双环传动
SHUANGHUAN COMPANY

Stock Code: 002472

2025
Sustainability Report

Zhejiang Shuanghuan Driveline Co., Ltd.

Contents

About This Report

This report is the fourth consecutive sustainability report published by Zhejiang Shuanghuan Driveline Co., Ltd. (Stock Code: 002472) (hereinafter referred to as "this report"). It systematically presents our management practices and phased progress in the environmental, social, and governance (ESG) field.

Reporting Scope

Unless otherwise stated, the reporting scope is consistent with that of 2025 *Shuanghuan Driveline Annual Report, covering Zhejiang Shuanghuan Driveline Co., Ltd.* and its subsidiaries. For details on the entities referred to, please see the "Reference" section.

Reporting Period

This report covers information from 1 January 2025, to 31 December 2025. To ensure the completeness of the information presented, certain data may extend beyond this reporting period, in which case specific explanations are provided.

Basis for Preparation

This report has been prepared in accordance with the *Shenzhen Stock Exchange Guideline No. 17 on Self-Regulation of Listed Companies - Sustainability Report (referred to as the "Guideline")*, the *Shenzhen Stock Exchange Guide No. 3 on Self-Regulation of Listed Companies - Preparation of Sustainability Report* (referred to as the "Guide"), *Enterprise Sustainable Disclosure Standards - Basic Standards (Trial)* issued by the Ministry of Finance and eight other departments and with reference to the United Nations Sustainable Development Goals (UN SDGs), the GRI Standards issued by the *Global Sustainability Standards Board* (GSSB) (referred to as the "GRI Standards").

Reference

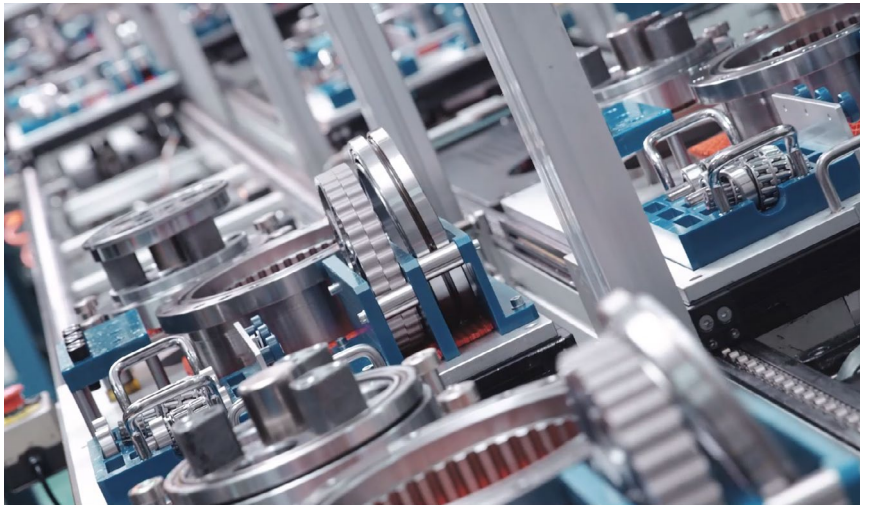
For clarity and readability, the following abbreviations are used:

Company/Site	Reference
Zhejiang Shuanghuan Driveline Co., Ltd.	"Shuanghuan Driveline", "Shuanghuan","Company", "We""Group","Group headquarters"
Zhejiang Shuanghuan Driveline Co., Ltd. – Zhejiang Shuanghuan	"Zhejiang Shuanghuan"
Jiangsu Shuanghuan Gear Co., Ltd.	"Jiangsu Shuanghuan"
Shuanghuan Gear (Jiaxing) Precision Manufacturing Co., Ltd.	"Jiaxing Shuanghuan"
Shuanghuan Driveline (Chongqing) Precision Technology Co., Ltd.	"Chongqing Shuanghuan"
Zhejiang Shuanghuan Supply Chain Co., Ltd.	"Shuanghuan Supply Chain"
Zhejiang Huanyi Technology Co., Ltd.	"HuanYi Technology"
Zhejiang Fine Intelligent Technology Co., Ltd.	"Fine Intelligent Technology"
Zhejiang Fine Motion Robot Joint Technology Co., Ltd.	"Fine Motion Technology"
Zhejiang Fundrive Technology Co., Ltd.	"Fundrive Technology"
Jiangsu Huanou Intelligent Transmission Equipment Co., Ltd.	"Jiangsu Huanou"
Huanyan DriveTech (Jiaxing) Research Institute Co., Ltd.	"Shuanghuan Research", "Huanyan Driveline"
Dalian Huanchuang Precision Manufacturing Co., Ltd.	"Dalian Huanchuang"
Evoring Precision Manufacturing Kft.	"Evoring"

Reliability Assurance and Approval

In order to fully respond to stakeholders' expectations regarding the Company's sustainability and the quality of information disclosure, this report has been independently verified by Hangzhou WIT Assessment Co., Ltd. in accordance with the AA1000 Assurance Standard. For details, please refer to "Assurance Statement".

This report was approved by the Board of Directors on 22 April 2026 after confirmation by the Management.



Report Access and Response

This report is available in both Chinese and English. In the event of any discrepancies between the Chinese and English versions, the Chinese version shall prevail. The electronic version of this report is published on the CNINFO website and the Company's official website.

We attach great importance to the views and suggestions of our stakeholders. Readers are welcome to contact us by email at shdmb@gearsnet.com, and please state Sustainability Report 2025 in the subject line, so as to provide valuable feedback on the contents of this report and help the Company continuously improve sustainability management and information disclosure.

[1] https://www.cninfo.com.cn/new/disclosure/stock?orgId=9900014368&stockCode=002472#companyProfile

[2] https://www.gearsnet.com/index.html

Message from the Chairman

Zhejiang Shuanghuan Driveline Co., Ltd.
Chairman

The world today is witnessing surging waves of industrial transformation and profound adjustments in the global landscape. In this complex environment where opportunities and challenges coexist, as a leader in the global professional gear component manufacturing sector, Shuanghuan remains committed to focusing on its core business, cultivating real economy, and steadily advancing a concentric diversification strategy centred on gears. In 2025, all Shuanghuan employees rose to the challenge with determination and diligence, delivering steady growth in operating performance and consolidating our market leadership in core fields such as new energy vehicle gears and industrial robot reducers. Nearly 60% of our sales come from Fortune Global 500 customers, continuously providing precise and reliable “Shuanghuan solutions” for the efficient operation of global industrial chains. Behind this lies the strong support and trust of our customers, employees, shareholders, and all partners. On behalf of the Board of Directors, I would like to extend my sincerest gratitude to you all.

In 2025, we made sustainable development a core strategy, systematically integrating it into every aspect of our operations. Centered on five pillars—Environment, Innovation, Talent, Partnerships and Governance—we strengthened Shuanghuan’s resilience for sustainable development.

Fulfilling Environmental Responsibility, Driving Long-Term Development through Green Manufacturing.

We firmly believe that business growth must go hand in hand with environmental sustainability. We deeply practice green and low-carbon concepts, striving to integrate “sustainability” into the entire value chain from design and manufacturing to operations. We have established an ISO 50001 energy management system and built an intelligent energy management platform integrating data collection, monitoring and analysis, enabling refined management of key energy resources such as water, electricity and gas. In 2025, our total water consumption intensity fell by 4.2% year on year, and the intensity of general waste generated decreased by 6.3%, while carbon emission intensity per unit of value added continued to decline. Meanwhile, we have actively deployed distributed photovoltaics across the multiple production bases nationwide, with a cumulative installed capacity of 28.148 MWp, turning the sunlight into the clean productive power through concrete action.

Stimulating Innovation Vitality, Building Core Competitive Strength with Intelligence and Quality.

Innovation is the powerful engine behind Shuanghuan’s sustained growth. In 2025, R&D investment reached RMB 491 million, accounting for 5.38% of revenue from our principal operations. While continuing to focus on breakthroughs in precision transmission technology, we have also used intelligent technologies as a lever to fundamentally transform our quality management model and build a formidable “quality moat”. We have deeply integrated AI technology into every link of gear manufacturing. By building a “1+2+3+N” AI application architecture, we have successfully deployed more than 20 typical AI applications. “Quality Engineer AI Assistant” and “Gear Appearance AI Visual Defect Recognition System” have enabled our quality control system to achieve a fundamental shift from “after-the-fact traceability” to “pre-event prevention”. Relying on our self-developed QMS and full life-cycle traceability system based on “one code for one item”, we give each gear a unique “digital ID” from the source, ensuring that every step from the raw material to the finished products is controllable and traceable, and improving quality traceability efficiency from several hours to just minutes. Our benchmark factory, recognised as a National Excellent Smart Factory, together with the “lean-driven, digitally empowered” solutions provided by our subsidiary Fine Intelligent Technology, is contributing Shuanghuan’s expertise to the digital transformation of the industry.

Nurturing Talent, Strengthening Organisational Cohesion with Human- Centred Care.

Shuanghuan always adheres to a “human-centred” philosophy, placing talent-development and employee-care at the strategic core. The Company has established a comprehensive “Cloud Academy” and tiered training system, continuously investing resources to cultivate versatile talents who “understand technology and excel in management”. We are particularly proud that 87.6% of our production management cadres have been promoted internally from technical worker roles – a clear testament to our commitment to providing clear career advancement paths for our employees. We place equal emphasis on both material and non-material incentives, actively promoting the corporate spirit of “One team, one passion, for life”, while embedding the five core qualities of innovation, professionalism, dedication, efficiency and integrity into daily work. To help employees balance work and life, we have continued to offer the “Huanhuan Class” childcare service, seeking to relieve employees of practical concerns. Thanks to these efforts, our employee satisfaction reached 84 points in 2025, making employees the true carriers and inheritors of Shuanghuan’s culture and values.

Empowering the Industrial Ecosystem, Building A Resilient Future with Shared Responsibility.

We extend the responsibility of sustainable development to the entire supply chain, committed to building a safe, reliable, transparent, and green industrial ecosystem. In 2025, we achieved a 100% signing rate for supplier agreements relating to “sunshine integrity”, clarifying the value baseline of cooperation. We not only hold ourselves to high standards, but also actively transmit requirements relating to green, low-carbon and compliant management to our supply chain partners, promoting collective quality improvement and collaborative decarbonisation across the value chain. This value of co-creation, bound by responsibility, driven by innovation, and aimed at win-win, enables us to respond to market changes more closely and collaboratively, enhancing the resilience and competitiveness of the overall industrial chain, thus moving forward hand in hand in a changing environment.

Upholding Sound Governance, Safeguarding Stable Operations with Compliance and Integrity.

Compliance and integrity are the fundamental safeguards for the Company’s long-term and steady development. We have always regarded standardised, transparent and honest corporate governance as our lifeline. We have established a sound governance structure and built a clearly defined ESG governance working mechanism. In daily operations, we continue to strengthen internal controls and risk management systems, embedding compliant operations and self-discipline into the very fabric of our corporate culture. We maintain a zero-tolerance approach to corruption in any form. In 2025, we achieved 100% coverage of anti-bribery training for both employees and directors.

Standing at the forefront of the global precision transmission industry, Shuanghuan fully recognises its responsibilities and mission. We are keenly aware that future competition will focus more on quality, technology, efficiency, and sustainability. We will continue to uphold our core value proposition of “Better Every Time, Always”, and firmly implement our strategic path of “rely on equipment in the short term, on R&D in the medium term, and on culture in the long term”, with “AI-empowered comprehensive innovation” as a key driver to continuously enhance our overall capabilities in technology, quality, cost, delivery and green development (TQCDG). With the release of this Sustainability Report, we will conduct a systematic review of ourselves and actively respond to the expectations of all stakeholders. In 2026, we will focus on our core precision transmission business, deepen our global presence, and strive to create value for customers, provide opportunities for employees, generate returns for shareholders, and fulfil our responsibilities to society. We are willing to work with our global partners, with the toughness of fine steel, to carve out the future precision of the modern industry within the smallest margins, and through integrated innovation, to transmit the powerful voice of Intelligent Manufacturing in China.

About Shuanghuan

Company Profile

Zhejiang Shuanghuan Driveline Co., Ltd. (Stock Code: 002472) is a leading global manufacturer of gear components, dedicated to our vision—"Drive the transition in the gear industry to be the global leader in precision drivelines". We provide high-speed, low-noise, safe, and sustainable products for global mechanical transmission systems.

Cultivate our core business with dedication, forge ahead with perseverance, and firmly pursue a diversified development strategy with one heart and one mind. For more than 40 years, the Company has been focusing on the R&D, manufacturing, and sales of gears and their components, which are the core components of mechanical transmission. Shuanghuan Driveline's management headquarters is located in Hangzhou. It oversees more than 10 subsidiaries and member companies, including Zhejiang Shuanghuan, Jiangsu Shuanghuan, Jiaxing Shuanghuan, Chongqing Shuanghuan, Dalian Huanchuang, Shuanghuan Supply Chain, Fine Intelligent Technology, Fine Motion Technology, Fundrive Technology, Jiangsu Huanou, Shuanghuan Research, Huanyi Technology, and Evoring. Shuanghuan Driveline has become a group company spanning three countries: China, Hungary, and Vietnam. Our principal application areas cover automotive transmission systems, power drive systems for new energy vehicles, transmission devices for off-road machinery (including construction and agricultural machinery), intelligent mobility transmission devices, intelligent home transmission devices, as well as drive and transmission application scenarios across multiple industries such as rail transit, wind power generation, electric tools, and robotics automation.

The Company has always upheld the core values of "Better every time, always". We will remain committed to providing outstanding solutions for global mechanical transmission systems, achieving greater impact with smaller inputs, creating excellence through precision, and using small gears to drive a big world, as we strive to move towards becoming one of the world's top 100 components enterprises.

- A Global Leader in Professional Gear Components Manufacturing
- A National Leader in NEV Gear Manufacturing
- A National Leader in Industrial Robot Reducer Manufacturing

- Operations spanning **3** countries
- **14** subsidiaries/ manufacturing bases
- Production capacity exceeding **12** billion
- Over **8,900** employees in the group
- **543** patents and software copyright, contributor to **20+** national/ industry standards

History

1980

The predecessor of Shuanghuan Driveline, Qingma Township Light Chemical and Electromechanical Plant was founded—marking the beginning of a dream where small gears drive a big world.

1999

The Company underwent collective restructuring and was renamed Zhejiang Shuanghuan Gear Co., Ltd.

2005

Subsidiary Jiangsu Shuanghuan was established.

2006

The Company completed its shareholding reform and officially became Zhejiang Shuanghuan Driveline Co., Ltd.

2010

Shuanghuan Driveline was successfully listed on the Shenzhen Stock Exchange, becoming the first gear manufacturer to go public on the A-share market.

2012

The Hangzhou management headquarters was established to enhance strategic planning and attract talent.

2013

Subsidiary Shuanghuan Supply Chain was founded.

2015

Subsidiary Jiaxing Shuanghuan was established, opening a new chapter in intelligent manufacturing.

2017

Shuanghuan acquired Chongqing Shuanghuan (the original name was Chongqing Shenjian), which opened a new chapter of southwest strategy.

2018

Dalian Huanchuang was established to create a localised supply base for customers.

2020

The subsidiary Fine Motion Technology was established, which represented that Shuanghuan had developed in-depth research and manufacturing of industrial robot reducers and contributed to the localisation of industrial robot reducers.

2021

Shuanghuan Research was established to explore cutting-edge gear technology and offer optimal solutions. In the same year, Fine Intelligent Technology was founded to facilitate digital transformation across the Company and its industry chain.

2022

Subsidiary Fundrive Technology was established, and 100% equity of SAN-TOHNO Intelligent Transmission was acquired, marking the Company's entry into the intelligent actuators. In the same year, Jiangsu Huanou was founded, advancing R&D and manufacturing of industrial gearboxes.

2023

Acquired 100% equity of SAN-TOHNO (HAI PHONG) Transmission Technology Science Company Limited in Vietnam, expanding overseas business in livelihood gears. Hungarian subsidiary Evoring was founded to reach the European market. In the same year, Huanyi Technology was established.

2024

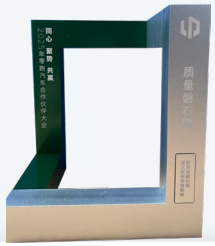
The Shuanghuan Research building was completed and put into operation. The factory of Hungarian subsidiary Evoring successfully topped out.

2025

The new plant of Hungarian subsidiary Evoring was officially delivered and is now able to provide services to a wide range of customers; Sub-subsidiary Huihuan Transmission was jointly established by Goldwind Huineng, a wholly owned subsidiary of Goldwind Technology, and Jiangsu Huanou, a controlling subsidiary of Shuanghuan Driveline, and the two parties will join hands to deepen their presence in the wind power gearbox repair sector.

ESG Honours

- First Prize of the Chongqing Science and Technology Progress Award
- Zhejiang Provincial Benchmark Enterprises for Artificial Intelligence Applications in 2025
- 2025 Zhejiang Merchants National Top 500 Enterprises
- 2025 Zhejiang Province Pilot Enterprise for the Establishment of a Chief Data Officer System
- 2025 Provincial Advanced Smart Factory*
- 2025 National Excellent-Level Smart Factory
- 2025 Top 100 Enterprises in China's Automotive Supply Chain
- National Advanced Collective of Industry and Information Technology Systen
- National Key "Little Giant" Enterprise with Specialized, Sophisticated, Distinctive and Innovative Features
- Top 30 Best Internal Control Award for Zhejiang Listed Companies




*Awarded Site: Zhejiang Shuanghuan, Jiaxing Shuanghuan

Sustainability Governance

Sustainability Strategy

Driven by our long-term development goals, Shuanghuan Driveline has systematically established a sustainability strategy framework that is highly aligned with our corporate strategy. With the vision to "Drive the transition in the gear industry to be the global leader in precision drivelines", we have, around five key areas—green circularity, unified harmony, innovation empowerment, symbiotic synergy, and scientific governance—clarified our key environmental, social and governance topics and directions for action.

vision

Drive the transition in the gear industry to be the global leader in precision drivelines

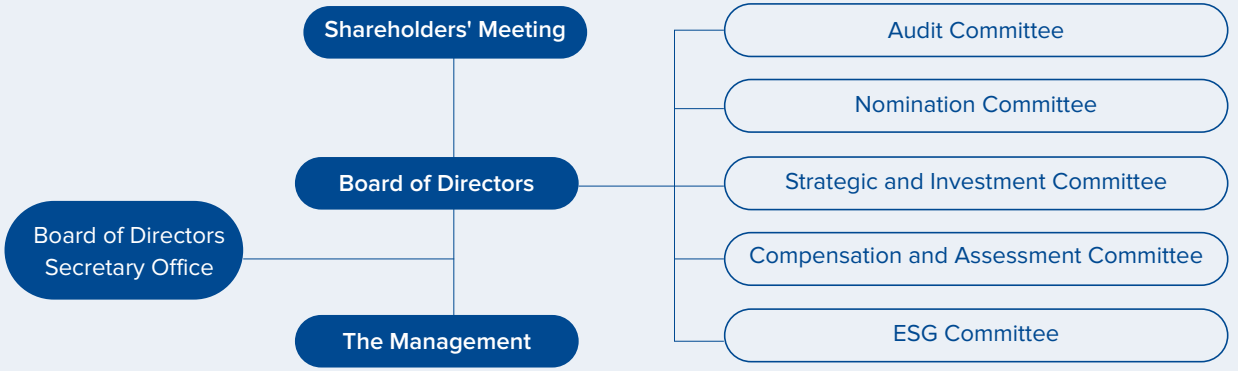
Five strategic directions

Green circularity	Unified harmony	Innovation empowerment	Symbiotic synergy	Scientific governance
Focus on green circular development, promote low-carbon production, improve energy efficiency, and establish a resource regeneration system. Corresponding topics: Climate change response, pollutant emissions, waste management, energy use, water resource utilisation, circular economy	Strengthen the occupational health and safety defence line, establish a rural empowerment mechanism, and achieve symbiotic development in which employees feel secure and rural revitalisation advances. Corresponding topics: Employees, rural revitalisation and social welfare, occupational health and safety management	Build future factories to lead the industry towards safer and more efficient development. Corresponding topics: Technological innovation, digital transformation, product and service safety and quality	Jointly build a safe and trustworthy industry ecosystem. Corresponding topics: Supply chain security and sustainability, data and information security and customer privacy protection	Establish a scientific and reasonable governance structure and risk prevention system. Corresponding topics: Stakeholder engagement, sustainability governance, Anti-corruption and anti-bribery, anti-unfair competition

Sustainability Governance Mechanism

Governance Structure

We continued to refine our corporate governance structure and remained committed to enhancing the scientific rigour, transparency, and compliance of decision-making. The Company has established a governance system comprising the Shareholders' Meeting and the Board of Directors, with clear powers and responsibilities and effective checks and balances. Among these, while the Board of Directors performs its strategic decision-making and oversight functions, it has established the Strategic and Investment Committee, the Nomination Committee, the Compensation and Assessment Committee, the Audit Committee, and the ESG Committee. Each specialised committee operates professionally around key areas such as strategic planning, risk control, internal governance, and sustainable development, working in coordination and forming a concerted force to provide strong support for the Board's sound decision-making and the Company's steady development.



2025

In 2025, Shuanghuan held four shareholders' meetings and nine Board meetings, with one ESG-related topic approved, achieving a **100%** approval rate. At the same time, we held four online investor interactive communication meetings and one offline investor interactive communication meeting.

Shuanghuan Driveline continues to refine and enhance the ESG management system. Through a clear division of responsibilities and coordinated collaboration across the decision-making, management and execution levels, with implementation cascaded at every level, we ensure that sustainable development concepts and requirements are systematically integrated into corporate strategic decision-making and day-to-day operations.

As the highest decision-making body for the Company's sustainability strategy, the Board of Directors provides overall planning and guidance for related work by establishing the ESG Committee. The ESG Committee is responsible for reviewing the Company's sustainability strategy and ESG-related policies, overseeing the progress of ESG targets and key initiatives, and incorporating environmental, social, and governance factors into the overall assessment during major decision-making processes, so as to ensure that the Company's ESG management direction aligns with relevant domestic and international standards and industry best practices.

Senior executives and functional department heads are responsible for the specific advancement and implementation of ESG strategies and policies, carrying out management and performance evaluation around material topics, and regularly reporting work progress to the Board of Directors and the ESG Committee. Through the continuous provision of ESG-related training and the establishment of internal communication mechanisms, the Company strengthens sustainability awareness among management at all levels, promotes cross-departmental collaboration, and enhances the overall execution capability of ESG management.

The Chairman's Office has established an ESG Working Group, which is responsible for organising, coordinating, and driving the specific implementation of various sustainability initiatives. It promotes business departments, production sites, and frontline employees to carry out operational activities in accordance with the Company's ESG requirements, covering areas such as green production, energy conservation and emission reduction, occupational health and safety, the circular economy, and social responsibility. Meanwhile, the Company regularly carries out ESG data monitoring and compliance reviews and leverages the digital management platform to enhance data management and execution efficiency, driving the continued deepening of ESG management from system development to refined operations.

Board Diversity and Independence

In advancing the continuous optimisation of corporate governance, Shuanghuan Driveline regards Board diversity as an important foundation for enhancing decision-making quality and long-term value creation capability, and systematically integrates relevant requirements into designing the structure of the Board of Directors and selecting its members. When selecting directors, we not only focus on the professional capabilities and industry experience required for the performance of their duties, but also take into account the gender composition and international perspectives, enhancing the judgement and inclusiveness of the Board of Directors in the face of complex topics through a multidimensional combination. At present, the Board members have formed a relatively balanced professional structure in terms of strategic decision-making, operational management, market expansion, financial and risk management, technological innovation, and sustainable development.

As of the end of the reporting period, the Company's Board of Directors comprised nine directors, including three independent directors. Independent directors, within the corporate governance system, primarily provide independent opinions and professional support in areas such as the deliberation of major matters, risk control, and the protection of the rights and interests of minority shareholders, effectively enhancing the checks and balances and transparency of the Board's operations. Meanwhile, in the course of continuously improving the Board structure, we have incorporated gender diversity into our long-term considerations. At present, the Board of Directors includes one female director. Through the dynamic optimisation of the Board's composition, the Company continuously consolidates its governance foundation, enhances its capabilities in risk prevention and the fulfilment of responsibilities, and provides an institutional safeguard for the Company's sound operations and sustainable development.

Stakeholder Engagement

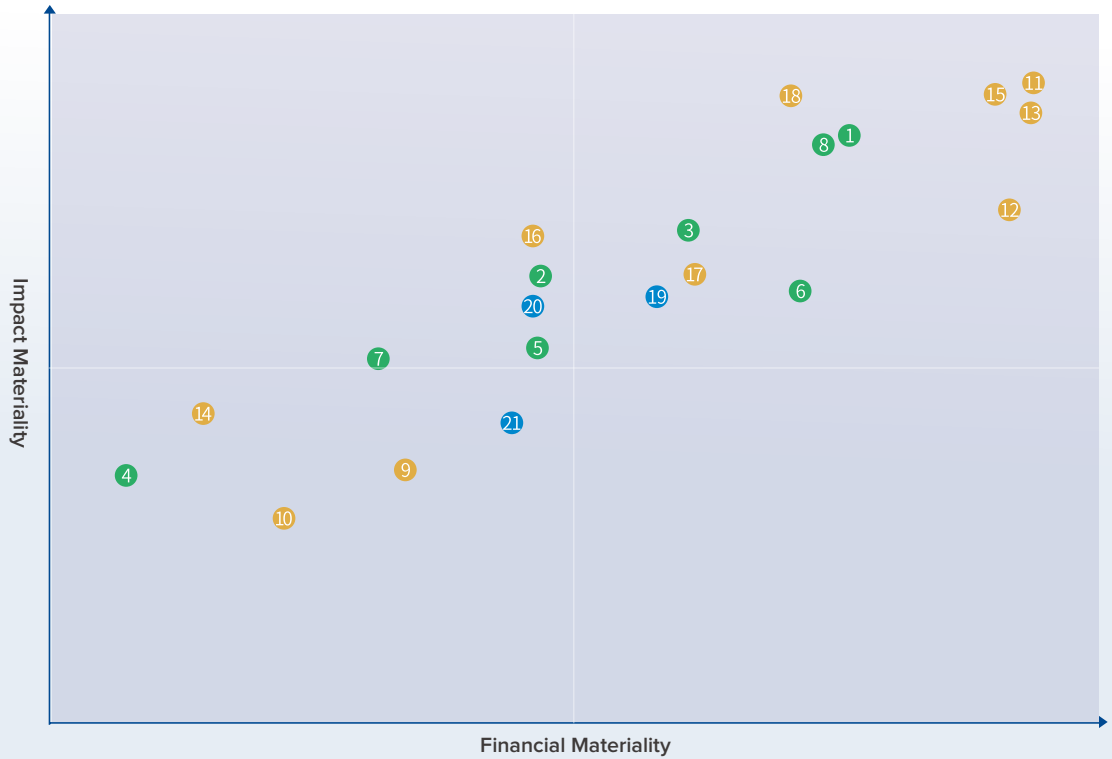
Shuanghuan Driveline has established a multi-level and transparent communication mechanism with stakeholders to ensure that stakeholders' concerns and needs are fully understood and addressed. The Company regularly engages in dialogue with stakeholders such as government/regulatory authorities, shareholders/investors, customers, employees, suppliers/distributors, communities, partners, and the media. Through various channels including shareholders' meetings, investor engagement meetings, customer satisfaction surveys, supplier conferences, and corporate social responsibility programmes, we collect feedback and optimise our operations and sustainability strategy.

Stakeholder	Governments/ Regulatory Authorities	Shareholders/ Investors	Customers	Employees	Suppliers/ Distributors	Partners	Media	Community/ Public	Industry Associations
Topics Concerned	• Product safety and quality • Occupational health and safety • Climate change response • Circular economy • Digital transformation	• Business ethics • Intellectual property management • Product safety and quality • Anti-corruption, anti-bribery, and fair competition • Smart manufacturing and innovation	• Product safety and quality • Customer communication and privacy protection • Sustainability disclosures	• Occupational health and safety • Product safety and quality • Employee rights	• Sustainable supply chain • Equal treatment of SMEs • Sustainability disclosures • Anti-corruption and anti-bribery	• Intellectual property management	• Product safety and quality • Environmental performance • Data and information security	• Product safety and quality • Employee rights • Environmental protection	• Climate change response • Technological innovation • Intelligent manufacturing • Energy conservation and emission reduction
Communication Channels	• Forums • Policy consultations • On-site inspections • Incident reporting	• Shareholders' meetings • Investor conferences • Earnings briefings • On-site inspections • Emails • Online communication	• Social media • Trade shows • Customer visits • Customer satisfaction surveys • Phone Communication	• Training and performance interviews • Phone/email/internal communication tools • Suggestion boxes • Employee activities • Engagement surveys	• Supplier conferences • Audit communications • Routine visits • Technical discussions • Phone/mail communication	• Special meetings • Phone/mail communication	• Social media • Press conferences and briefings • Interviews • Site visits	• Regular visits • Public welfare activities	• Industry seminar • Industry exhibition • Collaborative research
2025 Progress	• Organised multiple special topic symposia, strengthening communication and exchanges with relevant stakeholders • Conducted policy consultations and on-site investigations on multiple occasions to enhance demand identification and responsiveness capabilities • Paid attention to the Taizhou Meteorological Bureau's warnings and improved the emergency response mechanism for extreme weather	• Improved investor communication mechanisms continuously and held four shareholders' meetings, four online and one on-site investor exchange events, and one earnings call during the entire year	• Pushed the Company's information in official account regularly and continuously strengthened customer information reach • Participated in several domestic and international exhibitions throughout the year and organise over a hundred special customer visits • Carried out customer satisfaction surveys on a normalised basis, and continuously identified customer needs • Established an efficient response mechanism and handled over a thousand customer inquiries annually	• Continuously deepened the employee communication mechanism, carried out more than 10,000 employee communication sessions and collected 5,044 employee satisfaction surveys • Held the staff congress successfully to safeguard employees' participation in the • Company's democratic management Published a total of 12 issues of Shuanghuan Newsletter throughout the year	• Conducted regular special review and communication, organised over a hundred mutual visits, held more than ten technical symposia • Maintained over a thousand regular phone and email communications	• Held multiple special working meetings and handed over a thousand phone and email exchanges	• Posted over 100 updates on social media platforms, continuously enhancing brand communication efforts • Held multiple press conferences and industry exchange meetings • Accepted interviews from authoritative media and organised dozens of media interviews	• Actively fulfilled our social responsibilities by making a targeted donation of RMB200,000 to Shamen's education initiatives, supporting the development of local education • Carried out visits and offered condolences to disadvantaged groups in Dongqing Village, with a focus on seriously ill recipients of the minimum living allowance, elderly people living alone, persons with disabilities, and villagers who had fallen into poverty due to illness	• Sponsored the 10th "Good Design" National Innovation Design Awards Ceremony • Co-organised the 2025 industry conference of the Gear and Electric Drive Branch of the China General Machine Components Industry Association

Materiality Assessment

The Company carries out material topic management in accordance with a systematic and verifiable process, and comprehensively assesses the impact materiality and financial materiality of each topic on business activities. During the reporting period, the Company continued to pay close attention to the key concerns of internal and external stakeholders and, in conjunction with our strategic direction, operational priorities, and changes in the external environment, carried out dynamic reviews of material topics.

Based on the results of the previous year's double materiality analysis, the Company reviewed the applicability and continuity of the existing topics in light of our annual operating practices, policy changes, and matters of concern to stakeholders. Upon review, the Company's material topics for 2025 remained broadly stable and continued to effectively reflect our core management priorities in environmental, social, and governance aspects. They will also continue to serve as an important basis for ESG management and information disclosure in the current year.



Materiality Matrix

1. Climate Change Response
2. Pollutant Emissions
3. Waste Management
4. Ecosystem and Biodiversity Protection
5. Environmental Compliance Management
6. Energy Use
7. Water Resource Utilisation
8. Circular Economy
9. Rural Revitalisation
10. Welfare
11. Technological Innovation
12. Digital Transformation
13. Supply Chain Security and Sustainability
14. Equal treatment of SMEs
15. Product and Service Safety and Quality
16. Data and Information Security and Customer Privacy Protection
17. Employee Rights and Development
18. Occupational Health and Safety
19. Anti-commercial Bribery and Anti-corruption
20. Due Diligence and Risk Management
21. Anti-unfair Competition

Note: The topic of "technology ethics" is not applicable to the business scope of Shuanghuan Driveline and is therefore not listed separately.

1 Flowing with Green Circularity

Greenhouse gas emissions intensity declined for three consecutive years, a year-on-year decrease of **15%** during the reporting period.

General waste generation intensity decreased by **0.0043** tonnes/RMB10,000 industrial value added, a year-on-year decrease of **6.3%**.

Waste recycled and utilised increased by **816.36** tonnes, a year-on-year increase of **3%**.

Total water use intensity decreased by **0.05** tonnes/RMB10,000 industrial output, a year-on-year decrease of **4.2%**.

Eight training sessions were conducted on environmental compliance, with a total training of **5,801** person-hours and **11,502** participants in total.

Sector goals

Focus on green circular development, promote low-carbon production, improve energy use efficiency, and establish a resource regeneration system.

Material topics

- Climate change response
- waste management
- energy use, circular
- economy

Governance

Shuanghuan Driveline has continued to integrate environmental protection requirements throughout the entire process of operational and management activities, gradually establishing an environmental management system based on environmental compliance management and covering areas including climate governance, pollution prevention and control, recycling and reuse, improvements in resource efficiency, and ecological protection. We strictly comply with the laws, regulations, and standard requirements of China and the locations where we operate in areas including environmental protection, pollutant emissions, the prevention and control of solid waste pollution, and resource management. We continue to improve our internal environmental management policies, clarify the responsibilities and management requirements of each department, and lay an institutional foundation for subsequent environmental governance.

In September 2021, the Company has established a Carbon Neutrality and Dual Energy Control Task Force and set up a Group Carbon Emissions Office. Under the overall planning and supervision of the Board of Directors and the ESG Committee, we systematically advanced work related to climate change, energy management, and emission reduction, and promoted the orderly implementation of environmental targets at the Group level. Focusing on the group's environmental management needs, the Company assigned dedicated personnel to be responsible for greenhouse gas management, energy use, and the advancement of emission reduction. Each subsidiary appointed corresponding officers responsible for day-to-day coordination, data consolidation, and implementation of tasks, thereby establishing a top-down linkage and collaborative working mechanism that provides stable data support and execution assurance for environmental management.

ESG Committee

Study and make recommendations on the company's long-term development strategy and major investment decisions, as well as the establishment and improvement of a comprehensive risk management system.

Assist the Board in evaluating the company's ESG performance and the risks and opportunities it faces, formulate ESG-related policies, strategies, and targets, and organise the coordination, supervision, and review of ESG policy implementation and progress toward targets.

Group Carbon Emissions Office

- Oversee the Group's carbon management in line with internal and external policy developments.
- Formulate medium and long-term carbon neutrality plans as well as annual implementation strategies.

Carbon Neutrality and Dual Energy Control Task Force

- Each subsidiary has established a Carbon Neutrality and Dual Energy
- Control Task Force, responsible for organising, coordinating, and directing efforts related to carbon neutrality and energy consumption control.

Departments Responsible for Carbon Management

- In accordance with the annual carbon neutrality work plan, relevant functional departments are clearly designated.
- Department heads collaborate and coordinate efforts to jointly advance the implementation of carbon neutrality initiatives.

Responsibilities of the Carbon Neutrality and Dual Energy Control Task Force

On this basis, the Company focuses on the impact of its production and operational activities on the surrounding ecological environment, incorporates biodiversity conservation and environmental risk identification into day-to-day management, and endeavours to reduce the disruption of its production and operational activities to ecosystems. Focusing on key environmental factors in the production and manufacturing process, we continue to strengthen the management of pollutants and waste. In light of process characteristics, we implement management for the classified collection, standardised treatment, and compliant discharge of waste gas, wastewater, waste, and noise, and continue to revise and improve institutional documents such as the *Waste Gas Pollution Control Management Procedure, the Waste Pollution Control Management Procedure, and the Noise Pollution Control Management Procedure,* further enhancing our pollution prevention and control and environmental risk management and control standards. At the same time, the Company adheres to the principles of "reduction, resource utilisation, and harmlessness", embeds waste management requirements throughout the entire process of generation, storage, transfer, and disposal, and further advances circular economy management. Focusing on the circular economy principles of "Reduce, Reuse, and Recycle", multiple departments work collaboratively to integrate circular economy concepts into product design, process optimisation, scrap recovery, and equipment selection and upgrading, among other aspects.

In terms of resource utilisation, we regard energy conservation and energy efficiency improvement as important levers for achieving energy saving and carbon reduction, and for reducing costs and enhancing efficiency, thereby continuously advancing the construction of energy management systems. Shuanghuan Driveline and its subsidiaries, in accordance with the requirements of standards such as ISO 50001:2018, have established and operated an energy management system by formulating energy management policies, targets, metrics, and action plans for measures. By the end of the Reporting Period, Zhejiang Shuanghuan, Jiaxing Shuanghuan, and Jiangsu Shuanghuan, as key energy-consuming entities, had all obtained ISO 50001:2018 Energy Management System certification from a third-party organisation. The Company continues to advance the development of green factories and enhance green manufacturing capabilities, and has received the following honours:

Honours Related to Green Manufacturing at Factories

National Green Factory	Provincial-Level Green Factory	Municipal-Level Green Benchmark Enterprise
Zhejiang Shuanghuan, Chongqing Shuanghuan, Jiaxing Shuanghuan	Jiangsu Shuanghuan	Jiangsu Shuanghuan

Demonstration Enterprise for Manufacturing Transformation and Upgrading	Green Supply Chain Management Enterprise
Chongqing Shuanghuan	Zhejiang Shuanghuan

Climate Change Response

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) *Synthesis Report Climate Change 2023* points out that human activities have caused climate change, that the impacts of climate on humans and ecosystems far exceed expectations, that climate change has exacerbated existing inequalities, and that there is an urgent global need to take comprehensive and systematic climate action in all sectors and all regions simultaneously.

Strategy

In climate change response, Shuanghuan Driveline continues to focus on the integrated impacts of related actions across the economic, environmental, and social dimensions. By promoting low-carbon design, green procurement, and product durability enhancement, we reduce resource consumption and customers' costs of use; through energy efficiency management, emission reduction projects, and management optimisation, we reduce the carbon emission intensity of production operations and the value chain; and through carbon information disclosure and low-carbon practices, we promote the industry's green transformation. Based on this, we further continue to improve our climate governance capabilities in terms of monitoring, prevention, management, control, and mitigation.

Scenario analysis

Shuanghuan Driveline focuses on its own risk management framework and, in conjunction with its business characteristics and industry trends, has, since 2024, conducted scenario analysis each year based on the physical climate scenarios published by the IPCC and the transition scenarios published by the International Energy Agency (IEA), in order to identify the risks and opportunities that we may face, and disclosed the relevant information in the ESG report for that year.

Physical scenarios

The Company uses the low-emissions scenario (RCP2.6) from the IPCC Assessment Reports as a temperature-control scenario of 2°C or below, and the high-emissions scenario (RCP8.5) as a temperature control scenario above 2°C, to analyse the physical climate risks that we may face. Shuanghuan Driveline focuses on the impacts of acute and chronic risks under the high-emissions scenario.

Monitoring

Relying on the D-MOM digital manufacturing operations management platform, we continuously obtain key data such as energy use and carbon emissions, and conduct dynamic monitoring of climate-related indicators.

Prevention

We gradually introduce low-carbon, recyclable, and source reduction design concepts during the product design stage, and give priority in procurement to raw materials and components that meet environmental and low-carbon requirements, thereby reducing the product's carbon footprint across its entire lifecycle.

Management

We formulate annual energy-saving and carbon-reduction targets, and break down the relevant indicators to each production department, clarifying the division of responsibilities and assessment requirements, and promote the implementation of the targets through a continuous improvement mechanism.

Control

We continue to promote the application of energy-saving equipment and the optimisation of production processes, and reduce energy consumption per unit product and carbon emission levels.

Mitigation

We advance rooftop distributed photovoltaic projects, adopting the model of self-generation for self-consumption and feeding surplus electricity into the grid, and increase the proportion of green electricity used through measures such as purchasing green electricity certificates, thereby reducing Scope 2 greenhouse gas emissions.

Transition scenarios

The Company uses the Net Zero Emissions by 2050 Scenario (NZE) mentioned in the IEA World Energy Outlook as the temperature-control scenario of 2°C or below, and the Stated Policies Scenario (STEPS) as the temperature-control scenario above 2°C, to analyse the macro environment that we may face. For transition risks, Shuanghuan Driveline focuses on the impact on the Company of changes in external policies, the market, technology, and other factors.

Regarding the degree of impact of risks and opportunities, Shuanghuan Driveline focuses on the potential impact (financial impact) on the corporate value chain under different scenarios, and ultimately categorises the degree of impact into five levels: Very Low, Low, Medium, High, and Very High.

Scenario Analysis Model

Scenario Analysis (Physical Scenarios)		
Climate Scenario	RCP2.6（IPCC）	RCP8.5（IPCC）
Description	A scenario with very low greenhouse gas concentration, requiring CO_2 emissions should be reduced from 2020 to a net negative level by 2100.	Without government intervention, GHG emissions continue to rise throughout the 21st century, and the concentration of GHG in the atmosphere continues to increase.
Warming by 2100	RCP2.6（IPCC）	RCP8.5（IPCC）

Scenario Analysis (Transition Scenarios)		
Climate Scenario	NZE（IEA）	STEPS（IEA）
Description	A pathway where the global energy sector achieves net-zero emissions by 2050 while limiting global warming to below 1.5°C.	Countries maintain current policies and the policies they have already announced.
Warming by 2100	1.4°C (50% probability)	2.4°C (50% probability)

Time horizons

Scenario Analysis Time Horizons Segmentation

Short term (within 1-3 years)

Consolidate the foundation for energy and carbon emission data monitoring, strengthen early warnings for extreme weather and emergency management for production continuity, and ensure stable delivery.

Medium term (within 10 years)

Continuously enhance emission reduction effectiveness and the carbon emission monitoring system, Focus on intelligent manufacturing and green factory development, and increase investment in high-efficiency equipment and low-carbon processes.

Long term (To 2050)

Promote the green transformation of the industrial chain, deepen low-carbon full life cycle design, and collaborate with upstream and downstream partners to advance carbon reduction across the entire value chain, while prudently exploring the supplementary role of high-quality carbon credits in achieving carbon reduction targets.

Climate Change Response Risks and Opportunities

Risk Type		Risk Event	Value Chain Stage	Potential Impact	Financial Impact		Climate Scenario Analysis			
					Financial Category	Impact Description	Climate Scenario	Degree of Impact		
								Short-term	Mid-term	Long-term
Physical risks	Acute	Typhoon	Suppliers, logistics, direct operations	• Typhoons damage production facilities at our sites, such as plants and warehouses, affecting gear machining precision and production capacity. • Construction workers or other employees are injured, unable to commute to and from work, leading to a halt in some production machinery. • Disruption of transportation routes for raw materials and products, such as steel, causes upstream and downstream products to be undeliverable on time.	Assets (-) Revenue (-)	Increased expenditure on facility repairs, and reduced income due to capacity constraints	RCP2.6	Low	Low	Low
							RCP8.5	Low	Low	Medium
		Heat waves	Suppliers, logistics, direct operations	• Employees are prone to heatstroke or other health issues in high-temperature environments, which reduces the Company's production efficiency. • Increased cooling demand for employees at work and for equipment operation leads to higher operating costs.	Expenditure (+)	Increased energy consumption and protective investment	RCP2.6	Low	Low	Low
							RCP8.5	Low	Low	Medium
		Flood	Suppliers, logistics, direct operations	• Flood inundates production facilities, resulting in direct property losses. • Equipment shutdown leads to order delays; logistics disruptions affect supporting deliveries to vehicle manufacturers. • Government authorities suspend business production and operations, leading to a reduction in operating revenue.	Revenue (-) Assets (-)	Increased repair costs and losses from production suspension	RCP2.6	Very low	Very low	Very low
							RCP8.5	Very low	Low	Low
		Heavy rainfall	Suppliers, logistics, direct operations	• Prolonged heavy rain may cause water ingress in production plants, damaging production equipment, raw materials, and finished products. • Construction workers or other employees are injured, unable to commute to and from work, leading to a halt in some production machinery. • Equipment shutdown leads to order delays; logistics disruptions affect supporting deliveries to vehicle manufacturers.	Assets (-) Revenue (-)	Increased repair costs and losses from production suspension, reduced revenue	RCP2.6	Very low	Very low	Very low
							RCP8.5	Very low	Low	Low
	Chronic	Drought	Suppliers, direct operations	• Reduced available water and rising water prices lead to increased operating costs.	Expenditure (+)	Increased water costs	RCP2.6	Low	Low	Low
							RCP8.5	Low	Medium	Medium
		Rising temperatures	Direct operations	• Increased cooling demand for employees at work and for equipment operation leads to higher operating costs. • Employee labour costs and equipment insurance, maintenance, and repair costs increase.	Expenditure (+) Cash flow (-)	Increased energy costs	RCP2.6	Very low	Low	Low
							RCP8.5	Very low	Low	Medium
		Sea level rise	Suppliers, direct operations	• Some sites are located along the south-eastern coast at relatively low elevations, and sea level rise may force production sites to relocate.	Expenditure (+) Assets (-)	Investment in relocation or protective measures	RCP2.6	Very low	Very low	Low
							RCP8.5	Very low	Low	Medium

Risk Type	Risk Event	Value Chain Stage	Potential Impact	Financial Impact		Climate Scenario Analysis			
				Financial Category	Impact Description	Climate Scenario	Degree of Impact		
							Short-term	Mid-term	Long-term
Transition risks	Policy and legal risks	Suppliers, direct operations	• Increased greenhouse gas emission costs drive a rise in related operational inputs, including the expenses of organising greenhouse gas emission verification and product carbon footprint projects. • The EU Carbon Border Adjustment Mechanism (CBAM) may lead to increased international trade expenditure and greater trade difficulties.	Expenditure (+)	Increased carbon management costs and compliance expenditure	NZE	Very low	Low	Medium
						STEPS	Very low	Low	Medium
	Technology risks	Direct operations	• The electric drive system is upgraded towards higher rotational speeds and lower noise, increasing the pressure from technological iteration. • Enterprises increase investment in high-efficiency energy saving, clean energy use, and the circular economy, for example, the service life of high energy-consuming equipment is reduced.	Expenditure (+) Assets (-)	Increased costs for technological upgrades and equipment replacement	NZE	Medium	Medium	Low
						STEPS	Low	Low	Medium
	Market risk	Direct operations, marketing and sales	• Customers tend to procure lower-carbon products available in the market. For example, new energy vehicle companies prioritise low-carbon suppliers. If we are unable to meet customer expectations, this will lead to a decline in operating revenue.	Revenue (-)	Insufficient product competitiveness may affect orders	NZE	Low	Medium	Medium
						STEPS	Very low	Low	Medium
	Reputational risks	Marketing and sales	• Failure to meet stakeholders' expectations regarding corporate sustainability, or a lack of clear competitive advantage compared with peer enterprises, will lead to a decline in our brand image.	Revenue (-)	Insufficient green image affects confidence in capital and markets	NZE	Low	Medium	Medium
						STEPS	Very low	Low	Medium
Opportunity	Opportunities related to resource efficiency improvement	Direct operations	• Improving resource utilisation efficiency and process efficiency will bring new positive opportunities for the Company. • Strengthening the circular use of materials such as steel, and recycling packaging materials can improve resource utilisation efficiency.	Expenditure (-)	Reduced energy consumption and costs per unit of product	NZE	Medium	High	High
	Transition to clean energy	Direct operations	• Increasing the proportion of clean energy and renewable energy used in the energy mix can reduce carbon emissions on the one hand and lower energy costs on the other.	Expenditure (-)	Reduced long-term energy costs and carbon costs	NZE	Medium	High	High
	Low-carbon innovative products	Direct operations	• Develop lightweight, low-noise, highly efficient electric drive gear systems.	Revenue (+)	Expand market share in the new energy sector	NZE	Medium	High	High
	Green supply chain collaboration	Direct operations, marketing and sales	• Identify lower-carbon and more innovative solutions in the market, jointly carry out low-carbon research with upstream and downstream enterprises in the value chain, and develop new market opportunities.	Revenue (+)	Enhance international market access capabilities	NZE	Medium	High	High
	Brand and capital opportunities	Marketing and sales	• By improving corporate ESG performance and strengthening ESG-related information disclosure, help establish a more deeply rooted green brand image and enhance product competitiveness.	Revenue (+)	Enhance brand competitiveness and financing capabilities	NZE	Medium	High	High

Climate resilience improvement

Based on the results of scenario analysis, the Company has developed practical response plans for the physical risks, transition risks, and opportunities that we may face in the future, in order to enhance climate resilience in an uncertain climate change environment.

List of Climate Risks

Typhoon	• Establish a meteorological early-warning response mechanism, track extreme weather information in real time, and activate emergency response plans; • Stockpile typhoon-prevention supplies (sandbags, emergency lighting equipment, etc.), and improve personnel evacuation and equipment protection plans; • Optimise the supply chain layout, establish a diversified supplier system, and reduce single-point disruption risks.
Heat waves	• Strengthen management of high-temperature operations, provide heatstroke-prevention supplies, and carry out health monitoring; • Pay attention to weather warnings and implement high-temperature leave; • Equip backup power sources to ensure stable power supply during peak periods.
Flood	• Improve the construction of flood control facilities, stockpile flood control materials and conduct regular drills; • Optimise the supply chain structure, diversify procurement sources for key raw materials;
Heavy rainfall	• Strengthen the maintenance and upgrading of the drainage system, and regularly inspect the operating status of waterlogging prevention facilities; • Implement a diversified supply strategy to ensure continuity of logistics.
Drought	• Establish a multi-water source guarantee mechanism and plan to formulate an emergency water source plan; • Increase the proportion of recycled water use, and promote water-saving processes and facilities; • Regularly conduct water resource risk assessments.
Rising temperatures	• Optimise temperature control systems in production environments to reduce energy consumption intensity; • Strengthen employee health protection measures; • Flexibly schedule working hours to reduce the risks associated with working in high temperatures.
Sea level rise	• Continuously assess climate exposure risks at coastal sites; • Incorporate this into long-term strategic planning, and advance infrastructure reinforcement and site selection optimisation in a timely manner.
Policy and legal risks	• Dynamically track changes in domestic and international carbon policies and regulations; • Formulate and implement carbon reduction and energy-saving action plans; • Regularly assess the impacts of policy changes on production and the supply chain.
Technology risks	• Incorporate low-carbon and circularity principles into product full life cycle design; • Promote the application of lightweighting, recyclable materials, and green processes.
Market risk	• Maintain ongoing communication with key customers to understand trends in low-carbon demand; • Continuously enhance product energy efficiency and carbon performance.
Reputational risks	• Strengthen stakeholder engagement and feedback mechanisms; • Enhance the transparency and standardisation of ESG information disclosure.

List of Climate Opportunities

Resource efficiency

- Promote lean manufacturing and digital management to improve the utilisation efficiency of materials and energy;
- Increase the proportion of recycled materials used and strengthen the circular utilisation system.

Energy supply

- Deploy rooftop photovoltaics and procure green electricity to optimise the energy mix;
- Increase the proportion of renewable energy used to reduce carbon emissions per unit of product.

Innovative products

- Carry out product carbon footprint accounting, identify high-emission stages, and continuously optimise;
- Integrate ESG concepts at the design stage, promoting lightweighting and recyclable design;
- Increase R&D investment in new technologies, new processes, and new materials.

Market Reputation

- Collaborate with upstream and downstream partners to develop low-carbon solutions, and expand new energy and green markets.
- Actively participate in industry and international ESG exchange activities;
- Strengthen responsible marketing, and leverage third-party certification to enhance credibility.

Risk Management

Shuanghuan Driveline strictly manages climate change risks in accordance with the responsibilities, methods, and processes stipulated in the Company's management system, and has established comprehensive processes for climate change risk identification, risk assessment, and risk response.

Identification

In accordance with national policies and regulations and listing rules, the Company organises relevant departments at Zhejiang Shuanghuan and in subsidiaries and associates each year to identify potential climate change risks that may be encountered in light of their own operating conditions.

Assessment

The Company adopts a qualitative analysis method to assess the likelihood of risk occurrence and the degree of impact, and ranks risk materiality based on the assessment results.

Response

The Company continuously enhances the climate response capabilities of the relevant departments and participates in related training courses on greenhouse gas emissions accounting, climate change, and other topics. In response to key risk matters, the Company arranges dedicated personnel to follow up and respond in conjunction with specific projects or management tasks.

Monitoring

Shuanghuan regularly monitors progress on climate risks and opportunities, and reports to the Board of Directors at least once a year.

Carbon Emissions Reduction Management

Shuanghuan Driveline has consistently regarded the national dual carbon goals as an important part of our corporate strategy and has systematically developed and published the *Shuanghuan Driveline Carbon Neutrality Action Plan* to coordinate and advance carbon emission reduction efforts through top-level design. The Company, taking into account our carbon emissions profile and business development plan, comprehensively considers internal and external factors such as expected future growth in operations, our potential for energy conservation and consumption reduction, carbon emission trends in key raw material industries such as steel, and national policies on energy structure transition. On this basis, we have developed a clear and actionable carbon neutrality roadmap, specifying three key phased targets for 2030, 2040, and 2050. We will progressively promote a transformation pathway from "peak stabilisation" to "deep emission reduction", and then "towards neutrality", ensuring that carbon reduction measures are implemented in phases and in an orderly and well-paced manner.

Metrics and Targets

Target setting

Shuanghuan Driveline has established the overarching targets of reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2050. On this basis, we have formulated near-term, medium-term, and long-term carbon reduction targets:

Near-term

With 2023 as the base year, reduce energy consumption intensity by **5**% each year, reduce carbon emission intensity by **8.5**%, and reduce carbon emission intensity by **46**% by 2030;

Mid-term

By 2040, reduce our operational carbon emissions by **30**%;

Long-term

By 2050, achieve carbon neutrality in our own operations.

Metrics management

Shuanghuan Driveline continued to track carbon reduction performance, and we account for greenhouse gas emissions in accordance with ISO14064-1:2018.

Shuanghuan Driveline Greenhouse Gas Emissions

Metrics	2023	2024	2025
Total GHG Emissions (Scope 1 + 2) (tonnes CO_2e)	295,460.24	263,841.62	258,240.13
Scope 1 – Direct GHG Emissions (tonnes CO_2e)	20,864.45	15,834.85	16,235.26
Scope 2 – Indirect GHG Emissions (tonnes CO_2e)	274,595.79	248,006.76	242,004.87
Carbon Emission Intensity (tonnes CO_2e/RMB10,000 industrial output)	0.39	0.29	0.28
Carbon Emission Intensity (tonnes CO_2e/RMB10,000 industrial value added)	1.01	0.74	0.63

Note: 1. The greenhouse gases included in the calculation are: CO_2 (carbon dioxide), CH_4 (methane), N_2O (nitrous oxide), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF_6 (sulphur hexafluoride), and NF_3 (nitrogen trifluoride).

2.The scope of GHG emissions covers nine sites: the group headquarters, Zhejiang Shuanghuan, Fine Motion Technology, Dalian Huanchuang, Fundrive Technology, Jiaxing Shuanghuan, Jiangsu Huanou, Jiangsu Shuanghuan, and Chongqing Shuanghuan.

3. The electricity emission factor for 2023 is based on the 2012 China Regional Power Grid Average CO_2 Emission Factor for the East China region: 0.7035 $kgCO_2$/kWh. For 2024, the factor is based on the 2022 National Power CO_2 Emission Factor: 0.5366 $kgCO_2$/kWh. For 2025, the factor is based on the 2023 Regional Power Average CO_2 Emission Factor.

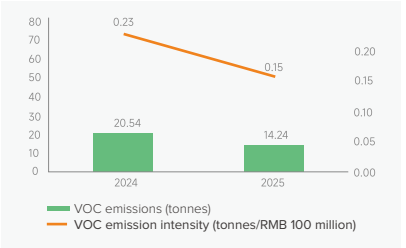
4. The consolidation method used for GHG accounting is the operational control approach.

Pollutant Emissions

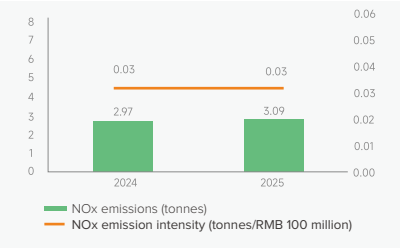
Target Review

Metrics	2025 Target	Completion Status	Notes
VOC_s	Decrease by 3% year-on-year	✓	/
NO_x	Decrease by 3% year-on-year	Not completed	Adjustment to the calculation basis
PM	Decrease by 3% year-on-year	✓	/
COD	Decrease by 3% year-on-year	✓	/
NH_3-N	Decrease by 3% year-on-year	✓	/

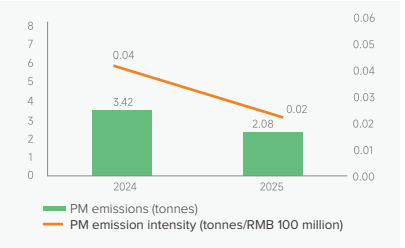
Note. The scope of waste gas pollutant emissions covers nine sites: the group headquarters, Zhejiang Shuanghuan, Fine Motion Technology, Dalian Huanchuang, Fundrive Technology, Jiaxing Shuanghuan, Jiangsu Huanou, Jiangsu Shuanghuan, and Chongqing Shuanghuan.



VOCs Emissions



NOx Emissions



PM Emissions

Waste Gas Emissions Management

In terms of waste gas management, Shuanghuan Driveline continues to improve its classified treatment and process control mechanisms for pollutants such as combustion waste gases, oil mist, organic waste gases, and particulate matter generated in processes including heat treatment, quenching, cleaning, shot blasting, and welding. In accordance with requirements, the Company conducts regular monitoring of major pollutants such as VOCs, NOx, and particulate matter to ensure that emissions comply with national and local standards. In response to different types of waste gas, we have established supporting treatment facilities such as combustion treatment, spray scrubbing and dust removal, oil mist purification, electrostatic deoiling, and ventilation and exhaust systems. Emissions are discharged in an organised manner through a properly designed exhaust system. We also strengthen equipment maintenance and process control to reduce the risk of fugitive emissions.

Shuanghuan Driveline Emissions of Waste Gas Pollutants

Metrics	Unit	2024 Emissions	2025 Emissions	2025Permitted Emissions	2026 Emissions Target
VOCs	tonnes	20.54	14.24	35.09	A 5% decrease compared with 2024
NOx	tonnes	2.97	3.09	6.92	A 5% decrease compared with 2024
PM	tonnes	3.42	2.08	22.86	A 5% decrease compared with 2024
SOx	tonnes	/	0	0.046	/

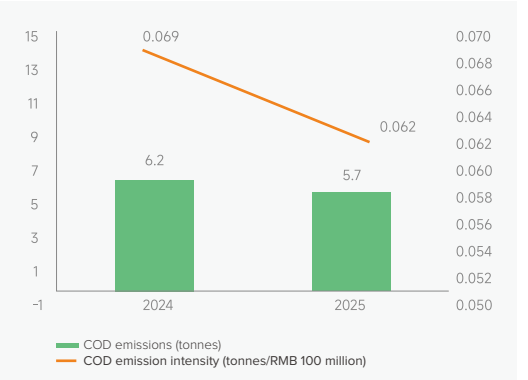
Case Waste Gas Combustion Waste Heat Recovery

Shuanghuan Driveline actively practises the concept of green production by installing high-efficiency waste gas treatment equipment at the waste gas discharge outlets of its core production workshops, enhancing waste gas treatment capabilities through processes such as activated carbon adsorption and catalytic combustion. Meanwhile, we construct supporting waste heat recovery systems to reuse high-temperature thermal energy in the waste gas for the parts cleaning process, replacing part of traditional electric heating methods and improving energy utilisation efficiency.

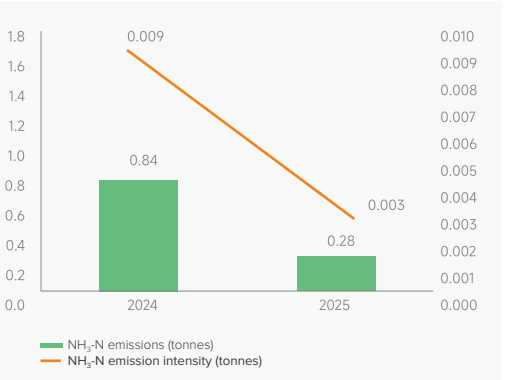
Wastewater Discharge Management

In terms of wastewater discharge management, Shuanghuan Driveline, taking into account the characteristics of production and domestic water use, implements classified collection and standardised treatment for various types of waste water. Production wastewater is treated through supporting wastewater treatment facilities to meet the standards for discharge into the sewer network, and is connected to the municipal pipeline network; oily wastewater from the canteen is treated through an oil interceptor or oil separation facilities before being discharged into the domestic sewage system; domestic sewage is pre-treated through septic tanks to meet the standards for connection to the sewer network and is connected to the network in a unified manner. It is ultimately treated centrally by the wastewater treatment plant and discharged in compliance with standards, effectively reducing the impact of wastewater discharges on the surrounding environment.

On this basis, the Company carries out routine monitoring of wastewater pollutants as required. The main monitoring indicators include COD, NH_3-N, etc., and the monitoring frequency is at least once a year. On-site sampling is adopted, and testing and evaluation are conducted in accordance with relevant national standards to ensure that wastewater discharges continue to comply with regulatory requirements.



COD Emissions



NH_3-N Emissions

Shuanghuan Driveline Emissions of Wastewater Pollutants

Metrics	Unit	2024 Emissions	2025 Emissions	2025 Permitted Emissions	2026 Emissions Target
COD	tonnes	6.20	5.70	11.29	A 5% decrease compared with 2024
NH_3-N	tonnes	0.84	0.28	2.36	A 5% decrease compared with 2024
Total Phosphorus	tonnes	/	0.007	/	/

Note. The scope of wastewater pollutant emissions covers nine sites: the group headquarters, Zhejiang Shuanghuan, Fine Motion Technology, Dalian Huanchuang, Fundrive Technology, Jiaxing Shuanghuan, Jiangsu Huanou, Jiangsu Shuanghuan, and Chongqing Shuanghuan.

Noise Management

In terms of noise management, Shuanghuan Driveline has established and implemented a noise pollution prevention and control management system, systematically identifying the main noise sources in production and operations, and controlling noise levels by procuring low-noise equipment and adopting isolation and vibration-damping measures for high-noise equipment. We carry out noise management in accordance with the requirements of the *Emission Standard for Industrial Enterprises Noise at Boundary* and engage a third-party organisation to conduct monitoring, with the results complying with the relevant standards.

Case Washer Noise Modification

In 2025, Shuanghuan Driveline implemented a dedicated noise-optimisation modification for the washer. By installing sound-insulation enclosures, optimising air pressure and intake airflow control, and upgrading key components, we systematically reduced equipment operating noise. To address issues with the original nozzles, such as excessive flow rate, insufficient pressure resistance, and susceptibility to bursting, we replaced them with dedicated low-noise nozzles with stronger pressure-resistance performance. We also optimised nozzle angles for different workpieces, effectively reducing equipment operating noise while meeting drying requirements. After testing, the noise around the remodelled equipment is controlled below 85 decibels.

Information on Shuanghuan Driveline Entities Subject to Mandatory Environmental Information Disclosure in Accordance with the Law

No.	Enterprise Name	Category of Key Units	Query Index
1	Zhejiang Shuanghuan Driveline Co., Ltd. – Yuhuan Base	Key water environment polluters, key air environment polluters, and environmental risk control units in Taizhou City	Publicly available websites*
2	Shuanghuan Gear (Jiaxing) Precision Manufacturing Co., Ltd.	Environmental risk control and management in Jiaxing	Publicly available websites*

* https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search

Waste Management

Target Review

Metrics	2025 Target	Completion Status	Notes
General waste generation intensity	Decrease by 3% year-on-year	✓	/
Hazardous waste generation intensity	Decrease by 3% year-on-year	Not completed	Some sites carried out systematic desilting and facility maintenance during the reporting period, resulting in a temporary increase in the amount of hazardous waste generated during the period.

Note. The scope of waste gas pollutant emissions covers nine sites: the group headquarters, Zhejiang Shuanghuan, Fine Motion Technology, Dalian Huanchuang, Fundrive Technology, Jiaxing Shuanghuan, Jiangsu Huanou, Jiangsu Shuanghuan, and Chongqing Shuanghuan.

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Tightened regulation of solid waste and hazardous waste	Risk	Gear manufacturing involves multiple types of waste, including cutting fluids and waste oil. If waste classification, storage, transfer, or disposal management is inadequate, this may trigger compliance penalties and rectification-related production suspension, and increase disposal and management costs.	Medium term(3-10 years)
Rising requirements for green manufacturing and waste management	Risk	Downstream customers have become more concerned about waste reduction, resource utilisation, and environmental compliance performance in the manufacturing process. If governance capabilities are insufficient, this may affect customer audits, project access, and brand image.	Medium term(3-10 years)
Improved operational efficiency due to waste reduction and resource recovery	Opportunity	By reducing hazardous waste generation, increasing the recycling and utilisation rate of waste oil and waste materials, and optimising the use of packaging materials, we can help lower disposal costs and raw material consumption, and improve manufacturing efficiency.	Medium term(3-10 years)
Enhanced green manufacturing competitiveness due to circular utilisation capabilities	Opportunity	Promoting the resource utilisation of grinding oil, waste mineral oil, metal scrap, and other materials helps improve resource utilisation efficiency and strengthen the Company's competitive advantages in green manufacturing and low-carbon supply chains.	Medium term(3-10 years)

Impact, Risk, and Opportunity Management

Focusing on the objective of developing a "Zero-Waste Factory", Shuanghuan Driveline continues to optimise waste management in three aspects: source reduction, resource utilisation, and compliant disposal. By selecting raw and auxiliary materials with low hazard and toxicity, optimising process and equipment configurations, and advancing technological transformation, we reduce the generation of waste, particularly hazardous waste. For general industrial solid waste, the Company strengthens scrap recycling, the use of recycled materials, and the circular use of packaging materials, while also promoting paperless office practices and reducing the use of disposable items. For hazardous waste, we implement classification and labelling, inventory registers, standardised storage, and transfer and disposal in accordance with the law, and actively explore pathways for the circular utilisation of recyclable hazardous waste.

Case

Resource Utilisation of Waste Quenching Oil from Heat Treatment

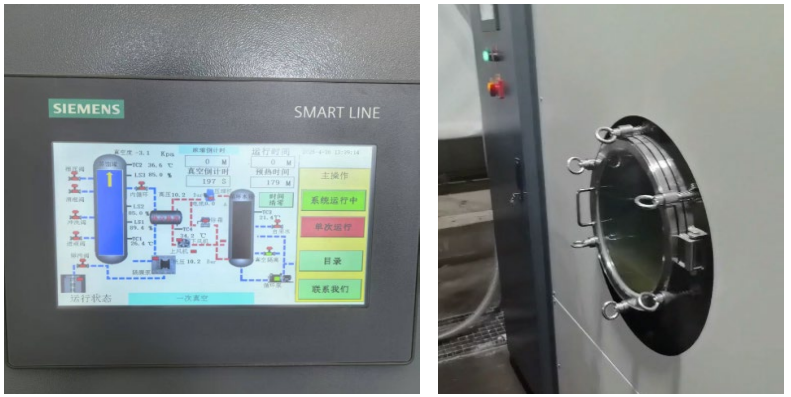
In 2025, Shuanghuan Driveline optimised its management approach for waste quenching oil generated in the heat-treatment process by setting up dedicated oil tanks in the heat-treatment area for centralised collection and classified management of waste oil, preventing it from entering the wastewater treatment system and increasing the treatment load. The collected waste oil was transferred to the dedicated oil tanks via a sealed method and was regularly entrusted to qualified entities for recycling, and ultimately handed over to professional enterprises for resource utilisation.

Dedicated Oil Tank for Heat Treatment

Case Reduction of Waste Cutting Fluid

The Company purchased an oil sludge separator and low-temperature evaporation concentration equipment to implement resource utilisation of waste cutting fluid. The waste cutting fluid first passed through filtration and a de-oiling system to remove particulates and floating oil. The floating oil was handled in accordance with the management requirements for hazardous waste. The remaining liquid was separated through evaporation into concentrated cutting fluid and wastewater, of which the wastewater was treated at the wastewater treatment station, while the waste concentrated cutting fluid was entrusted to external parties for disposal. The amount of hazardous waste disposed of decreased to one-tenth of that in 2024. This project can reduce the generation of hazardous waste by 740 tonnes per year, recover and utilise 84 tonnes of waste mineral oil, and save approximately RMB1.40 million in costs annually.

To ensure compliance and effectiveness in management, the Company regularly conducts internal inspections on waste management, and strengthens the management of relevant disposal service providers. We assess and supervise parties involved in hazardous waste disposal, and leverage information systems to strengthen the management of key data, such as hazardous waste inbound and outbound storage, weighing, and transfer, thereby enhancing the transparency and traceability of waste management. During the reporting period, the coverage rate of assessments of hazardous waste disposal related parties reached 100%. The Company will take Zhejiang Shuanghuan (a Zhejiang Province "Zero-Waste Factory") as a model and continue to promote the replication and roll-out of "Zero-Waste Factory" development experience across all production sites, continuously enhancing the level of refined waste management.



Oil Sludge Separator and Low-Temperature Evaporation Concentration Equipment

Metrics and Targets

Shuanghuan Driveline Waste Discharge

Metrics	Unit	2024 Progress	2025 Progress	2026 Target
Total amount of hazardous waste	tonnes	3,470.81	4,187.36	/
Hazardous waste generation intensity	tonnes/RMB10,000 output value	0.0039	0.0045	/
Hazardous waste generation intensity	tonnes/RMB10,000 industrial value added	0.0098	0.010	A 5% decrease compared with 2024
Total general waste	tonnes	24,393.67	26,558.51	/
General waste generation intensity	tonnes/RMB10,000 output value	0.0271	0.0289	/
General waste generation intensity	tonnes/RMB10,000 industrial value added	0.0687	0.0644	A 5% decrease compared with 2024

Note. The scope of waste discharge covers nine sites: the group headquarters, Zhejiang Shuanghuan, Fine Motion Technology, Dalian Huanchuang, Fundrive Technology, Jiaxing Shuanghuan, Jiangsu Huanou, Jiangsu Shuanghuan, and Chongqing Shuanghuan.

Ecosystem and Biodiversity Protection

Biodiversity is an important foundation for maintaining ecosystem stability and sustainability. In the course of production and operations, Shuanghuan Driveline coordinates and takes into account ecological protection requirements, continuously advances management measures related to biodiversity conservation, and is committed to reducing the potential impacts of operational activities on the ecological environment. We strictly comply with relevant laws and regulations such as the *Environmental Impact Assessment Law of the People's Republic of China*. In the site selection, construction, and operation of new projects, we implement requirements for biodiversity conservation and land use assessment, ensuring that project site selection avoided ecological protection redlines and ecologically sensitive areas. Meanwhile, the Company strengthens the monitoring and management of pollutant emissions, including waste gas and wastewater, at each production base, to prevent adverse impacts on natural ecosystems. In our daily operations, we focus on avoiding disturbance to wildlife habitats, reducing soil erosion and ecological damage, and proactively pay attention to actions related to biodiversity conservation. In the future, the Company will, in light of the characteristics of our business, explore coordinated cooperation with local environmental protection authorities and relevant institutions, and continue to enhance our ecological protection and biodiversity management standards.

Environmental Compliance Management

Shuanghuan Driveline attaches great importance to environmental compliance management, strictly complies with relevant national laws and regulations on ecological and environmental protection, as well as standard requirements for pollutant emissions, hazardous waste storage, noise control, etc., and continuously improves the full-process environmental compliance management system. The Company has formulated internal standards such as the Environmental Protection Management System, and revised documents including the EHS Assessment Management Measures and the Emergency Response Plan for Environmental Incidents in 2025, adding the Emergency Response Plan for Radiation Incidents to further strengthen the identification of environmental risks and the implementation of responsibilities.

During the reporting period

The Company conducted eight environmental compliance-themed training sessions, with total training of **5,801** person-hours and **11,502** participants. Two companies of Shuanghuan Driveline and its major subsidiaries were included in the list of enterprises required by law to disclose environmental information.

By the end of the reporting period, ISO 14001:2015 Environmental Management System certification had covered all production sites of the Company that were officially in operation. During the reporting period, Shuanghuan Driveline did not experience any major environmental incidents or major administrative penalties.

Energy Use

Target Review

Metrics	2025 Target	Completion Status	Notes
Overall energy consumption intensity (calorific value equivalent) (tce/RMB10,000 industrial value added)	0.42	✓	/

战略

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Intensified energy price volatility	Risk	Gear manufacturing involves certain high energy-consuming processes. Increases in the prices of electricity, natural gas, and other energy sources will directly drive up manufacturing costs, affecting product profitability and price competitiveness.	Short term (1-3 years)
Continuously tightened energy-saving and carbon reduction policies	Risk	National and local authorities continue to advance dual controls on energy consumption, energy conservation and carbon reduction, and the management of key energy-consuming entities. If improvements in energy use efficiency are insufficient, this may increase compliance pressure, retrofit investment, and operating costs.	Medium term(3-10 years)
Improved energy efficiency due to the construction of energy management systems	Opportunity	Through the continuous operation of the energy management system, and the optimisation of energy consumption monitoring and key process controls, we can reduce energy consumption per unit of product and enhance manufacturing efficiency and cost control capabilities.	Medium term(3-10 years)
Scope for cost reduction and efficiency gains due to energy-saving retrofits	Opportunity	Through equipment upgrades, waste heat recovery, and process optimisation, we can reduce the consumption of electricity, gas, heat, and other forms of energy, cut operating costs, and enhance resource utilisation efficiency.	Medium term(3-10 years)

Impact, Risk, and Opportunity Management

Digitalisation for energy conservation and efficiency enhancement

Shuanghuan Driveline, supported by technologies such as the Industrial Internet and 5G and with energy efficiency management as a key application focus, has gradually developed a set of digital management methods suited to our own development. Shuanghuan Driveline's digital ecosystem adopts a "1+5+1" top-level design model:

1 An intelligent corporate brain;

5 Five major platforms for digital design, intelligent production, safe control, digital management, and green manufacturing;

1 A Future Factory integrating R&D, manufacturing, quality control, sales, logistics, and customer service, established through internal and external collaboration across the industry chain;

To advance the digital, lean, and automated transformation, Shuanghuan Driveline continues to improve its energy digital management capabilities. The Company has independently developed the D-MOM digital manufacturing operations management platform, which integrates 12+N functional modules such as energy consumption and carbon neutrality management, and is capable of real-time collection, modular monitoring, and intelligent analysis of energy consumption and variables related to major energy-using equipment. Meanwhile, Evoring has applied the WAGO Building Energy Management and Monitoring System in line with project realities to achieve real-time monitoring, data analysis, and remote control of workshop energy consumption, further enhancing the digitalisation and refinement of energy management.

D-MOM Digital Manufacturing Operations Management Platform

WAGO Building Management Energy Management and Monitoring System

Promotion of a low-carbon transformation in energy use

Electrification of end-use energy

Through the electrification retrofit of workshop production equipment and transport vehicles, we increase the proportion of electrified terminal energy-using equipment and reduce reliance on fossil fuels.

Clean and low-carbon transformation of energy

We give priority to using high-quality, efficient, green, clean, low-carbon energy such as natural gas. In fossil-fuel energy-consuming equipment, energy consumption from natural gas accounts for over 95%.

Diversification and greening of energy use

By constructing distributed photovoltaic projects on building rooftops and carports, and implementing measures such as electrochemical energy storage systems, we increase the use of green electricity. Additionally, we develop corresponding green electricity procurement strategies and targets to increase the proportion of renewable energy consumption. Through the development and operation of integrated systems such as distributed photovoltaic power generation, waste heat recovery and utilisation, and smart energy management and control, we promote efficient and complementary utilisation of multiple energy sources. At present, the Company has implemented photovoltaic power applications. In the future, we will further increase the proportion of green electricity procured and used, such as wind power and hydropower, and progressively build a diversified and complementary green electricity utilisation system.

Case Distributed Photovoltaic Systems

Shuanghuan Driveline built distributed rooftop photovoltaic power generation projects across multiple sites, with a cumulative installed capacity of 28.148 MWp. During the reporting period, Zhejiang Shuanghuan fully utilised locations such as building rooftops and carport roofs to expand a 3.62 MWp distributed photovoltaic power generation system.

Building Rooftop Photovoltaic Photo

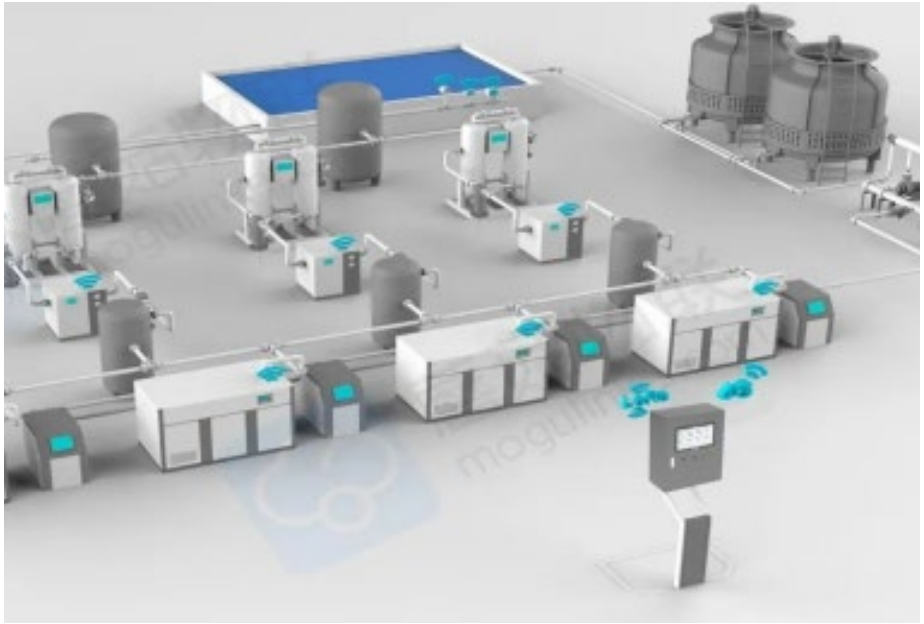
Carport Rooftop Photovoltaic Photo

Energy-saving technical transformation measures

The Company implements a series of energy-saving technical transformation measures across its sites, including equipment and facility upgrades, recycling and reuse of energy and resources, optimisation of production processes, and substitution with renewable energy sources.

Case An Intelligent Centralised Air Supply System Based on Improved Energy Efficiency of Air Compressors

During the reporting period, the intelligent centralised air supply system for improving the energy efficiency of air compressors, jointly developed by Zhejiang Shuanghuan and State Grid (Taizhou) Integrated Energy Company, successfully passed acceptance and was awarded by the Ministry of Industry and Information Technology National Typical Cases of Power Demand-Side Management in the Industrial Sector (2025). This case adopted a comprehensive strategy of "equipment energy-saving retrofitting + intelligent system operation and maintenance", adding centrifugal units, variable-frequency screw air compressors and intelligent air-compressor control devices, and removing inefficient air-compressor units. Following the retrofit, the overall energy consumption of the compressed air system was expected to decrease by approximately 30%, with annual electricity savings exceeding 4.60 million kWh.



Rendering of the Centralised Air Supply Effect for Air Compressors Supplementary

Case Preparing Hot Water Through Flue-Gas Waste Heat Recovery

Zhejiang Shuanghuan recovered flue-gas waste heat discharged by 10 natural-gas multi-purpose furnaces in the heat treatment workshop by installing heat exchangers. Jiaxing Shuanghuan recovered waste heat from the combustion exhaust gas of four continuous lines by installing heat exchangers. Jiangsu Shuanghuan recovered waste heat from the combustion exhaust gas of heat treatment furnaces by installing heat exchangers. The above waste heat was all used to prepare hot water for cleaning machines, reducing the electricity consumption for electric heating of hot water for the cleaning machines, with annual electricity savings of approximately 890,000 kWh.

Shuanghuan Headquarters

Jiangsu Shuanghuan

Jiaxing Shuanghuan

Shuanghuan Driveline 2025 Energy Conservation and Emission Reduction Projects (based on incomplete statistics)

No.	Project Category	Project Name	Project Content	Annual Energy Savings/Total Reduction in Pollution Emissions	Reduction of GHG Emissions(tonnes CO_2e)
1	Production process optimisation	Agitator retrofits in the quenching area of multi-purpose furnaces	• Shut down two oil agitators for each multi-purpose furnace, while reduced the other two agitators.	• Annual electricity cost savings of RMB546,000	133
2	Production process optimisation	Improved efficiency and reduced equipment investment	• Modified fixture rack and adjusted the workpiece placement method • Increased in the charging temperature to reduce the cycle time	• Reduced electricity consumption by 2.4 million kWh per year • Reduced chemical carburising agent costs by RMB240,000 per year	1,273
3	Production process optimisation	Heat treatment process optimisation and consolidation	• Increased the temperature and carbon potential to reduce and consolidate the process cycle period	• Consumption reduced by 5%	11.6
4	Equipment and installation upgrades	On-site capacitor compensation for the normalising line of the Precision Forging Branch Plant	• Installed an on-site compensation capacitor cabinet on the normalising line to reduce line losses	• Approximately 28,000 kWh saved in total each month	15
5	Equipment and installation upgrades	Added dehumidifiers to the CMM and gear inspection instrument	/	• Estimated reduction in carbon emissions generated by 60,000 kWh of electricity	32
6	Equipment and installation upgrades	Added dehumidification equipment to the gear inspection instrument constant-temperature room	/	• Estimated reduction in carbon emissions generated by 60,000 kWh of electricity	32
7	Energy management enhancement	Hobbing machine air-blowing cut-off modification	• Added an automatic air shut-off function to the programme, so that when the equipment had no operation for 15 minutes, the air supply was automatically cut off	• 154,700 m^3 of compressed air saved annually, reducing costs by RMB15,000.	/

Metrics and Targets

Energy use situation

Shuanghuan Driveline Energy Use Metrics

Metrics	Unit	2023	2024	2025
Comprehensive energy consumption (equivalent value)	tce	52,431.90	61,096.14	71,262.87
Of which: Direct energy consumption	tce	3,877.98	4,293.99	9,232.77
Indirect energy consumption	tce	48,553.92	56,802.15	62,030.10
Comprehensive energy consumption (calorific value equivalent)	tce	126,867.00	155,889.63	196,543.94
Natural gas	10,000 Nm^3	297.91	334.57	379.27
Gasoline	t	62.21	36.96	26.56
Diesel	t	114.77	121.40	138.78
State grid electricity	MWh	395,068.54	462,181.82	430,720.10
Renewable electricity	MWh	9,589.47	6,649.81	109,687.86
Comprehensive energy consumption intensity (equivalent value)	tce/RMB10,000 industrial output	0.07	0.07	0.08
	tce/RMB10,000 industrial value added	0.18	0.17	0.17
Comprehensive energy consumption intensity (calorific value equivalent)	tce/RMB10,000 industrial output	0.17	0.17	0.21
	tce/RMB10,000 industrial value added	0.43	0.44	0.48

Note: In order to further enhance the consistency and comparability of the data statistical calibre, we recalculated the comprehensive energy consumption data for 2025 in accordance with GB/T 2589—*2020 General Rules for Calculation of the Comprehensive Energy Consumption*. Compared with 2024, the main adjustment to the statistical calibre for 2025 was the inclusion of renewable electricity consumption within the scope of comprehensive energy consumption calculations. As a result, there are differences in the statistical calibre of the comprehensive energy consumption and related intensity metrics for 2025 compared with data from previous years. Please take note when using these data.

Clean energy usage status

Shuanghuan Driveline's energy consumption is mainly electricity and natural gas, of which electricity accounts for approximately 93% of total energy consumption. At present, we are gradually reducing fossil energy consumption through electrification of end-use energy, increasing the proportion of green electricity used, and optimising our energy mix.

Energy consumption indicators for Shuanghuan

Disclosure Item	Unit	Data	Standard coal equivalent data(tce)	Proportion of clean energy(%)
Clean energy consumption	tce	13,480.64	13,480.64	18.9
Of which: Solar energy	MWh	109,687.86*	13,480.64	18.9

Note: Equivalent to a reduction of 58,200 tonnes of CO_2 emissions.

Water Resource Utilisation

Target Review

Metrics	2025 Target	Completion Status	Notes
Total water use intensity (tonnes/RMB10,000 output value)	Decrease by 10% year-on-year	Not completed	Due to temperature fluctuations and other stage-specific factors, water use intensity did not achieve the expected reduction target. The Company will continue to improve its water management mechanisms going forward.

Note. The scope of waste gas pollutant emissions covers nine sites: the group headquarters, Zhejiang Shuanghuan, Fine Motion Technology, Dalian Huanchuang, Fundrive Technology, Jiaxing Shuanghuan, Jiangsu Huanou, Jiangsu Shuanghuan, and Chongqing Shuanghuan.

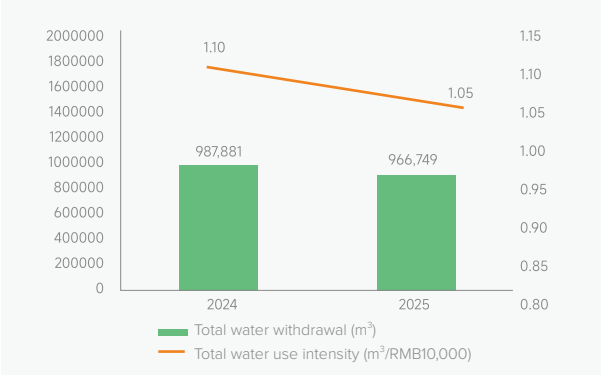
Shuanghuan Driveline applies WRI's Aqueduct water risk tool to conduct annual water risk assessments for nine production sites, identifying related risks including water quantity, water quality, regulatory and reputational risks, and, based on the results, implements tiered and differentiated management. The Company strictly complies with relevant laws and regulations on water resources management and water pollution prevention, and has established the Energy and Water Conservation Management Measures, integrating water-saving requirements into the entire process of production, operation, office, and life. For sites with different risk levels, we adopt measures such as water-saving target management, separation of rainwater and sewage, wastewater reuse, rainwater harvesting, and the development of water-efficient factories, continuously improving water-use efficiency and the level of refined management. At the same time, we continuously promote company-wide water conservation initiatives through process optimisation, recycling and reuse, replacement of water-saving devices, and water conservation awareness-raising.

Case Jiaxing Shuanghuan Wastewater Recycling and Reuse

In 2025, Jiaxing Shuanghuan carried out a wastewater recycling and reuse retrofit by installing supporting external water storage tanks and building a dedicated reuse pipeline network. Reclaimed water that met the treatment standards replaced part of the tap water and was used for toilet flushing in washrooms and cleaning operations in the container-washing room. Following the retrofit, cascade utilisation of water resources was achieved, significantly reducing freshwater withdrawals, with estimated annual water savings of approximately 10,950 tonnes.

Jiaxing Shuanghuan Wastewater Recycling Equipment

As of the end of the reporting period, Shuanghuan Driveline's water resource utilisation metrics and water-saving targets are shown in the table below.



Shuanghuan Water Resource Utilisation

Note: Total water consumption = total water withdrawal - total water discharge. Total water use intensity = total water withdrawal/RMB10,000 output value or total water withdrawal/RMB10,000 industrial output. To further standardise the metric name and improve disclosure accuracy, we have corrected "total water consumption intensity" in the 2024 ESG Report to "total water use intensity".

Water Use Metrics and Water-saving Targets

Metrics	Unit	2025 Progress	2026 Target
Total water withdrawal	m^3	966,749	/
Total water consumption	m^3	399,359	/
Total water discharge	m^3	567,390	/
Total water use intensity	m^3/RMB10,000 industrial output	1.05	A 15% decrease compared with 2024
Total water use intensity	m^3/RMB10,000 industrial value added	2.34	/

Circular Economy

Target Review

Metrics	2025 Target	Completion Status	Notes
Waste recycling and reuse volume	Increase by 3% year-on-year	✓	/

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Stricter environmental regulatory and waste management requirements	Risk	If our resource utilisation and waste reduction performance is insufficient, this may increase costs for hazardous waste disposal, environmental retrofitting, and compliance management. During the reporting period, the general waste generation intensity decreased by 6.3% year-on-year, and the volume of waste recycled and recovered increased by 3% year-on-year.	Medium term(3-10 years)
Increased investment demand for recycling technologies and equipment	Risk	Promoting waste oil recovery, waste material reuse, and upgrades to circular equipment requires upfront investment, which may increase capital expenditure and retrofit costs in the short term.	Medium term(3-10 years)
Improved resource utilisation efficiency due to reduction design	Opportunity	Through structural optimisation, material substitution, and lightweight design, we can reduce raw material consumption, decrease waste generation, and enhance the product's green competitiveness.	Medium term(3-10 years)
Enhanced green manufacturing advantages through circular economy practices	Opportunity	Integrating circular economy concepts into design, manufacturing and equipment renewal helps improve resource efficiency and environmental performance, and strengthens our competitive advantage in low-carbon supply chains and green manufacturing.	Medium term(3-10 years)

Impact, Risk, and Opportunity Management

In the manufacturing process of major products such as gears, Shuanghuan Driveline mainly consumes raw materials including steel, lubricating oil, and packaging materials. During production and manufacturing, by-products such as metal shavings, waste cutting fluid, and packaging waste are generated. Focusing on the above resource use and production by-products, Shuanghuan continues to enhance resource utilisation efficiency in three areas: reduction of production materials and product lightweighting, resource utilisation of production by-products, and circular packaging and logistics waste reduction, gradually establishing a circular economy management model covering product design, manufacturing and production, and logistics turnover.

Reduction

Through process improvements such as optimising forging blanks and changing die forging to turning forging, the Company reduces material usage in key parts. Simultaneously, the Company coordinates with upstream to optimise material composition ratios, reducing raw material consumption from the source.

Lightweight design

The Company combines finite element analysis and topology optimisation methods to carry out structural optimisation for multiple products, reducing product weight while ensuring product strength and process reliability.

Recycle

The Company continues to enhance the level of circular utilisation in the production and logistics processes. On the one hand, we promote the upgrading of transport packaging materials from single-use cardboard, wooden pallets, etc. to reusable packaging such as plastic pallets, PP reusable linings and PP packaging boxes, reducing the consumption of single-use packaging materials and lowering packaging material costs; on the other hand, we carry out resource recovery and utilisation of production by-products such as grinding oil. By recovering grinding oil from grinding wheel ash and downgrading it for reuse as hydraulic oil, we reduce hazardous waste generation by 180 tonnes per year and reuse 40 tonnes of hydraulic oil.

Case

Recycling and Reuse of Transport Packaging Materials at Jiaxing Shuanghuan

Jiaxing Shuanghuan switched its transport packaging materials from wooden pallets and wooden crates to plastic pallets that can be reused multiple times, and established a closed-loop system of "recovery-cleaning-inspection-redeployment". During the reporting period, consumption of wooden pallets decreased by 1,573 tonnes and cartons by 393 tonnes, and packaging material costs fell by RMB3.14 million.

Before

After

Case

Promotion of Reusable Packaging from Domestic Sites to the Evoring Site

During transportation from our domestic sites to the EVORING site, Shuanghuan Driveline progressively replaced the original disposable inner liner cardboard and disposable cardboard packaging boxes with PP reusable inner liners and PP reusable packaging boxes, promoting an upgrade of cross-site logistics packaging towards reusability. This initiative helped reduce the consumption of disposable packaging materials, lower packaging material costs, and further enhance the level of reuse in logistics operations.

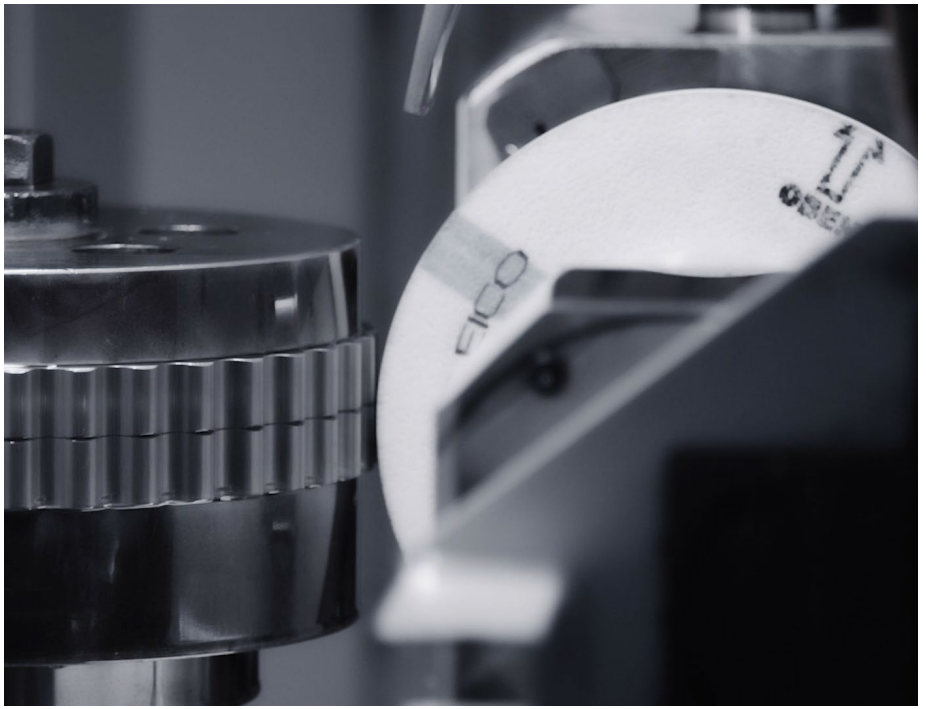
PP Reusable Inner Liner + PP Layered Board

Metrics and Targets

As of the end of the reporting period, the metrics and targets for Shuanghuan Driveline's circular economy were as follows.

Shuanghuan Driveline Circular Economy Metrics and Targets

Metrics	Unit	2024Progress	2025Progress	2026Target
Waste recycling and reuse volume	tonnes	26,327.40	27,143.76	A 5% increase compared with 2024



2 Unified in Perfect Harmony

The number of female employees at Shuanghuan has increased for three consecutive years.

Employee satisfaction scored 84 points, 1.3 points above the target value.

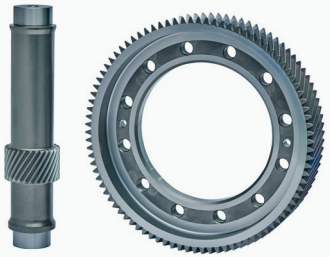
Rural revitalisation and social welfare investments both increased by 5% year-on-year

Sector goals

Strengthen the occupational health and safety defence line, establish a rural empowerment mechanism, and achieve symbiotic development in which employees feel secure and rural revitalisation advances.

Material topics

- Employee rights and development
- Occupational health and safety



Governance

Shuanghuan Driveline has always regarded employees as the core foundation of the Company's sustainability, and has incorporated the protection of employee rights and interests, talent development, employee care, and occupational health and safety into a unified employee governance system. The Company strictly abides by relevant laws and regulations on labour employment, equal employment, women's rights protection, protection of minor workers, social insurance, safe production, and occupational disease prevention. It has formulated and implemented documents such as the *Social Responsibility Manual, the Prohibition of Forced Labour Management Procedure, the Recruitment Management Policy, and the Work Safety Standardization Management Manual*. Additionally, through the *Code of Conduct for Social Responsibility* for suppliers, it extends compliance with labour and human rights requirements to the supply chain.

Centred on the long-term talent development needs, the Company continues to optimise the governance mechanism for campus recruitment, advances group-wide coordination and tiered and categorised recruitment management, and, while ensuring the scale of recruitment, enhances the quality of incoming graduates, focusing on the deployment across key universities and strengthening employer brand building. Shuanghuan adheres to a people-oriented approach, and continuously promotes the integration of diverse cultures among groups such as female employees, Chinese employees working overseas, expatriate employees, and employees with disabilities, and improves the medical and health protection system for employees. Meanwhile, we continue to focus on family-friendly needs such as holiday childcare for employees' children.

Finally, in terms of production safety, each production site has established a Production Safety Management Committee and a Production Safety Office, implementing safety responsibilities at every level. With "zero safety incidents, zero environmental pollution, and zero employee injuries" as the annual targets, we continue to create a safe, healthy, and well-protected development environment for employees.

Protection of Employee Rights and Benefits

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Loss of skilled employees or reduced workforce stability	Risk	The manufacturing industry has a relatively high reliance on frontline skilled workers and technical backbones. If employee rights and interests are not adequately protected, this may lead to the loss of staff in key positions and fluctuations in yield rate, as well as higher costs for recruitment, training, and replacement staffing.	Short term (1-3 years)
Employees' increased expectations for fairness and benefits	Risk	With changes in the labour market and rising career aspirations among the new generation of employees, employer attractiveness may decline, affecting the ability to attract high-skilled talent and, in turn, weakening organisational stability and talent pipeline capacity.	Medium term(3-10 years)
Employer branding enhancement due to employee-friendly management	Opportunity	Continuously enhancing the level of employee rights and interests protection helps strengthen the enterprise's attractiveness to R&D, technical, and skilled talent, reduce long-term employment costs, and support the Company's technological upgrading and global development.	Medium term(3-10 years)
Organisational resilience improvement due to diversity, inclusion and employee care	Opportunity	By strengthening support measures for groups such as female employees, employees with disabilities, and foreign employees, and improving health protection, family-friendly policies, and care mechanisms, we can help enhance employees' sense of belonging and team collaboration efficiency, strengthen organisational resilience, and enhance the Company's corporate social responsibility image. In 2025, the number of Shuanghuan's female employees increased for the third consecutive year.	Medium term(3-10 years)

Impact, Risk, and Opportunity Management

Employee communication

The Company attaches great importance to the establishment of employee communication mechanisms, and has systematically built a multi-tiered, multidimensional communication channel system. We continue to optimise the internal information flow environment, and enhance employees' sense of participation and belonging. According to the Communication Management Procedure, the Company has established a multidimensional communication mechanism covering daily feedback, special communication, and institutionalised expression for all employees (including official employees, temporary workers, and interns). In terms of channel setup, the Company has established an employee suggestion box and opened a dedicated email, with designated personnel responsible for collection, sorting, and feedback. Meanwhile, through departmental meetings, special meetings, employee discussions, face-to-face exchanges with senior executives, human resources communication meetings, and performance and cross-level interviews, two-way interaction between the Management and employees is realized.

In terms of institutionalised communication, we regularly conduct employee satisfaction surveys. In 2025, employee satisfaction scored 84.0, higher than the target value of 82.7. The survey covered aspects such as corporate culture, working environment, remuneration and benefits, career development, teamwork, management decisions, and training and promotion. In response to the issues identified, the Company formulated a dedicated improvement plan and continued to promote its implementation. At the same time, we convene an annual employee representative conference, with the labour union following up on relevant matters, to safeguard employees' lawful participation in the Company's democratic management and to promote the timely feedback of employees' views and their translation into improvement actions. During the reporting period, there were no significant labour disputes.

2025

employee satisfaction scored **84.0**,
higher than the target value of 82.7

Basic rights and interests protection

Employment in compliance with the law and equal employment

- The Company adheres to the principle of equal opportunities. In recruitment, training, promotion, remuneration and dismissal, we base decisions primarily on job competencies and performance, eliminate discrimination on the grounds of gender, ethnicity, religious beliefs, age, health condition or disability, and strictly implement statutory minimum working age and identity verification mechanisms, strictly prohibiting forced labour and child labour.

Employment contracts and remuneration protection

- The Company signs written labour contracts with employees in accordance with the law, clearly defining the rights and obligations of both parties. Remuneration payments strictly comply with the relevant provisions on minimum wage and overtime pay, ensuring that wages are paid in full and on time.

Protection of special groups

- The Company strengthens protection for female employees and underage workers in accordance with the law. We implement special safeguarding measures in terms of labour intensity, working environment, and arrangements during pregnancy and lactation, thereby safeguarding employees' lawful rights and interests as well as their physical and mental health.

Anti-discrimination and anti-harassment safeguards

- The Company advocates an organisational culture of mutual respect and equal collaboration, and opposes any form of discrimination, insult, threat, or harassment. The Company has established an employee grievance and whistleblowing mechanism to ensure that employees can report issues through accessible channels, and that relevant complaints are promptly investigated and addressed.

Working hours and holidays

- The Company implements the standard or comprehensive working hours system in accordance with the law, standardised overtime approval, and pays remuneration in accordance with the law. Employees are entitled by law to statutory leave such as paid annual leave, marriage leave, maternity leave, paternity leave, and bereavement leave.

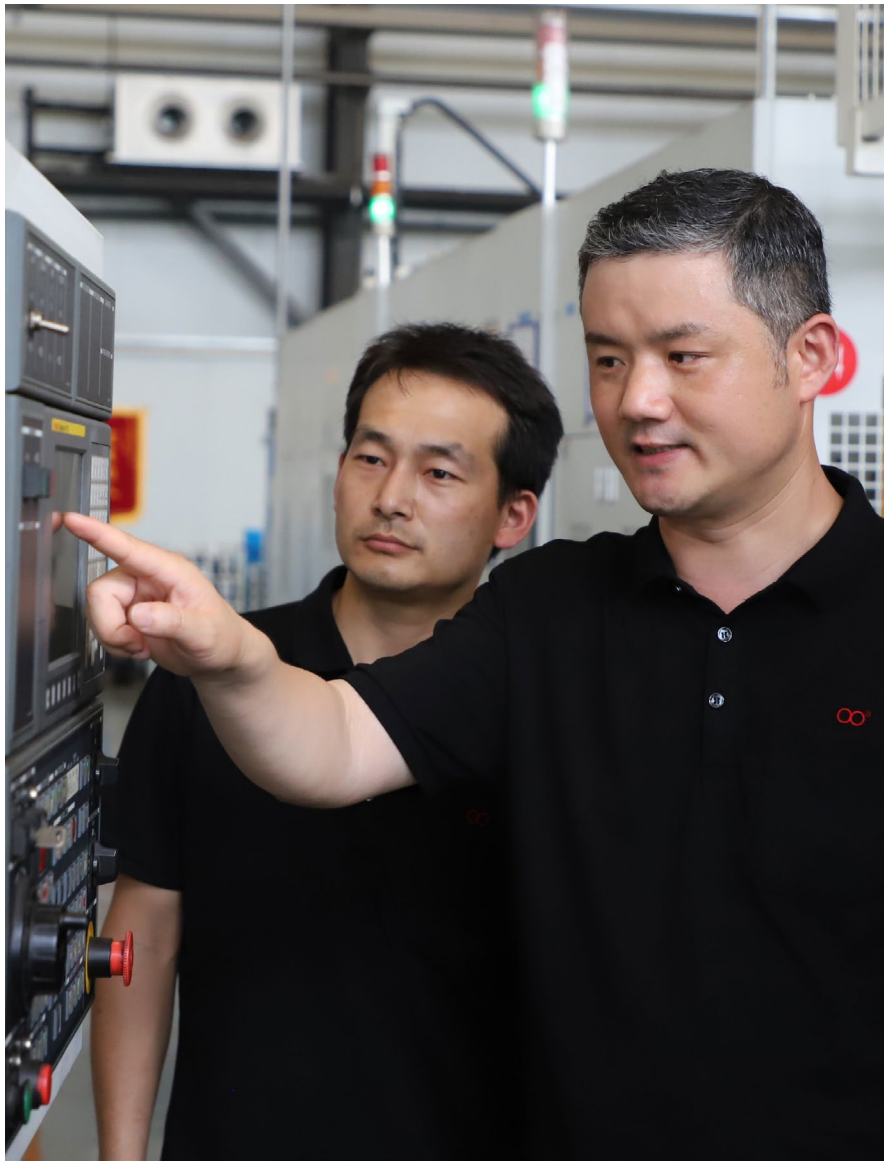
Employee Recruitment and Development

Target Review

Metrics	2025 Target	Completion Status	Notes
Number of employee training sessions	A 5% increase year-on-year	✓	/
Employee training expenditure	A 5% increase year-on-year	Not completed	Training in 2025 shifted from relying on external providers to being mainly internal training, hence training expenditure decreased

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Intensifying competition for talent in the high-end manufacturing sector	Risk	If we fail to respond adequately in campus recruitment, social recruitment, and the recruitment of talent for key positions, recruitment and labour costs may rise. Our campus recruitment for undergraduate and master's students at Shuanghuan has undergone four years of unified planning and coordination by the group.	Medium term(3-10 years)
Increased recruitment difficulty due to changes in new-generation job-seekers' preferences.	Risk	If recruitment channels, university–enterprise partnerships, and employer branding are inadequate, this may reduce the enterprise's ability to attract high-quality graduates and high-potential talent, affecting the quality of the talent reserve.	Medium term(3-10 years)
Enhanced organisational stability due to talent pipeline development	Opportunity	Establishing a tiered development and succession mechanism spanning fresh graduates, skilled core staff, and mid-to-senior managers will help reduce the risk of gaps in key positions and lower long-term recruitment costs.	Medium term(3-10 years)
Enhanced career development framework to improve employer attractiveness	Opportunity	Through multi-channel career development, mentorship and apprenticeship, and systematic training, we can enhance employees' sense of achievement in growth and belonging, strengthen our employer brand, and attract more outstanding talent to join.	Medium term(3-10 years)



Impact, Risk, and Opportunity Management

Talent Recruitment Channels

Campus recruitment

Shuanghuan Driveline's campus recruitment for undergraduate and master's students has been carried out for four consecutive years under centralised group-level coordination and operation, forming a relatively mature recruitment model that has basically met our staffing needs.

Progressive development of university-enterprise relations

Based on our campus recruitment needs, the implementation status of each unit, and an analysis of the universities from which previous cohorts are sourced, we progressively identify key universities that closely match our talent needs, and focus on these key universities to develop long-term, stable university–enterprise relations.

Digitisation of campus recruitment promotion and recruitment processes

In response to the trend towards online job-seeking behaviour among the new generation and the limitations of offline recruitment in terms of interviewer collaboration, time commitment, and travel costs, the Company continues to advance the digital transformation of campus recruitment promotion and recruitment processes. Building on the stable operation of online channels for the autumn 2025 campus recruitment, the Company further strengthens multi-round and timeliness management of online operations. Based on students' job-seeking cycles and peak periods for industry campus recruitment, we expand outreach and improve recruitment precision, attracting students who meet our needs to submit applications.

University-enterprise cooperation

Drawing on the campus recruitment experience of industry benchmark enterprises, through project cooperation, brand penetration, corporate visits, and other means, we have established closer cooperative relationships with target institutions. While continuously supplying the enterprise with highly suitable talent, we provide university students with internship and practical training platforms, and promote the formation of a university-enterprise collaborative, mutually beneficial talent development mechanism.

Social recruitment

The Company adheres to the recruitment principle of "internal first, external second", prioritising the fulfilment of position requirements through internal competition, promotion and transfer, and carries out social recruitment through online recruitment, headhunters, internal referrals and other channels. For core and key positions, we implement a tiered interview, approval, and background check mechanism to ensure that the recruitment process is professional and compliant. Meanwhile, the Company continues to develop an external talent pool, maintaining a dynamic pipeline of management, technical, skilled, and international talent, thereby enhancing the stability and flexibility of talent supply.

Internal development

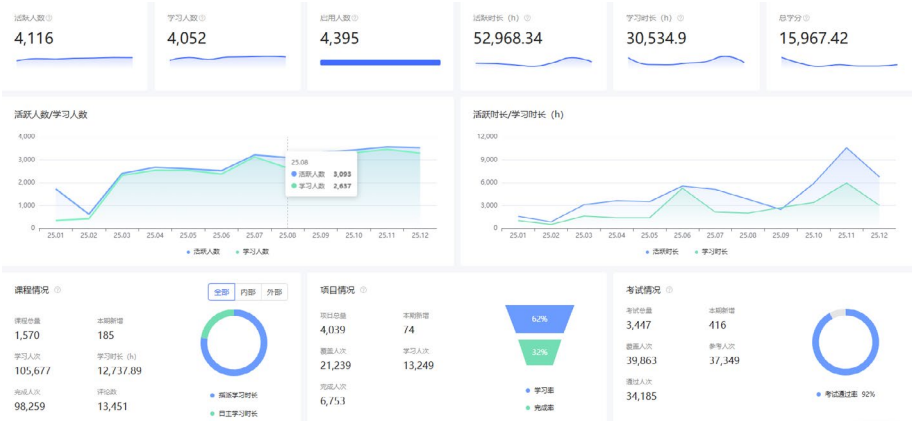
Shuanghuan Driveline continues to improve its internal training and development mechanisms, and has established diversified career development pathways that run in parallel across skills, management, and professional tracks. For technical workers, we implement a development model that combines skills grade progression, transitions to the management pathway, and deepening expertise in specialised fields. Through mechanisms such as skills certification, pre-job training, and mentoring, we support employees in developing from technical roles to management roles. This development system has delivered positive results. At present, 87.6% of our production management cadres (including key management positions such as branch general managers and workshop directors) have been promoted internally from frontline technical workers.

Talent pipeline development

Since 2012, Shuanghuan Driveline has gradually established an internal trainer team comprising middle and senior management cadres, technical experts, key business personnel, and craftsmen, and has advanced the development of the Lighthouse Talent Training Camp internal trainer development and rating system. The Company supports the implementation of the "master-apprentice" model, creating a positive atmosphere for the inheritance of skills and knowledge, thereby promoting efficient transmission of knowledge and skills and laying a solid foundation for talent reserve and innovation capabilities.

Case "Cloud Academy": Building a Governable and Assessable Digital Learning Platform

Shuanghuan Driveline has established the Shuanghuan Driveline Cloud Academy by leveraging the "Huanhuan Academy" workstation mini-program on WeCom and the Xuanxing Cloud Learning App. The Company takes stock of, organises, and categorises Shuanghuan Driveline's existing internal knowledge system and course materials, and has formulated follow-up plans for course development and course introduction, thereby creating a systematic knowledge system plan. The Company strengthens operational management of the learning process through methods such as resource inventory, process recording, data tracking, and phased control, improving controllability of project execution and training efficiency. As of the end of 2025, the number of learners was 4,052, and total learning time was 30,534 hours.



Schematic Diagram of the Cloud Academy Interface

As of the end of 2025

the number of learners was **4,052**, and total learning time was **30,534** hours.

At the same time, in response to sustainable development needs, the Company has established a management cadre training system covering reserve cadres through to senior executives, namely "Fledgling Eagle, Soaring Eagle, Sharp Eagle, Mighty Eagle, and Elite Eagle". With cadre standards and the building of a reserve talent pipeline as its core, we continue to improve our talent development mechanisms. In 2025, we organised over 8,000 training sessions, with total training hours amounting to 379,610 person-hours.

Talent Development Training Programme for Different Levels

2025

we organised over **8,000** training sessions, with total training hours amounting to **379,610** person-hours.

Strategic talent reserve

University-enterprise collaboration

Shuanghuan Driveline regards university-enterprise collaboration as an important lever for talent reserve and technological innovation. In 2025, the Company continued to carry out diversified industry-university-research collaborations, successively organising visits for teachers and students from universities and colleges to tour our plants, conducting themed exchanges at universities and colleges, and holding discussions focusing on the cultivation of skilled talent, R&D of new energy transmission technologies, and applications of materials science. These activities further broadened our talent supply channels, promoted the transformation of scientific research achievements into industrial applications, and achieved two-way empowerment of resources between universities and enterprises.

Shuanghuan Driveline University-Enterprise Collaboration Photo

University-enterprise cooperation

In response to the development needs of the gear industry, Shuanghuan Driveline has continued to build a multi-tier ecosystem of collaboration with educational institutions, forming a cooperative network covering research-oriented, comprehensive application-oriented, and higher vocational skills-oriented institutions. In terms of high-end research and development and talent introduction, the Company collaborates with universities such as the Technical University of Munich on technical challenges and project applications. Relying on national postdoctoral research workstations, it carries out joint postdoctoral training with Zhejiang University, Zhejiang University of Technology, and Zhejiang Sci-Tech University, cumulatively training nearly 20 postdoctoral fellows.

Meanwhile, based on the national excellent engineer training programme, the Company implements a “3+1” joint training mechanism with universities such as Jiamusi University. It has established a master’s workstation with Henan University of Science and Technology and a professional master’s point with Taizhou University, integrating enterprise projects, curriculum systems, and practical training. Additionally, the Company has also established a micro-specialty in gear engineering with Gannan Science and Technology College, continuously expanding industry talent training channels. Through diversified university-enterprise cooperation, Shuanghuan Driveline continuously improves our strategic talent reserve system, laying a solid foundation for technological upgrades and long-term development.

Management talent development

Middle managers are the key pivot connecting the Company’s strategy with frontline execution. Shuanghuan Driveline’s middle management leadership training programme adopts a development model of a two-year cycle and systematic progression. Centring on strategic alignment, management implementation, and capability enhancement, it builds a middle management team with both strategic vision and strong execution capabilities.

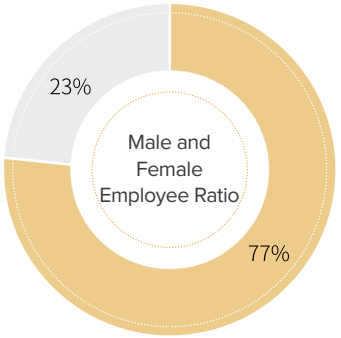
To date, this programme has successfully delivered multi-cycle development, supplying the Company with a large number of mid-level key talents with both strategic vision and management depth. This has effectively supported the implementation and execution of the Company’s strategic priorities, including intelligent manufacturing and global expansion, and has become a core engine for Shuanghuan Driveline’s talent pipeline development.

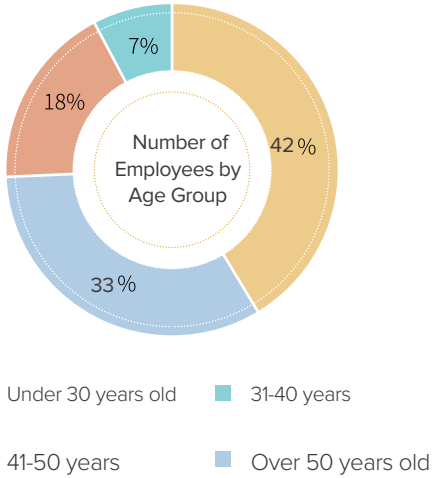
Middle Management Leadership Training

Metrics and Targets

Employee Number Metrics

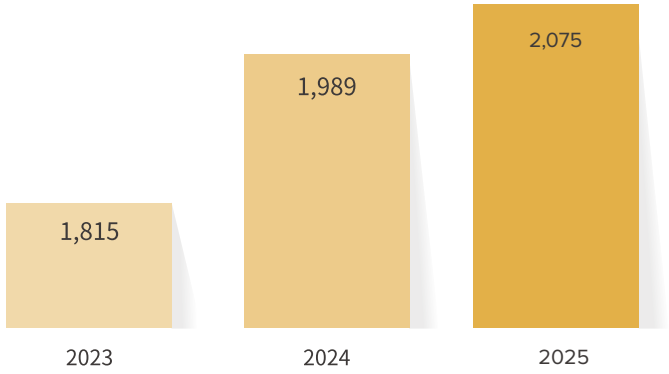
Type	Unit	2023	2024	2025
Total number of employees	persons	7,263	8,333	8,982
Among them: Male	persons	5,448	6,344	6,907
Female	persons	1,815	1,989	2,075
Under 30 years old	persons	3,017	3,608	3,734
31-40 years	persons	2,416	2,722	2,979
41-50 years	persons	1,281	1,392	1,589
Over 50 years old	persons	549	611	680





Employee Training Metrics and Targets

Metrics	Unit	2024 Progress	2025 Progress	2026 Target
Number of employee training sessions	Person-time	11,009	16,687	An increase of 10% compared with 2024
Employee training expenditure	RMB10,000	239.41	157.59	/
Employee training coverage rate	%	82.7	86.71	Annual growth rate of 2.3%



Trend Chart of Changes in the Number of Female Employees

Employee Well-being and Care

Physical and Mental Health Protection

Shuanghuan Driveline continues to improve its employee care and protection mechanisms, incorporating hardship assistance and health management into the employee well-being system. The labour unions at each of our sites routinely provide assistance to employees in hardship and established a Care Fund to support the families of employees facing major illnesses or sudden difficulties. In terms of health protection, in 2025, the Company introduced supplementary medical insurance for employees, and installed fitness facilities, nursing rooms, blood pressure monitors, AED defibrillators, and other equipment in office and production areas; in addition, taking into account seasonal health risks, we provided protective supplies and health reminders in a timely manner to enhance employees' day-to-day health protection and emergency response capabilities.

Case Synergistic Management of Occupational Health Check-ups and Seasonal Health Risks

In early 2025, against the backdrop of a nationwide rise in acute respiratory infectious diseases, Shuanghuan Driveline promptly procured protective supplies and commonly used medicines, and distributed them to all subsidiaries and departments. Meanwhile, in conjunction with our occupational health check-up and health promotion mechanisms, we reminded employees to strengthen personal protection, maintain a healthy lifestyle, and seek medical attention promptly when relevant symptoms occurred.

Shuanghuan Driveline Occupational Health Check-ups

Care for Employees' Children

To help alleviate employees' childcare pressures during the summer holidays, the Zhejiang Shuanghuan and Jiaxing Shuanghuan set up the "Huanhuan Class", organising activities such as homework tutoring, reading, games, film screenings, study tours, and public welfare lectures on safety. This not only enriches employees' children's holiday lives, but also reduces the caregiving burden on employees' families.

Case Water Safety Training on the "Six No's" Principles for Drowning Prevention

On 17 July 2025, the Company, together with Yuhuan City Jusha Public Welfare and the Sunshine Rescue Team, carried out a drowning prevention safety training activity for more than 40 children from the charity after-school care class. During the training, the rescue team, drawing on real cases, explained the dangers of drowning in plain language, with a particular emphasis on the "Six No's" principles for drowning prevention. They also reinforced the children's understanding and memory through Q&A interaction, and the children on site actively participated in the learning.

Sunshine Rescue Base

Multicultural Integration

Protection of female employee rights

- The Company strictly complies with the *Protection of the Rights and Interests of Women Law of the People's Republic of China* and relevant local regulations, and has formulated and implemented the *Regulations on Marriage Leave, Maternity Leave and Paternity Leave of Shuanghuan Driveline* in 2025, systematically safeguarding employees' lawful rights and interests during the marriage and childbirth stage, including arrangements for marriage leave, maternity leave, nursing leave, and parental leave. During the relevant leave entitlements, employees' salaries, bonuses, and benefits are paid as normal in accordance with the regulations. At the same time, we set up nursing rooms in office and production areas to support employees in better balancing work and family responsibilities.

Employment support for employees in difficulties

- The Company actively fulfils its social responsibility by signing employment service agreements for disabled persons in collaboration with production sites, providing standardized and stable job positions for disabled employees, ensuring their legal rights, and promoting diverse and inclusive employment practices.

  In addition, we continue to provide employee and community support through the Shuanghuan Love Foundation. The Shuanghuan Love Foundation was established in 2016, which focuses its support on employees in hardship and out-of-school children in the Taizhou and Huai'an areas, and takes fairness, openness, and impartiality as the three core principles for its operation. The Love Foundation's funding mainly comes from donations made in the Company's name, donations from members under the Company's equity incentive scheme, employees' charitable contributions, and voluntary donations in various forms. In 2025, the Shuanghuan Love Foundation provided RMB10,000 in condolence money to employees with critical illnesses.

Management of overseas and expatriate employees

- The Hungarian company, Evoring, uses cultural integration as a key lever and continued to foster a diverse, cross-cultural exchange environment. During traditional Chinese festivals, Chinese employees and Hungarian colleagues jointly carries out cultural experience activities such as making dumplings and mooncakes, sharing the connotations of Chinese culture; during local festivals such as Christmas and the Harvest Festival, Hungarian employees invite Chinese colleagues to participate in local folk activities. Through two-way interaction, we continuously enhance understanding and respect among employees from different cultural backgrounds, fostering an inclusive and mutually trusting team atmosphere, and providing solid talent support for the steady development of our overseas business.

Hungarian Company Evoring Activities

Employee Team-Building Activities

Shuanghuan Driveline has built a communication bridge among employees and conveyed humanistic care through diverse and enriching team-building activities, actively fostering a harmonious team atmosphere.

"Vibrant Workplace" Sports Festival: Happy Work, Healthy Life

In 2025, Shuanghuan Driveline launched the "Vibrant Workplace" Sports Festival across its subsidiaries, organising sporting activities such as tug-of-war, badminton, and basketball to encourage employees to actively participate in sports and enhance communication. We boosted employees' enthusiasm for participation by setting up team awards and participation awards, strengthened cross-departmental interaction and team cohesion, and promoted the implementation of the "Happy Work, Healthy Life" concept.

Zhejiang Shuanghuan Sports Festival

Zhejiang Shuanghuan Sports Festival

Occupational Health and Safety

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Stricter manufacturing safety supervision and accountability requirements continue to be implemented	Risk	Gear manufacturing involves processes such as heat treatment and cleaning. If safety management and occupational health protection are inadequate, we may face rectification requirements, penalties, production suspension and reputational loss, while also increasing compliance investment and management costs.	Short term (1-3 years)
Extreme weather and emergencies increase pressure on safe operations	Risk	Extreme weather such as typhoons, rainstorms, and high temperatures may affect plant safety, equipment operation, hazardous chemical management, and employees' travel. If response measures are inadequate, this may lead to work stoppages, escalating losses, and higher recovery costs.	Short term (1-3 years)
Occupational health protection enhances employee stability and organisational resilience	Opportunity	Strengthening occupational health monitoring, personal protective equipment, and job-role fit helps to reduce the risks of occupational diseases and work-related injuries, and enhances employees' sense of safety and belonging.	Medium term(3-10 years)
Safety culture development enhances trust among customers and stakeholders	Opportunity	Continuing to advance the Safety Production Month, training and drills, hazard rectification, and a full-staff participation mechanism will help enhance our safety governance image and strengthen the trust of customers, employees, and regulatory authorities. In 2025, we cumulatively carried out more than 20 safety training sessions throughout the year, with a total training duration of 6,987 person-hours.	Medium term(3-10 years)

Impact, Risk, and Opportunity Management

Revision of safety policies

Shuanghuan Driveline continues to improve its safety production management system. Building on the *Work Safety Standardisation Management Manual*, we added the *Emergency Response Plan for Radiation Incidents and the Lockout and Tagout Procedure*, with a focus on covering roles with radiation risks and automated production line maintenance operation scenarios, further strengthening safety protection for personnel engaged in high-risk operations. At the same time, the Company revised and improved nine safety management policies, including the *Safety Management System for the Heat Treatment Workshop, the Waste Gas Pollution Control Management Procedure, and the Waste Pollution Control Management Procedure*, continuously refining operational requirements and management responsibilities and effectively reducing safety risks in the production process.

Occupational health protection

Shuanghuan Driveline strictly implements occupational health management requirements by conducting pre-employment, on-the-job, and post-employment occupational health examinations for employees in positions exposed to occupational hazard factors, such as heat treatment, cleaning and packaging, and physical and chemical testing. We have also established individual occupational health surveillance files (covering employees' basic information, monitoring results of occupational disease hazard factors in the workplace, conclusions from each occupational health examination, etc.), thereby achieving full-process traceability management. The Company carries out an assessment of the current status of occupational disease hazards once every three years, conducts testing of occupational disease hazard factors once a year, and, in conjunction with job risk assessments, provides employees free of charge with personal protective equipment such as earplugs, safety shoes, and protective goggles. At the same time, by putting in place warning signs for occupational disease hazards and strengthening risk notification and job suitability management, we effectively safeguard employees' occupational health rights and interests.

Safety training and emergency response capacity building

During the 2025 Safety Production Month, Shuanghuan Driveline organised a series of safety awareness and education activities, conveying safety concepts and regulatory requirements to the production frontline. In addition to the themed activities, the Company established a regular safety training and emergency drill mechanism, and held more than 20 safety training sessions throughout the year, with total training duration of 6,987 person-hours, continuously enhancing employees' safety awareness and emergency response capabilities.

2025

The Company established a regular safety training and emergency drill mechanism, and held more than **20** safety training sessions throughout the year, with total training duration of **6,987** person-hours

Safety hazard inspection and rectification

In 2025, through mechanisms such as comprehensive safety inspections prior to holidays, special inspections conducted by external experts, inspections of hazardous chemicals in laboratories, routine inspections by the EHS Department, and on-duty inspections by cadres, Shuanghuan Driveline continued to advance the identification and rectification of potential safety hazards, with a total of 745 safety and environmental potential hazards of various types rectified throughout the year. Among them, comprehensive safety inspections prior to holidays eliminated 307 potential hazards; external experts compiled a list of 17 major hazards, and 46 hazards were identified and rectified during the special inspection of electrical safety; eight hazards were identified and rectified in the special inspection of laboratory hazardous chemicals; the EHS Department's routine inspections and on-duty inspections rectified 186 and 210 hazard items, respectively. Through a combination of professional supervision and full staff participation, we continuously enhanced our safety governance capabilities. The Company is simultaneously deepening the construction of its occupational health and safety system. Except for one subsidiary still in the process of certification, all other subsidiaries have obtained ISO 45001:2018 Occupational Health and Safety System certification. The Company will continue to improve system construction, comprehensively enhancing the level of environmental and occupational health and safety management.

Case

Everyone Talks About Safety, Everyone Can Respond to Emergencies: Identifying Safety Hazards Around Us

During the 2025 Safety Production Month, Shuanghuan Driveline focused on the theme "Everyone Talks About Safety, Everyone Can Respond to Emergencies: Identifying Safety Hazards Around Us", with each subsidiary carrying out a variety of safety activities. Zhejiang Shuanghuan strengthened communication of safety requirements through a kick-off meeting; Jiangsu Shuanghuan prioritised flood-control inspections and emergency preparedness arrangements; Jiaxing Shuanghuan organised a safety knowledge quiz and fire drills; and Fundrive Technology reinforced full employee participation through safety commitments and pledges. These activities helped embed safety concepts on the frontline, continuously enhancing employees' safety awareness and emergency response capabilities.

Metrics and Targets

Occupational Health and Safety Metrics

Metrics	Unit	Data of 2024	Data of 2025
Investment amount in employees' work-related injury insurance liability insurance	RMB10,000	569.40	679.55
Coverage rate of employees' work-related injury insurance	%	100	100

Note: Shuanghuan does not involve high-risk positions and has not been included in the industry scope subject to mandatory work safety liability insurance. Therefore, this item is not disclosed.

Rural Revitalisation

Target Review

Metrics	2025 Target	Completion Status	Notes
Number of beneficiaries of rural revitalisation initiatives	A 3% increase year-on-year	✓	/

Industrial Revitalisation

Shuanghuan Driveline actively responds to the national rural revitalisation strategy and regional coordinated development policies by integrating industrial empowerment, public welfare support, and regional collaboration, and explores diverse pathways for corporate participation in rural revitalisation.

Case Rural Sages - Chamber of Commerce Common Prosperity Fund

Since 2022, Shuanghuan Driveline has made annual donations of RMB600,000 each year to the Yuhuan Charity Federation, Yucheng Branch, earmarked specifically to support rural revitalisation, village-enterprise pairing, and social charitable public welfare activities.

2025 Shuanghuan Donation Images

Case Paired Assistance to Xinjiang Shaya County Public Welfare Project

Shuanghuan Driveline actively responded to the government's policy call and, in line with the *Key Points for Opening-up and Cooperation in the Provincial Economic and Information Technology Sector for 2025 and the Key Points for Pairing Assistance and Pairing Cooperation in Jiaxing for 2025*, donated for the public welfare project in Shaya County under Jiaxing City's paired assistance to Xinjiang.

Photo of Donations for Public Welfare Projects in Shaya County, Xinjiang in 2025

Educational Revitalisation

The Company has always focused on the development of local education, contributing to education through multiple channels. For six consecutive years, we donated to the Bingang Education Fund, putting this responsibility and commitment into practice.

Case Shamen Town Education Fund

On the eve of Teachers' Day in 2025, Shuanghuan Driveline donated RMB200,000 to the Bingang Education Fund of Shamen Town, providing dedicated support for the development of local education. As a long-term supporting enterprise of the Bingang Education Fund, we had participated in donations for six consecutive years, supporting the development of local education through concrete actions and fulfilling corporate social responsibility.

Donation Photo of the Shamen Town Education Fund in 2025

Intangible Cultural Heritage Protection

As a locally rooted manufacturing enterprise, Shuanghuan Driveline has continued to focus on the inheritance of local culture and has incorporated the intangible cultural heritage protection into our social responsibility practices. Since 2020, the Company has provided long-term support for two major local intangible cultural heritage projects, dragon dance and Yue Opera, and has invited teams to participate in the Shuanghuan New Year's Eve Gala performances.

Yue Opera

Dragon Dance

Social Public Welfare

Target Review

Metrics	2025 Target	Completion Status	Notes
Investment in social public welfare	A 3% increase year-on-year	✓	/

Through the establishment of dedicated funds, leveraging the labour union and Party organisations, and working jointly with local institutions, the Company continues to advance public welfare initiatives, driving the implementation of social responsibility practices from phased activities towards a long-term, normalised mechanism.

Community Co-building

Relying on the labour unions at each site, the Company has long carried out public welfare condolences and volunteer service activities for local communities.

Case Yuhuan City Enhui Nursing Home Visit and Condolence Activity

On the afternoon of 26 September, the Labour Union Chairman and Deputy Chairman, on behalf of the Shuanghuan Labour Union, visited Enhui Nursing Home in Qianshantou, Yuhuan City, to bring festive greetings and care to the elderly living alone there.

Condolence Activities at Enhui Nursing Home

Public Service Support

Shuanghuan Driveline regards education and public health as key priorities for its public welfare support, continues to focus on the development of local basic education, and provides targeted funding to frontline teachers and staff at local primary and secondary schools. Meanwhile, we work with local labour unions and medical institutions to organise employees to participate in voluntary blood donation activities, continuously contributing to safeguarding the supply of blood for medical use in society.

Case Education Sponsorship

On Teachers' Day on 10 September, management personnel of Jiangsu Shuanghuan visited the Development Zone Experimental Primary School and the East Campus of Hongjun Secondary School to express their appreciation to frontline teaching and administrative staff, and provided RMB60,000 in educational sponsorship.

Education Sponsorship Activities

Case Voluntary Blood Donation

On 25 August, in order to promote the spirit of selfless dedication and practise social responsibility, the Company jointly organised a voluntary blood donation event themed “Hot Blood, Delivering the Power of Life” with the Development Zone Labour Union and Tongxiang No. 1 Hospital. More than 70 employees participated in the event, supporting the assurance of clinical blood supply through practical action.

Shuanghuan Voluntary Blood Donation

3 Powered by Infinite Innovation

R&D investment amounted to RMB **490.51** million, accounting for **5.38%** of revenue from our principal business.

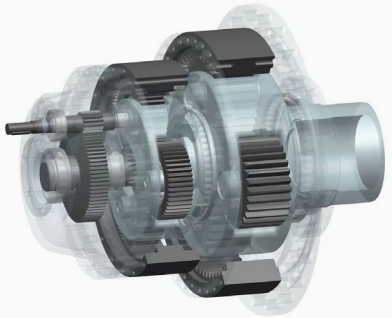
The number of valid patents was **475**, all of which were applied to our main business. In 2025, we newly filed **24** invention patents, and **12** patents were granted.

Sector goals

Build future factories to lead the industry towards safer and more efficient development.

Material topics

- Product safety and quality,
- Technological innovation,
- Digital transformation



Governance

Shuanghuan Driveline regards innovation-driven development as the core support for high-quality development. Focusing on product safety and quality, digital transformation, and technological innovation, we have established an innovation governance mechanism led by the Shuanghuan Research, promoted by the Process Development Centre, monitored by the Quality Management Centre, and collaboratively participated in by production sites. The group takes the Shuanghuan Research as its technical hub to coordinate engineering and technology research, product development, and specialist design in gear transmission and related fields, and works with the four major production sites to promote the industrialisation and implementation of technological achievements. The technical centre focuses on process innovation and engineer training, promoting the continuous optimisation of manufacturing processes and the enhancement of professional capabilities; the Quality Management Centre is systematically responsible for product safety and quality management, covering key stages such as R&D and design, production and manufacturing, supply chain management, inspection and testing, and after-sales service; the Lean Enterprise Management Department focuses on the advancement of lean manufacturing and improvement initiatives, continuously enhancing production efficiency and operational quality.

In institutional development, the Company adhered to the principles of compliance, timeliness, and practicality, systematically updating policies and procedures that no longer aligned with current management requirements, while streamlining and optimizing those that were redundant or disconnected from actual operations. Upon completion of the phased revision tasks, the Group organized a professional internal audit team to conduct full-coverage internal reviews of the revision results at each production base, focusing on the completeness, compliance, and practical feasibility of the revised policies and procedures. By issuing dedicated internal audit reports and corrective action lists, the Company promoted accountability and closed-loop rectification, continuously enhancing execution effectiveness and management efficiency.

Focusing on quality risk prevention and control, process control, accountability, and process standardization, the Company systematically advanced institutional development, process optimization, and management system operation. During the Reporting Period, the Company continued to implement 70 quality management policy documents, including those related to Advanced Product Quality Planning (APQP), and dynamically updated them in line with actual management needs. In 2025, Shuanghuan Headquarters completed the revision or issuance of 8 quality management policy documents. At the same time, the Company continued to operate management systems such as ISO 9001 and IATF 16949 and maintained the relevant certifications, thereby providing institutional support for stable product quality and the standardized commercialization of innovation outcomes.


证 书
IATF 16949

IATF 16949 Certificate


证 书
DIN EN ISO 9001:2015

ISO 9001 Certificate

Focusing on “technological leadership and smart manufacturing-driven growth”, Shuanghuan Driveline continues to advance the application of digitalisation and artificial intelligence across scenarios including R&D, production, the supply chain, and after-sales services. The Company has established an artificial intelligence computing centre and developed a “1+2+3+N” AI technology architecture, integrating AI into product lifecycle management. During the design phase, we carry out simulation-based identification; during the production phase, we implement quality monitoring; within the supply chain, we strengthen quality early warning; and in after-sales, we promote continuous improvement, gradually forming a full-chain assurance mechanism covering R&D, manufacturing, delivery, and services.

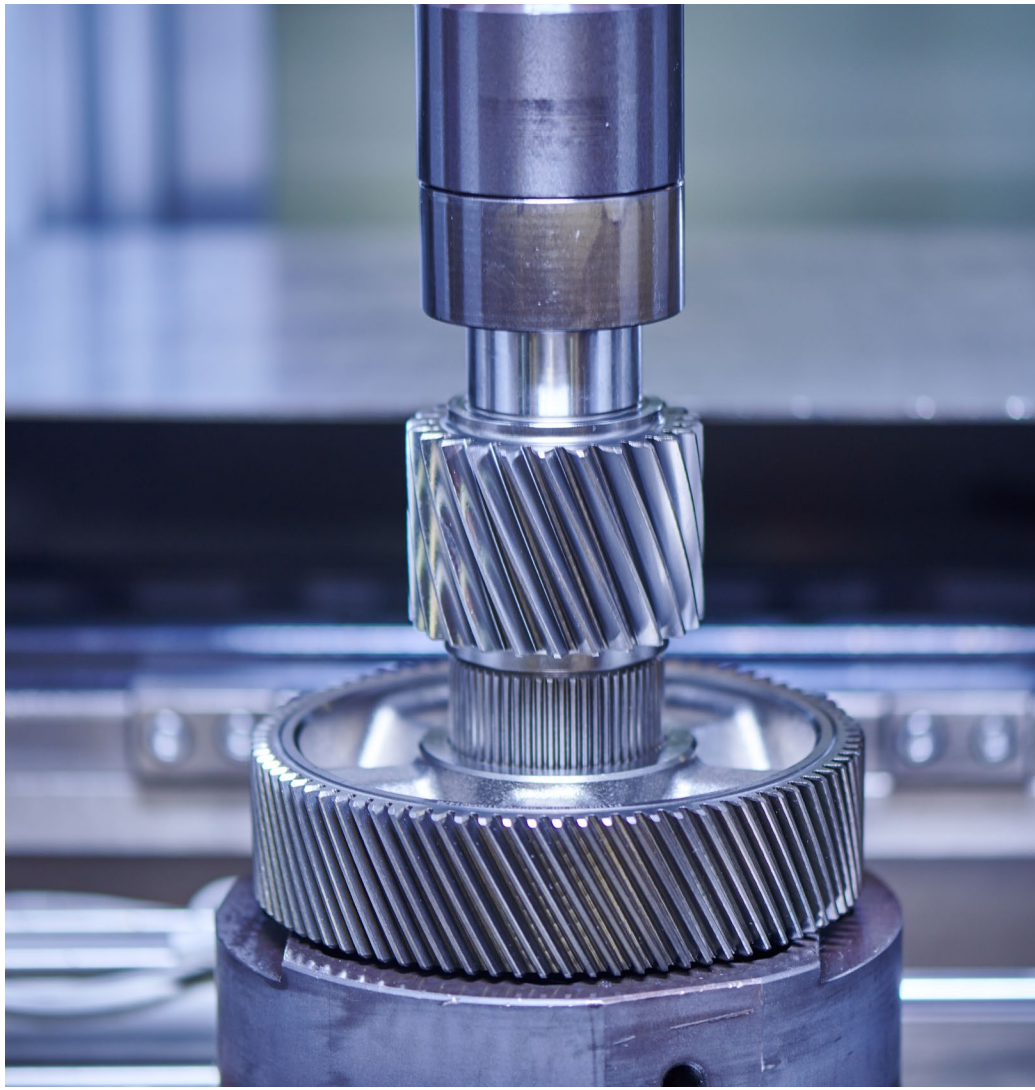
At the same time, we remain focused on key technology directions such as low noise, high efficiency, and green development. We integrate technological innovation with the dual carbon goals and ESG requirements. By increasing R&D investment, introducing high-end testing equipment, attracting technical talent, and improving project management as well as innovation incentive mechanisms, we continue to enhance our innovation capabilities. In 2025, Shuanghuan Research obtained the recognition as a high-tech enterprise and CNAS laboratory accreditation, further consolidating the foundation for innovation governance.


中国合格评定国家认可委员会
实验室认可证书
（注册号：CNAS L24078）
兹证明：
环研传动研究院（嘉兴）有限公司试验验证中心
浙江省嘉兴市桐乡市凤鸣街道文华南路 1235 号，314500
符合 ISO/IEC 17025：2017《检测和校准实验室能力的通用要求》
（CNAS-CL01《检测和校准实验室能力认可准则》）的要求，具备承担本
证书附件所列服务能力，予以认可。
获认可的能力范围见标有相同认可注册号的证书附件。证书附件是
本证书组成部分。
生效日期：2025-09-05
截止日期：2031-09-04
中国合格评定国家认可委员会授权人

CNAS Laboratory Accreditation


高新技术企业
证书
企业名称：环研传动研究院（嘉兴）有限公司
证书编号：GR202533003888
发证日期：2025 年 12 月 19 日
有 效 期：三年
批准机关：

High-tech Enterprise Certificate



Safety and Quality of Products and Services

Target Review

Metrics	2025 Target	Completion Status	Notes
Amount involved in major safety and quality liability incidents related to products and services during the reporting period	0	✓	/

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Customers' requirements for high reliability, low noise, and high consistency have increased	Risk	Requirements for precision, noise levels, service life, and consistency for gears and transmission components for new energy vehicles continue to increase. If product quality and performance are not iterated in a timely manner, this may weaken market competitiveness.	Medium term (3-10 years)
Quality standards across the automotive and high-end equipment industry chain continue to become more stringent	Risk	As high-end gear products upgrade towards higher rotational speeds, lightweighting, and lower noise, the difficulty of R&D, mass production, and process control increases, which may lead to increased R&D investment.	Medium term (3-10 years)
Quality upgrade driven by digitalisation and AI quality inspection	Opportunity	Through AI-based inspection in collaboration with systems such as D-MOM/QMS/SRM, we can improve defect identification efficiency, the speed of issue closed-loop resolution, and process stability, thereby reducing the defective rate, rework and repair, and quality losses.	Medium term (3-10 years)
Low-carbon, high-performance innovative products drive market growth	Opportunity	Developing low-noise, high-efficiency and lightweight gears and electric drive products help meet the needs of customers in new energy vehicles, industrial robots and high-end equipment, enhance product value added and expand new market opportunities	Medium term (3-10 years)

Impact, Risk, and Opportunity Management

Customer satisfaction

Shuanghuan Driveline regards customer satisfaction as an important metric for measuring the effectiveness of product safety and quality management. Through a quality control mechanism covering the entire process of product development, manufacturing, delivery, and after-sales service, we continuously enhance the customer experience. Through a quality management organisation with clear division of responsibilities and coordinated operation, the Company systematically incorporates customer feedback into the quality improvement mechanism.

Quality Assurance Office

It is responsible for establishing and optimising the tracking mechanism for the customer complaint register, categorising complaint levels based on the severity of issues, implementing register-based management and closed-loop tracking for customer feedback, clarifying the responsible departments and rectification deadlines, and ensuring that issues are addressed promptly and effectively.

Major Project Quality Management Office

It is responsible for promoting quality management and customer feedback for key projects. In 2025, there were 0 S/A-level customer complaints for key projects.

Supplier Quality Management Office

It is responsible for design quality management of suppliers prior to mass production.

Quality-of-life principle

Shuanghuan Driveline takes “quality is the lifeline of an enterprise” as the core principle of product safety and quality governance. Focusing on preventing major risks, controlling key issues, and reducing quality losses, we have continued to consolidate the Shuanghuan quality brand.

Optimisation of the measurement system and upgrading of measurement equipment

During the Reporting Period, the Company continued to optimize its measurement system control procedures by introducing test methods and acceptance criteria for key capabilities such as resolution, CG/CGK (measurement system capability indices), linearity, and stability. It also further refined and disaggregated GRR analysis (Gauge Repeatability and Reproducibility) to accommodate different application scenarios, including manual gauges and automated inspection equipment.

The Company upgraded relevant inspection software by adding an automatic abnormal curve recognition function to improve anomaly detection efficiency. At the same time, it advanced the in-house modification of single-flank testing equipment by adding a cooling device for noise sensors and an automatic rail lubrication system to enhance operational stability. In addition, the Company carried out integrated software and hardware upgrades for another type of single-flank testing equipment, optimizing measurement software functions and upgrading operations from manual processing to automated online connectivity, thereby further improving inspection efficiency and data reliability.

Reduced quality loss

Focusing on the objectives of “reducing losses, improving efficiency, and preventing risks”, the Company systematically strengthens the mechanisms for the statistical tracking, analysis, and control of quality costs, and promotes the conversion of quality improvement outcomes into operational benefits.

At the data governance level, the Company standardises and optimises the statistical templates for quality cost data across all sites, standardises the definitions and classification criteria, strengthens the linkage between quality reports and the BI system, and improves the timeliness and comparability of quality cost data. Meanwhile, the Company has revised and released the Management Measures of Shuanghuan Driveline for the Statistics of Key Quality Metrics, further detailing the statistical requirements and management responsibilities for quality cost-related indicators.

At the execution and analysis level, the Company carries out a systematic review of quality cost data for sites such as Jiangsu Shuanghuan and Jiaxing Shuanghuan, with a focus on identifying anomalies and structural issues in the collection of quality cost data, driving closed-loop resolution of the relevant issues, and enhancing the authenticity and management value of quality cost data.

In addition, the Company standardises the quality claims management process and has issued the Notice on the Standardised Process for Handling Quality Claims between Each Base/Branch and the Jiangsu Precision Forming Centre, to implement unified management and oversight of quality claim activities, rectify non-compliant claim cases, ensure fairness among internal units, and effectively safeguard the Company’s overall interests.

Metrics and Targets

Metrics	Unit	Data of 2025	2026 Target
Amount involved in major safety and quality liability incidents related to products and services during the reporting period	RMB10,000	0	0

Digital Transformation

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Imbalanced digitalisation levels across upstream and downstream operations affect collaboration efficiency	Risk	Differences in the level of digitalisation across steel materials, outsourced processing, logistics, and customer interfaces may result in delays in information transmission, poor planning coordination, and reduced supply chain responsiveness.	Short term (1-3 years)
Rising requirements for data security and system compliance	Risk	With the deep integration of systems such as ERP, MES, D-MOM and QMS, risks including data leakage, system outages and loss of access control have increased, which may affect production continuity, customer trust and compliance performance.	Medium term (3-10 years)
Intelligent manufacturing helps support the upgrading of high-precision gear manufacturing	Opportunity	Digital workshops, flexible production, and data analytics capabilities help enhance the stability, consistency, and delivery capability of high-precision machining, supporting the development of our new energy vehicle and high-end equipment business.	Medium term (3-10 years)
AI and data applications expand new competitive advantages	Opportunity	AI empowers R&D and design, supply chain analysis, production operations, and sales management, helping to improve decision-making efficiency, shorten response cycles, and create differentiated competitive advantages.	Medium term (3-10 years)

Impact, Risk, and Opportunity Management

Shuanghuan Driveline focuses on unlocking data value and upgrading intelligent manufacturing, and has established a phased, governable digital transformation pathway. This is advanced step by step in accordance with the three stages of informationisation–digitalisation–intelligentisation, ensuring that the development of digital capabilities is aligned with the Company's corporate governance, business maturity, and risk management and control standards.

Intelligent manufacturing system architecture

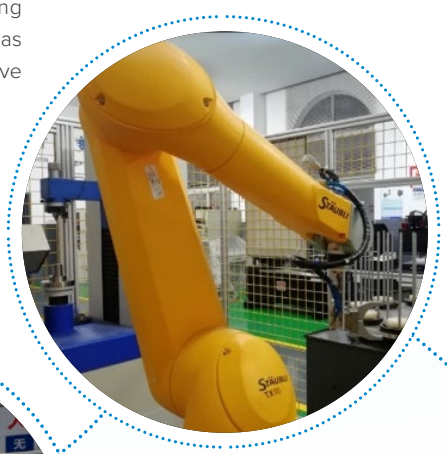
Shuanghuan Driveline uses the "1+4+1" new intelligent manufacturing model as the overall framework, namely building an enterprise intelligent brain, systematically developing four core capabilities of digital design, intelligent production, green manufacturing, and lean management, and promoting the continuous evolution of intelligent manufacturing capabilities in a model-based and system-based manner.

Centred on the overarching approach of "lean-driven development and digital empowerment", the Company leverages new-generation information technologies such as 5G, edge computing, the industrial internet, big data, and artificial intelligence to promote the deep integration of IT, OT, and ET. Through collaboration both within and beyond the industrial chain, we have built an intelligent factory ecosystem integrating R&D, manufacturing, quality, sales, logistics, and customer services, significantly enhancing market responsiveness and competitiveness in product quality, shortening product delivery cycles, and reducing overall operating costs.

The completion of an advanced intelligent factory has effectively addressed common challenges faced by discrete manufacturing industries such as automotive components in areas including high-precision manufacturing, flexible production, improved efficiency in energy and resource utilisation, and full life-cycle management of product quality. It has promoted enterprises' transformation and upgrading towards a green, safe, and sustainable model of high-quality development, and has also driven upstream and downstream enterprises in the industrial chain to achieve collaborative optimisation and joint development.

AGV

Fully Automated Gear Machining Production Line



Robot Modelling

Business system integration architecture

Vertical integration system

The Company has established a six-layer vertically integrated architecture from the equipment level to the decision-making level: the foundational layer provides support for data centres, network interconnection and security protection; the equipment layer covers production equipment, inspection equipment, logistics equipment, and intelligent terminals such as sensors and RFID; the control layer deploys the SCADA system and the PLC control network; the execution layer integrates manufacturing execution systems such as APS, MES, QMS/LMS and WMS; the planning layer coordinates enterprise resource management systems such as ERP, CRM, SCM and PLM; the decision-making layer establishes an intelligent decision-making system covering customer management, order management, production planning, procurement planning and delivery planning, thereby achieving data-driven refined management.

Horizontal integration system

By integrating horizontally across business areas including R&D and design, production and manufacturing, logistics and warehousing, quality control, equipment maintenance, and energy management, we achieve the collaborative operation of multiple business modules. Relying on the digital workshop model and the integration of intelligent production lines, we connect the data flow across the entire product life cycle, forming a continuously optimised business closed loop.

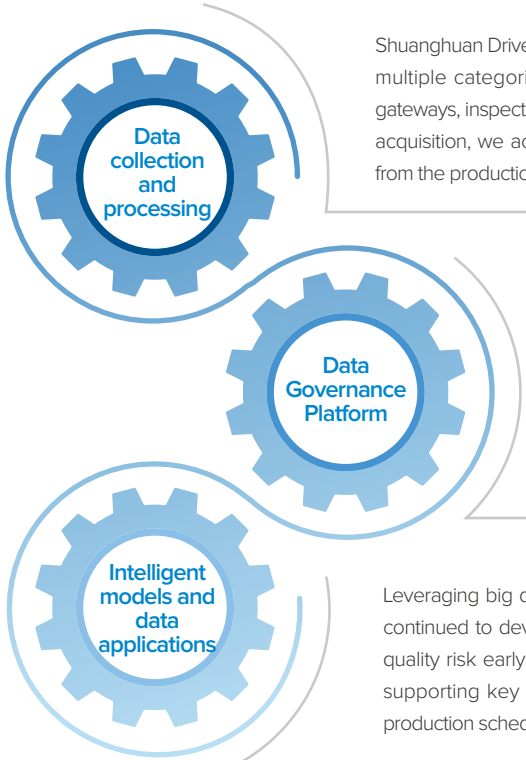
Deep integration of core systems

With ERP as the core hub, Shuanghuan Driveline achieves seamless integration with management systems including OA, HR, PLM, CAPP, CRM, and SRM. Through a unified interface platform, we ensure the real-time synchronisation of key data, including orders, plans, materials, and quality standards, across all systems, gradually establishing a collaborative operating model of “one order, full-process visibility”.

Collaboration of manufacturing execution systems

The Company has built a production process management system centred on MOM (Manufacturing Operations Management), integrating functional modules including order execution, quality management, warehouse management, tooling and fixture management, personnel performance management, and equipment management, and achieved real-time monitoring and automatic control of the production site through the SCADA/PLC system to ensure that decisions at the planning level are accurately communicated to the execution level.

Data connectivity mechanism



Shuanghuan Driveline has established a comprehensive data acquisition network covering multiple categories of equipment, including sensors, marking equipment, industrial gateways, inspection equipment, and AGVs. Through a combination of offline and real-time acquisition, we achieve comprehensive perception, monitoring, and processing of data from the production site.

The Company has established a unified data governance platform, covering functionalities such as metadata management, master data management, data standards, data quality, data security, and data lifecycle management. This ensures consistent data definitions, reliable quality, and traceable sources, providing a solid foundation for digital applications.

Leveraging big data and artificial intelligence technologies, Shuanghuan Driveline has continued to develop intelligent models for market trend forecasting, cost forecasting, quality risk early warning, energy consumption management, and quality traceability, supporting key business scenarios such as market analysis, procurement control, production scheduling, online quality early warning, and cost optimisation.

Technical support system

Leveraging new-generation information technologies such as cloud computing, digital twins, big data, and artificial intelligence, we have built a resilient and scalable technology foundation. Through an industrial internet platform and a 5G+OT network, we have achieved equipment interconnection, data connectivity, and application interoperability, providing stable, secure, and efficient technical support for business system integration and end-to-end data connectivity.

AI-enabled Quality Empowerment

Shuanghuan Driveline, with artificial intelligence and digital technologies as the core drivers, has established a progressive path for upgrading quality governance, promoting the evolution of quality management from tool-enabled empowerment towards cultural and industry leadership.

2025 Digital and intelligent empowerment

Leveraging AI, D-MOM, and a range of digital tools, we strengthen the fundamental management mechanism for the cycle, standardise quality behaviours and operational practices, and promote the transformation of quality management towards digitalisation and standardisation.

2026 Collaborative empowerment

We strengthen the communication and implementation of the quality management philosophy, promote collaboration across departments, production lines, and the full project lifecycle, establish an “end-to-end” quality management chain, and improve the efficiency of quality collaboration across the entire value chain.

2027 Innovation empowerment

We refine the continuous improvement mechanism, promote deep integration of data-driven approaches and technological innovation, and progressively cultivate a future-oriented quality innovation ecosystem.

2028 Cultural empowerment

We strengthen quality awareness among all employees, internalise the quality philosophy into employees’ shared understanding and voluntary actions, and build a distinctive corporate quality culture and brand image.

2029 Benchmark empowerment

Building on system maturity and capability spillover, we participate in and take a leading role in developing industry quality standards, share replicable quality and digitalisation experience, and build a benchmark empowerment ecosystem.

AI Intelligent Assistant

Shuanghuan Driveline leverages 25,000 internally accumulated industry problem-solving experiences and classic quality management theories to develop a Quality AI Assistant agent. Through large language models and knowledge graph technologies, it provides intelligent support across the full process of quality problem-solving, establishing a new quality management and control paradigm of pre-event prevention, in-event control, and post-event closure. Quality problem-solving efficiency increased by 30%, reducing quality engineers' repetitive work in basic analysis and report writing, and enabling them to focus their efforts on core technical breakthroughs and quality improvement.

Pre-event prevention: Intelligent analysis of potential failure modes in FMEA

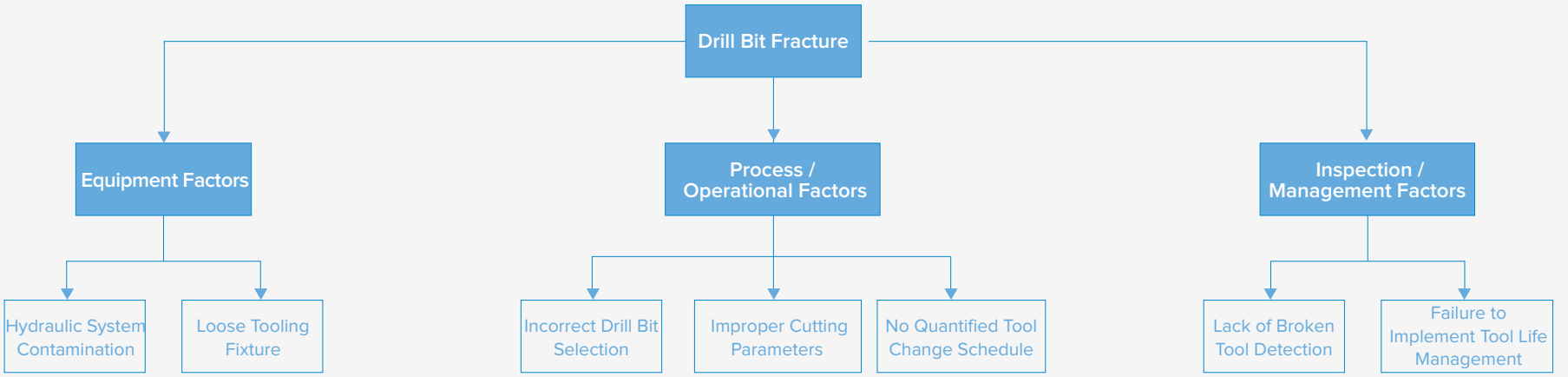
Based on gear design parameters, process route and historical failure data, AI automatically identifies potential failure modes and risk points. AI generates FMEA analysis reports intelligently, recommending targeted preventive measures and control plans to eliminate quality risks at the earliest stage.

In-event control: Intelligent generation of in-depth quality analysis reports

By inputting the phenomena of quality issues and preliminary inspection data, the AI associates similar historical cases via knowledge graphs. The report includes an in-depth analysis of the root causes of the issue, a multidimensional impact assessment, targeted improvement measures, and recommendations on key control points, providing comprehensive decision-making support for quality engineers.

Post-event closure: Intelligent generation of 8D reports dedicated to the gear industry

Built-in gear industry 8D report standard template, with AI automatically integrating information such as problem descriptions, root cause analysis, and corrective and preventive measures. A professional-grade 8D report that meets the requirements of the IATF 16949 Quality Management System is generated, which supports one-click export for sharing with customers and ensures closed-loop management of quality issues.



Generation of a Root Cause Analysis Thinking Tree

Quality Report AI Closed-loop Judgement System

As a core module of Shuanghuan Driveline's AI quality control system, the Quality Report AI Visual Judgement System leverages deep learning and computer vision technologies to achieve an intelligent upgrade across the entire quality inspection process, thereby establishing a robust quality safeguard for precision gear manufacturing. The Quality Report AI Closed-loop Judgement System replaces the traditional manual review model, automatically completing data extraction, feature recognition, and result judgement for gear inspection reports.

Dual engine of "Automated Extraction + AI Judgement"

Based on OCR and computer vision technologies, it accurately identifies and recognises key indicators in inspection reports, such as dimensional accuracy, surface defects, and hardness parameters. A feature database of gear quality defects has been built, achieving a judgement accuracy rate of over 99.5% through deep learning models.

AI Measurement System for Weld Seam Defects

Shuanghuan Driveline has developed an AI measurement system for weld seam defects in response to issues such as the long time required for traditional weld inspection, accuracy being significantly affected by manual work, and difficulties in data traceability. Through AI measurement plus manual review, we improve the efficiency and stability of quality inspection. The system, based on computer vision and optimised YOLO algorithms, can automatically identify weld seam contours and measure key parameters such as length, width, reinforcement height, and undercut depth, achieving a detection accuracy of 99%.

The system supports customised weld inspection templates and parameter settings for multiple products, can automatically generate standardised inspection reports, and synchronise them to the enterprise quality database to achieve data traceability. At the same time, the system integrates historical inspection data to create multidimensional analysis dashboards, monitoring fluctuations in weld quality in real time and providing support for process optimisation and equipment maintenance.

Real-time and closed-loop early warning on WeCom

The system automatically identifies out-of-tolerance items and quality risk points, and pushes real-time early warning messages to quality engineers and production shift leaders via WeCom. An embedded exception handling workflow engine supports one-click initiation of quality traceability and rectification work orders, enabling end-to-end control of the entire process of problem identification, response, and closed-loop management.

Quality report trend analysis dashboard

It integrates historical inspection data, uses AI algorithms to identify patterns in quality fluctuations, and generate multidimensional trend analysis reports. Moreover, it supports quality traceability by dimensions such as product line, production batch, and equipment model, providing data support for process optimisation and quality improvement.

Technological Innovation

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Accelerating industry technological iteration continues	Risk	Gear manufacturing and new energy vehicle transmission systems are facing increasingly stringent technical requirements for low noise, high efficiency, lightweight design, and high reliability. If breakthroughs in core technologies lag behind, this may affect customer orders, product competitiveness, and market share.	Short term (1-3 years)
Intensified competition for high-end R&D talent	Risk	Increasing difficulty in recruiting PhD holders, process experts, and interdisciplinary talent in intelligent manufacturing and AI may drive up remuneration and talent acquisition costs, and affect the progress of critical technology breakthroughs.	Medium term (3-10 years)
Intelligent manufacturing and AI applications expand innovation boundaries	Opportunity	Integrating artificial intelligence, digital simulation, and smart factory capabilities into R&D and manufacturing will help enhance development efficiency, testing and verification capabilities, and the speed of results translation, thereby creating differentiated competitive advantages.	Medium term (3-10 years)
Open innovation strengthens technological synergy capabilities	Opportunity	Through the institute platform, university-enterprise cooperation, and the introduction of expert resources, we can enhance capabilities in basic research, engineering commercialisation, and reserves of cutting-edge technologies, strengthening long-term innovation resilience.	Medium term (3-10 years)

Impact, Risk, and Opportunity Management

Innovation team

Shuanghuan Driveline regards a well-balanced age structure as an important foundation for innovative teamwork and sustainable development, and is committed to building a talent team with a balanced echelon, combining both dynamism and experience. Our current innovation team covers all age groups, forming a talent pipeline with an organic connection between older, middle-aged, and younger staff. Among them, staff aged under 30 account for 46.4%, those aged 31-40 account for 31.9%, those aged 41-50 account for 15.8%, those aged 51-60 account for 5.7%, and those aged 61 and above account for 0.2%. A diverse age structure not only brings the innovative vitality of young talent to the team, but also retains the accumulated experience and technical inheritance of mature talent, providing strong support for the sustained advancement of scientific and technological innovation work.

2025

- In 2025, the number of R&D personnel reached **1,282**, accounting for over **14.27**% of the total number of employees;
- The number of valid patents was **475**, all of which were applied to our main business. In 2025, we newly filed **24** invention patents, and **12** patents were granted.

R&D equipment

As of 31 December 2025, the test and validation centre of the Shuanghuan Research had a new energy high-speed NVH test bench, a new energy high-speed three-motor test bench, and a precision reducer comprehensive test bench. The relevant equipment can support performance and fatigue tests for electric drive assemblies and their subsystems, performance tests for precision reducers, etc., providing important support for our product research and development, testing and validation, and technological innovation.

High-Speed NVH Test Bench

High-Speed Three-Motor Test Bench

Innovative product development

High-Speed Low-Noise Electric Drive Technology

To address the prominent industry pain point of noise, vibration and harshness (NVH) in the “high-speed and lightweight” development of electric drive systems, the group’s R&D team has built a multi-physics coupled NVH control system with “accurate prediction + targeted optimisation” at its core. By integrating theoretical modelling, simulation analysis, and experimental validation, we clarify the excitation sources and transmission paths of high-speed gears, and have established a coupling mechanism between structural dynamic response and acoustic radiation. Ultimately, this has achieved reductions in electric drive system noise and in peak vibration acceleration, reduced noise pollution across the product’s full lifecycle at source, while also helping to improve the energy efficiency of the electric drive system, aligning with the industrial orientation of green manufacturing and high-quality development.

Strength assessment and tooth profile optimisation of lightweight high-strength plastic gears

In response to industry pain points in the application of plastic gears in areas such as e-bikes, and smart home devices, including non-unified design standards and an incomplete materials database, Shuanghuan Driveline has developed a plastic gear design and analysis methodology. This methodology is used to analyse tooth flank and tooth root stress and load distribution, thereby enhancing the load-bearing capacity of plastic gears. Meanwhile, through standardised tests, we assess the fatigue life and failure characteristics of different plastic materials and have gradually established a materials database. The relevant technologies for the strength assessment and tooth profile optimisation of lightweight high-strength plastic gears have been applied to E-bike drives, effectively enhancing the load-bearing capacity and endurance performance of the transmission system, thereby supporting safe, low-carbon, and efficient travel.

Advanced metal additive manufacturing

In response to industry pain points in the traditional processing of metal components for transmission systems, such as complex processing procedures, long manufacturing cycles, high costs for small-batch processing, and constraints on the processing of complex structures, Shuanghuan Driveline has established an advanced metal additive manufacturing laboratory, developed capabilities in additive manufacturing and performance assessment of metal components, and progressively improved the product database. This technology has been applied to the manufacturing of components such as gears, gear shafts, engine ring gears, planetary carriers, and gearbox housings. It also supports the efficient manufacturing of complex systems and core components, including machine tool equipment, hybrid power systems, small sub-assemblies, engines, and transfer cases, effectively reducing production steps, overcoming limitations associated with complex structures, and helping to reduce product weight and enhance cost reduction and efficiency improvement.

Metal Additive Manufacturing Products

Differential welding technology

Shuanghuan Driveline replaces traditional bolted connections with welding processes, optimises the casting process of differential housing materials and the welding structural design, and enhances the strength of the housing material and weld strength, thereby achieving differential lightweighting, improved NVH performance, and increased production efficiency. Meanwhile, the Company has gradually established a database of differential housing materials and welding processes to better meet the product requirements of different customers.

Welded Differential

Metrics and Targets

Metrics	Unit	Data of 2024	Data of 2025
R&D investment amount	RMB10,000	45,604.29	49,051.16
R&D investment as a percentage of main revenue	%	5.19	5.38
Number of R&D personnel	persons	1,262	1,282
Percentage of R&D personnel	%	15.14	14.27
Number of invention patents applied in core business	items	104	116
Number of invention patent applications during the reporting period	items	29	24
Number of invention patents granted during the reporting period	items	31	12
Total number of valid patents during the reporting period	items	428	475

Full life cycle design

To improve the environmental performance of our products, Shuanghuan Driveline introduced the full life cycle concept at the gear product R&D stage, systematically considering the environmental impacts across stages including raw material sourcing, design and manufacture, and end-of-life recycling.

01 At the raw material stage

The R&D team prioritises materials with a lower carbon footprint and environmental friendliness, gradually introducing material plans that combine performance advantages with eco-friendly properties, reducing carbon emissions and resource consumption from the source.

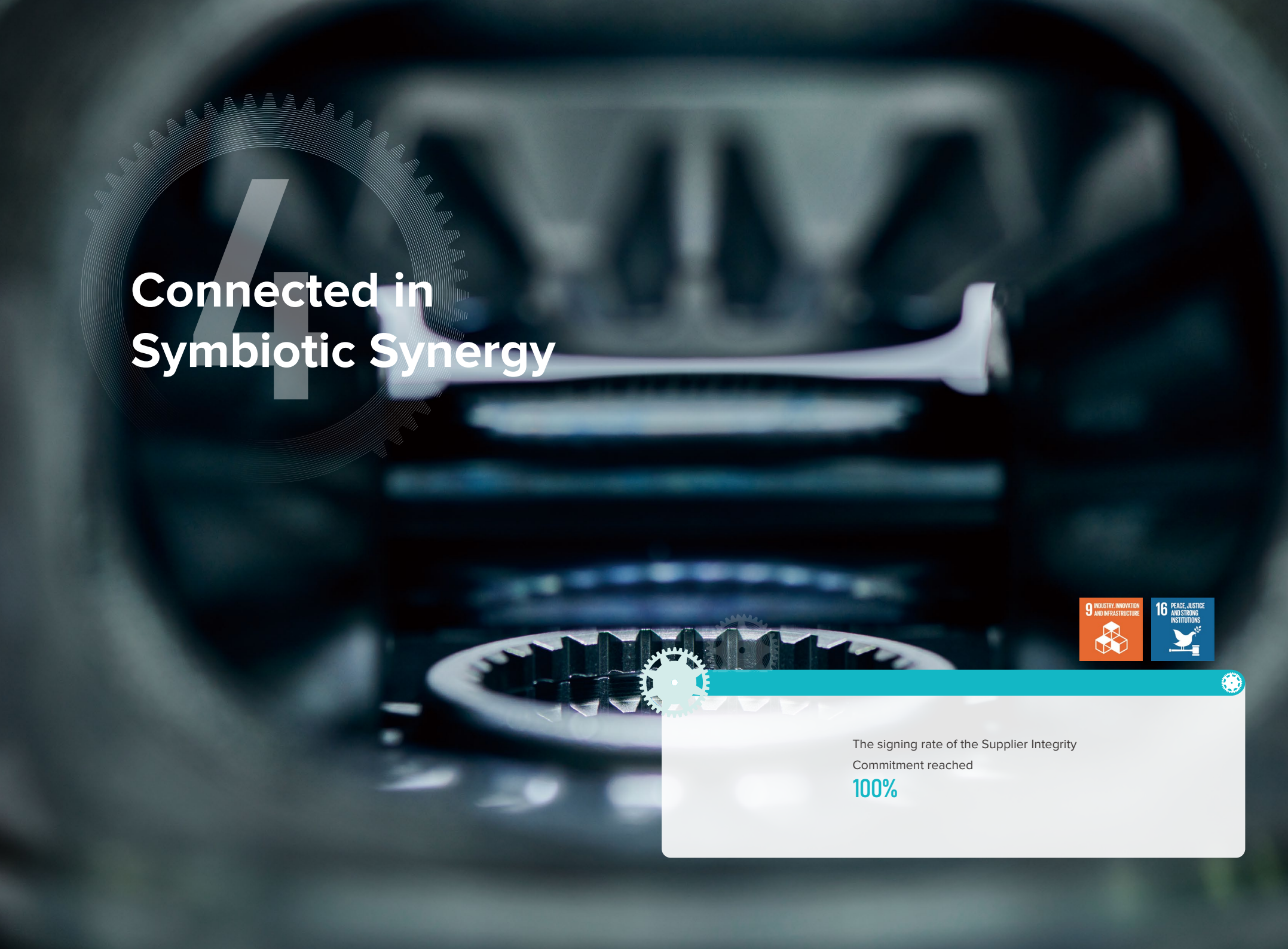
02 During the design and manufacturing stage

We achieve gear lightweighting through topology optimisation, reducing material use and manufacturing energy consumption, while also improving meshing performance, reducing noise, and extending service life. During the manufacturing process, we integrate intelligent manufacturing technologies to improve machining precision and material utilisation, and carry out dynamic monitoring and optimisation of energy consumption, cutting fluid use, and waste generation, thereby promoting green and efficient operation of the production process.

03 At the end-of-life and recycling stage

Product design fully considers disassemblability and recyclability, facilitating the sorted recycling of components made from different materials. The Company is also exploring a raw material recycling model in collaboration with steel mills, promoting the return of recycled materials to production on the premise of meeting quality requirements, and gradually establishing a closed-loop system for circular resource utilisation.

4 Connected in Symbiotic Synergy



The signing rate of the Supplier Integrity Commitment reached

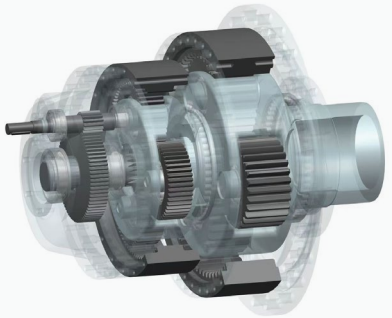
100%

Sector goals

Jointly build a safe and trustworthy industry ecosystem.

Material topics

- Supply chain security and sustainability



Governance

Shuanghuan Driveline continues to improve governance mechanisms relating to suppliers, customers, and partners. Focusing on topics such as supply chain security and sustainability, equal cooperation, data and information security, and customer privacy protection, we continue to enhance the security, transparency, and sustainability of the collaborative ecosystem. The Company continuously extends its responsibility management requirements from within the enterprise to the entire supply chain. By revising the *Production Material Supplier Management Procedures,* optimising labour rights-related procedures, and incorporating social responsibility requirements into the supplier management system, it specifies prohibitions against child labour and forced labour, establishes a combined system of "regular audits and random checks" for graded supervision and disposal mechanisms, and promotes the upgrade of supply chain governance from single-point compliance to collaborative co-construction. We have established a dedicated supply chain management department responsible for supplier onboarding, review, and phase-out management, incorporating compliance performance, contract fulfilment capabilities, and sustainable development requirements into a unified process, and promoting suppliers' continuous improvement in environmental, social, and governance aspects through training, communication, and collaborative improvement initiatives. Steel suppliers, as key suppliers, are included within the scope of more stringent onboarding assessments and ongoing monitoring to safeguard the stability and sustainability of the supply chain.

Meanwhile, Shuanghuan Driveline always adheres to the cooperation principles of fairness and impartiality, treats all categories of SME partners equally, and continued to foster a transparent and trustworthy business co-operation environment, effectively safeguarding the legitimate rights and interests of SMEs through institutional constraints and process optimisation. The Company also attaches great importance to data and information security, incorporating data security and business continuity assurance into key elements of digital governance, and continuously enhancing information system security, data integrity, and the compliance level of privacy protection through a combination of technical safeguards, institutional development, system optimisation, and emergency management.

Supply Chain Security and Sustainability

Strategy

Description of Potential Risks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Stricter green and compliance requirements for key raw materials such as steel	Risk	As steel is an important procurement category for the Company, its carbon footprint, energy mix, and environmental compliance performance will affect supply chain stability and export competitiveness. If upstream transformation is insufficient, this may increase procurement risks and compliance costs.	Short term (1-3 years)
Upstream transmission of supply chain environmental and social responsibility risks	Risk	If suppliers are involved in labour violations, safety incidents, illegal pollutant discharges, or dishonest practices, this may cause delivery disruptions, reputational damage, and customer audit risks for the Company. During the reporting period, the signing rate of the Supplier Sunshine Agreement was 100%.	Medium term (3-10 years)
Responsible procurement enhances supply chain stability and transparency	Opportunity	Through supplier onboarding, performance evaluation, tiered management, and social responsibility audits, we can help enhance the overall standardisation of the supply chain, reduce disruption risks, and strengthen quality and delivery stability.	Medium term (3-10 years)
Supplier empowerment promotes collaborative upgrading of the industrial chain	Opportunity	Through responsible management, green requirements, and capability improvement programmes, we drive suppliers to make continuous improvements across environmental, social, and governance aspects, helping to build a safer, more transparent, and sustainable industrial ecosystem.	Medium term (3-10 years)

Impact, Risk, and Opportunity Management

In sustainable supply chain management, Shuanghuan Driveline regards compliance and integrity as the prerequisite and baseline requirements for supplier cooperation. The Company systematically incorporates business ethics and compliance clauses into commercial contracts, clearly requiring all suppliers to sign "integrity agreements" such as the *Supplier Integrity Commitment and the Supplier Code of Conduct*, to prevent improper transactions and the transfer of interests. During the reporting period, the signing rate of "integrity agreements" with suppliers reached 100%.

In the steel procurement process, Shuanghuan Driveline implements stringent management measures to ensure the compliance, transparency, and integrity of the procurement process. Simultaneously, the Legal Affairs Department led the update of the *Procurement Price Confidentiality Agreement* for 2025. Procurement personnel are required to sign the Employee Code of Conduct, committing to adhere to professional ethics and safeguard the Company's interests during procurement processes.

During the reporting period

The signing rate of "integrity agreements" with suppliers reached **100**%.

Supplier lifecycle management

Shuanghuan Driveline, guided by the full life-cycle management logic of access, assessment, improvement, and elimination, has established a systematic and sustainable supplier responsibility management mechanism. During the access stage, we carry out a comprehensive assessment of potential suppliers, focusing on their capabilities, financial position, quality systems, management standards, and cooperation stability. We also incorporate requirements on social responsibility, environmental management, and business ethics into the access criteria, so as to ensure the compliance and reliability of the supply chain at source. The Company implements dynamic management and annual performance evaluations for qualified suppliers. The evaluation dimensions cover product quality, on-time delivery, service responsiveness, and social responsibility performance. Based on the evaluation results, suppliers are classified into four grades, from A to D. The evaluation results are directly linked to our procurement strategy and the depth of cooperation. Suppliers with identified risks are required to develop and implement improvement plans, driving their continuous enhancement of management standards. The Company has established a clear phase-out mechanism. For suppliers whose performance continues to fall below standards or whose risks are uncontrollable, we will gradually reduce the procurement share until cooperation is terminated, thereby ensuring the overall stability, safety, and sustainability of the supply chain.

Co-building a supplier social responsibility ecosystem

During the reporting period, Shuanghuan strengthened the foundations for internal compliance and rights protection by revising the *Production Material Supplier Management Procedures* and improving procedures related to labour rights and occupational health and safety. On this basis, Shuanghuan Driveline set the following “ten bottom-line requirements” for social responsibility for suppliers:

- Prohibit the use of child labour in any form.
- Prohibit the use of prison labour and any form of forced labour, and do not restrict personal freedom or detain identity documents.
- Prohibit violence, verbal abuse, corporal punishment, sexual harassment, and any form of illegal body search.
- Prohibit paying employees remuneration below the local minimum wage standard.
- Prevent serious safety accidents such as major fires and explosions.
- Eliminate working conditions that seriously endanger life safety or health, and prohibit the occurrence of fatal accidents.
- Prohibit the illegal discharge of toxic and hazardous pollutants, including wastewater, waste gas, and solid waste.
- Prevent major media crises and mass negative incidents, including abnormal deaths, mass labour disputes, collective poisoning, and similar situations.
- Provide a safe and healthy working environment, and take effective measures to prevent occupational injuries and collective infection incidents arising from infectious diseases.
- Strictly prohibit corruption and dishonest conduct, and implement the “Six No’s and One Commitment” integrity requirements of “no bribery, no gift-giving, no improper affiliations, no falsification, no cutting corners, no commercial fraud, and honour commitment”.

Green Transition of Suppliers

In 2025, Shuanghuan Driveline integrated its carbon neutrality targets into its supplier empowerment system, clearly setting out requirements for green energy use and carbon footprint management, and encouraging suppliers to shift from passive compliance to proactive carbon reduction. The Company encouraged suppliers to give priority to purchasing renewable electricity and, where conditions permitted, to develop distributed photovoltaic projects, so as to reduce the overall carbon emission intensity of the supply chain. During the reporting period, some core suppliers carried out relevant practices. For example, one supplier completed the purchase of green certificates corresponding to 4,000 MWh of green electricity consumption.

At the same time, the Company incorporates product carbon footprint management into supplier cooperation requirements, encouraging suppliers to provide product carbon footprint reports in accordance with relevant standards. We have progressively established a full lifecycle carbon emission data traceability system covering raw material sourcing, production and manufacturing, and delivery stages, continuously enhancing the transparency of carbon information and carbon management capability within the supply chain.

证书编号（Certificate No.）: 12252000895585

绿色电力消费凭证
Green Electricity Consumption Certificate

消纳方（Consumptive Party）:	石家庄钢铁有限责任公司
消纳方所在地（Consumptive Site）:	河北
供电方（Electricity Supplier）:	深泽县卓茂新能源开发有限公司
供电方所在地（Electricity Supplier Site）:	河北
消纳周期（Consumptive Cycle）:	2025年08月01日-2025年08月31日
消纳电量（Electricity Consumption）:	4000.0000MWh
电量类型（Electricity Type）:	太阳能

扫码区块链溯源

BPX 北京电力交易中心 BEIJING POWER EXCHANGE CENTER

ATTESTATION ◆ ATTESTATO ◆ ATESTACIÓN ◆ BESCHEINIGUNG ◆ ATTESTATION

产品碳足迹核查声明

编号：P2GHG 123510 0016 Rev. 00

委托方：	北京盈碳科技发展有限公司 中华人民共和国北京市朝阳区建国路甲92号-4至24层内17层 1701 100000
责任方：	石家庄钢铁有限责任公司 中华人民共和国河北省石家庄市和平东路363号 050031
产品名称：	圆钢 热轧圆钢（60Si2MnA、60Si2Mn和56SiCr7）
核查准则：	ISO 14064-3:2019 ISO 14067:2018
声明单位：	1吨热轧圆钢（60Si2MnA、60Si2Mn和56SiCr7）
保证等级：	合理保证
实质性：	总排放量5%以内
实施规则：	CCB_GHG_GR_001CS REV06
核查结论：	TÜV SÜD 依据ISO 14064-3:2019标准对责任方在《热轧圆钢（60Si2MnA、60Si2Mn和56SiCr7）产品碳足迹报告》中的宣称执行核查。经核查确认石家庄钢铁有限责任公司在时间边界内在其生产地址生产的1吨热轧圆钢（60Si2MnA、60Si2Mn和56SiCr7）在摇篮到大门系统边界内的产品碳足迹为8.637E+02 $kgCO_2e$。责任方的宣称符合ISO 14067:2018标准要求。

产品碳足迹核查的目的是按核查准则对责任方宣称的准确性和符合性进行认定。本产品碳足迹声明是TÜV SÜD作为第三方审定与核查机构基于责任方的宣称签发的。支持宣称的数据和信息属于历史事实。责任方对宣称及其与相应规定要求的符合性负有责任。本声明并不免除责任方遵守任何章程、联邦、国家或地区的法令和法规、或根据此类法规发布的任何指南的责任。

技术领域类别：	B10 金属材料及金属制品
核查报告编号：	0201251105.REV 00
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（Cuiyun Zhang）

第1页共2页
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TÜV®

Green Power Procurement Status and Carbon Footprint Report of a Supplier

Data and Information Security

Target Review

Metrics	2025 Target	Completion Status	Notes
Specific amount involved in customer privacy breach incidents	0	✓	/

Shuanghuan Driveline attaches great importance to data and information security, incorporating data security and business continuity assurance into key elements of the Company's digital governance, and continuously enhancing information system security, data integrity, and the compliance level of privacy protection through a combination of technical safeguards, institutional development, system optimisation, and emergency management.

Information system integration and data synergy

To ensure data consistency and high quality, Shuanghuan Driveline continues to advance information system integration and business collaboration, supporting operational and management needs across multiple scenarios, including production, quality, technology, and marketing. The Company progressively interconnects systems including BI, OA, CRM, ERP, and D-MOM, achieving end-to-end linkage of information flows, enhancing collaboration efficiency among people, materials, and data, and reducing management risks arising from data silos and duplicate data entry.

Network and infrastructure security development

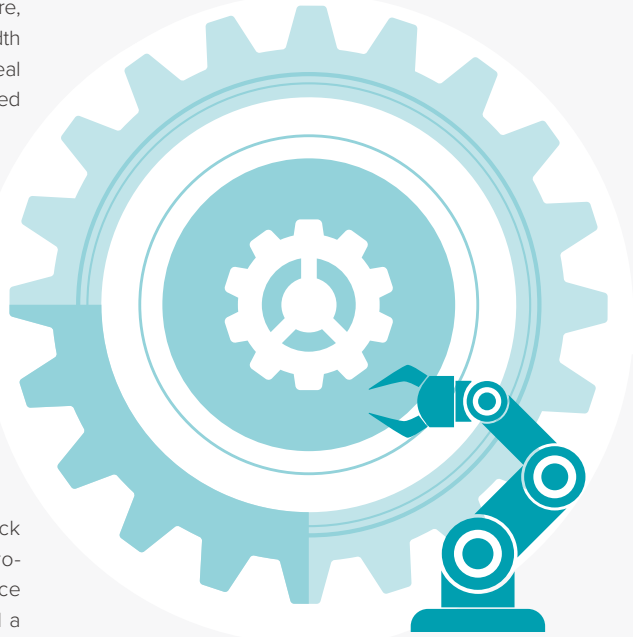
The Company continues to improve information infrastructure development and has established a local area network with optical fibre as the backbone. In 2019, the Company built a T2-standard data centre in Hangzhou and established a remote backup computer room in Yuhuan for disaster recovery and business continuity assurance. Meanwhile, the Company deployed the Citrix SD-WAN system in Hangzhou, Chongqing, and Huai'an, significantly improving the efficiency and stability of offsite network transmission and providing support for cross-regional collaborative operations.

Network boundary and access control protection

During the reporting period, Shuanghuan Driveline further strengthened network perimeter security and external access controls. Through measures such as OneDNS, zero-trust VPN, reinforced data backup, and database operation and maintenance security barriers, we established a more robust data and information security protection system.

OneDNS Security Protection Project

OneDNS is an internet security access service provided by ThreatBook, featuring easy deployment, high precision, high stability, and full-scenario coverage. Through DNS recursive resolution technology, it effectively blocks threats such as malware, ransomware, and phishing attacks, and also supports ad blocking and bandwidth management. Cloud-based threat intelligence is synchronised in real time, with Trojans, ransomware, APT attacks and phishing links blocked automatically, achieving a detection rate of up to 99.99%.



Data backup hardening and protection project

The Company adopts a more secure data backup storage system, and, through mandatory security policies, prohibits unlawful or malicious activities from having an irreversible impact on data backups. Data backups are enabled to play a critical role when required. We also regularly conduct data recovery drills to ensure the effectiveness of data backups.

Zero-trust VPN unified integration with WeCom application access

To reduce external security threats, minimise the external attack surface, and standardise access interfaces, we deploy a zero-trust VPN, further enhancing our information security assurance capabilities. By means of a zero-trust VPN, we have established a trusted connection between the WeCom application and intranet applications, synchronising WeCom user information. When WeCom users access applications, the zero-trust VPN automatically performs identity authentication and uses an encrypted connection, enhancing the security of external access to intranet applications.

Database operation and maintenance security project

Databases are also important objects of protection for data security. As the number of operations and maintenance personnel, development personnel, and external operations and maintenance personnel has gradually increased, databases face security risks such as leakage and sabotage. To avoid malicious or unintentional data security risks, we strengthen database asset management, establish a unified database operations and maintenance platform, strengthen identity authentication, refine and manage permissions by database access personnel, set data security policies, and prevent high-risk operations. For high-risk operations that are genuinely necessary for business purposes, the approval process must be followed.

Information security emergency plan and response

The Company has established a relatively comprehensive information security emergency response plan control procedure, classifying information security emergencies into three major categories: attack-related, fault-related, and disaster-related. These correspond to different scenarios such as virus infection, unauthorised intrusion, software and hardware failures, operational errors, fire, typhoons, and lightning strikes. For various types of incidents, the Company has formulated tiered response and handling measures to ensure a rapid response and timely recovery after security incidents occur, and to minimise, to the greatest extent possible, the impact on production and operations and data assets.

Continuous optimisation and certification by third parties

Shuanghuan Driveline continuously identifies and remedies information security vulnerabilities through regular red-blue exercises and penetration testing, and continuously optimises security strategies and system stability. Meanwhile, the Company has obtained DCMM (Data Management Capability Maturity Assessment Model) Level 3 (Robust Level) certification, marking that we have a relatively mature management foundation in data management, data governance, and data application, and also providing support for further enhancing our data and information security governance capabilities.

Data and Information Security Metrics and Targets

Metrics	Unit	Data of 2025	2026 Target
Specific amount involved in customer privacy breach incidents	RMB10,000	0	0

Customer Privacy Protection

Target Review

Metrics	2025 Target	Completion Status	Notes
Amount involved in customer privacy leakage incidents	0	✓	/

Shuanghuan Driveline attaches great importance to the protection of customer information and commercial secrets, incorporates customer privacy protection into the key aspects of data and information security management, and continuously enhances information protection through a combination of institutional controls, technical safeguards, and routine management and control. In 2025, the Legal Affairs Department took the lead in revising and improving the *Procurement-Related Employee Confidentiality Agreement and the Integrity Commitment*. Through employee confidentiality agreements and external confidentiality agreements, the Company clarifies the confidentiality obligations of employees and partners regarding pricing information, business transaction information, customer information, and other non-public information. It also standardises requirements for the acquisition, use, transmission, and retention of information, and mitigates the risk of information leakage arising from management oversights or improper use.

In terms of internal management, the Company clearly requires employees not to install or use pirated software, reducing the risks of malicious programmes, data leakage, and system attacks arising from illegal software, and safeguarding the security of information systems and customer data. During the reporting period, we continue to strengthen day-to-day email security protection through anti-fraud email and security managed services and, in conjunction with third-party attack-and-defence drills, continue to identify and remedy system vulnerabilities, enhancing our ability to identify and respond to phishing emails, malicious links, and external attacks. Through multidimensional collaboration across systems, people, and technology, Shuanghuan Driveline continues to consolidate the foundations of customer privacy protection, safeguarding the security of customer information and a trusted environment for business cooperation.

Customer Privacy Protection Metrics and Targets

Metrics	Unit	Data of 2025	2026 Target
Amount of losses caused by customer privacy leakage incidents	RMB10,000	0	0

5 Rooted in Steady Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Coverage rate of anti-corruption and anti-commercial bribery training for employees reached

100%

Directors received anti-corruption and anti-commercial bribery training once.

Due Diligence and Risk Management

Shuanghuan Driveline continues to improve its enterprise risk management system, embedding risk management into business decision-making and daily operations. It has established internal system documents such as the *Risk and Opportunity Response Measures Management Procedures, the Economic Responsibility Audit Measures, the Audit Clue Collection Guidelines, and the Internal Audit Policy*, providing an institutional basis for the identification, assessment, supervision, and handling of compliance risk, business risk, and ESG-related risks. In 2025, the Company further strengthened the forward-looking and systematic risk management by incorporating ESG-related risks into the overall risk management framework, achieving synergistic management of business risks, compliance risks, and sustainability risks.

Sector goals

Establish a scientific and reasonable governance structure and risk prevention system.

Material topics

- Anti-corruption and anti-bribery

Risk Monitoring and Audit Supervision

The Company has established the Internal Audit Policy. Focusing on the annual work plan and operating objectives, we carry out independent evaluation and supervision over the effectiveness of internal control and risk management, the authenticity and integrity of financial information, and the legality, compliance, efficiency and effectiveness of business activities, so as to prevent and control risks and effectively safeguard the Company's operations.

The Audit Committee regularly reviews the work plans and reports submitted by the Audit Department and reports to the Board, including but not limited to the progress and quality of internal audit work and major issues identified. Meanwhile, in accordance with customer requirements and business needs, the Company also carries out third-party audits. The audit scope covered labour, occupational health and safety, environmental protection, business ethics (including conflict minerals), and management systems, among others.

Risk Management Culture

Shuanghuan Driveline focuses on fostering risk management awareness among all employees, integrating the risk management concept into corporate culture building. The Company enhances employees' risk identification, prevention, and control capabilities through mechanisms such as communicating and implementing policies, dedicated training, and internal exchanges, and promotes the gradual transformation of risk management from a system requirement into employees' conscious actions.

By continuously strengthening our risk management culture, we have continued to enhance the organisation's ability to respond to a complex operating environment, thereby providing assurance for the enterprise's long-term stable development.

Risk Management Structure

The Company has established a multi-tier risk management structure. The Board of Directors is responsible for overall oversight, while the Audit Committee and the internal audit department are responsible for the organisation, supervision, and promotion of the implementation of risk management. Each business department, as the primary entity responsible for risk management, takes charge of daily risk identification and control.

The Internal Audit Department identifies and tracks key risk points in operational activities through regular internal audits, special reviews, and risk assessments. It reports material risk matters to the Audit Committee and the Board of Directors, promoting rectification and continuous improvement of risk issues.

Risk Identification and Assessment Mechanism

In accordance with the COSO Enterprise Risk Management Framework and the ISO 31000 Risk Management Standard, the Company has established a risk identification and assessment mechanism to identify potential risks across multiple dimensions, including strategy, operations, compliance, and environmental and social responsibility. Each business department regularly identifies risks that may affect the Company's operations in light of production and operations, supply chain management, customer needs, and changes in the policy environment. Through the risk assessment model, we conduct a comprehensive analysis of the likelihood of occurrence and potential impacts of such risks, and establish a prioritised ranking of risks.

In major business activities, such as investments, mergers and acquisitions, or the admission of key suppliers, we engage professional third-party institutions to conduct due diligence, comprehensively assess potential risks, and ensure that relevant decisions are prudent and compliant.

Compliance Management

Shuanghuan Driveline has always regarded compliance management as a fundamental requirement for the Company's sound operations and sustainability. The Company issued Code of Business Conduct to Employees, clarifying the behavioural requirements for all employees in terms of professional ethics, business ethics, information confidentiality, integrity in employment, and conflict of interest management. For the supply chain, the Company has developed the Code of Conduct for Social Responsibility, clearly requiring all suppliers to comply with applicable laws and regulations and international standards, with a focus on topics including labour rights, safety and health, environmental protection, and business ethics. We have also established ten red-line requirements covering child labour, forced labour, illegal pollutant discharges, major safety incidents, and corruption and breaches of trust. Depending on the circumstances, we will take measures such as requiring rectification, reducing allocation volumes, and ultimately removing suppliers from our supplier system, thereby extending compliance requirements across the supply chain. At the same time, through documents such as the Environmental Protection Commitment, the Company further sets out requirements on environmental, occupational health and safety, and pollution prevention and control for relevant parties including those involved in materials, services, engineering, and waste management, and retains supervision and inspection as well as rectification and accountability mechanisms, thereby strengthening compliance and fulfilment of responsibilities by relevant parties.

Anti-commercial Bribery and Anti-corruption

Governance

Shuanghuan Driveline adheres to a zero-tolerance policy towards corruption, fraud, and acts of improper transfer of benefits. We continue to improve our integrity governance system by formulating and implementing policy documents such as the *Integrity Management Measures*, the Ethics Evaluation Implementation Guidelines of Zhejiang Shuanghuan, and the Entertainment Management Guidelines of Zhejiang Shuanghuan. In conjunction with the Code of Business Conduct to Employees, we set out clear standards on behavioural boundaries for all employees in terms of business ethics, information confidentiality, integrity in the performance of duties, declaration of conflicts of interest, and interactions with suppliers. Key positions are subject to stricter prohibitions and reporting requirements, strengthening the prevention and control of integrity-related risks in high-risk areas such as procurement, quality management, and the supply chain.

In terms of organisational structure, the Company has established an Integrity Management Committee, led by the Chairman, with senior executives and general managers of subsidiaries serving as members, to coordinate and lead the group's integrity development overall. An Integrity Office has been established under the Committee to be responsible for day-to-day advancement, coordination and implementation. Relevant functional departments of each subsidiary and branch have designated part-time personnel to work collaboratively on integrity development. Meanwhile, we have established an Internal Audit Department to supervise and inspect integrity risks in business operations, leads on non-compliance, and the implementation of systems.

For the supply chain, we extend integrity management to our partners, requiring suppliers to sign relevant documents such as the Integrity Commitment. In the Code of Conduct for Social Responsibility, we explicitly set out the requirement to prohibit corruption and dishonest incidents, and have established the following as baseline requirements for collaboration: no bribery, no gift-giving, no improper affiliations, no falsification, no cutting corners, no commercial fraud, and honour commitment. Depending on the circumstances, we take measures in response to violations, including requiring rectification, reducing allocation, and up to withdrawal from the supplier system, thereby continuously fostering a fair, transparent, and trustworthy cooperative environment.

Strategy

Description of PotentialRisks/Opportunities	Type	Business and Financial Impacts	Time Dimension
Continued tightening of anti-corruption and anti-bribery	Risk	If integrity management is inadequate, this may result in administrative penalties, legal liabilities, restricted cooperation and reputational damage, and increase rectification and compliance costs.	Medium term (3-10 years)
Stakeholders' requirements for integrity in business operations are increasing	Risk	Integrity governance capabilities will directly affect customer trust, the stability of supplier partnerships, and recognition in the capital markets. If management is weak, it may affect project acquisition and brand image.	Medium term (3-10 years)
Enhanced integrity governance helps to maintain a fair and transparent cooperation environment	Opportunity	Continuously improving the anti-commercial bribery and anti-corruption mechanisms will help to standardise procurement and cooperation processes, enhance operational transparency, and reduce losses from fraud as well as management friction costs.	Medium term (3-10 years)
Joint supply chain integrity initiatives help enhance governance standards across the industrial chain	Opportunity	Extending integrity initiatives, codes of conduct, and oversight mechanisms across the supply chain helps drive partners to jointly enhance standards of business ethics and build a more standardised and stable industrial ecosystem.	Medium term (3-10 years)

Impact, Risk, and Opportunity Management

Integrity risk identification

The Company continues to improve its integrity risk identification and prevention mechanisms. Led by the Integrity Office, we systematically review job responsibilities, business processes, and power operation nodes across key business segments such as procurement, supplier management, quality inspection, warehousing management, and official vehicles, identify integrity risks that may exist, including potential benefit transfers, information leakage, non-compliant operations, and management misconduct, and develop an integrity risk map. Through the identification of risk points, scenario analysis, and assignment of responsibilities to specific roles, we further clarify integrity management requirements for key positions, key processes, and key matters, and move the risk prevention and control threshold forward.

On this basis, each subsidiary, in conjunction with the special initiative on integrity development, formulates targeted risk prevention and control measures for the identified risk points, and we promote each subsidiary to develop integrity action plans in light of actual business scenarios, forming a closed-loop management mechanism of risk identification–issue investigation–rectification implementation–continuous follow-up, and continuously enhancing the relevance, preventive capability, and effectiveness of integrity governance.

Integrity promotion

The Company continues to strengthen communication and promotion of a culture of integrity. By conducting integrity-themed training, producing an integrity risk map, creating integrity comics, putting up posters on integrity development, and distributing three-fold integrity promotional leaflets, we promote the widespread dissemination of integrity concepts among employees. In addition, by combining measures such as promotional displays in office premises, warning slogans, and public disclosure of integrity-related supplies, we foster a clean and upright cultural atmosphere.

Each subsidiary organises the Integrity Culture Month activity based on actual circumstances, and releases the Special Action Report on Integrity Building. Taking Fundrive Technology as an example, focusing on the theme of “Integrity in Mind, Commitment in Action”, we carry out activities at the stages of launch and preheating, essay collection and interaction, and selection and showcasing, including poster displays, promotion of integrity slogans, an all-employee integrity kick-off meeting, the Management taking the lead in signing and taking an oath on the Integrity Commitment, an integrity culture essay competition, and the display of outstanding works. These initiatives enhance employees’ sense of participation and cultural identification, and promote the transformation of the concept of integrity from an institutional requirement into a self-motivated code of conduct.

Integrity Training

Electronic promotional poster

Case

Comics Explain Integrity, Making Compliance Education More Engaging and Effective

To further strengthen employees' awareness of practising integrity and foster a clean and upright operating environment, Shuanghuan Driveline innovatively carries out integrity culture publicity and education activities at key milestones such as International Anti-Corruption Day. We transform the originally rather serious and abstract integrity requirements into a comic format with greater readability and shareability. Focusing on integrity risk scenarios that are prone to occur and recur in the workplace, we use plain, vivid short stories to illustrate compliance red lines and behavioural boundaries, enabling employees to deepen their understanding of integrity discipline, professional ethics, and compliance requirements through relaxed reading.

Comics for International Anti-Corruption Day

Supervision mechanism improvement

The Company continues to improve its integrity supervision and whistleblowing management mechanisms, and has established a comprehensive management system covering lead acceptance, investigation and handling of issues, whistleblower protection, and cultural communication and promotion. The Company has established multiple public whistleblowing channels, including a telephone hotline, email, website links, and a WeChat public account. In areas with high staff turnover and a relatively high concentration of integrity risks, the Company has also installed public notice boards for whistleblowing information, disclosing the whistleblowing hotline number and email address to facilitate employees and relevant stakeholders in reporting problem leads in a timely manner. We regularly inspect and test the accessibility and effectiveness of whistleblowing channels at our subsidiaries to ensure that such channels are genuinely available, and that feedback is provided in a timely manner.

Whistleblowing Channels

- **Phone:**(0571)81671020
- **Email:** lianjie@gearsnet.com
- **Website:** https: //www.gearsnet.com/wx/feedback
- **WeChat Public Account:** Follow the official Shuanghuan Driveline WeChat account, and tap on the “Whole Life” menu at the bottom navigation bar, then select “I Want to Report”.

In terms of whistle-blower protection, *Integrity Management Measures* clearly stipulates that the identity information of whistle-blowers and the contents of whistleblowing reports shall be kept strictly confidential. During the registration, transfer, and use of leads, the Integrity Office carries out necessary processing of information that may reveal the identity of whistle-blowers, so as to prevent the leakage of personal information. A dedicated file archive is created for whistleblowing materials and managed under sealed custody. No unauthorised access is permitted without approval, thereby effectively safeguarding the legitimate rights and interests of whistleblowers and maintaining the seriousness and credibility of the whistleblowing mechanism.

At the same time, we continuously integrate integrity awareness into employees' daily work and lives. Zhejiang Shuanghuan carries out an "Integrity Points Redemption" initiative. After employees proactively surrender gifts, cash gifts, and other integrity-related items, dedicated personnel record them in a register and disclose them annually. We award ethics assessment bonus points to employees who proactively surrender integrity-related items, and link the assessment results to promotion, awards and other matters. Employees may also use integrity points to redeem corresponding items, thereby enhancing employees' proactiveness in practising integrity through a balanced approach of incentives and constraints.

Integrity Management Metrics and Targets

Shuanghuan Driveline regularly conducts anti-corruption and anti-commercial bribery investigations. During the reporting period, no cases related to commercial bribery or corruption occurred in the Company.

During the reporting period

- All employees received anti-corruption and anti-commercial bribery training upon onboarding, with **100**% employee coverage.
- The Board of Directors conducted one anti-corruption and anti-commercial bribery training session, with **100**% coverage of Board members.

Shuanghuan Driveline Business Ethics and Compliance Training

Anti-unfair Competition

Target Review

Metrics	2025 Target	Completion Status	Notes
Amount involved in litigation or major administrative penalties during the reporting period arising from the Company's unfair competition practices	0	✓	/

Shuanghuan Driveline adheres to lawful and compliant market competition activities, attaches importance to fair trading, responsible marketing, and intellectual property protection, and continuously standardises market publicity, brand use, and trade secret management, in order to prevent unfair competition risks and safeguard the legitimate rights and interests of us and our stakeholders.

Responsible marketing

Shuanghuan Driveline adheres to marketing principles of authenticity, accuracy, and prudence, ensuring that external publicity content complies with the requirements of relevant laws and regulations. The Company strictly complies with applicable provisions such as the *Advertising Law of the People's Republic of China*, avoids the use of exaggerated or misleading statements, and ensures that all commercial publicity is carried out on the basis of facts and verifiable information. The marketing team works in coordination with the legal affairs team to conduct compliance checks on key publicity content, ensuring that external communications are carried out on a truthful and objective basis. At the same time, the Company pays attention to the legal requirements in the regions where our overseas business operates. With the support of professional legal expertise, we enhance the compliance of overseas publicity and marketing activities, and continuously advances responsible marketing practices.

In 2025, we also organised legal training sessions, including "Common Legal Issues of Corporate Infringement and Practical Handling", to continuously enhance employees' awareness of operating in compliance with laws and regulations and their ability to identify risks.

Intellectual property protection

Shuanghuan Driveline continues to strengthen intellectual property management by formulating and implementing the Intellectual Property Management Policy. Through measures such as trademark, patent, confidentiality, and authorisation management, we safeguard the security of innovative achievements and brand rights and interests. The Company continues to advance the registration of trademarks and the filing of patent applications related to new products, protecting the technological achievements generated through independent research and development. Internally, we sign confidentiality agreements with personnel in key positions, clearly defining confidentiality responsibilities; externally, we include trade secret protection clauses when signing contracts with partners, suppliers, etc., thereby strengthening third-party confidentiality obligations. At the same time, the Company standardises the management of trademark licensing and use, requiring all branches and subsidiaries to carry out relevant use in accordance with written authorisation documents and to complete record-filing procedures as required, thereby reducing the risk of infringement and improper use. During the reporting period, the Company obtained certificates for the Intellectual Property Compliance Management System certification, further consolidating the foundation for intellectual property compliance management.

Through the ongoing management of responsible marketing and intellectual property protection, Shuanghuan Driveline continuously strengthens the foundations for combating unfair competition, thereby driving the enterprise to develop steadily in a fair, transparent, and compliant market environment.

Key Sustainability Performance Table

Environmental Performance

Metrics	Unit	2023	2024	2025
Total VOC emissions	tonnes	17.21	20.54	14.24
Total NOx emissions	tonnes	1.29	2.97	3.09
Total SO_x emissions	tonnes	/	/	0
Total COD emissions	tonnes	4.58	6.20	5.70
Total NH_3-N emissions	tonnes	0.26	0.84	0.28
TP	tonnes	/	/	0.007
Total particulate matter emissions	tonnes	/	3.42	2.08
Total amount of hazardous waste	tonnes	2,739.45	3,470.81	4,187.36
Hazardous waste intensity	tonnes/ RMB10,000 output value	/	0.0039	0.0045
Hazardous waste intensity	tonnes/ RMB10,000 industrial value added	/	0.0098	0.010
Total general waste	tonnes	25,102.15	24,393.67	26,558.51
General waste intensity	tonnes/RMB10,000 output value	/	0.027	0.0289
General waste intensity	tonnes/RMB10,000 industrial value added	/	0.069	0.0644
Total recycled and reused waste	tonnes	/	26,327.4	27,143.76

Metrics	Unit	2023	2024	2025
Violations with major environment-related risk	case(s)	0	0	0
Total water withdrawal	m^3	1,202,399	987,881	966,749
Total water consumption	m^3	/	491,812	399,359
Total water discharge	m^3	/	496,069	567,390
Water consumption intensity	tonnes/ RMB10,000 industrial output	1.59	1.10	1.05
	tonnes/ RMB10,000 industrial value added	4.12	2.78	2.34
Comprehensive energy consumption (equivalent value)	tce	52,431.90	61,096.14	71,262.87
Comprehensive energy consumption (calorific value equivalent)	tce	126,867.00	155,889.63	196,543.94
Natural gas	10,000 Nm^3	297.91	334.57	379.27
Gasoline	tonnes	62.21	36.96	26.56
Diesel	tonnes	114.77	121.40	138.78
State grid electricity	MWh	395,068.54	462,181.82	430,720.10
Renewable Electricity	MWh	9,589.47	6,649.81	109,687.86

Metrics	Unit	2023	2024	2025
Energy consumption intensity (equivalent value)	tce/RMB10,000 industrial output	0.07	0.07	0.08
	tce/RMB10,000 industrial value added	0.18	0.17	0.17
Energy consumption intensity (calorific value equivalent)	tce/RMB10,000 industrial output	0.17	0.17	0.21
	tce/RMB10,000 industrial value added	0.43	0.44	0.48
WEEE recycled as a percentage of EEE launched to market	%	0	0	0
GHG emissions (Scope 1 + Scope 2)	tonnes CO_2e	295,460.24	263,841.62	258,240.13
Scope 1 direct GHG emissions	tonnes CO_2e	20,864.45	15,834.85	16,235.26
Scope 2 indirect GHG emissions	tonnes CO_2e	274,595.79	248,006.76	242,004.87
Carbon emission intensity	tonnes CO_2e/ RMB10,000 industrial output	0.39	0.29	0.28
Carbon emission intensity	CO_2e/ RMB10,000 industrial value added	1.01	0.74	0.63

Social Performance

Metrics	Unit	2023	2024	2025
R&D investment amount	RMB10,000	38,374.52	45,604.29	49,051.16
R&D Investment as a percentage of main revenue	%	4.75	5.19	5.38
Number of R&D personnel	persons	1,007	1,262	1,282
Percentage of R&D personnel	%	13.9	15.1	14.27
Number of invention patents applied in core business	/	73	104	116
Number of patent applications	/	15	29	24
Number of invention patents granted	/	12	31	12
Number of valid patents	/	357	428	475
Total investment in rural revitalisation	RMB10,000	/	98	103
Number of major safety and quality liability incidents related to products and services	cases	0	0	0
Number of data security accidents during the reporting period	cases	0	0	0
Number of privacy leakage incidents during the reporting period	cases	0	0	0

Metrics	Unit	2023	2024	2025
Amount invested in work-related injury insurance	RMB10,000	393.65	569.40	679.55
Coverage rate of work-related injury insurance	%	100	100	100
Number of safety accidents	cases	0	0	0
Total number of employees	persons	7,263	8,333	8,982
Among them: Male	persons	5,448	6,344	6,907
Female	persons	1,815	1,989	2,075
Under 30 years old	persons	3,017	3,608	3,734
31-40 years	persons	2,416	2,722	2,979
41-50 years	persons	1,281	1,392	1,589
Over 50 years old	persons	549	611	680
Number of employee training sessions	person-time	6,098	11,009	16,687
Annual training expenditure amount	RMB10,000	179.43	239.41	157.59
Training coverage rate	%	68.5	82.7	86.71

Governance Performance

Metrics	Unit	2023	2024	2025
Number of directors who received anti-commercial bribery and anti-corruption training	persons	9	9	9
Proportion of employees receiving anti-commercial bribery and anti-corruption training	%	100	100	100
Number of management personnel receiving anti-commercial bribery and anti-corruption training	persons	680	686	732
Proportion of management personnel receiving anti-commercial bribery and anti-corruption training	%	100	100	100
Number of employees receiving anti-commercial bribery and anti-corruption training	persons	7,037	7,263	8,982
Proportion of employees receiving anti-commercial bribery and anti-corruption training	%	100	100	100
Number of business ethics violations	cases	0	0	0
Number of litigation cases involving lawsuits or major administrative penalties resulting from the Company's unfair competition conduct	cases	0	0	0
Number of cases related to commercial bribery or corruption of the Company	cases	0	0	0

GRI Content Index

No.	Standards and Disclosure Items	Location
GRI 2: General Disclosures		
2-1	Organisational details	About Shuanghuan Driveline
2-2	Entities included in the organisation's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-4	Restatements of information	No restatements of information during the reporting period
2-5	External assurance	Assurance Statement
2-6	Activities, value chain and other business relationships	About Shuanghuan Driveline
2-7	Employees	Unified in Perfect Harmony
2-8	Workers who are not employees	For details, please refer to the section "Employee Information - Outsourced Personnel" in the Company's 2025 Annual Report.
Governance		
2-9	Governance structure and composition	Sustainability Governance
2-10	Nomination and selection of the highest governance body	Sustainability Governance
2-11	Chair of the highest governance body	Sustainability Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance
2-13	Delegation of responsibility for managing impacts	Sustainability Governance
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance
2-15	Conflicts of interest	/
2-16	Communication of critical concerns	Materiality Assessment
2-17	Collective knowledge of the highest governance body	Sustainability Governance
2-18	Evaluation of the performance of the highest governance body	/
2-19	Remuneration policies	/
2-20	Process to determine remuneration	/
2-21	Annual total compensation ratio	/
Strategy, policies and practices		
2-22	Statement on sustainability strategy	Sustainability Governance
2-23	Policy commitments	Unified in Perfect Harmony
2-24	Embedding policy commitments	Rooted in Steady Governance
2-25	Processes to remediate negative impacts	Rooted in Steady Governance
2-26	Mechanisms for seeking advice and raising concerns	Rooted in Steady Governance
2-27	Compliance with laws and regulations	Rooted in Steady Governance
2-28	Membership of associations	/

No.	Standards and Disclosure Items	Location
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Materiality Assessment
2-30	Collective bargaining agreements	Unified in Perfect Harmony
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	About Shuanghuan Driveline
201-2	Financial implications and other risks and opportunities due to climate change	Flowing with Green Circularity
201-3	Defined benefit plan obligations and other retirement plans	Unified in Perfect Harmony
201-4	Financial assistance received from government	/
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/
202-2	Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Unified in Perfect Harmony
203-2	Significant indirect economic impacts	Unified in Perfect Harmony
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Key Sustainability Performance Table

No.	Standards and Disclosure Items	Location
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Rooted in Steady Governance
205-2	Communication and training about anti-corruption policies and procedures	Rooted in Steady Governance
205-3	Confirmed incidents of corruption and actions taken	Rooted in Steady Governance
GRI 206: Anti-competitive Behaviour 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Rooted in Steady Governance
GRI 207: Tax 2019		
207-1	Tax strategy	/
207-2	Tax governance, control, and risk management	/
207-3	Stakeholder engagement and management concerning tax	/
207-4	Country-by-country reporting	/
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Flowing with Green Circularity
301-2	Recycled input materials used	Flowing with Green Circularity
301-3	Reclaimed products and their packaging materials	Flowing with Green Circularity
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Flowing with Green Circularity

No.	Standards and Disclosure Items	Location
302-2	Energy consumption within the organisation	Flowing with Green Circularity
302-3	Energy intensity	Flowing with Green Circularity
302-4	Reduction of energy consumption	Flowing with Green Circularity
302-5	Reductions in energy requirements of products and services	Flowing with Green Circularity
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Flowing with Green Circularity
303-2	Management of water discharge-related impacts	Flowing with Green Circularity
303-3	Water withdrawal	Flowing with Green Circularity
303-4	Water discharge	Flowing with Green Circularity
303-5	Water consumption	Flowing with Green Circularity
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Flowing with Green Circularity
304-2	Significant impacts of activities, products and services on biodiversity	
304-3	Habitats protected or restored	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A

No.	Standards and Disclosure Items	Location
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Flowing with Green Circularity
305-2	Energy indirect (Scope 2) GHG emissions	Flowing with Green Circularity
305-3	Other indirect (Scope 3) GHG emissions	/
305-4	GHG emissions intensity	Flowing with Green Circularity
305-5	Reduction of GHG emissions	Flowing with Green Circularity
305-6	Emissions of ozone-depleting substances (ODS)	/
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Key Sustainability Performance Table
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Flowing with Green Circularity
306-2	Management of significant waste-related impacts	Flowing with Green Circularity
306-3	Waste generated	Flowing with Green Circularity
306-4	Waste diverted from disposal	Flowing with Green Circularity
306-5	Waste directed to disposal	Flowing with Green Circularity
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Connected in Symbiotic Synergy

No.	Standards and Disclosure Items	Location
308-2	Negative environmental impacts in the supply chain and actions taken	Connected in Symbiotic Synergy
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	/
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Unified in Perfect Harmony
401-3	Parental Leave	Unified in Perfect Harmony
GRI 402: Labour/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Unified in Perfect Harmony
403-2	Hazard identification, risk assessment, and incident investigation	Unified in Perfect Harmony
403-3	Occupational health services	Unified in Perfect Harmony
403-4	Worker participation, consultation, and communication on occupational health and safety	Unified in Perfect Harmony
403-5	Worker training on occupational health and safety	Unified in Perfect Harmony
403-6	Promotion of worker health	Unified in Perfect Harmony
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Unified in Perfect Harmony
403-8	Workers covered by an occupational health and safety management system	Unified in Perfect Harmony
403-9	Work-related injuries	Unified in Perfect Harmony
403-10	Work-related ill health	Unified in Perfect Harmony
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Unified in Perfect Harmony
404-2	Programmes for upgrading employee skills and transition assistance programmes	Unified in Perfect Harmony
404-3	Percentage of employees receiving regular performance and career development reviews	Unified in Perfect Harmony
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Sustainability Governance
405-2	Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Unified in Perfect Harmony
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Unified in Perfect Harmony

No.	Standards and Disclosure Items	Location
GRI 408: Child Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	Unified in Perfect Harmony
GRI409: Forced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Unified in Perfect Harmony
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	/
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Unified in Perfect Harmony
413-2	Operations with significant actual and potential negative impacts on local communities	/
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	/
414-2	Negative social impacts in the supply chain and actions taken	Connected in Symbiotic Synergy
GRI 415: Public Policy 2016		
415-1	Political contributions	/
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Powered by Infinite Innovation
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	/
GRI 417: Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	Rooted in Steady Governance
417-2	Incidents of non-compliance concerning product and service information and labelling	Rooted in Steady Governance
417-3	Incidents of non-compliance concerning marketing communications	Rooted in Steady Governance
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Connected in Symbiotic Synergy

Content Index for the Shenzhen Stock Exchange Guideline No. 17 on Self-Regulation of Listed Companies - Sustainability Report				
Dimensions and Topics			No.	Location
Environmental Disclosure	Section 1 Climate Response		Article 21	Flowing with Green Circularity
			Article 22	Flowing with Green Circularity
			Article 23	Flowing with Green Circularity
			Article 24	Flowing with Green Circularity
			Article 25	Flowing with Green Circularity
			Article 26	Flowing with Green Circularity
			Article 27	Flowing with Green Circularity (Not Participating in Emission Reduction Mechanism Projects)
			Article 28	Flowing with Green Circularity
	Section 2 Pollution Control and Ecosystem Protection	Pollutant Discharge	Article 30	Flowing with Green Circularity
		Waste Disposal	Article 31	Flowing with Green Circularity
		Ecosystem and Biodiversity Protection	Article 32	Flowing with Green Circularity
		Environmental Compliance Management	Article 33	Flowing with Green Circularity
	Section 3 Resource Utilisation and Circular Economy	Energy Utilisation	Article 35	Flowing with Green Circularity
		Water Resources Utilisation	Article 36	Flowing with Green Circularity
		Circular Economy	Article 37	Flowing with Green Circularity

Content Index for the Shenzhen Stock Exchange Guideline No. 17 on Self-Regulation of Listed Companies - Sustainability Report				
Dimensions and Topics			No.	Location
Social Disclosure	Section 1 Rural Revitalisation and Social Contributions	Rural Revitalisation	Article 39	Unified in Perfect Harmony
		Contributions to the Society	Article 40	Unified in Perfect Harmony
	Section 2 Innovation-driven Development and Ethics of Science and Technology	Innovation	Article 42	Powered by Infinite Innovation
		Ethics of Science and Technology	Article 43	N/A
	Section 3 Suppliers and Clients	Supply Chain Security	Article 45	Connected in Symbiotic Synergy
		Equal Treatment of SMEs	Article 46	N/A
		Product and Service Safety and Quality	Article 47	Powered by Infinite Innovation
		Data Security and Customer Privacy	Article 48	Connected in Symbiotic Synergy
	Section 4 Employees	Employees	Article 50	Unified in Perfect Harmony
Corporate Governance Information Related to Sustainable Development Disclosure	Section 1 Sustainability-Related Governance Mechanisms	Due Diligence	Article 52	Rooted in Steady Governance
		Stakeholder Engagement	Article 53	Materiality Assessment
	Section 2 Commercial Behaviours	Anti-Commercial Bribery and Anti-Corruption	Article 55	Rooted in Steady Governance
		Anti-Unfair Competition	Article 56	Rooted in Steady Governance

Assurance Statement

ASSURANCE STATEMENT

萬表認證

ASSURANCE STATEMENT WIT202604-002

Intended Users of this Assurance Statement

This assurance statement is intended for the stakeholders of Zhejiang Shuanghuan Driveline Co., Ltd. (hereinafter referred to as "Shuanghuan Driveline").

Responsibilities of the Reporting Organization and Assurance Provider

Hangzhou WIT Assessment Co., Ltd. (hereinafter referred to as the "WIT") was commissioned by Shuanghuan Driveline to conduct an independent third-party assurance of the Chinese version of the *2025 Sustainability Report of Zhejiang Shuanghuan Driveline Co., Ltd.* (hereinafter referred to as the "Sustainability Report").

Shuanghuan Driveline is responsible for the collection, analysis, aggregation, and disclosure of its sustainability-related information. It is solely responsible for the completeness, accuracy, and authenticity of the information provided, and it has confirmed that no changes will be made to the report content after the assurance is completed. This assurance engagement was based solely on the information and materials provided by Shuanghuan Driveline to WIT.

Scope of the Assurance

1. Sustainability Report's adherence to the *AA1000 AccountAbility Principles (2018)* (Inclusivity, Materiality, Responsiveness, and Impact).
2. The physical boundary of the assurance covers: Building 2, Hehe Mansion, No. 658-1 Jingchang Road, Wuchang Subdistrict, Yuhang District, Hangzhou, Zhejiang Province, China.
3. The following items are excluded from the assurance scope:
   a) Any relevant information and content beyond the reporting period.
   b) Information relating to Shuanghuan Driveline's suppliers, business partners and other third parties.
   c) Information in the report that has already been audited or verified by an independent third party.

Assurance Standard

AA1000 Assurance Standard v3, Type 1, Moderate level assurance.

Assurance Criteria

The following criteria were applied during the assurance engagement:

- *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.17 – Guidelines on Sustainable Development Reports (Trial)*

ASSURANCE STATEMENT

萬表認證

- *AA1000 AccountAbility Principles (2018)*

Assurance Methodology

WIT developed and implemented an assurance plan to deliver sufficient and appropriate assurance activities as agreed in the engagement. The following procedures were conducted:

a) Conducted preliminary research on relevant information prior to the assurance.
b) Performed sampling-based procedures to understand and test the processes adopted by Shuanghuan Driveline in applying the AA1000 AccountAbility Principles (2018), and assessed the extent of adherence to the Principles.
c) Conducted on-site interviews to assess the effectiveness of impact-related processes. Interviewees were employees at Building 2, Hehe Mansion, No. 658-1 Jingchang Road, Wuchang Subdistrict, Yuhang District, Hangzhou, Zhejiang Province who were responsible for Sustainability Report-related work.
d) Observed and inspected Shuanghuan Driveline's management practices, business processes, and evidence gathering across the organisation on a sample basis.
e) Collected and assessed documentary evidence and management representations that support adherence to the *AA1000 AccountAbility Principles (2018)*.
f) Other procedures deemed necessary by the assurance team.

Assurance Conclusions

Based on the assurance process, WIT concludes that the Chinese version of the *2025 Sustainability Report of Zhejiang Shuanghuan Driveline Co., Ltd.* demonstrates adherence to the AA1000 AccountAbility Principles (2018) as follows:

Inclusivity

Shuanghuan Driveline has identified its stakeholders, including government and regulatory authorities, shareholders and investors, customers, employees, suppliers and distributors, business partners, media, communities, and the public, and has publicly disclosed their key concerns, communication channels, and the implementation status during the year.

Materiality

Taking full account of stakeholder expectations and concerns, and based on the previous year's double materiality assessment, Shuanghuan Driveline reviewed its material topics in light of its annual business practices, policy changes, and stakeholder concerns, and assessed them from both an impact materiality and a financial materiality perspective, identifying 11 topics of financial materiality.

Responsiveness

Shuanghuan Driveline has taken transparent actions in response to material topics and their related impacts in order to address the major concerns of its stakeholders.

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ASSURANCE STATEMENT

萬表認證

Impact

Shuanghuan Driveline has established procedures to monitor and measure the impacts of material topics, is able to systematically identify impacts, risks and opportunities, and has disclosed relevant metrics and targets.

Limitations

- Based on the assurance scope, WIT adopted a sampling approach to the disclosed information during the assurance process and conducted sample interviews only with internal stakeholders of the organization;
- Statements in the report relating to Shuanghuan Driveline's positions, inferences, aspirations, expectations, forecast information and other such views, as well as historical information outside the reporting period, are outside the scope of this assurance engagement.

Independence

WIT and Shuanghuan Driveline are completely independent organizations. WIT has no bias, conflict of interest, or other interest relationship with Shuanghuan Driveline, its affiliated entities or its stakeholders.

AA1000
Licensed Report
000-747/V3-FJ157

General Manager, Wang Xiaodong
April.17, 2026

Hangzhou WIT Assessment Co.,Ltd.
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