

# Sanhua Intelligent Controls

## Environmental Statement

### Overall Description

Zhejiang Sanhua Intelligent Controls Co., Ltd. (referred to as "Sanhua Intelligent Controls" or "the Company") profoundly recognizes the broad prospects of green and low-carbon development. The Company fully grasps the development opportunities of clean technologies, guided by green intelligent technologies, and comprehensively integrates the concept of sustainable development into product design, production, and business operations. It actively promotes the entire industrial chain to engage in circular and carbon-reducing practices, jointly providing green impetus for high-quality economic and social development.

This statement has been specifically formulated to standardize the Company's management requirements and measures in environmental aspects.

### Applicability

This statement applies to Zhejiang Sanhua Intelligent Controls Co., Ltd., along with its wholly-owned subsidiaries and holding subsidiaries. It is applicable to the Company's operational activities concerning production and business operations, products and services, distribution and logistics, and waste management. The Company expects third-party partners, including suppliers, service providers, distributors, contractors, and other business partners, to actively comply with this statement or equivalent policy requirements.

## Environmental Management System

The Company's Strategic Management and ESG Committee, as the highest decision-making body for environmental management, is responsible for the decision-making and supervision of environmental management-related matters, promoting the implementation of environmental management goals, tracking and assessing the environmental performance indicators of relevant departments, supervising and reviewing the implementation and improvement of relevant systems and policies, and integrating environmental management into all business units of the Company.

The Company's Industrial Operations Department is responsible for the overall management of energy consumption and greenhouse gas emissions, promoting the effective implementation of the Company's energy saving and consumption reduction initiatives. The R&D Center is responsible for the low-carbon and ecological design of products, improving product lifecycle management and analysis, and controlling the carbon footprint of products at each stage. The Intelligent Manufacturing and Quality Management Center is responsible for hazardous chemical management, ensuring the safe handling and storage of hazardous chemicals.

The general managers of each business unit and the managers of the EHS departments are primarily responsible for the environmental protection work within their respective departments, implementing environmental protection management, and bearing direct responsibility for their department's environmental performance. The planning directors and the heads of relevant department within each business unit are responsible for arranging and implementing rectification for identified issues and reporting the completion of rectifications within the specified time.

## Action Commitments of Sanhua

### 1. Energy and Greenhouse Gases

The Company continuously installs photovoltaic power generation facilities and increases energy storage applications, actively enhancing the proportion of renewable energy use and optimizing its energy structure, consistently upgrade and improve process flows and manufacturing equipment, implement a series of measures to reduce energy consumption and greenhouse gas emissions.

- **Renewable Energy Usage Goal:** The proportion of renewable energy used reach 15% annually.

The Company continuously improves its carbon emission management system, establishing a smart energy IoT management platform and developing carbon emission calculation software. This enables real-time monitoring of energy consumption across various business units, workshops, and high-energy-consuming equipment within the industrial park. Monthly energy analysis reports are regularly generated and submitted to senior management to report the status of energy management, assisting the Company in promptly adjusting its energy management strategies.

- **Greenhouse Gas Emission Goal:** Taking 2021 as the base year, the Company's automotive components unit aims to achieve a reduction of over 40% in greenhouse gas emissions per unit output value by 2030.

### 2. Water Resource Utilization

The Company attaches significant emphasis on water conservation and comprehensive water utilization. By implementing measures such as conserving domestic water, recycling electroplating and welding wastewater, collecting rainwater for irrigation, and reusing cooling water and condensate, the Company strives to enhance water resource utilization efficiency and achieve sustainable resource use.

### 3. Pollutant Management

The Company is committed to implementing effective prevention and mitigation measures to reduce environmental impact, ensuring that the emission concentrations of exhaust gases and wastewater meet local and industry legal and regulatory requirements. And continuously upgrade production processes and pollution treatment equipment to reduce pollutant emissions.

- The Company submits execution reports on the National Pollutant Discharge Permits Administration Information Platform, which is then publicly disclosed on the government platform after review by local environmental protection authorities. Both wastewater and exhaust gas emission volumes are within the limits stipulated by pollutant discharge permits.
- The Company strictly adheres to the requirements of the *Integrated Emission Standard of Air Pollutants*, and has formulated internal management systems such as the *Exhaust Gas Reduction and Treatment Procedure*. All types of exhaust gases from the Company are treated by exhaust gas treatment facilities to meet emission standards.
- The Company actively improves production processes such as welding and cleaning, and has adopted honeycomb activated carbon to replace granular activated carbon, thereby enhancing exhaust gas treatment efficiency and reducing atmospheric pollutant emissions.
- **Exhaust Gas Management Goal:** Each business unit achieves 100% compliance with exhaust gas emission standards.
- The Company has established wastewater treatment stations, employing different collection and treatment methods for various types of wastewater. Wastewater monitoring is conducted in accordance with the requirements of the national pollutant discharge permit to ensure that wastewater meets discharge standards.
- The Company utilizes water-based and hydrocarbon cleaning processes to replace toxic trichloroethylene cleaning, and employs environmentally friendly cleaning agents such as phosphorus-free additives, which effectively reduce wastewater pollutant emissions.
- **Wastewater Management Goal:** Each business unit achieves 100% compliance with wastewater discharge standards.

#### 4. Chemical and Waste Management

The Company strictly adheres to relevant regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Measures for the Administration of the Transfer of Hazardous Wastes*, and formulates internal management procedures such as the *Solid Waste Management and Control Procedure*, *Chemical Hazard Control Procedure*, and *Hazardous Waste Management Measures*. These systems enable comprehensive, full-process monitoring of hazardous waste from generation, collection, storage, packaging and transportation, to final treatment and disposal, thereby achieving "reduction, resource utilization, and harmlessness" in hazardous waste management.

#### 5. Product Ecological Design

The Company proactively integrates eco-friendly principles into its product development, design, and production processes. Upholding the concept of sustainable development, assess and evaluate the environmental impact of products throughout their entire lifecycle, starting from each individual stage.

- The Company implements product carbon footprint management, adhering to the *Ecological Product Design Guidelines* and formulating and following the *Product Carbon Footprint Accounting Rules* to calculate the carbon footprint of products across their lifecycle. The rule allows for the identification of opportunities to improve environmental performance at various stages of the product lifecycle and measures the emission reduction contribution of the entire production cycle and chain.
- **Product Carbon Footprint Goal:** By 2030, the proportion of products for which carbon footprint verification have been conducted in the Company's automotive components unit aims to reach 50%.

## 6. Green Packaging

The Company enhances its packaging process standards and scientifically and rationally planning logistics and transportation activities, employs sustainable transportation methods to reduce environmental impact.

- The Company actively explores the application of green packaging, achieving reductions and savings in packaging materials through methods such as the use of reusable folding packaging, packaging leasing, and reducing air transport volume for packaging.
- The Company is gradually establishing a packaging recycling program, including products and their components that are designed for disassembly, remanufacturing, and recycling, and striving to disclose the proportion of circular packaging applications.
- **Circular Packaging Goal:** By 2030, the Company's automotive components unit aims to achieve a 25% adoption rate for circular packaging.

## Implementation and Review

The Company has formulated the *Environmental Assessment Rules*. The Strategic Management and ESG Committee and the EHS departments of each business unit regularly review the implementation of this statement, monitor progress towards environmental targets, and identify areas for improvement, and require all departments and subsidiaries to strictly adhere to all environmental management system regulations. The assessment content must be reported monthly and linked to monthly performance to prevent illegal or non-compliant activities.

The Company is committed to conducting its production and operational activities in accordance with the requirements of the ISO 14001 environmental management system standard, continuously improving its management system, and to ensuring that the Company's actions consistently move towards sustainable development, contributing to building a greener future.