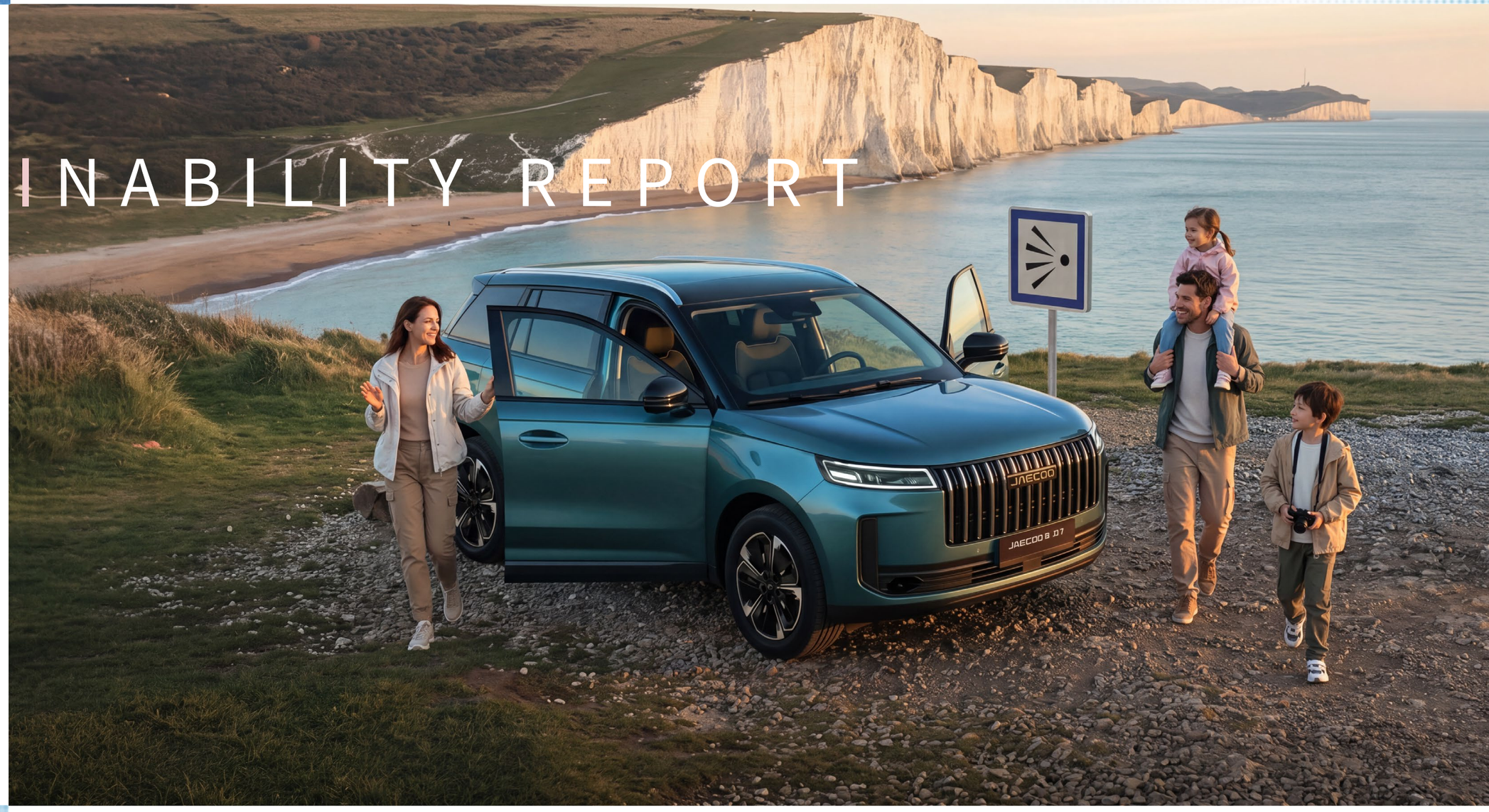
CHERY AUTO

SUSTAINABILITY REPORT



Chery EU
Sustainability
Report

2025

Contents

About the Report

Opening

Chairman Message 03

EU Leadership Message 05

01 | ESG Governance and Strategy

ESG Governance 08

ESG Strategic Framework 13

ESG Highlight 13

Stakeholder Engagement 15

Double Materiality Assessment 16

03 | Social

Employment and Talent Management 67

Sustainable Supply Chain 75

Safety and Customer Satisfaction 81

Responsible Dealership 93

Appendices

ESG Metric and Data 107

European Sustainability Reporting Standards (ESRS) Reporting Index 110

Independent Assurance Statement 114

List of Abbreviations 116

02 | Environmental

Climate Change 29

Resource Circularity 47

Biodiversity and Environmental Management 57

04 | Governance

Integrity and Business Conduct 97

Tax Transparency 103

Responsible Institutional Engagement 104

About the Report

Report Overview

Chery EU is pleased to share this document as a meaningful step in our ongoing sustainability journey across the European Union (EU). It reflects our commitment to transparency, our progress in integrating environmental and social priorities into our daily operations, and our desire to foster open, continuous dialogue with the communities, partners, and stakeholders who walk alongside us.

In this Report, we thoughtfully share the impacts of our European activities, the initiatives we are nurturing, and the steps we are taking to address evolving expectations. Covering our Environmental, Social and Governance (ESG) progress, strategic direction, and forward-looking plans, this publication aims to provide a clear and balanced view of where we stand today and how we plan to grow responsibly in the EU in the years ahead.

Reporting Standards

To ensure our disclosures remain clear, comparable, and aligned with global best practices, the Report aims for alignment with the European Sustainability Reporting Standards (ESRS) issued on 3 July 2026 as mandated by the Corporate Sustainability Reporting Directive (CSRD). The Report reflects the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), while considering Chery EU's business activities and industry characteristics.

Reporting Scope

This Report primarily focuses on our European operations, encompassing O&J Automotive Netherlands B.V. and its consolidated subsidiaries in the EU, including our regional management offices, sales and service networks, logistics hubs, and key value-chain activities that directly serve the EU market. Where relevant, we have also included select global initiatives that meaningfully influence our European footprint. Environmental and social data covers the operational boundaries outlined in our consolidated structure, and we have clearly noted any areas where data collection is still developing to ensure full transparency.

Issuer	Issued Date
O&J Automotive Netherlands B.V.	**October 12, 2026**

Explanatory Notes

In the Report, "Chery Auto" and "the Group" refer to Chery Automobile Co., Ltd. and its consolidated subsidiaries. "Chery EU", "the Company" and "we" refer to O&J Automotive Netherlands B.V. and its consolidated subsidiaries in the EU. All monetary amounts in the Report are denominated in euros.

Reporting Period

The activities and performance data shared in this publication cover the period from 1 January 2025 to 31 December 2025. As this marks our inaugural sustainability report for the European region, the quantitative disclosures in this edition are currently limited to 2025 data, with historical comparisons to be progressively introduced in future publications. Certain strategic developments and milestones occurring shortly after the close of this period have been thoughtfully incorporated where they add valuable context to our ongoing journey.

Report Verification

Chery EU places great importance on the accuracy and reliability of the information we share. All information contained in the Report has been compiled from relevant departments and verified for accuracy. Data presented in the Report has undergone independent assurance to ensure its objectivity and credibility.

For More Information

We truly value your interest and feedback. Should you wish to explore additional datasets, understand our reporting methodologies more deeply, or simply share your perspectives, we would be delighted to connect. Please visit our dedicated ESG portal or reach out to our European Sustainability Office at EU.ESG@omodaautoeub.com. Your insights play a meaningful role in shaping our next steps.

Forward-looking Statements

This Report includes forward-looking statements that reflect our current aspirations, strategic directions, and anticipated progress across key ESG areas. These are often expressed through terms such as "aim," "plan," "hope to," "target," or "expect." While we carefully base these outlooks on our current understanding and operational plans, they are not guarantees of future performance. Our trajectory may be influenced by a range of external factors, including evolving regulatory landscapes, market dynamics, technological shifts, supply chain considerations, and broader economic or geopolitical developments, many of which lie beyond our direct control. We share these perspectives to provide transparency around our sustainability goals and to invite constructive dialogue, rather than to serve as investment guidance. Actual outcomes may differ materially from our expectations, and we will continue to update our approach and disclosures as circumstances evolve. Unless required by applicable regulations, we do not assume an obligation to revise these forward-looking statements in response to new information or future events.

Opening



Chairman Message

The year 2025 marked a defining chapter in Chery Auto's evolution into a global high-technology mobility ecosystem. As we celebrate milestones in sales and exports, our strategic focus remains firmly anchored in Europe. Here, our presence is deepening not merely in scale, but in substance. We recognise that sustainable growth, rather than rapid expansion, defines long-term success. This next phase is about earning the trust to put down roots through meaningful localisation and an unwavering commitment to the communities who walk alongside us.

October 2026
Yin Tongyue
Chairman of the Board of Directors
Chery Automobile Co., Ltd.

Accelerating Our European Journey: Growth & Electrification

Europe remains the cornerstone of our global strategy, and 2025 witnessed a remarkable acceleration in our regional footprint. Driven by evolving consumer expectations and favourable policy frameworks, Chery EU achieved sustained market growth, with new energy vehicles steadily capturing a significantly larger share of our total deliveries. This structural shift reflects both the growing European appetite for electrified mobility and our dedication to offering a portfolio that balances advanced engineering with accessible pricing. We have carefully calibrated our product roadmap, expanding our plug-in hybrid and pure electric offerings to align with diverse driving patterns, urban infrastructure, and charging network maturity across key markets. Our sales and service network has grown in both breadth and depth, supported by localised operations, tailored financing solutions, and enhanced customer experience initiatives. Yet, we view this commercial momentum as a platform for greater responsibility. While our market share and electrification rate continue to grow, we place equal emphasis on EU fleet CO_2 regulatory compliance and contributing to a more resilient local automotive ecosystem. Our expansion is guided by the belief that true success in Europe must be inextricably linked to environmental stewardship and long-term societal value.

Grounding Growth in Responsibility: Our Sustainability Foundation

Recognising that scale must be matched by accountability, we have deeply integrated sustainability into our European operations. In 2025, we refined our ESG governance framework, establishing a clear leadership structure that oversees compliance, risk management, and stakeholder engagement across all regional activities. This Report is prepared voluntarily with reference to the European Sustainability Reporting Standards (ESRS), marking our first comprehensive sustainability disclosure. Guided by our Double Materiality Assessment, we have systematically identified the topics that matter most to our European stakeholders. We are committed to long-termism, building trust through transparent reporting, rigorous internal controls, and a culture where ethical business practices are woven into every strategic decision.

Decarbonising Our Value Chain & Ecosystem

In alignment with the EU's climate ambitions, we are embedding decarbonisation across our entire value chain. For Chery, a low-carbon future rests on sustainable manufacturing, responsible sourcing, and cleaner mobility solutions. A significant milestone in 2025 was our JAECOO 7 SHS receiving the Sino-EU Carbon Footprint Data Mutual Recognition certificate, validating our science-based lifecycle assessment methodology. Beyond our own operations, we are actively collaborating with suppliers to promote responsible procurement, energy efficiency, and circular economy principles.

Innovation, Safety & Shared Value

We believe that advanced, safe, and sustainable mobility should be accessible to all. Our commitment to safety is consistently validated by the five-star Euro ratings achieved across our European portfolio, underpinned by a holistic framework that integrates active, passive, battery, and cybersecurity throughout the product lifecycle. Beyond engineering, we are building shared value through deep-rooted local partnerships that align industrial progress with community wellbeing. A defining example is our strategic joint venture with EBRO in Barcelona, which has successfully revitalised a historic Spanish automotive marque, repurposed a legacy manufacturing site into a modern advanced mobility hub, and generated over 1,000 local jobs while fostering a resilient regional industrial partner. Recognised by both Chinese and Spanish authorities and backed by EU Next Generation funding, this initiative demonstrates how cross-border industrial cooperation, economic revitalisation, and environmental stewardship can advance in tandem. Within our own operations, we continue to prioritise an inclusive, health-focused workplace for our European teams, while extending our global educational partnerships into local communities, ensuring our commercial growth consistently translates into lasting, measurable societal impact.

A 25-Year Journey of Long-Termism & The Path Forward

Chery's European evolution is grounded in a quarter-century of strategic patience and global integration. From our inaugural vehicle exports to the Middle East in 2001, to the EBRO industrial partnership in 2024, and now the launch of Chery European Operations Centre and Chery Europe R&D Institute in 2026, we have systematically progressed from "going out" to "scaling up" and ultimately "integrating in". As of the end of 2025, the Chery brand served more than 18.53 million users globally across over 120 countries and regions. We are the first Chinese automaker to surpass 5.85 million cumulative exports, maintaining the top passenger vehicle export ranking among Chinese brands for 23 consecutive years. As we advance beyond the Reporting Period, our European strategy will remain anchored in regulatory excellence, open technological collaboration, and shared value creation. We extend our sincere appreciation to our customers, employees, suppliers, business partners, investors, regulators, and local communities whose trust enables our progress. Chery EU will continue to uphold the highest standards of transparency, innovation, and environmental responsibility, driving sustainable mobility forward guided by the "In somewhere, For somewhere, Be somewhere" strategy.

Thank you.

EU Leadership Message



We are pleased to present Chery's EU Sustainability Report, which articulates our sustainability performance, governance frameworks, and strategic commitments across European operations throughout this Reporting Period. As the global automotive sector navigates a structural shift towards low-carbon, intelligent mobility, this document establishes a foundational benchmark for our transparency, regulatory alignment, and sustainable value creation. Europe has been intentionally positioned not merely as a commercial destination, but as a strategic anchor for technological innovation, governance excellence, and multi-stakeholder collaboration. This message outlines how our regional footprint is advancing in strict accordance with the EU's sustainability framework, our localised industrial strategy, and our long-term commitment to accountable corporate citizenship.

October 2026

Zhu Shaodong

Executive Vice President of Chery International,
CEO of the EU Region

Accelerating Europe's Low-Carbon Transition Through Inclusive Mobility

Europe remains a critical catalyst for Chery's decarbonisation trajectory and our broader climate transition plan. By the end of this Reporting Period, Chery has successfully established commercial operations in 16 European markets, serving over 100,000 regional users with mobility solutions engineered for efficiency and safety. Our alignment with the European Green Deal is substantiated by measurable market performance. In 2025, Chery EU delivered robust sales performance across European markets, registering a year-on-year growth exceeding 200% with new energy vehicles (NEVs) leading the lineup, underscoring the region's strategic priority in our clean mobility roadmap. With nearly 80% of Spanish deliveries derived from electrified powertrains and a 2025 ranking among the top ten best-selling private-channel brands, our product strategy is demonstrably responsive to European consumer demand for sustainable, intelligent transportation. This commercial traction provides the scale necessary to invest further in circular battery management, lifecycle carbon reduction, and sustainable supply chain integration across the continent.

"In somewhere, For somewhere, Be somewhere" – Embedding Deep Localisation & Industrial Synergy

Market expansion requires systemic integration into regional industrial ecosystems, not simply product distribution. Guided by our "In somewhere, For somewhere, Be somewhere" philosophy, Chery officially inaugurated the Chery European Operations Centre and the Chery Spain R&D Institute in Barcelona on April 8, 2026. As our first overseas regional headquarters, the Chery European Operations Centre operates as a centralised governance platform orchestrating ESG, operations, regulatory compliance, supply chain coordination, financial oversight, and public affairs. Simultaneously, the Chery Spain R&D Institute is directing strategic capital toward electrification architectures, autonomous driving systems, and low-carbon focused engineering, while ensuring rigorous alignment with European data protection standards, environmental regulations, and product lifecycle compliance. This localised integration model has already yielded transformative socioeconomic outcomes. Our strategic partnership with EBRO MOTORS GROUP EV, S.A. to revitalise the EBRO brand successfully transformed an idle Barcelona facility into a dynamic advanced manufacturing hub, creating over 1,000 local jobs and earning bilateral recognition as a benchmark for Sino-European industrial cooperation. By embedding engineering, product development, and operational talent within European communities, we are co-developing vehicles with authentic local relevance, facilitating technology transfer, and strengthening regional industrial resilience.

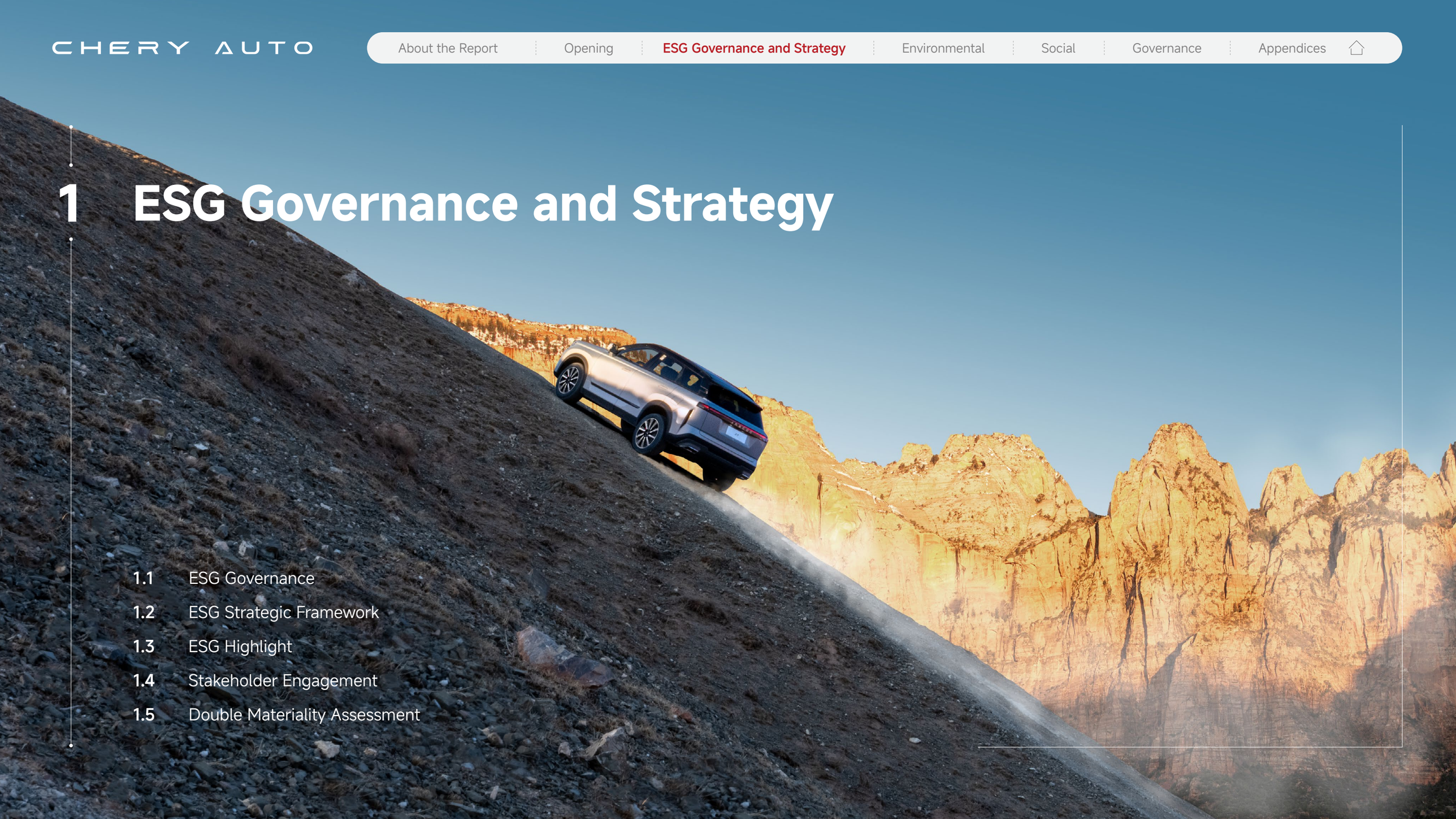
Advancing CSRD-Aligned Governance and Stakeholder Value

As Europe establishes the global standard for corporate sustainability disclosure, Chery's European governance framework is systematically structured around CSRD mandates, including double materiality assessment, ESRS compliance, and end-to-end value chain transparency. Throughout this Reporting Period, we have institutionalised cross-functional oversight to ensure that ESG metrics are embedded into strategic planning, risk mitigation, and stakeholder engagement protocols. Our environmental stewardship extends beyond regulatory compliance; through our active collaboration with the International Union for Conservation of Nature (IUCN), we support the ecological restoration of Mediterranean Posidonia seagrass beds, safeguarding critical coastal biodiversity and marine habitats. The high-level participation of regional government executives, diplomatic representatives, and industry partners at our Chery European Operations Centre inauguration, alongside structured expert roundtables and transparent media dialogues, reflects the institutional trust cultivated through accountable operations. We recognise that strengthening our long-term competitiveness in Europe requires continued efforts to improve the measurement and management of Scope 3 emissions, strengthen responsible raw material sourcing practices, integrate circularity into product design, and promote workplace inclusion and employee development. This Report serves as a verifiable baseline for our ongoing commitment to transparent, stakeholder-responsive, and forward-looking sustainability practices.

Looking Forward

Chery's evolution in Europe is grounded in a quarter-century of strategic patience, now culminating in our deep regional integration. From our initial market entries to the formal inauguration of the European Operations Centre and the Chery Spain R&D Institute in 2026, we have systematically progressed from commercial participation to localised value creation. Throughout this Reporting Period, our European footprint has been deliberately structured around regulatory compliance, industrial symbiosis, and multi-stakeholder trust. Looking ahead, our strategy in Europe will remain anchored. We recognise that sustained leadership in Europe requires more than market presence: it demands operational accountability, continuous technological collaboration, and a genuine contribution to the continent's sustainable mobility transition. We extend our gratitude to our European employees, supply chain partners, regulatory authorities, and local communities for their continued trust. Chery EU remains fully committed to operating as a transparent, responsible, and forward-looking corporate citizen, driving shared value creation across the continent throughout this Reporting Period and beyond.

Thank you.



1 ESG Governance and Strategy

1.1 ESG Governance
1.2 ESG Strategic Framework
1.3 ESG Highlight
1.4 Stakeholder Engagement
1.5 Double Materiality Assessment

1.1
ESG Governance

Robust governance is the foundation of credible sustainability performance. For a company expanding in the European market, it is also the primary benchmark by which regulators, investors and partners assess whether sustainability commitments are effectively translated into action. Chery EU is committed to embedding sound governance, rigorous risk management and high-quality data assurance across all sustainability practices, building directly on Chery Auto's group-wide architecture while reflecting the specific regulatory context and operational scale of our European entities.

Sustainability-Centred Decision Making

Chery EU's ESG governance framework is anchored in Chery Auto's global sustainability philosophy of "In somewhere, For somewhere, Be somewhere", which underscores our commitment to creating local value and fulfilling local responsibilities in every market we serve. While fully aligned with the Group's overarching structure, Chery EU's governance model is tailored to address regional priorities, EU regulatory expectations and the operational scope of our European subsidiaries.

Chery Auto's ESG Governance

Chery Auto governs sustainability through a four-tier architecture that integrates strategic oversight at the Board level with operational execution, supervision and continuous feedback across the organisation:



Chery EU's ESG Governance

Chery EU operates a streamlined three-tier ESG governance framework, coordinated by the Chery International Strategy and ESG Department and fully leveraging the capabilities of regional management, business operations and functional departments. Findings from our Double Materiality Assessment (DMA) are systematically integrated into this framework, with significant ESG matters escalated through Chery Auto's management-level committee to the Board level's Strategy and Sustainability Committee and, where material, to the Board of Directors.

Strategic Business Planning Level

Chery EU Management

Provides strategic direction and oversight for sustainability across European operations;
Reviews and approves material ESG decisions

Sustainability Management Level

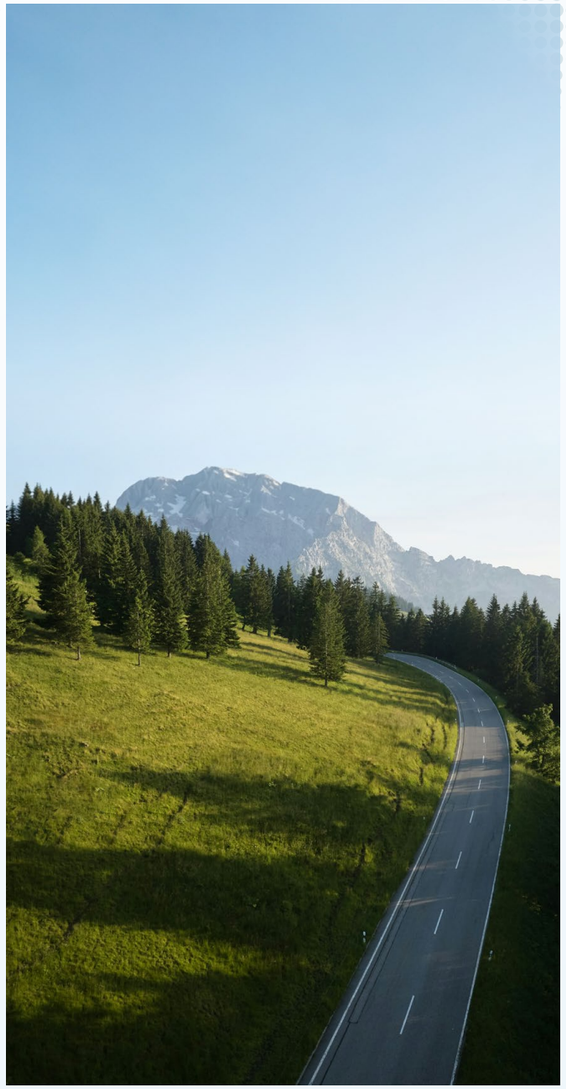
Chery International Strategy and ESG Department

Leads cross-functional sustainability initiatives across Europe;
Serves as the primary liaison between Chery EU and Chery Auto's Group-level ESG governance bodies

Sustainability Execution Level

Functional departments and country subsidiaries – data owners and material topic owners

Embed ESG requirements into daily operations;
Collect, validate and report sustainability data within their domains;
Assume ownership of specific material topics identified through the DMA



ESG Performance Management

To institutionalise sustainability accountability, Chery EU integrates material ESG metrics into executive performance management and remuneration framework. Aligned with Chery Auto's group-wide practice, this approach embeds ESG objectives into core performance evaluation cycles, ensuring that sustainability targets are actively tracked, managed, and reflected in leadership incentives.

Management performance assessments are systematically evaluated against the following key ESG indicators:

- Progress towards compliance with EU fleet CO_2 emission standards and growth in electrified vehicle penetration
- Quality, accuracy, and regulatory timeliness of sustainability disclosures
- Achievement of supply chain ESG due diligence and responsible sourcing targets

By linking these metrics to performance evaluations and incentive structures, Chery EU ensures that ESG considerations are embedded in strategic decision-making and daily operational execution. This performance management mechanism reinforces executive accountability, drives continuous improvement across material ESG topics, and aligns leadership outcomes with Chery EU's long-term sustainability strategy and European regulatory expectations.

ESG Risk Management and Data Quality

Sound risk management and reliable data are the foundation of credible sustainability reporting. Chery EU operates within Chery Auto's integrated enterprise risk management framework, which aligns with the ISO 31000 standard and embeds sustainability-related risks alongside financial and operational risks under Board-level oversight. Building on this group-wide foundation, Chery EU has established a systematic control framework to ensure the European sustainability reporting is complete, accurate, and fully traceable.

Group Risk Management Foundation

Chery Auto's risk management architecture follows a three-lines-of-defence model and a tiered "1+X+Y" structure, ensuring comprehensive coverage across global operations. Ultimate oversight rests with the Board of Directors and the Risk Control and Audit Committee, while risk ownership is distributed across business units, risk management functions, and independent internal audit. Sustainability and compliance risks are integrated into this closed-loop process, supported by a dedicated ESG digital platform that automates multi-source data collection, intelligent validation, and report generation to ensure data integrity and auditability.



Risk Management at Chery EU

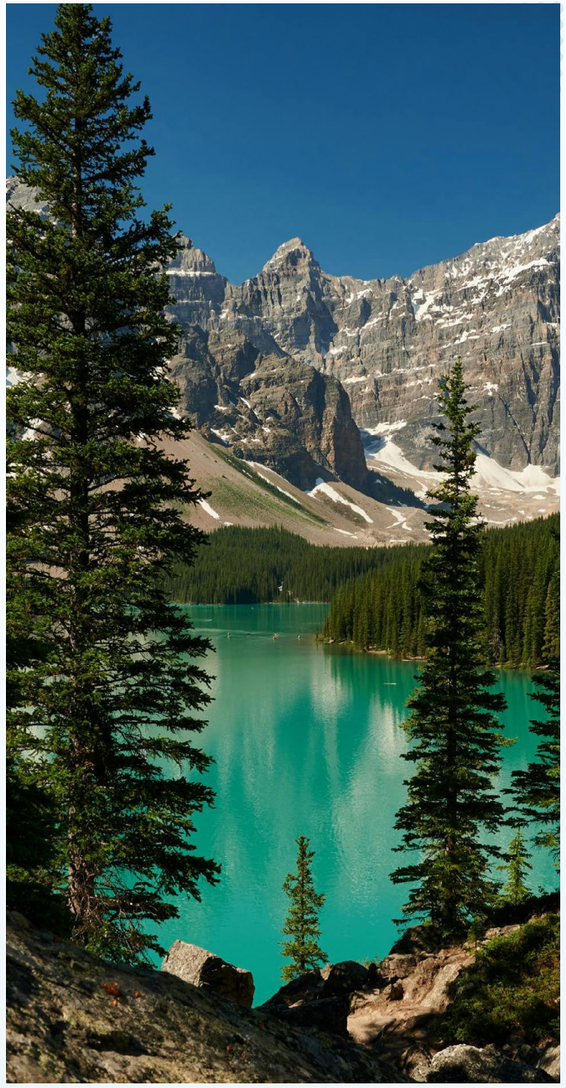
Chery EU's operations are fully integrated into the "Y" tier of this architecture. European regulatory exposures, including CSRD / ESRS reporting obligations, CBAM, EUDR, and other compliance requirements, are managed through dedicated international regulatory task forces and escalated to Group committees when material. Chery EU has implemented a structured roadmap to:

- Appoint designated risk owners and control liaisons across European functions
- Integrate European risk reporting into the Group's semi-annual review cycle
- Maintain a regional risk register aligned with Chery Auto's enterprise risk process
- Conduct region-specific risk identification and assessment covering compliance, operational, strategic, and sustainability-related risks, including those identified through the Double Materiality Assessment (DMA)

Material impacts, risks, and opportunities (IROs) are cross-validated against Group-level risk assessments, with clear escalation protocols to Chery Auto's Risk Control and Audit Committee. Key risk areas for European operations include:

European Regulatory Compliance	Product certification, trade regulations, data privacy, environmental standards, labour practices and antitrust compliance
Supply Chain Resilience	Critical mineral security and supplier ESG performance
Geopolitical	International trade dynamics, sanctions, foreign exchange controls, and policy shifts
Product & Technology	Advanced Driver Assistance Systems (ADAS) regulatory compliance and battery safety standards

These risks are continuously monitored and managed through Chery EU's localised framework, with regular reporting to regional management.



Data Quality Management

Chery EU is committed to maintaining the highest standards of sustainability data quality. Building on Chery Auto's ESG digital platform, Chery EU has established a regional data collection and assurance framework comprising:

Data Collection Standards	Standardised templates and definitions aligned with ESRS requirements to ensure consistency across all European reporting entities
Data Validation Procedures	Multi-tier validation, including self-checks by data providers, review by the regional ESG function, and independent verification by internal audit for material metrics
Data Traceability	Documented source data, calculation methodologies, and audit trails for all reported indicators, enabling full traceability from disclosures to underlying records
Continuous Improvement	Regular data quality reviews and targeted enhancements to progressively improve the accuracy, completeness, and audit-readiness of sustainability disclosures

Internal Audit and Data Assurance

The Group's Audit Centre serves as the independent third line of defence, providing assurance over risk management and internal controls, including sustainability data governance. Regular audits verify the accuracy, completeness, and reliability of ESG data collection and reporting processes. Chery EU leverages this independent assurance mechanism alongside quality controls to validate disclosed information and ensure audit readiness.

Advancing ESG Capabilities

Chery EU distributes the "Chery EU Sustainability Insights" across the organisation as part of an initiative to transition from a department-centric ESG execution model to a unified, cross-functional framework that embeds sustainability awareness and response capabilities at all operational levels. To institutionalise this approach, Chery EU has delivered four targeted ESG training programmes for management and employees across the European operations, covering ESG fundamentals, environmental sustainability, human rights, and responsible marketing. These structured sessions, complemented by regular "Chery EU Sustainability Insights" briefings, address critical themes aligned with regional priorities, including decarbonisation pathways, supply chain due diligence, circular economy practices, and evolving EU regulatory landscapes (e.g., CSRD / ESRS, EU Battery Regulation). By combining formal capacity building with accessible, operationally relevant communications, Chery EU ensures that sustainability literacy is consistently strengthened, enabling teams across all European entities to seamlessly integrate ESG considerations into strategic decision-making and daily business operations.



1.2

ESG Strategic Framework

At Chery EU, sustainable management is a core corporate priority. We are driving our transformation towards a future-oriented, eco-conscious, and stakeholder-centric business model, fully aligned with the overarching sustainability vision and strategic pillars established by our parent company, Chery Auto. Building on this shared foundation, we have established a localised ESG strategic framework that translates our Group's global ambitions into actionable European priorities. In response to the rapidly evolving regulatory landscape and shifting stakeholder expectations, we continuously refine our strategic initiatives to ensure they remain relevant, impactful, and aligned with our mid- to long-term objectives. Through this structured approach, we systematically embed sustainability into our operational DNA, transitioning our European business towards resilient and responsible growth.

While our core sustainability vision and strategic pillars mirror those of Chery Auto, our material topics and resource allocation are deliberately calibrated to the European context. Guided by the results of our DMA and grounded in the region's specific regulatory requirements, market dynamics, and stakeholder expectations, we prioritise initiatives that deliver the highest local impact. This targeted approach directs our investments towards sustainability and decarbonisation pathways. By aligning our strategic execution with European imperatives, we ensure that our sustainability efforts are both globally consistent and locally responsive, driving measurable progress and long-term value creation in the region.

Sustainability Vision	**An Innovation-driven, Globally Trusted Leader in the Intelligent Mobility Ecosystem**		
Strategic Pillar	Low-carbon transition and benefit for nature	Customer-centric win-win approach with value chain partners	Self-discipline and regulated development
Sustainability Topics (Focusing on European operations and market)	▪ Climate Resilience ▪ Reduction of LCA Carbon Emissions ▪ Circular Economy ▪ Ecology and Nature Conservation	▪ Product Responsibility and Customer Satisfaction ▪ Care for Employees ▪ Sustainable Supply Chain ▪ Responsible Marketing ▪ Community Engagement	▪ Business Value Management ▪ Corporate Governance ▪ Corporate Risk Management ▪ Information and Privacy Security

1.3

ESG Highlight

Environmental	
Climate Resilience	▪ Climate-related risk and opportunity assessments integrated into enterprise risk management ▪ Physical climate risks stress-tested under high-, medium-, and low-emission scenarios ▪ Facility vulnerability assessments and adaptive logistics routing implemented to strengthen climate resilience ▪ Climate resilience measures embedded into business continuity planning ▪ Decarbonisation roadmap reviewed annually, alongside strengthened accounting and disclosure of Scope 1, Scope 2 and Scope 3 GHG emissions; total GHG emissions amounted to 4,240,961.88 tCO_2e in 2025
Reduction of LCA Carbon Emissions	▪ 100% LCA coverage across all models marketed in the region ▪ Electrified vehicles accounted for 72.66% of total EU sales ▪ JAECOO 7 SHS obtained the inaugural Sino-EU Carbon Footprint Data Mutual Recognition certificate, supported by a vehicle LCA independently verified by Deutscher Kraftfahrzeug-überwachungsverein (DEKRA)
Circular Economy	▪ Tracking the reusability rate and recoverability rate of vehicles sold in EU ▪ Establishing a closed-loop system for battery recycling and resource regeneration ▪ Recycled PET, secondary metals and bio-derived coatings incorporated into vehicle components ▪ Recycled materials applied in seating systems, interior trims and acoustic insulation
Ecology and Nature Conservation	▪ Removal of over 50 kilograms of marine debris from Cabo de Gata-Níjar Natural Park through a joint volunteer initiative with IUCN ▪ Establishment of a full-process deforestation risk prevention and control system for EUDR-regulated commodities ▪ Mandatory pre-market compliance verification of restricted and prohibited substances for all vehicle models launched in the European market ▪ Advancement of the EBRO Factory paint-process upgrade towards the BAT-aligned "3-WET" process and transition from solvent-based to water-based coatings in 2025

Social

Product Responsibility and Customer Satisfaction	▪ 0 mandatory and voluntary vehicle recalls per 10,000 vehicles in 2025 ▪ Fifteen models offered in Europe achieved a five-star Euro NCAP safety rating ▪ More than 1,000 crash simulations conducted by the Chery Spain R&D Institute ▪ More than 100 technicians in the Italian service-centre network participated in technical training over a two-year period ▪ Sales Satisfaction Index (SSI) employed as a core customer experience metric across established EU markets
Care for Employees	▪ Chery EU and the Chery Europe R&D Institute employed 216 and 83 people in 2025 respectively, all of whom were permanent employees ▪ Women accounted for 42.59% of Chery EU's workforce, representing 92 of the total of 216 employees ▪ Chery EU and the Chery Europe R&D Institute maintained employee turnover rates of 2.57% and 7.89% in 2025 respectively ▪ 100% of Chery EU employees were covered by the occupational health and safety management system ▪ Vocational training at the Barcelona automotive site supported workforce reskilling for electrified vehicle production, including training on updated welding and painting technologies
Sustainable Supply Chain	▪ ESG assessment outcomes covering business ethics, environmental management, labour and human rights, and occupational health and safety are integrated into supplier procurement evaluations ▪ Risk-based supplier reviews combining desk-based assessments, targeted on-site evaluations and corrective action plans ▪ Suppliers identified with compliance gaps are required to implement corrective actions and provide verifiable evidence of completion, while persistent or severe non-compliance may result in order suspension or termination ▪ All partners are required to formally acknowledge and sign the updated Chery Supplier Code of Conduct, which covers human rights, environmental stewardship and energy conservation ▪ Chery and EBRO continued to expand local production and supplier integration at the EBRO Factory in Barcelona
Responsible Marketing	▪ National Association of OMODA & JAECOO Dealers (ANCOJ) established in Spain ▪ Dedicated dealer training centre opened in Warsaw in March 2026 with more than 700 dealer and network employees trained by its opening ▪ Consumer feedback and grievance channel operation tracked as a mandatory monthly KPI for all dealers
Community Engagement	▪ Joint Venture EBRO served as an official sponsor and official vehicle of Spain's men's, women's and Under-21 national football teams ▪ Returned to the Dakar Rally in January 2026 with the EBRO Audax Motorsport team led by 20-time World Champion Laia Sanz

Governance

Business Value Management	▪ 100% participation rate of employees in anti-corruption training ▪ 100% execution rate for the *Integrity Practice Commitment Letter* among employees in key positions ▪ 100% execution rate for the *Sunshine Project Integrity Agreement* with suppliers ▪ No corruption-related cases occurred ▪ No political donations were made ▪ No external investigations arose from transparency or integrity violations in dealings with government authorities
Corporate Risk Management	▪ Regional risk register maintained, with designated risk owners across European functions ▪ CSRD / ESRS, CBAM, EUDR and other EU regulatory risks managed via dedicated regulatory task forces ▪ Multi-tier data validation and independent external assurance ensuring full traceability of sustainability disclosures
Information and Privacy Security	▪ Zero material data privacy breaches in 2025 ▪ 100% response and resolution rate for data subject requests from current users ▪ Sensitive remote commands on the OMODA & JAECOO App are protected through vehicle ownership verification, in-vehicle authorisation and a six-digit personal passcode ▪ European OMODA & JAECOO App user data is encrypted during transmission, and users may request the deletion of their personal data

1.4

Stakeholder Engagement

At Chery EU, we recognise that credible sustainability progress depends on structured, transparent dialogue with our key stakeholders. We operate tailored engagement channels for each group, designed to address their specific priorities and regional expectations. Stakeholder insights are systematically captured, analysed, and integrated into our strategic planning and sustainability management processes, with outcomes transparently disclosed in our annual sustainability reporting.

To systematically identify stakeholder needs and expectations, we maintain a structured engagement framework that ensures feedback directly informs management decision-making. Material sustainability issues raised through these dialogues are escalated and reviewed through our ESG governance structure, aligning with Chery Auto's Board-level oversight and Chery EU's regional risk management protocols.

We maintain dedicated communication pathways to ensure clear, consistent, and professional engagement. As part of the DMA process, we engaged key stakeholder groups, including employees, customers (engagement and feedback channelled through distributors), consumers, suppliers, industry associations, directors and senior management, and local communities. Through various engagement channels, such as stakeholder surveys, interviews, workshops and meetings, Chery EU gathered stakeholders' expectations and perspectives on material sustainability topics, which informed the identification and assessment of material IROs and guided the ESG priorities and actions.

Stakeholders	Concerns and Expectations	Communication Mechanisms and Responses
Customers	▪ Product safety ▪ Product inclusivity ▪ Low-carbon products ▪ Customer service ▪ Privacy protection	▪ Satisfaction surveys ▪ Complaint mechanisms ▪ User engagement activities ▪ Sustainability Report
Suppliers	▪ Fairness and justice ▪ Standardised supplier management ▪ Mutual benefit ▪ ESG capability building	▪ Standardised procurement ▪ Supplier grievance channels ▪ Evaluation and assessment ▪ Supplier engagement meetings ▪ Due diligence ▪ Supplier empowerment and training
Industry associations	▪ Industry cooperation ▪ Industry development ▪ Fair competition ▪ Technological innovation	▪ Strategic cooperation ▪ Association meetings ▪ Industrial initiatives
Directors and senior management	▪ Strategy implementation ▪ Risk control ▪ Value creation	▪ Board meetings ▪ Special senior management sessions ▪ Regular progress reports
Employees	▪ Employee rights and interests ▪ Remuneration and benefits ▪ Career development ▪ Occupational health and safety ▪ Equality and diversity	▪ Contracts and agreements ▪ Labour unions ▪ Performance appraisal and promotion ▪ Employee training ▪ Grievance Handling System ▪ Employee Care Team
Local communities	▪ Driving economic development ▪ Community development ▪ Environmental protection ▪ Biodiversity conservation	▪ Community contribution programmes ▪ Community engagement activities ▪ Local employment ▪ Sustainability Report

1.5

Double Materiality Assessment

In accordance with the requirements of the ESRS, Chery EU undertook a comprehensive DMA which involved engaging internal and external stakeholders to address both impact and financial materiality, providing a view of material IROs throughout Chery EU's own operations and value chain.

Our DMA Approach

We conducted the first DMA in accordance with the requirements of the ESRS. The assessment followed the double materiality principle, which considers two perspectives. The inside-out perspective assesses the positive and negative impacts of our business activities on the environment and society. The outside-in perspective assesses how sustainability-related developments may affect our financial position and value creation. The assessment covered our own operations as well as the upstream and downstream value chain, providing a consolidated view of material IROs.

Our DMA was carried out as a structured, five-step process, from understanding our sustainability context to the validation of results by our governance bodies.

Chery EU DMA Process

1. **Understanding Our Context**
   - Reviewing Sustainability Context across our Upstream Value Chain Core Business and Downstream Value Chain
2. **Identifying Impacts, Risks & Opportunities**
   - Engaging Stakeholders through Surveys, Interviews and Workshops
3. **Assessing Materiality**
   - Scoping by Relevance
   - Consideration of Measures Taken
   - Evidence-based Assessment
4. **Determining Material Topics**
   - Determining Impact Materiality
   - Determining Financial Materiality
5. **Validating our Outcome**
   - Validating the DMA Outcomes and IROs List



Understanding Our Context

The DMA commenced with a comprehensive review of our sustainability context, considering the most recent business facts and circumstances. The analysis covered the characteristics of our business activities and business model across the value chain, our strategic priorities and development direction, and external sustainability developments, including regulatory frameworks such as the ESRS. As part of this analysis, we mapped our stakeholder landscape, identifying key stakeholder groups with significant influence over Chery EU as well as those affected by our activities.

On this basis, we built an issue pool drawing on the sustainability topics specified in the ESRS, supplemented by an analysis of our business activities, value chain characteristics and relevant industry practices. We also referenced peer company disclosures to identify potential sustainability matters. Based on the identified topics, we conducted a structured and step-by-step assessment, including validation through internal and external stakeholder engagement, evaluation against predefined materiality criteria, and prioritisation of topics, to determine the material sustainability matters for disclosure. The resulting list of sustainability matters formed the starting point for the identification of IROs.

Identifying Impacts, Risks and Opportunities

For each sustainability matter in the issue pool, we identified the associated impacts, risks and opportunities along the upstream, own operations and downstream stages of our value chain. To ensure the relevance and completeness of the identified sustainability matters, we engaged with internal and external stakeholders through a combination of surveys, interviews and workshops. The external engagement covered key stakeholders including suppliers, distributors, industry associations and customers, while the internal engagement involved relevant business departments and management personnel.

The feedback collected through these engagement activities played an important role in validating and further refining the identified list of IROs. Through surveys and workshops, stakeholders shared their views on the significance and extent of the impacts associated with each sustainability matter, drawing on their knowledge of business and the wider value chain, which ensures that the final list reflected both our internal analysis and the expectations of those affected by or having an interest in our activities.

Assessing Materiality

The identified IROs were assessed by internal experts, with input gathered across functional areas to ensure that sustainability, compliance and risk management perspectives were all represented. Prior to assessing, a common knowledge base was established for all assessors, comprising internal data and operational knowledge, and industry benchmarks. This setup allowed the relevance, severity and possible financial effects of each IRO to be weighed consistently and in a balanced manner.

The assessment was carried out under the following working principles:

Scoping by relevance	▪ Each IRO was assessed within its relevant scope, considering where the impact, risk or opportunity arises and the extent to which it relates to Chery EU's overall operations, EU-specific activities or particular business lines.
Consideration of measures taken	▪ Actions already integrated into Chery EU's operations and governance to prevent, reduce or mitigate adverse effects.
Evidence-based assessment	▪ Assessment outcomes were informed by a common evidence base and complemented by the professional judgement of internal and external stakeholders, whose assessments reflected their expertise, industry knowledge and understanding of Chery EU's business operations.

Determining Material Topics

A topic is qualified as material if its score reaches the applicable threshold in either of the two perspectives, or in both. In practice, a sustainability topic becomes material through the specific material impact, risk or opportunity formulated under it. This link determines which disclosure requirements apply, and the scope of our sustainability disclosures is established on this basis.

Assessment Criteria

Materiality was determined against pre-defined quantitative thresholds, with separate thresholds established for impact materiality and financial materiality respectively. The scoring mechanism for the assessment factors applied under impact materiality and financial materiality is described below.

Impact materiality

The materiality of sustainability impacts was assessed based on severity and likelihood. For negative impacts, severity was evaluated in terms of scale, scope and remediation ability. For positive impacts, the same scale and scope criteria were applied to assess their potential benefits. For potential impacts, the likelihood of occurrence was also assessed.

Criteria		Description	Level
Severity	Scale	The degree or intensity of the impact on the economy, society, or environment	▪ Very Serious ▪ Significant ▪ Moderate ▪ Low ▪ Minimal ▪ None
	Severity	The number of individuals / the geographical area of environmental resources affected	▪ Global ▪ Widespread ▪ Medium ▪ Concentrated ▪ Limited ▪ None
	Remediation ability	The difficulty of offsetting / remediating negative impacts	▪ Non-remediable ▪ Very difficult to remedy (long-term) ▪ Difficult to remedy (medium-term) ▪ Remediable with efforts ▪ Relatively easy ▪ Very easy
Likelihood		The probability of the impact occurring	▪ Certain ▪ Very likely ▪ Likely ▪ Possible ▪ Unlikely ▪ Impossible



Scale					
None	Minimal	Low	Moderate	Significant	Very Serious
Not impactful on people or environment	Minimal impact on people or environment	Low impact on people or environment	Event with moderate impact on people or environment	Event with significant impact on people or environment	Event with life-altering, profound impact on people and environment

Scope					
None	Limited	Concentrated	Medium	Widespread	Global
No geography or people impacted	Affects a few people or the environment	Event affecting concentrated group of people or environment	Event affecting moderate number of individuals / areas	Affects many people or environment across a large geographic perimeter	Worldwide impact on people or the environment

Remediation ability					
Very easy	Relatively easy	Remediable with efforts	Difficult to remedy	Very difficult to remedy	Non-remediable
The impact is easy to counteract	Remedying the impact is easy in the short term	The impact is remediable, but effort is needed in terms of time and cost	Remedying the impact is difficult or a medium-term process is required	Remedying the impact is very difficult or a long-term is required	The impact cannot be remediated

Likelihood					
Impossible	Unlikely	Possible	Likely	Very likely	Certain

Financial materiality

In addition, the financial materiality of sustainability-related risks and opportunities was assessed based on the likelihood of occurrence and the magnitude of the potential effects.

Criteria	Description	Level		
Magnitude	The extent to which risks and opportunities affect the Company's financial situation	▪ Critical ▪ Minor	▪ Significant ▪ Low	▪ Moderate ▪ None
Likelihood	The probability of the relevant event occurring	▪ Certain ▪ Possible	▪ Very likely ▪ Unlikely	▪ Likely ▪ Impossible

Magnitude					
None	Low	Minor	Moderate	Significant	Critical
No financial impact	Low/Minimal financial impact or limited or local reputational effect	Minor financial impact or short term or limited reputational effect	Moderate financial impact	Significant financial impact	Critical financial impact

Likelihood					
Impossible	Unlikely	Possible	Likely	Very likely	Certain

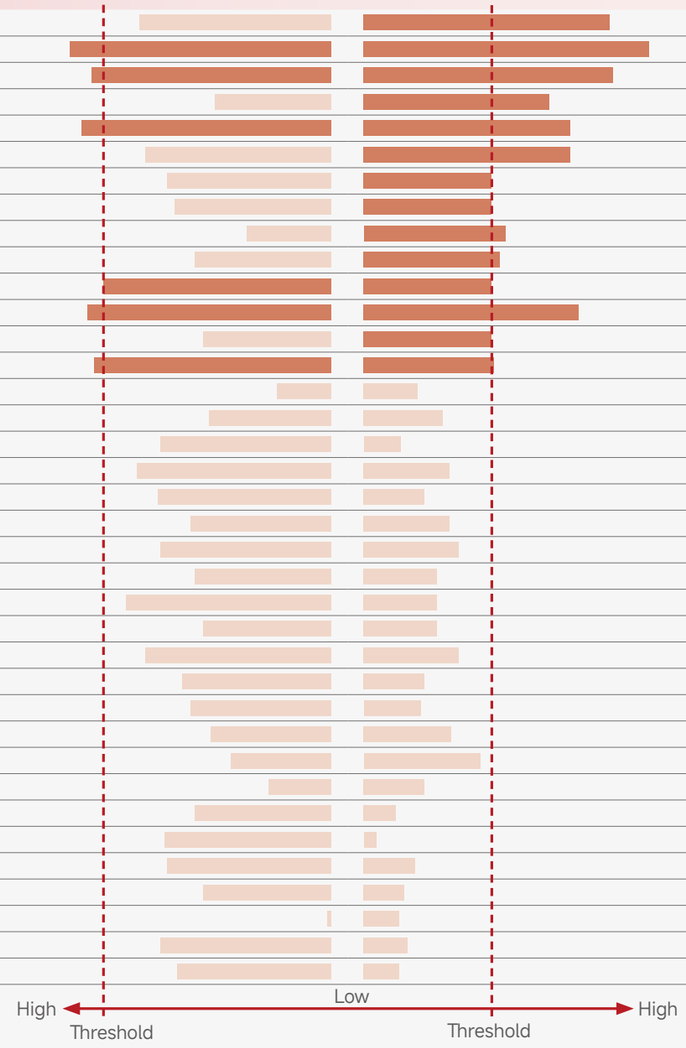


Validating our Outcome

The DMA process, methodology and outcomes, including the thresholds applied, were reviewed, reasonably adjusted and validated by our management. The final results were subsequently presented to the Board of Directors of Chery Automobile Co., Ltd. and Chery EU Management.



ESRS Topic	Subtopic
E1 Climate change	Climate change adaptation
	Climate change mitigation
	Energy
E4 Biodiversity and ecosystems	Impact on ecosystem services
E5 Resource use and circular economy	Resource inflows
	Resource outflows
S1 Own workforce	Equal treatment
	Working conditions
S2 Workers in the value chain	Other work-related rights
	Working conditions
S4 Consumers and end-users	Information-related impacts
	Personal safety of consumers
G1 Business conduct	Corporate culture
	Corruption and bribery
E2 Pollution	Pollution of living organisms
	Pollution of soil
	Pollution of water
	Pollution of air
	Microplastics
	Substances of concern
	Substances of very high concern
E3 Water and marine resources	Marine resources
	Water
E4 Biodiversity and ecosystems	Impact on ecosystems
	Impact on state of species
	Direct impact drivers
E5 Resource use and circular economy	Waste
S1 Own workforce	Other work-related rights
S2 Workers in the value chain	Equal treatment
S3 Affected communities	Civil and political rights
	Economic, social and cultural rights
	Rights of indigenous people
S4 Consumers and end-users	Social inclusion of consumers or end-users
G1 Business conduct	Animal welfare
	Political engagement
	Protection of whistle-blower
	Relationships with suppliers



Chery EU DMA Outcome

The table below provides an overview of the material IROs identified through the DMA. For each item, it indicates whether the matter constitutes a positive or negative impact, a risk or an opportunity, where it arises along our value chain, and the time horizon considered. Full descriptions of these IROs and the related policies, actions, targets and metrics can be found in the respective sections of this Report.

E1 - Climate Change	Category	Value Chain	Time Horizon[1]
Policy and legal: Stricter EU Fleet CO_2 Emission Standards There is progressive tightening of EU CO_2 emission targets for passenger vehicles. Failure to meet targets will result in excess emissions premiums, directly impacting financial performance.	Transition risk	Upstream, Own operations, Downstream	Short term, Medium term, Long term
Policy and legal: Proposed CBAM Downstream Extension to Imported Automotive Components CBAM does not currently apply directly to complete vehicles imported into the European Union. However, the European Commission has proposed extending CBAM to selected steel- and aluminium-intensive downstream products. Chery EU's European operations include a knock-down (KD) assembly model that relies on vehicle parts imported from China. If relevant steel- or aluminium-intensive KD components are included in the final expanded CBAM scope, their imports into the EU may become subject to embedded-emissions data collection and reporting, verification and CBAM certificate obligations, creating additional compliance requirements and exposure to carbon-related import costs.	Transition risk	Upstream	Short term
Policy and legal: Climate Transition (EU ETS) Anticipated expansion and tightening of the European Union Emissions Trading System (EU ETS) constitutes a structural financial risk, potentially increasing operational expenditures due to higher carbon pricing.	Transition risk	Upstream, Own operations	Long term
Policy and legal/ Reputational: Supply Chain Carbon Management Expectations Growing expectations for transparency on value chain emissions (especially upstream vehicle production and transport) increase data management and reporting burdens.	Transition risk	Upstream	Medium term
Market: Changing Consumer Preferences and Market Demand Accelerating consumer preference for electrified vehicles driven by climate awareness, total cost of ownership, and policy incentives. Poses a risk to ICE vehicle sales while creating opportunities for EV market share growth.	Transition risk	Downstream	Short term, Medium term
Technology: Lock-in and Platform Transition Rapid technological shifts toward Next-Gen Zero-Emission Technologies (such as advanced battery chemistries, high-voltage architecture, and software-defined platforms) expose Chery EU to technology lock-in and high R&D reinvestment costs. Delays in technology adaptation or misalignment with EU-specific technical and recycling standards (e.g., EU Battery Regulation) could lead to rapid product obsolescence, competitive disadvantage, and delayed time-to-market for modern EV offerings.	Transition risk	Upstream, Own operations	Medium term

Upstream | Own operations | Downstream | Short term | Medium term | Long term

[1] For the purposes of the DMA, the short term refers to up to 1 year, the medium term to more than 1 year and up to 5 years, and the long term to more than 5 years.

E1 - Climate Change	Category	Value Chain	Time Horizon[1]
Extreme Weather Events (Acute) Storms, heavy rainfall, flooding, heatwaves, and cold spells threaten employee safety and structural integrity of physical assets at facilities. Risks include inventory damage, logistics delays, supply chain disruptions, and production halts affecting delivery reliability.	Physical Risks	Upstream, Own operations, Downstream	(Acute shocks)
Chronic Climate Changes Gradual temperature increases over time raise facility energy demand for heating and cooling, and may also adversely affect upstream production and operational continuity.	Physical Risks	Own operations, Downstream	(Chronic trends)
Products and Services: Growing Demand for Electrified Vehicles The European market's accelerating shift toward electrified mobility presents a major market capture opportunity. Leveraged by Chery Auto's expanding EV product portfolio, Chery EU is well-positioned to expand the European EV market share and meet growing electrified vehicle demand.	Opportunity	Downstream	
Market: Regulatory and Market Leadership Proactive alignment with tightening EU climate regulations and transparent sustainability reporting enhances brand reputation, contributing to stronger stakeholder trust and market positioning.	Opportunity	Own operations, Downstream	
Resource Efficiency: Operational Efficiency Improvement Implementing energy-efficiency measures across local European operations and optimising logistics networks can simultaneously lower GHGs emissions and reduce operational expenditures.	Opportunity	Upstream, Own operations	

E4 - Biodiversity and Ecosystems	Category	Value Chain	Time Horizon
Potential impacts on surrounding ecosystems The EBRO plant currently focuses on assembly operations, which generate relatively low levels of pollutants. Following the introduction of welding and painting processes in the near future, industrial wastewater, exhaust emissions and heavy metal pollutants will increase, potentially posing a direct impact on the surrounding soil and aquatic ecosystems.	Actual negative impact	Upstream, Own operations, Downstream (EBRO as Joint Venture)	
Water withdrawal The EBRO plant currently focuses on assembly operations, resulting in relatively low water consumption. Following the introduction of welding and painting processes, water demand for purposes such as cooling will increase significantly. According to the assessment conducted using the WRI water tool, the Barcelona area is in a medium-to-high water-stress region, and the plant's operations may have negative impacts on the surrounding water environment in the future.	Potential negative impact	Upstream, Own operations, Downstream (EBRO as Joint Venture)	

Upstream Own operations Downstream Short term Medium term Long term

E4 - Biodiversity and Ecosystems	Category	Value Chain	Time Horizon
Legal and compliance risk Environmentally damaging conduct by suppliers or the company could result in legal and regulatory penalties, leading to direct financial losses or interruptions in raw material supply.	Risk		
Ecosystem degradation The degradation of ecosystem services could reduce the supply of plant- or animal-sourced raw materials, increase procurement costs, and affect the stability of our supply chain. For example, the expansion of rubber plantations at the expense of native forests destroys insect habitats, causing a sharp decline in pollinator populations. This undermines the stability of ecosystems surrounding rubber trees, ultimately reducing rubber yields and driving up the procurement cost of raw materials for tyres.	Risk		
Biodiversity commitment By adopting a biodiversity commitment that reduces land use, promotes habitat restoration and supports global conservation projects, Chery EU can improve biodiversity outcomes and enhance reputation and leadership in biodiversity protection, which attracts funds and investors, lowering the cost of financing.	Opportunity		

E5 - Resource Use and Circular Economy	Category	Value Chain	Time Horizon
Resource access Electrification and the energy transition increase the Company's demand for non-renewable materials in vehicle manufacturing, which will have negative environmental impacts.	Potential negative impact		
Cost increases, raw material disruptions or shortages As our NEV production grows, more renewable materials are required. If suppliers face raw material shortages, the Company may be forced to pay higher prices to mitigate the impact on vehicle production, or adopt diversified sources to reduce the likelihood and potential impact of such risks.	Risk		
Non-compliance with the legal and regulatory environment As the EU tightens waste management requirements, current and future stringent rules have a significant impact on the way we conduct business, which may increase compliance costs and create additional liabilities, affecting our operations.	Risk		
Closed-loop recycling network development The battery recycling market is not yet saturated, with untapped potential demand. If Chery EU establishes battery recycling plants through joint ventures with European recyclers and applies recycled outputs to product R&D, it could reduce raw material procurement costs. Recovered materials with residual value could also be resold, directly generating revenue.	Opportunity		

Upstream Own operations Downstream Short term Medium term Long term

S1 - Own Workforce	Category	Value Chain	Time Horizon
Working conditions If the Company fails to provide stable employment and remuneration, a working environment that safeguards occupational health and safety, and flexible working hours, employees may face income instability, increased stress, physical discomfort, injury or illness, and their mental health and well-being may be affected, which could easily lead to labour disputes.	Potential negative impact		
Human rights If Chery EU fails to implement strict labour and human rights protection rules, the Company could face serious management issues such as forced labour and child labour, which would negatively affect employees' human rights and interests.	Potential negative impact		
Diversity and equal development opportunities By providing fair recruitment, promotion and training opportunities, we can enhance employees' skills and help them maintain sustainable employability amid changes in production structures and business adjustments. In addition, by offering an inclusive working environment and equal development opportunities, we can increase the proportion of women in management, promote the inclusion of persons with disabilities, foster a non-discriminatory culture, and support employees' personal growth and career development.	Actual positive impact		
Respecting human rights and ensuring good working conditions We face expectations from global regulators, consumers, the public and employees to provide healthy and decent working conditions and to respect human rights. Failure to meet legislative and stakeholder standards could lead to administrative penalties, litigation and compensation costs, and increased management expenses, and could also affect sales revenue through production interruptions or market access restrictions, further damaging our reputation.	Risk		
Anti-discrimination Any violations by Chery EU in recruitment, promotion or the provision of inclusive workplace facilities in the European operations could expose the Company to substantial fines.	Risk		
Equal development opportunities and employee upskilling We plan to localise manufacturing of the brand in Europe. Creating equal opportunities for employees to learn new skills empowers our workforce to work effectively with electrification, digitalisation and AI-enabled technologies. Gains in per-capita productivity will help reduce unit labour costs through higher efficiency rather than workforce reduction, strengthening our competitiveness across European markets.	Opportunity		

Upstream Own operations Downstream Short term Medium term Long term

S2 - Workers in the Value Chain	Category	Value Chain	Time Horizon
Occupational health and safety in the value chain If upstream partners fail to conduct timely occupational health and safety risk management and related training, exposure to safety and hygiene risks will increase, making accidents more likely and resulting in weaker OHS performance, such as lost workdays due to injury and lost-time injury rates.	Potential negative impact		
Working conditions of value chain workers By setting responsible procurement standards and engaging suppliers, Chery EU can help strengthen working conditions across the value chain, improving occupational safety and fair treatment for workers and supporting a just transition.	Actual positive impact		
Fair treatment and opportunities in the value chain Internal policies on equal treatment and opportunities in the value chain can, in the short term, give employees equal access to training, promotion and career development, improving job satisfaction and loyalty. In the medium to long term, they can drive innovation and efficiency gains among value chain partners, enhancing the competitiveness of Chery EU's value chain.	Potential positive impact		
Human rights management in the value chain Human rights violations by value chain partners could expose Chery EU to regulatory, market-access and reputational consequences in the EU, including restrictions on affected products or components, loss of sales, and disruption to business continuity.	Risk		

S4 - Consumers and End-Users	Category	Value Chain	Time Horizon
Safety, privacy and inclusive access Product defects, safety performance gaps, or delayed remediation may endanger occupants and road users. Inadequate data safeguards or consent mechanisms could compromise privacy and informed choice, while inconsistent or non-inclusive service delivery may restrict equitable access. These impacts may arise directly from our operations or through downstream value-chain partners, including distributors, authorised dealers, and digital-service providers.	Potential negative impact		
Quality and vehicle safety Safety defects, non-conformity or ineffective field response could trigger recalls, warranty claims and corrective work, weaken independent safety performance and consumer trust, and delay European market expansion.	Risk		
Privacy and data security Non-compliance or security failures involving consumer data, cross-border transfers, third-party processing, mobile applications or connected-vehicle functions could expose Chery EU to regulatory action, remediation costs, loss of consumer trust and reputational damage.	Risk		

Upstream Own operations Downstream Short term Medium term Long term

S4 - Consumers and End-Users	Category	Value Chain	Time Horizon
Safety -led quality and market differentiation Strong active, passive and battery safety, supported by independent validation and effective closure of field issues, can differentiate Chery EU's vehicles, reinforce consumer confidence and support entry into and growth across European markets.	Opportunity		
Trusted and inclusive customer relationships Responsive service, accessible feedback and remedy channels, consumer co-creation, inclusive engagement and privacy-protective digital services can improve satisfaction, loyalty and Chery EU's reach across different consumer groups.	Opportunity		

G1 - Business Conduct	Category	Value Chain	Time Horizon
Bribery and fraud Bribery and fraud within the Company's own operations would harm those connected to its business: suppliers and dealers face unfair or distorted dealings, employees are exposed to an unethical working environment, and fair competition and trust in the market are undermined.	Potential negative impact		
Undermining market fairness Violations of antitrust law, anti-competitive practices, and irresponsible marketing by the Company, the suppliers or dealers would disrupt market order and value chain fairness.	Potential negative impact		
Business ethics violations Bribery, corruption and fraud across Chery EU's value chain activities could distort procurement and weaken relationships across the upstream supply chain, compromise internal controls and sound decision-making, disrupt the dealer network, and damage the Company's reputation.	Risk		
Unfair competition Violations of antitrust law, anti-competitive conduct and failure to practice responsible marketing would undermine stakeholder trust, lead to withdrawal of investors' support and expose the Company to significant penalties, threatening stable development and market competitiveness.	Risk		
A culture of integrity A culture of integrity strengthens the Company's reputation, which enhances the European market's trust in Chery EU, and creates more value chain collaboration to gain greater market share and revenue.	Opportunity		

Upstream Own operations Downstream Short term Medium term Long term

The Report marks the first year in which Chery EU has conducted the DMA. We regard this initial assessment as the starting point of a recurring exercise. In the coming Reporting Periods, the assessment will be revisited to capture changes in our business operations, strategic priorities and the external sustainability landscape, while the methodology will be refined through closer alignment with our risk management processes, due diligence procedures and stakeholder engagement mechanisms.

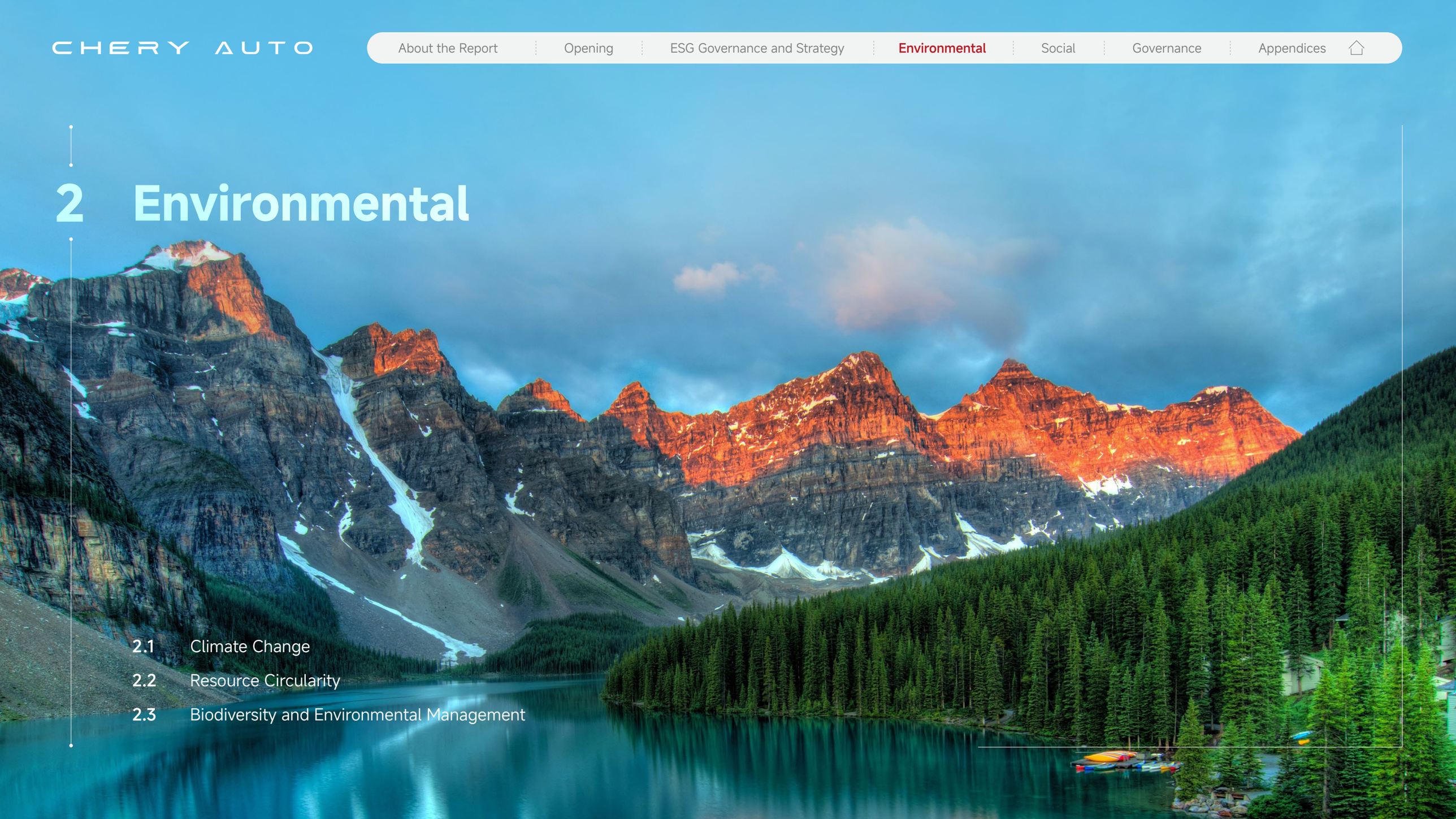
Policies to Manage Material Sustainability Topics

The management of Chery EU's material sustainability topics is underpinned by a coherent policy framework covering environmental, social and governance matters. Each policy sets out Chery EU's commitments and principles for the respective sustainability areas, addressing the material topics identified in accordance with the ESRS requirements. These commitments are implemented through the actions and targets described in the relevant topical sections of this Report.

The following table provides an overview of Chery EU's policies relating to the material sustainability topics.

Policy	Climate Change	Pollution	Water	Biodiversity and Ecosystems	Resource Use and Circular Economy	Own Workforce	Workers in the Value Chain	Affected Communities	Consumers and end-users	Business Conduct
Chery Europe Climate Change Management Policy	●									
Chery Europe Environmental Policy Statement		●	●	●						
Chery Europe Resource Utilisation and Circular Economy Policy					●					
Chery Europe Biodiversity Policy Statement	●	●	●	●						●
Chery Europe Zero Deforestation Statement	●			●						●
Chery Europe Water and Marine Resources Management Policy			●	●				●		
Chery Europe Pollution Management Policy		●								
Chery Europe Commitment to Hazardous Substance Management		●			●				●	
Chery Europe Human Rights Statement						●	●	●	●	●
Chery Europe Occupational Health and Safety Policy						●	●			
Chery Europe Responsible Minerals Statement					●		●	●		●
Chery Europe Value Chain Human Rights Policy						●	●			
Chery Europe Responsible Procurement Statement	●				●		●	●		●
Chery Europe Supply Chain Grievance Mechanism Statement							●			●
Responsible Marketing Policy									●	●
Chery Europe Indigenous Peoples and Community Protection Policy								●		
Chery Europe Business Ethics Policy	●					●	●	●	●	●
Chery Europe Anti-Bribery and Corruption Statement							●			●
Supplier Code of Conduct of Chery Europe	●	●	●	●	●		●	●	●	●

2 Environmental



2.1 Climate Change
2.2 Resource Circularity
2.3 Biodiversity and Environmental Management

2.1

Climate Change

Chery EU is committed to implementing a structured climate action strategy in alignment with European and international decarbonisation policies and regulatory expectations. We have established mid- to long-term greenhouse gases (GHGs) reduction targets and corresponding implementation roadmaps, and continue to actively engage with recognised international climate frameworks and cross-industry partnerships to support the transition towards a low-carbon mobility ecosystem. These commitments are progressively integrated with supply chain transparency initiatives and operational energy efficiency programmes across our European markets.

Climate Change Governance

Decision-Making System

Chery EU's climate governance framework is aligned with Chery Auto's Group-wide structure and tailored to European operations. Ultimate oversight rests with the Chery Auto Board of Directors, supported by the Strategy and Sustainability Committee. Chery EU Management is responsible for executing climate strategies, managing associated risks and opportunities, and reporting target progress to the Chery Auto Sustainability Management Committee.

BoD Role

- Chery Auto's Board of Directors

The Board serves as the highest decision-making body for climate-related matters. Chery Auto has established a climate governance structure under which the Board of Directors is responsible for oversight and decision-making, while the Strategy and Sustainability Committee and the Risk Control and Audit Committee are responsible for overall coordination and guidance. Informed by regular meetings and management reports, the Board oversees climate-related risks and opportunities, regulatory trends, target progress, and key actions. The Board conducts a comprehensive review of climate-related risks and opportunities at least annually and promotes the integration of climate considerations into strategic planning, major decisions, risk management and business decision-making processes, supporting climate resilience, the low-carbon transition and long-term value creation.

Management Role

- Chery Auto's Sustainability Management Committee and Risk Management Committee

As the Board-level committees responsible for climate and sustainability oversight, Sustainability Management Committee and Risk Management Committee coordinate and guide the development of Chery Auto climate vision, strategy, targets and management systems. They oversee the identification, assessment and management of climate-related risks and opportunities and low-carbon transition matters, and provide recommendations to the Board on strategic direction, target progress, key actions and disclosures.

Management Role

- Chery EU Management

Chery EU Management holds operational accountability for executing climate strategies within European markets. Responsibilities include ensuring compliance with EU-specific climate and disclosure regulations (e.g., CSRD, EU ETS, and passenger vehicle CO_2 standards), integrating emission reduction targets into European product, commercial, and facility planning, and overseeing regional energy and carbon management. Management tracks performance against targets, manages climate-related risks, and reports progress to Chery Auto's Sustainability Management Committee.

- Chery EU Cross-Functional Teams

Comprising Sustainability, Procurement, Compliance, Product R&D, and Operations, these teams drive day-to-day climate implementation. Key responsibilities include Scope 1, 2, and 3 data collection and verification, product lifecycle carbon assessment, sustainable supply chain engagement, facility-level energy efficiency optimisation, and preparation of region-specific climate disclosures. Team objectives and KPIs are aligned with EU decarbonisation targets to ensure continuous operational progress and regulatory compliance.

Target Setting and Progress Monitoring

Setting and Managing Targets

Chery EU implements regional climate actions within Chery Auto's Group-wide decarbonisation framework, taking into account European regulatory requirements and market conditions. These actions include maintaining compliance with EU fleet-average CO_2 requirements, advancing the energy transition across our facilities, and supporting the electrification of our European product portfolio. The Chery EU Management team is accountable for cascading Group directives into actionable regional plans, ensuring alignment across product development, supply chain, and commercial operations. Target setting follows a structured annual cycle, with cross-functional input from Sustainability, R&D, and Procurement to guarantee feasibility and strategic coherence.

Tracking Progress

Progress is monitored through a structured review framework integrated into Chery Auto's annual strategic planning cycle. Chery EU management tracks performance against EU regulatory benchmarks and internal reduction milestones, compiling regular compliance and emissions data for Group oversight. Cross-functional teams conduct periodic verification and operational audits to ensure accurate tracking of Scope 1, 2, and relevant Scope 3 metrics, as well as comprehensive Life Cycle Assessment (LCA) data for vehicle models sold in Europe. These LCA insights are systematically integrated into product development, supply chain optimisation, and carbon footprint disclosure processes. Annual progress assessments guide strategic recalibration and resource allocation, ensuring continuous alignment with EU mandates and Group climate commitments.

Management Incentives

Climate-related considerations are reflected in Chery EU's performance management approach, including metrics such as compliance with EU fleet CO_2 standards, progress in electrified vehicle sales, and the quality and timeliness of regional sustainability disclosures. These metrics form part of the KPI evaluations for Chery EU leadership, ensuring direct accountability and aligning executive compensation with the successful execution of the region's climate transition roadmap.

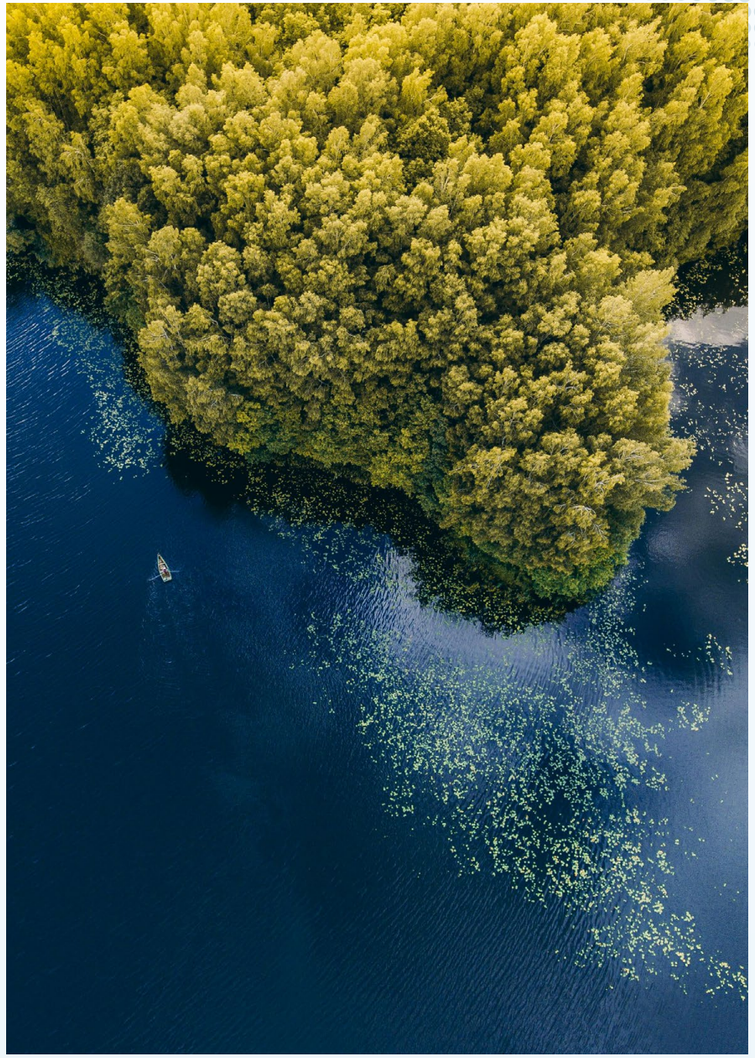
Climate Change Strategy

Climate-related Risks and Opportunities

Chery EU regularly identifies, assesses and reports physical risks, transition risks, and climate-related opportunities that may materially affect the business prospects. These risks and opportunities are classified with reference to IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), which incorporates and builds on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Time Horizon of Risks and Opportunities

We define our climate-related time horizons based on Chery EU's business planning cycle, climate management strategy, and the development of climate-related policies in our operating markets. Under this approach, we consider the short term as the period up to 2030, the medium term as 2031 to 2040, and the long term as 2041 to 2050.



Transition and Physical Risks

Category		Risk Description	Value Chain	Time Horizon	Strategy and Response
Transition Risks	Policy and legal: **Stricter EU Fleet CO_2 Emission Standards**	There is progressive tightening of EU CO_2 emission targets for passenger vehicles. Failure to meet targets will result in excess emissions premiums, directly impacting financial performance.	Upstream, Own operations, Downstream	Medium term, Long term	Strategy 2, 3 and 4
	Policy and legal: **Proposed CBAM Downstream Extension to Imported Automotive Components**	CBAM does not currently apply directly to complete vehicles imported into the European Union. However, the European Commission has proposed extending CBAM to selected steel- and aluminium-intensive downstream products. Chery EU's European operations include a knock-down (KD) assembly model that relies on vehicle parts imported from China. If relevant steel- or aluminium-intensive KD components are included in the final expanded CBAM scope, their import into the EU may become subject to embedded-emissions data collection and reporting, verification and CBAM certificate obligations, creating additional compliance requirements and exposure to carbon-related import costs.	Upstream, Own operations	Short term	Strategy 6
	Policy and legal: **Climate Transition (EU ETS)**	Anticipated expansion and tightening of the European Union Emissions Trading System (EU ETS) constitutes a structural financial risk, potentially increasing operational expenditures due to higher carbon pricing.	Upstream, Own operations	Long term	Strategy 1 and 5
	Policy and legal / Reputational: **Supply Chain Carbon Management Expectations**	Growing expectations for transparency on value chain emissions (especially upstream vehicle production and transport) increase data management and reporting burdens.	Upstream, Own operations	Medium term	Strategy 6
	Market: **Changing Consumer Preferences and Market Demand**	Accelerating consumer preference for electrified vehicles is driven by climate awareness, total cost of ownership, and policy incentives. Poses a risk to ICE vehicle sales while creating opportunities for EV market share growth.	Downstream	Medium term	Strategy 2 and 4
	Technology: **Lock-in and Platform Transition**	Rapid technological shifts towards Next-Gen Zero-Emission Technologies (such as advanced battery chemistries, high-voltage architecture, and software-defined platforms) expose Chery EU to technology lock-in and high R&D reinvestment costs. Delays in technology adaptation or misalignment with EU-specific technical and recycling standards (e.g., EU Battery Regulation) could lead to rapid product obsolescence, competitive disadvantage, and delayed time-to-market for modern EV offerings.	Upstream, Own operations	Medium term	Strategy 3
Physical Risks	Acute Climate Changes (Extreme Weather Events)	Storms, heavy rainfall, flooding, heatwaves, and cold spells threaten employee safety and structural integrity of physical assets at facilities. Risks include inventory damage, logistics delays, supply chain disruptions, and production halts affecting delivery reliability.	Upstream, Own operations, Downstream	Short term, Medium term (Acute shocks)	Strategy 7
	Chronic Climate Changes	Gradual temperature increases over time raise facility energy demand for heating and cooling, and may also adversely affect upstream production and operational continuity.	Upstream, Own operations	Long term (Chronic trends)	Strategy 7

Upstream | Own operations | Downstream | Short term | Medium term | Long term

Opportunities

	Category	Risk Description	Value Chain	Time Horizon	Strategy and Response
Opportunity	Products and Services: **Growing Demand for Electrified Vehicles**	The European market's accelerating shift towards electrified mobility presents a major market capture opportunity. Leveraged by Chery Auto's expanding EV product portfolio, Chery EU is well-positioned to expand the European EV market share and meet growing electrified vehicle demand.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	Strategy 2
	Market: **Regulatory and Market Leadership**	Proactive alignment with tightening EU climate regulations and transparent sustainability reporting enhances brand reputation, contributing to stronger stakeholder trust and market positioning.	Own operations, Downstream	Short term, Medium term	Strategy 1, 3 and 4
	Resource Efficiency: **Operational Efficiency Improvement**	Implementing energy-efficiency measures across local European operations and optimising logistics networks can simultaneously lower GHGs emissions and reduce operational expenditures.	Own operations, Downstream	Short term, Medium term	Strategy 6

Upstream Own operations Downstream Short term Medium term Long term

Scenario Analysis

Scope and Time Horizons

The scenario analysis considers our operations and the value-chain dependencies that may affect our business, including European office and R&D activities, sales and aftersales, imports of complete vehicles and knock-down (KD) components from Chery Auto, and associated port, warehousing, logistics and dealer networks. It considers financial effects borne by us, including costs passed through from upstream production and transport, rather than attributing all Group-wide expenditure or asset losses to European business. The time horizons are defined as short term up to 2030, medium term 2031–2040, and long term 2041–2050.

Assessment Approach and Financial Impact Ratings

The assessment links scenario assumptions to changes in each identified risk or opportunity, the resulting financial transmission channels, and implications for strategic resilience. Low, Medium and High indicate qualitative, scenario-conditional financial impact on us; they are not monetary forecasts or probabilities that a scenario will occur. Low denotes a limited effect; Medium denotes an identifiable effect on important financial or operating activities; High denotes a potentially substantial effect on core revenue, profitability, assets or funding. Opportunity ratings indicate potential positive financial contribution, subject to the investment and execution needed to realise it. Ratings consider the primary impact period and potential exposure before assigning any quantified benefit to mitigating measures; response measures are discussed separately.

Physical Risk and Financial Impact Analysis

Scenario Framework and Key Assumptions

The physical risk assessment uses the IPCC reference pathways aligned with Chery Auto's climate disclosure report. The current-emission category corresponds to the intermediate pathway used in that report. These pathways provide contrasting climate conditions; actual hazard changes depend on location, hazard type and time horizon.

Reference Scenario	Emission Pathway	Indicative Warming Outcome[2]	Scenario Characteristics
SSP1-RCP1.9	Low	< 1.5 °C	Based on a sustainable development-oriented Shared Socioeconomic Pathway, the global transition towards a low-carbon economy accelerates. Greenhouse gas emissions decline rapidly, reaching net zero by 2050, while the increase in global average temperature is limited to within 1.5 °C.
SSP2-RCP4.5	Medium	1.5 °C– 3 °C	Global social, economic and climate policy trends broadly continue along their current trajectories. Countries and regions adopt moderate emissions-reduction measures, with greenhouse gas emissions peaking around mid-century before declining.
SSP3-RCP8.5 / SSP5-RCP8.5[3]	High	> 3 °C	The global economy grows rapidly, while countries and regions remain highly dependent on fossil fuels and energy-intensive industries. In the absence of substantial climate policy intervention, greenhouse gas emissions continue to rise.



Key Forward-Looking Assumptions

Climate Scenario

SSP1-RCP1.9, SSP2-RCP4.5, and SSP3-RCP8.5 / SSP5-RCP8.5 pathways reflect future socioeconomic trajectories and GHG mitigation efforts at national and regional levels. They incorporate comprehensive assumptions on demographics, economic development, resource availability, and policy interventions to project climate hazard intensity across European markets.

Hazard and timing: the assessment considers potential changes in flooding, extreme rainfall, storms and heat stress across the three time horizons. Higher warming generally increases long-term heat exposure and may intensify certain precipitation-related hazards, but it does not imply that every hazard increases uniformly at every European location. Acute events can occur under all pathways.

Operational and Financial

Operational and financial figures are utilised to estimate potential disruption costs and adaptation expenditures. Given Chery EU's cross-border operating model, under which vehicles are primarily sourced from Chery Auto in China and imported into Europe, macroeconomic indicators such as supply chain volatility are integrated into short-, medium-, and long-term financial impact models.

Exposure and financial transmission

The exposure and financial transmission assessment considers the sensitivity of European premises, inventory and vehicles in transit, and dependence on ports, transport routes and upstream supply. Longer or more frequent disruption may delay sales and deliveries, increase inventory holding and rerouting costs, and create repair or replacement expenditure where Chery EU bears the loss. Chronic warming may increase cooling and maintenance costs and require adaptation investment. Exposure depends on location, contractual loss allocation and alternative supply or logistics arrangements; no uniform damage rate, insurance recovery or interruption duration is assumed.

Assessment Results and Financial Effects

The table below links the anticipated financial effects of each identified physical risk to its primary impact period and qualitative overall financial impact under the three emission categories. The final column explains the rating rationale and scenario differences. Ratings should be read with the relevant scenario frameworks, assumptions and assessment method above; they are conditional assessments rather than monetary forecasts.

[2] Indicative century-end warming outcomes follow the reference categories in Chery Auto's climate disclosure report. The frameworks and scenarios differ in purpose and assumptions; a shared emission category does not imply identical warming outcomes or parameters.
[3] Scenario parameters are aligned with model-specific requirements. SSP3-RCP8.5 is applied for flood risk analysis (utilising the WRI Water Risk Atlas "Aqueduct Floods" tool), while SSP5-RCP8.5 is used for sustained heat stress projections.

Category		Anticipated Financial Effects	Primary Impact Period	Financial Effects Rating			Rating Rationale and Scenario Differences
				Low Emission Pathway	Medium Emission Pathway	High Emission Pathway	
Physical Risks	Acute Climate Changes (Extreme Weather Events)	▪ **Asset Damage & Replacement Costs:** Repair / replacement expenses for inventory, warehousing, showrooms, and transit vehicles. ▪ **Business Interruption Losses:** Revenue shortfalls and contractual penalties from logistics disruptions, delivery delays, and operational halts. ▪ **Emergency Logistics & Insurance Costs:** Increased freight spend from rerouting, spot-rate premiums, and higher property / casualty insurance premiums.	Short term, Medium term	Medium	Medium	High	Acute events remain possible in all pathways. Low and Medium Emission pathways retain Medium potential impact because reliance on cross-border supply and logistics can transmit disruption to deliveries. Under the High Emission Pathway, it assumes more severe or prolonged disruption of important routes or inventory locations, potentially affecting core sales and working capital. The rating depends on location and interruption duration.
	Chronic Climate Changes	▪ **Utility & Maintenance OpEx:** Higher energy and water consumption costs for HVAC and climate control systems. ▪ **Climate Adaptation CapEx:** Investments in facility upgrades, including insulation, energy efficiency retrofits, and cooling / heating infrastructure. ▪ **Input Cost Inflation:** Elevated Cost of Goods Sold (COGS) driven by long-term climate-induced price volatility in raw materials, energy, and water resources.	Long term	Low	Low	Medium	Direct premises-related costs are assumed to be a limited part of Chery EU's business under the Low- and Medium-Emission pathways. Stronger long-term warming under the High Emission pathway may increase both adaptation requirements and persistent upstream disruption, resulting in the potential financial impact of Medium rating. The rating is broader than the cooling-cost metric in the Group report and is conditional on the scale of exposed operations.

Short term Medium term Long term

Transition Risks and Opportunities, and Financial Impact Analysis

Scenario Framework and Key Assumptions

The assessment uses the IEA and NGFS reference frameworks aligned with Chery Auto's assessment approach. IEA Net Zero Emissions by 2050 (NZE), Announced Pledges Scenario (APS) and Stated Policies Scenario (STEPS) inform product and market transition assumptions. NGFS Below 2 ℃, NDCs and Current Policies inform the comparison of carbon-policy pressure; Net Zero 2050 and Delayed Transition provide additional perspectives on transition ambition and timing where relevant. Scenarios grouped within an emission category are reference pathways, not identical or interchangeable forecasts. Existing applicable European legal obligations form a common baseline in all scenarios; differences concern the pace and extent of additional transition pressure and Chery EU's ability to adapt.



Scenario Framework	Reference Scenario	Emission Pathway	Indicative Warming Outcome[4]	Scenario Characteristics
NGFS	Net Zero 2050 / Below 2 °C / Delayed Transition	Low	< 2 °C	Ambitious global climate action with explicit carbon-reduction targets, carbon pricing, and energy-transition policies aligned with well-below 2 °C / 1.5 °C goals
	Nationally Determined Contributions (NDCs)	Current	2–3 °C	Implementation of nationally determined contributions and associated climate commitments; the reference outcome depends on the NGFS scenario version
	Current Policies	High	> 3 °C	Reflection of only currently implemented policies; emissions continue rising through 2080
IEA	Net Zero Emissions by 2050 (NZE)	Low	~1.5 °C	Global energy sector decarbonisation via clean electrification, efficiency gains, low-carbon fuels, and methane abatement
	Announced Pledges Scenario (APS)	Current	~1.7 °C	Full and timely delivery of announced energy and climate pledges, including long-term net-zero commitments
	Stated Policies Scenario (STEPS)	High	~2.4 °C	Evolution under current policy settings only; aspirational targets may not materialise, with continued emission growth

Key Forward-Looking Assumptions

The following assumptions link the reference pathways to Chery EU's product portfolio, import model and financial exposure. The comparison does not assume that all future policy changes occur on a fixed timetable or that costs are fully passed through to customers.

Regulatory trajectory

Applicable fleet-average CO_2 requirements and compliance flexibilities are retained across all pathways. The potential financial effect depends on Chery EU's regulated registrations, vehicle emissions and sales mix. Further tightening, carbon-data requirements and any extension of CBAM to relevant KD components are assessed conditionally, based on final scope, timing and the responsible importer.

Market demand and technology

NZE assumes faster electrification than APS and STEPS. The revenue effect depends on whether European model availability, launch timing, pricing and customer needs remain aligned with demand. HEVs and PHEVs may support transition in relevant periods but are not treated as equivalent to zero-tailpipe-emission vehicles. Group-level platform development affects Chery EU through availability, purchase prices and locally borne adaptation costs.

Carbon pricing and cost transmission

Stronger carbon-policy pressure may increase electricity, component and service costs where suppliers pass through their compliance costs. NGFS carbon-price pathways inform relative pressure; they are not used as exact EU ETS allowance-price forecasts. The effect depends on energy use, sourcing arrangements, supplier pass-through and the ability to recover costs in vehicle pricing.

Logistics and trade

Shipping and transport decarbonisation costs may be reflected in vehicle import and freight prices. Indirect CBAM obligations, upstream carbon-cost pass-through and transport costs are distinguished to avoid counting the same cost more than once. The exposure depends on complete-vehicle versus KD sourcing and contractual cost allocation.

Energy infrastructure and opportunity execution

Electricity and charging infrastructure, competitive conditions and product economics affect electrified vehicle uptake. Efficiency and market opportunities depend on feasible projects, upfront expenditure and implementation; higher market demand does not by itself guarantee premium pricing, higher margins or lower financing costs.

[4] Indicative warming outcomes for equivalently classified pathways differ between NGFS and IEA due to variations in research objectives, modelling frameworks, and underlying assumptions.

Assessment Results and Financial Effects

The table below links the anticipated financial effects of each identified transition risk to its primary impact period and qualitative overall financial impact under the three emission categories. The final column explains the rating rationale and scenario differences. Ratings should be read with the relevant scenario frameworks, assumptions and assessment method above; they are conditional assessments rather than monetary forecasts.

Category		Anticipated Financial Effects	Primary Impact Period	Financial Effects Rating			Rating Rationale and Scenario Differences
				Low Emission Pathway	Current Emission Pathway	High Emission Pathway	
Transition Risks	Policy and legal: **Stricter EU Fleet CO_2 Emission Standards**	▪ **Regulatory Penalties:** Direct margin impact from excess emission premiums / fines. ▪ **Revenue Decline:** Reduced sales volume of non-compliant ICE / HEV models if electrified portfolio rollout lags regulatory timelines. ▪ **Credit Procurement Costs:** Cash outflows for purchasing emission credits or pooling arrangements to meet fleet averages.	Long term	High	High	High	Potential non-compliance can materially affect sales economics under all pathways because existing EU obligations remain binding. Faster transition may add pressure under the Low Emission pathway, but all retain High conditional impact if fleet mix and model rollout fail to meet applicable requirements. These ratings do not assert that we are currently non-compliant.
	Policy and legal: **Proposed CBAM Downstream Extension to Imported Automotive Components**	▪ **Compliance Administration OpEx:** Costs for data collection, verification, CBAM declarations, and certificate management for KD components. ▪ **CBAM Costs:** Direct cash outflows for CBAM certificate purchases / surrenders. ▪ **Margin Compression:** Gross margin pressure if embedded carbon cost increases cannot be fully passed through to end consumers. These effects apply when the relevant KD components and responsible importer fall within the final applicable CBAM scope; complete vehicles are not assumed to be directly covered.	Medium term	Medium	Medium	Low	Direct costs would arise only if the relevant components and importing entity fall within the policy's final scope. Under the Low- and Current-Emission pathways, stronger carbon-policy pressure could increase procurement costs for affected KD components. Under the High Emission pathway additional policy pressure is expected to be weaker, resulting in a "Low" impact rating. The assessment does not assume that complete vehicles are automatically covered. Impact ratings across all scenarios could be lower if the volume of affected components is limited.
	Policy and legal: **Climate Transition (EU ETS)**	▪ **Indirect Cost Inflation:** Higher electricity, procurement, and service costs driven by upstream EU ETS carbon price pass-through. ▪ **Supply Chain Cost Escalation:** Increased logistics and component pricing as partners offset their own compliance burdens.	Long term	Medium	Medium	Low	Under the Low Emission Pathway, it assumes stronger carbon-cost pressure, and under the Current Emission Pathway, it assumes gradual but identifiable pass-through, rated as "Medium" financial impact because exposure is indirect and depends on contracts and sourcing. Under the High Emission Pathway, it assumes lower incremental pressure, giving Low rating; applicable ETS-related costs remain. No direct allowance obligation is assumed for all European operations.
	Policy and legal / Reputational: **Supply Chain Carbon Management Expectations**	▪ **Data & Certification OpEx:** Expenses for primary carbon tracking, digital ledgers, and third-party LCA verification. ▪ **Upstream Cost Pass-Through:** Higher production costs from supplier-side carbon footprint certification and traceability requirements. ▪ **Reputational & Revenue Impact:** Potential market share erosion and brand devaluation if transparency standards fall short of institutional and eco-conscious buyer expectations.	Medium term	Medium	Medium	Low	More demanding data, traceability and low-carbon sourcing requirements under the Low- and Current-Emission pathways may require identifiable compliance investment and supplier coordination. Under the High Emission pathway, the scope of additional compliance requirements is comparatively limited, resulting in a Low potential contribution rating, while existing obligations remain. The rating assumes no broad market exclusion caused by a major data or compliance failure.

Short term Medium term Long term

Category		Anticipated Financial Effects	Primary Impact Period	Financial Effects Rating			Rating Rationale and Scenario Differences
				Low Emission Pathway	Current Emission Pathway	High Emission Pathway	
Transition Risks	Market: **Changing Consumer Preferences and Market Demand**	▪ **Revenue & Inventory Write-Downs:** Declining ICE sales volume leading to lower revenues and potential legacy stock impairments. ▪ **Commercial Expenditure Increase:** Higher marketing spend and consumer incentives to drive NEV adoption and compete in the EV segment. ▪ **Strategic CapEx Reallocation:** Capital redirected towards NEV distribution networks, retail transformation, and charging infrastructure support.	Medium term	High	Medium	Medium	Faster electrification under the Net Zero Emissions (NZE) scenario can substantially affect orders and inventory if European model availability lags demand. Announced Pledges Scenario (APS) allows a more gradual adjustment, giving Medium. Under the Stated Policies Scenario (STEPS) it also retains Medium because European customer and competitive pressures persist; the outcome depends on portfolio fit and launch timing rather than global EV growth alone.
	Technology: **Lock-in and Platform Transition**	**Local adaptation and certification costs:** EU-specific product adaptation, launch delays and inventory obsolescence may affect Chery EU. Group development affects the European business through product availability and purchase prices; only expenditure and asset effects borne by Chery EU are assessed.	Medium term	High	Medium	Medium	Rapid transition under the NZE scenario may create substantial sales exposure if suitable products or technology are unavailable. APS gives more time to adapt; STEPS still involves technology and competitive change. Under the latter two scenarios the financial effects are rated as Medium. Only expenditure and losses borne by Chery EU are included; Group manufacturing-tooling impairments are not automatically attributed to Europe.

The table below links the anticipated financial effects of each identified opportunity to its primary impact period and qualitative overall financial impact under the three emission categories. The final column explains the rating rationale and scenario differences. Ratings should be read with the relevant scenario frameworks, assumptions and assessment method above; they are conditional assessments rather than monetary forecasts.

Category		Anticipated Financial Effects	Primary Impact Period	Financial Effects Rating			Rating Rationale and Scenario Differences
				Low Emission Pathway	Current Emission Pathway	High Emission Pathway	
Opportunity	Products and Services: **Growing Demand for Electrified Vehicles**	▪ **Revenue Growth & Market Share Expansion:** Increased sales volume and market penetration driven by rising European demand for BEVs and PHEVs. ▪ **Margin Enhancement:** Improved gross margins driven by premium pricing on electrified product offerings. ▪ **Regulatory Cost Avoidance:** Direct cash flow preservation from avoided EU fleet CO_2 non-compliance penalties.	Medium term	High	High	Medium	NZE and APS provide stronger demand for an aligned electrified portfolio, with potentially substantial contribution if we capture sales at viable margins. STEPS gives a more moderate incremental opportunity. High denotes potential contribution, not guaranteed market share or premium pricing; compliance-cost avoidance must not be added again to the fleet-risk effect.
	Market: **Regulatory and Market Leadership**	▪ **Brand Premium & Revenue Sustainability:** Enhanced brand equity and customer conversion rates supporting long-term revenue growth and enterprise value. ▪ **Financing Cost Reduction & Capital Access:** Improved ESG credentials facilitating access to green financing instruments and reduced cost of debt from European financial institutions.	Medium term	Medium	Medium	Low	Under the Low- and Current- Emission pathways, credible compliance and disclosure may support market positioning and customer retention, giving Medium potential contribution. Under the High Emission pathway, the incremental differentiation achievable through compliance and disclosure is limited, resulting in a Low potential contribution rating. No automatic brand premium or borrowing-cost reduction is assumed; finance-related benefits require eligible financing and verified terms.
	Resource Efficiency: **Operational Efficiency Improvement**	▪ **OpEx Reduction via Energy Efficiency:** Decreased utility and logistics operational expenditures driven by facility energy-efficiency upgrades and renewable power procurement across European operations.	Medium term	Low	Low	Low	Efficiency remains beneficial under every pathway, but the assumed limited scale of direct European premises-related savings keeps the overall contribution Low. Higher energy costs may increase savings without changing the band. Material logistics projects could increase the rating if their net savings are demonstrated; future renewable procurement is not an existing benefit.

Short term | Medium term | Long term

Climate Change Strategy

Policies Related to Climate Change

We anchor our environmental governance in the *Chery Europe Environmental Statement*, which establishes our overarching commitment to low-carbon mobility and systematic decarbonisation. This policy mandates the integration of environmental and energy compliance into all core business processes, driving continuous improvement in energy efficiency, transparent stakeholder engagement, and full lifecycle carbon management. It sets out Chery EU's forward-looking ambition to pursue carbon neutrality across our direct operations by 2037 and throughout our entire value chain by 2047. These aspirations are subject to the development of a detailed implementation plan, including measurable interim targets, appropriate resource allocation and independent verification arrangements. The Statement applies to O&J Automotive Netherlands B.V. and all related EU operating and holding entities, and is formally reviewed at least every three years to maintain alignment with evolving regulatory landscapes and market expectations.

Our operational climate governance is directed by the *Chery Europe Climate Policy*, which systematically addresses both mitigation and adaptation across controlled activities and extended value chains. For mitigation, guided by the long-term goal of the Paris Agreement to limit the increase in global average temperature to 1.5 ℃ above pre-industrial levels, we are embedding GHG reduction targets into strategic planning through product electrification, renewable energy procurement, low-carbon material sourcing, logistics optimisation, and rigorous monitoring of Scope 1, 2, and material Scope 3 emissions. For adaptation, we conduct periodic physical and transition risk assessments, implementing preventive infrastructure upgrades, business continuity protocols, and agile responses to regulatory and technological shifts. This policy is mandatory for all employees and controlled subsidiaries across R&D, procurement, manufacturing, logistics, and marketing, while actively encouraging adoption by joint ventures and commercial partners. Overseen by the Chery EU Operations Centre, the policy is structured around internationally recognised frameworks — including TCFD, the GHG Protocol, and relevant ISO standards — to ensure robust risk management, accurate carbon accounting, and transparent disclosure.

To extend our decarbonisation efforts upstream, we implement Chery Auto's *Supply Chain Carbon Management Statement*, a group-level policy that standardises carbon governance across our global supplier network. This framework supports the deployment of a structured supply chain carbon management system, including defined roles and processes, digital carbon accounting tools, supplier training and resource support, and the integration of low-carbon indicators into supplier evaluation and sourcing decisions. It commits to set out short-, medium-, and long-term carbon reduction pathways and promotes collaboration with supply chain partners to reduce carbon emissions and product lifecycle carbon footprints. This Statement directly complements our regional climate initiatives by harmonising value-chain decarbonisation practices, strengthening supplier resilience, and ensuring seamless alignment between corporate GHG reduction targets and operational procurement strategies.

Climate Strategy 1: Carbon Inventory Management and Development of a Decarbonisation Roadmap

Chery Auto has established a rigorous carbon inventory and decarbonisation roadmap framework guided by the long-term goal of the Paris Agreement to limit the increase in global average temperature to 1.5 ℃ above pre-industrial levels. Within this framework, Chery EU has articulated forward-looking ambitions to pursue operational carbon neutrality by 2037 and value-chain carbon neutrality by 2047. A detailed implementation plan, including interim milestones, resource allocation and independent verification arrangements, is under development. Chery EU's Climate Transition Plan, overseen by senior management and the parent company's Sustainability Management Committee, integrates comprehensive scenario analysis to identify and assess climate-related risks and opportunities across short-, medium-, and long-term horizons. Guided by the GHG Protocol, ISO 14064-1, and TCFD recommendations, we are systematically building our data infrastructure to measure, track, and disclose our Scope 1, Scope 2, and material Scope 3 emissions.

Building on this carbon management framework, Chery EU continues to strengthen climate-related disclosure and data governance in line with TCFD recommendations and CSRD/ESRS requirements. We are enhancing standardised GHG accounting, data controls, and Product Carbon Footprint management to support consistent, traceable, and auditable climate information. Relevant climate metrics and scenario analysis are progressively integrated into management reporting, supporting regulatory compliance, internal decision-making, and alignment with Chery Auto's broader decarbonisation pathway.

Our decarbonisation roadmap is formally reviewed and updated annually to reflect evolving regulatory landscapes, market dynamics, and technological advancements. With no material capital expenditure in fossil fuel-related activities and minimal risk of asset stranding due to our non-manufacturing footprint, we maintain a flexible, forward-looking strategy that embeds climate resilience and robust climate data management into core business planning and operational decision-making.

Climate Strategy 2: Expansion of EV Lineup

Chery EU's climate transition plan is fundamentally anchored in the progressive electrification of the European vehicle portfolio, directly aligning with the EU's 2050 climate neutrality objective and tightening fleet CO_2 regulations. The strategy focuses on accelerating the market introduction and penetration of BEVs, PHEVs, and HEVs through close collaboration with Chery Auto's product development, manufacturing, and homologation teams. This initiative is deeply integrated into commercial operations, encompassing strategic vehicle ordering, targeted marketing, and dealer capability building to systematically increase the share of electrified models.

A core component of this lineup expansion is the deployment of next-generation powertrain technologies, including hybrid-dedicated engines up to 44.5% thermal efficiency, the C-DM 6.0 high-efficiency hybrid system, and stepless DHT transmissions. Certified under WLTP procedures, these advanced models are strategically launched to optimise the European sales mix and ensure seamless regulatory compliance during the transition to full electrification. While major platform-level capital investments are managed at the group level, Chery EU drives execution through precise European market planning, demand forecasting, and continuous portfolio optimisation.

Driving Low-carbon Transition Growth: Our Electrification Journey in Spain

When Chery EU set out to establish OMODA & JAECOO in Spain less than two years ago, our goal extended beyond sales performance. We aimed to make a meaningful contribution to environmental sustainability across Europe. Today, our journey demonstrates how rapid adoption of electrified vehicles can drive real environmental change:

- **Rapid Electrification:** Over 75% of OMODA & JAECOO's sales now consist of electrified models (HEV, PHEV, and BEV), securing a leading position in the private PHEV segment.
- **Local Commitment:** We built a dedicated network of 100 dealerships to ensure sustainable, long-term support for our customers.

Our experience proves that when sustainable technology meets a committed local network, rapid electrification benefits both the market and the environment. Spain remains a vital foundation for our European strategy as we advance toward 2026.



Accelerating Renewable & Electrified Mobility in Spain

At OMODA & JAECOO, our expansion into Spain is driven by a strong commitment to renewable energy and low-emission transit. A prime example of our efforts was our participation in the #VEM2025 event at Plaza de Colón in Madrid, where we brought our latest sustainable automotive technology directly to the public:

- **Direct Engagement:** We transformed one of Madrid's central public squares into an interactive hub, giving attendees direct access to sustainable mobility solutions and expert environmental guidance.
- **Showcasing Electrified Fleet Models:** Visitors got behind the wheel of our flagship electrified models, the OMODA 9 SHS, JAECOO 7 SHS, and the fully electrified OMODA 5 EV, experiencing electric and hybrid driving firsthand.
- **Fostering a Sustainable Community:** By pairing test-drive experiences with personalised advisory and special offers, we created a hands-on environment that encourages drivers to transition toward electrified vehicles.

Through events like VEM2025, we are actively supporting Spain's transition towards electrified mobility by enabling drivers to experience electrified vehicle technology firsthand.

Climate Strategy 3: Lifecycle Assessment and Improvement

Chery EU has institutionalised lifecycle carbon governance through a comprehensive Product Carbon Footprint (PCF) Management Strategy designed to align with stringent European regulatory frameworks and evolving stakeholder expectations. A defining milestone of this initiative is the achievement of 100% Life Cycle Assessment (LCA) coverage across all models we market in the region during the Reporting Period. This coverage encompasses all vehicle models marketed by Chery EU in Europe, with each model assessed individually using model-specific bill-of-materials, material composition, battery, energy consumption and other lifecycle data. Applicable automotive-industry emission factors and recognised lifecycle databases are used in the calculations. The LCA data and calculations for all covered models were included within the independent assurance scope of this Report.

Guided by the EU Product Environmental Footprint (PEF) methodology and ISO 14067 standards, we continuously optimise our lifecycle carbon accounting infrastructure to inform eco-design improvements, ensure regulatory readiness, and advance value-chain decarbonisation throughout the product lifecycle.

Sino-EU LCA Mutual Recognition for JAECOO 7 SHS

We have secured the inaugural "Sino-EU Carbon Footprint Data Mutual Recognition" certificate for our flagship JAECOO 7 SHS, establishing a benchmark for cross-regional carbon data harmonisation. The accompanying Vehicle Life Cycle Assessment Report, independently verified by DEKRA under rigorous ISO frameworks, delivers an audit-ready carbon ledger with end-to-end traceability from raw material extraction to end-of-life processing. By aligning Chinese carbon accounting standards (CPP, C-GCAP) with European sustainability metrics (Green NCAP), this initiative achieves three industry milestones: the first ISO-audited LCA report under the Sino-EU mutual recognition framework, the first practical implementation based on the SEA LCA Sino-EU Guidelines, and the first cross-regional validation of real-vehicle lifecycle carbon and energy consumption data. This certification directly enhances our compliance readiness for evolving EU vehicle carbon regulations and strengthens product-level environmental transparency for European markets.


DEKRA

CERTIFICATE OF VERIFICATION

Critical Review

As an independent partner, DEKRA Assurance Services GmbH confirms

Chery Automobile Co., Ltd.

the review of the Life Cycle Assessment (LCA) study commissioned by Chery Automobile Co., Ltd. and prepared by China Automotive Carbon Digital Technology Center Co., Ltd. in accordance with ISO14040:2006, ISO 14044:2006 and ISO 14071:2024 standards.

The verification was carried out based on the study and documents provided as well as discussions with the responsible persons of China Automotive Carbon Digital Technology Center Co., Ltd.; the completeness and correctness of the data used is ensured by Chery Automobile Co., Ltd.

The following was reviewed during the Critical Review:

- the LCA study is consistent with the relevant international standards (ISO 14040:2006 and ISO 14044:2006),
- the methods and inventory modelling used to carry out the LCA are scientifically and technically valid and conform with ISO 14044:2006,
- the data and model results used are appropriate and reasonable in relation to the goal of the study,
- the interpretations reflect the limitations identified and the goal of the study, and
- the study report is transparent and consistent.

The study fulfils the requirements of the standards ISO 14040/44.

The following document was reviewed by DEKRA Assurance Services GmbH:

- Life Cycle Assessment Report of Chery (Omoda and Jaecoo) Jaecoo 7 SHS (11/21/2025, SEALCA20250930001, version 1.1)

Further details are contained in the Review Statement. This certificate of verification does not constitute a certificate, but merely proof that the review has been carried out.

This certificate of verification 99122052T8 is only valid with the pertinent Critical Review report number 120342014 dated 12/04/2025 which provides a detailed assessment of the study.

The content of the study and its use remain the sole responsibility of Chery Automobile Co., Ltd.

Stuttgart, 12/04/2025
DEKRA Assurance Services GmbH

Simona Gläser
Managing Director

Peter Ruschin
Head of Sustainability Services

DEKRA Assurance Services GmbH · Handwerkstraße 15 · 70565 Stuttgart · Germany



Climate Strategy 4: Reduction of Vehicle Use Stage Emissions

The reduction of use-stage emissions represents the most material climate impact within Chery EU's value chain, directly targeting Scope 3, Category 11 emissions from sold products. The primary mitigation lever is the strategic shift toward a higher proportion of low-emission vehicles in the European sales mix, complemented by the rollout of ultra-efficient hybrid powertrains that significantly lower real-world fuel consumption. All European-market vehicles are certified under WLTP protocols, ensuring accurate measurement of operational CO_2 outputs and enabling precise fleet-average emissions tracking. This focus on use-phase decarbonisation is embedded in Chery EU's commercial and regulatory compliance strategies, directly supporting adherence to EU fleet CO_2 targets while facilitating a structured transition toward full electrification. By prioritising vehicles with optimised energy efficiency and low-carbon operational profiles, Chery EU systematically reduces the lifetime carbon intensity of the products on European roads and mitigates long-term regulatory compliance costs.

Climate Strategy 5: Reduction of Supply Chain Emissions

Addressing upstream and logistical emissions, Chery EU implements a structured supply chain decarbonisation programme targeting Scope 3 Categories 1 and 4. The strategy centres on deep collaboration with logistics partners, port operators, and freight providers to optimise transportation routes, maximise load efficiency, and transition toward lower-emission shipping modes, including dual-fuel LNG vessels and alternative-fuel pilots. Chery EU actively engages with Chery Auto's manufacturing facilities, tier suppliers, and dealer networks to enhance the availability, accuracy, and transparency of value-chain emissions data. This initiative is reinforced by the parent company's *Supply Chain Carbon Management Statement*, which promotes digital carbon accounting, supplier capacity building, green procurement practices, and systematic lifecycle footprint reduction. By fostering collaborative data-sharing mechanisms and embedding low-carbon logistics criteria into vendor selection and partnership agreements, Chery EU systematically drives emissions reductions across the inbound, outbound, and aftersales transportation networks while strengthening overall value-chain climate resilience.

Super Hybrid Technology in Chery EU's European Portfolio

The powertrain solutions are deployed in our JAECOO 7 SHS, currently available in Europe. All EU-market vehicles are certified for fuel efficiency and CO_2 emissions in strict compliance with the WLTP standard. By substantially reducing downstream use-phase emissions, these hybrid models directly support our adherence to EU fleet-average CO_2 regulations and serve as a strategic bridge in our broader transition toward full electrification.

Building CBAM Readiness and Supply Chain Capabilities

We proactively build Carbon Border Adjustment Mechanism (CBAM) compliance readiness across our European value chain through structured supplier engagement and carbon data governance. We deliver specialised training on CBAM regulatory frameworks, embedded emissions accounting, and EU carbon market mechanisms, ensuring our supply chain partners are equipped to meet evolving disclosure mandates. Following the December 2025 announcement of the Draft of the expanded CBAM product scope, we immediately initiated a comprehensive screening of Tier-1 and design-integrated suppliers. We conducted granular CBAM cost impact assessments and deployed dedicated technical teams to actively guide suppliers in developing CBAM-aligned Life Cycle Assessments (LCAs) and Product Carbon Footprint (PCF) verifications.

Climate Strategy 6: Improvement of Energy Efficiency

Chery EU is actively optimising energy performance across our European commercial, administrative, and distribution facilities through targeted operational efficiency initiatives. Given our service-oriented operational footprint, our energy management strategy focuses on upgrading facilities infrastructure, including LED lighting retrofits, HVAC system optimisation, and the deployment of real-time energy monitoring platforms. We are progressively enhancing utility data granularity by strengthening engagement with property landlords and expanding site-level metering coverage, ensuring that our energy consumption metrics are derived from accurate, activity-driven measurements.

While we did not procure dedicated renewable power or generate on-site renewables during the Reporting Period, we continuously evaluate commercially viable green electricity tariffs and certificate-backed contracts where grid infrastructure permits. Energy efficiency investments are systematically integrated into our operational budgets, enabling data-driven prioritisation of facility upgrades that directly reduce our Scope 1 emissions from corporate fleet operations and Scope 2 emissions from purchased electricity.

Climate Strategy 7: Physical Climate Adaptation

We embed physical climate resilience directly into our European commercial planning. To address acute hazards, we conduct dynamic facility vulnerability assessments, enforce climate-resilient infrastructure standards, and deploy adaptive logistics routing to mitigate disruptions from extreme weather. For chronic risks, including long-term temperature shifts and infrastructure degradation, we integrate forward-looking site selection, strategic inventory positioning, and supply chain diversification into our long-term planning. We stress-test these measures under high-emission scenarios and embed them within our business continuity frameworks to safeguard our distribution networks and value-chain operations.

Risk and Opportunity Management

The climate-related risks and opportunities identified inform Chery EU's management priorities. Transition risks relating to fleet CO_2 compliance, potential CBAM obligations, carbon-cost pass-through, changing consumer demand and technology shifts require coordinated attention to regulatory readiness, product portfolio alignment and value-chain engagement. Extreme weather and longer-term climate changes also highlight the importance of logistics continuity and facility resilience. Alongside these risks, demand for electrified vehicles, market leadership and operational efficiency present opportunities for revenue growth and cost savings. These priorities provide the basis for the integrated identification, assessment, response and monitoring process described below.

Integrated Management Process

Chery EU embeds climate-related risk and opportunity management into our enterprise risk governance framework, ensuring systematic identification, assessment, and response across our European commercial footprint. Climate risks are evaluated through both transition and physical lenses, with findings integrated into strategic planning, portfolio management, and value-chain coordination. Assessment outcomes and mitigation progress are regularly reported to senior management and our regional ESG governance body to ensure alignment with Chery Auto's group-level climate commitments and board-level oversight.



Risk Management Procedures

- **Identification:** We map climate-related risks and opportunities across our EU operations, including vehicle portfolio compliance, logistics networks, office / distribution facilities, and upstream / downstream partners. We continuously monitor evolving EU regulations, carbon and energy pricing, technological shifts, and physical climate hazards.
- **Evaluation:** We assess materiality by analysing the likelihood, financial/operational impact, and vulnerability of each risk across short-, medium-, and long-term horizons. Transition risks (e.g., stringent fleet CO_2 standards, energy cost volatility) and physical risks (e.g., extreme weather disrupting logistics or facilities) are evaluated using scenario analysis and operational data.
- **Prioritisation:** Based on evaluation outcomes, we rank risks by strategic significance, prioritising fleet compliance readiness, supply chain resilience, energy efficiency, and market alignment with low-carbon demand. Opportunities in electrification, renewable energy integration, and logistics optimisation are similarly weighted.
- **Management Measure Development:** We integrate targeted mitigation and adaptation actions into operational planning. These include expanding our electrified vehicle portfolio, optimising freight routes, enhancing facility energy management, strengthening supplier data engagement, and updating business continuity protocols. All measures are coordinated with Chery Auto's manufacturing and R&D roadmaps.
- **Monitoring:** We track the effectiveness of climate actions through defined KPIs, including emissions performance, energy intensity, regulatory compliance status, and value-chain data quality. Assumptions regarding policy trajectories, technology adoption, and physical hazard frequency are reviewed regularly to enable adaptive management.
- **Approval & Governance:** Risk registers, scenario assessments, and implementation status are consolidated and reported to our regional sustainability committee and executive leadership for validation. Strategic adjustments and resource allocations are approved through our integrated ESG governance process, ensuring continuous alignment with the Group's global decarbonisation pathway.

Resilience & Adaptive Capacity

As a commercial and administrative entity, Chery EU's direct exposure to asset-level climate risks is limited. Our resilience is therefore driven by agile portfolio planning, regulatory foresight, and close coordination with Chery Auto and value-chain partners. While uncertainties remain regarding EU policy enforcement, carbon / energy pricing, infrastructure rollout, and physical hazard severity, our flexible operating model and minimal carbon-intensive fixed assets enable rapid adaptation. We continue to refine our scenario assumptions, enhance data granularity, and scale collaborative initiatives to ensure our European operations remain resilient and fully aligned with the Group's 2030, 2037, and 2047 climate milestones.

Metrics and Targets

Decarbonisation Targets and Management Objectives

Chery EU's decarbonisation approach combines Chery EU-specific climate ambitions and regulatory management objectives with Chery Auto's Group-level quantitative target. At the Group level, Chery Auto targets a 60% reduction in average per-vehicle manufacturing GHG emissions by 2030 from a 2023 baseline. As Chery EU does not operate vehicle manufacturing facilities in the EU, this manufacturing target is not a Chery EU operational target. Chery EU supports the Group's decarbonisation pathway through portfolio electrification, logistics optimisation, operational energy-efficiency measures and engagement with Group and value-chain partners. Chery EU has separately articulated forward-looking ambitions to pursue operational carbon neutrality by 2037 and value-chain carbon neutrality by 2047; detailed interim milestones and implementation measures are under development.

- **Fleet CO_2 Emission Compliance.** Chery EU's most material climate-related target is compliance with progressively tightening EU fleet-average CO_2 emission standards for passenger vehicles.
- **Electrification of European Portfolio.** Chery EU targets a progressive increase in the share of BEV, PHEV, and HEV vehicles in the European sales mix.
- **Facility Energy and Emissions.** Chery EU has established a target to monitor, report, and reduce energy consumption and GHG emissions from our own European facilities.

GHG Emissions

As a vehicle sales and distribution entity without manufacturing operations in the EU, Chery EU's GHG emissions profile is characterised by limited Scope 1 and 2 emissions from self-owned facilities and substantial Scope 3 emissions from the value chain, particularly from the use of vehicles sold in the European market and from the upstream production of those vehicles.

Chery EU's GHG inventory follows the GHG Protocol Corporate Accounting and Reporting Standard and applies the financial control approach. GHG emissions data covers facilities under Chery EU's financial control, to the extent that data is available. The seven GHGs covered are CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. The IPCC Sixth Assessment Report (AR6, 2021) Global Warming Potential values (100-year time horizon) are applied. Gross emissions calculations exclude GHG removals, carbon credits, and allowances.

GHG Emissions Summary

Category	Unit	2025
Total Emissions (Scope 1 & 2)	tCO_2e	562.79
Direct Emissions (Scope 1)[5]	tCO_2e	477.93
Indirect Emissions (Scope 2)[6]	tCO_2e	84.86
Total Emissions (Scope 3)[7]	tCO_2e	4,240,399.09

[5] Scope 1 emissions cover gasoline consumed by company-operated vehicles in the Spain subsidiary, Italy, the Netherlands and Poland. For certain subsidiaries, fuel consumption data were not collected because they had not commenced substantive operations during 2025 or operated from temporary office premises. No stationary-combustion or fugitive-emission sources were identified through the current data-collection process.

[6] Scope 2 emissions cover purchased grid electricity used by the Spain Subsidiary, the Chery Spain R&D Institute, Italy, the Netherlands, the Chery Europe R&D Institute and Poland. Electricity used for company-owned electric-vehicle charging in Italy, the Netherlands and Poland is also included as purchased electricity. For certain subsidiaries, electricity-consumption data were not collected because they had not commenced substantive operations during 2025 or operated from temporary or shared office premises where electricity consumption was not separately metered or billed. These data gaps should not be interpreted as indicating that no electricity was consumed.

[7] During the Reporting Period, Chery EU did not undertake vehicle manufacturing activities and relied on finished vehicles and KD components imported from Chery Auto. Accordingly, the upstream emissions associated with the manufacture of these vehicles and components are accounted for under Scope 3 Category 1. Given the material- and energy-intensive nature of vehicle production and the volume of vehicles and components purchased, Category 1 represents a significant proportion of Chery EU's greenhouse gas emissions.

Scope 1 Emissions

Based on the emissions sources identified through the 2025 data collection, Scope 1 emissions were primarily associated with gasoline combustion in company-operated vehicles used for operational and testing purposes. No stationary-combustion or fugitive-emission sources were identified in the data collected for the Reporting Period.



Scope 2 Emissions

Scope 2 emissions are reported separately using the location-based and market-based methods. Where no qualifying contractual instrument is available, the market-based calculation uses the applicable residual-mix factor, where available. In 2025, Scope 2 emissions calculated using the location-based and market-based methods are identical.

Scope 3 Emissions

As a sales and distribution entity, Chery EU's most material GHG emissions occur in Scope 3. The most significant categories are:

Category 11 — **Use of Sold Products:** Emissions from the use of vehicles sold by Chery EU during their operational lifetime. This is the dominant category for an automotive sales entity and is primarily addressed through the progressive electrification of the vehicle portfolio.

Category 1 — **Purchased Goods and Services:** Upstream emissions associated with the production of vehicles imported into and sold in the European market.

Category 4 — **Upstream Transportation and Distribution:** Emissions from the transportation of vehicles from manufacturing sites outside the EU to European ports and onward distribution to dealers.

Scope 3 Category	Unit	2025
1. Purchased Goods and Services	tCO_2e	2,215,006.29
2. Capital Goods	tCO_2e	299.38
3. Fuel and Energy-related Activities	tCO_2e	138.80
4. Upstream Transportation and Distribution	tCO_2e	87,162.56
5. Waste Generated in Operations	tCO_2e	-
6. Business Travel	tCO_2e	582.32
7. Employee Commuting	tCO_2e	373.68
8. Upstream Leased Assets	tCO_2e	161.34
9. Downstream Transportation and Distribution[8]	tCO_2e	-
10. Processing of Sold Products	tCO_2e	2,975.00
11. Use of Sold Products	tCO_2e	1,863,547.77
12. End-of-life Treatment of Sold Products	tCO_2e	56,718.17
13. Downstream Leased Assets[9]	tCO_2e	-
14. Franchises	tCO_2e	12,244.18
15. Investments	tCO_2e	1,189.60
Total Scope 3	tCO_2e	4,240,399.09

[8] Downstream Transportation and Distribution is included in Category 4 calculations based on the Well to Wheel standard.

[9] Chery EU did not own assets that were leased to and operated by third parties during the Reporting Period.

GHG Removals and Carbon Credits

Chery EU's current climate mitigation approach focuses on reducing gross emissions through vehicle portfolio electrification, facility energy efficiency, renewable electricity where feasible, logistics optimisation and value-chain engagement. As a European sales, distribution and aftersales entity that does not directly operate vehicle manufacturing facilities or land-based carbon-removal assets in the EU, Chery EU did not, during the Reporting Period, develop or contribute to GHG removal and storage projects within self-owned operations or value chain. It did not purchase or cancel carbon credits and did not make public claims of achieved GHG neutrality that relied on carbon credits. Accordingly, the information about GHG removals and GHG mitigation projects financed through carbon credits is not applicable for the Reporting Period. Chery EU's future carbon-neutrality commitments are forward-looking targets and do not constitute claims that GHG neutrality has already been achieved.

Internal Carbon Pricing

Chery EU's climate-related investment decisions are informed by the internal carbon pricing framework established at Chery Auto level. With reference to the annual average price in China's national Carbon Emission Allowance (CEA) market, Chery Auto has currently set its internal carbon price at RMB 90 per tonne of CO_2 (~11.93 EUR, based on the exchange rate as of December 31, 2025), subject to adjustment in response to future market and policy developments. Where relevant, Chery EU may apply this reference price in assessing the potential carbon cost implications of facility investments, logistics choices, and other operational expenditures. Chery Auto is also exploring the potential extension of internal carbon pricing to supply chain activities, with the aim of creating synergies with its existing green procurement framework and supporting the broader low-carbon transition of the supply chain.

Energy Consumption

Chery EU's direct energy consumption originates primarily from European offices, sales, and distribution facilities. Given the predominantly commercial and administrative nature of our EU operations, the energy intensity and consumption profile differ materially from manufacturing entities. Our reporting boundary encompasses final energy consumed under our direct own operation, including gasoline for company-managed vehicles and purchased electricity for facilities and corporate EV charging.



Reported electricity consumption covers our Spanish, Italian, Dutch, and Polish operations, with Polish usage estimated based on average per-employee consumption and year-end headcount[10]. Due to limited sub-metering in newly established subsidiaries and shared premises, purchased heat, steam, and cooling are not separately disclosed for this Reporting Period. Similarly, utility data for our France, Germany, and Belgium offices were unavailable and excluded. As our European operations mature, we will strengthen engagement with landlords and facility operators to expand site-level metering and enhance data granularity, ensuring our energy disclosures accurately reflect our commercial and administrative footprint, which remains distinct from Chery Auto's manufacturing operations.

Energy Source	Unit	Consumption (MWh)	% of Total
Total Energy Consumption	MWh	2,047.52	/
Fuel	MWh	1,763.68	86.14
Electricity	MWh	283.84	13.86

Electrified Vehicle Sales Performance

Category	Unit	2025
Percentage of Electrified Vehicles in Total EU Sales[11]	%	72.66
HEV	%	17.41
PHEV	%	51.25
BEV	%	4.00

[10] Chery EU's average electricity consumption per employee is calculated by dividing the combined electricity consumption of Chery Italy and Chery Netherlands by their combined number of employees at the end of the Reporting Period.

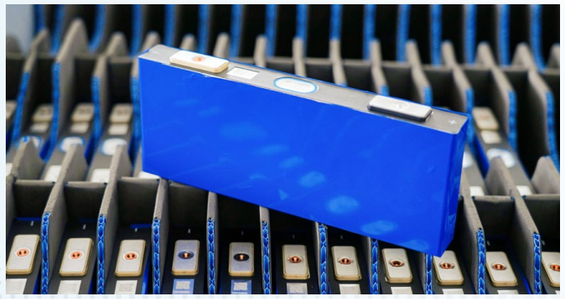
[11] Data sourced from the volume of vehicles shipped to the EU during the Reporting Period.



2.2

Resource Circularity

As global resource constraints intensify and waste generation continues to rise, resource-efficient business models have become essential to long-term corporate sustainability. Accordingly, we are progressively advancing circular material strategies across the European value chain. Building on Chery Auto's engineering and materials innovation expertise, the Company is expanding the integration of recycled polymers, secondary metals, and low-carbon alternatives to optimise sustainable sourcing and reduce reliance on virgin resources. Additionally, Chery EU is establishing structured closed-loop pathways for end-of-life vehicles and traction batteries, creating a systematic foundation that enables used components to be recovered, repurposed, and reprocessed into valuable materials. These initiatives are underpinned by continuous tracking of resource inflows, outflows, and waste metrics, ensuring data-driven performance assessment and strategic refinement across the product lifecycle.



Resource Circularity Governance

In compliance with the EU End-of-Life Vehicles Directive, the Ecodesign for Sustainable Products Regulation, and the EU Battery Regulation, Chery EU has established a structured governance and operating framework to embed circularity across the European operations. This framework is integrated into Chery Auto's Group-wide sustainability governance, where the Board of Directors, supported by the Strategy and Sustainability Committee, provides strategic oversight of circular economy initiatives. At the regional level, Chery EU Management and the Operations Centre translate Group directives and applicable EU environmental requirements into actionable management systems, ensuring that circularity principles are systematically reflected in product development, procurement, logistics, and end-of-life operations.

To ensure coordinated execution, Chery EU convenes regular cross-functional reviews involving engineering, supply chain, compliance, and after-sales teams. These sessions are agenda-driven, focusing on tracking circularity performance metrics, monitoring regulatory developments, and identifying strategic priorities in response to evolving EU standards. Key impact data and implementation progress are routinely reported to senior management to support resource allocation and strategic decision-making.

Building on this governance structure, Chery EU is progressively developing a closed-loop circular strategy spanning the entire vehicle lifecycle, with a targeted focus on core material streams including recycled polymers, secondary metals, batteries, and packaging. Through structured target setting, internal audits, value-chain collaboration, and continuous policy refinement, Chery EU aims to strengthen resource efficiency, ensure full regulatory compliance, and enhance long-term product competitiveness within Europe's circular economy landscape.

Resource Circularity Strategy

Impacts, Risks and Opportunities

Through the materiality assessment, Chery EU identifies resource circularity as a pivotal driver of environmental stewardship and long-term financial resilience. Inadequate recovery and recycling of end-of-life vehicles (ELVs) and batteries across our European operations and upstream supply chain risk accelerating the depletion of critical raw materials, such as lithium, cobalt, and rare earth elements, while exacerbating landfill burdens and non-compliance exposure under the EU End-of-Life Vehicles Directive and the EU Battery Regulation. These circularity gaps could impede our transition toward a closed-loop economy, disrupt supply chain continuity, and trigger regulatory penalties or reputational dilution.

From a financial and operational perspective, tightening EU eco-design mandates, mandatory recycled-content thresholds, and battery passport traceability requirements necessitate upfront investments in design-for-disassembly engineering, reverse logistics networks, and digital material tracking systems. While these compliance-driven initiatives may elevate short-term R&D and operational expenditures, they concurrently unlock strategic financial opportunities. Systematic ELV management, secondary-life battery repurposing, and expanded integration of certified recycled materials enhance raw material self-sufficiency, mitigate commodity price volatility, and reduce upstream Scope 3 emissions. By embedding circularity into product architecture and supplier collaboration, we stabilise long-term cost structures, secure regulatory market access, and reinforce Chery EU's competitive positioning in Europe's sustainability-driven automotive landscape.

Resource Circularity Impacts, Risks and Opportunities

Category	IRO Description	Value Chain	Time Horizon	Anticipated Financial Effects	Strategy and Response
Potential negative impact	Resource access Electrification and the energy transition increase the Company's demand for non-renewable materials in vehicle manufacturing, which will have negative environmental impacts.	Upstream, Own operations	Short term, Medium term, Long term	/	Circularity Strategy 1, 2, 3 and 4
Risk	Cost increases, raw material disruptions or shortages As our NEV production grows, more renewable materials are required. If suppliers face raw material shortages, the Company may be forced to pay higher prices to mitigate the impact on vehicle production, or adopt diversified sources to reduce the likelihood and potential impact of such risks.	Upstream, Own operations	Short term, Medium term, Long term	▪ **Higher Procurement Costs:** Material price increases and alternative sourcing may raise vehicle procurement costs. ▪ **Revenue and Margin Pressure:** Supply or delivery delays may reduce sales and compress margins.	Circularity Strategy 1 and 3
	Non-compliance with the legal and regulatory environment As the EU tightens waste management requirements, current and future stringent rules have a significant impact on the way we conduct business, which may increase compliance costs and create additional liabilities, affecting our operations.	Own operations	Short term, Medium term, Long term	▪ **Higher Compliance Costs:** Product data, assurance, digital systems and collection arrangements may increase expenditure. ▪ **Penalties and Market-Access Risk:** Delayed compliance may lead to remediation, fines or restrictions on product placement.	Circularity Strategy 2 and 3
Opportunity	Closed-loop recycling network development The battery recycling market is not yet saturated, with untapped potential demand. If Chery EU establishes battery recycling plants through joint ventures with European recyclers and applies recycled outputs to product R&D, it could reduce raw material procurement costs. Recovered materials with residual value could also be resold, directly generating revenue.	Downstream	Short term, Medium term, Long term	▪ **New Services and Residual Value:** Opportunities may arise from second-life use and recovered materials. ▪ **Lower Costs:** Recovery and reuse may reduce material and producer-responsibility costs over time.	Circularity Strategy 2 and 3

Upstream Own operations Downstream Short term Medium term Long term

Resource Circularity Strategy

Policies related to Resource Circularity

Designing with Circular Materials

Chery EU embeds circularity at the product conception stage by integrating Reduce, Reuse, and Recycle (3R) principles into vehicle architecture and material selection. Guided by the *Chery Europe Environmental Statement*, engineering teams prioritise recycled polymers, low-carbon alloys, and readily recyclable or degradable alternatives to virgin resources. Designs are optimised for material efficiency, structural lightweighting, and streamlined disassembly to facilitate downstream recovery. This approach aligns with the EU End-of-Life Vehicles (ELV) Directive, the Reusability, Recyclability and Recoverability (RRR) Directive, Regulation (EU) 2026/1738 on circularity requirements for vehicle design and on management of end-of-life vehicles (ELVR), and the Ecodesign for Sustainable Products Regulation (ESPR), ensuring that material choices support regulatory compliance while systematically reducing reliance on primary resources and minimising embodied carbon across the value chain.

Extending Vehicle and Auto Parts Value

To maximise resource retention, Chery Auto engineers vehicles and components for extended service life, reparability, and modular replacement. In accordance with applicable EU type-approval requirements, new vehicle types are designed to achieve a minimum of 85% reusability and recyclability by mass, and 95% reusability and recoverability. Beyond regulatory baselines, the Company is actively exploring second-life applications for high-value components and developing structured take-back pathways to reintegrate recovered materials into manufacturing streams. By standardising component interfaces and enhancing accessibility for maintenance, Chery EU supports longer vehicle lifespans, reduces premature obsolescence, and strengthens the circular flow of automotive parts within the European market.

Closing Battery and Packaging Loops

Chery EU is establishing a dedicated closed-loop management framework for traction batteries and product packaging. In alignment with the EU Battery Regulation, end-of-life batteries will be classified as hazardous waste and must be handled, stored, and treated exclusively through certified partners. The organisation is strengthening Extended Producer Responsibility (EPR) governance, with phased implementation prioritising key markets in 2026, alongside the development of digital battery passports and second-life utilisation pathways. For packaging, Chery EU adheres to the Packaging and Packaging Waste Directive and prioritises minimisation, reusable transport containers, and recyclable materials. Single-use packaging is progressively replaced with returnable plastic boxes and metal pallets, while supplier collaborations ensure compliance with evolving recycled-content and reuse expectations.



Reducing Waste in Operations

Operational waste management at Chery EU is governed by the strict application of the waste hierarchy, prioritising prevention, reuse, recycling, and recovery over disposal. The *Chery Europe Pollution Management Policy* requires all waste streams to be classified, handled, and transferred exclusively through authorised carriers and treatment facilities. Comprehensive record-keeping ensures full traceability of waste quantities, origins, destinations, and treatment outcomes. Where material recovery is not technically feasible, energy recovery is utilised, while landfill disposal is systematically minimised. This operational control is reinforced by regular cross-functional monitoring and supplier audits, ensuring that day-to-day activities consistently support circular resource use and regulatory compliance across all European facilities.

Circularity Strategy 1: Designing with Innovative Materials

Since advancing the European materials strategy, Chery EU has been progressively expanding the use of specified materials, including plant-derived bio-based polymers and recycled composites in selected interior applications. Materials such as recycled PET, secondary metals, and bio-derived coatings are already integrated into key vehicle components, including seating systems, interior trims, and acoustic insulation. At the same time, Chery EU is pursuing resource circularity by upcycling raw materials recovered from end-of-life vehicles and production scrap into new product cycles. Furthermore, the Company is actively recycling consumer and industrial waste, such as post-consumer plastics and discarded textiles, while expanding the integration of nature-derived bio-based materials sourced from agricultural residues, sugarcane, and rapeseed.

Circular Aluminium Integration: Advancing Decarbonisation and Resource Efficiency

Chery has prioritised the integration of recycled aluminium alloys across its European product portfolio to advance lightweighting and decarbonisation objectives. By substituting primary aluminium with certified secondary alloys derived from post-consumer and manufacturing scrap, the Company significantly reduces embedded carbon emissions and conserves virgin resources. The recycled aluminium is strategically deployed in critical structural components, battery enclosures, and powertrain casings, where high strength-to-weight ratios and durability are essential. To ensure material integrity and regulatory compliance, Chery Auto implements a closed-loop recovery system that captures production offcuts and end-of-life vehicle scrap, routing them through certified recyclers for remelting and reintegration into new casting processes. This approach is underpinned by rigorous material traceability protocols and lifecycle assessments aligned with the EU circular economy directives. Collaborating with tier-one suppliers and accredited recycling partners, Chery EU continuously optimises alloy compositions to maintain mechanical performance while maximising recycled content. Through systematic tracking of material inflows, yield rates, and carbon intensity metrics, the Company ensures transparent performance monitoring and data-driven process improvements.



Material Innovation for Lifecycle Decarbonisation

Chery EU incorporates lightweight alloys and recycled carbon-fibre composites into selected vehicle applications, taking account of vehicle mass, material sourcing, manufacturing impacts and end-of-life recyclability. Under the OMODA brand, engineering teams prioritise lightweight, high-strength alloys and recycled carbon-fibre composites, strategically substituting conventional steel to reduce vehicle mass without compromising structural integrity. This lightweighting approach directly lowers energy demand, optimises fuel economy, and extends electric vehicle range, delivering measurable reductions in use-phase greenhouse gas emissions. Beyond operational performance, Chery EU applies a rigorous full-lifecycle assessment to material selection, evaluating upstream sourcing, manufacturing carbon intensity, and end-of-life recyclability to minimise environmental footprints across the value chain. Coupled with high-efficiency permanent magnet synchronous motors, these material innovations maximise energy conversion and reduce battery degradation. By embedding circular design principles and responsible sourcing protocols, Chery EU ensures that mass reduction directly translates into lower Scope 3 emissions and enhanced material productivity.





Beyond individual material applications, Chery Auto works with suppliers, industry associations and research institutions to advance sustainable-material standards, encourages relevant third-party certification and gives preference to verified sustainable raw materials. It has also strengthened full-chain traceability for recycled materials to improve the availability of information on material origin and composition. These supporting actions help connect the expansion of secondary material use with the material-composition and traceability controls established under Chery EU's policy framework.

Circularity Strategy 2: Vehicle Circularity and End-of-Life Management

EU ELVR Response

In 2023, the European Commission introduced a draft of the End-of-Life Vehicle Regulation (ELVR), expanding automakers' obligations across the full vehicle lifecycle. Following a provisional agreement in December 2025, a phased compliance timeline was introduced, requiring a minimum recycled plastic content of 15% six years after the regulation's entry into force and 25% after ten years, reflecting current constraints within Europe's recycled polymer supply chain. In response to these regulatory developments and market conditions, Chery EU has established a target of achieving 15% recycled plastic content in new European models by 2032, and achieving 25% recycled plastic content in new European models by 2036, guided by a phased integration roadmap aligned with 2026 operational milestones.

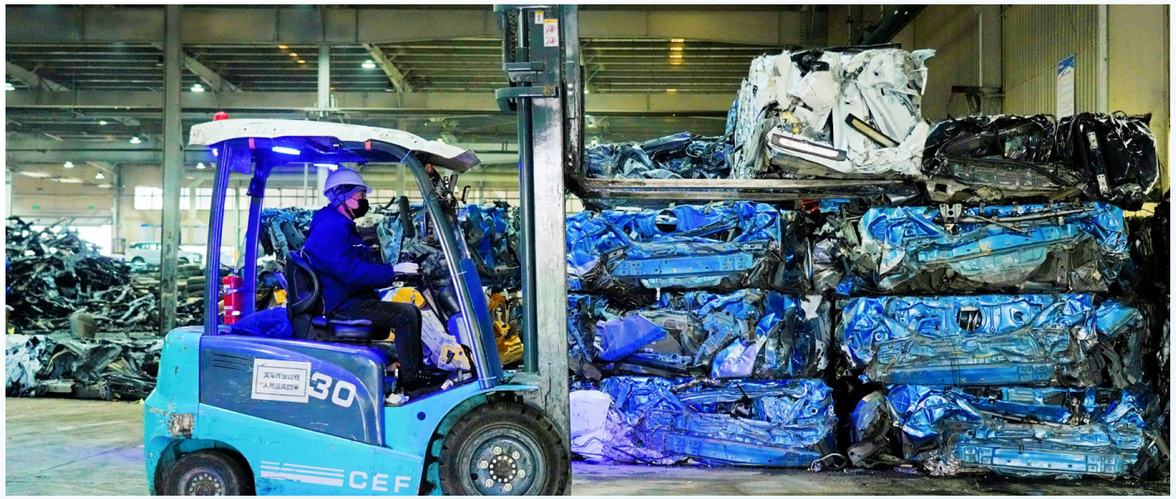
To advance this roadmap, Chery EU coordinates research, material validation, and supplier engagement. Internally, the Company has developed and disseminated a comprehensive recycled plastic guide, fostering alignment across engineering, procurement, and sustainability teams while accelerating departmental adoption. Chery EU continues to expand the integration of recycled plastics based on product architectures that embed resource circularity. From the early stages of vehicle development, the Company evaluates the technical applicability of recycled polymer grades and applies them to interior and exterior components to reduce virgin plastic dependency and lower the lifecycle environmental impact associated with plastic use. Chery EU applies recycled plastics across key electrified and conventional models, utilising post-consumer and post-industrial recycled materials for interior trims, underbody covers, and selected functional parts according to vehicle class and end-use application. For targeted platforms, Chery EU incorporates a defined recycled plastic mass per vehicle or reflects the overall recycled plastic content ratio as a fixed parameter in the engineering design process to strengthen resource circularity considerations from the outset of development. Chery EU will continue to further expand the application of sustainable polymer materials, including recycled plastics, across the European vehicle lineup while continuing to realise resource-circulating mobility solutions without compromising quality, safety, or functionality.

End-of-Life Vehicle Network Management

To strengthen downstream recovery, Chery EU collaborates with certified end-of-life vehicle operators and authorised treatment facilities across European markets. The Company aims to provide targeted logistical and financial support to pilot dismantling and material recovery programmes, recognising extended producer responsibility as a shared industry obligation.

End-of-Life Vehicle Collection Network in Italy

Chery EU has established an affiliated collection-centre network in Italy to support customers and dealers in managing end-of-life OMODA and JAECOO vehicles. Participating centres are required to be registered on the UNRAE dismantler portal, participate in the ELV Project, undergo at least one audit in accordance with Legislative Decree No. 119/2020 and achieve full conformity against the network's assessed requirements. As of March 2026, the network comprised 71 collection centres across 19 Italian regions. The names, addresses and contact information of the participating centres are made publicly available, supporting access to safe vehicle take-back, dismantling and disposal services and the implementation of Italy's end-of-life vehicle requirements.



Circularity Strategy 3: End-of-Life Product Resource Recycling

Battery Management Circular Ecosystem

Chery EU is establishing a closed-loop battery management system spanning recall, remanufacturing, reuse, and recycling to proactively address compliance risks associated with increasingly stringent European environmental regulations. Chery EU is aligning the operational and procurement frameworks with upcoming EU Battery Regulation requirements, including the mandatory digital battery passport, and battery traceability standards. In this regard, Chery EU has launched a cross-functional data integration initiative to develop the digital disclosure infrastructure required for lifecycle carbon footprint accounting, material provenance tracking, and third-party verification readiness. The Company is also building a structured supply chain due diligence framework in partnership with certified treatment operators and battery manufacturers to ensure compliant reverse logistics and secure end-of-life material recovery. Furthermore, Chery EU is collaborating across the European battery value chain to scale advanced recycling capabilities and progressively integrate recovered cobalt, nickel, and lithium into the supply chains ahead of the 2031 recycled content mandate.

Chery EU is building up a comprehensive closed-loop strategy spanning Recall, Remanufacturing, Reuse, and Recycling to maximise resource efficiency, ensure regulatory compliance, and advance circular value chain integration across the vehicle and component lifecycle.

Recall & Traceability

Design for Circularity & Digital Traceability

Batteries are engineered with modularity, repairability, and material recoverability in mind. Building on group-level validation in China, where assessed models achieved >85% resource utilisation and new models exceed 96.5% recyclable utilisation, Chery EU is scaling the traceability framework to align with EU Battery Regulation requirements. Supplier-level data aggregation, third-party verification readiness, and gap assessments are progressing to establish the digital Battery Passport infrastructure. This platform will record and trace lifecycle metrics including material composition, carbon footprint, performance degradation, and end-of-life status.

Collection Network & EPR Compliance

Chery EU is finalising fiscal year 2025 registration, reporting, and financial obligations under Extended Producer Responsibility (EPR) frameworks. A phased collection network is being deployed across priority European markets, leveraging authorised treatment partners and service infrastructure to ensure free, compliant consumer returns and meet EU collection efficiency and recovery targets.

Reuse

Second-Life Applications

Remanufactured and repurposed battery systems are deployed across stationary energy storage cabinets, residential energy storage, backup power solutions, and commercial mobility applications including automated guided vehicles (AGVs) and forklift power systems. This extends asset service life, defers virgin material extraction, and supports grid stabilisation. Chery EU is adapting this proven operational model to establish EU-compliant second-life pathways.

Logistics & Packaging Reuse

Circularity extends to operational logistics through packaging optimisation and reusable transport carriers. Computer-aided engineering simulations and structural testing minimise single-use materials, while supplier direct-delivery and centralised port-packaging reduce intermediate handling. Reversible logistics carriers are cycled across multiple transport loops, significantly lowering packaging waste and lifecycle carbon emissions.

Remanufacturing

Customer Intake

End-users and fleet operators are integrated into the reverse-logistics pathway through streamlined submission protocols and free-of-charge collection services, ensuring safe, documented handover of retired traction batteries and eligible components for viability assessment.

Chery EU Dealers / Chery EU

The dealer and service network functions as the primary intake and preliminary evaluation layer. Standardised diagnostic procedures, secure storage protocols, and digital tracking systems are implemented across all touchpoints to assess component condition, categorise units for remanufacturing or recycling, and manage compliant reverse logistics to certified facilities.

Remanufacturers

Chery EU aims to partner with specialised remanufacturing entities to execute rigorous testing, screening, repair, and reassembly of eligible battery modules and components. This process could restore units to OEM-equivalent performance specifications for secondary deployment, with end-to-end data tracking ensuring full traceability and quality assurance throughout the remanufacturing cycle.

Recycling

Material Recovery & Circular System

For components reaching end-of-use, Chery EU is partnering with certified recyclers employing advanced hydrometallurgical and direct recycling technologies to recover critical raw materials. Procurement frameworks prioritise low-carbon, environmentally responsible suppliers and actively monitor technological advancements to secure economically viable recycled cobalt, nickel, and lithium streams. This strategy aligns with the EU Battery Regulation's upcoming recycled content minimums (effective 2031) and progressively increases secondary material integration in new battery production. Chery EU will disclose collection volumes, recovery rates, and recycled content performance as operational data matures and independent verification frameworks are established.

Packaging Recycling

Chery EU is aligning the packaging management strategy with the EU Packaging and Packaging Waste Regulation (PPWR), embedding reuse, recyclability-by-design, and waste prevention principles into component logistics and supply chain operations. From procurement through to final vehicle assembly, the Company systematically phases out single-use packaging by deploying standardised reusable transport carriers and optimising packaging geometry to minimise material consumption and eliminate non-essential layers.

Chery EU is working to apply PPWR-compliant packaging standards across the core European logistics network, requiring tier suppliers to adopt returnable containers and centralised port-packaging hubs that reduce intermediate handling, reverse logistics emissions, and packaging waste generation. Transit packaging is assessed with reference to applicable and forthcoming requirements under the EU PPWR, including recyclability, design for recycling, packaging minimisation and, for plastic packaging where applicable, minimum recycled-content requirements. Where appropriate, structural simulation and life-cycle assessment are used as internal tools to optimise packaging performance, material efficiency and environmental impacts.

Chery EU will continue to scale circular packaging solutions, strengthen supplier onboarding protocols aligned with PPWR reuse quotas, and advance digital material-flow tracking to ensure comprehensive compliance with evolving packaging waste reduction and extended producer responsibility (EPR) mandates without compromising component protection or operational efficiency.

Application of Reusable Transport Carriers in Spain

In 2025, Chery EU introduced reusable transport carriers in the Spanish market as Chery Auto expanded the application of its circular packaging solutions internationally. Chery EU's reusable carrier system includes plastic circular pallets and dedicated carriers designed for components such as transmissions and doors. By improving the fit between the carrier and the transported component, these solutions support repeated use while maintaining transport protection, reducing packaging waste and improving logistics efficiency.

Circularity Strategy 4: Operations Waste Reduction and Recycling

Chery EU's European operations are exclusively commercial and administrative, with no manufacturing or processing facilities currently established. Direct resource consumption and waste generation are therefore largely confined to office-based activities across Chery EU's European sites. Chery EU proactively implements material conservation initiatives and strict waste classification protocols across all administrative sites to minimise environmental impact and embed circular practices into daily operations.

During the Reporting Period, waste arising from direct operations consisted primarily of non-hazardous office waste, including paper, packaging, and general mixed waste. Chery EU's European office footprint remained in a developmental phase throughout 2025, with several leases commencing in the latter half of the year and a significant portion of the workforce operating remotely or through flexible arrangements. This transitional operational base limited consistent, full-year waste tracking at both entity and market levels.

At leased premises, waste collection and treatment are typically integrated into bundled facility-management or landlord services. Chery EU complies with and actively participates in building-level waste separation and collection systems. Where waste services are not directly contracted by the Company, site-specific volume and treatment data may not be immediately accessible. As the operational footprint stabilises, Chery EU will progressively enhance data coverage, strengthen direct waste tracking, and scale resource-saving initiatives to ensure comprehensive alignment with EU waste hierarchy standards and evolving ESG reporting requirements.



Risk Management

The resource circularity financial impact assessment result identifies risks from rising material costs, supply disruptions or shortages, and evolving legal and regulatory requirements, alongside the potential negative impact of increased demand for non-renewable resources and the opportunity to develop closed-loop recycling networks. These findings direct Chery EU's management focus towards material recovery, supply-chain resilience and compliant end-of-life product management. The vehicle and battery collection, treatment and producer-responsibility arrangements described below support this approach by enabling responsible recovery and reuse, helping to reduce reliance on primary materials and manage compliance exposure.

End-of-Life Vehicle Network Management

Aligned with the EU End-of-Life Vehicle Directive (ELVD) and ELVR, Chery has established a compliant ELV management network across EU markets. We partner with authorised treatment facilities (ATFs), certified dismantling and shredding operators, and material recovery specialists to maximise resource recovery. ELVs are processed through standardised dismantling, component reuse, and thermal recovery streams, treating end-of-life assets as secondary raw materials. Consistent with Extended Producer Responsibility (EPR) principles, Chery EU provides targeted technical and partial financial support to recycling partners in circularity pilot programmes, recognising these initiatives as environmental stewardship rather than revenue-generating activities.

Battery EPR and Network Management

Concurrently, Chery EU is actively expanding partnerships with certified Producer Responsibility Organisations (PROs) and collective compliance schemes across EU markets to fulfil Extended Producer Responsibility (EPR) obligations for automotive batteries. Through structured PRO integration, we operate a standardised and traceable collection and treatment network that channels end-of-life batteries to authorised recycling and repurposing facilities. Our recovery framework prioritises safe dismantling, second-life evaluation, and high-efficiency extraction of critical raw materials, ensuring strict alignment with the EU Battery Regulation's recycling efficiency and material recovery thresholds. By embedding PRO coordination, digital traceability, and cross-functional compliance monitoring into our product stewardship model, Chery EU ensures responsible battery end-of-life management, strengthens circular supply chain resilience, and maintains proactive regulatory readiness.

Metrics and Targets

Resource Circularity Targets

In alignment with evolving European circular economy regulations and industry best practices, Chery EU will work in coordination with Chery Auto and qualified material suppliers to progressively increase the use of verified recycled plastics in vehicles supplied to European markets. Recognising the technical and safety parameters required for automotive applications, initial integration will focus on non-structural components, with full material validation and performance testing completed prior to series production.

Phased Target:

Chery EU has established circular-material application targets for newly developed parts. By 2026, Chery EU aims to achieve Recycled Content Target (New Vehicles in Europe) for at least **6%** of the steel, **10%** of the aluminium and **3.5%** of the plastics. Chery EU will work with Chery Auto and relevant suppliers to progressively incorporate these requirements into material selection and component development.

Resource Inflows Metrics

For the resource-inflow assessment, Chery EU identifies steel, aluminium and plastics as the key materials. These key materials are also treated as key raw-material inputs for this disclosure, based on their importance to vehicle design and functionality, the quantities used across the vehicle portfolio, and their relevance to recycled-material use and end-of-life recovery. Based on the vehicles included within Chery EU's reporting boundary, the total weight of these three key materials was 156,677.42 tonnes in 2025. This company-specific identification is distinct from the legal classification of critical raw materials under the *EU Critical Raw Materials Act*. Of the three materials, aluminium is included in the EU lists of critical and strategic raw materials, while steel and plastics as general material categories are not.



Steel

Steel is widely used in vehicle bodies, chassis and structural components because of its strength, durability and suitability for large-scale vehicle production. It represents a significant proportion of vehicle weight and can be recovered and recycled through established end-of-life vehicle treatment processes. Its high level of use and relevance to recycled-material application support its identification as a key raw material for Chery EU.

Aluminium

Aluminium is used in vehicle bodies, chassis, powertrain systems and selected battery-related components. Its light weight can contribute to reducing vehicle mass, while its recoverability supports the retention of material value at the end of a vehicle's life. Aluminium is therefore relevant to both circular material design and the increased use of recycled inputs.

Plastics

Plastics are used across vehicle interiors, exterior components, electrical systems and functional parts due to their versatility and light weight. The range of polymers and composite materials used in vehicles can affect their separation and recovery at end of life. Material selection, component design and the increased use of recycled plastics therefore provide important opportunities to improve vehicle circularity.

Key Material Metrics[12]

Key material	Total weight[13] (tonnes)	Share of total key-material weight (%)
Steel	101,948.17	65.07
Aluminium	27,024.76	17.25
Plastics	27,704.49	17.68

[12] The weight and proportion of secondary materials contained in Chery EU's key materials are not disclosed for 2025. Vehicles placed on the European market by Chery EU are primarily manufactured by Chery Auto through a supply chain involving a broad range of materials, components and suppliers. Information on secondary material content is therefore held across different levels of the manufacturing supply chain and was not available with sufficient coverage and consistency to support reliable calculation for the Reporting Period. Chery EU plans to work progressively with Chery Auto and relevant suppliers to clarify calculation boundaries, standardise data definitions and collection templates, and improve the coverage and verifiability of secondary material data for future reporting.

[13] Methodology: The total weight of key materials is calculated using model-specific material-composition data and the number of vehicles of each model sold in Europe during the Reporting Period. For each vehicle model, the weights of the relevant material categories are first aggregated to determine the quantities of steel, aluminium and plastics contained in one vehicle. Steel includes steel, cast steel and sintered steel, but excludes cast iron. Aluminium includes aluminium and aluminium alloys, but excludes other light metals such as magnesium and titanium. Plastics include thermoplastics, elastomeric plastics included in the plastics classification, thermosetting plastics and other plastics not otherwise classified, while rubber, textiles, coatings and adhesives are excluded. Where the source data contain both a parent-category total and its underlying subcategories, only one level is used to prevent double counting. The resulting per-vehicle weight of each key material is multiplied by the number of vehicles of that model sold in Europe in 2025. The model-level results are then aggregated across all vehicles within Chery EU's reporting boundary and converted from grams to tonnes. Accordingly, the disclosed figures represent the estimated total weight of steel, aluminium and plastics embedded in vehicles sold by Chery EU in Europe during the Reporting Period.

Resource Outflows Metrics

Product Durability

Product durability reflects the period and level of use over which a vehicle is designed to remain functional when operated and maintained as intended. Chery EU assesses durability by powertrain type using representative vehicle models. The assessment considers both the designed service life in years and the designed lifecycle mileage.

Product Repairability

Chery EU supports the repairability of vehicles placed on the European market through repair-oriented product design and after-sales support. Modular and independently replaceable battery packs, power-domain systems and body-control modules allow key subsystems to be repaired or replaced without retiring the entire vehicle. Standardised diagnostic interfaces, repair tools and fasteners, together with detachable interior components, wiring harnesses and exterior panels, facilitate diagnosis, disassembly and component replacement. Repairability is further supported by remanufacturing arrangements for selected components such as batteries and electric motors, and over-the-air updates that can resolve certain faults in core electronic control units. Repair manuals, technical bulletins and diagnostic trouble-code information are also made available to authorised repair networks to support effective vehicle maintenance and repair.



Product Circularity[14]

Chery EU measures product circularity using its reusability rate and recoverability rate. These indicators represent the proportion by weight of recyclable materials incorporated into vehicles placed on the European market during the Reporting Period.

Vehicle model	Reusability Rate	Recoverability Rate
Exlantix ES BEV	88.30%	97.30%
Exlantix ET BEV	88.50%–88.70%[15]	97.10%–97.90%
JAECOO 5 ICE	86.70%	96.60%
JAECOO 5 BEV	89.40%	97.20%
TIGGO 8 PHEV	87.80%	97.30%
OMODA 5 ICE	86.90%	97.80%
JAECOO 7 ICE	86.20%–87.10%[16]	96.60%–96.90%
JAECOO 7 PHEV	86.30%	97.10%
OMODA 9 PHEV	86.10%	97.70%–98.00%[17]
TIGGO 9 PHEV	88.20%	98.10%

[14] Chery EU uses model-specific Reusability Rates and Recoverability Rates as automotive-sector indicators of designed product circularity. Calculated by vehicle mass, the Reusability Rate represents the proportion of a vehicle that can potentially be reused or recycled and is used to address the ESRS E5 requirement on recyclable content. The Recoverability Rate additionally includes materials suitable for other recovery routes. These rates reflect design-stage potential rather than actual end-of-life outcomes.

[15] For the reusability rate, 88.50% applies to the two-wheel-drive variant and 88.70% to the four-wheel-drive variant. For the recoverability rate, 97.10% applies to the two-wheel-drive variant and 97.90% to the four-wheel-drive variant.

[16] The two-wheel-drive variant records rates of 86.20% and 96.60%, while the four-wheel-drive variant records rates of 87.10% and 96.90%.

[17] The reusability rate for both the long-range and short-range variants of the Omoda 9 PHEV is 86.10%, while their respective recoverability rates are 97.70% and 98.00%.

Packaging Circularity

Chery EU measures packaging circularity using the proportion of renewable packaging materials. This indicator represents the proportion by weight of renewable materials incorporated into associated packaging placed on the European market during the Reporting Period.

Indicator	Unit	2025
Proportion of renewable packaging materials	% by mass	84.12[18]



[18] The 2025 packaging figure is based on the proportion of renewable packaging materials reported by Chery Auto. Vehicles and components supplied to Chery EU are predominantly sourced from Chery Auto, and their associated packaging generally follows Group-level packaging specifications and supply arrangements. In the absence of separately consolidated packaging-composition data for Chery EU, the Group-level figure of 84.12% is used as an indicative proxy for the circularity of packaging associated with Chery EU's European operations. For the Group's vehicle packaging mix, materials classified as renewable under the domestic reporting methodology largely overlap with materials designed for recyclability under European packaging criteria, although the two metrics follow different definitions and are not treated as equivalent. Chery EU plans to progressively improve the collection and consolidation of market-specific packaging data to support more direct, ESRS-aligned measurement in future reporting periods.

2.3

Biodiversity and Environmental Management

Globally, the degradation of natural capital and biodiversity loss represent material long-term risks to operations and the value chain. Chery EU is proactively addressing these challenges by aligning with Group-level comprehensive policies to prevent biodiversity loss and deforestation, fully integrated across our raw material sourcing, procurement processes, and core business operations. Concurrently, we maintain and enforce a stringent hazardous substances reduction and management policy, implemented primarily through binding requirements for upstream suppliers and integrated across our value chain and product lifecycle.

Regarding environmental management, we remain firmly committed to minimising our environmental footprint and advancing sustainable development in alignment with global best practices. To this end, we have established a robust environmental incident prevention and emergency response system across all Chery EU facilities and operational sites. Furthermore, we continuously enhance organisational capacity by delivering structured environmental management training to our employees and regional partners, ensuring widespread awareness, regulatory compliance, and proactive engagement in our sustainability objectives throughout the Reporting Period.

Biodiversity and Environmental Management Governance

Biodiversity and Environmental Governance Framework

Chery EU's biodiversity and environmental management is supported by a coordinated governance framework linking Group-level oversight, Chery Auto's operational environmental management and Chery EU's regional implementation. The framework provides oversight of material biodiversity- and environment-related matters, supports alignment with applicable European regulatory requirements, and facilitates the implementation and monitoring of relevant environmental initiatives across Chery EU's operations and value chain.

Environmental Decision-Making System

Aligned with our strategic positioning as a provider of electrified mobility solutions, we systematically integrate environmental stewardship across our entire value chain to mitigate ecological impacts and advance global environmental protection.

Chery EU integrates environmental considerations into relevant European activities, including product planning, supplier engagement and end-of-life vehicle management, to support the management of identified environmental impacts.

Group Sustainability Management Committee and EU Management Team

We exercise ultimate governance oversight through the Group's Sustainability Management Committee and EU Management Team, which reviews and approves updates to our environmental management policies, monitors global regulatory and legislative compliance, and evaluates enterprise-wide environmental performance. We systematically identify macro-level environmental risks, formulate mitigation strategies, and oversee initiatives to enhance ecological performance.

Manufacturing Division

At the operation level, Chery Auto's Manufacturing Division embeds environmental stewardship into production and supply chain activities related to vehicle manufacturing. The division is responsible for implementing Group-level environmental policies, managing manufacturing-related environmental performance, advancing circular economy and resource efficiency initiatives, and ensuring compliance with applicable manufacturing environmental standards. It identifies operational environmental risks, implements mitigation measures and reports relevant performance information through the Group sustainability governance structure.

At the regional level, Chery EU supports the implementation of Chery Auto's sustainability framework within the European market. Chery EU aligns regional operations with applicable European regulatory requirements, integrates environmental considerations into business activities and coordinates relevant internal and external stakeholders. Chery EU monitors regional environmental compliance and performance where applicable and provides relevant information to support Group-level sustainability governance and reporting.



Biodiversity Management Strategy

Impacts, Risks and Opportunities

Chery EU conducts a comprehensive materiality assessment to identify key ecological impacts, as well as the financial risks and opportunities associated with biodiversity management. Regarding our upstream value chain, we have identified that the extraction and sourcing of critical raw materials and commodities can lead to habitat degradation and resource depletion, resulting in biodiversity loss and broader environmental and social impacts. Accordingly, we recognise financial risks including potential cost escalations driven by raw material price volatility and necessary investments in supply chain traceability and biodiversity risk management systems. In the operational and production stages, we anticipate increased expenditures related to biodiversity impact assessments, ecological mitigation initiatives, and enhanced environmental monitoring to ensure regulatory readiness. Simultaneously, we identify tangible opportunities to optimise costs and drive long-term value through responsible sourcing decisions, site-level environmental management, and the development of biodiversity-positive business initiatives.

Biodiversity Impacts, Risks and Opportunities

Category	IRO and Description	Value Chain	Time Horizon	Anticipated Financial Effects	Strategy and Response
Actual negative impact	Potential impacts on surrounding ecosystems The EBRO plant currently focuses on assembly operations, which generate relatively low levels of pollutants. Following the introduction of welding and painting processes in the near future, industrial wastewater, exhaust emissions and heavy metal pollutants will increase, potentially posing a direct impact on the surrounding soil and aquatic ecosystems.	(EBRO as Joint Venture)	Short term	/	Pollutant and Chemical Safety Management, and Biodiversity Strategy 2
Potential negative impact	Water withdrawal The EBRO plant currently focuses on assembly operations, resulting in relatively low water consumption. Following the introduction of welding and painting processes, water demand for purposes such as cooling will increase significantly. According to the assessment conducted using the WRI water tool, the Barcelona area is in a medium-to-high water-stress region, and the plant's operations may have negative impacts on the surrounding water environment in the future.	(EBRO as Joint Venture)	Long term	/	Water Resource Management, and Biodiversity Strategy 2

Upstream | Own operations | Downstream | Short term | Medium term | Long term

Category	IRO and Description	Value Chain	Time Horizon	Anticipated Financial Effects	Strategy and Response
Risk	**Legal and compliance risks** Environmentally damaging conduct by suppliers or us could result in legal and regulatory penalties, leading to direct financial losses or interruptions in raw material supply.	◁ ◇ ▷	Short, Medium, Long	▪ **Capital and Operational Expenditure:** Costs associated with restoration obligations at affected sites, including habitat restoration, species reintroduction and long-term monitoring. ▪ **Compliance Burden:** Additional monitoring, reporting and administrative costs to demonstrate compliance with restoration targets and maintain required documentation.	Biodiversity Strategy 1
	Ecosystem degradation The degradation of ecosystem services could reduce the supply of plant- or animal-sourced raw materials, increase procurement costs, and affect the stability of our supply chain. For example, the expansion of rubber plantations at the expense of native forests destroys insect habitats, causing a sharp decline in pollinator populations. This undermines the stability of ecosystems surrounding rubber trees, ultimately reducing rubber yields and driving up the procurement cost of raw materials for tyres.	◁ ◇ ▷	Short, Medium, Long	▪ **Remediation and Compliance Costs:** Potential costs for runoff treatment infrastructure upgrades, site remediation and regulatory fines for exceedances affecting protected ecosystems. ▪ **Liability Risks:** Third-party claims for environmental damage may arise from pollution incidents affecting Natura 2000 sites or other protected aquatic and terrestrial ecosystems.	Biodiversity Strategy 1
Opportunity	**Biodiversity commitment** By adopting a biodiversity commitment that reduces land use, promotes habitat restoration and supports global conservation projects, Chery EU can improve biodiversity outcomes and enhance reputation and leadership in biodiversity protection, which attracts funds and investors, lowering the cost of financing.	◁ ◇ ▷	Short, Medium, Long	▪ **Enhanced Brand Value and Customer Loyalty:** Strong biodiversity performance supports premium positioning, customer conversion and brand loyalty in sustainability-conscious European markets. ▪ **Improved Access to Capital:** Better ESG ratings and biodiversity disclosures may enable access to green financing, sustainability-linked loans and lower cost of capital from European financial institutions.	Biodiversity Strategy 1 and 3

◁ Upstream ◇ Own operations ▷ Downstream Short term Medium term Long term

Policies Related to Biodiversity

Chery EU manages biodiversity and ecosystem-related impacts through a tiered framework that localises Group-level commitments to meet European regulatory requirements. The *Chery Auto Biodiversity Policy Statement* and *Deforestation-free Statement* establish our overarching commitments to conservation, sustainable resource use, and eliminating deforestation from our supply chain, under the supervision of Chery Auto's Sustainability Management Committee. Building on this foundation, Chery EU considers relevant European biodiversity-related frameworks and regulatory developments in the environmental management approach, including the EU Biodiversity Strategy for 2030, the Nature Restoration Regulation (Regulation (EU) 2024/1991), the European Union Deforestation Regulation (EUDR), the Habitats Directive and the Birds Directive. These frameworks provide reference points for considering biodiversity-related risks and opportunities associated with Chery EU's operations and value chain activities. This framework is operationalised through binding supplier contract requirements, site-level environmental procedures, and a dedicated EUDR due diligence system covering commodity traceability, risk grading, and supplier remediation. The Chery EU Operations Centre oversees policy formulation, implementation, and progress reporting, with the framework reviewed at least every three years or sooner in response to significant regulatory changes or material risk developments.



Biodiversity Strategy 1: Enhancing Responsible Supply Chain Transparency through EUDR Readiness

The EUDR represents one of the most significant nature-related regulatory requirements for automotive companies operating in the European market. For EUDR-regulated commodities including natural rubber (used in tyres, hoses, seals and vibration-damping components), wood and leather, Chery EU has established a full-process deforestation risk prevention and control system, with over two years of proactive preparation:

- A dedicated EUDR task force covering procurement, compliance and quality functions tracks regulatory implementation progress and develops a phased compliance roadmap for the European market.
- Deforestation-free requirements are embedded in supplier contracts. Tier-1 suppliers are required to provide geographic coordinate information on raw material origins and maintain traceability records.
- Deforestation risk of sourcing areas is graded using Global Forest Change 2020 (GFC2020) satellite forest cover monitoring data. High-risk suppliers are subject to on-site audits with time-bound corrective action plans; non-compliant suppliers failing to meet requirements are subject to replacement.
- EUDR compliance is evaluated through a dedicated module within Chery EU's supplier ESG assessment questionnaire, part of the broader supplier due diligence framework covering general ESG standards and thematic modules including EUDR, EU Battery Regulation and conflict minerals.
- EUDR compliance training is provided to core upstream suppliers to communicate EU regulatory requirements and jointly improve supply chain sustainability capabilities.

Biodiversity Strategy 2: Integrating Biodiversity Considerations into EBRO Joint Venture Operations

For the EBRO manufacturing joint venture in Barcelona, a biodiversity management scheme has been developed:

- Screening of ecologically sensitive areas surrounding the plant to identify potential ecological pressure points;
- Targeted control measures for wastewater, air emissions, solid waste and surface runoff to reduce operational impacts on the surrounding ecosystem;
- Regular environmental compliance monitoring is conducted for regulated discharge and emission points, with internal audits and management reviews performed to ensure the continued effectiveness of the environmental management.

Biodiversity Strategy 3: Ecological Conservation Partnerships

Chery EU maintains a strategic cooperation partnership with the International Union for Conservation of Nature (IUCN) on environmental conservation, with collaborative projects actively extended across our European operations to advance regional biodiversity outcomes.



Protecting Posidonia Seagrass Meadows in Spain

Under the "Cherish the Nature" partnership between IUCN and Chery, launched in October 2024 with a USD 3.5 million commitment, the pilot project landed in Europe, where we focus on the restoration and protection of Mediterranean Posidonia seagrass meadows in Spain. This partnership is a conservation initiative and is not treated as an offsetting measure. It does not neutralise or compensate for Chery EU's greenhouse gas emissions or other environmental impacts and does not affect Chery EU's reported emissions performance.

The Andalusian coast was identified as a priority area for action, given the ecological importance of its Posidonia oceanica meadows, a critical marine ecosystem threatened by illegal anchoring, tourism pressure and rising sea temperatures. The project combines citizen science, boat monitoring and eco-mooring solutions, and was designed with the oversight of the Andalusian regional government and the natural park authorities, with both partners intending it to become a model for public-private partnerships in marine conservation.

In November 2025, the partnership marked the first anniversary at the 8th IUCN World Conservation Congress in Abu Dhabi, under an ambition to contribute to the conservation and restoration of 10 million hectares of ecosystems. In December 2025, our OMODA & JAECOO team, together with IUCN, organised employee and user volunteers at Cabo de Gata-Níjar Natural Park in Almería, where they removed and characterised more than 50 kilograms of marine debris, including microplastics, bottle caps and fishing nets, and joined an educational session on the ecological value of Posidonia oceanica.

Europe remains at the centre of the partnership's expansion. At EU Green Week 2026, the partners presented the growing portfolio, which, alongside projects in Malaysia and South Africa, includes two additional European directions under development: potential peatland restoration in the United Kingdom, connecting urban communities with a vital yet often overlooked carbon-storage ecosystem, and strengthened stewardship of European World Heritage sites through the IUCN-ICCROM World Heritage Leadership Programme. The projects have been mapped to Targets 2 and 3 of the Kunming-Montreal Global Biodiversity Framework on ecosystem restoration and protected areas.





Driving Environmental Volunteering in Poland

In January 2025, OMODA & JAECOO became the official logistics partner of Fundacja Nasza Ziemia (Our Earth Foundation), one of Poland's oldest and most active environmental foundations, under the banner "Naturalnie z OMODA & JAECOO" ("Naturally with OMODA & JAECOO"). The brand provided two vehicles for one year of use to support the foundation's year-round environmental education and conservation programmes across Poland: an all-electric OMODA 5 EV for zero-emission travel with zero tailpipe emissions, and a four-wheel-drive JAECOO 7 Offroad capable of reaching remote areas. OMODA & JAECOO also joined the foundation's flagship initiative, the "Clean Up the World - Poland" campaign, taking part in the launch, the nationwide cleanup and the closing event of its 32nd edition in September 2025. The previous edition of the campaign collected more than 500,000 kilograms of waste from forests, parks, beaches and riverbanks across the country. In 2026, OMODA & JAECOO will continue its collaboration with the Nasza Ziemia Foundation as a logistics partner in its efforts to protect the planet and deliver environmental education, waste cleanup and conservation activities in Poland. For the second consecutive year, OMODA & JAECOO will support the organisation in environmental initiatives and mobility, as well as participate in the Foundation's key programmes. In particular, OMODA & JAECOO will support and engage in the 33rd edition of the Foundation's mission programme, "Clean Up the World – Poland."

Pollutant and Chemical Safety Management

Pollution prevention and chemical safety is a core material topic that underpins biodiversity and water protection, focusing on managing the impacts of chemicals and pollutants on ecosystems and human health. Chery EU designs the vehicles to comply with EU chemical and pollution prevention regulations, embedding chemical safety as a cornerstone of both regulatory compliance and brand trust in the European market.

Pollution prevention and chemical safety governance at Chery EU is executed through a collaborative, cross-functional model integrated into the Group's environmental management and compliance framework. The Product Quality, Supply Chain and Compliance departments share operational accountability for chemical management across the product lifecycle, from substance control in upstream manufacturing to hazardous waste management in European operations and end-of-life vehicle treatment. Chemical management responsibilities are integrated into Chery EU's three-tier ESG governance framework, with coordination through the Chery International Strategy and ESG Department.

This governance model is supported by two principal policies: the *Chery Europe Pollution Management Policy*, which establishes requirements for waste minimisation, pollution prevention, hazardous waste handling and environmental incident response; and the *Chery Europe Hazardous Substance Management Policy*, which governs the identification, restriction, substitution and traceability of hazardous substances across products and production processes. The framework aligns with EU REACH, the ELV Directive (2000/53/EC), the proposed PFAS restriction, the Industrial Emissions Directive, the Waste Framework Directive and the proposed Microplastics Regulation, establishing a full-lifecycle chemical control system from raw material sourcing through to end-of-life treatment.

Restricted and Prohibited Substance List (RSL/PSL)

Chery EU maintains an internal Restricted and Prohibited Substances List (RSL/PSL) covering REACH Substances of Very High Concern (SVHCs) and ELV restricted substances (lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, etc.), in strict compliance with EU regulatory requirements. The RSL/PSL is reviewed and updated at least annually, or more frequently in response to new European regulatory developments. All vehicle models launched in the European market are required to pass RSL/PSL compliance verification before market entry. Tier-1 suppliers are required to submit full material declarations through recognised systems such as IMDS or CDX, enabling substance traceability across components and vehicle systems. SVHC information for the vehicle portfolio is tracked and managed through these material declaration systems, supporting dynamic monitoring of REACH Candidate List updates and fulfilment of information communication and notification obligations in accordance with applicable law. During the Reporting Period, substance compliance declarations from core Tier-1 suppliers serving the European market were collected and tracked through the IMDS/CDX system, aligned with Chery Auto's global hazardous substance management framework. Supported by Chery Auto's global supplier audit programme, 302 Tier 1 supplier audits were completed during the Reporting Period, including chemical management assessments for suppliers of high-risk components used in European-market vehicles.



PFAS Management and Substitution Planning

In response to the European Union's proposed restriction on per- and polyfluoroalkyl substances (PFAS) under REACH which would affect a broad range of automotive applications, including coatings, adhesives, sealants, textiles, electronic components and refrigerants, Chery Auto has established control limits for five categories of per- and polyfluoroalkyl substances. Chery EU adheres to these Group-level requirements and is systematically reviewing substitution opportunities across the European product portfolio, in alignment with Chery Auto's PFAS phase-out roadmap:

- Comprehensive mapping of PFAS applications across vehicle components, production processes and after-sales chemicals, with assessment of compliance risks.

- Prioritising the transition to natural refrigerant R744 (carbon dioxide) as a key PFAS alternative. With a global warming potential (GWP) of 1 and zero fluorine content, R744 meets both the EU F-Gas Regulation and upcoming PFAS restriction requirements. The technology has completed pre-research validation and will be prioritised for new vehicle models in the European market.

- Collaborating with suppliers to develop low-risk alternative materials and processes, with a phased substitution roadmap in place to ensure regulatory readiness.

Upstream Manufacturing Pollution Control

Pollutant emissions from upstream vehicle manufacturing are managed through Chery Auto's unified environmental management system. All major Chery Auto manufacturing facilities are certified to ISO 14001 and comply with applicable industrial emission standards.



Water Resource Management

Chery EU recognises water and marine resource stewardship as a critical topic intrinsically linked to biodiversity, as our water consumption and discharge directly impact aquatic ecosystems that underpin operational resilience. We manage freshwater stewardship and marine ecosystem protection across the key stages of the water cycle. Water governance is integrated into our environmental framework and aligned with Chery Auto's Group-wide sustainability governance structure, with the Chery EU Operations Centre overseeing European water consumption, wastewater management, and value chain performance. Guided by the *Chery Europe Water and Marine Resources Management Policy*, we implement responsible water use and marine protection objectives in alignment with the EU Water Framework Directive, the Marine Strategy Framework Directive, and the Urban Waste Water Treatment Directive. Our scope covers key stages of the water cycle across the owned operating sites, with requirements cascaded upstream to vehicle manufacturing suppliers to drive value chain improvement.

Chery EU engages with EBRO on water-related environmental management. At the EBRO Factory in Barcelona, measures are implemented to manage water use, wastewater and potential water-related environmental impacts; these measures are further illustrated through the case study below.



Strengthening Water and Pollution Management at the EBRO Factory in Barcelona

The EBRO Factory in Barcelona's Zona Franca, a joint-venture manufacturing operation in which Chery participates as an industrial and technology partner, represents an important manufacturing presence connected to Chery's development in the European market. As production ramped up to full-year operations in 2025, municipal water consumption at the factory increased from 10,409.00 m^3 in 2024 to 42,488.05 m^3 in 2025. Water used at the site is sourced from the municipal water network, with no direct abstraction from natural water sources, while wastewater is discharged through the Zona Franca sewer network for subsequent treatment at the El Prat de Llobregat wastewater treatment plant rather than being discharged directly into the natural environment.

To strengthen control over potential water and pollution impacts, EBRO Factory operates an industrial wastewater treatment station (EDARI) and has established procedures for responding to accidental spills and releases that could affect water, soil or air. The factory also maintains treatment equipment for VOCs, CO, NO_x and particulate emissions in accordance with its environmental permit. During 2025, the factory further advanced the technological upgrade of its paint process toward the Best Available Technique (BAT)-aligned "3-WET" process and began modifying its paint facility to replace solvent-based coatings with water-based coatings, with the aim of reducing VOC emissions. These measures illustrate the integration of water stewardship, pollution prevention and cleaner production technologies at a European manufacturing operation linked to Chery's regional value chain.

Risk Management

We focus our biodiversity and environmental risk management on the legal and compliance risks and ecosystem degradation risks identified above, including potential penalties, remediation liabilities, raw material supply disruptions and increased procurement costs. We also consider the potential ecosystem and water-related impacts associated with the development of EBRO joint-venture operations, alongside pollution and chemical safety risks across our value chain. To address these matters, we align with Chery Auto's nature-related assessment methodology and environmental management framework, combining supplier traceability and due diligence with relevant environmental controls and coordination with European value-chain partners. The following sections describe our approach to biodiversity and environmental risk management, which we will progressively refine as our European operations and assessment capabilities develop.

Biodiversity Risk Management

Although Chery EU does not currently operate self-owned manufacturing facilities in Europe, the Company aligns with Chery Auto's nature-related assessment methodology, developed with reference to the TNFD LEAP (Locate, Evaluate, Assess, Prepare) framework, to strengthen the understanding of nature-related dependencies, impacts, risks and opportunities across relevant operations and value chain activities.

As Chery EU's operational presence in Europe continues to expand, nature-related considerations will be progressively integrated into site selection and strategic decision-making processes. Where operationally relevant, location-based assessments will be undertaken using recognised tools and methodologies to evaluate ecosystem service dependencies, biodiversity-related risks and their potential implications for business resilience. The scope of nature-related assessments will be refined on an ongoing basis in alignment with Chery Auto's methodology and evolving operational requirements.

Environmental Risk Management

Chery EU manages environmental risks through the environmental policy framework and applicable operational controls, with a focus on pollution prevention, incident response and regulatory compliance. Although Chery EU currently does not operate self-owned manufacturing facilities in Europe, we work closely with our strategic manufacturing partner, EBRO, to maintain a comprehensive environmental incident and regulatory response framework. This framework is supported by jointly aligned policies, coordinated operating procedures, and shared commitments to regulatory compliance.

Environmental risks and regulatory developments are monitored through existing compliance and management processes. Where potential incidents or compliance issues are identified, relevant functions coordinate appropriate response and follow-up actions. Chery EU continues to refine these processes as the European operational footprint develops and as applicable environmental requirements evolve.

Metrics and Targets

Biodiversity Targets

Complete biodiversity risk assessments for all core European operation sites by the end of 2027

Achieve

100 %

traceability of key materials procured by Chery EU that fall within the scope of the EUDR

Continuously expand the scale and coverage of conservation projects with IUCN

As we do not currently own or operate manufacturing facilities within our European operational boundary, industry-relevant biodiversity, pollution and water-related performance metrics are not applicable for disclosure during the Reporting Period of 2025. In preparation for our future facility rollout, we are proactively aligning our environmental data management frameworks with regulatory benchmarks. Upon the commissioning and operation of our planned European manufacturing sites, we will systematically track, verify, and disclose all material pollution, emissions, and water usage indicators in full alignment with the ESRS and applicable sector-specific requirements.

3 Social



3.1 Employment and Talent Management
3.2 Sustainable Supply Chain
3.3 Safety and Customer Satisfaction
3.4 Responsible Dealership

3.1

Employment and Talent Management

Chery EU upholds international standards and best practices related to human capital development and employment rights, aiming to foster an inclusive and respectful workplace across all our European operations. To advance this commitment, we have established a mid-to-long-term talent localisation and development roadmap, and we proactively manage workforce-related risks and opportunities by conducting regular assessments at our European business sites and local partner networks to identify gaps and implement targeted developmental and corrective measures. We promote fair employment, equal opportunity, continuous learning, and a safe and healthy working environment, while strategically integrating local talent and market insights with our global product and technological capabilities to support our long-term sustainable growth in Europe.

Employment Governance

Clear accountability and coordinated oversight form the foundation of our workforce governance. We operate a collaborative management framework involving relevant functions, including Human Resources, Compliance, Legal, Finance, and Occupational Health & Safety, to translate our people-centric commitments into consistent management practices across our European operations. Our management team oversees material workforce-related risks and opportunities, integrating relevant employee considerations into key business decisions. Matters requiring broader executive attention are escalated through established Chery Auto governance channels.

Workforce management across our European operations is coordinated through Chery's Global Human Resources Centre, Chery European Operations Centre HR, and local HR teams. The Global Human Resources Centre provides strategic direction and Group-level guidance, while Chery European Operations Centre HR team coordinates workforce initiatives across the region. Our local HR teams are responsible for day-to-day implementation and ensuring employment practices comply with local labour laws and operational requirements.

We systematically monitor key workforce matters through our Human Resources department and cross-functional teams, covering employment conditions, remuneration, talent development, diversity and equal opportunity, employee grievances, and occupational health and safety. Significant issues identified through regular assessments and monitoring processes are promptly escalated to senior management and addressed through targeted policy updates, management interventions, and localised corrective measures. The implementation and oversight of our workforce governance are systematically managed through dedicated working meetings and periodically reviewed by executive leadership to ensure continuous alignment with our sustainability objectives.

Employment and Talent Management Strategy

Impacts, Risks and Opportunities

Through our double materiality assessment, we systematically identify key social and environmental impacts alongside associated financial risks across our workforce. In advancing employee diversity and fostering an inclusive organisational culture, we recognise significant positive societal impacts. These include promoting broader inclusion values by ensuring equal employment opportunities across our European operations and downstream partners, as well as strengthening workforce awareness through targeted internal campaigns and the cultivation of a genuinely inclusive workplace. From a financial perspective, we acknowledge potential cost implications and recognise that insufficient implementation of inclusive policies could expose us to reputational risks that may affect stakeholder confidence and capital attraction, alongside ongoing resource requirements to sustain these initiatives effectively.

These identified impacts and risks are embedded into our enterprise risk management and sustainability governance frameworks. We address them through structured policies, continuous monitoring, and cross-functional oversight, ensuring that social responsibilities and financial resilience are strategically aligned. By proactively managing diversity, inclusion, and occupational health and safety, we aim to mitigate potential adverse impacts while capitalising on opportunities to strengthen workforce capability, operational stability, and long-term value creation across our European markets. Where actual impacts or incidents are identified, they are promptly escalated and addressed through targeted corrective actions and transparent reporting, reinforcing our commitment to responsible and sustainable business practices.



People-related Impacts, Risks and Opportunities

Category	IRO Description	Value Chain	Time Horizon	Anticipated Financial Effects	Strategy and Response
Potential negative impact	**Working conditions** If the Company fails to provide stable employment and remuneration, a working environment that safeguards occupational health and safety, and flexible working hours, employees may face income instability, increased stress, physical discomfort, injury or illness, and their mental health and well-being may be affected, which could easily lead to labour disputes.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	/	Strategy 1 & 4
Potential negative impact	**Human rights** If Chery EU fails to implement strict labour and human rights protection rules, the Company could face serious management issues such as forced labour and child labour, which would negatively affect employees' human rights and interests.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	/	Strategy 1
Actual positive impact	**Diversity and equal development opportunities** By providing fair recruitment, promotion and training opportunities, we can enhance employees' skills and help them maintain sustainable employability amid changes in production structures and business adjustments. In addition, by offering an inclusive working environment and equal development opportunities, we can increase the proportion of women in management, promote the inclusion of persons with disabilities, foster a non-discriminatory culture, and support employees' personal growth and career development.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	/	Strategy 2
Risk	**Respecting human rights and ensuring good working conditions** We face expectations from global regulators, consumers, the public and employees to provide healthy and decent working conditions and to respect human rights. Failure to meet legislative and stakeholder standards could lead to administrative penalties, litigation and compensation costs, and increased management expenses, and could also affect sales revenue through production interruptions or market access restrictions, further damaging our reputation.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	▪ **Regulatory and Legal Costs:** Administrative penalties, litigation, compensation and remediation may increase operating and management costs. ▪ **Revenue and Market-Access Risk:** Serious non-compliance may disrupt operations or restrict market access, with potential effects on revenue and brand value.	Strategy 1, 2 & 4
	Anti-discrimination Any violation by Chery EU in recruitment, promotion or the provision of inclusive workplace facilities in the European operations could expose the Company to substantial fines.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	▪ **Penalties and Remediation Costs:** Non-compliance may result in fines, legal costs and corrective measures. ▪ **Talent and Performance Effects:** Employee-relations issues and weaker retention may increase replacement costs and adversely affect organisational performance.	Strategy 1 and 2
Opportunity	**Equal development opportunities and employee upskilling** Creating equal opportunities for employees to learn new skills empowers our workforce to work effectively with electrification, digitalisation and AI-enabled technologies. Gains in per-capita productivity will help reduce unit labour costs through higher efficiency rather than workforce reduction, strengthening our competitiveness across European markets.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	▪ **Retention and Replacement-Cost Benefits:** Stronger engagement and retention may reduce employee replacement and recruitment needs. ▪ **Organisational Capability:** A stronger internal talent pipeline can support localisation and sustained business expansion in Europe.	Strategy 3

Upstream Own operations Downstream Short term Medium term Long term

Employment and Talent Management Policies and Management Approach

Policies Related to Employment and Talent Management

Chery EU issues the *Chery Europe Human Rights Statement* to formalise our commitment to fundamental rights, explicitly prohibiting child and forced labour while upholding freedom of association, non-discrimination, and access to remedy. Aligned with the UN Guiding Principles, ILO standards, and the International Bill of Human Rights, we apply objective criteria across recruitment and progression, actively integrating diverse workforce characteristics to ensure equitable treatment.

Chery EU implements the *Chery Europe Occupational Health and Safety Policy* to guarantee a safe working environment through systematic risk identification, proactive well-being initiatives, and continuous performance improvement. We operationalise these commitments via rigorous safety protocols, incident management, and regular compliance monitoring.

Chery EU governs these frameworks through unified business-conduct requirements, with Human Resources coordinating implementation alongside local management and specialist functions. We embed standards through onboarding and targeted training, while tracking compliance via workforce data analytics, grievance-resolution channels, and periodic Occupational Health and Safety (OHS) assessments to ensure accountable execution.

Employment and Talent Management Strategy 1: Human Rights Management

Fair Employment and Respect for Employee Rights

We are committed to establishing fair, respectful, and stable employment relationships that safeguard employee rights and support long-term workforce sustainability. We integrate responsible employment principles into our workforce management practices across our European operations. Our employees receive clear information regarding employment terms, including job responsibilities, working arrangements, remuneration, leave entitlements, and available channels for raising questions or concerns. We respect fundamental labour rights and apply principles of equal treatment, fair remuneration, responsible working-time management, freedom of association, and collective bargaining in accordance with applicable laws and regulations.

Fair and Transparent Remuneration

We consider fair and transparent remuneration a cornerstone of our responsible employment practices. Our remuneration decisions are based on role requirements, responsibilities, skills, performance, and relevant local labour-market conditions. We comply with applicable statutory minimum-wage requirements and, where applicable, collectively agreed wage levels. Our remuneration framework upholds the principle of equal pay for equal work or work of equal value.

Looking ahead, we plan to strengthen pay equity through more systematic collection and analysis of remuneration data, including gender pay gap metrics. We will also leverage relevant benchmarks to identify potential disparities and inform future corrective actions.

Responsible Working Time and Workload Management

We recognise that sustainable working conditions require effective management of working hours, workload, and periods of increased business activity. We manage working-time arrangements in compliance with local legal requirements while balancing operational needs driven by business growth, product launches, regulatory activities, and market expansion. Our Human Resources and management teams continuously monitor workload pressures and assess whether adjustments to work organisation, resource allocation, or priorities are needed to support employee well-being and sustainable performance. Through proactive workforce planning, workload balancing, and appropriate working-time arrangements, we actively prevent prolonged excessive workloads.



Social Protection and Leave Benefits

We support employee security and well-being through social-protection arrangements and leave benefits that align with local legal requirements and employment conditions. Our employees are covered by applicable social-protection schemes and employer-supported benefits, addressing sickness, unemployment, work-related injury or acquired disability, and maternity-related protection. We provide family-related leave arrangements in accordance with national legislation and applicable employment terms to help our employees effectively balance work and personal responsibilities.







Employee Well-being

While maintaining a consistent approach to responsible employment, we tailor our employee well-being practices to reflect local workforce needs and operating contexts. For example, our Chery Europe R&D Institute has implemented flexible working arrangements to support work-life balance and provides daily meal subsidies as part of its local employee benefit programme. These initiatives demonstrate our commitment to fostering a supportive workplace environment that responds to employee needs while fully complying with applicable local labour requirements.

Supporting Employee Well-being at the Chery Europe R&D Institute

The Chery Europe R&D Institute provides flexible working arrangements tailored to local employee needs, helping employees balance professional and personal responsibilities. A daily meal subsidy is also provided as part of the local employee benefit programme.

Employment and Talent Management Strategy 2: Diversity, Equal Opportunity and Anti-discrimination

Chery EU regards diversity and equal opportunity as critical enablers of an inclusive workforce and effective cross-cultural collaboration. We maintain a talent pool spanning diverse nationalities, cultures, languages, professional backgrounds, and career stages. We apply equal-opportunity and non-discrimination principles across the entire employee lifecycle, from recruitment and onboarding to performance assessment, training, and career development. All our employment decisions are strictly merit-based, and we uphold a zero-tolerance stance against discrimination and harassment.

Inclusive Management and Data Monitoring

Chery EU reinforces equal-opportunity management through our *Chery EU Human Rights Statement* and consistent employment standards. We embed non-discrimination and equal-treatment principles into all HR decisions, including recruitment, promotion, and remuneration, while strengthening safeguards for groups that may face greater barriers, such as women, migrant workers, and persons with disabilities. Where legally permitted, we analyse aggregated workforce data to monitor representation and identify potential disparities, strictly adhering to data-privacy and minimisation requirements. In promoting the inclusion of persons with disabilities, we ensure that any lawfully collected information is processed with rigorous confidentiality and aggregation safeguards.

Cross-Cultural Integration and Local Engagement

Chery EU promotes cross-cultural integration across our European operations through structured engagement initiatives and locally tailored support. We coordinate corporate culture and integration activities at least quarterly, with targeted cultural exchange programmes typically held every two months to enhance mutual understanding of working practices, communication styles, and cultural expectations. We provide dedicated local onboarding for expatriate staff to ensure seamless integration, while systematically communicating policy updates to align workplace standards. Furthermore, we foster an inclusive environment through cultural workshops and fully respect local public and regional holidays across all our operating markets.



Employment and Talent Management Strategy 3: Employee Capability-Building

Chery EU places continuous learning and skills development at the core of our strategy to build future-ready capabilities for the mobility sector. As electrification, digitalisation, and artificial intelligence reshape our products, regulatory landscape, and ways of working, we continuously align our employee development programmes with the evolving capability needs of our European business. Through structured onboarding, role-specific training, regular performance feedback, and individual development planning, we equip our teams to meet role expectations, strengthen core competencies, and proactively identify future learning pathways. Depending on functional requirements, our curriculum spans business conduct, data protection, cybersecurity, anti-corruption, health and safety, emergency response, and digital literacy, alongside commercial, technical, and regulatory expertise.

Performance and Career Development

Chery EU leverages structured performance and career-development frameworks to bridge individual growth with our organisation's strategic capability requirements. We utilise these processes to deliver constructive feedback, pinpoint skill gaps, and map clear progression pathways. Our targeted training initiatives are directly designed to address these identified needs, while our Human Resources team systematically monitors participation in formal reviews and learning modules. This data-driven approach enables us to continuously refine our training priorities and ensure our development investments remain closely aligned with business objectives.

Workforce Transition and Reskilling

Chery EU views workforce transition and reskilling as fundamental to managing technological and business transformation responsibly. Guided by our *Chery EU Human Rights Statement*, we embed just-transition principles into our change management, prioritising retraining and upskilling opportunities whenever technological or operational shifts impact specific roles. We actively apply this commitment as we build capabilities in electrified vehicle engineering, digital operations, and increasingly software-and data-driven mobility solutions.

Building Future Skills in Barcelona

At the Barcelona automotive site, EBRO has integrated workforce reskilling into the reindustrialisation process to support the shift towards electrified vehicle production. Experienced automotive workers have received vocational training covering updated production processes and technologies, including new welding and painting techniques. Dedicated on-site learning facilities and instructor development further support the transfer of technical knowledge, helping employees adapt to the evolving production model and build capabilities for advanced automotive manufacturing.

Employment and Talent Management Strategy 4: Occupational Health and Safety

Coverage, Monitoring and Governance

Chery EU extends the Occupational Health and Safety (OHS) management framework to all employees and on-site personnel within our reporting scope. We utilise structured incident reporting and safety protocols to consistently monitor health and safety performance. Our internal governance processes regularly review key indicators, including safety metrics, employee feedback, compliance status, and control gaps, ensuring that recurring issues are promptly addressed through targeted corrective actions and sustained follow-up. As of the Reporting Period, we do not yet own manufacturing facilities; therefore, our OHS management primarily focuses on office environments, while we maintain close coordination with and support EBRO on relevant health and safety practices.

Occupational Health and Safety Management Approach

Chery EU anchors OHS management in the *Chery Europe Occupational Health and Safety Policy*, which mandates systematic hazard identification, risk evaluation, and the implementation of preventive controls. We manage workplace safety in full compliance with local regulations, require prior approval for all overtime to balance workloads, and partner with external occupational-health providers. We also ensure all workspace arrangements align with local standards and actively prioritise employee well-being.

Hazard Identification, Risk Assessment and Prevention

Chery EU utilises systematic processes to identify operational hazards and evaluate their potential impact on all site personnel. We assess both physical and psychosocial risks, factoring in workload distribution, role clarity, and interpersonal dynamics. Our preventive controls are continuously refined based on operational shifts, incident learnings, and direct employee feedback, with cross-functional teams collaborating to ensure seamless implementation.

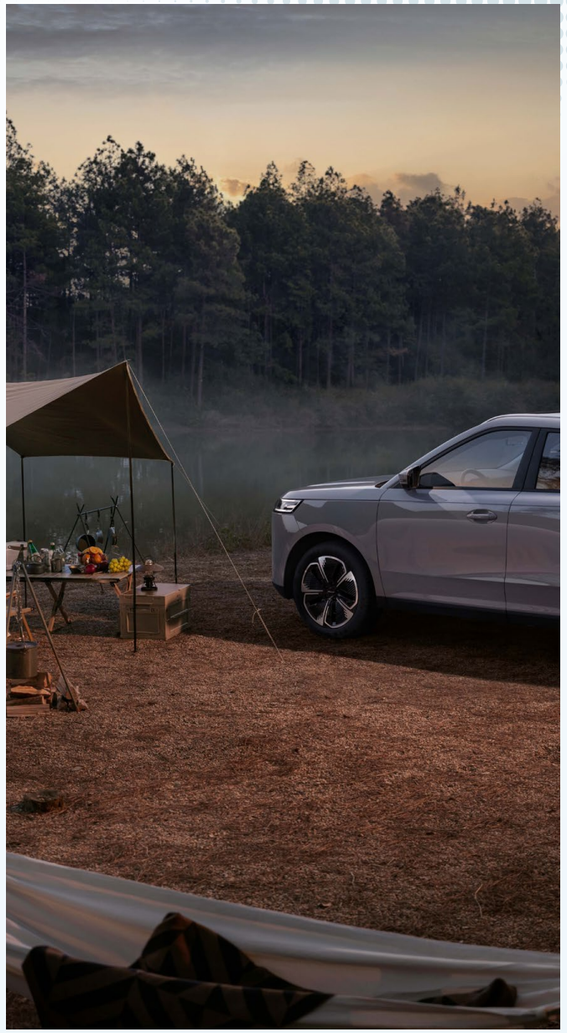
Incident Reporting, Investigation and Continuous Improvement

Chery EU fosters a proactive safety culture by encouraging the reporting of all incidents, near misses, and unsafe conditions. We conduct thorough root-cause analyses to address systemic factors related to work organisation, equipment, training, and procedures. These findings directly inform our corrective and preventive actions, triggering timely updates to risk assessments and operational controls. Through this continuous improvement cycle, we strengthen our prevention mechanisms and systematically reduce incident recurrence.

Chery EU proactively addresses long-term occupational health risks through dedicated monitoring and prevention programmes. In strict compliance with privacy regulations, we analyse health, incident, and absence data to identify emerging trends and deploy targeted interventions. We also champion holistic well-being by encouraging participation in sports and community activities, ensuring our teams maintain strong physical and mental health alongside safe working conditions.

Promoting Employee Health at the Chery Europe R&D Institute

Chery EU partners with a designated occupational health physician at our Chery Europe R&D Institute to deliver professional medical guidance and tailored health support. We further complement these clinical measures by actively encouraging staff participation in local sports and community events, fostering a workplace culture that prioritises both physical vitality and mental resilience.



Risk Management

Human Rights Due Diligence

Chery EU is working on conducting regular human rights impact assessments across our European operations to thoughtfully identify and address potential effects on employees, suppliers, local communities, and customers. We are refining these assessments into an integrated due diligence framework, developing risk indicators that align with recognised global standards, including the OECD Guidelines and ILO fundamental conventions. It remains practical, transparent, and continuously responsive to the evolving needs of our stakeholders.

Labour-Management Collaboration and Collective Agreements

Chery EU fosters sustainable growth by cultivating a respectful, psychologically safe workplace grounded in open dialogue and shared responsibility. We maintain structured consultation channels with employee representatives to discuss working conditions, share strategic updates, and align on operational developments, including policy revisions and organisational changes. In full alignment with fundamental labour rights and ILO principles, we actively support lawful union activities and uphold fair, transparent collective bargaining processes. Through our collective agreements, we establish clear, mutually agreed standards for employment security, working hours, remuneration, and leave entitlements, while continuously gathering team feedback through dedicated labour-management platforms. This collaborative approach ensures our workplace policies remain closely aligned with the wellbeing of our people and our broader sustainability commitments.

Proactive Risk Assessment and Workplace Safety

Chery EU implements a structured yet adaptable approach to occupational health and safety through regular and targeted risk assessments, enabling us to proactively identify emerging hazards and address existing vulnerabilities. We categorise identified risks by severity and likelihood, maintaining a consistent focus on implementing timely corrective measures for high-priority findings and strengthening internal controls to ensure mitigation actions are effectively deployed. Given that we have not yet established owned manufacturing facilities as of the Reporting Period, our OHS management is primarily tailored to office environments, while we maintain a strong focus on actively supporting and monitoring robust health and safety practices across EBRO operations.

Metrics and Targets

People-related Targets

Chery EU's core priorities centre on upholding lawful and equitable working conditions, eliminating discrimination and retaliation, fostering open dialogue and robust workplace safety practices, and ensuring fair access to professional development and future-ready skills. We systematically track performance across workforce composition, employee relations, diversity, compensation, training, and occupational health and safety, using these insights to inform management oversight and drive continuous improvement.

Chery EU People Metrics[19]

Indicator	Category	Unit	2025
Total employees	Chery EU	Persons	216
Employees by country	Spain	Persons	62
	Poland	Persons	47
	Italy	Persons	41
	Others	Persons	66
Employees by gender	Men	Persons	124
	Women	Persons	92
Employees by contract type	Permanent employees	Persons	216
	Temporary employees	Persons	0
Employee turnover	Employees who left during the Reporting Period	Persons	4
	Turnover rate	%	2.57

[19] People Metrics exclude data from EBRO, consistent with the data scope of the Report and the Chery EU Financial Report.

Europe R&D People Metrics

Indicator	Category	Unit	2025
Total employees	Europe R&D	Persons	83
Employees by country	China	Persons	22
	Germany	Persons	20
	India	Persons	11
	Others	Persons	30
Employees by gender	Men	Persons	70
	Women	Persons	13
Employees by contract type	Permanent employees	Persons	83
	Temporary employees	Persons	0
Employee turnover	Employees who left during the Reporting Period	Persons	6
	Turnover rate	%	7.89

Europe R&D Human Rights Metrics

Indicator	Category	Unit	2025
Respecting human rights and ensuring good working conditions	Collective bargaining coverage	%	0
	Collective bargaining coverage in Spain (significant EEA country)	%	0
	Employees covered by occupational safety and health management system	%	100
	Employee fatalities from recordable work-related accidents	Persons	0
	Fatalities from recordable work-related ill health among employees	Persons	0
	Recordable work-related accidents	Case	2
	Recordable work-related accident rate	Case/1,000,000 working hours	12.05
Anti-discrimination	Top management female employees ratio	%	11.0
	Gender pay gap ratio	%	4.6

Human Rights Metrics

Indicator	Category	Unit	2025
Respecting human rights and ensuring good working conditions	Collective bargaining coverage	%	100
	Collective bargaining coverage in Spain (significant EEA country)	%	100
	Employees covered by occupational safety and health management system	%	100
	Employee fatalities from recordable work-related accidents	Persons	0
	Fatalities from recordable work-related ill health among employees	Persons	0
	Annual remuneration ratio (base salary and bonus basis): highest-paid individual / median employee	Ratio	4.8
	Recordable work-related accidents	Case	0
	Recordable work-related accident rate	Case/1,000,000 working hours	0
Anti-discrimination	Top management female employees ratio	%	14.3
	Gender pay gap ratio[20]	%	14.8



[20] (Average gross hourly pay level of male employees - average gross hourly pay level of female employees) / Average gross hourly pay level of male employees * 100%.

3.2

Sustainable Supply Chain

At Chery EU, we view our supply chain as an integral part of our sustainability journey. We have established a responsible sourcing framework to thoughtfully address social and environmental considerations throughout our procurement of materials and components. Guided by a commitment to mutual growth and responsible business practices, we foster collaborative partnerships with our suppliers, working together to steadily advance sustainability across our entire value chain.



Supply Chain Governance

Chery EU regards a responsible supply chain as central to our long-term sustainability goals. Clear governance ensures consistent oversight of human rights and worker-related risks across our upstream network. Chery EU Management guides strategic sourcing and human rights considerations in European operations, while the Chery International Strategy and ESG Department coordinates sustainability expectations across the business. Our Procurement and Supply Chain teams operationalise these standards through structured supplier selection, contract integration, proactive risk screening, and ongoing performance tracking. For matters involving human rights, regulatory compliance, or technical specifications, we collaborate closely with our Compliance, Legal, and engineering functions to ensure thorough and informed decision-making.

We embed responsible sourcing practices throughout the entire supplier relationship lifecycle. From initial onboarding and risk profiling to detailed due diligence, corrective-action follow-up, and continuous monitoring, our approach is designed to identify potential concerns early and address them constructively. When significant or unresolved issues arise, we escalate them to relevant leadership and functional teams for cross-functional review and decisive action. Where specialised expertise or independent verification adds value, we engage qualified third-party partners to support audits and validation efforts. Ultimately, we prioritise collaborative partnerships over purely transactional relationships, working alongside our suppliers to strengthen social and environmental practices and build a more resilient, sustainably aligned value chain across Europe.

Supply Chain Strategy

Impacts, Risks and Opportunities

Through our materiality assessment, we have identified key environmental and social impacts, alongside financial risks and opportunities within our supply chain. Regarding employment stability, working conditions, and human rights across our upstream network and broader value chain, we recognise that poor workplace standards or unethical labour practices among suppliers can infringe upon workers' health and fundamental human rights. These issues may trigger adverse social and environmental impacts, elevating our overall social risk exposure. This, in turn, translates into direct financial risks, including costs associated with qualifying alternative suppliers, remediation expenses, potential fines and litigation from regulatory non-compliance, and revenue impacts driven by reputational damage or diminished stakeholder and investor confidence. Furthermore, concerning occupational health and safety, inadequate hazard prevention at supplier facilities may lead to workplace accidents or occupational illnesses. Such incidents can disrupt operations, affect production and delivery schedules, and increase costs related to compensation, insurance, and enhanced safety oversight.

Category	IRO Description	Value Chain	Time Horizon	Anticipated Financial Effects	Strategy and Response
Potential negative impact	**Occupational health and safety in the value chain** If upstream partners fail to conduct timely occupational health and safety risk management and related training, exposure to safety and hygiene risks will increase, making accidents more likely and resulting in weaker OHS performance, such as lost workdays due to injury and lost-time injury rates.	Upstream	Short term, Medium term, Long term	/	Strategy 1 and 2
Actual positive impact	**Working conditions of value chain workers** By setting responsible procurement standards and engaging the suppliers, Chery EU can help strengthen working conditions across the value chain, improving occupational safety and fair treatment for workers and supporting a just transition.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	/	Strategy 1 and 2
Potential positive impact	**Fair treatment and opportunities in the value chain** Internal policies on equal treatment and opportunities in the value chain can, in the short term, give employees equal access to training, promotion and career development, improving job satisfaction and loyalty. In the medium to long term, they can drive innovation and efficiency gains among value chain partners, enhancing the competitiveness of Chery EU's value chain.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	/	Strategy1, 2 and 3
Risk	**Human rights management in the value chain** Human rights violations by value chain partners could expose Chery EU to regulatory, market-access and reputational consequences in the EU, including restrictions on affected products or components, loss of sales, and disruption to business continuity.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	▪ **Market Access & Revenue Risk:** Severe human rights breaches may restrict product marketability, disrupt operations, and impact revenue. ▪ **Legal, Remediation & Management Costs:** Investigations, corrective actions, or supplier transitions could increase compliance and operational expenditures. ▪ **Reputation & Brand Risk:** Value-chain human rights shortcomings may erode stakeholder trust and affect our brand standing in Europe.	Strategy 1 and 2 and 3

Upstream Own operations Downstream Short term Medium term Long term

Supply Chain Strategy

Policies Related to Supply Chain Management

Chery EU established a comprehensive policy framework to guide responsible value-chain management and uphold human rights across our network of suppliers, service providers, and business partners. Aligned with internationally recognised standards, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work, our framework integrates responsible procurement, supplier conduct, human-rights protection, and accessible grievance mechanisms.

Chery Europe Responsible Procurement Statement

This statement reflects our commitment to embedding sustainability and human-rights considerations into all procurement activities. It outlines our expectations for responsible sourcing, ensuring environmental, social, and ethical factors are prioritised when engaging partners. Through these practices, we aim to strengthen supply-chain resilience, promote ethical business conduct, and support suppliers in managing human-rights impacts across their operations.

Supplier Code of Conduct of Chery Europe

The Code sets clear expectations for responsible business practices and human-rights respect. We require suppliers to implement robust management systems and due-diligence processes covering their own operations and upstream activities. Key requirements include voluntary employment, a strict prohibition on forced and child labour, non-discrimination, fair remuneration, regulated working hours, freedom of association, and occupational health and safety. Suppliers are also expected to mitigate adverse impacts and cascade these standards to subcontractors and upstream partners.

Chery Europe Value Chain Human Rights Policy

This policy provides a dedicated framework for identifying and managing human-rights risks affecting workers throughout our value chain. We are committed to respecting fundamental labour rights and fostering safe, equitable working conditions across upstream activities. It addresses core topics such as labour rights, equal treatment, freedom of association, prevention of forced and child labour, occupational health and safety, and access to remedy. The policy serves as our guiding reference for integrating human-rights due diligence into supplier management and broader value-chain engagement.

Chery Europe Supply Chain Grievance Mechanism Statement

This statement outlines our approach to enabling stakeholders to raise concerns regarding supply-chain practices and potential human-rights impacts. We maintain accessible reporting channels, ensure thorough investigation of raised issues, and implement corrective actions where needed. Through this mechanism, we strengthen accountability across our value chain and provide workers and partners with a trusted pathway to report adverse impacts and seek remedy.

We communicate these expectations through supplier onboarding, contractual agreements, due-diligence requests, and ongoing engagement. These requirements extend to all relevant suppliers, service providers, subcontractors, and business partners, ensuring our commitment to responsible practices reaches beyond direct contractual relationships.



Supply Chain Strategy 1: Embedding ESG into the Supply Chain

Chery EU conducts ESG assessments across our supply base, focusing on ethics, environmental management, labour and human rights, and occupational health and safety. Assessment outcomes are integrated into our procurement evaluation criteria, with suppliers demonstrating strong ESG performance receiving favourable consideration during sourcing processes. Where prospective suppliers do not fully align with our baseline expectations, new engagements may be deferred pending reassessment or targeted improvement plans.

To address the compliance regulations including CBAM and EU FLR, we incorporate environmental and human-rights expectations into the standard procurement agreement. To further support continuous improvement, we apply a risk-based review approach that combines desk-based assessments, targeted on-site evaluations, and corrective action plans (CAPs) where improvement opportunities are identified.

In line with our responsible sourcing commitments, we communicate expectations for responsible mineral procurement across the value chain. These expectations, which address forced labour prevention, responsible sourcing practices, and transparency in higher-risk regions, are reflected in our contractual and bidding frameworks.

Critical Mineral Traceability and Upstream Risk Management

Chery EU's approach to responsible mineral sourcing is supported by Chery Auto's Group-wide supply chain due diligence framework. As raw material and battery sourcing is centrally managed by Chery Auto, upstream due diligence is conducted through established Group-level processes. These include the collection of upstream sourcing information, the application of internationally recognised due diligence reporting templates for Tier 1 suppliers and core battery suppliers, and the risk assessment and classification of identified smelters and refiners (SoRs). Chery Auto also seeks to progressively increase the proportion of sourcing from SoRs validated through internationally recognised third-party assurance programmes. The framework covers key minerals including tin, tantalum, tungsten, and gold (3TG), lithium, cobalt, nickel, and natural graphite, providing Chery EU with greater upstream visibility over minerals embedded in vehicles supplied to the European market.



Supply Chain Strategy 2: Integrated Value-Chain Labour Standards, OHS & Workforce Development

We embed human rights, occupational health and safety (OHS), and fair workforce treatment into our responsible procurement and supplier management framework. Through clear contractual expectations and human rights due diligence, we require suppliers to uphold fundamental labour rights, including fair remuneration, regulated working hours, freedom of association, non-discrimination, and the strict prohibition of forced and child labour. We cascade these requirements to subcontractors and upstream partners to ensure consistent protection across the value chain. Concurrently, we systematically integrate OHS management into supplier evaluations, prioritising high-risk upstream operations through targeted risk assessments and corrective action follow-ups. Beyond compliance, we promote equal opportunity, structured training, and clear career progression pathways for supply-chain workers. This integrated approach safeguards worker well-being, mitigates social and operational risks, and fosters stronger supplier partnerships, ultimately reinforcing long-term value-chain resilience and competitiveness.

Supply Chain Strategy 3: Mutual Growth and Supplier Capability-Building

Chery EU recognises that stronger supplier sustainability capabilities support more effective due diligence, risk management and long-term supply chain resilience. The Company complements compliance requirements and corrective-action management with capability-building activities designed to strengthen ESG management, due-diligence capabilities and information quality, drawing on Chery Auto's broader supplier-development resources where relevant.

Strengthening Collaboration across Chery's Supply Chain

In January 2025, Chery Auto convened the Supply Chain Ecosystem Annual Conference in Wuhu to strengthen collaboration with supplier partners and reinforce high-quality delivery capabilities across the global supply chain. The conference brought suppliers together around product development, technological innovation, quality management and international expansion. It also featured a Joint Overseas Expansion Cooperation Signing Ceremony and an ESG Joint Initiative Signing Ceremony, encouraging suppliers to align more closely on international growth and sustainable development. The conference provided a practical platform for deepening long-term collaboration and strengthening the capabilities that underpin supply-chain resilience.

Supporting Initiative: Supplier Localisation

Chery EU is steadily expanding our European supply-chain footprint in parallel with the growth of our regional manufacturing operations. We approach supplier localisation as an ongoing process, recognising that closer integration with local partners supports regional production, enhances supply-chain responsiveness, and encourages deeper collaboration within the European automotive ecosystem. As our local manufacturing capacity continues to develop, we are exploring opportunities to increase regional supplier participation and strengthen the ties between our European operations and local industrial networks.

Advancing Local Sourcing and Supplier Development at the EBRO Barcelona Plant

In 2025, EBRO further localised production at the EBRO facility in Barcelona's Zona Franca. As manufacturing volumes scaled up, the company partnered with local suppliers to expand in-region production capabilities, including preliminary discussions on localising stamping operations.



Risk Management

Supplier Requirements and Onboarding

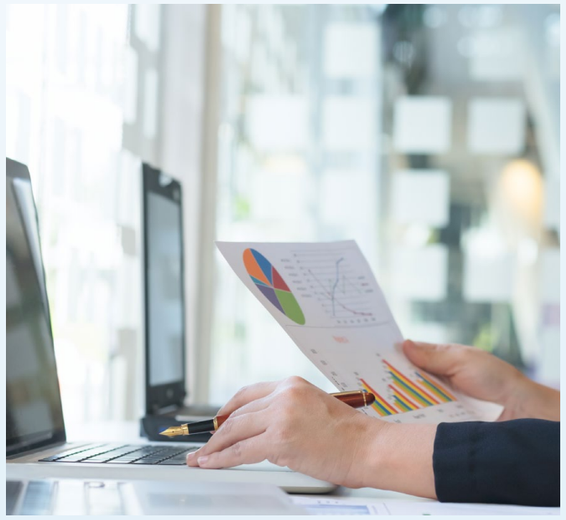
Chery EU leverages group-level procurement standards to communicate our human-rights and responsible-sourcing expectations across the European supply base. We apply tailored questionnaires and management tools based on each supplier's risk profile. Chery EU ensures that the updated Chery Supplier Code of Conduct-which now explicitly covers human rights, environmental stewardship, and energy conservation-requires formal acknowledgment and signature from all partners. This formalisation strengthens how we embed sustainability expectations into commercial engagements and ongoing supplier management.

Risk-Based Due Diligence and Enhanced Review

Chery EU employs a risk-based methodology for supplier assessment, evaluating factors such as geographic location, sector characteristics, product criticality, and potential adverse impacts. We conduct ESG questionnaires and regulatory-specific assessments to systematically identify sustainability risks across our value chain. Chery EU has deployed dedicated assessment tools focused on forced-labour exposure, prioritising labour-intensive segments like automotive wiring harnesses and suppliers in higher-risk jurisdictions. We also collect and verify supplier data against specific regulatory mandates, including deforestation-free and battery-sourcing requirements.

Scaling Supplier ESG Due Diligence in 2025

Chery Auto utilised Drive Sustainability - Sustainability Assessment Questionnaire to complete ESG due diligence for 151 suppliers in 2025. Chery EU is concurrently piloting a broader due-diligence framework, with initial questionnaires distributed ahead of a full rollout in early 2026. This initiative expands our supplier risk database and enables us to prioritise high-risk relationships for deeper review.



Corrective Action and Cross-Functional Escalation

Chery EU requires suppliers to implement corrective actions and provide verifiable evidence of completion whenever compliance gaps are identified. Our follow-up measures are calibrated to the severity of each finding and may include time-bound remediation plans, independent verification, or contractual remedies. Persistent or severe non-compliance may result in order suspension or termination. Chery EU embeds sustainability criteria directly into supplier evaluation and technical management processes to proactively mitigate ESG risks. Cross-functional teams, including Procurement, Supply Chain, ESG, Compliance, Legal, and Engineering, collaborate to oversee these activities. For instance, we are currently evaluating suppliers' carbon-management capabilities and intend to integrate related metrics into technical agreements. Product-specific environmental standards, including hazardous-substance restrictions, are also formally addressed through these frameworks.

Worker Engagement, Grievance and Remedy

Chery EU prioritises supplier audits based on geographic risk, commodity exposure, supply-chain complexity, and workforce demographics. Our audit scope explicitly considers vulnerable groups, including migrant workers and minors, to proactively address potential child-labour risks. When on-site audits are triggered by lower initial assessment scores, we employ stratified worker-interview sampling, factoring in age, gender, job function, hazard exposure, and migration status. This targeted methodology enhances our ability to identify workforce-related risks and design effective corrective action plans.

Extending Oversight Beyond Direct Suppliers

Chery EU links worker-related due diligence with upstream visibility to address human-rights risks that may arise beyond direct suppliers. This is particularly relevant in automotive supply chains where batteries, electronics and other components may depend on raw materials passing through multiple stages of extraction, processing, smelting and refining. Worker-related concerns identified through supplier information, traceability, due diligence or enhanced review may therefore inform supplier engagement, corrective action and escalation beyond the first contractual tier.

Metrics and Targets

Chery EU is strengthening our human rights due diligence across the value chain, with a focus on upstream suppliers and workers in higher-risk conditions. We are formalising a structured management framework that integrates ESG screening, targeted risk assessments, worker evaluations, CAPs tracking, and grievance management. As these processes mature, we aim to standardise data collection for supplier performance assessment and enhance the effectiveness of follow-up actions. Our current priorities include identifying suppliers requiring enhanced review, ensuring timely CAPs implementation and closure, monitoring grievance cases, and tracking substantiated human rights incidents. These initiatives will establish a more systematic approach to value chain monitoring and enable robust future performance measurement.



3.3

Safety and Customer Satisfaction

Chery EU places consumer trust at the centre of the European operations by systematically managing vehicle quality, safety, and data protection. Chery EU integrates advanced safety technologies across the product lifecycle, while selected models offered in Europe have received independent Euro NCAP safety ratings. Chery EU implements privacy-by-design architectures and enterprise-grade cybersecurity to ensure strict EU data compliance. Through continuous quality improvement and transparent engagement, Chery EU delivers reliable, trustworthy mobility solutions aligned with European market expectations.

Product Safety and Quality Management Governance

We align Group-level R&D and manufacturing controls with European type-approval and post-market surveillance. Our specialised teams monitor compliance and field performance, systematically investigating regulatory findings, safety tests, and stakeholder feedback. We coordinate targeted corrective actions, including technical assessments, owner communications, or recalls, with Group functions and our authorised service network.

As a sales, R&D and vehicle-importing entity without manufacturing operations in the EU, Chery EU relies on Chery Group's upstream manufacturing quality controls to support the quality and safety of vehicles placed on the European market. At the Group level, product quality and safety are managed through an integrated, end-to-end framework covering product development, validation, manufacturing and issue response. This structured framework provides an upstream foundation for Chery EU's management of vehicle safety, durability and customer satisfaction in the European market.

The Group-level Product Quality and Safety Framework comprises the following five elements:



Safety and Customer Satisfaction Governance

Chery EU integrates customer and end-user matters into our governance framework, with executive oversight spanning product safety, customer experience, and data protection. Cross-functional teams execute this mandate through standardised reporting and escalation protocols.

Product Co-Creation:

We translate direct market insights into precise engineering specifications through collaborative benchmarking, ensuring our vehicles align with evolving customer expectations.

Right-First-Time Design:

Early-stage DR500 reviews and advanced CAE simulations proactively identify engineering gaps, minimising late-cycle modifications and accelerating development efficiency.

Enhanced Validation:

A systematic, multi-tier verification protocol spans the entire development lifecycle, rigorously stress-testing components to guarantee structural integrity and operational safety.

Process & Supply Chain Control:

Critical quality parameters are embedded into production equipment, tooling validation, and supplier audits, ensuring consistent manufacturing excellence across the value chain.

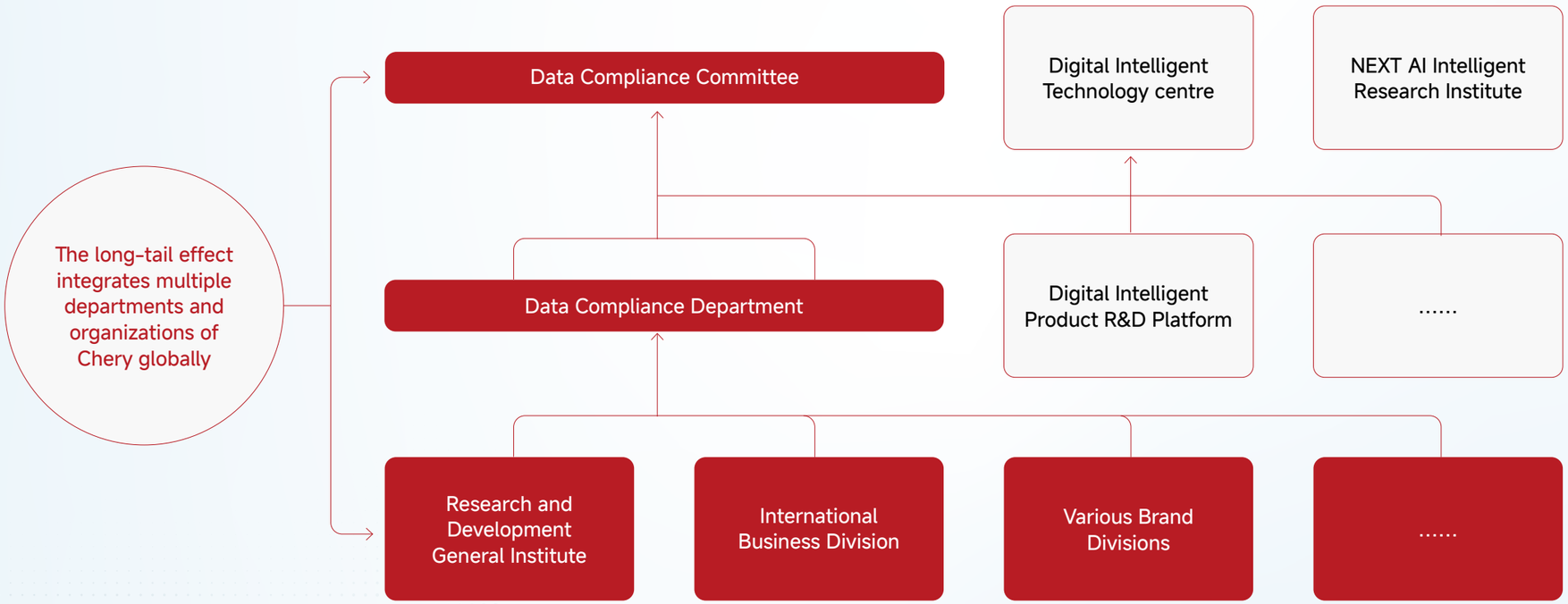
Rapid Response Mechanism:

We mobilise dedicated cross-functional teams to address quality incidents immediately, enforcing a strict "zero-overnight" resolution policy to protect consumer safety and brand trust.

Information and Privacy Security Governance

We uphold data privacy under the Group's Data Compliance Committee and a dedicated overseas compliance office. Our three-tier governance model, front-office operations, mid-office coordination and review, and back-office technical support, ensures rigorous handling of data subject requests, compliance audits, and system optimisation, fully aligning European operations with Group-level cybersecurity and privacy standards.

To support our global expansion and proactively mitigate compliance risks, we have established a layered three-tier data governance framework that ensures clear accountability and cross-functional collaboration. Strategic direction is set by a dedicated oversight committee, while our Data Compliance Department — operating through the Digital Intelligent Technology Centre — leverages proprietary tools and AI models to drive intelligent compliance operations. Execution is coordinated across three functional layers: the front office (business units and overseas teams) handles daily compliance operations and data subject requests; the middle office manages implementation workflows and reviews major compliance initiatives; and the back office provides technical support, resource allocation, and continuous optimisation of systems and processes. This structure is designed to address the cross-departmental nature of data compliance, ensuring grounded implementation, seamless inter-departmental coordination, and robust mutual oversight throughout our operations.





Safety and Customer Satisfaction Strategy

Impacts, Risks and Opportunities

Through our materiality assessment, we identified key consumer and end-user impacts across vehicle safety, data privacy, and inclusive service access, alongside associated operational and financial risks. Product defects, inadequate safety performance, or delayed corrective actions across our operations and downstream value chain, including distributors, authorised dealers, and digital-service providers, could directly threaten the physical safety of vehicle occupants and vulnerable road users, including children and persons with disabilities, potentially resulting in serious injuries. Inadequate data authorisation or security safeguards may compromise consumer privacy and informed decision-making, while inconsistent or non-inclusive service delivery could restrict equitable market participation.

From a financial and operational perspective, widespread quality issues or safety incidents may necessitate large-scale recalls or service campaigns, significantly increasing warranty, repair, and logistics expenditures across the short to medium term. Data non-compliance or privacy breaches could trigger regulatory penalties, litigation costs, and reputational damage, while safety-related incidents may lead to consumer compensation claims. Consequently, we anticipate sustained investments in rigorous safety verification, cybersecurity infrastructure, and inclusive service standards, which may influence our long-term R&D and operational cost structures. These potential impacts underscore the materiality of embedding robust quality control, transparent data governance, and equitable service delivery into our European market strategy.

Safety and Customer Satisfaction Impacts

Category	Nature	Time horizon	Affected customers	Impact description	Strategy and Response
Safety, privacy and inclusive access	Potential negative impact	Short / Medium / Long term	We identify customers and end-users across European markets as our primary stakeholders, with specific attention to vehicle occupants, vulnerable road users, children, persons with disabilities, and other at-risk groups.	Product defects, safety performance gaps, or delayed remediation may endanger occupants and road users. Inadequate data safeguards or consent mechanisms could compromise privacy and informed choice, while inconsistent or non-inclusive service delivery may restrict equitable access. These impacts may arise directly from our operations or through downstream value-chain partners, including distributors, authorised dealers, and digital-service providers.	Strategy 1 and 3

Safety and Customer Satisfaction Risks and Opportunities

Category		Time horizon	Risk / Opportunity description	Anticipated Financial Effects	Strategy and Response
Risk	Quality and vehicle safety	Short / Medium / Long term	Safety defects, non-conformity or ineffective field response could trigger recalls, warranty claims and corrective work, weaken independent safety performance and consumer trust, and delay European market expansion.	Potential increases in recall, repair, replacement and warranty expenditure; potential losses in vehicle sales; and slower or more costly business expansion in European markets.	Strategy 1
	Privacy and data security	Short / Medium / Long term	Non-compliance or security failures involving consumer data, cross-border transfers, third-party processing, mobile applications or connected-vehicle functions could expose Chery EU to regulatory action, remediation costs, loss of consumer trust and reputational damage.	Potential regulatory fines and legal, remediation and compliance costs; potential loss of sales associated with consumer dissatisfaction and loss of trust; and adverse financial effects arising from reputational damage.	Strategy 3
Opportunity	Safety-led quality and market differentiation	Short / Medium / Long term	Strong active, passive and battery safety, supported by independent validation and effective closure of field issues, can differentiate Chery EU's vehicles, reinforce consumer confidence and support entry into and growth across European markets.	Potential support for vehicle sales and market expansion; stronger brand value and consumer confidence; and potential reduction of longer-term warranty, recall and remediation costs through earlier issue identification and closure.	Strategy 1 and 2
	Trusted and inclusive customer relationships	Short / Medium / Long term	Responsive service, accessible feedback and remedy channels, consumer co-creation, inclusive engagement and privacy-protective digital services can improve satisfaction, loyalty and Chery EU's reach across different consumer groups.	Potential improvements in customer retention, repeat purchases and market reach; lower complaint and remediation costs; and stronger reputational value supporting long-term growth.	Strategy 2 and 3

Short term | Medium term | Long term

Strategy 1: Product Safety and Quality Management

Policies Related to Safety and Quality

We support compliance with EU type-approval, production-conformity, and market-surveillance mandates under Regulation (EU) 2018/858. We maintain rigorous quality-assurance protocols to guarantee that all vehicles placed on the European market conform to their approved types. Should any non-compliance arise, we promptly implement corrective measures, including market withdrawal or recalls, to uphold consumer safety.

We adhere to stringent EU general safety requirements (Regulation (EU) 2019/2144) and aligned UN regulations to protect occupants, vulnerable road users, and pedestrians. Our vehicles integrate mandated active safety technologies, including Autonomous Emergency Braking (AEB), lane-keeping assistance, and driver monitoring systems. For electrified models, we comply with UN Regulation No. 100 to ensure the structural and operational safety of electric powertrains and battery systems.

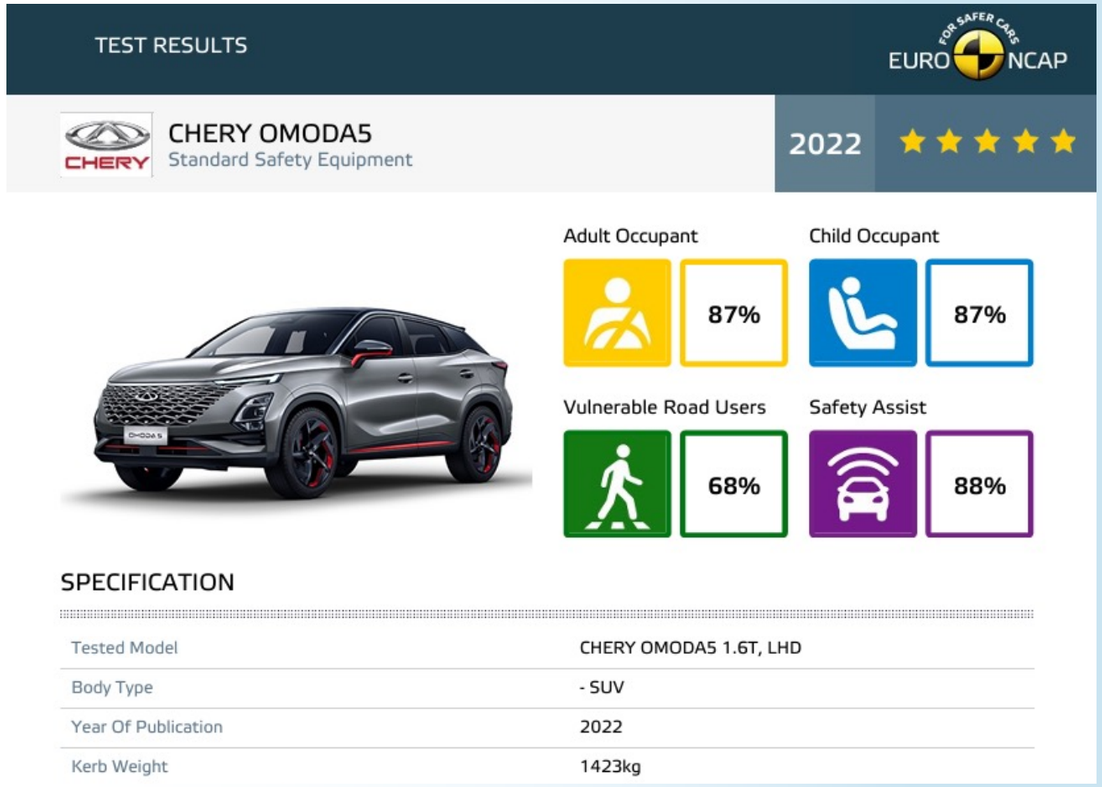
Guided by the Group's "Quality First" principle, we operate an ISO 9001 and IATF 16949-certified quality management system spanning the full vehicle lifecycle. We enforce rigorous controls across R&D, procurement, manufacturing, and after-sales service, integrating prototype validation, supplier traceability, and real-time process monitoring. Our proactive corrective and preventive action (CAPA) protocols and structured recall response mechanisms ensure continuous product safety and service excellence.

Preventing Accidents: Active Safety and Driver Assistance

Chery EU uses active-safety and driver-assistance technologies to identify hazards, warn drivers and intervene before or during a developing collision. Depending on the model and specification, European-market vehicles integrate AEB and forward-collision warning, lane-departure warning and lane-keeping intervention, driver monitoring, electronic stability control, speed assistance, adaptive cruise control, blind-spot monitoring and other driving-support functions. Detection capabilities increasingly extend beyond other vehicles to pedestrians, cyclists and motorcyclists. Independent Euro NCAP testing provides market-level evidence of how these systems perform across defined collision-avoidance scenarios. In this context, 15 models offered by Chery EU in Europe have achieved a five-star Euro NCAP safety rating, providing further independent evidence of vehicle safety performance.

Multi-Layer Collision Avoidance in OMODA 5

The European-market OMODA 5 combines AEB with driver-fatigue detection, lane support and speed assistance. In Euro NCAP testing, its AEB system performed well in responding to other vehicles, successfully avoiding collisions with pedestrians and cyclists in most test scenarios. The vehicle's lane-support system can provide gentle steering correction and intervene more strongly in critical situations, while European-market specifications also include electronic stability control, blind-spot detection and driver monitoring. The OMODA 5 achieved a five-star Euro NCAP rating.



Independently Validated Driver Assistance in JAECOO 7 PHEV

In April 2025, the JAECOO 7 PHEV achieved a five-star Euro NCAP rating, including scores of 80% for both Vulnerable Road User Protection and Safety Assist. Its standard AEB system detects vehicles and vulnerable road users and performed well in tests involving other vehicles and cyclists. Lane-keeping and emergency-lane-keeping functions support steering intervention, while a direct eye-monitoring system detects driver fatigue and certain forms of distraction.

JAECOO 7 PHEV

2025 | ★★★★★ Standard

Tested model	Body type	Kerb weight
JAECOO 7 'Exclusive', PHEV 4x2, LHD	SUV	1809 kg
Class	**Rating applies to**	**Publication**
Small SUV	JAECOO 7 PHEV	April 2025



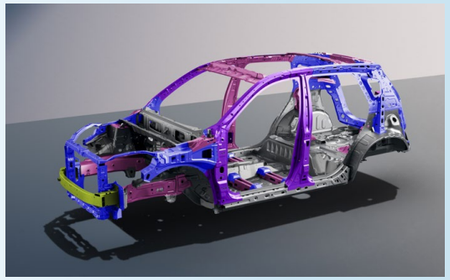
Reducing Harm: Passive Safety, Occupant Protection & Post-Crash Response

When a collision cannot be avoided, Chery EU implements multiple layers of protection to maintain occupant survival space, manage impact forces, and facilitate post-crash rescue. These measures include a reinforced body structure with energy-absorbing zones, pre-tensioning and load-limiting seatbelts, front, side, curtain and far-side airbags, child restraint anchorages, and child presence detection systems. Protection for pedestrians and cyclists combines front-end design with collision-avoidance technologies. Following a collision, systems such as eCall, secondary-impact braking, high-voltage isolation and provisions for opening doors or windows can help reduce further harm and support occupants and emergency responders.

TIGGO 4 Protects Its Young Passengers on Every Journey

The protection of young passengers was placed at the centre of the TIGGO 4's safety proposition. To strengthen the protection of child occupants in collision scenarios, the TIGGO 4 incorporates an integrated cage-style body, reinforced with over 60% high-strength steel and 1,500 MPa hot-formed components, effectively dissipating crash energy to preserve cabin integrity. We equip every model with seven airbags, including a far-side airbag to prevent secondary impacts, alongside standard ISOFIX anchors and top-tether points for secure child-seat installation. To mitigate everyday hazards, we integrate rear child-safety locks, anti-pinch power windows, and a child-presence reminder that alerts drivers if a young passenger remains inside.

Complementing our passive safeguards, our advanced driver-assistance systems address complex urban risks during daily commutes. Our AEB system detects vehicles, pedestrians, and cyclists, delivering millisecond-level responses to help avoid collisions with children entering traffic. In Europe, the TIGGO 4 received a four-star rating in Euro NCAP's 2025 assessment, including a score of 85% for Child Occupant Protection. Through the provision of vehicles incorporating structural protection, occupant-restraint systems and preventive safety technologies, Chery EU supports safer mobility for families and young passengers. By embedding robust engineering and human-centric design into every detail, we ensure families travel with confidence and uphold our unwavering commitment to safeguarding the next generation.



CHERY TIGGO 4

2025 | ★★★★☆ Standard

Tested model	Body type	Kerb weight
EBRO s400 HEV, LHD	SUV	1475 kg
Class	**Rating applies to**	**Publication**
Small SUV	all TIGGO 4s	December 2025



Integrated Occupant and Rescue Safety in OMODA 9

The OMODA 9, introduced to Spain in 2025, achieved a five-star Euro NCAP rating with scores of 90% for Adult Occupant Protection, 85% for Child Occupant Protection and 81% for Vulnerable Road User Protection. Its passenger compartment remained stable in the frontal-offset test, and the vehicle achieved maximum points in the side-barrier test. A far-side countermeasure reduced occupant-to-occupant contact, while its eCall system alerts emergency services and post-collision braking helps prevent secondary impacts. Euro NCAP also confirmed that the doors and windows could remain openable to support occupant escape if the vehicle became submerged.

OMODA 9

2025 | ★★★★★ Standard

Tested model	Body type	Kerb weight
OMODA 9 PHEV 'Premium', 4x4, LHD	SUV	2195 kg
Class	**Rating applies to**	**Publication**
Large SUV	all OMODA 9s	July 2025

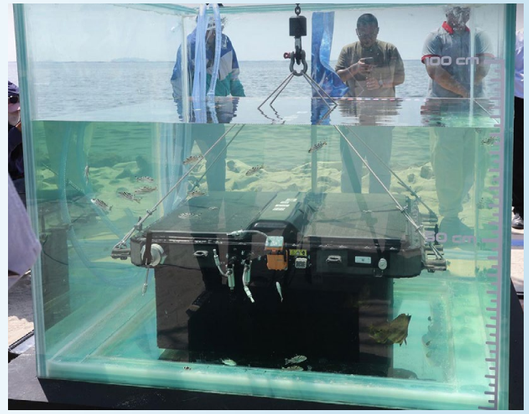


Protected Battery Architecture in OMODA 9 SHS

For the OMODA 9 SHS offered in Spain, the battery pack is positioned centrally within the M3X super-hybrid platform rather than at the vehicle's lowest point and is protected by reinforcing beams and multiple collision-load paths. Therefore, the pack can withstand up to ten tonnes of compression and meets IP68 dust-and water-resistance requirements, including certification for immersion for up to 48 hours. The MANA-Q battery-management system and intelligent safety switch automatically isolate the battery within two milliseconds of a collision to reduce short-circuit risks.

Extreme Immersion Validation for TIGGO 8 CSH

The TIGGO 8 CSH combines an IP68-rated battery pack with underbody protection reinforced by 780 MPa high-strength steel and a two-millisecond high-voltage cut-off system. In June 2025, the model's battery system underwent more than 50 hours of immersion in simulated seawater during an extreme-humidity test in Indonesia. The battery remained functional and subsequently passed installation and dynamic-driving tests. The model had entered European markets including Poland, the United Kingdom, Greece and the Czech Republic, connecting the tested battery architecture with vehicles available to European customers.



Powering Confidence: Battery Safety

Chery EU addresses battery risks through structural protection, thermal and electrical controls, continuous monitoring and validation under severe operating conditions. Battery packs are positioned and reinforced to reduce exposure to impact and underbody intrusion, while sealing and thermal-management measures help protect cells against water, dust and temperature-related risks. Battery-management and monitoring systems identify abnormal conditions, and rapid high-voltage isolation reduces the risk of short circuits following an impact. Scrape, compression, immersion and other extreme-condition tests are used to assess whether the pack can retain its structural and electrical integrity beyond routine driving conditions.

Closing the Quality Loop: Field Monitoring, Recall and Corrective Action

Post-launch quality management converts independent test findings and field signals into investigation, containment, customer communication, repair and systemic prevention. Chery's Group-level quality system requires identified defects to be analysed and addressed through corrective and preventive measures, while its internal tracing arrangements support user notification and free maintenance where defects are detected. Within Europe, country teams, customer relationship management, product, after-sales and authorised dealer functions can escalate local safety or quality feedback and coordinate owner communications and targeted inspection, repair or replacement measures. Independent safety reassessment and regulatory recall records provide additional evidence of whether identified issues have been translated into defined corrective action.

Formal recall provides a traceable route for addressing safety-related defects that may affect a defined population of vehicles after market launch. Where a recall is initiated, the response may include determining the affected models and vehicle-identification-number range, notifying the competent authority and vehicle owners, issuing technical instructions to authorised dealers, and arranging inspection and corrective work without charge to customers. Recall findings can also be incorporated into production-process and supplier controls to reduce the risk of recurrence. Chery's Group-level quality system applies recall requirements in the jurisdictions where its vehicles are sold and links product recalls with after-sales response and full-cycle component quality management.

Strategy 2: Customer Experience and Communication

Policies Related to Customer Experience and Communication

Chery EU integrates applicable European regulatory requirements with market-specific consumer protection commitments to manage customer experience, engagement, and social inclusion. We designed this unified framework to ensure fair and transparent communications, deliver consistent service standards, and broaden access to our products and engagement channels. Rather than maintaining a standalone EU-wide policy for responsible marketing or social inclusion, we currently govern these matters through this comprehensive, regulation-aligned structure.

Chery EU aligns all consumer-facing activities with stringent European standards for fair commercial practices and transparent information disclosure. We strictly adhere to the *EU Unfair Commercial Practices Directive* by eliminating misleading or aggressive tactics and implementing targeted safeguards for vulnerable consumer groups, particularly those affected by age, health conditions, or credulity. In line with the *EU Consumer Rights Directive*, Chery EU seeks to present applicable pre-contractual information clearly and comprehensibly, supporting accurate marketing, transparent product disclosures, and equitable treatment across the customer journey.

Chery EU recognises the importance of social inclusion in the context of European accessibility and equal-treatment requirements applicable to our operational practices. In line with the European Accessibility Act, Chery EU recognises the accessibility requirements applicable to the covered e-commerce services. Furthermore, guided by the *Racial Equality Directive and the Equal Treatment in Goods and Services Directive*, we actively eliminate discrimination based on race, ethnicity, or gender in public service provision. These regulatory commitments directly inform our efforts to remove accessibility barriers, promote inclusive communications, and guarantee non-discriminatory access across all customer interfaces.



Enhancing the Enjoyable Driving Experience

Chery EU considers vehicle safety an important element of the driving experience. By continuously innovating our advanced driver assistance systems, we deliver a smooth, intelligent, and effortless experience for European drivers. Whether navigating crowded city streets or cruising along scenic highways, our smart driving technologies take the stress out of daily commutes, allowing customers to fully enjoy the thrill of seamless mobility, comfort, and interactive technology on every journey.

This exceptional driving experience is built on an unyielding foundation of safety and international compliance. Chery Auto recently became the first Chinese automaker to receive the UN/ECE R171 Safety Management System Statement of Compliance from RDW and TÜV SÜD. By fully integrating functional safety, intended functionality, and AI intelligence across the entire product lifecycle, Chery Auto seeks to ensure that smart features delivered to Europe meet applicable regulatory and safety requirements, supporting both the driving experience and vehicle safety.


Statement regarding the safety management system (SMS) in the context of UN/ECE Regulation No. 171

Manufacture: Chery Automobile Co., Ltd.

Address: No. 8, Changchun Road, Economic and Technological Development Zone, Wuhu City, 241006 Anhui, P.R. China

Chongmin Zhao
TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch
Mobility GCN
2025-03-28

Chery Auto obtaining the Statement of Conformity for the UN /ECE R171 Safety Management System

A More Effortless and Enjoyable Driving Experience with OMODA 9 SHS

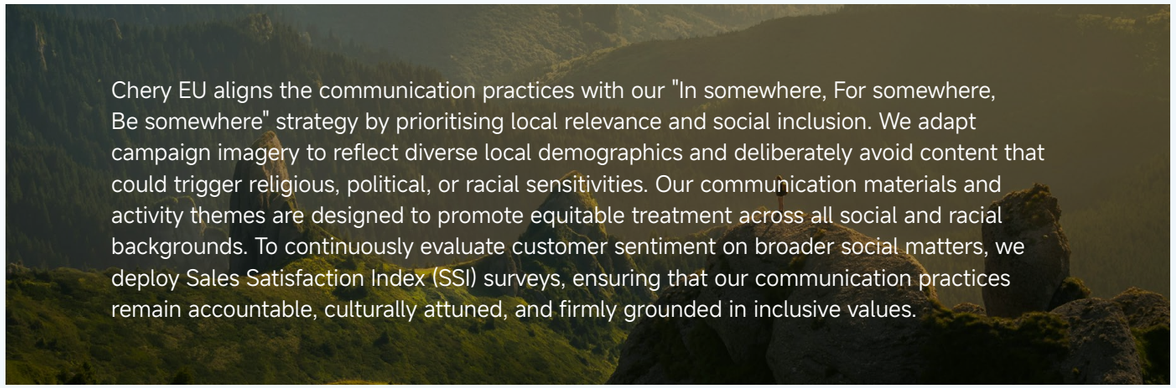
Introduced to European markets in 2025, the OMODA 9 SHS applies intelligent vehicle technologies to make everyday driving more convenient, responsive and enjoyable. Its Automatic Parking Assist and 540-degree panoramic camera support easier manoeuvring in parking and other confined spaces. Six selectable driving modes, Normal, Eco, Sport, Snow, Sand and Off-road, allow drivers to adapt the vehicle's response to different preferences and road conditions. The model's continuously controlled electromagnetic suspension monitors road-surface, body and wheel conditions in real time and adjusts damping within milliseconds. With Comfort, Standard and Sport settings, the system balances ride smoothness with more dynamic handling, creating a driving experience that is both personalised and engaging.

Strengthening Customer Communication

Chery EU establishes a multi-channel communication infrastructure to ensure transparent, accessible, and responsive interactions throughout the customer journey. We operate integrated touchpoints including public Call Centres, official social media, website portals, authorised retailers, and dedicated email and telephone lines for personal data requests. Through our Customer Care teams, we provide telephone, email, and live chat support, complemented by the Chery App for connected services and digital service requests. All inquiries and complaints are systematically routed: call centre cases are assigned to designated after-sales personnel, while digital and community feedback is transferred via our customer relationship management function to the relevant local dealer. To maintain service consistency, we incorporate dealer performance metrics into formal assessments and deliver targeted training for sales and after-sales teams, ensuring prompt and professional resolution of customer needs.

Strengthening After-sales Technical Capability in Italy

OMODA & JAECOO Italy's after-sales team worked with Generali jeniot to develop a technical training programme covering OMODA & JAECOO models imported into Italy. The programme was designed for technical personnel across the brand's Italian service-centre network, supporting the development of the skills required to service increasingly advanced and technology-intensive vehicles. A subsequent public update reported that more than 100 network technicians had participated in the training courses over a two-year period. The programme supports a more capable after-sales network and a more consistent service experience for vehicle owners.



European User Participation in the 2025 OMODA & JAECOO International User Summit

The 2025 OMODA & JAECOO International User Summit, themed "Co-Create, Co-Define", brought users and partners together to exchange views on product iteration, mobility scenarios and service upgrades through technology experiences and practical vehicle testing. European participants included Carlos Guisado from Spain and his family, who shared their experience with the OMODA & JAECOO brand alongside user representatives from other markets. The summit provided European users with an opportunity to participate in the brand's wider user dialogue and co-creation activities.



Advancing Inclusive Customer Engagement

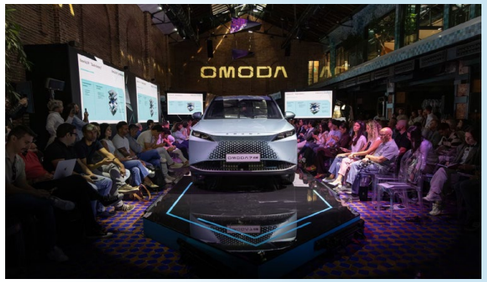
Chery EU transforms customer feedback into collaborative innovation through structured dialogue and dedicated owner communities. We conduct monthly Voice of Customer research utilising face-to-face dealership discussions, user events, social media, email, and digital interactions to capture real-time insights. These community-driven forums, organised by vehicle model and regional market, enable owners to share experiences, propose enhancements, and participate directly in shaping future products, services, and brand initiatives. All collected insights are reviewed through routine cross-functional meetings, ensuring that consumer input directly informs operational refinements and strategic planning.

Chery EU leverages co-creation to localise and enrich the customer experience. Insights from our engagement programmes have directly guided the adaptation of user activities to align with regional festivals and cultural contexts, fostering deeper community resonance. Customers can also initiate test drives, schedule maintenance, and request repairs through digital platforms, with authorised service teams collaboratively developing tailored service plans. By integrating community feedback, digital engagement tools, and localised retail partnerships, we cultivate an ongoing partnership with our users, transforming passive ownership into active, value-driven co-creation.

Driving Innovation Through User Co-Creation – OMODA 7 SHS Launch in Europe

Chery EU demonstrated our user-centric product strategy during the European launch of the OMODA 7 SHS in Madrid. As highlighted by our Product Manager for OMODA & JAECOO, we developed this model directly through a structured co-creation initiative, ensuring that collaborative user input remains central to our engineering and design processes.

We actively engage European consumers in defining the vehicle's design and performance parameters, allowing us to precisely align our offerings with local preferences and real-world driving requirements. This co-creation approach directly supported our achievement of delivering over 100,000 vehicles across Europe within 18 months, with Spain serving as our strategic launchpad to validate our market-responsive development model.



Strategy 3: Information and Privacy Security

Policies Related to Information and Privacy Security

Chery EU manages consumer privacy and personal data protection primarily in accordance with the General Data Protection Regulation (GDPR) and applicable national requirements across our European markets. Our policy approach applies to personal data processed through European consumer-facing activities and mandates that we collect and use such data lawfully, fairly, and transparently for specified purposes. We also uphold principles of data minimisation, accuracy, retention, security, and accountability, while actively supporting consumers' rights to access, correct, delete, or restrict the processing of their personal data.

Chery Auto operates under a comprehensive data compliance policy framework structured across four levels, progressing from overarching principles to management policies, procedural requirements and operational templates. Under this framework, Chery Auto has issued more than 80 formal data compliance documents, including the *General Principles of Personal Data Compliance*, the *Personal Data Compliance Training Management Regulations*, the *Privacy Impact Assessment Management Regulations*, the *IT System Data Compliance Development Management Specifications*, and the *Complete Vehicle Data Security Compliance Development Procedures*. To ensure rigorous oversight and execution, we maintain a dedicated data compliance team of more than 100 professionals. This structure includes a core team of 10+ specialists responsible for guiding and supervising compliance across all business units, alongside 90+ group-level personnel who manage hands-on compliance alignment for their respective operational divisions.

Chery Auto including Chery EU has delivered more than 100,000 cumulative training engagements to foster a robust culture of data protection and regulatory awareness. Our programmes encompass global data compliance awareness training covering Chinese data compliance requirements and GDPR key interpretations, specialised compliance modules focusing on IT-side data compliance and human resources data management, and targeted corporate communications on emerging global regulatory trends and 2026 high-penalty case analyses. Furthermore, Chery EU's information security and vehicle data protection practices follow the applicable requirements and standards established by Chery Auto. At the group level, Chery Auto's information security and vehicle data protection framework has been validated by more than 10 recognised certifications, including China's Cybersecurity Classified Protection Level 3, ISO/IEC 27701 certification for privacy information management, IVISTA's highest "G" rating for intelligent connectivity and privacy security, UN R155 and UN R156 certifications for vehicle cybersecurity and software updates, and the Vehicle Cabin Personal Information Security Protection Verification Certificate.

Responsible Data Use and Consumer Control

Chery EU places consumer transparency and control at the centre of personal data collection in European marketing and user-engagement activities. When personal information is collected for Key Opinion Consumer identification, individuals are informed of the purpose of the collection and the expected retention period. Images, likenesses and testimonials provided by users are used only after the relevant notice, disclaimer or authorisation has been completed. The Compliance team provides the required documents to individual markets, which adapt them to applicable local legal requirements. Activities involving children are subject to dedicated documentation with stricter terms and disclosure requirements.

Protecting Data across Markets and Connected Services

Chery Auto's cross-border data governance combines local deployment with compliant data transfer. The established framework includes inventories of cross-border data scenarios, assessments of transfer necessity and protection requirements, continuous monitoring and regular self-assessment. For global and regional vehicle models, the framework promotes controls such as retaining data within the vehicle where appropriate, dynamically managing permissions and dynamically anonymising data. Chery Auto also reviews functions and systems in overseas vehicle models that involve personal data, assesses them against applicable requirements such as the GDPR, and tracks the remediation of identified risks.

Strengthening Security Assurance and Operational Resilience

As we rely on group-wide digital platforms and information security infrastructure to support our European operations, our parent company's capabilities provide a critical foundation for our security assurance. Chery Auto's information security management system maintained ISO/IEC 27001 certification in 2025, covering design, research and development, production, sales, and service. Chery Auto also conducts vulnerability scanning, threat monitoring, data-loss prevention, penetration testing, and information security incident exercises, supported by coordinated security platforms. These group-level management and technical capabilities support the broader information environment on which we rely, while the certification and related activities are not presented as certifications or performance independently achieved by Chery EU.



Risk Management

Product Safety and Quality Management

To meet European homologation standards, Chery EU incorporates structural-integrity and active-safety considerations into vehicle-development and homologation processes, thereby managing product-safety and regulatory-compliance risks. Selected models offered in Europe have been independently assessed by Euro NCAP, including the OMODA 5. Chery EU has established two R&D centres in Europe: the Chery Europe R&D Institute in Raunheim, Germany, and the Chery Spain R&D Institute in Barcelona, launched in 2026. The Chery Spain R&D Institute has conducted over 1,000 crash simulations to assess whether critical vehicle structures, such as the A and B pillars, withstand rigid European impact criteria. Furthermore, by standardising UNECE R152-compliant Level 2 ADAS technology, including Autonomous Emergency Braking and Lane Keeping Assist, we ensure regulatory compliance while providing drivers with greater peace of mind.

Customer Experience and Communication

Building long-term consumer trust in key markets such as Germany and France requires consistent product information and locally accessible sales and after-sales support. Chery EU has developed customer-service and communication channels to manage risks relating to inconsistent information, service availability and consumer expectations. Chery Europe GmbH provides design and engineering support for the adaptation of products to European market requirements. Through digital channels and the provision of product and pricing information, Chery EU supports communication with consumers from test drive to post-purchase support.

Greenwashing Risks

In the context of increased regulatory scrutiny of environmental claims and product-related environmental information, Chery EU recognises greenwashing as a compliance and reputational risk. Chery EU seeks to reduce greenwashing risk by supporting environmental claims with relevant evidence and compliance review.

Chery EU uses performance data determined under the Worldwide Harmonised Light Vehicles Test Procedure (WLTP) when communicating relevant metrics for the electric models. In preparation for applicable requirements under the EU Battery Regulation, Chery EU works with relevant suppliers on battery carbon-footprint information and end-of-life battery management. EBRO-branded vehicles are assembled through the EBRO joint venture in Barcelona, and Chery EU recognises the need to assess and communicate the associated environmental effects, including transport-related emissions, accurately and transparently.



Information and Privacy Security

As connected and autonomous vehicle technologies advance, safeguarding European consumer data and maintaining strict regulatory compliance are critical operational imperatives. We treat data privacy as a fundamental pillar of user trust, strictly adhering to all provisions of the GDPR.

All telemetry and in-vehicle infotainment communication from our intelligent systems are secured using end-to-end encryption. We enforce strict user consent protocols for data collection, ensuring our smart mobility solutions remain secure, transparent, and fully compliant with UNECE cybersecurity standards.

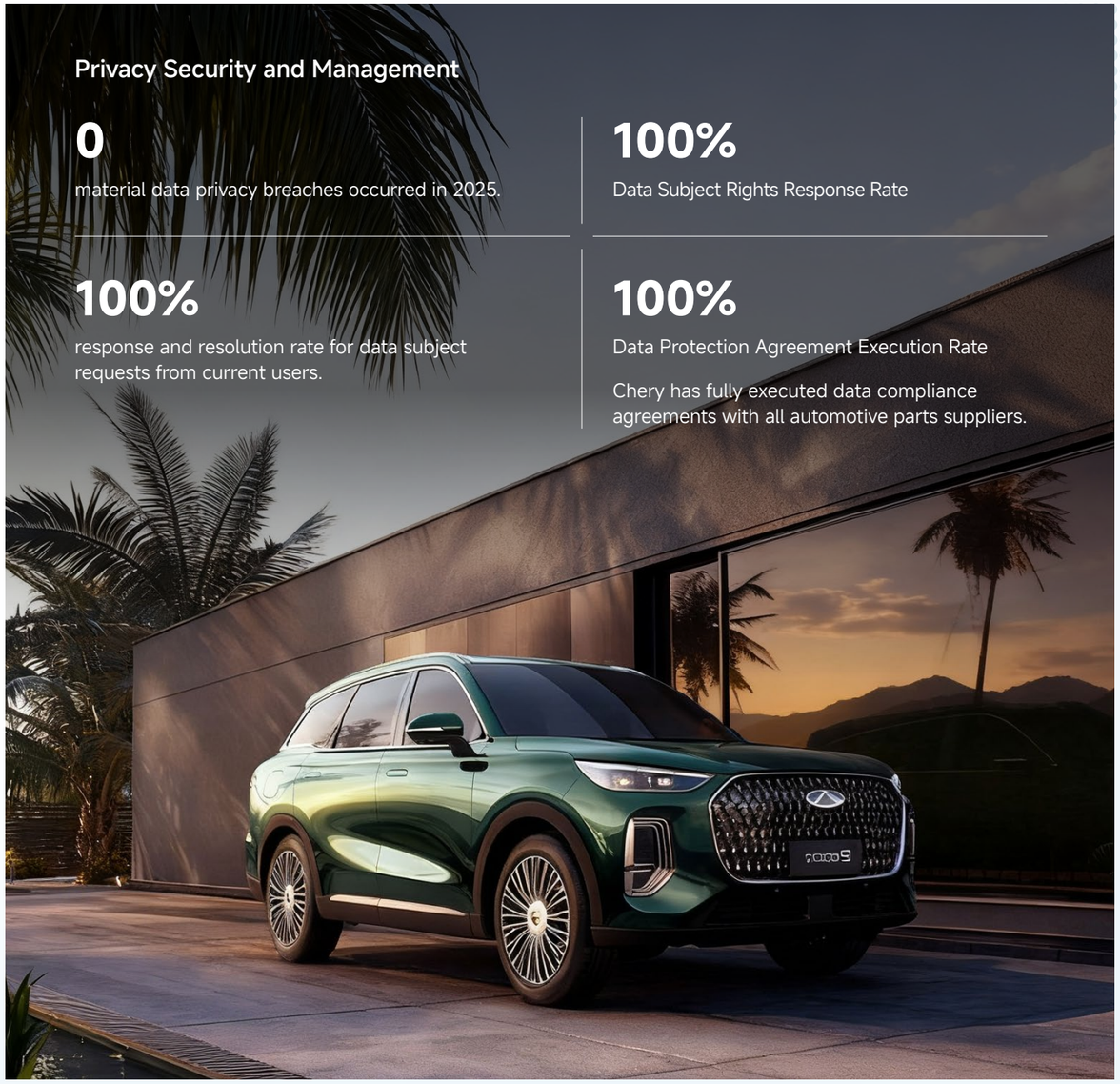
Metrics and Targets

Product Safety and Quality

Category	Unit	2025
Total Number of Vehicles Recalled	Per 10,000 vehicles	0
Number of Mandatory (non-voluntary) Recalls	Per 10,000 vehicles	0
Number of Voluntary Recalls	Per 10,000 vehicles	0
Costs incurred due to Total Recalls	€ Per 10,000 vehicles	0

Customer Experience and Satisfaction

During the Reporting Period, Chery EU employed the Sales Satisfaction Index (SSI) as a core customer experience metric across established EU markets. We have set a 2026 target of achieving an average SSI score of 9.0, applicable to markets with over six months of commercial operations. Performance is monitored through monthly consumer surveys, with sample sizes dynamically calibrated to recent sales volumes while maintaining a minimum response threshold. Survey outcomes are integrated into our monthly management review cycle, ensuring prompt identification of service gaps and systematic implementation of corrective actions to continuously elevate customer satisfaction and brand trust.



3.4

Responsible Dealership

Chery EU is building the European sales and service network together with independent dealer and distribution partners. These partners form the primary interface between our brands and European customers. How we govern this network therefore shapes how our standards are experienced by customers in practice. We are committed to embedding compliance, business ethics and sustainability standards across this downstream network, so that responsible retail practices extend all the way to the showroom.

Policies Related to Dealer Management

Chery EU's sustainability expectations for dealer partners are anchored in the top-level commitments and cascaded through dedicated implementation policies. At the highest level, the *Chery Europe Code of Conduct* sets out the fundamental principles of business conduct and encourages dealers and other business partners to adopt them. The *Chery Europe Human Rights Statement* likewise extends our expectations to dealers and other business partners, under which Chery EU provides appropriate human rights education and training to partners including suppliers and dealers.

These commitments are operationalised through dedicated policies that apply explicitly to dealers. The *Chery Europe Value Chain Human Rights Policy* applies to all business partners including dealers throughout the business relationship. The *Chery Europe Anti-Bribery and Corruption Statement* prohibits all forms of bribery and corruption, maintains anti-corruption policies consistent with the United Nations Convention against Corruption, provides whistleblower protection in accordance with applicable EU legal requirements, and subjects the functions most exposed to corruption and bribery risks, including procurement, sales, government affairs, legal and finance, to enhanced controls and regular training. Complementing these, the *Chery Europe Supply Chain Grievance Statement* provides dealers and other partners with dedicated channels to report misconduct, spanning business ethics, human rights, product quality and safety, and environmental risks, with defined timelines for assessment, investigation and feedback.

Dealer Management

Chery EU's approach builds on Chery Auto's established global dealer management system, which exercises oversight across five stages.

Admission

Rigorous reviews of prospective dealers' personnel capabilities, financial strength, operational commitment and store conditions

Development

Unified visual identity standards and third-party acceptance inspections of new stores

Inspection

A multi-layered system combining unannounced on-site inspections, announced inspections and online verification

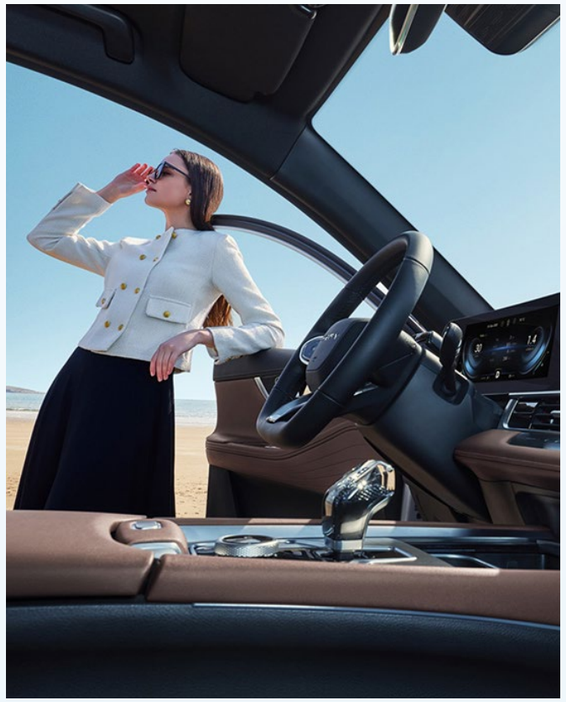
Evaluation

Defined sales and service evaluation standards and targeted improvement programmes

Survey

Dealer feedback is collected periodically and resources are allocated to training and capability building

This system is already operating in our European markets. In Spain, for example, we have held regular meetings with our principal dealers since market entry to collect their experience and suggestions on aftersales processes and network operations, and their feedback directly informs how we structure our support to the network.



Chery Auto Hosts the 2025 Global Partner Conference

On April 27, 2025, Chery Auto hosted the Global Partner Conference in Wuhu, bringing together nearly 3,000 international partners. Under the theme of shared prosperity, the event highlighted Chery Auto's transition from a high-volume exporter to a sustainable global mobility leader.

In Europe, Chery EU is accelerating the low-carbon transition by advancing sales in 2025 through new energy vehicle (NEV) expansion. Emphasising long-termism and responsible governance, Chery EU is deepening strategic alliances across Europe to co-create a fair, low-carbon, and highly resilient mobility future.



Championing the Launch of a National Dealership Association in Spain

In July 2025, the official dealer network of OMODA & JAECOO in Spain established the National Association of OMODA & JAECOO Dealers (ANCOJ), a non-profit body created to represent the common interests of the network and strengthen communication between dealers and the brand. We supported the association's formation, viewing it as an essential channel for understanding dealer needs and improving operational, commercial and strategic alignment in a period of rapid network expansion.



ANCOJ operates through a board of directors led by dealer representatives and three specialised working groups, agreed in consensus with the brand, covering sales, marketing, financing and insurance; aftersales; and network development, digitalisation and process improvement. Our support for the association is guided by two principles: democratic participation, ensuring that all dealers can be heard and have an active voice; and a constructive, proactive approach, so that the association serves as a driver of innovation and customer experience improvement. ANCOJ has since been admitted to Faconauto, the national association of Spanish car dealers, giving our dealer network a voice in the wider industry.

Establishing a Dedicated Training Centre for the Polish Network

In Poland, we supported our growing network of 50 authorised dealer points with a central parts warehouse of 2,000 m^2 in Duchnice near Warsaw, and in March 2026, we opened a dedicated training centre in Warsaw, built in under five months. More than 700 dealer and network employees had completed training by the time of its opening.



Building Dealer Network Capability in Italy

Since entering Italy in 2024, we have rapidly expanded our commercial footprint to 73 operational dealers, with 106 contracts signed by the end of 2025. To support this growing network, we established a parts distribution centre in Basiano, northeast of Milan, which manages more than 4,000 parts references and over 60,000 items in stock, processing orders daily and delivering to dealers across Italy, including the islands, within 24 hours, supported by real-time shipment tracking.

Dealer capability is reinforced through a continuous technical training programme dedicated to the Italian network, covering areas such as diagnostics, warranty and parts, together with a dedicated customer contact centre. These measures reflect our approach of building long-term network strength from the outset, ensuring that dealers are equipped to deliver consistent service quality as the market grows.



Chery EU has begun embedding sustainability requirements into the day-to-day management of the European dealer network. All dealers are required to establish channels through which consumers and end-users can provide feedback, raise complaints or submit grievances, and the operation of these channels is tracked as a mandatory dealer KPI on a monthly basis.

Responsible Marketing

Chery EU is committed to responsible marketing practices, ensuring that all product and service promotions are truthful, transparent and reliable. Under the responsible marketing provisions of the *Chery Europe Code of Conduct*, we extend the same expectation to dealers: marketing and advertising across the network must accurately represent product and service capabilities, comply with applicable advertising laws and industry standards, and provide customers with transparent and complete information to make informed purchasing decisions. The Code also links marketing to our broader responsibility commitments, from promoting healthy and sustainable mobility to taking customer feedback and complaints seriously as an input for improving products and services.

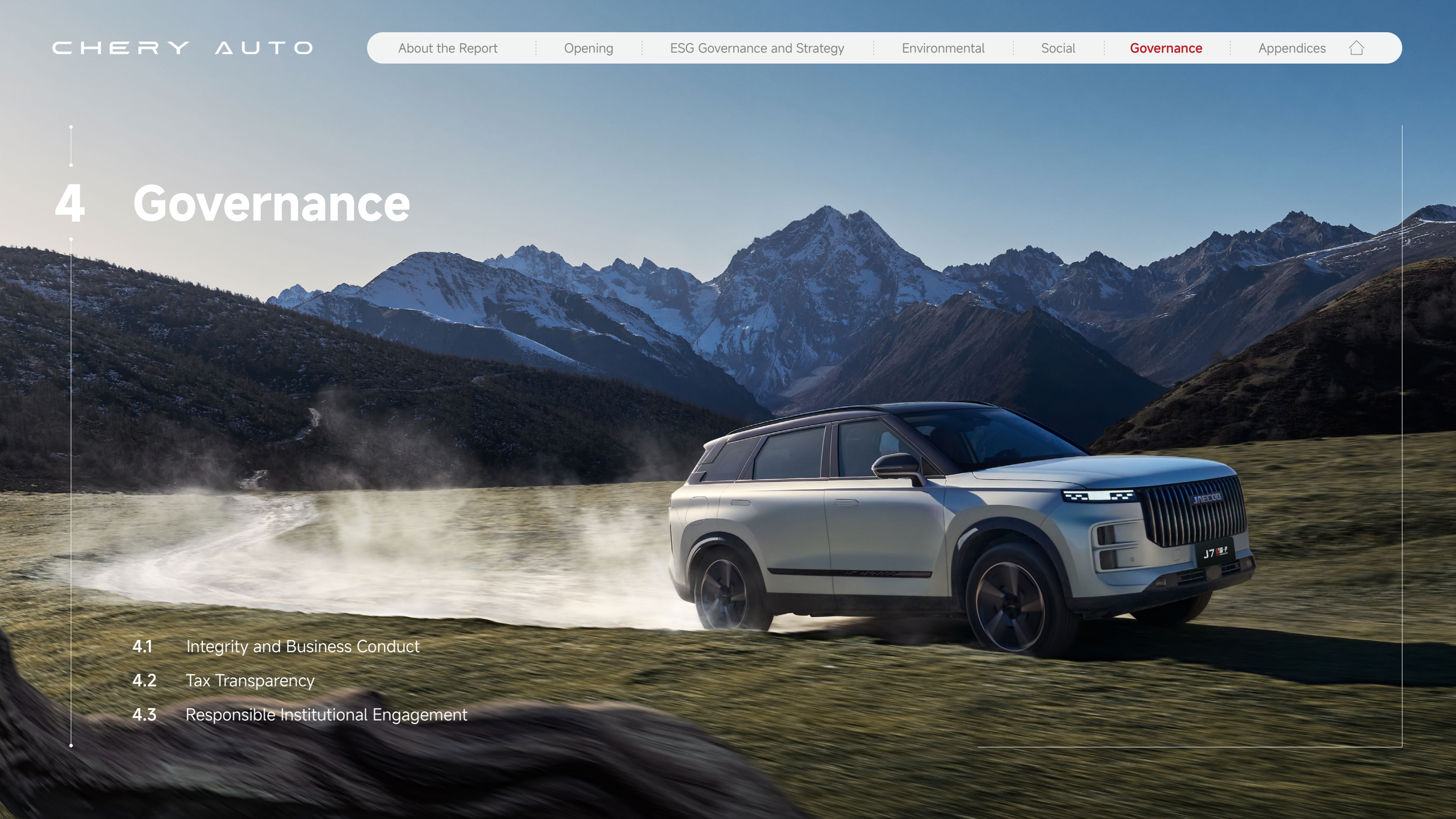
To put these principles into practices, Chery EU plans to establish a review process for dealer-facing communication and promotional materials, under which key marketing content is checked against applicable EU and national advertising rules before release.

Chery EU also rolled out responsible marketing training for dealer partners, covering product communication, brand messaging and market promotion, to ensure that dealers apply truthful, accurate and compliant communication standards in practice. During the Reporting Period, Chery Auto conducted 4,147 dealer training sessions with a participation rate of 99.7%.

Following the Reporting Period, Chery EU hosted a Responsible Marketing Workshop in January 2026 for senior management and marketing leaders across EU markets. The workshop focused on fair brand representation, anti-greenwashing, and evidence-based and transparent communication, and was intended to support the application of these principles across commercial communications and dealer-network practices.



4 Governance



4.1 Integrity and Business Conduct
4.2 Tax Transparency
4.3 Responsible Institutional Engagement

4.1
Integrity and Business Conduct

Chery EU regards integrity and transparency as the bedrock of our sustainable growth. We have established a robust governance framework focused on the *Chery Europe Code of Conduct* to cultivate a pervasive culture of compliance. We implement systematic training programmes, proactive risk monitoring, and regular effectiveness reviews. Through these measures, we strive to empower every employee and partner to uphold the highest ethical standards, ensuring accountability and reinforcing stakeholder trust across our global operations.

Integrity and Business Conduct Governance

Chery EU fosters a robust ethics and compliance culture anchored in our tiered governance framework and *Global Code of Business Conduct*. The Group maintains rigorous Board-level oversight while the Risk Control and Audit Committee coordinates alignment across regional subsidiaries and functional departments. During the Reporting Period, the Group conducted targeted compliance training for the Board, senior leadership, and key managers, focusing on anti-bribery, antitrust standards, and internal reporting protocols. The Group also explicitly links ethical conduct metrics to senior executive remuneration and routinely assesses the effectiveness of our compliance initiatives to ensure continuous improvement.

Within our European operations, the EU Management Team assumes direct accountability for adhering to regional regulatory frameworks, including the EU Whistleblower Protection Directive (2019/1937), GDPR, and competition laws. To execute these priorities, we have established a dedicated cross-functional team spanning Sustainability, Procurement, Compliance, and Legal. This team collaborates closely with Chery Auto's central functions to harmonise regional practices with global standards, operates a confidential reporting mechanism, and provides regular updates to Chery EU leadership, thereby embedding transparency and accountability across our entire value chain.



Integrity and Business Conduct Strategy

Impacts, Risks and Opportunities

Business Conduct Impacts, Risks and Opportunities

Category	IRO Description	Value Chain	Time Horizon	Anticipated Financial Effects	Strategy & Response
Potential negative impact	**Bribery and fraud** Bribery and fraud within the Company's own operations would harm those connected to its business: suppliers and dealers face unfair or distorted dealings, employees are exposed to an unethical working environment, and fair competition and trust in the market are undermined.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	/	Business Conduct Strategy 1
	Undermining market fairness Violations of antitrust law, anti-competitive practices, and irresponsible marketing by the Company, the suppliers or dealers would disrupt market order and value chain fairness.	Upstream, Own operations, Downstream	Short term	/	Business Conduct Strategy 3
Risk	**Business ethics violations** Bribery, corruption and fraud across Chery EU's value chain activities could distort procurement and weaken relationships across the upstream supply chain, compromise internal controls and sound decision-making, disrupt the dealer network, and damage the Company's reputation.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	**Margin & Cost Pressure:** Procurement inefficiencies and compliance incidents compress our gross margins through inflated costs and immediate cash outlays for internal investigations and regulatory penalties. **Revenue & Brand Value:** European supply chain and dealer network disruptions may delay deliveries and increase inventory, weighing on regional revenue. Concurrently, reputational setbacks could soften our brand equity and customer retention, ultimately impacting our long-term market value.	Business Conduct Strategy 1 and 2
	Unfair competition Violations of antitrust law, anti-competitive conduct and failure to practice responsible marketing would undermine stakeholder trust, lead to withdrawal of investors' support and expose the Company to significant penalties, threatening stable development and market competitiveness.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	**Direct Cash Outflow & Legal Provisions:** Violations of EU antitrust regulations or non-compliance with commercial marketing directives trigger substantial statutory fines. **Market Access & Top-line Growth:** Anti-competitive practices or misleading marketing claims undermine European institutional trust.	Business Conduct Strategy 3
Opportunity	**A culture of integrity** A culture of integrity strengthens the Company's reputation, which enhances the trust of Chery EU in the European market, and creates more value chain collaboration to gain greater market share and revenue.	Upstream, Own operations, Downstream	Short term, Medium term, Long term	**Operational Efficiency:** Transparent governance and robust internal controls reduce supply chain costs, compliance overhead, and fraud losses, directly strengthening our operational margins. **Revenue & Market Expansion:** A proven integrity culture builds trust with ESG-focused consumers and fleet operators, unlocking strategic partnerships and accelerating high-quality dealer onboarding to drive sustainable volume and top-line growth.	Business Conduct Strategy 1 and 2

Upstream | Own operations | Downstream | Short term | Medium term | Long term

Integrity and Business Conduct Strategy

Policies Related to Integrity and Business Conduct

Code of Conduct and Anti-Bribery

Chery EU has issued the *Chery Europe Code of Conduct* and the *Chery Europe Anti-Bribery and Corruption Statement,* which together constitute our corporate anti-corruption and business ethics framework. The policies incorporate the requirements of Directive (EU) 2026/1021 on combating corruption and applicable national anti-corruption laws across all operating member states.

The *Chery Europe Anti-Bribery and Corruption Statement* applies to all employees and business partners of Chery EU, covering all business activities including procurement, sales, marketing and government relations. It prohibits all forms of bribery, corruption, fraud, embezzlement and facilitation payments. No form of bribery or corruption is tolerated in any jurisdiction where we operate, including transactions conducted through external business partners.

The policy also addresses conflicts of interest, requiring employees to disclose any personal, financial or family relationships that could influence, or appear to influence, their business decisions. Chery EU maintains a five-step closed-loop conflict of interest management process, declaration, screening, review, handling and follow-up, covering 100% of non-frontline employees, with risk-based declaration requirements for frontline positions in high-risk functions such as procurement and sales.

Whistleblower Policy

The *Chery Europe Anti-Bribery and Corruption Statement* sets out provisions covering reporting channels, whistleblower protection and whistleblower rewards. The whistleblowing policy applies to all employees, contractors, suppliers, customers and other stakeholders who wish to report potential violations of law, regulation or company policy. It is designed to fully comply with Directive (EU) 2019/1937 (the Whistleblower Protection Directive) and national transposition laws in all operating jurisdictions. The policy guarantees the right to report concerns without fear of retaliation, ensures the confidentiality of whistleblower identities, and provides clear procedures for the handling and investigation of reports.

Value Chain Fairness

Chery EU operates in accordance with the Vertical Antitrust Red Line Checklist for EU Dealer Network Operations, which defines prohibited conduct and compliance boundaries for dealer business dealings. The checklist is developed in alignment with the EU Vertical Block Exemption Regulation (VBER), providing direct compliance guidance for the operation and management of our dealer network while mitigating anti-competitive risks.

The *Chery Europe Code of Conduct* also includes provisions on antitrust and anti-unfair competition, regulating the competitive conduct of the Company and employees in market activities, prohibiting monopolistic practices and unfair competition, and maintaining a fair and orderly competitive environment.

The *Supplier Code of Conduct of Chery Europe* sets out our expectations for suppliers in business ethics, environmental, social and compliance management. Formulated based on the Group's global *Supplier Code of Conduct* and adapted to EU regulatory and industry standards, it serves as a key basis for supplier admission review, performance evaluation and ongoing cooperation management.



Business Conduct Strategy 1: Integrity Management and Anti-Corruption

Governance Framework and Dual-Module Oversight

We have fully integrated the Group's "Sunshine Project" integrity management system into our European operations, structured around a dual-module framework. Our "Rui Dun" (Integrity Shield) module drives proactive compliance oversight, routine risk assessments, and preventive controls, while "Rui Ying" (Integrity Eagle) manages responsive investigations, disciplinary actions, and corrective remediation. This architecture creates a comprehensive closed-loop system that ensures both preventive governance and decisive enforcement.

Binding Commitments and Comprehensive Training

Chery EU mandates integrity agreements for all employees in key positions and upstream partners. In 2025, we achieved a 100% execution rate for both the *Integrity Practice Commitment Letter* among key personnel and the *Sunshine Project Integrity Agreement* with suppliers. Our anti-corruption policy is comprehensively reviewed at least every three years and disseminated across the organisation through internal platforms and targeted communications. During the Reporting Period, we delivered mandatory anti-corruption training to 100% of our workforce, supplemented by specialised sessions for senior leadership and high-risk functions.

Risk-Based Audits and Continuous Monitoring

We execute regular anti-corruption and business ethics audits across our European operations, applying a risk-based methodology to prioritise high-exposure processes in procurement, sales, and dealer management. All audit findings are formally reported to our management, with major issues escalated directly to the Group's Risk Control and Audit Committee. This structured monitoring reinforces accountability and ensures our compliance controls remain robust and adaptive.

Business Conduct Strategy 2: Transparent Grievance and Whistleblowing Channels

Accessible Reporting Channels and Whistleblower Protection

Chery EU maintains multiple secure reporting channels, including a dedicated compliance email, a business-hours hotline with voicemail, and a postal address, all supporting both named and anonymous submissions. We ensure end-to-end confidentiality for all whistleblower identities and report content, strictly adhering to applicable data protection laws and restricting access solely to authorised investigation personnel. Furthermore, we enforce a zero-tolerance policy against retaliation, explicitly prohibiting any adverse actions against whistleblowers, their families, or witnesses. Verified instances of retaliation result in strict accountability, including potential termination of cooperation or legal proceedings.

Standardised Investigation and Handling Workflow

In alignment with the *Whistleblower Protection Directive*, we manage all reports through a structured, time-bound workflow designed to ensure fairness, transparency, and efficiency. Upon receipt, each case is promptly registered and assigned a unique reference number, with acknowledgement provided within seven days where contact details are available. Following an initial scope assessment, qualified personnel conduct investigations that prioritise the due process rights of all parties, with standard cases resolved within three months and extended timelines clearly communicated. We implement appropriate corrective actions based on findings, ranging from disciplinary measures to systemic process improvements, and provide outcome feedback to identified whistleblowers within strict confidentiality constraints.

Tiered Incentive Programme and Compliance Commitment

To actively encourage the reporting of legitimate concerns, we operate a tiered whistleblower reward programme aligned with local legal requirements. Rewards are determined based on the severity of the identified compliance issue and the quality of information provided, typically calculated as a percentage of direct economic losses recovered or disciplinary fines imposed. All reward distributions are processed with absolute confidentiality, reinforcing our commitment to fostering a transparent, accountable, and ethically driven operational environment across the region.



Business Conduct Strategy 3: Fair Collaboration

Antitrust risk mapping

During the Reporting Period, Chery EU conducted a comprehensive risk mapping of anti-unfair competition and antitrust risks. In line with EU anti-unfair competition legislation, we developed a vertical anti-competitive risk list for EU dealers, defining legally prohibited conduct. For internal operations, we compiled legal risk identification lists covering high-risk areas such as procurement, vehicle sales, dealer management, after-sales services and marketing, enabling frontline personnel to avoid non-compliant operations and conduct pre-emptive risk screening before business activities commence.

Dedicated antitrust training

In 2025, Chery Auto engaged a professional law firm to deliver training on key antitrust compliance topics for the automotive sector, with Chery EU participating in the programme. Dedicated sessions were held for EU market operations, enhancing employees' awareness of fair competition requirements and strengthening our compliance culture at the operational level.

Full-lifecycle dealer network management

Chery EU maintains a comprehensive dealer management system founded on the principles of fairness, transparency and mutual benefit, encompassing the full lifecycle of dealer relationships from admission through to ongoing engagement. This structured approach ensures that our dealer network operates in full compliance with applicable laws and regulations while upholding the ethical standards of the Chery brand. For further details on the full lifecycle dealer management framework, please refer to Section 3.4 Responsible Dealership of this Report.

Responsible payment practices

Chery EU recognises that adherence to payment policies is essential to maintaining transparency and supporting fair business practices across the value chain. We pay particular attention to payment terms for small and medium-sized enterprises (SMEs) to avoid negative impacts on their financial position. We actively support the 60-day payment standard initiative, and aim to ensure the supplier payments across our operations are consistently processed in accordance with mutually agreed contractual terms.

Risk Management

Risk Identification and Prioritisation

Chery EU carefully evaluates emerging risks by weighing their potential business impact against the likelihood of occurrence. We pay close attention to uncertainties that could influence our operations, identifying those with high impact but lower predictability as key focus areas. Rather than applying a rigid hierarchy, we tailor our response strategies based on urgency and overall materiality, ensuring that critical matters receive prompt attention while maintaining steady, proactive oversight of routine risk factors.

Governance, Reporting, and Group Coordination

We maintain a continuous monitoring process where dedicated teams track risk developments and mitigation progress. Regular updates are shared with senior leadership to keep decision-makers well-informed, and time-sensitive issues are escalated through streamlined channels to enable timely action. When risks require broader alignment, we work closely with the Group to develop coordinated responses that reflect both regional insights and enterprise-wide standards. We also actively share risk intelligence across our European and global operations to ensure consistent practices and avoid oversight gaps.

Continuous Enhancement and Strategic Resilience

Our approach to risk management is designed to adapt gracefully to shifting internal and external conditions. We are steadily strengthening our early-warning capabilities and blending financial and non-financial risk indicators into a more cohesive oversight system. By encouraging open communication and proactive risk awareness throughout the organisation, we aim to cultivate a resilient operational foundation that supports sustainable growth and long-term stability across our European markets.



Metrics and Targets

Business Conduct Targets

Aligned with the Group's broader objectives, Chery EU has established the following targets:

Maintain

100 %

signing coverage of the *Integrity Commitment Letter* for key position employees

Maintain

100 %

signing coverage of the *Sunshine Project Integrity Agreement* for suppliers

Achieve

100 %

annual anti-corruption training coverage for all employees

Progressively increase anti-corruption audit coverage across European operating locations, targeting full coverage within **three** years

Maintain **zero** concluded corruption litigation cases



These targets are reviewed annually and updated to reflect changes in business operations and the regulatory environment.

Integrity and Business Conduct

Category	Unit	2025
Percentage of employees who received anti-corruption training	%	100
Percentage of key position employees who signed the *Integrity Commitment Letter*	%	100
Percentage of suppliers who signed the *Sunshine Project Integrity Agreement*	%	100
Number of confirmed corruption cases	Case	0
Number of concluded corruption litigation cases	Case	0



4.2

Tax Transparency

Tax transparency is a fundamental component of responsible market presence. Through an effective multi-layered tax governance mechanism, we ensure the compliance, transparency and fairness of our tax operations, contributing stably to the public finances of every European country in which we operate.

The provisions on financial integrity and tax compliance in the *Chery Europe Code of Conduct* prohibit employees and third parties from engaging in or facilitating tax evasion in any form. We are committed to building transparent and constructive relationships with all relevant tax authorities. These provisions define the fundamental principles and behavioural boundaries of tax management and mitigate tax compliance risks. Our tax governance follows the OECD's Base Erosion and Profit Shifting (BEPS) guidelines and the EU Anti-Tax Avoidance Directive (ATAD).

Chery EU's tax governance operates within the broader Chery Auto tax management framework, comprising four layers with clear accountability:

Governance Level	Responsibilities
Board of Directors	Approves tax policies and oversees the annual Country-by-Country Report (CbCR)
Risk Control and Audit Committee	Supervises internal control effectiveness, reviews external tax assurance audits and examines high-risk transactions
Tax Department	Develops tax policies and systems, implements transfer pricing and maintains the tax risk map
Business and Regional Tax Teams	Execute tax filings, collect country-specific data and monitor regulatory changes in their respective jurisdictions

This multi-layered structure ensures tax management is integrated into both strategic decision-making and day-to-day operations, with clear accountability at each level.

Regulatory monitoring and risk management

We continuously monitor developments in EU tax regulations and conduct dedicated research on frontier and complex policy matters, including value-added tax reforms, consumption tax adjustments and tariff changes, ensuring our tax operations strictly comply with all applicable policy requirements. We have established a systematic mechanism for collecting country-specific tax data and are continuously optimising our tax management platform to enhance compliance. Through regular analysis of key regional tax environments, we identify and manage risks related to material tax administration matters.

Local economic contribution

Beyond tax compliance, Chery EU contributes to the economies of European countries through multiple channels:

Contribution Channel	Description
Direct employment	Creating local jobs across sales, marketing, after-sales service, R&D and administrative functions in EU member states
Indirect employment	Supporting employment in our dealer network, supplier base and logistics partners
Local investment	Investing in R&D facilities and training programme
Technology transfer	Bringing advanced automotive technology and know-how to European markets through joint ventures and partnerships
Industrial development	Contributing to the development of local automotive ecosystems, particularly in electrification and intelligent mobility

Management Metrics

Category	Unit	2025
Number of tax disputes or litigation proceedings	Case	0

4.3

Responsible Institutional Engagement

We uphold transparency and integrity in all external engagement, operating in strict compliance with laws and regulations governing influence activities while applying rigorous controls over political donations. Chery EU's institutional engagement is guided by a single principle: to contribute constructively to fair, transparent, and sustainable market practices, without seeking improper advantage.

Policies Related to Institutional Engagement

The *Chery Europe Code of Conduct* includes provisions on political donations that regulate interactions with political parties, political figures and related institutions. These provisions prohibit political contributions of any form, whether direct or indirect, ensuring political neutrality while preventing improper benefit transfers and related compliance risks. The policy fully complies with EU and national rules on political financing and lobbying transparency.

Institutional Engagement Strategy

Chery EU exercises control over all political donations to ensure no political contributions of any form are made, including but not limited to the provision of funds, materials or other benefits to political parties, political figures and related institutions. We require all employees and business partners to jointly uphold the political activities compliance system, and any suspicious circumstances must be reported immediately through compliance channels.

During the Reporting Period, we confirm the following:

- Chery EU made **no political donations**, direct or indirect, for the purpose of influencing political campaigns or legislative activities
- Chery EU was **not subject to any external investigations** for transparency or integrity violations in dealings with government authorities
- **None** of the members appointed to administrative, management or supervisory bodies held a comparable position in public administration or government within the two years preceding their appointment



Industry Association Participation

Chery EU actively participates in national automotive industry associations across key EU markets to contribute to the development of fair, transparent and sustainable market practices. Through these memberships, we engage in dialogue with policymakers, regulators and industry peers on issues relevant to the automotive sector, including sustainability standards, safety regulations and market access requirements. Our participation is conducted in accordance with applicable laws and our Code of Conduct, and we maintain strict political neutrality in all such engagements.

Standing Behind Spanish Football as Official Sponsor of the National Teams

In May 2025, our joint venture EBRO signed a sponsorship agreement with the Royal Spanish Football Federation (RFEF), becoming an official sponsor and the official vehicle of Spain's men's, women's and Under-21 national teams through August 2028, with an option to extend to 2030. At the presentation event in June 2025, EBRO factory workers in Barcelona signed two national team jerseys, which were presented to players Unai Simón and Dani Olmo, connecting the plant's workforce with the teams the brand supports. During 2025, the partnership was already visible at the UEFA Nations League Finals and the Women's Euro, and in December 2025 it was extended to the Spanish Super Cup, where EBRO serves as the official car. Through this long-term alliance, EBRO supports football as a shared source of pride and positive values such as effort, commitment and teamwork in the communities where it operates.

Returning to the Dakar Rally with Laia Sanz

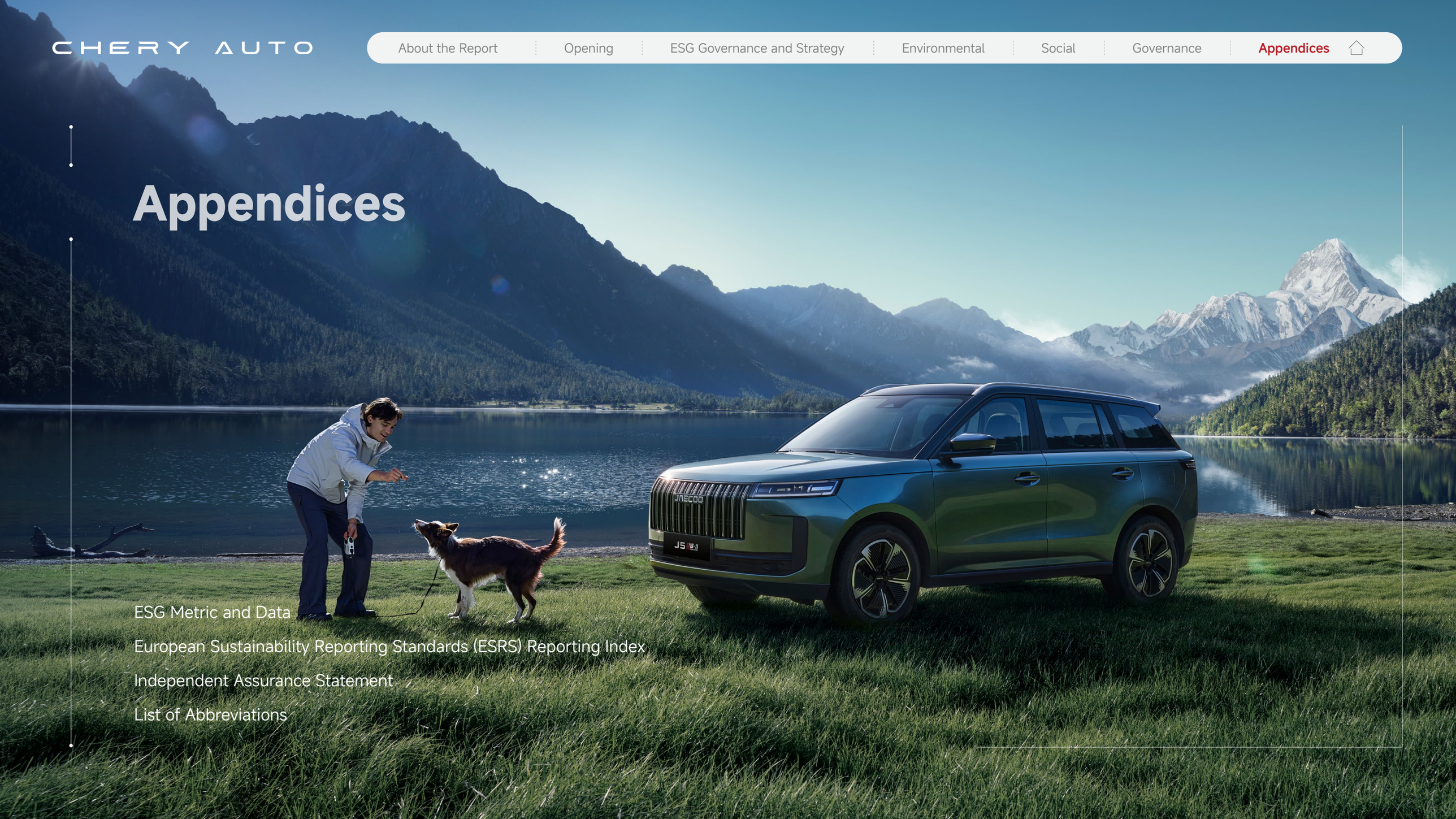
In December 2025, EBRO announced that Laia Sanz, the most decorated female driver in motorsport history with twenty world titles, including 14 consecutive Dakar finishes, would lead the newly formed EBRO Audax Motorsport team at the Dakar Rally, driving the EBRO S800 XRR prototype. In January 2026, the team completed its debut at the world's toughest rally: after covering nearly 8,000 kilometres across 13 stages in Saudi Arabia, Sanz and co-driver Maurizio Gerini finished 20th overall, with standout stage results of 13th and 14th. The debut also produced one of the rally's memorable gestures of sportsmanship, when Sanz stopped to tow fellow Spanish driver Nani Roma back to the bivouac so he could continue the race, an act of solidarity that embodies the teamwork and perseverance we seek to promote through sport. For us, the Dakar project goes beyond competition: it brings our engineers, mechanics and factory teams together around a shared challenge, and embodies the values of effort, perseverance and teamwork that we seek to promote through sport.

Management Metrics

Category	Unit	2025
Total amount of political donations	€	0
Number of external investigations for transparency / integrity violations in dealings with government authorities	Case	0
Number of board members who held public administration / government positions in the preceding two years	Persons	0



Appendices



ESG Metric and Data
European Sustainability Reporting Standards (ESRS) Reporting Index
Independent Assurance Statement
List of Abbreviations

ESG Metric and Data

Environmental

GHG Emissions (Scope 1&2)

Metric	Unit	2025
Total emissions (Scope 1&2)	tCO_2e	562.79
Direct emissions (Scope 1)[21]	tCO_2e	477.93
Indirect emissions (Scope 2)[22]	tCO_2e	84.86

GHG Emissions (Scope 3)

Metric	Unit	2025
Total emissions (Scope 3)[23]	tCO_2e	4,240,399.09
1. Purchased Goods and Services	tCO_2e	2,215,006.29
2. Capital Goods	tCO_2e	299.38
3. Fuel and Energy-related Activities	tCO_2e	138.80
4. Upstream Transportation and Distribution	tCO_2e	87,162.56
5. Waste Generated in Operations	tCO_2e	-
6. Business Travel	tCO_2e	582.32
7. Employee Commuting	tCO_2e	373.68
8. Upstream Leased Assets	tCO_2e	161.34
9. Downstream Transportation and Distribution[24]	tCO_2e	-
10. Processing of Sold Products	tCO_2e	2,975.00
11. Use of Sold Products	tCO_2e	1,863,547.77
12. End-of-life Treatment of Sold Products	tCO_2e	56,718.17
13. Downstream Leased Assets[25]	tCO_2e	-
14. Franchises	tCO_2e	12,244.18
15. Investments	tCO_2e	1,189.60

Energy Consumption

Metric		Unit	2025
Total Energy Consumption		MWh	2,047.52
Fuel	Consumption	MWh	1,763.68
	Share of total energy consumption	%	86.14
Electricity	Consumption	MWh	283.84
	Share of total energy consumption	%	13.86

[21] Scope 1 emissions cover gasoline consumed by company-operated vehicles in the Spain Subsidiary, Italy, the Netherlands and Poland. For certain subsidiaries, fuel-consumption data were not collected because they had not commenced substantive operations during 2025 or operated from temporary office premises. No stationary-combustion or fugitive-emission sources were identified through the current data-collection process.

[22] Scope 2 emissions cover purchased grid electricity used by the Spain Subsidiary, the Chery Spain R&D Institute, Italy, the Netherlands, the Chery Europe R&D Institute and Poland. Electricity used for company-owned electric-vehicle charging in Italy, the Netherlands and Poland is also included as purchased electricity. For certain subsidiaries, electricity-consumption data were not collected because they had not commenced substantive operations during 2025 or operated from temporary or shared office premises where electricity consumption was not separately metered or billed. These data gaps should not be interpreted as indicating that no electricity was consumed.

[23] During the Reporting Period, Chery EU did not undertake vehicle manufacturing activities and relied on finished vehicles and KD components imported from Chery Auto. Accordingly, the upstream emissions associated with the manufacture of these vehicles and components are accounted for under Scope 3 Category 1. Given the material- and energy-intensive nature of vehicle production and the volume of vehicles and components purchased, Category 1 represents a significant proportion of Chery EU's greenhouse gas emissions.

[24] Downstream Transportation and Distribution is included in Category 4 calculations based on the Well-to-Wheel standard.

[25] Chery EU did not own assets that were leased to and operated by third parties during the Reporting Period.

Electrified Vehicles

Metric	Unit	2025
Percentage of Electrified Vehicles in Total EU Sales[26]	%	72.66
HEV	%	17.41
PHEV	%	51.25
BEV	%	4.00

Key Material and Secondary Resource

Metric		Unit	2025
key material[27]			
The total weight of key material		tonnes	156,677.42
Steel	Weight	tonnes	101,948.17
	Share of total key-material weight	%	65.07
Aluminium	Weight	tonnes	27,024.76
	Share of total key-material weight	%	17.25
Plastics	Weight	tonnes	27,704.49
	Share of total key-material weight	%	17.68

Metric		Unit	2025
Product recyclability			
Exlantix ES BEV	Reusability rate	%	88.30
	Recoverability rate	%	97.30
Exlantix ET BEV	Reusability rate	%	88.50–88.70[28]
	Recoverability rate	%	97.10–97.90
JAECOO 5 ICE	Reusability rate	%	86.70
	Recoverability rate	%	96.60
JAECOO 5 BEV	Reusability rate	%	89.40
	Recoverability rate	%	97.20
TIGGO 8 PHEV	Reusability rate	%	87.80
	Recoverability rate	%	97.30
OMODA 5 ICE	Reusability rate	%	86.90
	Recoverability rate	%	97.80
JAECOO 7 ICE	Reusability rate	%	86.20–87.10[29]
	Recoverability rate	%	96.60–96.90
JAECOO 7 PHEV	Reusability rate	%	86.30
	Recoverability rate	%	97.10
OMODA 9 PHEV	Reusability rate	%	86.10
	Recoverability rate	%	97.70–98.00[30]
TIGGO 9 PHEV	Reusability rate	%	88.20
	Recoverability rate	%	98.10
Packaging Recyclability			
Proportion of renewable packaging materials[31]		%	84.12

[26] Data sourced from the volume of vehicles shipped to the EU during the Reporting Period.

[27] The annual weight of each key material — steel, aluminium and plastics — is calculated using model-specific material-composition data and annual vehicle sales.

[28] For the reusability rate, 88.50% applies to the two-wheel-drive variant and 88.70% to the four-wheel-drive variant. For the recoverability rate, 97.10% applies to the two-wheel-drive variant and 97.90% to the four-wheel-drive variant.

[29] The two-wheel-drive variant records rates of 86.20% and 96.60%, while the four-wheel-drive variant records rates of 87.10% and 96.90%.

[30] The reusability rate for both the long-range and short-range variants of the Omoda 9 PHEV is 86.10%, while their respective recoverability rates are 97.70% and 98.00%.

[31] The 2025 packaging figure is based on the proportion of renewable packaging materials reported by Chery Auto. Vehicles and components supplied to Chery EU are predominantly sourced from Chery Auto, and their associated packaging generally follows Group-level packaging specifications and supply arrangements. In the absence of separately consolidated packaging-composition data for Chery EU, the Group-level figure of 84.12% is used as an indicative proxy for the circularity of packaging associated with Chery EU's European operations. For the Group's vehicle packaging mix, materials classified as renewable under the domestic reporting methodology largely overlap with materials designed for recyclability under European packaging criteria, although the two metrics follow different definitions and are not treated as equivalent. Chery EU plans to progressively improve the collection and consolidation of market-specific packaging data to support more direct, ESRS-aligned measurement in future reporting periods.

Social

Chery EU Employee Profile

Metric		Unit	2025
Total number of employees		Persons	216
By nationality	Spanish (ratio)	Persons (%)	62 (28.70%)
	Polish (ratio)	Persons (%)	47 (21.76%)
	Italian (ratio)	Persons (%)	41 (18.98%)
	Others (ratio)	Persons (%)	66 (30.56%)
By gender	Male (ratio)	Persons (%)	124 (57.41%)
	Female (ratio)	Persons (%)	92 (42.59%)
By employment type	Permanent (ratio)	Persons (%)	216 (100%)
	Temporary (ratio)	Persons (%)	0 (0)
Female representation in top management		%	14.3

Chery EU Turnover and Employee Pay

Metric	Unit	2025
Employees who left during the Reporting Period	Persons	4
Employee turnover rate	%	2.57
Annual remuneration ratio: highest-paid individual / median employee	Ratio	4.8
Gender pay gap ratio	%	14.8

Chery EU Employee Rights and Safety and Health

Metric	Unit	2025
Collective bargaining coverage	%	100
Collective bargaining coverage in Spain (significant EEA country)	%	100
Employees covered by occupational safety and health management system	%	100
Employee fatalities from recordable work-related accidents	Persons	0
Fatalities from recordable work-related ill health among employees	Persons	0
Recordable work-related accidents	Case	0
Recordable work-related accident rate	Case/1,000,000 working hours	0

Product Safety and Quality

Metric	Unit	2025
Total Number of Vehicles Recalled	Per 10,000 vehicles	0
Number of Mandatory (non-voluntary) Recalls	Per 10,000 vehicles	0
Number of Voluntary Recalls	Per 10,000 vehicles	0
Costs incurred due to Total Recalls	€ Per 10,000 vehicles	0
Material data privacy breaches	Case	0
Data subject rights response and resolution rate	%	100

Governance

Integrity and Business Conduct

Metric	Unit	2025
Percentage of employees who received anti-corruption training	%	100
Percentage of key position employees who signed integrity commitment letters	%	100
Percentage of suppliers who signed Sunshine Project integrity agreements	%	100
Number of confirmed corruption cases	Case	0
Number of concluded corruption litigation cases	Case	0

Political Influence

Metric	Unit	2025
Total amount of political donations	€	0
Number of external investigations for transparency/integrity violations in dealings with government authorities	Case	0
Number of board members who held public administration/government positions in the preceding two years	Persons	0

European Sustainability Reporting Standards (ESRS) Reporting Index

General Disclosures

ESRS 2 General Disclosures

Indicator	Metric	Content
ESRS 2 BP-1	Basis for preparation of the sustainability statement	About the Report
ESRS 2 BP-2	Specific information if the undertaking uses phasing-in options	Our DMA Approach
ESRS 2 GOV-1	The role of the administrative, management, and supervisory bodies in relation to sustainability	Sustainability-Centred Decision Making
ESRS 2 GOV-2	Integration of sustainability-related performance in incentive schemes	Sustainability-Centred Decision Making
ESRS 2 GOV-3	Statement on due diligence	Risk Management
ESRS 2 GOV-4	Risk management and internal controls over sustainability reporting	ESG Risk Management and Data Quality
ESRS 2 SBM-1	Strategy, business model and value chain	ESG Strategic Framework
ESRS 2 SBM-2	Interests and views of stakeholders	Stakeholder Engagement
ESRS 2 SBM-3	Interaction of material impacts risks and opportunities with strategy and business model, and financial effects	Our DMA Approach
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported	Our DMA Approach
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Our DMA Approach

Indicator	Metric	Content
ESRS 2 GDR-A	General Disclosure Requirement for actions and resources	Climate Change Resource Circularity Biodiversity and Environmental Management Employment and Talent Management Sustainable Supply Chain Safety and Customer Satisfaction Responsible Dealership Integrity and Business Conduct Tax Transparency Responsible Institutional Engagement
ESRS 2 GDR-P	General Disclosure Requirement for policies	Policies to Manage Material Sustainability Topics
ESRS 2 GDR-M	General Disclosure Requirement for metrics	Metrics and Targets of each section
ESRS 2 GDR-T	General Disclosure Requirement for targets	

Material Topics

E1 Climate Change

Indicator	Metric	Content
ESRS 2 GOV-2	Integration of sustainability-related performance in incentive schemes	Climate Change Governance
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Climate Change Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Climate Change Strategy
ESRS E1-1	Transition plan for climate change mitigation	Climate Change Strategy
ESRS E1-2	Identification of climate-related risks and scenario analysis	Climate Change Strategy
ESRS E1-3	Resilience in relation to climate change	Climate Change Strategy Risk and Opportunity Management
ESRS E1-4	Policies related to climate change mitigation and adaptation	Climate Change Strategy
ESRS E1-5	Actions and resources in relation to climate change mitigation and adaptation	Climate Change Strategy
ESRS E1-6	Targets related to climate change	Metrics and Targets
ESRS E1-7	Energy consumption and mix	Metrics and Targets
ESRS E1-8	Gross scope 1, 2, 3 GHG emissions	Metrics and Targets
ESRS E1-9	GHG removals and GHG mitigation projects financed through carbon credits	In 2025, Chery EU has no involvement in any GHG removals or GHG mitigation projects financed through carbon credits.
ESRS E1-10	Internal carbon pricing	Metrics and Targets
ESRS E1-11	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Within the content of Climate Change Strategy, Chery EU has provided qualitative disclosures on the anticipated financial effects of material physical and transition risks, along with potential climate-related opportunities. Quantitative disclosure is established as a strategic objective for future reporting cycles.

E4 Biodiversity and Ecosystems

Indicator	Metric	Content
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Biodiversity Management Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Biodiversity Management Strategy
ESRS E4-1	Biodiversity and ecosystems transition plan	Within the content of Biodiversity Management Strategy, Chery EU has provided actions regarding biodiversity protection. The disclosure of transition plan based on LEAP assessment is established as a strategic objective for future reporting cycles.
ESRS E4-2	Policies related to biodiversity and ecosystems	Biodiversity Strategy
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	Biodiversity Management Strategy Policies related to Biodiversity
ESRS E4-4	Targets related to biodiversity and ecosystems	Metrics and Targets
ESRS E4-5	Metrics related to biodiversity and ecosystems change	Biodiversity Management Strategy

E5 Resource Use and Circular Economy

Indicator	Metric	Content
ESRS 2 GOV-2	Integration of sustainability-related performance in incentive schemes	Resource Circularity Governance
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Resource Circularity Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Resource Circularity Strategy
ESRS E5-1	Policies related to resource use and circular economy	Resource Circularity Strategy
ESRS E5-2	Actions and resources related to resource use and circular economy	Resource Circularity Strategy Risk Management
ESRS E5-3	Targets related to resource use and circular economy	Metrics and Targets
ESRS E5-4	Resource inflows	Metrics and Targets
ESRS E5-5	Resource outflows	Metrics and Targets

S1 Own Workforce

Indicator	Metric	Content
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Employment and Talent Management Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Employment and Talent Management Strategy
ESRS S1-1	Policies related to own workforce	Employment and Talent Management Strategy
ESRS S1-2	Engagement with own workforce and workers' representatives, existence of channels to raise concerns or needs and approaches to remedy	Employment and Talent Management Strategy Risk Management
ESRS S1-3	Actions and resources related to own workforce	Employment and Talent Management Strategy Risk Management
ESRS S1-4	Targets related to own workforce	Metrics and Targets
ESRS S1-5	Characteristics of the undertaking's employees	Metrics and Targets
ESRS S1-6	Characteristics of non-employees in the undertaking's own workforce	At Chery EU, we are not aware of any such matters.
ESRS S1-7	Collective bargaining coverage and social dialogue	Risk Management Metrics and Targets
ESRS S1-8	Gender diversity in top management	Metrics and Targets
ESRS S1-9	Adequate wages	Employment and Talent Management Strategy Metrics and Targets
ESRS S1-10	Social protection	Employment and Talent Management Strategy
ESRS S1-11	Persons with disabilities	Employment and Talent Management Strategy
ESRS S1-12	Training and skills development metrics	Employment and Talent Management Strategy
ESRS S1-13	Health and safety metrics	Employment and Talent Management Strategy Metrics and Targets
ESRS S1-14	Work-life balance metrics	Employment and Talent Management Strategy
ESRS S1-15	Remuneration metrics	Employment and Talent Management Strategy Metrics and Targets
ESRS S1-16	Incidents of discrimination and other human rights incidents	Risk Management Metrics and Targets

S2 Workers in the Value Chain

Indicator	Metric	Content
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Supply Chain Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Supply Chain Strategy
ESRS S2-1	Policies related to workers in the value chain	Supply Chain Strategy
ESRS S2-2	Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy	Supply Chain Strategy Risk Management
ESRS S2-3	Actions and resources related to workers in the value chain	Supply Chain Strategy Risk Management Metrics and Targets
ESRS S2-4	Targets related to workers in the value chain	Metrics and Targets

S4 Consumers and end-users

Indicator	Metric	Content
ESRS 2 GOV-2	Integration of sustainability-related performance in incentive schemes	Safety and Customer Satisfaction Governance
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Safety and Customer Satisfaction Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Safety and Customer Satisfaction Strategy
ESRS S4-1	Policies related to consumers and end-users	Safety and Customer Satisfaction Strategy Policies Related to Dealer Management
ESRS S4-2	Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy	Safety and Customer Satisfaction Strategy
ESRS S4-3	Actions and resources related to consumers and end-users	Safety and Customer Satisfaction Strategy Risk Management Dealer Management Responsible Marketing
ESRS S4-4	Targets related to consumers and end-users	Metrics and Targets

G1 Business Conduct

Indicator	Metric	Content
ESRS 2 GOV-1	The role of the administrative, management, and supervisory bodies in relation to sustainability	Integrity and Business Conduct Governance
ESRS 2 SBM-3	Interaction of material impacts, risks and opportunities with strategy and business model, and financial effects	Integrity and Business Conduct Strategy
ESRS 2 IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Integrity and Business Conduct Strategy
ESRS G1-1	Policies related to business conduct	Integrity and Business Conduct Strategy Tax Transparency Responsible Institutional Engagement
ESRS G1-2	Actions related to business conduct	Integrity and Business Conduct Strategy Supply Chain Strategy Dealer Management
ESRS G1-3	Targets related to business conduct	Metrics and Targets
ESRS G1-4	Metrics related to corruption or bribery	Metrics and Targets
ESRS G1-5	Metrics related to political influence, including lobbying activities	Responsible Institutional Engagement
ESRS G1-6	Metrics related to payment practices	Integrity Business Conduct Strategy

Independent Assurance Statement

TÜVNORD

Assurance Statement: No.CN-202609-CSR-03

Assurance Statement

TÜV NORD (Hangzhou) Co., Ltd. (hereinafter referred to as "TNHZ") was entrusted by O&J Automotive Netherlands B.V. (hereinafter referred to as "Chery EU" or "the Company") to perform an independent third-party assurance on the selected performance information and data in Chery EU's 2025 Sustainability Report (hereinafter referred to as "The Report").

The Company is responsible for collecting, analyzing, summarizing, and disclosing the information mentioned in the Report. TNHZ carried out this work (Report Assurance) within the scope of authority recognized in the agreement with the Company. The Company is the designated user of this statement.

This statement is based on selected performance information and data in Chery EU's 2025 Sustainability Report, and Chery EU is responsible for the integrity and authenticity of the information and data in the ESG Report.

User of the Assurance Statement:

This Assurance Statement is provided to all stakeholders of O&J Automotive Netherlands B.V.

Assurance Scope:

This assurance covers the Company's operating entities in the EU during the reporting period, with a focus on verifying the following indicators referred from European Sustainability Reporting Standards (based on Chery EU's requirements).

Climate Change	Transition plan for climate change mitigation
	Identification of climate-related risks and scenario analysis
	Resilience in relation to climate change
	Policies related to climate change mitigation and adaptation
	Actions and resources in relation to climate change mitigation and adaptation
	Targets related to climate change
	Energy consumption and mix
	Gross Scope 1, Scope 2, and Scope 3 GHG emissions
	Internal carbon pricing
Biodiversity and Ecosystems	Policies related to biodiversity and ecosystems
	Actions and resources related to biodiversity and ecosystems
	Targets related to biodiversity and ecosystems
	Metrics related to biodiversity and ecosystems change
Resource Use and Circular Economy	Policies related to resource use and circular economy
	Actions and resources related to resource use and circular economy
	Targets related to resource use and circular economy
	Resource inflows
	Resource outflows
Own Workforce	Policies related to own workforce
	Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy
	Actions and resources related to own workforce
	Targets related to own workforce
	Characteristics of the undertaking's employees
	Collective bargaining coverage and social dialogue

TÜVNORD

Assurance Statement: No.CN-202609-CSR-03

	Gender diversity in top management
	Adequate wages
	Social protection
	Persons with disabilities
	Training and skills development metrics
	Health and safety metrics
	Work-life balance metrics
	Remuneration metrics
	Incidents of discrimination and other human rights incidents
Workers in the Value Chain	Policies related to workers in the value chain
	Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy
	Actions and resources related to workers in the value chain
	Targets related to workers in the value chain
Consumers and End-users	Policies related to consumers and end-users
	Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy
	Actions and resources related to consumers and end-users
	Targets related to consumers and end-users
Business Conduct	Policies related to business conduct
	Actions related to business conduct
	Targets related to business conduct
	Metrics related to corruption or bribery
	Metrics related to political influence, including lobbying activities
	Metrics related to payment practices

Reporting Disclosure Criteria:

EU's European Sustainability Reporting Standards (ESRS)

the Task Force on Climate-related Financial Disclosures (TCFD)

Assurance Standard and Level:

International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Level: Limited Assurance.

Assurance Procedures Performed:

This limited assurance engagement is conducted based on the risk-based approach, taking into account the ESRS disclosure requirements, the company's industry characteristics, domestic and cross-border operational risks, and the maturity of data internal controls. The following core procedures are performed:

- Risk Assessment and Planning: Identify material disclosure topics, high-risk indicators, and risks of misstatement; and develop a tailored assurance planning according to Chery EU's requirement.
- Interviews and Process Reviews: Conduct targeted interviews with management and operational staff in key departments, including sustainability management, ESG, HR, supply chain, legal and compliance, to understand the end-to-end processes of data generation, aggregation, approval, and disclosure.
- Document Review: Sample and examine supporting evidence, including management policies, Chery Automobile Co., Ltd's ESG report, log/tally records, annual report, compliance certificates, energy invoice, meeting minutes, and related

files.

- Data Analysis and Re-calculation Verification: Perform independent re-calculation of core quantitative indicators, conduct fluctuation analyses, verify the consistency of definitions and calculation methodologies, verify the reasonableness of the calculation formulas and the sources of the related parameters, and check data consistency across different systems and geographical regions.
- Selective Sampling Tests: Conduct selective sampling and verification of the source records for high-risk indicators and high-attention indicators.
- Completeness Review: Check the completeness of disclosures against the ESRS disclosure checklist, and identify any missing disclosures, omitted negative information, or misleading statements.

Assurance Conclusion:

TNHZ conducted the report assurance on the performance information listed in the above assurance scope in accordance with the limited assurance requirements of the International Auditing and Assurance Standards Board's ISAE3000, International Standard on Assurance Engagements (ISAE) 3000 (Revised).

During the assurance process, the audit team performed evidence collection following TNHZ's Report Assurance Implementation Rules SC-P-A015 Rev.00 and reached the following conclusions:

- Based on the limited assurance procedures we performed in accordance with ISAE 3000, nothing has come to our attention that causes us to believe that the specified sustainability performance indicator data within the scope of this assurance engagement, prepared by Chery EU management, contains material misstatements.
- This conclusion relates only to the Chery EU-specified performance indicator data described above and does not apply to other information in the sustainability report. We do not express an opinion on the sustainability report as a whole.

Assurance Limitations:

- This assurance only sampled part of the original data sources for performance data and did not conduct a verification of all data sources.
- This assurance only interviewed with internal stakeholders and did not conduct interviews with external stakeholders.
- Due to geographical, regulatory, and on-site constraints affecting the Company's overseas operating entities, alternative procedures such as remote document review, video interviews, and ledger verification were adopted; such procedures are subject to inherent review limitations.

Suggestions for Improvement:

Through the assurance and evaluation activities, we have put forward relevant suggestions for improvement regarding Chery EU's practices and management in sustainable development, all of which have been stated in the "Assurance Report" and submitted to Chery EU's management for their reference in continuous improvement.

Special statement:

Excluded in this assurance statement:

- Activities other than information disclosure;
- This statement represents an independent third-party assurance conclusion and applies solely to the publicly disclosed content of this report. It does not constitute a value rating or endorsement of the company's operating performance, future strategy, or sustainability capabilities.

TÜVNORD Assurance Statement: No.CN-202609-CSR-03

Statement of independence and competence:

TÜV NORD is a world-leading certification body with branches in more than 100 countries around the world. It provides inspection, testing and verification services, including management system and product certification; audits and training in the aspects of quality, environment, society and compliance; assurance of environmental, social responsibility and sustainability reports.

As TÜV NORD's independent member organization in China, TNHZ ensures that there is no conflict of interest with Chery EU, its branches, or its stakeholders in carrying out this assurance process for the sustainability report. The assurance team is composed of experts with extensive experience and professional technical competence, conducting the assurance activities in accordance with TNHZ's internal procedure documents and global compliance policy requirements. All information in this report was provided by Chery EU and TNHZ did not participate in the report preparation process.

Signature



Jack Yeh:

Sustainable Development Authorized Signatory

Date: September 30th, 2026

List of Abbreviations

Abbreviation	Full Name
AI	Artificial Intelligence
BEV	Battery Electric Vehicle
CAE	Computer-Aided Engineering
CAP	Corrective Action Plan
CBAM	Carbon Border Adjustment Mechanism
C-DM	Chery Dual Mode (hybrid technology)
CDX	Compliance Data Exchange
CSRD	Corporate Sustainability Reporting Directive
DHT	Dedicated Hybrid Transmission
DMA	Double Materiality Assessment
ELV	End-of-Life Vehicles
ELVR	End-of-Life Vehicle Regulation
EPR	Extended Producer Responsibility
ESG	Environmental, Social, and Governance
ESPR	Ecodesign for Sustainable Products Regulation
ESRS	European Sustainability Reporting Standards
EU	European Union
EUDR	European Union Deforestation Regulation
EV	Electric Vehicle
F-Gas	Fluorinated Greenhouse Gases
GFC2020	Global Forest Change 2020
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GWP	Global Warming Potential

Abbreviation	Full Name
HEV	Hybrid Electric Vehicle
HFCs	Hydrofluorocarbons
HR	Human Resources
HVAC	Heating, Ventilation and Air Conditioning
IATF	International Automotive Task Force
ICE	Internal Combustion Engine
ILO	International Labour Organization
IMDS	International Material Data System
IPCC	Intergovernmental Panel on Climate Change
IRO	Impacts, Risks and Opportunities
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
IVISTA	Intelligent Vehicle Integrated Systems Test Area (China)
KPI	Key Performance Indicator
LCA	Life Cycle Assessment
LEAP	Locate, Evaluate, Assess, Prepare (TNFD framework)
LED	Light-Emitting Diode
LNG	Liquefied Natural Gas
Euro NCAP	European New Car Assessment Programme
NEV	New Energy Vehicle
OEM	Original Equipment Manufacturer
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
PBB	Polybrominated Biphenyls

Abbreviation	Full Name
PBDE	Polybrominated Diphenyl Ethers
PCF	Product Carbon Footprint
PET	Polyethylene Terephthalate
PFAS	Per- and Polyfluoroalkyl Substances
PFCs	Perfluorocarbons
PHEV	Plug-in Hybrid Electric Vehicle
PPWR	Packaging and Packaging Waste Regulation
PRO	Producer Responsibility Organization
R&D	Research and Development
RDW	Rijksdienst voor het Wegverkeer (Netherlands Vehicle Authority)
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RRR	Reusability, Recyclability and Recoverability
RSL / PSL	Restricted and Prohibited Substances List
SHS	Super Hybrid System
SSI	Sales Satisfaction Index
SVHC	Substances of Very High Concern
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UN	United Nations
UN / ECE	United Nations Economic Commission for Europe
VBER	Vertical Block Exemption Regulation
WLTP	Worldwide Harmonised Light Vehicles Test Procedure

Disclaimer

All photographs, portraits and images included in this Report are included solely for the purpose of illustrating the Report's content and do not imply any endorsement beyond what is stated herein. Certain images contained in this Report may have been created, enhanced, modified or generated using artificial intelligence technologies and are intended solely for illustrative purposes. Accordingly, such images may not accurately reflect the actual characteristics, specifications, appearance or features of any product or situation depicted. No person, entity or organisation may reproduce, extract, modify, redistribute, republish, or otherwise use any portrait, photograph or image contained in this Report — in whole or in part — for any purpose, including but not limited to commercial use, editorial use, training of artificial intelligence or machine learning models, or inclusion in any other publication or media, without the prior written consent of both O&J Automotive Netherlands B.V. and the relevant individual(s) depicted. O&J Automotive Netherlands B.V. and the individuals depicted reserve all rights to take legal action against any unauthorised use of their portraits or images.

CHERY AUTO