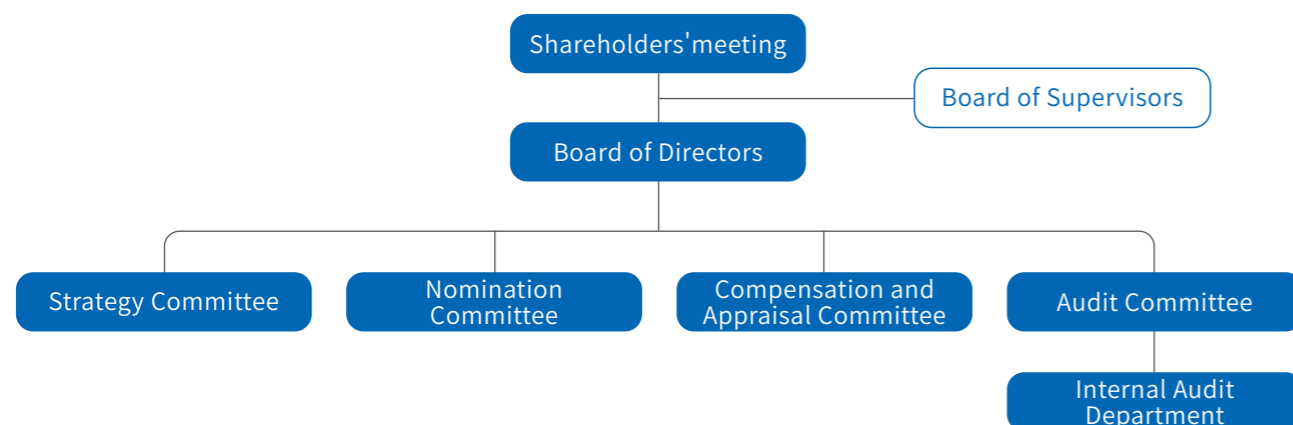
- Corporate governance
- Risk management
- Information security
- Investor relations
- Anti-corruption

# Corporate Governance

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

We have, in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the relevant provisions of the China Securities Regulatory Commission (the “CSRC”) and the SSE and our Articles of Association, improved our corporate governance structure, established and improved internal controls, and effectively operated the internal control system. Our shareholders' meeting, Board of Directors, Board of Supervisors, independent directors and management have performed their respective duties in strict accordance with the requirements of the internal control system, and seriously protected the legitimate rights and interests of the Company, shareholders and other stakeholders.

### Organization structure



### ■ Shareholders and shareholders' meeting

We have convened and held shareholders' meetings in strict accordance with our Articles of Association and Rules of Procedure for the Shareholders' Meeting, strictly complied with the provisions of the applicable laws, regulations and voting process, and appointed counsels to witness each shareholders' meeting. We fairly treat all shareholders, and ensure that the minor shareholders have equal rights as the majority shareholders, and all shareholders are able to fully exercise their rights.

#### 📊 Key performance

In 2022, we held **4** shareholders' meetings.



### ■ Directors and the Board of Directors

Our directors have been elected in strict accordance with the director election and appointment process set forth in the *Company Law* and our Articles of Association, taking into account our business model and development plans, and the gender, age, cultural and education background, industrial experience, technical capabilities and service period of the candidates, among others. The number of members and composition of our Board of Directors comply with the applicable laws and regulations. The Rules of Procedures for the Board of Directors and the Work Regulations for the Independent Directors ensure the proper operation and objective and scientific decision-making of our Board of Directors. Our directors have honestly, faithfully and diligently performed their duties, and seriously protected the interests of all shareholders.

Our Board of Directors has four professional committees, namely Audit Committee, Compensation and Appraisal Committee, Nomination Committee and Strategy Committee, each has its work regulations in place, which require each professional committee to review all matters that fall within its jurisdiction, and upon approval thereof, submit the same to the Board of Directors for consideration, so as to improve the efficiency of the Board of Directors.

#### 📊 Key performance

In 2022, our Board of Directors held **10** meetings.

We have **9** directors, including **3** independent directors and **1** female director.



### ■ Supervisors and Board of Supervisors

The number of members and composition of our Board of Supervisors comply with the applicable laws and regulations. Our Board of Supervisors has strictly performed its duties in accordance with the Rules of Procedure for the Board of Supervisors, and independently supervised our production, operation and financial condition, and the performance of the duties by our directors and senior officers according to laws and regulations, to protect the legitimate rights and interests of the Company and the shareholders according to law.

#### 📊 Key performance

In 2022, our Board of Supervisors held **9** meetings.

We have **3** supervisors, including **1** supervisor as staff representative.



## Operate honestly

Since our founding, we have operated honestly, paid taxes according to law, and made due contributions to the local economic development of the places where we operate. We have been elected as a contract abiding and trustworthy enterprise and rated as contract credit class AAA for many consecutive years. We have never been put on the List of Enterprises Seriously Violating the Law and Being Dishonest, the National List of Dishonest Judgment Debtors or the List of Persons Involved in Serious Violation of Tax Laws, or been indicated as dishonest on the Shanghai Public Credit Information Service Platform. We are rated as Class A in tax credit, and paid RMB218 million of taxes in total in 2022.

## Information disclosure

According to the *Company Law*, the *Securities Law*, the *Administrative Measures for Information Disclosure by the Listed Companies* and other applicable laws, administrative regulations, normative documents and our Articles of Association, we have seriously and timely performed the obligation of information disclosure on the principle of openness, fairness and justice, and ensure all information disclosed by us is true, accurate, complete and free from any misrepresentation, misleading statement or material omission. In 2022, all information disclosures made by us were uploaded through the system of SSE and disclosed on the website of the SSE. In 2022, we released 116 numbered announcements and uploaded 185 documents in total.

## Risk Management

We have fully implemented the Basic Internal Control Standards for Enterprises and the Guidelines for Enterprise Internal Controls, developed the Management Manual for Internal Control as the basis for establishment, implementation, evaluation and verification of internal controls, improved our management level for internal control, gradually expanded and improved our internal control system, formed a normalized and standardized management system consisting of 26 second level control items, 141 third level control sub-items, 599 fourth level control points, and 1,025 fifth level control measures, to ensure our coordinated, sustainable and rapid development.

We implement the system of decision making by the Internal Control Committee and level-to-level management by the departments in internal control. Our Chairman of the Board of Directors acts as the Chairman of the Internal Control Committee. The organization structure of our internal control management system comprises three levels, namely the decision-making body, the supervisory and management body, and the executive body.

### Three-level internal control management system

#### Decision-making body: Internal Control Committee

Decision-making body for internal control, responsible for deciding on significant issues related to internal control of the Company.

#### Supervisory and management body: Internal Audit Department

The Company's department responsible for internal control management, whose duties include supervision and evaluation of the effectiveness and compliance of the Company's internal control management and internal control system.

#### Executive body: The functional department of each SBU

Responsible for implementing the policies and regulations related to internal control, and reporting the implementation and operation of the internal control system.

We carry out internal control evaluations on a regular basis every year, prepare Annual Internal Control Evaluation Reports and disclose the same together with the relevant annual reports on the website of the SSE. In 2022, in accordance with the requirements of our internal management and external regulation, we developed the risk control system improvement plan and internal control manual, and further improved our internal control system. In addition, we carried out internal control evaluations on our subsidiaries in multiple forms, covering social responsibility, safety, health, environmental protection, etc., and on-site internal control supervision and evaluation on an irregular basis, in order to promote self-examination by the business and functional departments of the effect of internal controls, and ensure the full coverage of internal control from top to bottom of the Company. We appoint an accounting firm qualified to engage in securities and futures business to audit on the effectiveness of our internal controls and issue an auditor's report every year.

We actively conduct risk control training, and strive to create a day-to-day internal control mechanism in which all employees are aware of risk management, participate in internal controls, and have the responsibility for ensuring compliance, in order to effectively prevent operating risks.

# Information Security

## Information security management system

Information is critical assets of our business. We have established the information security management system based on TISAX Stand Scope 1.0, to ensure the continuous, reliable and normal operation of the information system, minimize the effect of security incidents on our business, and ensure our business continuity.

### Information security principle

Put prevention first, jointly protect information security; improve management, gain customers' confidence.

### Information security management regulations

Cybersecurity Management Regulations, Information Security Management Regulations, User Access Management Regulations, Data Encryption Management Regulations, Information Transmission Management Regulations, Management Regulations for Virus Prevention, System Log Management Regulations, System Vulnerability Management Regulations, Information Security Compliance Management Regulations, Information Asset Management Regulations, Project Information Security Management Regulations, Security Zone Management Regulations, etc.

### Cybersecurity control measures for information system

- 1) Adopt effective cybersecurity strategies;
- 2) Manage the firewall, router and other security configurations;
- 3) Regularly maintain network equipment;
- 4) Implement permission management for network access by users;
- 5) Strictly control the changes in network equipment and systems;
- 6) Monitor the operation of network;
- 7) Manage network services.



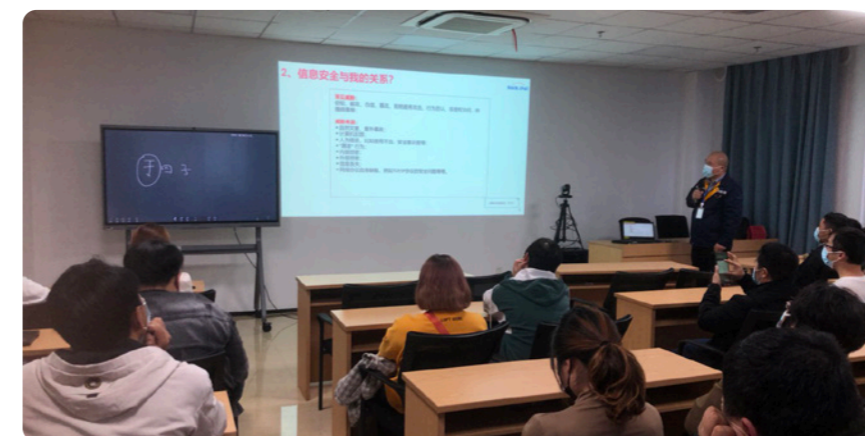
# Emergency response to information security incidents and training

We have developed the Information System Emergency Response Plan based on risk assessment, and conducted exercises of emergency response to unhealthy information and network virus, customer information breach, confidential storage device theft and other incidents as scheduled, in order to ensure that upon occurrence of any data breach incident, we will promptly implement the emergency response plan, and effectively deal with such emergency.

We have regularly conducted internal training in information security, offered courses in basic knowledge of information security, privacy, etc., prepared examination papers on information security and personal information protection law, and defined the duties of the employees related to information security management in daily work and lives through training and propaganda.

### Topics of information security training

- 1) What is information security?
- 2) Relationship between information security and us
- 3) How to ensure information security?
- 4) Information security management regulations, and applicable laws and regulations
- 5) The Company's information security management system and existing regulations
- 6) Review of information security cases
- 7) Information security in work and lives



Information security training



Examination paper on information security and personal information protection law

# Investor Relations

We have developed the Investor Relations Management Regulations, the Regulations for Handling Investigations and Interviews by Specific Persons and other regulations in accordance with *Company Law*, the *Securities Law*, the *Guidelines for Investor Relations Management of Listed Companies* the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, and other applicable laws, rules and regulations and our Articles of Association, taking into account of our actual situations, in order to enhance the communications between us and the investors and potential investors, enhance investors' comprehension and appreciation of our company, standardize our internal operation, build a good corporate image, promote the improvement of our corporate governance structure, ensure the fairness of information disclosure, and seriously protect the legitimate rights and interests of the minor investors.

In 2022, we organized and arranged 220 on-site and online investor investigations, and participated in 50 online and offline strategy seminars and reverse road shows. In addition, we have established a multi-channel and multi-platform investor communication system consisting of voluntary information disclosure, e-interaction platform, performance briefing, our official website, WeChat official account, video account, etc., to further enhance communications and exchanges with the investors, and help the investors better understand us and our investment value.

## Investor communication channels



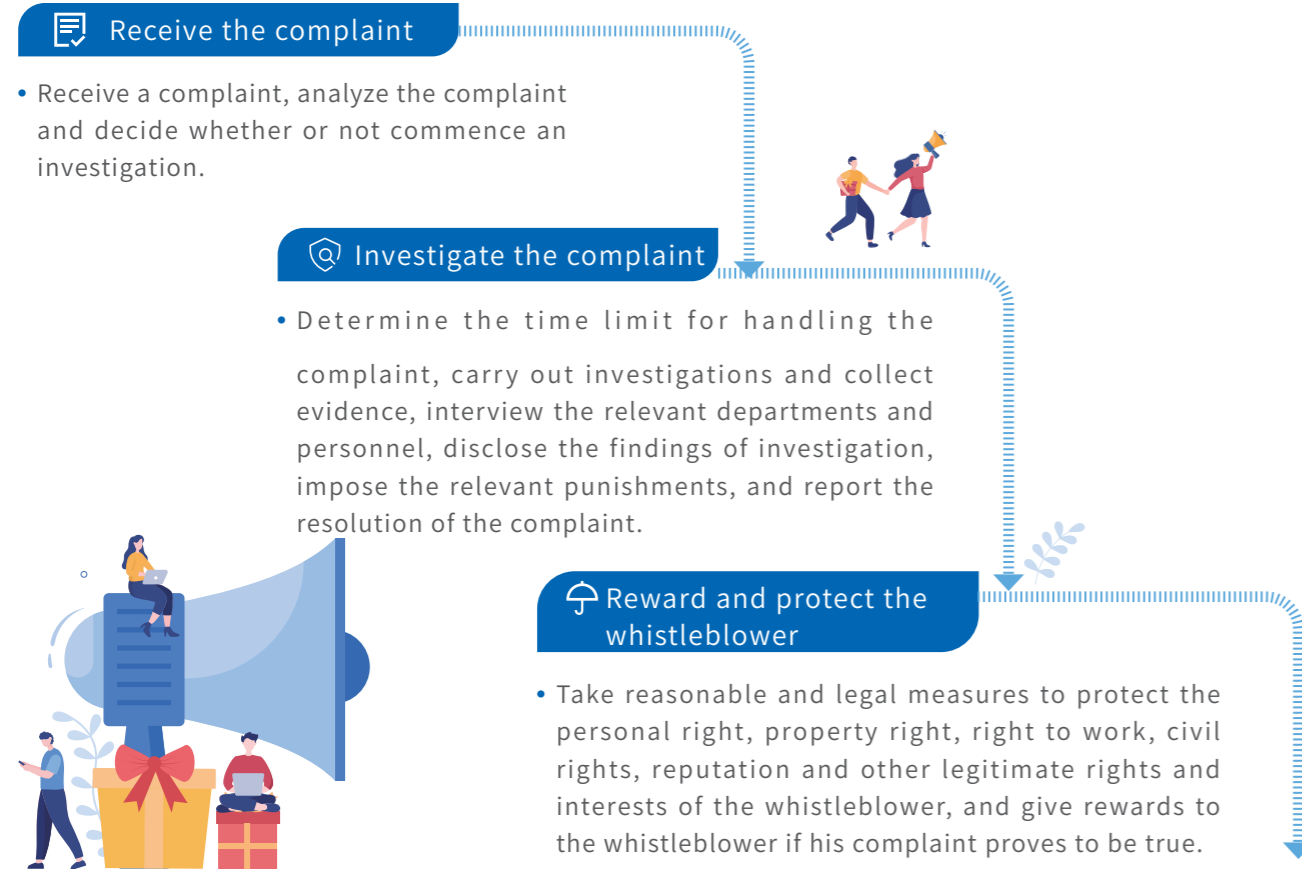
Investor presentation

# Anti-corruption

We have developed the Anti-corruption Management Regulations and Detailed Whistleblowing Rules centered on the new situation and new tasks of the anti-corruption campaign, taking into account of our actual situations, in order to combat malpractices through regulations, build the business philosophy centered on compliance with law, honesty and premium services, enhance supervision and management of key links where malpractices are likely to occur and have frequently occurred and the personnel on secret-involved posts, strictly comply with the fair play rules, guide our officers and stakeholders to act according to law, be honest and trustworthy, conscientiously resist malpractices, such as forgetting all moral principles at the sight of profit, injuring the public interests to benefit one's private interests, breaking one's promise or engaging in fraud, and build a good corporate image.

We have set up the anti-bribery and malpractice reporting boxes, and published the tip-off hotline, and encourage our employees and the entities having business relations with us to report and expose corruption. We ensure that the receipt, investigation and other stages of handling reports are kept in strict confidence to protect the whistleblower and the reported information from being exposed. After verification that the report is true, we provide a certain amount of reward to the whistleblower.

### General complaint handling process



We request all departments to organize learning of the management regulations and typical cases related to corruption and bribery, and enhance team management and anti-corruption education, in order to prevent violations of discipline, laws and regulations, and ensure our healthy development.

### Key performance

We offered a **75**-minute e-learning course “Training in the Anti-corruption Management Regulations”, in which **1,594** persons in total participated in the training and examination.



Training in the Anti-corruption Management Regulations

# 03 Customer Responsibility, Escorts High Quality Products

As an influential company, we put product quality and customer services first. We have established 10 R&D laboratories worldwide, made continuous innovations in products based on the integration of informatization and industrialization; developed strict IP protection system and quality management system, promoted the building of our unique quality culture; and continuously enhanced the cooperation and communications with the suppliers, to improve the production efficiency and achieve a win-win situation.

## Our actions

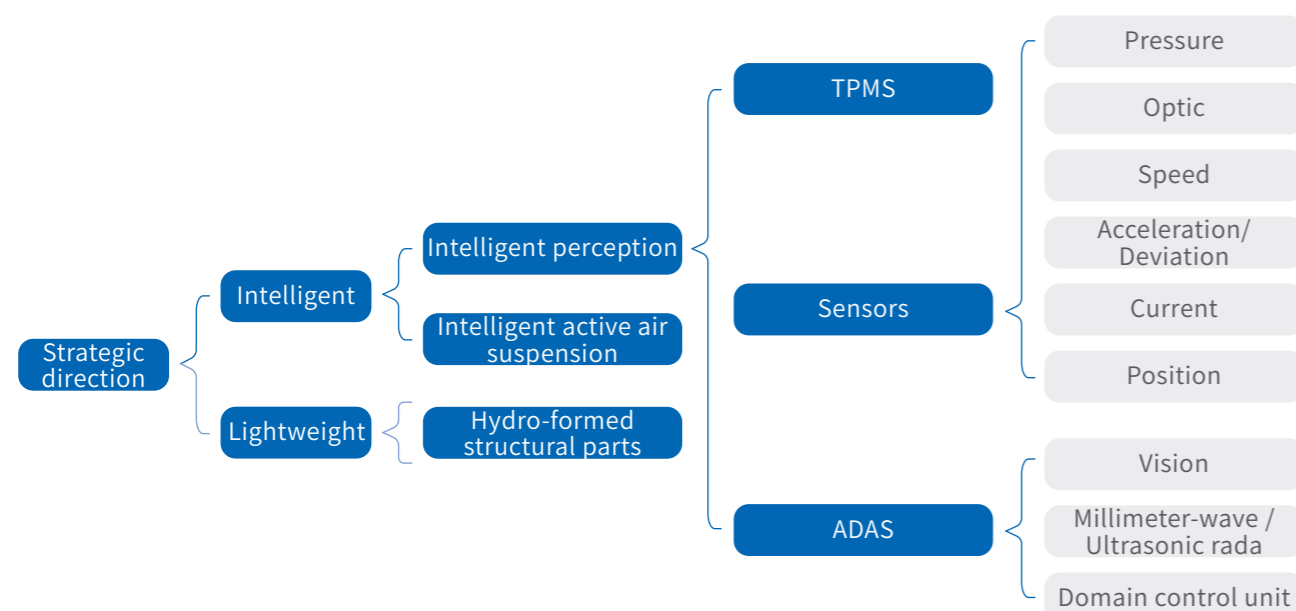
- Make continuous improvements and innovations
- Promote the integration of informatization and industrialization
- Protect intellectual property rights
- Attach importance to quality management
- Enhance cooperation with the suppliers
- Improve customer services



# Make Continuous Improvements and Innovations

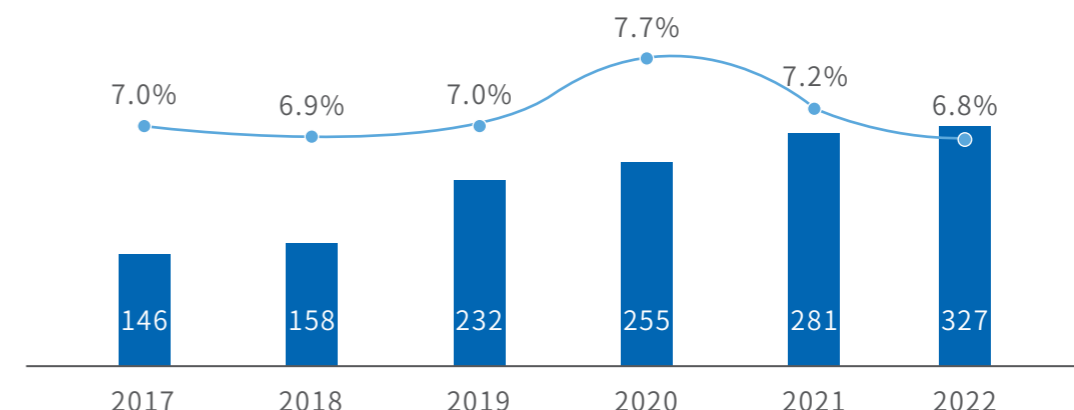
We adhere to the management philosophy of maintaining long-term development, making continuous improvements, exploring the international market, satisfying the demands of domestic consumers, improving traditional products and developing new products, make arrangements at multiple levels, continuously improve the R&D management system, and ensure scientific researches proceed smoothly. Based on the R&D strategy of “intelligent and lightweight”, we have made continuous efforts to develop body structural parts, intelligent sensors, domain control and active suspension system and other automotive components.

## Our intelligent and lightweight products



We have developed the R&D Expenses Planning Process, the Project Management Standard, the Project Kick-off Management Process, the Project Progress Management Process, the Product Development and Design Validation Process, the Incentive Design Measures and other R&D management process and system documents, to regulate the R&D management activities, and improve the R&D efficiency and quality. In addition, we have continuously provided funds for development of new products, new technologies and new processes, in order to maintain our technological advancement in the industry, and enhance our advantages over the competitors in the world.

R&D Expenses (in million Yuan) and ratio of R&D Expenses to operating revenue



## R&D team building

In order to ensure our healthy operation and promote our transformation, upgrading, development and expansion, we attach great importance to talent training, and have established the intelligence institute and a number of R&D teams, and developed sound R&D management system and talent incentive mechanisms, to arouse the employees' initiative and enthusiasm for work, and continuously promote the building and operation of our new capabilities. We use the information platform to increase the efficiency of the R&D teams and appraise their performance, control R&D risks and costs, and set up professional project management teams to ensure the smooth proceeding of R&D projects.

### Key performance

Indicator	2020	2021	2022
Number of R&D personnel	743	773	911
Ratio of R&D personnel to total employees (%)	16.28	16.40	16.94



National Recognized Enterprise Technology Center

## Scientific research infrastructure

### Lab Construction

The company is dedicated to boosting its testing capabilities by continually integrating its laboratory resources. Presently, we operate six labs situated in four cities throughout China, encompassing the Songjiang Center Lab in Shanghai, the Pudong Speed and Position Sensor Lab in Shanghai, the Air Suspension and Automotive Electronics Lab in Hefei, the Metal Pipe Fitting Lab and Valve Seat Lab in Ningguo, and the Automotive Electronics Lab in Wuhan.

Together, these labs boast an impressive collection of over 350 testing apparatuses. The company boasts a wide array of testing capabilities, such as encompassing environmental reliability, three-coordinate measurement, fatigue resilience, physical performance, metal and rubber material analysis, cleanliness, EMC, and electrical evaluations. These multifaceted abilities empower us to deliver extensive testing support for the company's diverse product categories. In 2022, the company focused on building the capabilities of the Wuhan Optical Laboratory and the Hefei Automotive Electronics Laboratory, enhancing its image sensor detection capabilities. Based on the binocular HIL platforms and vehicle-mounted Ethernet platforms, it has improved its ADAS simulation testing and automotive bus testing capabilities. In 2023, we will add the Hefei Optical Laboratory and Ningguo Longwei Laboratory to undertake optical testing, physical performance testing, and three-coordinate measurement tasks for products in multiple regions and sectors.



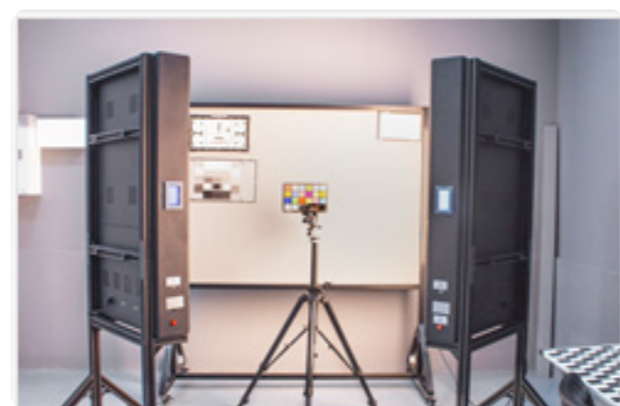
Songjiang Center Lab in Shanghai Headquarters



Automotive Electronics Lab in Hefei



Air Suspension Lab in Hefei

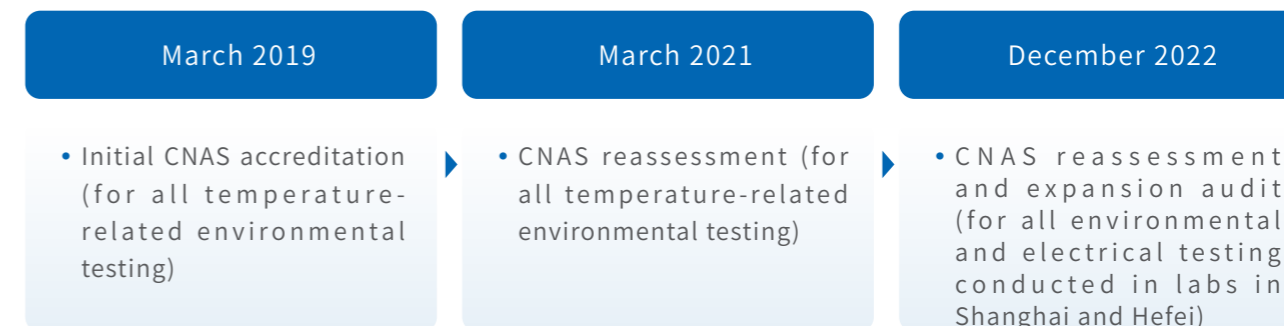


Optical Lab in Wuhan

## Lab Accreditation

In 2019, the Shanghai Songjiang Center Laboratory received its initial CNAS accreditation. By 2022, the laboratory had substantially expanded its comprehensive testing capabilities, securing 20 more CNAS accreditations in areas such as vibration, salt spray, dust and water resistance, and electrical testing. Meanwhile, the Hefei Air Suspension and Automotive Electronics Laboratory also acquired 19 new CNAS accreditations in 2022, encompassing high and low-temperature testing, salt spray testing, and electrical testing, which further bolstered the lab's overall testing prowess.

## the CNAS certification process



CNAS certificate issued to our laboratory

The testing capabilities of the company's laboratories have been endorsed by over 10 leading vehicle manufacturers, including SAIC-GM, Volkswagen, BYD, Great Wall Motors, Geely, NIO, Chery, Changan, and General Motors Wuling.

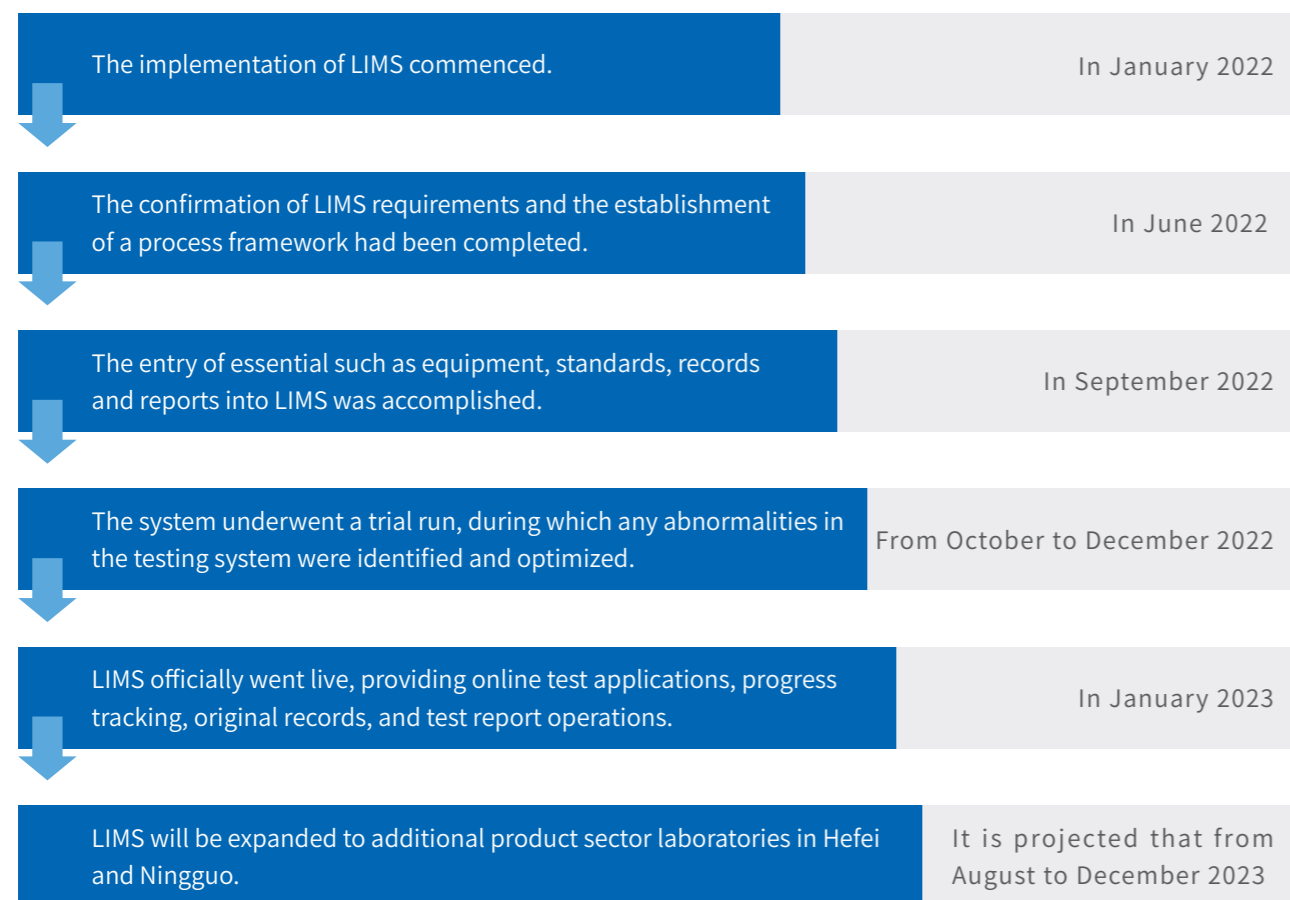
- 1) The SAIC-GM laboratory underwent a successful reassessment in January 2022, and received a recognition certificate.
- 2) The NIO laboratory also passed a reassessment in October 2022, and obtained a recognition certificate.
- 3) The Geely Automotive Laboratory was audited in October 2022, and granted a recognition certificate.



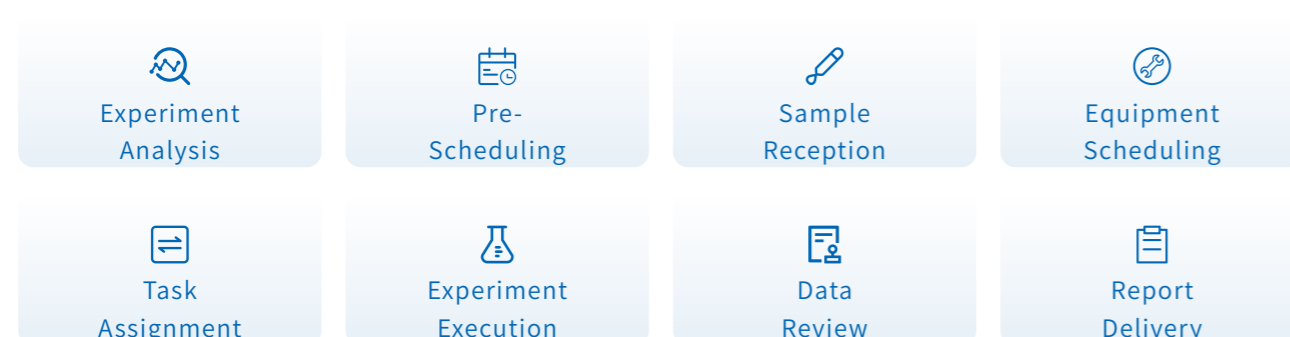
## Lab Informationization Construction

In order to enhance laboratory information management, improve the efficiency and management of the three laboratories, and ensure the effectiveness of the test results, we are building the laboratory information management system (LIMS), which has been formally put into operation, and will expand to more product segments in the future.

### LIMS building process



### Framework for LIMS Implementation



## Achievements in scientific and technological innovations

In 2022, we obtained rich fruits in product R&D, further improved our air suspension system product matrix, and got designated supplier contracts from many carmakers. We have developed many new sensor products, and further enriched our sensor product matrix, which covers 6 product categories, namely pressure, optical, speed, position, acceleration and current sensors, and more than 40 product applications. We have made many breakthroughs in the field of intelligent drive. In particular, our domain control unit products have been designated by certain carmakers as the ADAS domain control unit and solution for passenger cars, and many leading carmakers have chosen our “binocular magic carpet” intelligent drive solution. We have successfully developed V-SEETM “8 mega-pixel integrated drive & parking solution” and prototype of “multi-chip cascade 4D imaging radar” (a next generation sensor), both of which take the lead in the industry.

### Major R&D Projects Undertaken in 2022

ADAS

#### APA Auto-Parking Product Development

Built core development capabilities for APA products, addressing crucial technologies such as parking image perception algorithms, software functionality, decision planning, vehicle control, and data calibration

#### 1MP Camera

Completed development of domestic chip solution and backup camera

#### 2MP Camera

Completed 2MP surround-view camera platform development, enriching camera product offerings

#### 3MP Camera

Product development completed

#### 8MP Camera

Solution platform development completed, laying groundwork for market expansion

#### Development of Gatling Chip-based Millimeter Wave Radar

Development Forward, rearward, and active radar development completed

#### Development of Integrated Parking and Driving Domain Control

Two domain control platforms developed

#### Magic Carpet Project Platform Development

Platform and product development completed

#### 8MP Front-view Unified Parking Solution

Solution architecture completed

**Air Spring**

**Dual-chamber Air Spring Development**

Product development completed

**Electronic Damper Development**

Product development completed with small-batch verification

**Sensors**

**500A, 1000A, 1500A Fluxgate Current Sensors**

Development completed

**Acceleration Transducer Development**

Development completed

**Pressure-Temperature Composite Sensor**

Development completed

**Steering Angle Sensor Development**

Development completed

**Gearbox Position Sensor Development**

Development completed

**Hall Effect Current Sensors Development**

Development completed

**Yaw Sensor Development**

Development completed

**Aerosol Sensor Development**

Development completed

**Seat Position Sensor Development**

Development completed

**Suspension Height Sensor Development**

Development completed

**TPMS**

**Bluetooth TPMS Development**

Android app, Bluetooth sensor, and cloud server development completed



## Industry-university-research cooperation

The company boasts 10 R&D centers and has forged robust, enduring partnerships with a multitude of domestic research institutions and scientific academies. In 2022, we intensified our cooperative efforts in technology research and talent cultivation with esteemed institutions including Shanghai University of Engineering Science, Chaohu University, Anhui Polytechnic University, and Hefei University.

Partner Institutions	Collaborative Projects	Project Status
Shanghai University of Engineering Science	Optical Rainfall Sensor, Novel Tire Pressure Detection System	In progress
Chaohu University	R&D of GP12 Visual Inspection Equipment for Sleeve-Type Airbags	Modeling completed, prototype testing underway
Anhui Polytechnic University	Performance Analysis of Hydraulic Forming for Automotive Metal Tubing	Developing testing plan
Anhui Polytechnic University	R&D of Tooling for Chain-Type Automatic Assembly Machine for Rubber Clamp Valve Nozzles	Completed and operational
Hefei University	Optimization of Passenger Car Air Spring Structure	Ongoing
Wuhan University of Technology	Joint Innovation Center for Automotive Assisted Driving Technology	Ongoing

## Promote the Integration of Informatization and Industrialization

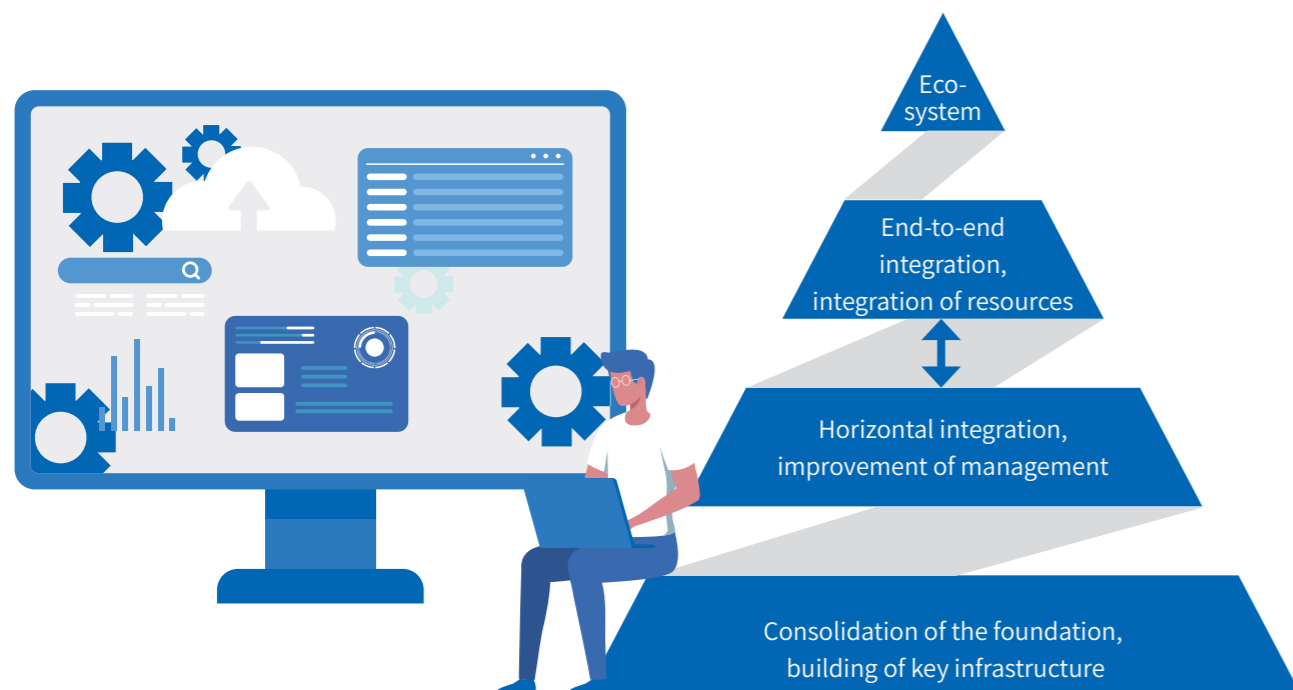
The integration of informatization and industrialization is an inevitable outcome in the course of development of industrialization and information technology, and key to the improvement of sustainable competitive advantages and promotion of innovation and development of the enterprises. We regard information technology as a conventional tool in business management, and integrate information technology with industrialization in technology, products, management and other areas, in order to improve our capability to communicate with the market and promote our sustainable development.

**Policy for the integration of informatization and industrialization**

- “Information driving” , “intelligent innovation”
- Driving by information technology, based on the information system, improve our supply chain management capability and integrate the relevant businesses with the support of information technology, enhance our competencies, promote better and faster development of our business; and based on product platform R&D, guided by innovation in processes and technologies, achieve “intelligent design and intelligent manufacturing” rapidly.



### Process of building of our information system

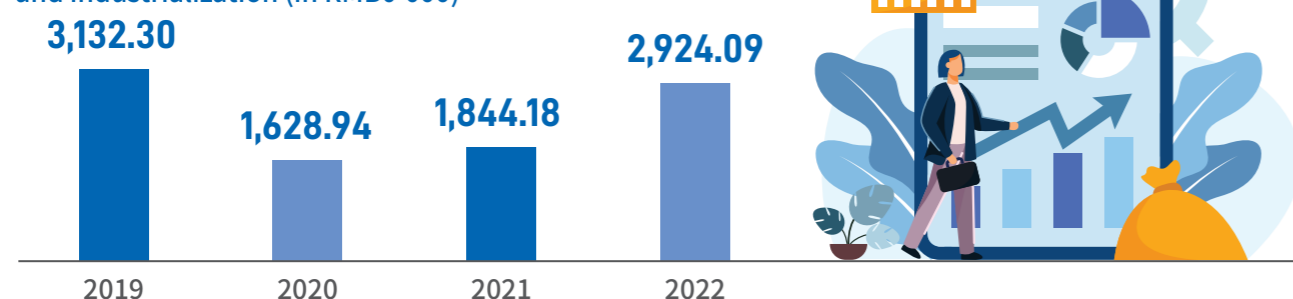


## Process of the integration of informatization and industrialization

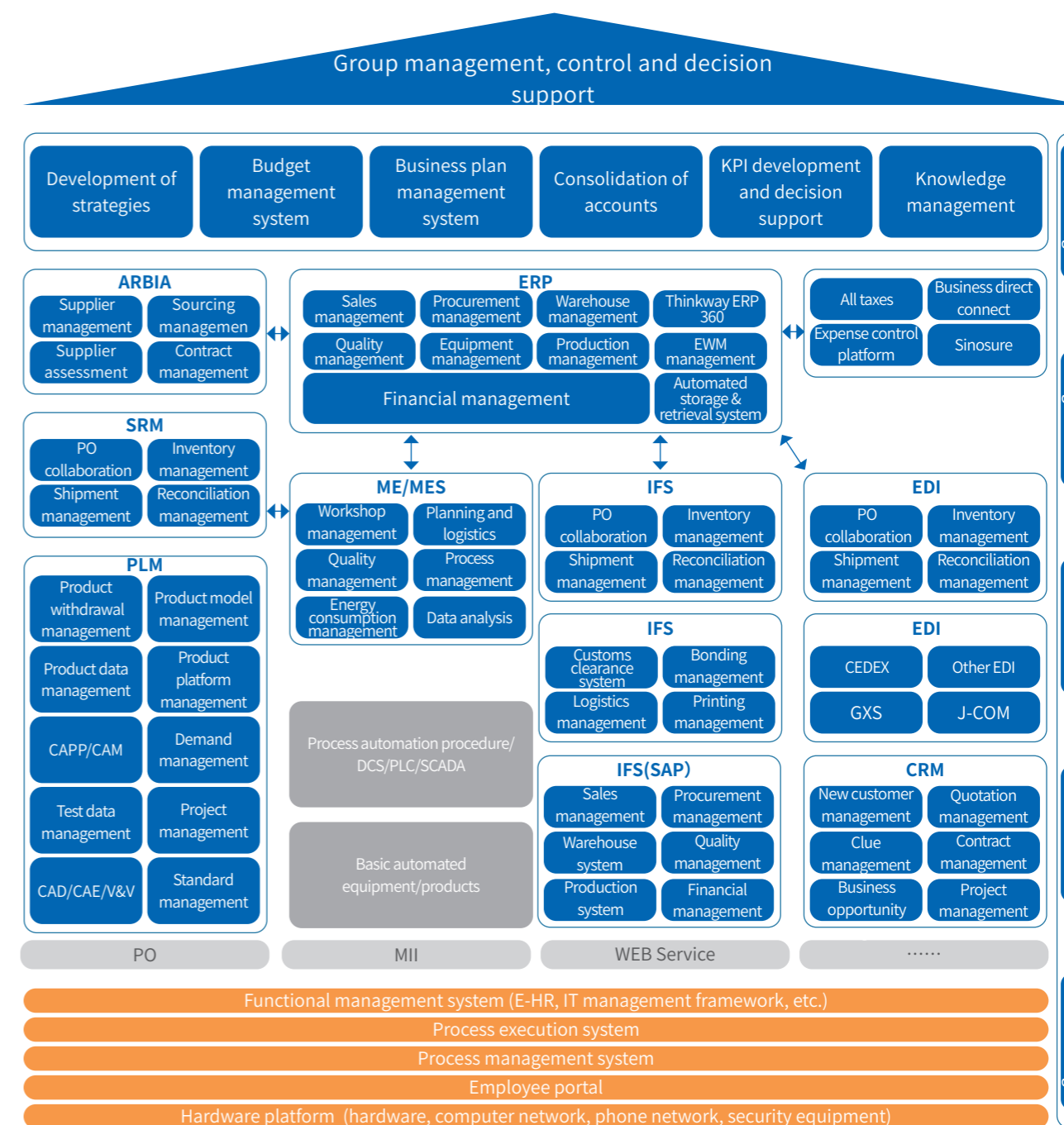
We have developed the management system for the integration of informatization and industrialization according to the Integration of Informatization and Industrialization Management System – Requirements (GB/T 23001), and carried out digital and intelligent upgrade in system integration, changes in logistic service providers and suppliers, and service quality. Since 2019, we have continuously provided funds for upgrading information system, software, hardware and intelligent equipment, in order to further enhance the integration of informatization and industrialization, promote business integration, and increase our competencies. In addition, we have implemented the upgraded standards for the integration of informatization and industrialization management system based on the Integration of Informatization and Industrialization Management System – Enhanced Capability Graded Requirements (T/AITRE 10003).

### Key performance

Expenditures on the integration of informatization and industrialization (in RMB0'000)



### Achievements in the integration of informatization and industrialization



**Improve the efficient product management and control capability using digital technology**

Along with the rapidly rising demands on the automotive equipment market, the products tend to small batches and multiple types, so the proportion of customized products is increasing. In reliance of the integration advantages of 360 operation analysis platform, MES, SAP and other systems, we have achieved effective management and control of market demands, plan implementation and production, further improved the accuracy and efficiency of large-scale customized production, and built the capability to rapidly respond to the customers' demands through efficient production.

**Improve the warehouse management and control capability in the production process using digital technology**

Our warehouse management system EWM is seamlessly integrated with SAP and MES systems, thereby breaking the information islands, realizing real-time data synchronization, and increasing the digital level of warehouse management. We use wireless QR scanners to complete the requisition, return, receipt, storage, sorting and dispatch of goods at warehouses, which can ensure accurate operation, reduce the cost of errors, ensure accurate collection of real-time data, eliminate manual data input, and increase the reference value of data.

## Digital governance system

We are gradually establishing the digital governance mechanism corresponding to the building, operation and optimization of new-type capabilities, promoting coordinated optimization and continuous improvement of human, property and materials, and data, technology, process, organization and other resources, elements and activities, and enhancing the application of safe and controllable technologies, and the building and continuous improvement of safe and controllable, information security and other management mechanisms.

Based on assessment and diagnosis of digital transformation, we determine that we are generally at the unit-level development stage in digital transformation. In order to accelerate the digital transformation, we have built a digital governance system that covers digital governance regulations, digital leadership, digital talents, digital funds, information security and other areas, and centers on the scenario-level capacity building, operation and optimization.



### Digital governance system

#### Digital governance regulations

We have developed the Data development and Utilization Management Procedures for Integration of Informatization and Industrialization, process construction and optimization, the Data Analysis, the Management Regulations for the Implementation of Integration of Informatization and Industrialization, the Regulations on Organization, Duties and Authority in respect of the Integration of Informatization and Industrialization and other regulations, setting forth the procedures and methods of coordinated optimization of four elements.

#### Digital talents

We take the following measures to provide digital talents matching with the scenario-level capabilities:

- 1) Draw plans to build talent pools required for our development strategy, design new-type performance appraisal mechanisms, and develop talent system plans and human resource management system matching with our digital strategy and vision;
- 2) Build the talent team, skills and job competencies required in digital transformation through training, recruitment or otherwise;
- 3) Fully understand the job requirements and value characteristics of different digital talents, develop work mechanisms that promote effective exploitation of the value of talents, implement talent incentive and succession plans, and build a talent value creation system centered on business requirements and guided by talent value.

#### Information security

We have developed the information security and prevention mechanisms, consisting of the Information Security Management Policy and the Information System Security Responsibilities, and the Information Resource Management Procedures for the Integration of Informatization and Industrialization.

#### Digital leadership

Through three years' implementation of the standards for the integration of informatization and industrialization management system, our management has fully understood the technology enabled integration of informatization and industrialization management system, led and participated in the building of SAP, MES and other systems. The respective duties and responsibilities of our general manager, production departments and information system builders in the implementation of the project have been reasonably assigned and defined in the Information System Security Responsibilities, the Performance Appraisal Management Regulations, and the Regulations on Organization, Duties and Authority in respect of the Integration of Informatization and Industrialization.

#### Digital funds

We have developed the Budget Preparation Procedures – Preparation of Budget for Actions, to ensure appropriate, timely, continuous and effective funding for the building of the integration of informatization and industrialization management system and establishment of digital transformation fund.



#### Security technology

We have applied safe and controllable technologies or systems, and installed fire walls, network administration and antivirus software.

# Protect Intellectual Property Rights

We have established the IP and Technical Information Department under the Technology Center to be responsible for the IP work of the Company, developed the IP Incentive Policy, the General Provisions for IP Management, the Patent Management Regulations, the Trademark Management Regulations, the IP Liaison and Incentive Policy, the Patent Application Procedures, the Intellectual Property Information Search Procedures and other IP management regulations and procedures based on the IP management principles of “encouraging innovation, effectively exploiting and protecting IPs according to law, and promoting business development”, established the IP management database, which is synchronized with the data of the National Intellectual Property Administration, to ensure the consistence and maintainability of data, improve our innovation capabilities and core competencies, and provide strong support for our technology R&D, patent strategy research and scientific decision making.

专利类型	申请号	申请日	授权与公告		专利号	证书号	申请人	发明人	代理机构(代理人)	保隆科技变更	证书存档	备注
			是否	公告日								
发明	#####	20050206	是	2007.10.03	ZL200510023887.7	349705/ 268876	保隆股份	李威 陈洪凌	上海金杜(楼仙英)			国内变更合格
发明	200510112004.X	20051226	是	2010.06.23	ZL200510112004.X	643796	保隆股份上海英美	李威 陈旭琳 徐汝梅 杨从明	上专所(左一平)			合格
发明	200510112020.9	20051227	是	2010.01.27	ZL200510112020.9	594057	保隆股份	顾顺金	上海科盛(赵建明)			合格
发明	200610026598.7	20060517	是	20100512	ZL200610026598.7	617901	保隆股份	杨从明、李开明、殷红军	上海科盛(赵志远)			合格
实用新型	200620044158.X	20060724	是	2007.8.22	ZL200620044158.X	939316	保隆股份	杨光	上专所(左一平)			合格
实用新型	200620044541.5	20060804	是	2007.8.22	ZL200620044541.5	937299	保隆股份	刘凤龙	上专所(左一平)			合格
实用新型	200620048460.2	20061204	是	20071212	ZL200620048460.2	989683	保隆股份	戴佩芬、曹建松、陈志东	上专所(郭蔚)			合格
发明	200730076318.9	20070605	是	20080604	ZL200730076318.9	789251	保隆汽车科技	杨从明、史卫华、汪毅	上专所(郭蔚)			无须办理
实用新型	200720071127.8	20070615	是	20080604	ZL200720071127.8	1060836	保隆汽车科技	史卫华、谭利、杨从明、李威	上专所(郭蔚)			无须办理
实用新型	200720072096.8	20070703	是	20080827	ZL200720072096.8	1091483	保隆汽车科技	韩站艳、汪毅、史卫华、熊新刚	上专所(郭蔚)			无须办理
实用新型	200720073486.7	20070810	是	20080910	ZL200720073486.7	1094107	保隆汽车科技	李威、赵晓东	上专所(郭蔚)			无须办理
实用新型	200820152953.X	20080911	是	20090722	ZL200820152953.X	1255331	保隆汽车科技	郭亦兵、谭利	上专所(任永武)			无须办理
实用新型	200820152954.4	20080911	是	20090812	ZL200820152954.4	1268691	保隆汽车科技	李威、谭利、汪毅	上专所(喻学兵)			无须办理
实用新型	200820153631.7	20080927	是	20090916	ZL200820153631.7	1280907	保隆汽车科技	刘凤龙	上专所(任永武)			无须办理
发明	200810201524.1	20081022	是	20110720	ZL200810201524.1	809029	保隆汽车科技	张德利	上专所(喻学兵)			无须办理
发明	200910045727.0	20090203	是	20121219	ZL200910045727.0	1101908	保隆汽车科技	李威	上传所(陈亮)			无须办理
实用新型	200920067637.7	20090212	是	2010.01.13	ZL200920067637.7	1336168	保隆汽车科技	王洪勇、曹建明、陈飞	上专所(任永武)			无须办理
发明	200910047146.0	20090306	是	2013.4.24	ZL200910047146.0	1185245	保隆汽车科技	杨从明、李威、戴佩芬	上专所(熊希聪)			无须办理

IP management system

In 2022, our IP management system certificate and title of “National Intellectual Property Model Enterprise” passed the review, which will greatly help us standardize IP management and prevent operating risks.



National Intellectual Property Model Enterprise



IP management system certification

## Key performance

As of the end of 2022, we owned **485** issued patents worldwide, submitted **58** PCT patent applications to the WIPO, registered copyright in **65** pieces of computer software and **5** integrated circuit layout designs, and owned **69** registered trademarks.



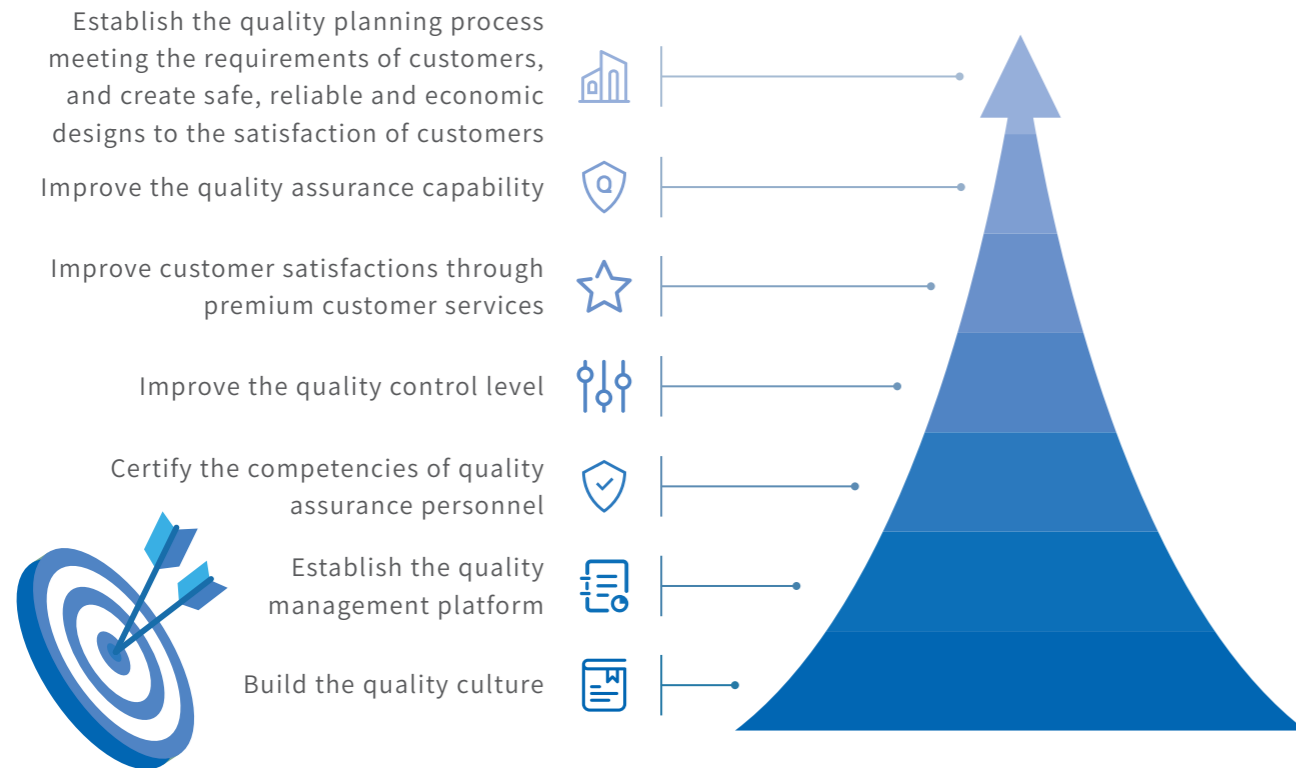
# Attach Importance to Quality Management

We have strictly complied with the *Product Quality Law* and other national and local laws and regulations related to quality safety, developed strict quality control and assurance standards and regulations, and quality strategic principles, improved quality management, and enhanced quality training.

## Quality strategy

In order to provide premium automotive components and services meeting the requirements of customers and our development strategies, and spread our “responsible” quality culture, we established the strategic principle of “putting prevention first, pursuing zero defect”, and are committed to reducing our quality cost rate by 5%-10% every year in the next five years.

### Direction of strategic actions



## Quality management

In order to ensure product quality and production efficiency, we have established the Production Process Control Procedures, to regulate the whole production process, and prepared the Baolong Quality Management System Manual pursuant to the applicable laws, rules and regulations of the country and IATF 16949, ISO 26262 and other automotive quality management system standards, to further ensure the premium quality of our products.



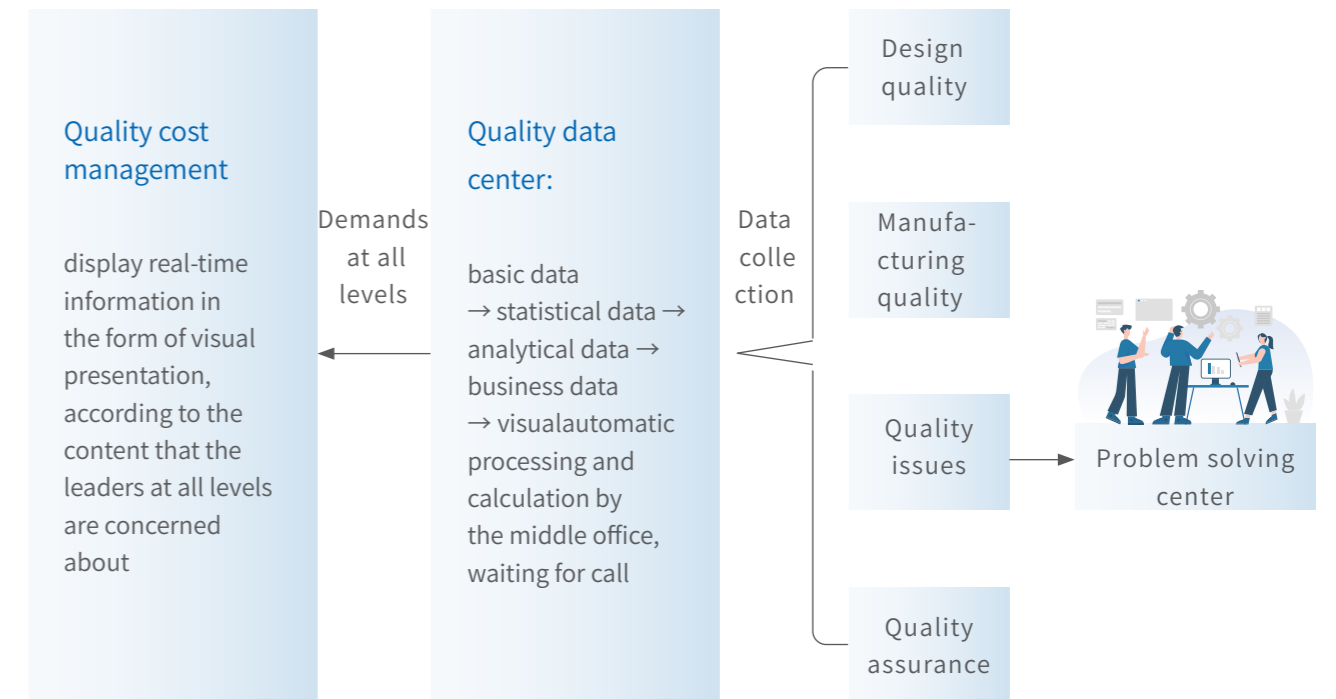
Baolong Automotive and Ningguo Baolong have got IATF 16949 automotive quality management system certification



Baolong Automotive has got ISO 26262 functional safety management system certification

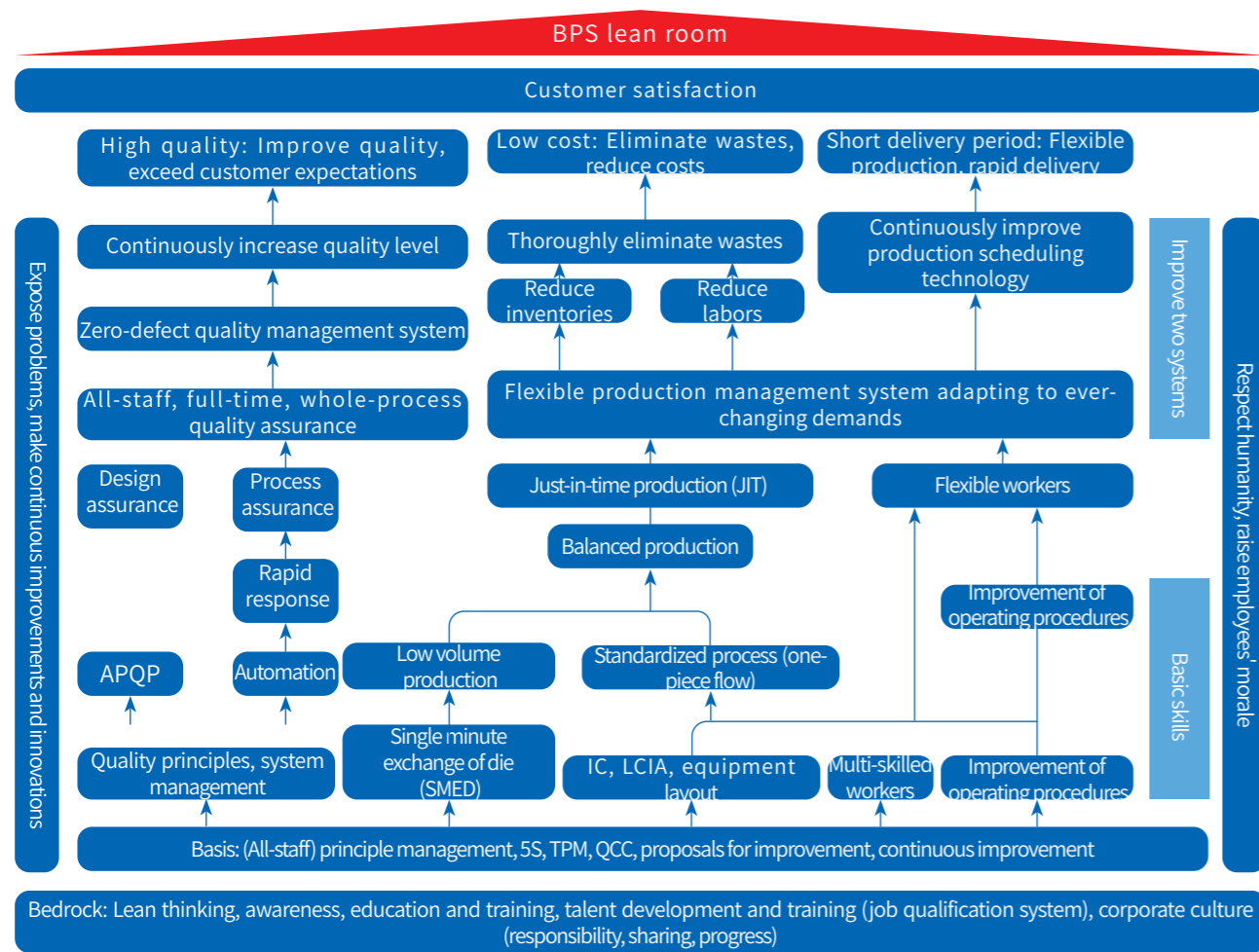
Our quality management platform structure enables high-level users to obtain real-time production line data, reduces the time of manual analysis and process treatment of business users, and supports different forms of terminal output, and can execute the inputs by users in forms of QR, picture, audio, video or other electronic forms.

### Quality management platform structure



We have established the BPS management model through innovating in management style, reforming the employees' working mode, building scenario-level capabilities, and adopting and improving corresponding management modes, which has controlled the reject rate of our products within 3.4 parts per million. Since the adoption of the BPS management model, we have received more than 30,000 proposals for improvement, and adopted measures of improvement involving more than RMB55 million of costs and expenses. In addition, we have gradually built a culture of improvement with our own characteristics, and used the BPS model to train our unique talents.

### BPS management model



We have established the product lifecycle management database, which supports the creation, management, distribution and use of product information throughout the Company and over the whole product lifecycle, realizes effective management and control of process data from receipt of customer demands, setup of project team, assignment of tasks to submission of design drawings, facilitates product knowledge sharing, and can help us improve the profitability and production efficiency at each stage of the product lifecycle.

序号	项目编号	项目名称	进度状态	资金状态	总投入	总支出	预期开始时间	已排定完成时间	执行状态	项目经理	负责人
1	ECR-2019-000272	DPRO-N密封垫变更					2019-09-04 08:00	2019-11-22 17:00	未启动	D翰丹丹	
2	ECR-2019-000271	110047软件变更					2019-09-03 08:00	2019-09-23 17:00	未启动	D翰丹丹	
3	ECR-2019-000275	QY110843程序变更					2019-09-03 08:00	2019-10-25 17:00	未启动	D翰丹丹	
4	ECR-2019-000276	QY1314软件图号LC19-14...					2019-09-03 08:00	2019-10-18 17:00	未启动	D翰丹丹	
5	ECR-2019-000277	110188脚踏距离变更					2019-09-03 08:00	2019-10-18 17:00	未启动	D翰丹丹	
6	ECR-2019-000278	QY1105A3包装箱变更	正常				2019-09-03 08:00	2019-09-10 17:00	执行中	D程小红	
7	WX7302	东风真空度传感器	进度延迟				2015-09-01 08:00	2016-10-24 17:00	执行中	D陈嘉琳	
8	ECR-2019-000274	110047硬件变更	正常				2019-09-02 08:00	2019-10-31 17:00	执行中	D翰丹丹	
9	120069	长安压差传感器(燃油蒸发)	正常				2018-05-07 08:00	2019-09-11 17:00	执行中	D陈嘉琳	
10	ECR-2019-000269	QY1043A7程序版本变更	正常				2019-08-29 08:00	2019-10-25 17:00	执行中	D翰丹丹	
11	130159	双目摄像头(CV2)					2019-08-28 08:00		未启动	AE3李超	

Product lifecycle management database

### Building of quality culture

We have improved the quality management structure and system, given quality training to our employees, and carried out quality activities, to ensure the implementation of quality management principles, policies and regulations in practice.

#### 6 Sigma training

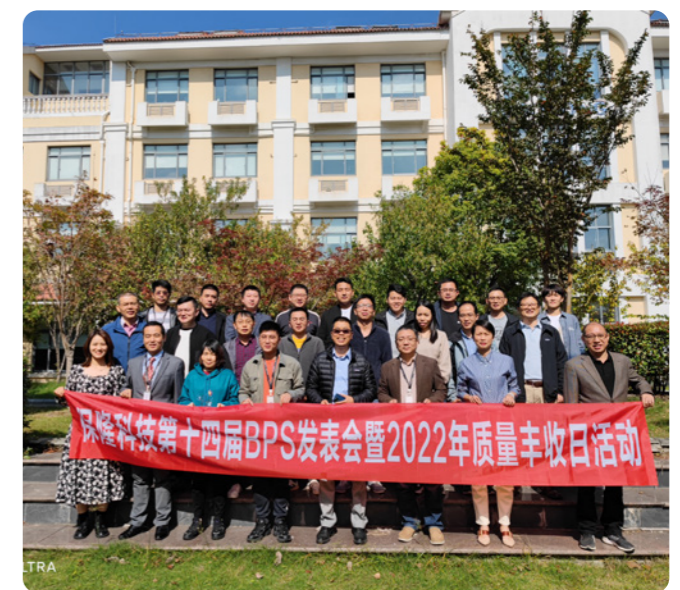
We conducted 6 Sigma training in the introduction of quality tool “hypothesis testing”, through which the trainees understood the scenarios and methods of use of the quality tool, which has been used and applied in many factory quality improvement programs. The training ensures that the employees are able to do such work.



Training in the introduction of quality tool “hypothesis testing”

#### The 14th BPS Release Meeting and “Quality Harvest Day” event









In October 2022, we held the 14th BPS Release Meeting and “Quality Harvest Day” event in the form of online video conference. 11 factories, 7 company leaders and nearly 200 employees participated in the event at the venues in Ningguo, Hefei and Shanghai respectively. The event included two sessions, namely exhibition of proposals submitted by first-line employees and report on lean projects. The event displayed the fruits of labor produced by the employees, and introduced the details of lean improvement, including the background of improvement programs, development of plans, implementation of programs, exhibition of achievements and continuous improvement.



The 14th BPS Release Meeting and “Quality Harvest Day” event

## Recognition of our premium quality

We have many production bases, R&D and sales centers in China, North America and Europe, and sell our products in more than 80 countries and regions. Due to our rich experience in global operation and global supply and service capabilities, we have become the preferred supplier of lots of carmakers, which lays the foundation for more products of us to take the lead on the global market in terms of market share.

<p>July 2022</p> <p>Li Auto Global Partners Conference 2022 - Li Auto Spirit Award</p> <p><b>Prize winning product :</b> ECAS</p> <p><b>Granted by:</b>Li Auto</p> 	<p>August 2022</p> <p>Supplier Quality Excellence Award 2021</p> <p><b>Prize winning unit :</b> ARM</p> <p><b>Granted by:</b>GM</p> 
<p>September 2022</p> <p>Excellent supplier of ADAS millimeter-wave radars</p> <p><b>Prize winning product:</b>ADAS millimeter-wave radars</p> <p><b>Granted by:</b>Gasgoo</p> 	<p>September 2022</p> <p>Gasgoo Awards 2022 – Top 100 Companies on the New Automotive Supply Chain in China</p> <p><b>Prize winning product:</b>Air spring assembly</p> <p><b>Granted by:</b>Gasgoo</p> 
<p>September 2022</p> <p>Wurth Prize for High Quality and Reliability of Supply 2021</p> <p><b>Prize winning unit:</b> ARM</p> <p><b>Granted by:</b>WURTH</p> 	<p>September 2022</p> <p>Dongfeng Aeolus Quality Improvement Prize 2022</p> <p><b>Prize winning unit:</b> ADAS</p> <p><b>Granted by:</b>Dongfeng Passenger Vehicle</p> 
<p>November 2022</p> <p>Premium Supplier of Power Battery Components</p> <p><b>Prize winning product:</b>Current sensor</p> <p><b>Granted by:</b>Gasgoo</p> 	<p>December 2022</p> <p>Lingxuan Award 2022</p> <p><b>Prize winning product:</b>High-end air spring for passenger cars</p> <p><b>Granted by:</b>Auto Business Review</p> 

## Enhance Cooperation with the Suppliers

We have strived to establish long-term, stable, win-win cooperation relationships with our suppliers, developed 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 and other procurement management regulations, and adopted the SRM system, to implement systemic management of supplier admission, supplier performance assessment, reporting and solution of supplier-related issues, escalation of supplier-related issues, exit of suppliers, among others.

In the first half of 2022, due to restrictions on logistic capacity, we took active measures to maximize our and our suppliers' benefits, which not only increased the suppliers' confidence in us, but also demonstrated our excellent decision-making power in face of a crisis.

### Procurement guarantee measures

- Establish the Fixed-Price Procurement Approval Process, to regulate fixed-price procurement.
- Apply for four vehicle passes, and ensure uninterrupted logistics through owned vehicles, chartered vehicles, express delivery, less-than-load transport or otherwise.
- Settle the payment for certain electronic materials with the suppliers in RMB.
- Stock certain raw materials or use alternative materials with the consent of the customers.



## Supplier management

We have developed the Supplier Certification and Selection Procedures according to the requirements of our procurement principles, policies and management system, in order to ensure the suppliers newly selected meet the requirements of our business development through standardized operating procedures.

### 10 supplier selection principles

- |   |   |  |  |  |
|---|---|--|--|--|
| <p><b>01</b></p> <p>Be able to meet the requirements for quantity and safety of goods</p> | <p><b>02</b></p> <p>Be able to adapt to changes in prices in a competitive manner</p> | <p><b>03</b></p> <p>Rapidly and timely deliver goods</p> | <p><b>04</b></p> <p>Be able to use IT technology</p> | <p><b>05</b></p> <p>Excellent technical and development capabilities</p> |
|---|---|--|--|--|

<b>06</b>	<b>07</b>	<b>08</b>	<b>09</b>	<b>10</b>
Stable operation	Energy saving and environmental protection	Comply with the laws, regulations and social norms	Keep important information in confidence and protect intellectual property rights	Respect human rights and care for workplace safety and health

In the investigation of potential suppliers, we take into account the environmental and social responsibility factors. After admission of a supplier, we will infuse the concept of sustainable supply chain in the supplier, and conduct an environmental and social impact assessment on it. We also give training to our suppliers, to build a sustainable supply chain together with our suppliers.

### Environmental and social impact requirements for suppliers

#### Environmental factors

- 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, workplace safety and occupational health. 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, workplace 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 the 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 or construction 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.

#### Social responsibility factors

- The suppliers 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.



We have established a supplier performance information collection system, to collect the quality, delivery and service, price, environmental and social, and other actual data of the suppliers, for use in performance appraisal of the production-related suppliers. The appraisals are classified into monthly appraisal and annual appraisal. With respect to any issue identified in a monthly performance appraisal, the relevant supplier must submit a correction report in order to close such issue. We will rate our suppliers as Class A, B, C or D according to the result of annual performance appraisal. With respect to a Class D supplier, we will reduce the proportion of purchases from or even eliminate such supplier. With respect to a Class A supplier, we will increase the proportion of purchases from such supplier, or give priority to it in new product development or other incentives to it, in order to fully arouse the enthusiasms of the suppliers, improve the quality and efficiency of procurement, and promote the sustainable development of the supply chain.

### Annual performance appraisal of suppliers

<b>Class D supplier</b>	<b>Class C supplier</b>	<b>Class B supplier</b>	<b>Class A supplier</b>
Score < 60 points, eliminated	60 points ≤ score < 75 points, to be improved	75 points ≤ score < 90 points, qualified for cooperation	Score ≥ 90 points, trustworthy

### Key performance

During the reporting period, the rate of our Class A suppliers was **40%**.



## Sunshine procurement

Our suppliers are selected by a trans-departmental procurement expert group in strict accordance with the relevant sunshine procurement policies. The procurement expert group will select three or more candidate suppliers, and then through three or more rounds of quotation, we will choose the most cost effective supplier.

We request each supplier to sign the General Rules for Production-related Procurement, which contains the anti-corruption clauses. If any supplier violates such anti-corruption clauses, we will give it a warning, reduce the proportion of purchases from it, or even disqualify it as a supplier, depending on the seriousness of such violation. We define all posts having dealings with any supplier as procurement sensitive posts. The employees on such posts will be required to sign the Letter of Undertaking on Anti-corruption and Self-discipline and the Anti-corruption Agreement before assuming such posts, be rotated on a regular basis, and receive anti-corruption and anti-bribery training.

We receive complaints through special telephone line and email address. In addition, we inquire of the suppliers about whether any purchasing agent or project team member has solicited benefits through questionnaires every year. In 2022, we have not received any formal complaint regarding malpractices in purchasing activities.

### Complaint channels



## Supplier training

We make progress and develop high-quality products and services together with our suppliers, give regular training to our suppliers in quality tools, product liability and other subjects, optimize and adjust the subject of training every year according to the needs of supplier management, in order to improve the suppliers' overall service and product quality, increase their adhesion with us, and achieve long-term and stable cooperation with them.

### Training in quality tools

In order to improve the product quality management and quality of products, we gave a quality tool training to the suppliers, covering statically process control (SPC), measurement system analysis (MSA), failure mode and effect analysis (FMEA), advanced product quality planning(APQP), and production part approval process (PPAP), which effectively improved their quality management capabilities.



Quality tool training

### Training in product liability insurance

In order to enhance the suppliers' understanding of the product quality insurance clauses and regulate their behaviors, we organized an online training in product quality insurance, attended by the representatives of 49 suppliers.

# Improve Customer Services

We believe that customer service is one of our long-term and continuous business objectives, strive to satisfy the customers through premium services, build a good service brand image in the heart of the customers, and gain the customers' approval of and confidence in us and our products.

## Handling of customer complaints

We have formulated the Baolong Management System Documents, setting forth the process of handling the quality complaints that our customers may lodge during the delivery and use of our products. We verify, assess, prevent and analyze the relevant problems, take corrective measures to prevent the expansion and re-occurrence of such problems, and allocate reasonable resources according to the level of problems.

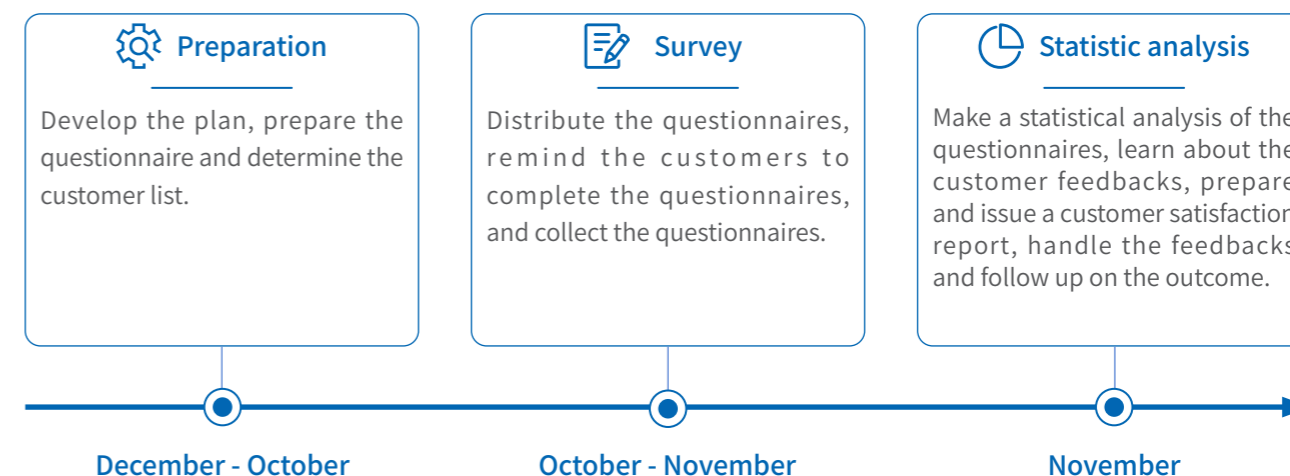
### Customer quality complaint handling process



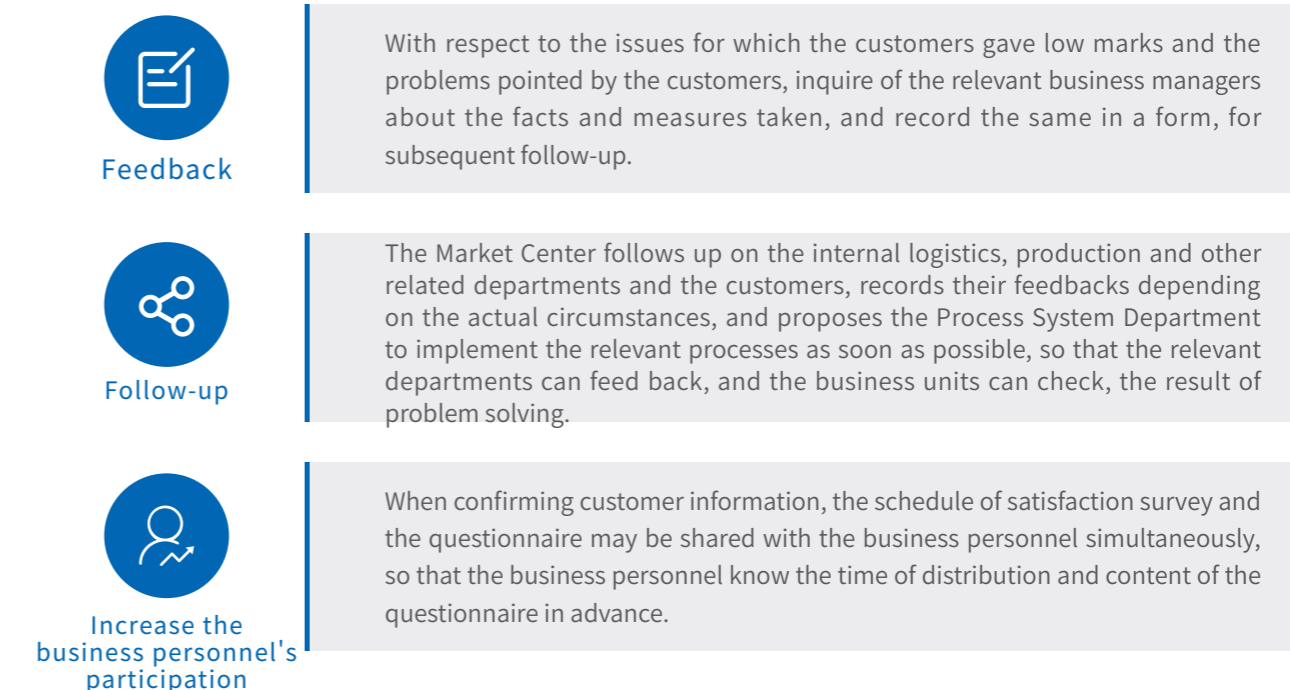
## Customer satisfaction survey

Our main target customers are carmakers and tier-1 component suppliers. We conduct a satisfaction survey of our customers and other stakeholders through interview, questionnaire or otherwise every year, to learn about the degree of customer satisfaction with our product quality, project development, customer service, PO handling, logistic service and other performance and changes in customer satisfaction, and develop the relevant plans to improve customer satisfaction.

### Satisfaction survey process



### Implement the improvement program



### Key performance

In 2022, We surveyed **70** domestic customers in total, who rated us **4.6** on average, and **68** foreign customers in total, who rated us **4.6** on average (each on a 5-point scale).

# 04 Environmental Responsibility, Builds Green Ecology

We adhere to the principle of “green and low-carbon development, safe and healthy operation, fulfillment of social responsibilities”, attach great importance to environmental management, have an EHSS management system in place, actively control the three wastes, advocate energy saving and consumption reduction, and pursue green operation and green production.

## Our actions

- Build green factories through environmental management
- Actively control the three wastes through upgrading
- Improve energy efficiency through energy saving and consumption reduction



# Build Green Factories through Environmental Management

## 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, have got the ISO 14001 environmental management system certification and ISO 50001 energy management system certification, covering us, BH SENS, TOPS and other major subsidiaries. We conduct an internal environmental audit every year according to the *Environmental Management Systems - Requirements with Guidance for Use*. In 2022, we have not been subject to any regulatory penalty related to environment.

### Key performance

In 2022, we spent RMB **7,617,500** in environmental protection.

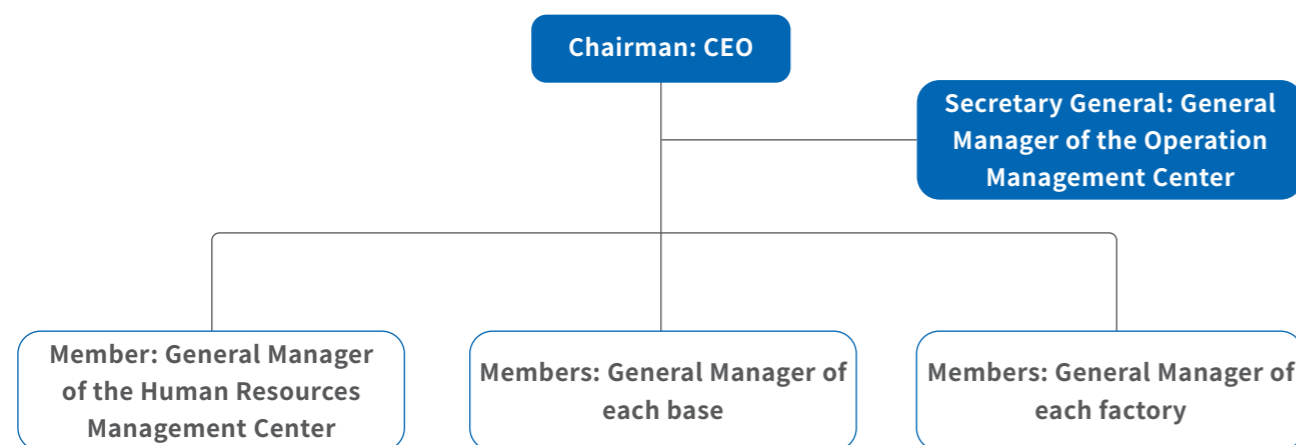


We have got the ISO 14001 environmental management system certification



We have got the ISO 50001 energy management system certification

### Organization structure of the EHSS Organization Committee



In order to further improve EHSS management, we have introduced the EHS compliance management platform, through which, we promptly access and control the laws, regulations and standards related to environment, occupational health and safety, carry out effectiveness assessments, and regularly release cases of domestic accidents for the purpose of internal study and prevention of accidents. In order to further improve health and safety management, we have reached cooperation agreements with many regional occupational health checkup institutions, and are expected to realize online comprehensive occupational healthcare management in 2023.



EHS compliance management platform

## Environmental protection training

In order to enhance our employees' awareness of environmental protection, arouse their enthusiasm for participating in environmental protection activities, and spread knowledge and basic skills in respect of environmental protection, we have actively prepared environmental protection training course books, and given EHSS capacity building-oriented training to our employees from the perspectives of human capital, information capital and organization capital.

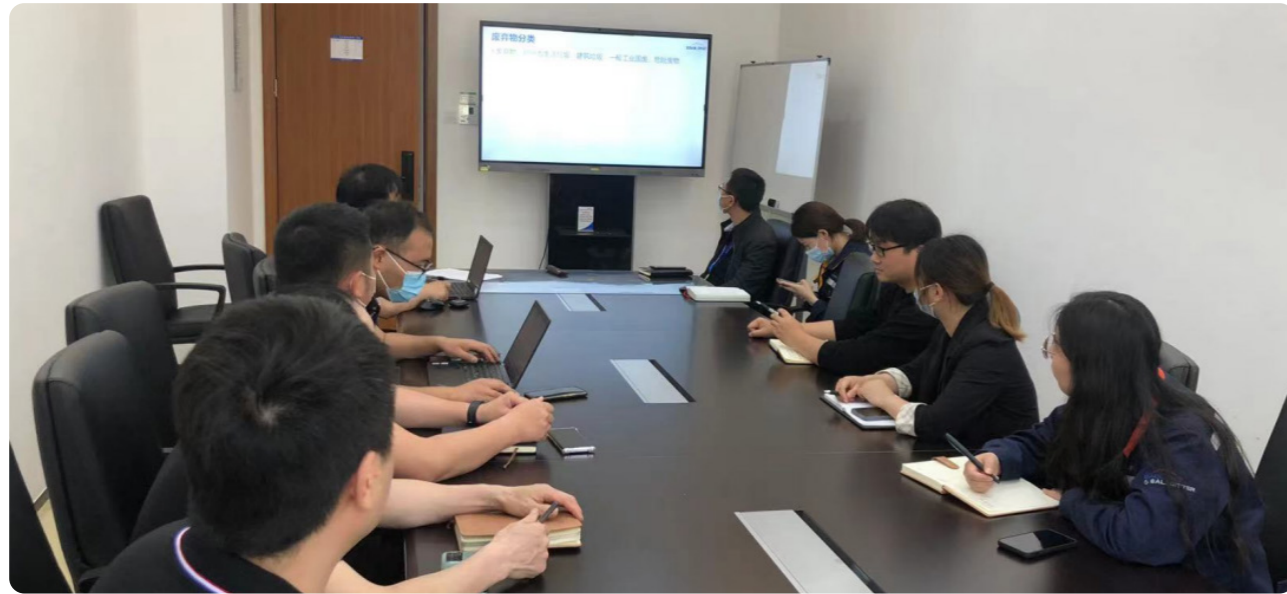
### Employees' EHSS capacity building

Preparedness of humancapital	Preparedness of information capital	Preparedness of organization capital
Improvement of skills of part-timers	Hazard investigation system	Cultivate EHSS culture
Improvement of skills of the EHSS management team	Compliance management platform	Build the leadership of the EHSS management team
Improvement of skills of professionals		Sharing of EHSS management knowledge

### Key performance

We conduct environmental protection training on employees once a quarter generally, covering **50+** person-times every year.





Environmental protection training on employees

We not only attach importance to employees' EHSS capacity building, but also give environmental protection training to our constructors and contractors, to regulate their environmental protection practices.

#### Environmental protection training on constructors and contractors

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



## Green factories

With a view to pursuing sustainable development, we have made continuous efforts in connection with environment friendly buildings, production capacity design, production process management, safety and occupational health, labor protection, environmental protection facilities and measures, humanistic care, clean and civilized production, procurement of raw materials, delivery of finished products and customer use, in order to meet the expected requirements in respect of safety, environmental protection, energy saving, water conservation, material saving and land conservation. Our subsidiary Ningguo Baolong has got the green factory certification.

### Building of green bases



Overall planning

- Considerations were given to intensive land use and greening in the overall planning of the Hefei base, which covers an area of 96.5mu, with a plot ratio of 1.9 and greening rate of 8.17%



Storm water harvesting

- A 300m<sup>3</sup> storm water tank installed at the southwest corner of the Workshop 1# collects storm water for use in irrigation.



Intelligent lighting

- An intelligent lighting system was installed in the basement.
- A sound and light sensing system was installed at the corridors of the office building, to effectively economize on electricity.



Environment friendly materials

- The central air conditioning system adopts the air cooling mode, and uses the new-type environment friendly refrigerant R410a.
- The water supply pipelines of the air conditioning system are covered with thermal insulation cotton.
- The fire smoke exhaust pipes are covered with a glass fiber rook wool insulation layer.
- Environment friendly paint was used in the decoration of the buildings



Intelligent monitoring

- The air compressor station and power distribution room in the base use the remote intelligent monitoring system, which can realize real-time monitoring and operation. The air compressor station uses a variable frequency motor, to effectively reduce electricity consumption.
- An energy consumption measuring and monitoring system was installed at certain areas, which can detect abnormal situations in real time.



# Actively Control the Three Wastes through Upgrading

## Management of the three wastes

We have developed the Regulations on the Responsibility for the Prevention and Control of Pollution by Hazardous Wastes 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 classify our wastes into hazardous wastes, general industrial solid wastes and domestic wastes. We have the “three wastes” management system in place, and take effective measures to control the environmental impact of the production lines, to ensure the compliance with the relevant discharge standards.

### 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, dripage 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 gas control facilities



Upgrade of the decorative exhaust pipe de-dusting equipment

### Construction of IDS site waste gas treatment facility

After completion of the site waste gas treatment facility, IDS inspected its waste gas treatment capability. The facility collects all waste gases generated, and transmits waste gases to the corresponding treatment equipment, where the waste gases from different sources will be treated and emitted after meeting the relevant national emission standards.



Bag dust collector + exhaust funnel P102

### Construction of IDS site waste gas treatment facility



Grade 2 activated carbon adsorption + exhaust funnel P203



Grade 2 activated carbon adsorption + exhaust funnel P204

### Waste water treatment

- Sewage management: All sewages generated from the production processes and 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 wastewater 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 hazardous wastes

- Set up hazardous wastes storerooms.
- Standardize 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.



### Management of general industrial solid wastes

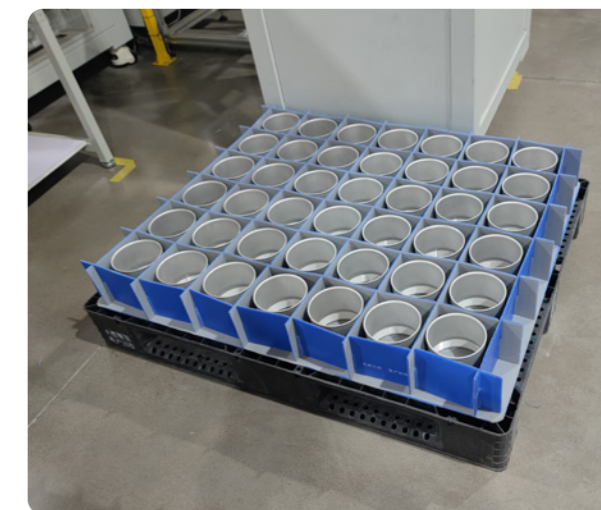
- Classification: Recyclable wastes and non-recyclable wastes.
- We store waste cardboards, scrap iron and other general solid wastes generated during production in general solid waste storerooms, and appoint qualified disposal service providers to recycle the wastes, to realize the classified collection,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

### Key performance

index	unit	2022
Total hazardous wastes	ton	225
Total general solid wastes	ton	917
Total waste water discharged	m <sup>3</sup>	81,647

## Recyclable packaging

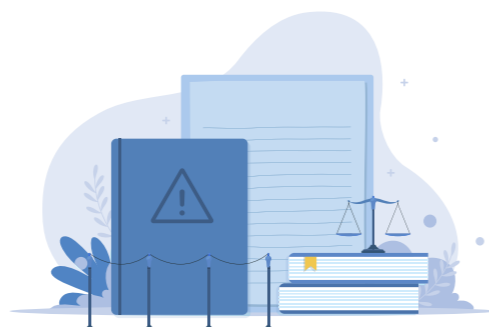
We actively advocate the concept of green packaging, and use recyclable and reusable packing materials for certain components depending on the relevant product and transportation requirements. In particular, our exhaust pipe products supplied to 35% domestic customers and air suspension products supplied to 100% customers are packaged using recyclable materials. We also encourage our suppliers to use recyclable packing materials, which has effectively reduced the solid wastes.



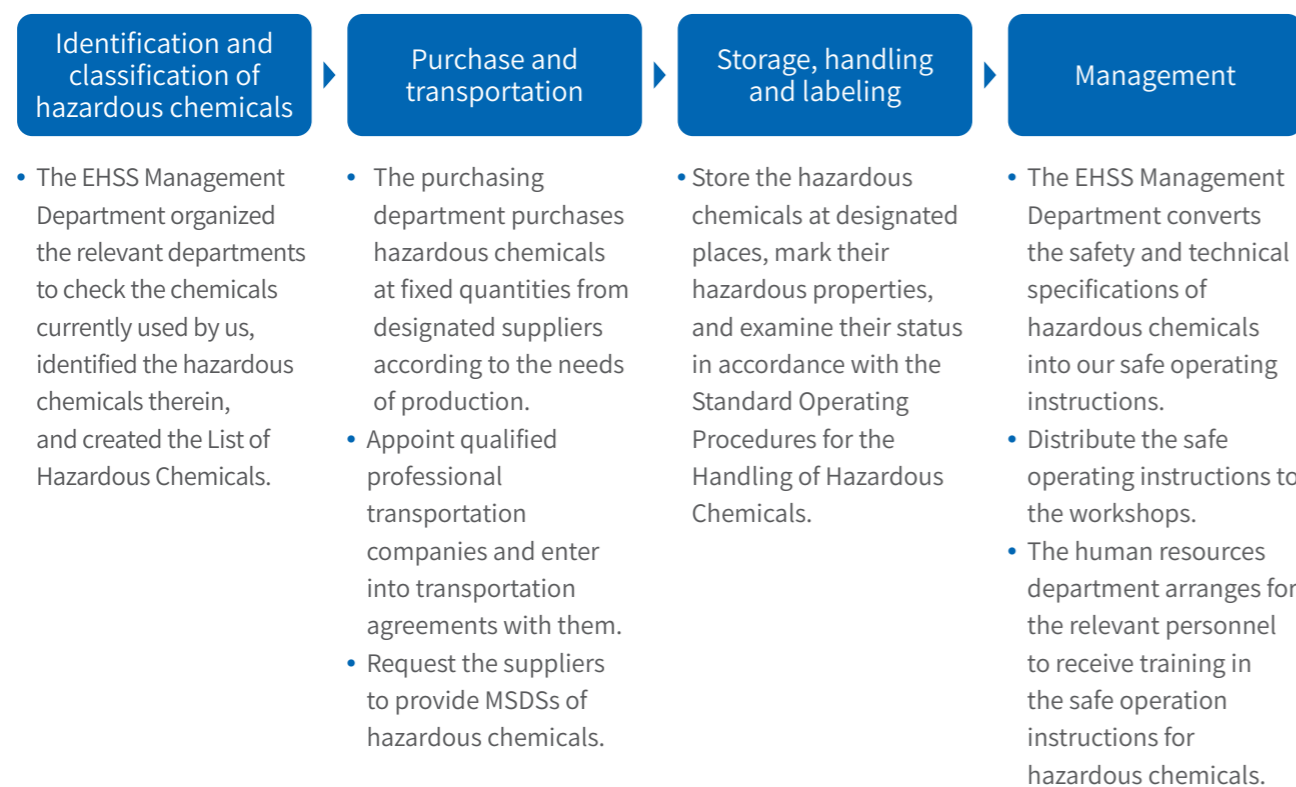
Recyclable packing

## Exercise of emergency response

We have strictly complied with the *Regulations on the Safety Management of Hazardous Chemicals*, the *Interim Provisions for the Supervision and Management of Major Hazard Sources of Hazardous Chemicals*, the *“Twelfth Five-year Plan” for Prevention and Control of Environmental Hazards Caused by Chemicals*, the *Catalogue of Hazardous Chemicals*, the *Identification of Major Hazard Sources of Hazardous Chemicals*, the *Regulations on the Safety Management of Hazardous Chemicals* and other applicable regulations, developed the Hazardous Chemical Control Procedures, established and improved the environmental emergency response mechanisms, to effectively prevent and promptly control environmental emergencies, guide and regulate the response to environmental emergencies and ecosystem destruction incidents, and protect the health and lives of the public to the maximum extent practicable.



### Hazardous Chemical Control Procedures



In order to further enhance the workplace safety and management in the process of storage, collection and disposal of hazardous wastes, we have seriously implemented the workplace safety principle of “safety first, prevention focused, comprehensive control”, actively enhanced the awareness of workplace safety of our officers and employees at all levels and their capabilities to respond to emergencies, built the emergency response system that is subject to centralized leadership and unified command, has complete structure and full functions, responds rapidly and operates efficiently, in order to ensure rapid, efficient and orderly response to hazardous waste leakage incidents, and minimize the harms and effects of such incidents. We organized our employees to participate in the exercise of response to hazardous waste leakage incidents.

### Special exercise of response to hazardous waste leakage incident

In order to further improve the regulatory compliance in the collection and transport of hazardous chemicals at our Hefei base, and prevent leakage of hazardous chemicals, we conducted an “exercise of response to hazardous waste leakage incident” in July 2022, which simulated a leakage of hazardous waste when the workers moved certain hazardous wastes to the hazardous waste storeroom, to improve our employees' capability to respond to emergencies.



Exercise of response to hazardous waste leakage incident

## Improve Energy Efficiency through Energy Saving and Consumption Reduction

### Energy saving and consumption reduction

In order to further promote energy efficiency and low-carbon production, we have established a complete and detailed production energy saving system, to reduce the energy consumption during production in an all-round way, and achieve green production.

 Key performance

index	unit	2022
Total outsourced electricity	kW·h	69,770,105
Total consumption of natural gas	m <sup>3</sup>	391,575
Total consumption of diesel	L	29,374

**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.

We have developed the Guide to the Reduction of Energy Consumption of the Production System, to control energy wastes during production, and manage the use of energy, which has produced remarkable results of energy saving.

**Energy saving and consumption reduction measures in 2022**

**Energy saving upgrade of the electrical system**

- Energy saving upgrade of the air conditioning system
- Energy saving upgrade of the pressure pipelines
- Energy saving upgrade of the aging tooling
- Energy saving upgrade of the frequency converter for boiler
- Energy saving upgrade of the calibration process


**Energy saving upgrade of the water system**

- Energy saving upgrade of the water heater
- Energy saving upgrade of the oil pump motor for molding machine
- Reduction of workshop electricity consumption
- Energy saving upgrade of the air compressor heat recovery system
- Energy saving upgrade of the frequency converter for air compressor


Economize on natural gas, liquid ammonia, argon, nitrogen and compressed air

Increase the utilization ratio of raw and auxiliary materials



 Key performance

In 2022, we implemented **56** energy saving and consumption reduction projects, and reduced the consumption of electricity by **4,257,772** kW·h, water by **1,115** t, and natural gas by **3,055** m<sup>3</sup>, and carbon emission by **3,376** t.

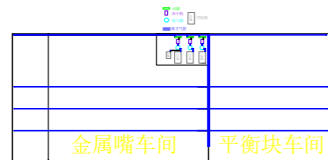


### Energy saving upgrade of the pressure pipelines



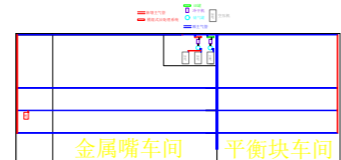
We upgraded the pipelines by changing the gas supply through separate line into through loop line, as a result of which, we can reduce the consumption of electricity by 350,200kW·h and carbon emission by 277t every year.

#### Before



- 1) The pressure pipeline between the metal mouth workshop and the balance weight workshop used separate gas supply.
- 2) In order to meet the back-end pressure requirement (0.6MPa), the set pressure is 0.8MPa.
- 3) If the set pressure is high, then the electricity consumption of the air compressor will be high.

#### After



- 1) Connect the ends of the pipelines to achieve gas supplier through a loop line.
- 2) Install a gas storage tank at the end.
- 3) The set pressure is 0.7MPa which can meet the back-end gas needs, thus saving energy significantly.

### Energy saving upgrade of the annealing process



We improved the method of arrangement of products without compromising the product quality, in order to improve the annealing efficiency and reduce the unit electricity consumption of the annealing process. We improved the method of arrangement of six kinds of products in total, resulting in the reduction of consumption of electricity by 401,300kW·h and carbon emission by 318t.

#### Before



The annealer runs a long time with low efficiency, resulting in high unit electricity consumption of the products.

#### After



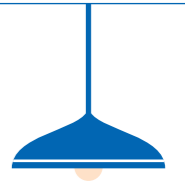
- 1) The method of arrangement of six kinds of products was improved in total.
- 2) The efficiency was improved by 25%~60%.
- 3) The unit electricity consumption of the products was reduced by 20%~40%.

## Green life

We have continuously enhanced our employees' awareness of environmental protection, infused the concept of green and environmental protection in daily office activities, and taken a set of green office measures to save energy, reduce emissions and protect the environment.

### Green office measures

- 1) Advocate paperless office, implement the paperless workshop trial program, and encourage the use of online OA system.
- 2) Put up a slogan "economize on paper and print on both sides" on each printer, reminding the employees to save energy and reduce consumption.
- 3) Place an old battery recycling box at each printing area, and dispose of used toner cartridges in a centralized manner.
- 4) Request the employees to turn off the power before they leave.
- 5) Put up a slogan "water is valuable resource" above water faucets, reminding the employees to economize on water.
- 6) 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.
- 7) Establish the standardized office management regulations, and set strict requirements for the office environment.
- 8) Use purely electric vehicles at the bases.



We actively organize environmental protection activities, in order to inspire the employees through such activities, and take environmental protection measures in practice.

### 2022 "Month of Safety and Environment Day" event of our Hefei base



In order to promote the building of environment protection culture, enhance our employees' awareness of environment protection, cultivate the spirit of team work, our Hefei base conducted the "2022 Month of Safety and Environment Day" event centered on "jointly building a clean and beautiful world". In particular, in the program "let's save energy together", our employees actively put forward "good proposals and ideas" for energy saving and consumption reduction, in order to advocate low carbon and environmental protection bit by bit.

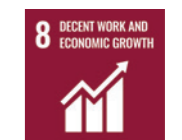


# 05 Employees' Responsibility, Builds a Happy Enterprise

Baolong Automotive deeply recognizes that employees are the foundation of enterprise development. The Company provides competitive compensation and professional training to attract and develop talents; Constantly improves employee welfare and rights, and respects talents; Carries out diversified culture activities and care for talents. In addition, the Company puts the emphasis on production health and safety, providing both professional knowledge and technology for employees and safety guarantees for practical operations.

## Our actions

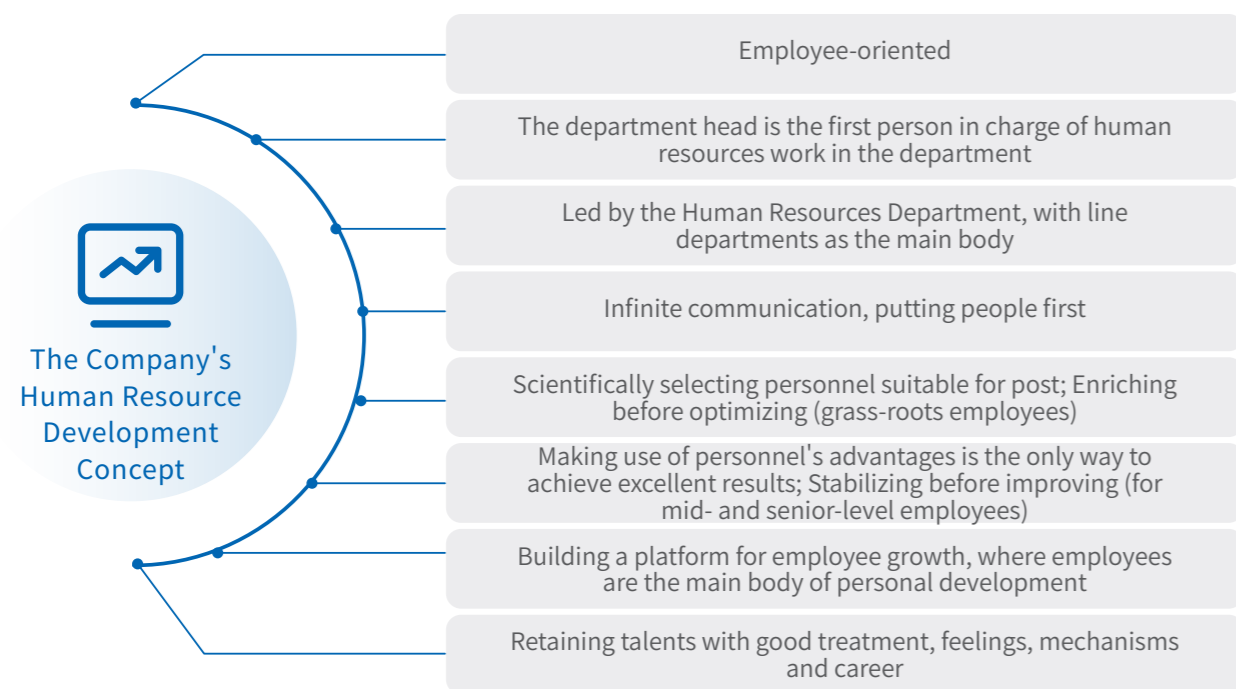
- Employees' Rights and Interests
- Career Promotion
- Safety and Health
- Care Activities



# Employees' Rights and Interests

Baolong Automotive deeply understands that the enterprise cannot develop stably without the escort of employees. The Company has established the concept of human resource development based on its own development status and business model. According to national laws and policies, the Company has formulated a series of relevant systems to protect the rights and interests of employees. The Company adheres to standardized recruitment, respects human rights, advocates a combination of work and rest, puts an end to any form of forced labor, emphasizes communication with employees, values their health and safety, and is committed to improving employee satisfaction and happiness.

## The Company's Human Resource Development Concept

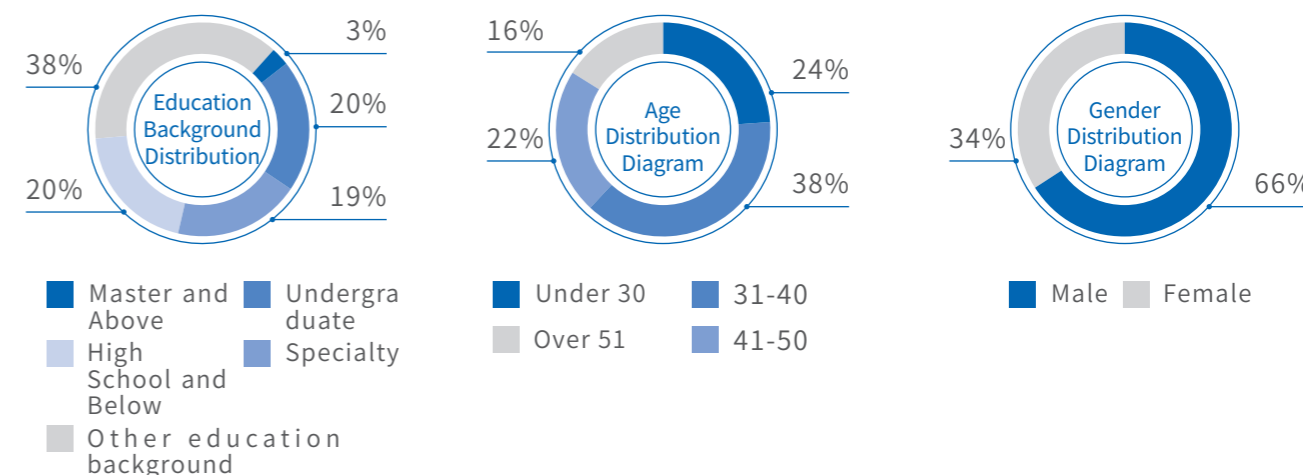


## Compost of Employees

According to the Labor Law, the Law of the People's Republic of China on the Protection of Minors, social responsibility requirements and other relevant national laws and regulations, the Company has formulated the Recruitment Management System, which focuses on the ability of candidates, prohibits the employment of child workers and underage workers, and prohibits discriminatory language and behavior in the recruitment process and the promotion process of employees.

The Company adheres to equality and inclusiveness, strives to create a diverse, relaxed and harmonious working environment, protests against any form of discrimination, and selects employees based on the job duties and requirements, regardless of race, region, social background, social class, bloodline, religion, physical disability, gender, family responsibility, marital status, union members, political views, age, etc.

## Employee Structure Chart



## Key Performance

In 2022,

There were **5,377** employees in total, **100%** of whom signed labor contracts.

The employee turnover rate was **2.44%**, a year-on-year decrease of **24.92%**.

## Employee Welfare

In order to improve employee loyalty and satisfaction, increase employee happiness, attract and retain outstanding talents, the Company has drawn up documents such as the Leave Request Management System and Welfare System according to the relevant national policies and its own human resource development concept.

### Welfare Items



### Key Performance

In 2022,  
The Company provided public rental and low-rent housing for approximately **1,114** employees.

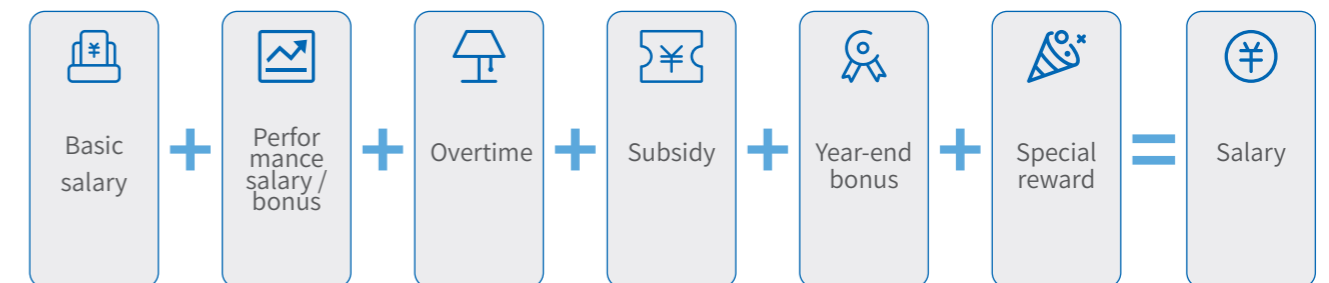
The average paid annual leave for employees was **13** days.

Baolong Automotive has established the *Welfare System* to ensure that the employee income is closely linked with the position value, personal ability and performance, and the Company's benefits, and timely gets rewards and incentives, attracts and retains all kinds of talents required by the Company and implements the equity incentive plans for key talents to ensure the sustainable development of the Company.

### Principles of Salary Distribution

Salary distribution follows the principles of efficiency first, internal and external equity, and sustainability	Stimulate employees' work enthusiasm through dynamically adjusting fixed and floating salaries every year	Adhere to the combination of job size, 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
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### Compensation Structure



When positioning compensation for new employees and adjusting compensation for old employees, the Company needs to consider external equity, internal equity, and self-equity. The Company adjusts the salary range values in the *Salary Rank Corresponding Table* every year based on external factors such as salary adjustment budget, market salary level and price of commodities. The Company also determines the salary range based on the market level of similar positions, internal comparable personnel level, employee personal rank, historical income level, personal abilities, and performance compliance.

### Democratic Management

The Company protects and respects employees' right to freedom of speech, works on creating an open and inclusive work atmosphere, encourages employees to communicate upwards, and provides advice to the Company's management. The Company's Employee Congress and Union Committee regularly collect employee opinions and suggestions through Inter-layer Employee Forum, Employee Meeting, Employee Satisfaction Network Survey, and cooperate with all business departments to improve. The Company has launched the online feedback function "Colleague Bar" to enable employees to communicate upwards and provide timely feedback on issues at any time. These measures have significantly increased the enthusiasm of employees to participate in management and contribute to the better development of the Company.

### The Main Tasks of Democratic Management of the Company

Workshop for Inter-layer Employees	Employees' Meeting	Employee Satisfaction Network Survey
It is carried out once a year. Over 57 suggestions for improvement were collected in 2022, including canteen, shuttle bus, salary and welfare, which have been fully implemented and improved.	In 2022, a total of 3 employee's meetings were organized to address over 20 issues related to employees.	It is carried out once a quarter. A total of 1,322 employees participated in the 2022 satisfaction survey, collecting over 160 feedback opinions and demands, including satisfaction with comprehensive service, corporate culture, performance management, information management, system platform, etc., all of which have been explained or improved and implemented

#### Employee Satisfaction Survey

In the third quarter of 2022, the Company collected over 50 suggestions and opinions from various bases, most of which were related to employee living issues such as canteen efficiency of serving meals, taste of dishes, and parking of battery cars. The company has taken reasonable measures, such as increasing dining windows to improve efficiency of serving meals; While strictly controlling the quality of meals, increasing the variety of fried dishes; Adding 100 parking spaces for battery cars, helping employees save time when searching for parking spaces, effectively solving employees' work and life problems, and constantly improving employee satisfaction.

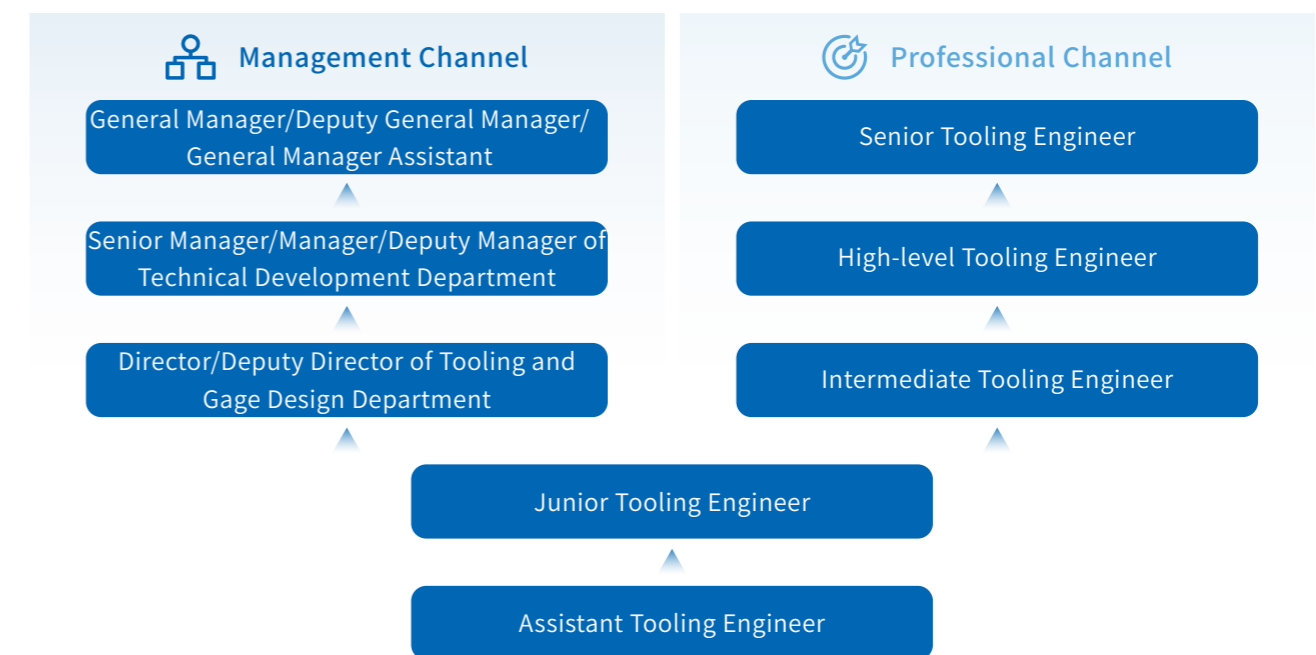
## Career Promotion

Talent cultivation and development is an important guarantee for a company to achieve its strategy and develop its business. Baolong Automotive actively practices the corporate culture of "being responsible, advanced and shared". Based on its development characteristics, observing the *Guidelines for Formulating and Revising Qualification Standards*, the Company has developed career development channels and established a learning management system, forming a unique development system for Baolong employees.

## Development Channel

The Company values the career development of employees and divides the existing posts into two channels: management channel and professional channel. The professional channel is divided into R&D and technology, business, project management, production, function, operation, etc., while the management channel sets the ability requirements and learning development direction for each management level. The Company develops a scientific promotion mechanism for employees in different posts with different educational backgrounds and work experience, so that employees can continue to grow and progress on career paths that suit them.

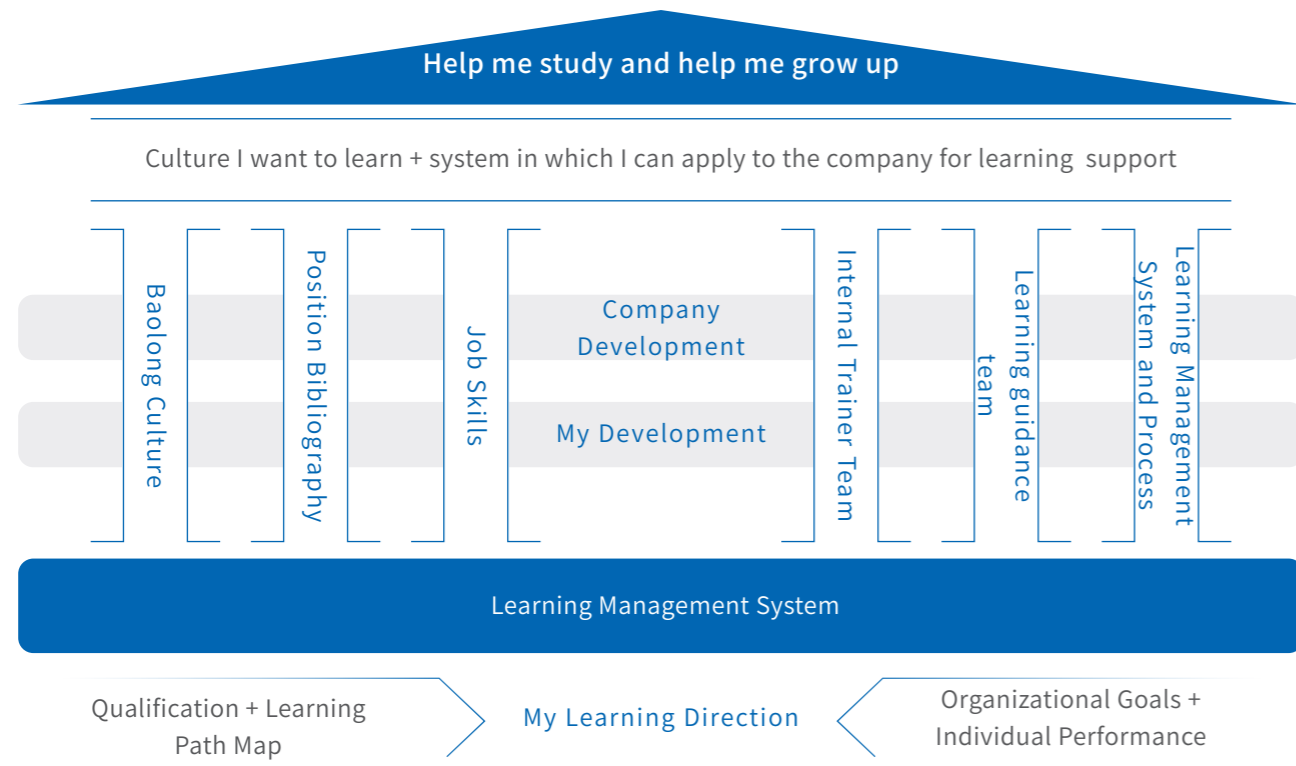
### Career Development Channels



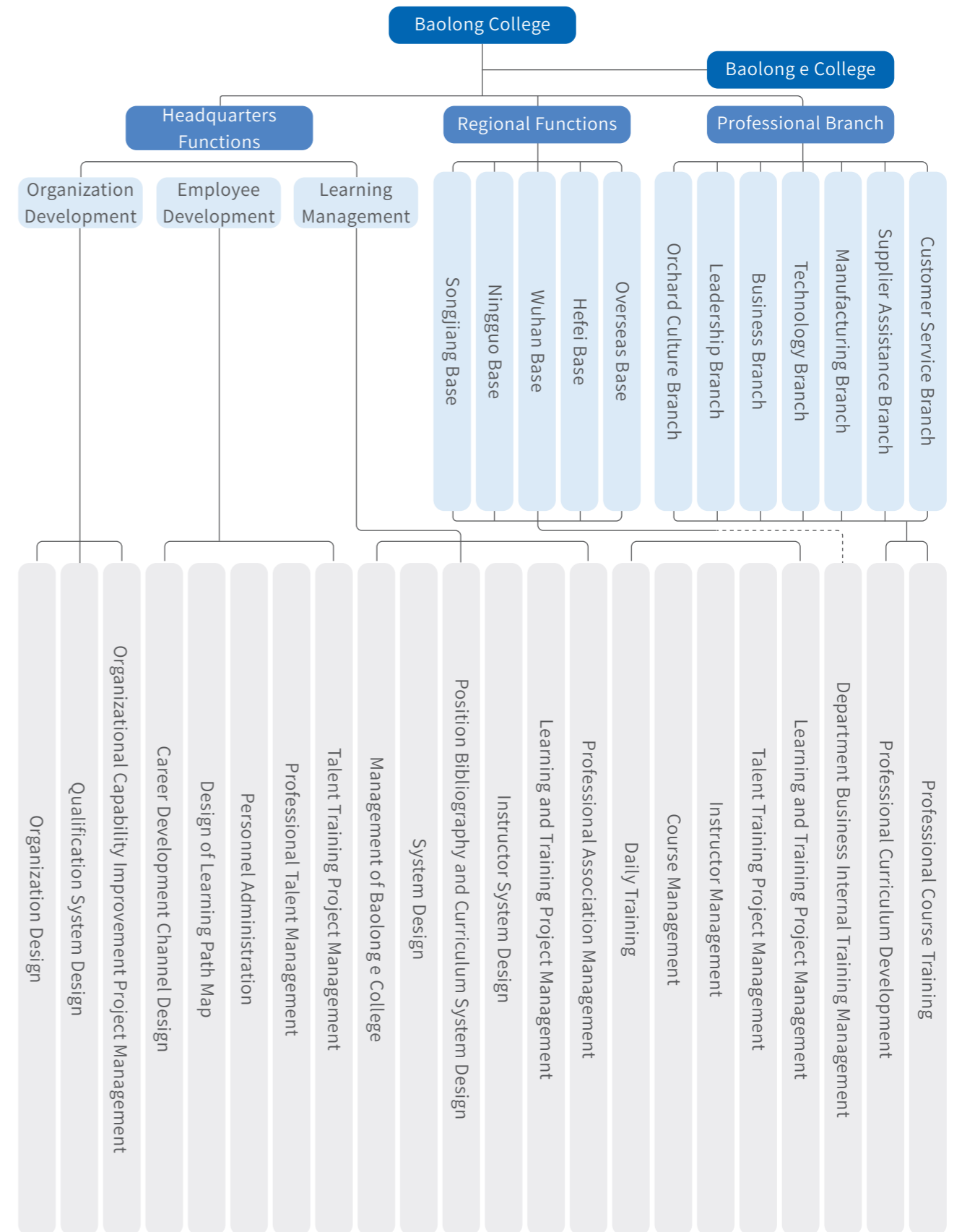
## Training and Development

With "to succeed, to grow up and to be a talent person" as its core task, the Company has established a relatively comprehensive learning management system, which is of great significance for planning the future development direction of employees and promoting the common growth of employees and the enterprise.

### Learning Management System



### Organizational Structure and Working Framework of Baolong College



### The Company's New Employee Training

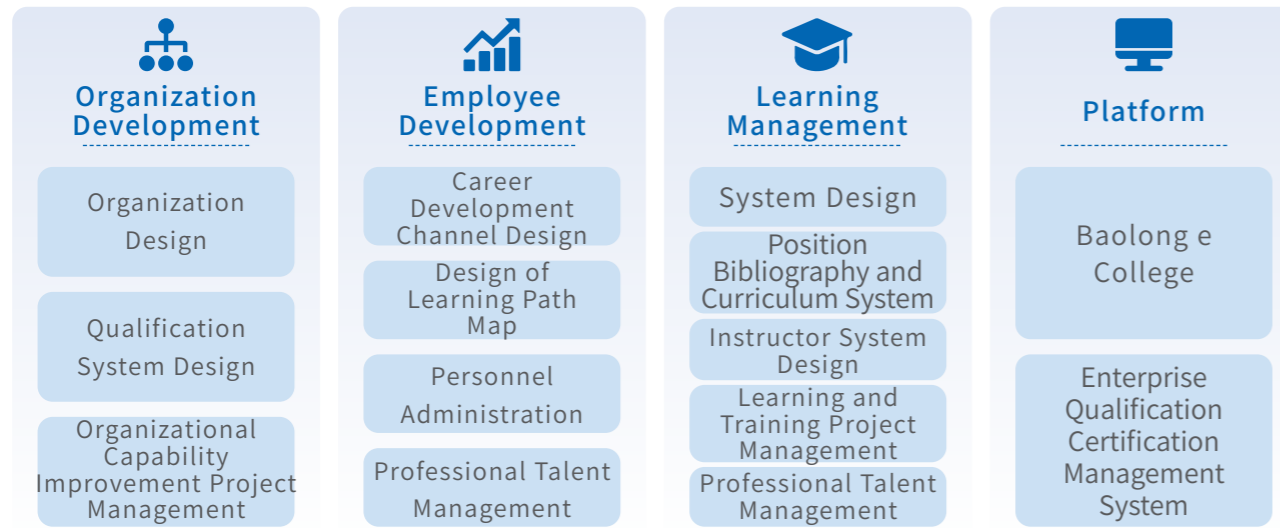
In order to reduce the pressure on new employees, shorten their time to be a skilled worker, help them learn the Company's culture and values, and promote the formation of a good work attitude, the Company provides organized and disciplined training for new employees according to the learning management system. In 2022, a total of 286 new employees of the Company attended the training.



New Employee Training

The Company has established the Baolong College with the vision of promoting the growth of more Baolong people, the mission of building an independent learning and development platform for employees, and the goal of providing talent reserves for the Company's development in the next five years.

### Action Direction of Baolong College

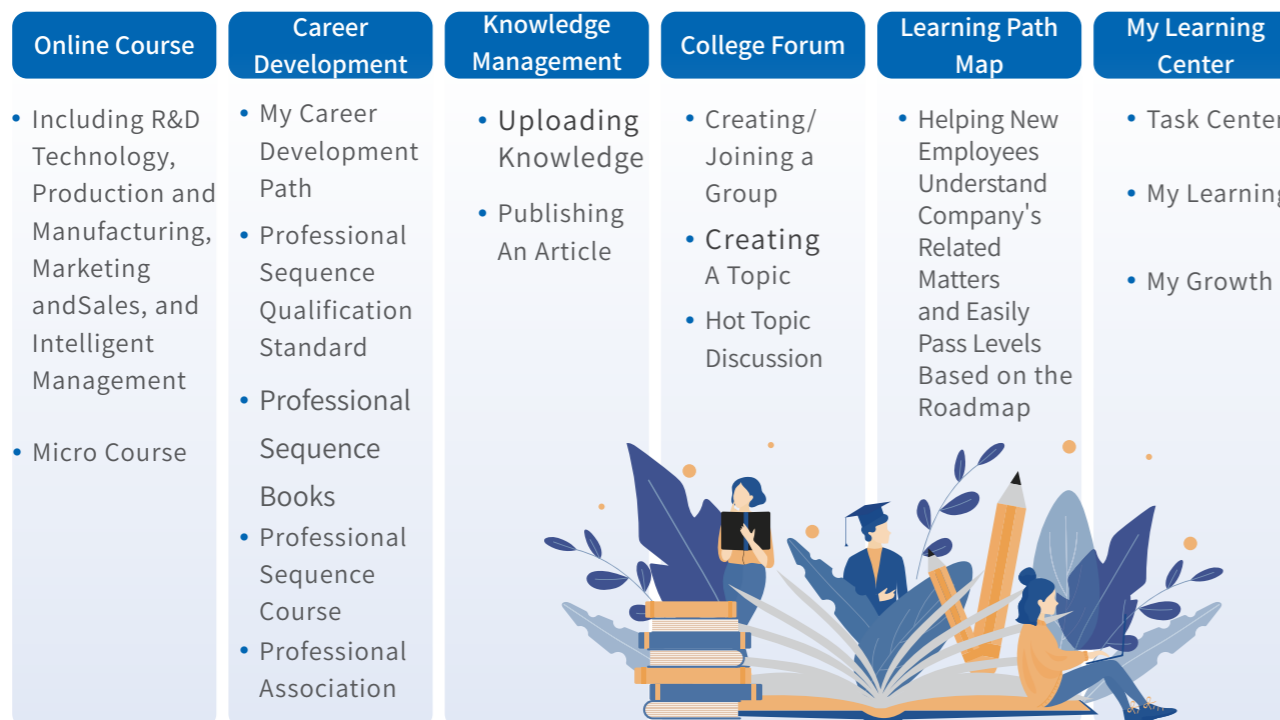


The Company has established the “Baolong e College” to achieve the precipitation, management, dissemination, and innovation of internal knowledge of the enterprise. Through a large number of classic and professional courses, employees can learn more knowledge at a lower cost and faster speed, thereby improving the production and work efficiency.



Baolong e College

### Six Modules of Baolong e College



In order to establish and improve the training methods for reserve professional talents, form a long-term mechanism for the construction of professional talent reserve teams, and provide continuous professional talent support for its sustainable development, the Company has formulated the *Training Guide for Reserve Professional Talents*.

### Quarterly Summary on Reserve Talent Training

In December 2022, the Company held a quarterly summary meeting on reserve talent training. According to the results of talent inventory and the needs of the Company and employees, appropriate backbone personnel were selected for training. This training enabled employees to have a deep understanding of the Company's products, improve communication skills with customers, and get familiar with customer relationship management.



Reserve Talent Training

## Care Activities

Baolong Automotive has provided its care and assistance for employees, and is committed to providing employees with a comfortable living security and working environment, ensuring that they not only realize their own value, but also enjoy it without worries, improving employee satisfaction and happiness, and promoting the stable development of the Company.

### Helping Employees with Difficulty

The Company has formulated the *Policy for the Administration of Temporary Subsidies for Employees with Living Difficulties* to provide assistance to employees who have difficulties in life due to major diseases, disasters, accidental injuries, etc., and to provide comfort, care, and economic assistance to employees with difficulty. In 2022, the Company provided the subsidies to 83 employees with living difficulties and special care for 94 employees, and funded RMB179,000 of economic assistance to help employees overcome difficulties.

### Grant Award

The Company cares about the family situation of employees with difficulty. When the children of employees with difficulty are admitted to university, the Company will provide grant rewards to the children of employees with difficulty, which reflects the Company's sense of responsibility towards employees and helps to strengthen the relationship between the Company and employees. In 2022, the Company distributed a total of RMB70,000 in grants to help children enter the campus.



Grant Award

## Culture and Sports Activities

In order to thank employees for their hard work and dedication in their daily work, the Company provides them with diversified activities that enrich their spiritual life, enhance their sense of belonging and promote their centripetal cohesion.

The Company holds intangible cultural heritage course type activities and invites employees and their families to participate in the making activity of intangible cultural heritage rice cakes. These activities have enhanced the sense of identity and history of employees and their families, playing an important role in spreading Chinese culture and stimulating creativity.



Making Activity of Intangible Cultural Heritage Rice Cakes

The Company holds photography activities to enhance employees' physical fitness and promote their physical and mental health while getting close to nature.



Hiking and Photography Activities

The Company holds sports activities such as badminton game and sports meeting, which demonstrates the enterprising spirit of the enterprise employees, highlights the cultural concept of being responsible, advanced and shared, greatly enhances the collective idea, competition and cooperation awareness of the Company's employees, and improves the internal execution, cohesion and centripetal force of the enterprise.



Badminton Activities



Sports Meeting



## Women's Day Activities

In Women's Day on March 8th, the Company held a variety of activities in all bases: snowman Mochi DIY, health lectures and photography activities, flower offering activities, beauty salon lectures, and succulent planting experience sharing and exchange activities, reflecting the Company's care for female employees and letting the majority of female employees have a fulfilling and meaningful festival.



Women's Day Activities



## Improving Employees' Dining Conditions

The Company pays attention to hygienic safety, allocates various daily necessities for employees, improves the dining environment of canteens, and provides employees with more nutritious and healthy meals, to ensure their physical health.



Meal Matching in the Canteen



# Safety and Health

Baolong Automotive has implemented the Policy of “Safety First and Prevention Focused”, fulfilled the target control of “Three Simultaneities” in safety production and “Four Can't Be Avoided” in safety accidents, formulated various system documents for health and safety production, established safety early warning mechanisms and emergency handling mechanisms for safety accidents, adhered to monthly troubleshooting of hidden safety dangers, and conducted fire drills and production safety month and other activities, achieving the safety production goals.

## Safety Production System

The Company has formulated documents, such as *Occupational Health Management System*, *Safety Production Site Management System*, *Management Guide For danger Identification*, *Risk Assessment and Control and Implementation Plan for Construction of Governance System for Hierarchical Management and Control of Safety Production Risks and Troubleshooting of Hidden Dangers* to build a safety production management system. The company provides annual physical exams for its employees and additional exams for those who work in hazardous positions. These include pre-employment, on-the-job, and post-employment exams. The company ensures that 100% of its workers in hazardous positions receive these exams. The Company has obtained ISO 45001 Occupational Health and Safety Management System Certification, and covers the Company and its major subsidiaries.



ISO 45001 Certifications Obtained by the Company and Its subsidiaries

### Key Performance

In 2022, the coverage rate of occupational health examination was **100%**.



## Troubleshooting of Hidden Safety dangers

Troubleshooting of hidden safety dangers is one of the most common management methods in safety management. Baolong Automotive conducts a monthly safety inspection to identify chemical issues with special equipment, hidden dangers, harmful and dangerous factors and defects in the production process and safety management, timely discover weak links and safety dangers in production, find out unsafe factors, seek methods and measures for governance and elimination of dangers, truly implement them and effectively manage and control safety dangers, so as to ensure production safety.

### Key Performance

In 2022,

Hefei base: **313** hidden dangers were identified and **300** rectification items were completed, with a rectification rate of **95%**

Songjiang base: **75** hidden dangers were identified and **71** rectification items were completed, with a rectification rate of **94.6%**

Ningguo base: **1,953** hidden dangers were identified and **1,775** rectification items were completed, with a rectification rate of **91%**



## Health and Safety Training

The Company attaches great importance to production safety management, provides relevant training to employees, strengthens and standardizes their safety and health production work, improves their quality, prevents casualties, and reduces occupational injuries; familiarizes employees with and be able to conscientiously implement safety production guidelines, policies, laws, regulations, as well as national and industry standards; ensures that employees have knowledge in safety analysis, safety decision-making, accident prediction and prevention.

### Safety Production Month Activity

In June 2022, the Company firmly established the development policy of “Green Ecological Development, Safe and Healthy Operation, and Practicing Social Responsibility” through the “Safety Production Month Activity”, which has promoted the further implementation of the safety production responsibility system; enhanced the safety awareness of all personnel; further improved the safety management; lifted the efficiency of accident danger rectification, strengthened emergency response to accidents, and reduced losses caused by accidents.



Safety Knowledge Contest



Traffic Safety Knowledge Lecture

### New Employee Induction EHSS Training

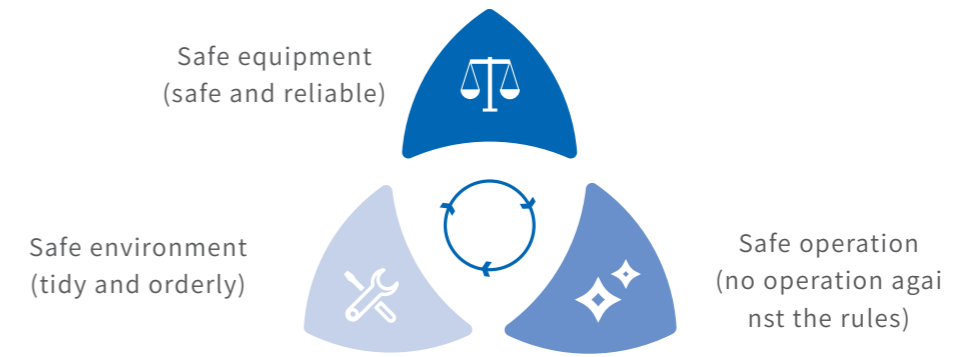
The Company conducted EHSS training for new employees to popularize the definition and characteristics of dangerous waste, standardize their awareness of properly wearing labor protection articles, and teach them to abide by the work guidelines of “Five Musts for Safety and Three Principles for Safety”. This training has laid the foundation for employees to maintain a sense of unexpected development and standardize safety production operations in their future work.

#### Five Musts for Safety



### New Employee Induction EHSS Training

#### Three Principles for Safety



New Employee Induction Training

## Hazard Training



In February 2022, the Company provided safety knowledge training for employees, in which Murphy's Law and Heinrich's Law were explained, so that employees can correctly identify hazards and hidden safety dangers, and be aware of unexpected development of that "accidents always occur if the underlying causes of hidden dangers are not eliminated", which has promoted employees to carry out safety production operations in a legal and compliant manner, thus reducing accidents.

### Observing the Principle of Safety Production

#### Murphy's Law

- Accidents will always occur in production and business activities as long as there are hidden safety dangers
- Hidden safety dangers mainly manifest as unsafe behaviors of people, unsafe states of objects, management deficiencies, and unsafe factors in the environment

#### Heinrich's Law

- The occurrence of accidents is the result of quantity accumulation
- The occurrence of an accident is the ultimate result of multiple factors, which are mutually causal and occur continuously. If the cause is not removed, the occurrence of accidents is inevitable



Danger Inspection Training

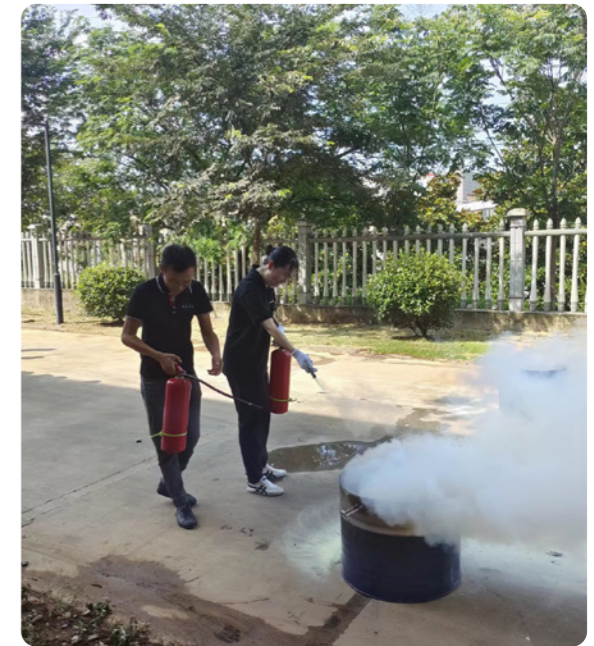
## Emergency Fire Drill



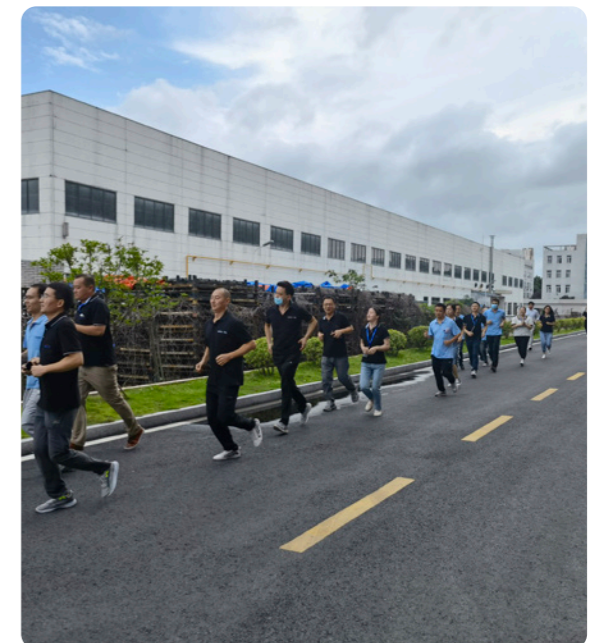
In order to enhance employees' emergency processing ability and fire safety awareness, the Company conducted a series of fire drills, urgent evacuation and first aid training.



Cardio-pulmonary Resuscitation



Fire Drill



Urgent Evacuation



# 06 Social Responsibility, Builds a Better Home

Baolong Automotive takes supporting public welfare and contributing to society as an important connotation of enterprise values. Combined with the industrial characteristics of Company, the Company has established the public welfare goal of “Developing the Automobile Industry, Revitalizing the Local Economy and Returning to the Public Society”, formulated the Baolong Public Welfare Support Plan, and undertaken social responsibilities in various aspects.

## Our Actions

- Revitalizing the Local Economy
- Developing the Automobile Industry
- Ensuring the Product Supply
- Engaging in the Culture and Sports Undertakings
- Returning to the Public Society



## Revitalizing the Local Economy

As a high-quality enterprise in the region, Baolong Automotive has the ability and responsibility to make positive contributions to the regional economic development while developing its own economy. In 2022, Baolong Automotive launched an agricultural assistance campaign to assist disadvantaged groups; participate in the Beijing Huaqi Automobile Culture Foundation's project on strengthening the cultivation of high-end talents in the automotive field; Baolong Automotive, through its own efforts, focuses on its main business and controls risks while fulfilling its social responsibility, driving regional economic development, and achieving a win-win situation for both social and economic benefits.

### Huaqi Automobile Culture Foundation

The Beijing Huaqi Automobile Culture Foundation focuses on talent cultivation and motivation and is committed to promoting the development of automobile culture, and advancing the rapid development of China's automobile strategy, technology, management, and culture through practical and feasible measures. In 2022, Baolong Automotive assisted Huaqi Automobile Culture Foundation in donating RMB500,000 of public welfare funds for the development of the foundation project. The donated funds were used to support the automotive culture industry and talent cultivation in the automobile industry, support automotive technology innovation projects, help the foundation cultivate more high-end and cutting-edge talents in the automobile industry, spread scientific and technological concepts, and drive the healthy development of the automobile industry. This donation will last for 3 years, with an annual donation of RMB500,000.

## Developing the Automobile Industry

Baolong Automotive, based on its own resource advantages, actively responds to national strategies and industry needs, explores and innovates, and promotes vertical and in-depth development of its business. The Company has established strategic cooperation mechanisms with multiple parties through participation in industry exhibitions, standard revisions, and other means, and has made contributions to industry progress through multi-party exploration.

### Participating in the Formulation of Industry Standards

Baolong Automotive actively participates in the formulation of national and industry standards, which enhances the influence of the enterprise in the industry, and provides a higher development platform for the enterprise while helping to standardize the operation of the domestic automobile parts industry and promote the industry development. By the end of 2022, the Company has participated in the formulation of 45 national and industry standards, 21 of which are the main drafting items.

Standard Name	Standard Plan No.	Standard Participation	Standard Type
Intelligent Connected Vehicle Fusion Perception System	2022-22~24	Participating in drafting	Group standards
Testing and Evaluation Method for Perception Performance of Intelligent Connected Vehicle Millimeter Wave Radar	2022-71	Participating in drafting	Group standards

### The Company Collaborates with Metoak to Obtain the Pre-installation Point of the Preview System

The cooperation between the Company and Metoak is the first cooperation in China for the pre-installation mass production project of active suspension road preview system based on binocular stereo vision. The binocular stereo vision system jointly developed by both parties has the ability to measure road surface fluctuations in real time. Combined with the active suspension system, this system can achieve the popular black technology magic carpet in the industry. The entire vehicle equipped with binocular stereo vision system can achieve intelligent adaptation to obstacles such as speed bumps, manhole covers, and pits when driving at a speed from 0km/h to 120km/h, greatly improving the driving comfort and stability of the vehicle on urban roads. The two sides have formed a strong alliance and complemented each other's advantages, setting an example in jointly exploring new technology fields, and are committed to providing customers with higher quality products and services.

## Participating in the Fourth FAW Group Parts New Technology Exhibition

In July 2022, as an important supply partner of FAW Group, the Company was invited to participate in the Fourth FAW Group Parts New Technology Exhibition themed “Technology Leading the Era, Intelligent Manufacturing the Future” held in Changchun FAW NBD. In the “Zhilian Spacetime” exhibition area, the Company exhibited 11 products, including three air spring assemblies, two TPMS transmitters, five automobile sensors, and the binocular road preview (magic carpet) system jointly developed by the Company and Metoak, focusing on the display of the innovative solutions in intelligent chassis and sensing technology. The Company shared and exchanged with multiple enterprises in the industry through this Parts New Technology Exhibition, conducted in-depth research on cutting-edge technologies and products in the industry, understood thoroughly the development trend of the industry, and stimulated technological vitality, innovation capabilities, and competitive advantages.



The Company's Exhibition Booth

## Ensuring the Product Supply

In recent years, the automobile parts industry has been facing significant challenges such as skyrocketing ocean freight, core shortages, and insufficient shipping ability. Adhering to the vision of “Benefiting More People with the Development of Automotive Technology”, Baolong Automotive strives to secure an adequate supply, improve quality and production efficiency, and jointly build a stable, efficient and green supply chain system with suppliers and customers. It contributes to the advancement of the automotive industry, achieving win-win and common growth.

## Stable Production and Supply Guarantee in Parallel

In 2022, facing difficulties such as insufficient production capacity and restricted logistics, the Company, as a responsible supplier, quickly formulated countermeasures, urgently mobilized resources, communicated with government departments in a timely manner, and adopted various methods to overcome numerous difficulties and ensure the delivery of customer products, such as delivery with special vehicle, temporary overtime work, emergency air transport, and delivery in batches.

In the period of logistics constraints, the truck transport procedures are very complex, and the transfer from passenger transport to freight transport tests the team's collaboration and ability to make immediate response. Establish a communication team for improving vehicle usage, arrange multiple drivers for shift work, and make every effort to ensure timely arrival of goods at customs. Complete the coordination, loading, delivery, acceptance and other processes during the construction period, and live up to our commitment to customers. In 2022, Baolong Automotive received several letters thanking the Company for its efforts to stabilize production, ensure product supply and help the automobile industry to the greatest extent possible.



Goods Transportation Site



Letter of Thanks from LEAPMOTOR



Letter of Thanks from GAC Toyota



Letter of Thanks from GAC Aion



Letter of Thanks from Hezhong New Energy Vehicle



Letter of Thanks from Chery Auto

# Engaging in the Culture and Sports Undertakings

Culture is the foundation of knowledge, and sports is the education of action. The integration and development of culture and sports undertakings are of great significance. Baolong Automotive has been focusing on the balance of educational resources and the development of sports, continuously helping the Hope Project and subsidizing poor students. It has set up Baolong Automotive Sports Foundation to help the construction of sports undertakings and the rapid development of sports industry.

## Setting up the Sports Foundation

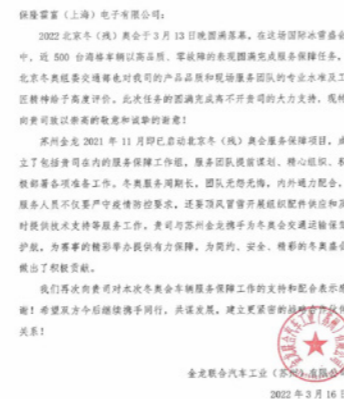
Since 2017, Baolong Automotive has set up the “Baolong Automotive Sports Foundation” to support the development of football activities at Wuhan University of Technology. The Company allocates funds annually to the Foundation to improve the team's training environment, facilities, and equipment. In 2022, the Company continued to provide RMB100,000 to the Foundation to support the cultivation of young football talents, promote the development of the football team, and help the team achieve better results



Baolong Automotive Football Team of Wuhan University of Technology

## Assisting the Winter Olympics

The 2022 Beijing Winter Olympics Games were a complete success and attracted the worldwide attention. Baolong Automotive has contributed its efforts to the successful hosting of the Winter (Paralympic) Games. During over 70 days of competition during the Winter (Paralympic) Games, Suzhou Jinlong Higer Bus provided comprehensive support services, picking up passengers without interruption and with “zero failures, zero delays and zero complaints” during the service period. As a leading global TPMS supplier, Baolong Automotive has provided core components and timely technical support for Suzhou Jinlong Higer Bus, ensuring tire pressure safety during transportation, especially when running on the ice surface, escorting the travel safety of global athletes, staff and volunteers, and making a contribution to the simple, safe and wonderful Winter Olympic Games.



Letter of thanks from Suzhou Jinlong Higer Bus

# Returning to the Public Society

Adhering to the concept of making contributions to social development, Baolong Automotive always puts the social responsibility in the first place, actively mobilizes the entire company to carry out social public welfare, supports charity for the elderly and employee health and safety work, implements public welfare undertakings from multiple aspects, establishes a responsible corporate image, and conveys warmth and hope to the people in need.

## Charity for the Elderly

The Shanghai Senior Citizens Foundation is a public-raising foundation established with the approval of the Shanghai Committee of the Communist Party of China. It aims to raise funds from all walks of life, support the cause of the elderly, and help the elderly with difficulty. Baolong Automotive has long-term cooperation with the Songjiang Office of Shanghai Senior Citizens Foundation to support the promotion and education of respecting the elderly in the local area, help the elderly with difficulty, and promote their physical and mental health. In 2022, the Company donated a total of RMB15,000 to develop the charity for the elderly.

## Blood Donation for Public Welfare

In order to promote the spirit of utter devotion of “All for One and One for All”, the Company organized a blood donation for public welfare activity called “Extend Your Arms to Keep Love Alive” in September 2022. The Company fully considered the health of its employees and had put forward requirements for the age and health status of employees for blood donation. It specified that male employees between the ages of 18 and 55 who weigh over 50 kilograms and female employees between the ages of 18 and 55 who weigh over 45 kilograms could participate in the blood donation activity. In the end, a total of 56 employees participated in this blood donation activity, with a total blood volume of 10,200 milliliters donated.



On-site Registration for Blood Donation for Public Welfare

## Key Performance

### Economic Performance

Indicator	Unit	2020	2021	2022
Business income	RMB10,000	333,108.51	389,758.56	477,771.43
Net profit attributable to shareholders of listed companies	RMB10,000	18,318.44	26,839.82	21,413.70
Total assets at the end of the period	RMB10,000	391,333.48	514,948.44	661,505.99
Net assets attributable to shareholders of listed companies at the end of the period	RMB10,000	115,067.60	219,851.29	249,843.20
R&D expenses	RMB10,000	25,493.20	28,050.41	32,672.09
R&D personnel	Person	743	773	911
Proportion of R&D personnel	%	16.28	16.40	16.94

Note: Please refer to the 2022 Annual Report of Baolong Automotive for other financial data of the Company in 2022.

### Social Performance

Indicator	Unit	2020	2021	2022
Total Number of Employees	Person	4,564	4,712	5,377
Labor Contract Signing Rate	%	100	100	100
Social Insurance Coverage	%	100	100	100
Number of Training	Hour	1,416	1,560	1,395
Training Duration	Times	149,699.20	166,333.60	143,685.00
Training Person Times	Person Time	4,564	4,712	5,377
Public Welfare Donation	RMB10,000	171.48	117.40	165.00

## Environmental Performance

Energy				
Indicator Name	Unit	2020	2021	2022
Electricity Consumption	kW·h	44,589,847	58,442,476	69,417,620
Electricity Consumption/ RMB10,000 Output Value	kW·h/RMB10,000	270.3	212.5	247.4

Note: The electricity consumption/ RMB10,000 output value reflects the electricity consumption/ RMB10,000 output value. The less the electricity consumption/unit output value, the lower the electricity consumption/RMB10,000 output value.

Water Resources				
Indicator Name	Unit	2020	2021	2022
Total Water Consumption	Ton	364,162	347,824	322,848
Water consumption/ RMB10,000 output value	Ton/RMB10,000	2.2	1.26	1.15

Note: The water consumption/ RMB10,000 output value reflects the water resources consumed per RMB10,000 output value. The less water resources consumed/unit output value, the lower the water consumption/RMB10,000 output value.

Greenhouse Gas Emissions				
Indicator Name	Unit	2020	2021	2022
Greenhouse gas emissions (Scope I)	Tonnes of CO2 Equivalent per Capita	/	/	4,467
Greenhouse gas emissions (Scope II)	Tonnes of CO2 Equivalent per Capita	35,320	46,292	55,683
Greenhouse gas emission per RMB10,000 output value	Tonnes of CO2 Equivalent per Capita/RMB10,000	0.214105	0.168321	0.214342

Note: Indirect emissions are calculated according to the *Emission Factors of China Regional Power Grid Baseline of Emission Reduction Projects in 2019*.

# Indicator Index

## Chinese Academy of Social Sciences CASS-ESG 5.0 Standard Index

Topic	Indicator No.	Relevant Section
Preface (P)		
Reporting Specifications	P1.1	About this Report
	P1.2	About this Report
	P1.3	About this Report
Executive Messages	P2.1	Chairman's Statement
	P2.2	Chairman's Statement
Responsibility Focus	P3.1	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
Company Profile	P4.1	Company Profile
	P4.2	Corporate Culture
	P4.3	Company Profile
	P4.4	Milestone
Governance Responsibility (G)		
Corporate Governance	G1.1	Corporate Governance
	G1.2	Corporate Governance
	G1.3	Corporate Governance
	G1.4	Risk Management
	G1.5	Not disclosed
	G1.6	Anti-corruption, Enhance Cooperation with the Suppliers
	G1.7	Anti-corruption
	G1.8	Anti-corruption
	G1.9	Anti-corruption
	G1.10	Corporate Governance

Topic	Indicator No.	Relevant Section
Corporate Governance	G1.11	Corporate Governance
ESG governance by the Board of Directors	G2.1	Not disclosed
	G2.2	Not disclosed
	G2.3	Not disclosed
	G2.4	Not disclosed
	G2.5	Not disclosed
ESG Management	G3.1	Not disclosed
	G3.2	Not disclosed
	G3.3	Not disclosed
	G3.4	Not disclosed
	G3.5	Sustainable Development
	G3.6	Sustainable Development
	G3.7	About this Report
	G3.8	Not disclosed
	G3.9	Not disclosed
	G3.10	Not disclosed
	G3.11	Not disclosed
Environmental Risk Management (E)		
Environmental Management	E1.1	Build Green Factories through Environmental Management
	E1.2	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	E1.3	Build Green Factories through Environmental Management
	E1.4	Actively Control the Three Wastes through Upgrading
	E1.5	Not disclosed
	E1.6	Build Green Factories through Environmental Management
	E1.7	Build Green Factories through Environmental Management
	E1.8	Improve Energy Efficiency through Energy Saving and Consumption Reduction

Topic	Indicator No.	Relevant Section
Environmental Management	E1.9	Build Green Factories through Environmental Management
	E2.1	Improve Energy Efficiency through Energy Saving and Consumption Reduction
Resource Utilization	E2.2	Improve Energy Efficiency through Energy Saving and Consumption Reduction
	E2.3	Key Performance
	E2.4	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	E2.5	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	E2.6	Actively Control the Three Wastes through Upgrading
	E2.7	Not disclosed
	E2.8	Actively Control the Three Wastes through Upgrading
	E2.9	Actively Control the Three Wastes through Upgrading
	E2.10	Not disclosed
	E2.11	Key Performance
	E2.12	Improve Energy Efficiency through Energy Saving and Consumption Reduction
	E2.13	Not disclosed
	E2.14	Improve Energy Efficiency through Energy Saving and Consumption Reduction
	E2.15	Not disclosed
	Emission	E3.1
E3.2		Actively Control the Three Wastes through Upgrading
E3.3		Actively Control the Three Wastes through Upgrading
E3.4		Not disclosed
E3.5		Actively Control the Three Wastes through Upgrading
E3.6		Actively Control the Three Wastes through Upgrading
E3.7		Not disclosed
E3.8		Actively Control the Three Wastes through Upgrading
E3.9		Not disclosed
E3.10		Not disclosed

Topic	Indicator No.	Relevant Section
Safeguarding Ecological Security	E4.1	Not disclosed
	E4.2	Not disclosed
	E4.3	Not disclosed
Addressing Climate Change	E5.1	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	E5.2	Not disclosed
	E5.3	Not disclosed
	E5.4	Not disclosed
	E5.5	Key Performance
	E5.6	Key Performance
	E5.7	Key Performance
<b>Social Risk Management (S)</b>		
Employment	S1.1	Employees' Rights and Interests
	S1.2	Employees' Rights and Interests
	S1.3	Employees' Rights and Interests
	S1.4	Employees' Rights and Interests
	S1.5	Employees' Rights and Interests
	S1.6	Employees' Rights and Interests
	S1.7	Employees' Rights and Interests
	S1.8	Key Performance
	S1.9	Employees' Rights and Interests
	S1.10	Care Activities
	S1.11	Employees' Rights and Interests
Development and Training	S2.1	Career Promotion
	S2.2	Career Promotion
	S2.3	Not disclosed
	S2.4	Key Performance

Topic	Indicator No.	Relevant Section
Occupational Health and Work Safety	S3.1	Safety and Health
	S3.2	Safety and Health
	S3.3	Not disclosed
	S3.4	Safety and Health
	S3.5	Safety and Health
	S3.6	Safety and Health
	S3.7	Actively Control the Three Wastes through Upgrading
	S3.8	Not disclosed
	S3.9	Not disclosed
	S3.10	Safety and Health
	S3.11	Not disclosed
	S3.12	Not disclosed
Customer Responsibility	S4.1	Attach Importance to Quality Management
	S4.2	Not disclosed
	S4.3	Not disclosed
	S4.4	Improve Customer Services
	S4.5	Improve Customer Services
	S4.6	Information Security
	S4.7	Improve Customer Services
	S4.8	Not disclosed
	S4.9	Not disclosed
Responsible Supply Chain Management	S5.1	Enhance Cooperation with the Suppliers
	S5.2	Enhance Cooperation with the Suppliers
	S5.3	Not disclosed
	S5.4	Not disclosed
	S5.5	Not disclosed
	S5.6	Not disclosed
	S5.7	Not disclosed

Topic	Indicator No.	Relevant Section
Value Creation (V)		
National Value	V1.1	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	V1.2	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	V1.3	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	V1.4	Not disclosed
Industrial Value	V2.1	Make Continuous Improvements and Innovations, Promote the Integration of Informatization and Industrialization
	V2.2	Make Continuous Improvements and Innovations, Promote the Integration of Informatization and Industrialization
	V2.3	Make Continuous Improvements and Innovations, Promote the Integration of Informatization and Industrialization
	V2.4	Make Continuous Improvements and Innovations, Promote the Integration of Informatization and Industrialization
	V2.5	Developing the Automobile Industry
	V2.6	Ensuring the Product Supply
	V2.7	Developing the Automobile Industry
	V2.8	Developing the Automobile Industry
People's Well-being Value	V3.1	Revitalizing the Local Economy
	V3.2	Not disclosed
	V3.3	N/A
	V3.4	Returning to the Public Society
	V3.5	Engaging in the Culture and Sports Undertakings
	V3.6	Key Performance
	V3.7	Not disclosed
Environmental Value	V4.1	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	V4.2	Respond to the Carbon Peak and Neutrality Targets, and Embrace the Green Future
	V4.3	Not disclosed
	V4.4	Build Green Factories through Environmental Management
	V4.5	Not disclosed

Topic	Indicator No.	Relevant Section
Postscript (A)		
	A1	Not disclosed
	A2	Key Performance
	A3	N/A
	A4	Indicator Index
	A5	Reader Feedback

## Global Reporting Initiative GRI Standard Index

Statement of use	Baolong Automotive has reported in accordance with the GRI Standards for the period from January 1,2022 to December 31,2022.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Relevant Section	
GRI 2: General Disclosures	G2-1	Company Profile
	G2-2	About this Report
	G2-3	About this Report
	G2-4	N/A
	G2-5	Independent Assurance and Statement of Opinion
	G2-6	Company Profile
	G2-7	Employees' Rights and Interests
	G2-8	Not disclosed
	G2-9	Corporate Governance

GRI Standard	Relevant Section	
GRI 2: General Disclosures	G2-10	Corporate Governance
	G2-11	See the Annual Report
	G2-12	Corporate Governance
	G2-13	Corporate Governance
	G2-14	Not disclosed
	G2-15	N/A
	G2-16	Not disclosed
	G2-17	See the Annual Report
	G2-18	See the Annual Report
	G2-19	Employees' Rights and Interests
	G2-20	Employees' Rights and Interests
	G2-21	See the Annual Report
	G2-22	Chairman' s Statement
	G2-23	Not disclosed
	G2-24	Not disclosed
	G2-25	Anti-corruption
	G2-26	Employees' Rights and Interests
	G2-27	Risk Management
	G2-28	Developing the Automobile Industry
	G2-29	Sustainable Development
G2-30	Not disclosed	
GRI 3: Material Topics	G3-1	Sustainable Development
	G3-2	Sustainable Development
	G3-3	Sustainable Development

GRI Standard	Relevant Section	
GRI 201: Economic Performance	G201-1	Market Performance
	G201-2	Not disclosed
	G201-3	Not disclosed
	G201-4	See the Annual Report
GRI 202: Market Presence	G202-1	Not disclosed
	G202-2	Not disclosed
GRI 203: Indirect Economic Impacts	G203-1	N/A
	G203-2	N/A
GRI 204: Procurement Practices	G204-1	Not disclosed
GRI 205: Anti-corruption	G205-1	Not disclosed
	G205-2	Anti-corruption
	G205-3	Anti-corruption
GRI 206: Anti-competitive Behavior	G206-1	Not disclosed
GRI 207: Tax	G207-1	See the Annual Report
	G207-2	Corporate Governance
	G207-3	See the Annual Report
	G207-4	See the Annual Report
GRI 301: Materials	G301-1	Not disclosed
	G301-2	Actively Control the Three Wastes through Upgrading
	G301-3	Actively Control the Three Wastes through Upgrading
GRI 302: Energy	G302-1	Improve Energy Efficiency through Energy Saving and Consumption Reduction
	G302-2	Not disclosed

GRI Standard	Relevant Section	
GRI 302: Energy	G302-3	Key Performance
	G302-4	Improve Energy Efficiency through Energy Saving and Consumption Reduction
	G302-5	Improve Energy Efficiency through Energy Saving and Consumption Reduction
GRI 303: Water and Effluents	G303-1	Not disclosed
	G303-2	Actively Control the Three Wastes through Upgrading
	G303-3	Not disclosed
	G303-4	Actively Control the Three Wastes through Upgrading
GRI 304: Biodiversity	G303-5	Key Performance
	G304-1	N/A
	G304-2	N/A
	G304-3	N/A
GRI 305: Emissions	G304-4	N/A
	G305-1	Key Performance
	G305-2	Key Performance
	G305-3	Not disclosed
	G305-4	Key Performance
	G305-5	Improve Energy Efficiency through Energy Saving and Consumption Reduction
	G305-6	Not disclosed
G305-7	Not disclosed	
GRI 306: Waste	G306-1	Actively Control the Three Wastes through Upgrading
	G306-2	Actively Control the Three Wastes through Upgrading
	G306-3	Actively Control the Three Wastes through Upgrading
	G306-4	Actively Control the Three Wastes through Upgrading
	G306-5	Actively Control the Three Wastes through Upgrading

GRI Standard	Relevant Section	
GRI 308: Supplier Environmental Assessment	G308-1	Not disclosed
	G308-2	Enhance Cooperation with the Suppliers
GRI 401: Employment	G401-1	Employees' Rights and Interests
	G401-2	Care Activities
	G401-3	Not disclosed
GRI 402: Labor/Management Relations	G402-1	Not disclosed
GRI 403: Occupational Health and Safety	G403-1	Safety and Health
	G403-2	Safety and Health
	G403-3	Safety and Health
	G403-4	Safety and Health
	G403-5	Safety and Health
	G403-6	Safety and Health
	G403-7	Safety and Health
	G403-8	Not disclosed
	G403-9	Not disclosed
	G403-10	Not disclosed
GRI 404: Training and Education	G404-1	Key Performance
	G404-2	Career Promotion
	G404-3	Not disclosed

GRI Standard	Relevant Section	
GRI 405: Diversity and Equal Opportunity	G405-1	Corporate Governance, Employees' Rights and Interests
	G405-2	Not disclosed
GRI 406: Non-discrimination	G406-1	Employees' Rights and Interests
GRI 407: Freedom of Association and Collective Bargaining	G407-1	Not disclosed
GRI 408: Child Labor	G408-1	Employees' Rights and Interests
GRI 409: Forced or Compulsory Labor	G409-1	Employees' Rights and Interests
GRI 410: Security Practices	G410-1	N/A
GRI 411: Rights of Indigenous Peoples	G411-1	N/A
GRI 413: Local Communities	G413-1	Returning to the Public Society
	G413-2	N/A
GRI 414: Supplier Social Assessment	G414-1	Not disclosed
	G414-2	Enhance Cooperation with the Suppliers
GRI 415: Public Policy	G415-1	N/A
GRI 416: Customer Health and Safety	G416-1	N/A
	G416-2	Attach Importance to Quality Management
GRI 417: Marketing and Labeling	G417-1	Not disclosed
	G417-2	Not disclosed
	G417-3	Not disclosed
GRI 418: Customer Privacy	G418-1	Not disclosed

# 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 *2022 Corporate Social Responsibility Report* (hereinafter referred to as the Report), and disclosed the assurance result and conclusion to readers of the Report in the form of independent assurance and statement of opinion.

## Independence and Capability

- 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 Baolong Automotive 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:
  - Total Number of Employees
  - Average Employee Turnover Rate
  - Outsourced Electricity
  - Total Water Consumption
  - Total Waste Water Discharged
  - R&D Expenses

## Assurance Process and Work

- In order to gather evidence relevant to the formation of the conclusion, InFaith has done the following work:
- 1.Had interviews with the management team and employees of Baolong Automotive, to understand the overall situation and relevant processes of the fulfillment of its environmental, social and governance responsibilities.
  - 2.Verified key developments and policy implementation of the relevant Baolong Automotive's organizations and reviewed supporting evidence for the claims made in the Report.
  - 3.Through the interviews and the assurance of relevant documents, learned about Baolong Automotive's main stakeholders and their expectations and demands, the specific communication channels between both parties, and how Baolong Automotive responds to their expectations and demands.
  - 4.Selected the relevant part of environmental, social and governance information in this Report, performed analytical assurance procedures for such information, confirmed the overall performance situation, and evaluated and verified whether the contents of the Report are complied with.
  - 5.Verified the process management of the principles of inclusiveness, substantiality, responsiveness and impact in the Report and its related AA1000 to confirm the appropriateness of this Statement.
  - 6.Sampled inspection on supporting evidence of data reliability and quality of selected specific performance information.
  - 7.Recalculated and verified the selected specific performance information.
  - 8.Performed other procedures that we deemed necessary.

## Assurance Conclusions

- 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 social responsibilities 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:

Tel: 021-20740303  
 Email: [esg@infaith.com.cn](mailto:esg@infaith.com.cn)  
 Address: 8F, 388 Fushan Road, Pudong New District, Shanghai



Zhong Wentang, Managing Partner of the Sustainable Development Department of InFaith  
 InFaith Group  
 Shanghai, April 2023

## Reader Feedback

Dear readers,

Hello!

Thanks very much for reading the 2022 Annual Social Responsibility 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

What do you think of Baolong Automotive's 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 issues

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