SERES
赛力斯汽车

Seres Group Co., Ltd.

2023
Environmental, Social and Governance Report

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About this Report

This is the second Environmental, Social and Governance Report ("ESG Report" "this report") published by Seres Group Co., Ltd. to respond to stakeholders' expectations and to demonstrate the Group's philosophy, management, actions and effectiveness in environmental, social, corporate governance and sustainable development.

Reporting Scope

The information and data disclosed in this report cover the Seres Group Co., Ltd. and its main subsidiaries included in the annual report. The key financial data and the scope covered in the report are consistent with the 2023 *Annual Report of Seres Group Co., Ltd.*

Data Sources

The information and data quoted in this report are obtained from the official documents, statistical reports and financial reports of Seres Group Co., Ltd., and have been compiled, summarized and reviewed by the relevant departments. Unless otherwise specified, "yuan" in this report refers to "RMB".

Reporting Standards

This report is prepared with reference to the requirements of the *Global Reporting Initiative*[1] *Standards* (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), the United Nations Sustainable Development Goals (SDGs)[2], and Task Force on Climate-Related Financial Disclosures (TCFD), as well as the realities of Seres Group Co., Ltd..

Explanation of References

For the convenience of expression and reading, Seres Group Co., Ltd. is referred to as "Seres Group", "the Group", and "we" in this report. Our important subsidiary, Seres Automobile Co., Ltd. is referred to as, "Seres Automobile", Seres Automobile (Hubei) Co., Ltd. as "Hubei Seres" (formerly known as " Dongfeng Sokon Motor Co., Ltd."), Chongqing Ruichi Automobile Industry Co., Ltd. as "Ruichi Electric", Chongqing Jinkang Powertrain New Energy Co., Ltd. as "Jinkang Power", Chongqing Xiaokang Power Co., Ltd. as "Xiaokang Power", Chongqing Xiaokang Auto Parts Co., Ltd. as "Xiaokang Auto Parts", and Luzhou Rongda Intelligent Transmission Co., Ltd. as "Luzhou Rongda".

Time Frame

This report covers the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the "the reporting period", "the current year", "2023"), with some proper retrospective references to previous years.

Access to this Report

You can download the English and Chinese versions of this report from the official website of Seres Group (https://www.seres.com.cn/) and the Shanghai Stock Exchange (http://english.sse.com.cn/). In case of any inconsistency in the versions, the Chinese version shall prevail.

Disclaimers

Certain statements in this report are forward-looking statements about our goals and plans for the future. Uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by the forward-looking statements. The Group is under no obligation to update any forward-looking statements contained in this report.

[1] GRI,Global Reporting Initiative.

[2] SDG, Sustainable Development Goals, or United Nations Sustainable Development Goals, are 17 global development goals set by the United Nations to guide global development from 2015-2030.

Message from the Chairman

Dear shareholders, partners, employees and friends from all walks of life:

The year 2023 has witnessed our progress with perseverance and original intention. In the face of both changes and innovations, challenges and opportunities, we continue to implement the new development concept of innovation, coordination, green, openness and sharing. We also integrate ESG into our development strategy and continuously explore new paths to ESG value creation.

Since the release of the first ESG report, we have continued to stimulate new quality productivity with the latest outcomes of green development. Aiming at a model for green and low-carbon development in the industry, we continue to promote green, low-carbon and high-quality development through scientific and technological innovation, ecological integration and corporate governance.

Explore a green and low-carbon path to sustainability

On the one hand, we implement the national "dual-carbon" goal. We vigorously push forward tasks related to carbon neutrality and peak and lead the strategic direction of green development by setting up our Carbon Neutrality Task Force and integrating the "dual-carbon" goal into the medium- and long-term planning. On the other hand, taking into account the new requirements of auto energy transformation, we incorporate the concept of sustainable development into all links, such as product design, material use and recycling, manufacturing, logistics and transportation and office warehousing. In this way, we promote carbon neutrality throughout the whole industrial chain and life cycle.

Besides, we carry out carbon inventories and product carbon footprint accounting. We implement low-carbon design at the source of R&D to promote continuous carbon reduction in the supply chain. We build a resource recycling system and increase the proportion of green energy use to actively contribute to realizing our green and low-carbon development and China's "dual carbon" goals. By 2030, we will reduce product carbon emission intensity by more than 38% compared with 2022.

Develop a new model of ESG practice driven by innovation

As the core of new quality productivity, science and technology innovation is essential to practicing the ESG concept. Committed to becoming a science and technology-based auto enterprise, we focus on intelligent technologies of new energy vehicles, realizing a number of technological breakthroughs and upgraded products and mastering the core basic capabilities of software-defined cars. In 2023, we further deepened our cross-field business cooperation with Huawei, and continued to upgrade new products. A series of intelligent electric vehicle products, represented by the AITO M9 and new M7, became a hit upon being listed on the market.

Based on the "Software Defined Cars", we have built a super intelligent platform that is dynamic and continuously evolving - Seres Magic Cube Platform characterized by "all-scenario safety, diversified power, variable space and intelligent leadership", aiming to bring users an extremely safe experience of convenient driving and use. Meanwhile, our intelligent factory integrates the concept of intelligent manufacturing and design and digitalized operation throughout the whole process. The factory is characterized by 4 qualities-efficiency, intelligence, advancedness and greenness, and the highest production efficiency in the world.

In addition, We have employed the product monitoring system of "software and hardware collaboration+dynamic and static test+automated detection+AI technology" in an innovative manner. We have built a full-scenario intelligent safety system to protect users' travel safety in all aspects, from 9 safety areas including travel safety, active safety, passive safety, power and energy safety, network and data security, functional safety, health safety, low voltage safety, and health and safety monitoring system for the complete vehicle. Adhering to the original intention of "reshaping luxury with intelligence", we integrate intelligent technologies into our products and create a technology-powering system for the whole value chain of intelligent products, intelligent safety and intelligent services.

Practice corporate social responsibility with people oriented

Sound corporate governance promotes the cultivation and development of new quality productivity. In 2023, we have established our ESG Committee to further standardize corporate governance and strengthen risk management and internal control. We implement the concepts of environmental protection, energy conservation, emission reduction and sustainable development into every link of our business operations. In addition, we pay more attention to building a sustainable travel blueprint for the future. We deepen close cooperation with ecological partners in the upstream and downstream of the industry chain and optimize the industrial layout to promote a win-win situation for the new energy vehicle ecosystem.

While pursuing commercial success, we always adhere to the original intention and take action to fulfill our responsibility and commitment. Practicing the "people-oriented" concept and attaching great importance to the training and development of talents, we establish and complete our training and development system to stimulate employees' motivation and creativity. To realize the common development of the Group and its employees, the Group cares for their growth and physical and mental health and strives to create an equal, inclusive and enterprising workplace for them. Actively devoted to public welfare and charity, we practice corporate social responsibility by carrying out various forms of public welfare activities, such as rural revitalization, targeted poverty alleviation, disaster relief donations and education.

Looking ahead, we will adhere to long-termism and high-quality development, and open a new chapter by gathering strength, driven by new quality productivity and guided by the ESG concept. Centering on our users, we will continue to increase R&D investment and promote innovations in product and technology to provide users with a more excellent intelligent travel experience. In this way, we contribute more to global low-carbon and green travel of new energy vehicles and to social and economic development.

Zhang Zhengping
Seres Group Co., Ltd.
Chairman

About the Group

Founded in 1986, Seres Group Co., Ltd. is a listed A-share company (stock code: 601127) with intelligent electric vehicles as its core business.

As a technology-based vehicle enterprise, the Group's main business involves the R&D, manufacturing, sales and service of intelligent electric vehicles and core EIC technology. The Group boasts intelligent manufacturing capability. The Group continues to invest more in R&D and consolidate technological basis. Continuous scientific and technological innovation provides strong support for the Group to build new development pattern and promote high-quality development. In 2023, the Group invested RMB4.438 billion in R&D, accounting for 12.38% of operating revenue. We develop the high-tech luxury auto products with M9 as the representative of the AITO series to facilitate ourselves to form new quality productivity and create high-end brands. The Group boasts intelligent manufacturing capability. Centering on digitalization, intelligence and the Internet of Things, intelligent factories of Seres Automobile employ advanced systems of manufacturing and operation management and manufacturing process flows. They carry out customized mass production quickly and accurately with real-time online responses. To meet the needs of different users, the Group's main products include the AITO series of high-end intelligent electric vehicles, Seres new energy vehicles, Ruichi electric commercial vehicles, etc. The Group sells its vehicles to more than 70 countries and regions around the world. Intelligent electric vehicles of its two brands, SERES and DFSK, have been exported to Germany, France, the United Kingdom, Italy and other countries.

In 2023, the Group cumulatively produced 153,700 new energy vehicles and sold 150,900 vehicles, achieving operating revenue of RMB35.842 billion, all of which reached a record high. With the increase in sales and revenue share of new energy vehicles, the gross profit margin continued to increase.

2023

the Group cumulatively produced new energy vehicles

153,700

sold vehicles

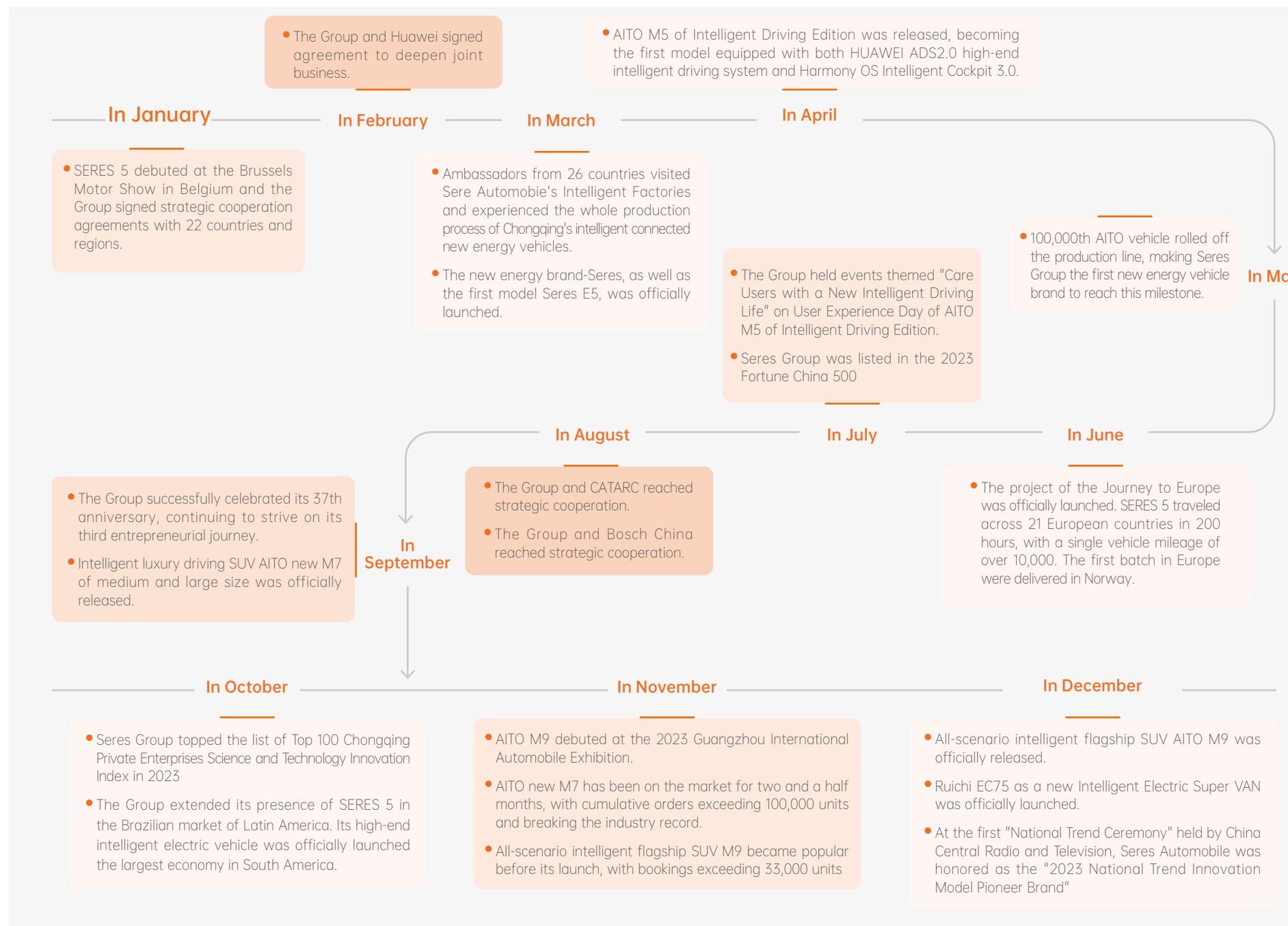**150,900**

achieving operating revenue

RMB**35.842**billion

the Group invested in R&D

RMB**4.438**billion

Revenue from new energy vehicles accounted of the Group's operating revenue

80.76%

Major Events in 2023

In January
- SERES 5 debuted at the Brussels Motor Show in Belgium and the Group signed strategic cooperation agreements with 22 countries and regions.

In February
- The Group and Huawei signed agreement to deepen joint business.

In March
- Ambassadors from 26 countries visited Sere Automobie's Intelligent Factories and experienced the whole production process of Chongqing's intelligent connected new energy vehicles.
- The new energy brand-Seres, as well as the first model Seres E5, was officially launched.

In April
- AITO M5 of Intelligent Driving Edition was released, becoming the first model equipped with both HUAWEI ADS2.0 high-end intelligent driving system and Harmony OS Intelligent Cockpit 3.0.
- The Group held events themed "Care Users with a New Intelligent Driving Life" on User Experience Day of AITO M5 of Intelligent Driving Edition.
- Seres Group was listed in the 2023 Fortune China 500

In May
- 100,000th AITO vehicle rolled off the production line, making Seres Group the first new energy vehicle brand to reach this milestone.

In June
- The project of the Journey to Europe was officially launched. SERES 5 traveled across 21 European countries in 200 hours, with a single vehicle mileage of over 10,000. The first batch in Europe were delivered in Norway.

In July

In August
- The Group and CATARC reached strategic cooperation.
- The Group and Bosch China reached strategic cooperation.

In September
- The Group successfully celebrated its 37th anniversary, continuing to strive on its third entrepreneurial journey.
- Intelligent luxury driving SUV AITO new M7 of medium and large size was officially released.

In October
- Seres Group topped the list of Top 100 Chongqing Private Enterprises Science and Technology Innovation Index in 2023
- The Group extended its presence of SERES 5 in the Brazilian market of Latin America. Its high-end intelligent electric vehicle was officially launched the largest economy in South America.

In November
- AITO M9 debuted at the 2023 Guangzhou International Automobile Exhibition.
- AITO new M7 has been on the market for two and a half months, with cumulative orders exceeding 100,000 units and breaking the industry record.
- All-scenario intelligent flagship SUV M9 became popular before its launch, with bookings exceeding 33,000 units

In December
- All-scenario intelligent flagship SUV AITO M9 was officially released.
- Ruichi EC75 as a new Intelligent Electric Super VAN was officially launched.
- At the first "National Trend Ceremony" held by China Central Radio and Television, Seres Automobile was honored as the "2023 National Trend Innovation Model Pioneer Brand"

2023 Honorary Awards

Honorary Award	Award Winner	Issued by
Excellent Private Enterprise of Chongqing	Seres Group Co., Ltd.	Chongqing Municipal Committee of the CPC, Chongqing Municipal People's Government
Enterprise Innovation Award of Chongqing	Seres Group Co., Ltd.	Chongqing Municipal People's Government
Chongqing Eminent Group for Publicity Cultural and Ideological Work	Seres Group Co., Ltd.	Publicity Department of CPC Chongqing Municipal Committee, Chongqing Municipal Human Resources and Social Security Bureau
Chongqing Patent Award (Gold Award)	Seres Group Co., Ltd.	Chongqing Municipal Human Resources and Social Security Bureau, Chongqing Intellectual Property Office
Chongqing Digitalization Leading Enterprise in 2023	Seres Group Co., Ltd.	Chongqing Municipal Economy and Information Technology Commission
2023 Eminent Group	Seres Group Co., Ltd.	Chongqing Mechanical Engineering Society
2023 Top 100 Chongqing Private Enterprises Science and Technology Innovation Index (No. 1)	Seres Group Co., Ltd.	Chongqing Federation of Industry and Commerce
AA-level Social Responsibility Report of a Thousand Outstanding Enterprises of the Ministry of Industry and Information Technology	Seres Group Co., Ltd.	China's Enterprise Public Transparency Research Center
2022 Caring Enterprise	Seres Group Co., Ltd.	China Charity Federation
"Golden Tangerine" ESG Pioneer Listed Company	Seres Group Co., Ltd.	Time Weekly
"Crystal Ball Award" Most Socially Responsible (ESG) Listed Company	Seres Group Co., Ltd.	Securities Market Weekly
ESG Best Practice Case for Listed Companies in 2023	Seres Group Co., Ltd.	China Association for Public Companies
Top 100 Private Enterprises of Chongqing with Social Responsibility (No. 2)	Seres Group Co., Ltd.	Chongqing Municipal Federation of Industry and Commerce
Chongqing's 2023 Green and Low-Carbon Typical Cases	Seres Group Co., Ltd.	Chongqing Municipal Ecology and Environment Bureau
2023 Charitable Contribution Award	Seres Group Co., Ltd.	Chongqing Charity Federation

Honorary Award	Award Winner	Issued by
Digital Manufacturing Technology Practice Award	Seres Group Co., Ltd.	Organizing Committee for High-end Manufacturing CIO
Chongqing Open Economy Eminent Unit	Chongqing Sokon MOTOR(GROUP)IMP.& EXP. Co., Ltd.	Chongqing Municipal Committee of the CPC, Chongqing Municipal People's Government
China Patent Excellence Award (Charging Method, System, Device, Equipment, Storage Medium and Electric Vehicle)	Chongqing Jinkang Powertrain New Energy Co., Ltd.	China National Intellectual Property Administration
Science and Technology Innovation Private Enterprises of All-China Federation of Industry and Commerce (2023-2026)	Seres Automobile Co., Ltd.	All-China Federation of Industry and Commerce
National Green Factory	Chongqing Xiaokang Power Co., Ltd.	Ministry of Industry and Information Technology
National Intelligent Manufacturing Demonstration Factory	Seres Automobile Co., Ltd.	Ministry of Industry and Information Technology
National Green Supply Chain Management Enterprise	Seres Automobile Co., Ltd.	Ministry of Industry and Information Technology
National Quality and Integrity Eminent Enterprise	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
National Demonstration Enterprise of Product and Service Quality Integrity	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
National Quality Leading Brand in Auto Industry	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
National Quality Leading Enterprise in Auto Industry	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
Stable & Qualified Products of National Quality Inspection	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
National Consumer Quality Credit Guarantee Products	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
National Quality Inspection Trustworthy Products	Dongfeng Sokon Motor Co., Ltd.	China Association for Quality Inspection
IDC China's Future Digital Industry Leader (Digital Factory Leader)	Seres Automobile Co., Ltd.	International Data Corporation (IDC)

ESG Management System

We are actively responding to the United Nations' Sustainable Development Goals, building a clear, complete, scientific, rigorous and forward-looking ESG strategy, committing to practicing ESG concepts in our business decisions, continuously improving our ESG management structure and enhancing our ESG management. We have always taken ESG practices in our operations and industrial value chain, and embarked on the path of sustainable development with our employees, users, partners and other stakeholders.

ESG Governance Structure

Always practicing sustainable development, Seres Group has incorporated ESG concepts into its corporate governance and development strategies. The Group has established a three-level ESG governance structure with clear rights and responsibilities, namely, "Governance Level - Management Level - Executive Level". By establishing the Environmental, Social and Governance (ESG) Committee (hereinafter referred to as the "ESG Committee"), we continue to improve our ESG governance capabilities and create long-term value for our customers, partners and society.

Governance Level

The Board of Directors

As the highest responsible and decision-making body for the Group's ESG-related matters, the Board of Directors has the ultimate responsibility for such matters.

It reviews and approves the ESG strategies and action plans, and assesses ESG performance and progress against targets.

Management Level

ESG Committee

It coordinates matters related to ESG management, and formulates medium and long-term ESG development strategies and action paths.

It oversees and guides the effective implementation of the Group's environmental, social responsibility and corporate governance.

Executive Level

ESG Executing Group

Led by the ESG Committee and composed of the Planning and Strategy Headquarters, Internal Control and Audit Headquarters, and Securities Affairs Headquarters, work together to execute and implement the annual ESG work plans, and identify and manage ESG-related risks.

ESG Governance Structure of Seres Group

SDGs Response

Chapter Title	UN SDGs	Commitments and Key Actions
Corporate Governance with Responsibilities First	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We have integrated responsible governance into our development and operation. To build a sound, transparent and sustainable environment for our development, we have also enhanced our compliance governance in all aspects, and strengthened internal control and risk management.
Innovation and R&D on Products	3 GOOD HEALTH AND WELL-BEING / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 17 PARTNERSHIPS FOR THE GOALS	We always adhere to innovation-driven development. Committed to building an auto ecosystem of the Internet of Everything, we protect users' health and safety and promote the common development of the industry.
Green Operation for Low-carbon Travel	6 CLEAN WATER AND SANITATION / 7 AFFORDABLE AND CLEAN ENERGY / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION	Actively responding to the national dual-carbon goal, we proactively address the risks and opportunities of climate change. We incorporate the concept of sustainable development into all stages of product design, material use and recycling, manufacturing, logistics and transportation, and office warehousing. We also provide users with green travel options and realize responsible production.
Employee Care and Community Feedback	1 NO POVERTY / 2 ZERO HUNGER / 3 GOOD HEALTH AND WELL-BEING / 4 QUALITY EDUCATION / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES / 11 SUSTAINABLE CITIES AND COMMUNITIES	Committed to building a fair, inclusive and diverse workplace, we provide equal opportunities and respect for each employee. To fulfill our corporate social responsibility through practical actions, we also focus on areas, such as care for the disadvantaged, education and public welfare.

Stakeholder Engagement

The Group has established a regular communication mechanism with all stakeholders. We gain real-time insights into and effectively respond to the needs and expectations of the relevant parties by exchanging and interacting with internal and external stakeholders, such as employees, customers, shareholders and investors, government and regulators, and partners. In this way, we promote win-win cooperation among all parties to lay a solid foundation for our sound development.

Stakeholders		Topics in Focus	Communication Channels	
Employee		Employee training and development Employee rights, interests and welfare Occupational health and safety Diversity and equal opportunity	○ Employee performance evaluation interviews ○ Internal communication meeting ○ Employee training	○ Regular research feedback ○ Corporate culture promotion and implementation activities ○ Internal office system
Shareholders/Investors		Company business performance Governance structure Business ethics Corporate governance Compliance and risk management	○ General meeting of shareholders ○ Investor meeting ○ Earnings presentation ○ Announcement/Press release	○ On-site investigation ○ Investor hotline/email ○ Exchange online interactive platform
Customers		Customer service and satisfaction Information security and privacy protection Product quality and safety Community public welfare Compliance and risk management Science and technology innovation and intellectual property protection	○ Official website, official App ○ Social media matrix ○ Product research feedback	○ User complaints and handling ○ User satisfaction survey
Government and regulators		Company business performance Legal compliance Business ethics Corporate governance Compliance and risk management	○ Information disclosure ○ On-site investigation	○ Talk ○ Daily communication and reporting
Partners (e.g. suppliers, service providers)		Supply chain management Raw material procurement Supplier support	○ On-site investigation ○ Supplier meetings and audits ○ Supplier contracts and agreements	○ Supplier training ○ Talk ○ On-site project residency
Community members/organizations/NGOs		Economic and social contributions Community public welfare Support for the disadvantaged	○ Community activities ○ On-site investigation ○ Company website and social media matrix	
Media		Green technologies and products Economic and social contributions Community public welfare Support for the disadvantaged Product quality and safety	○ Announcement/Press release ○ Press conference ○ Media exchange meeting	

Materiality Issues Determination

The Group pays attention to identifying, assessing and managing sustainable development issues. We have conducted stakeholder research in 2022 to synthesize the expectations and demands of various stakeholders to form a materiality matrix. In 2023, we have reviewed the materiality issues matrix from our previous assessment with the result showing no significant changes, based on the compliance requirements of the Shanghai Stock Exchange (SSE), the mainstream ESG rating system in the capital market, best practices of our peers and the expectations and demands of various stakeholders, as well as discussions and analyses with the Group's management based on the results of the materiality issues assessment, we respond to the key concerns of various stakeholders in a targeted manner and disclose them in this report.

High Importance

1　Customer Service and Satisfaction

2　Science and Technology Innovation and Intellectual Property Protection

3　Product Quality and Safety

4　Supply Chain Management

5　Employee Training and Development

6　Information Security and Privacy Protection

7　Green Technologies and Products

8　Business Ethics

Moderate Importance

9　Employee Rights, Interests and Welfare

10　Occupational Health and Safety

11　Corporate Governance

12　Compliance and Risk Management

13　Energy Use and Management

14　Emissions Management

15　Water Resource Management

16　Climate Change

Low Importance

17　Corporate Governance

18　Compliance and Risk Management

→ Materiality Issues Distribution in 2023

Materiality Issues Matrix in 2023

(Moderate Importance / High Importance / Low Importance; Importance to Stakeholders; Importance to the Group's Sustainable Development; Environmental Issues; Governance Issues; Social Issues)

→ Materiality Issues Matrix in 2023

Feature

The Intelligent Factory Empowers a Sustainable Future

* * *

In 2023, China initiated the brand-new concept of "new quality productivity", showing the decisive force to stimulate the new growth drivers in the new development stage, and clarifying the key point for constructing China's new competitive advantages with "quality" and "newness" promoting each other. "new quality productivity" characterized by high technology, high efficiency and high quality means that it is environmentally friendly and resource-saving. The Group actively respond to the important guidance of new quality productivity. We adhere to our mission of transforming traditional cars into new energy cars and practise the concept of green development. We continuously develop new growth drivers to make outstanding contributions to the green and low-carbon transformation of the industry and society.

Green Energy Drives Sustainable Development

In today's society's urgent need for sustainable development, the auto manufacturing industry is constantly seeking green energy-driven innovation to reduce adverse impacts on the environment, tap the potential of new quality productivity and give strong momentum into sustainable development. We build "green factories" with green energy as a power source to lead the industry towards a more sustainable future.

The Intelligent Factory of Seres Automobile is based on the national "green factory" construction standards. While meeting the national "green factory" requirements, the factory leads the industry in environmental protection hardware construction. When established, the factory has adopted low-carbon processes and new energy applications such as luminous energy and thermal energy, forging a solid foundation for "low-carbon" factories.

By the end of the reporting period, the installed capacity of the Group's distributed photovoltaic project amounted to 127 MW. The project is estimated to generate average power capacity of 98,658,700 kWh per year, with approximate 12,125.15 tons of standard coal saved, and sulphur dioxide emissions and carbon dioxide emissions reduced by approximate 2,959.76 tons and by approximate 98,362.72 tons respectively. This is equivalent to planting 5,380,000 trees. During the reporting period, the amount of photovoltaic electricity consumed by factories was 13,171,300 kWh.

The Intelligent Factory with a new model of "photovoltaic + auto manufacturing" industry integration

Considering the parking electricity needs of new energy vehicle models, the Intelligent Factory of Seres Automobile has built an 18,800-square-meter integrated BIPV parking lot with photovoltaic storage and charging vacant land in the open space of the park. In this way, the factory has made the best use of their space, realizing one-stop parking, power generation, storage and charging, and achieving a win-win situation of economic and ecological benefits.

The Group has built rooftop photovoltaic power stations on the roofs of the Intelligent Factory workshops and carport areas, successfully developing a new zero-carbon auto manufacturing demonstration of "photovoltaic + auto manufacturing". We have achieved efficient power generation. It is expected to generate an average of 15.84 million kWh per year, and a total of 396.13 million kWh in 25 years, which can save 5,070 tons of standard coal equivalent per year, reduce sulfur dioxide emissions by about 475 tons and carbon dioxide emissions by about 13,284 tons.

As a new path to building zero-carbon factories, "photovoltaic + auto manufacturing" can not only effectively utilizes green energy to manufacture cars and achieve, but also conserves energy and reduces emissions, especially as the best way to accelerate carbon emission reduction.

Intelligent Factory Photovoltaic Power Station

Intelligent Manufacturing Empowers Efficient Operations

With the continuous development and application of science and technology, intelligent production has prevailed in today's industries. In the auto manufacturing industry, intelligent technologies are integrated into the production process, not only to improve production efficiency, reduce costs, but also to optimize energy utilization efficiency and minimize resource waste.
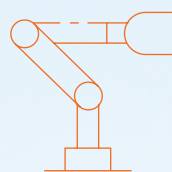
The Super Factory with four characteristics: "efficiency, intelligence, advancement and greenness"

Covering an area of more than 2,700 acres, the Super Factory is aimed at China's leading super factory of new energy vehicle. The factory applies intelligent technologies in all aspects to realize the interconnection of equipment and data in the production. As a sustainable green intelligent factory with the world's highest production efficiency, the factory operates by integrating intelligent port-level logistics and digital technology, equipped with the world's leading super-large 9000T die-casting machine. As the industry's first to realize data connectivity of the whole value chain of vehicle models and to automatically manage quality of the whole process, the factory also boasts its open, shared and connected ecosystem of auto industry. Characterized by high efficiency, intelligence, advancedness and green, it can match the production of SUVs, sedans, MPVs and other models, and will achieve a maximum of 120 JPH[3] in production capacity.

The factory has been built in accordance with international leading standards and Industry Internet requirements. It has realized intelligent connectivity of equipment data and everything, bringing revolutionary changes to future auto production. The factory has more than 1,000 intelligent equipment and more than 3,000 robots collaborating intelligently. The automation rate of the welding workshop and the painting workshop is as high as 100%, with 100% automated key processes and more than 50% of overall automation rate. This effectively ensures vehicles' high quality, high reliability and high efficiency.

On quality inspection, the factories employ the industry's first intelligently-connected process system and whole-process real-time data management to achieve visualized, systematized and real-time data management. The factory has realized 100% quality monitoring and traceability, empowering high-quality delivery with strong intelligent manufacturing capabilities. In addition, the factory uses the world's leading LIDAR measuring technology to 100% monitor vehicle body size online. The accuracy of automated, precise and efficient measurement is as high as ±0.1mm, which is over 3 times more efficient than traditional methods to effectively ensure product quality.

The factory applies advanced intelligent manufacturing technologies to make the production process more efficient, significantly improving production efficiency, shortening the vehicle production cycle, reducing energy and resource waste to achieve green production.


⌐ Intelligent production of the factory
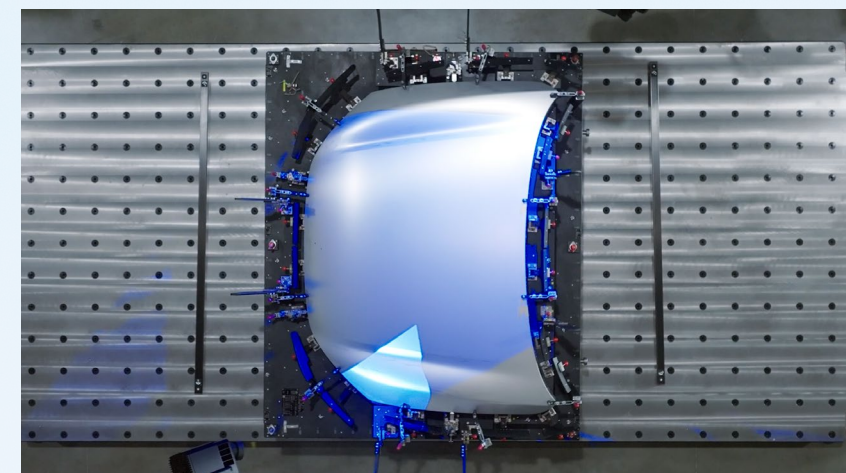
⌐ Quality monitoring of the factory

[3] JPG, known as Jobs Per Hour, hourly workload or workload per unit of time.

The Supar Factory is also a green and intelligent factory that is environmentally friendly and resource-saving.

The factory proactively applies environmentally friendly technologies to reduce emissions. It achieved a 100% emission treatment rate for organic waste gas (VOC[4]) emissions in the painting process, zero phosphorus and nickel emissions through pre-treatment film technology. It reduced VOC emissions by approximately 20% through global leading technologies and achieved zero carbon emissions in park transportation through pure electric unmanned heavy trucks. It reused 200,000 tons of reclaimed water per year at the wastewater treatment stations.

As a new energy vehicle manufacturer, we not only apply intelligent technologies to achieve efficient production in all aspects, but also implement intelligent environmental protection throughout the whole process. We are committed to building super, green and low-carbon factories to protect the beautiful landscape of our motherland.

[4] VOC, volatile organic compounds.
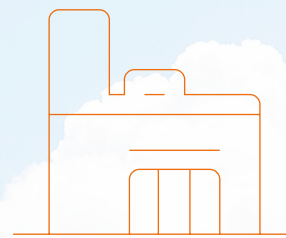
Environmentally friendly technology

Corporate Governance with Responsibility First

We always adhere to the development concept of "Communicating, Believing and Behaving" and integrate responsible governance into our development and operations. We also comprehensively improve our compliance governance and strengthen internal control and risk management to build a stable, transparent and sustainable development environment

2023 Highlight Performance

The Group held 3 General Meetings of Shareholders, 10 meetings of the Board of Directors and 9 meetings of the Board of Supervisors, with attendance rate of for members of the Board of Directors and the Board of Supervisors

100%

Employee coverage rate of the business ethics and anti-corruption training

100%

We conducted a total of 37 information security training sessions with a total of

43,128 person-times

participants read security tips

1.2 million

No

cases related to violations of business ethics have occurred

We were certified by **ISO 27001** Information Security Management System and **ISO 27701** Privacy Information Management System

and training

130,300 hours

No

cases related to privacy leakage or significant network security incidents have occurred

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Seres Group Co., Ltd.

/ Corporate Governance
with Responsibility First

/ Innovation and
R&D on Products

/ Green Operation and
Low-carbon Travel

/ Employee Care and
Community Feedback

Compliance Operations

In accordance with laws and regulations like the *Company Law of the People's Republic of China* and the latest regulatory requirements of the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, Seres Group has further revised the *Articles of Association of Seres Group Corporation* to ensure standardized management and compliance in accordance with the law. During the reporting period, we have established and continuously improved our corporate governance structure. We added the ESG Committee based on the four special committees under the Board of Directors to further clarify the responsibilities and division of labor of the Board and the committees to promote our stable and high-quality development.

```
                    The Board of Directors
    ┌──────────┬──────────┬──────────┬──────────┬──────────┐
The Strategic   The Audit    The        The          ESG
Decision-making Committee  Nominating  Compensation  Committee
Committee                 Committee   and Evaluation
                                      Committee
```

The Strategic Decision-making Committee
- Propose forward-looking and feasible research, analysis and suggestions for the Group's long-term development strategy and major investment decisions

The Audit Committee
- Review the Group's financial information and corresponding disclosures
- Supervise and evaluate internal and external audits and internal control

The Nominating Committee
- Develop standards and procedures for selecting directors and senior managers
- Select and review candidates for directors and senior managers and their qualifications

The Compensation and Evaluation Committee
- Develop evaluation standards and conduct assessments for directors and senior managers
- Develop and review remuneration policies and programs for directors and senior managers

ESG Committee
- Supervise and guide the effective implementation of the Group's environmental and social responsibilities, and corporate governance

↳ Corporate Governance Structure and Responsibilities

We firmly maintain the independence of our strategic decision-making. By building a "three-meeting and one-level" management system with the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management level as the core, we establish rigorous decision-making procedures and internal supervisory mechanisms to ensure our scientific and efficient decision-making. In 2023, the Group held 3 General Meetings of Shareholders, 10 meetings of the Board of Directors and 9 meetings of the Board of Supervisors, with the attendance rate of 100% of members of the Board of Directors and the Board of Supervisors.
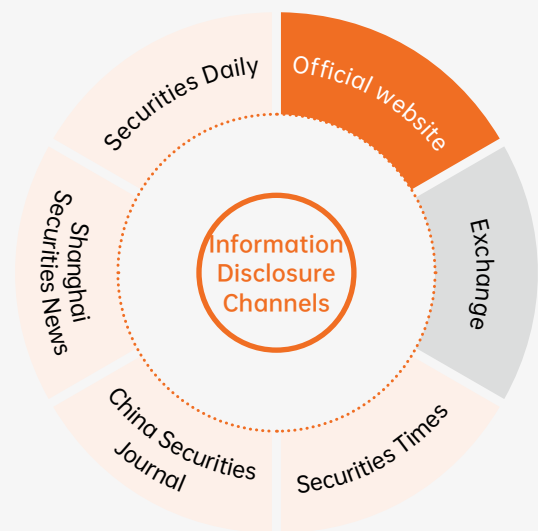
We attach great importance to the diversity of the Board of Directors. In accordance with the *Articles of Association of Seres Group Corporation* and relevant rules and regulations, the Nominating Committee has further formulated the selection and appointment processes for board members. The Committee takes into account multi-dimensional factors, such as gender, age, ethnicity, professional experience and cultural background in the process of selecting candidates for the Board of Directors. As of the end of the reporting period, the Board of Directors of Seres Group consisted of 12 directors, including 4 independent directors and 1 female director. The directors have diverse professional backgrounds, covering finance, legal affairs, risk management, industry experience and other fields. They provide all-round and professional guidance for Seres Group's strategic planning and business decision-making.

Name of Director	Directorships	Professional skills		
		Risk Management	Financial Management	Industry Experience
Mr. Zhang Zhengping	Director, Chairman			☑
Mr. You Zheng	Director			☑
Mr. Li Wei	Director			☑
Mr. Zhou Changling	Director		☑	☑
Mr. Zhang Zhengyuan	Director			☑
Mr. Yin Xianzhi	Director		☑	☑
Mr. Zhang Kebang	Director			☑
Ms. Shen Wei	Director	☑		☑
Mr. Li Kaiguo	Independent Director			☑
Mr. Jing Xufeng	Independent Director			
Mr. Zhang Guolin	Independent Director			
Mr. Li Ming	Independent Director		☑	

↳ Composition of the Board of Directors

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Guided by the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the Group's *Information Disclosure Management System* and other regulatory documents, we fulfill our information disclosure obligations in accordance with the laws and ensure the timeliness, accuracy and completeness of information disclosure. In this way, we enhance all stakeholders' understanding and recognition of Seres Group. Relying on internal management mechanisms such as the *Investor Relations Management System*, we continuously expand communication channels with investors, deepen our interaction and cooperation with them, and safeguard their legitimate rights and interests, especially that of medium and small investors.

Information Disclosure Channels

- Official website
- Exchange
- Securities Times
- China Securities Journal
- Shanghai Securities News
- Securities Daily

Main Channels for Information Disclosure of the Group

Risk Management

Practicing the governance concept of "strengthening internal control, preventing risks and promoting compliance", the Group integrates risk management mechanism into the process of strategy formulation and implementation, business objectives setting and execution, resource allocation and performance management. Guided by internal regulations such as the *Comprehensive Risk Management System* and the *Internal Control Management System*, the Group has built and continuously optimized risk management mechanism of three defenses to effectively enhance risk management and control capabilities. We have achieved complete coverage of risk management, full participation of all employees, and comprehensive management and control to provide strong guarantees for the Group's long-term development.

The First Defense
- It consists of core business modules such as R&D, marketing, sales, production and supply. They are responsible for risk identification, evaluation and implementation of counter measures.
- We build and maintain appropriate structures and processes in accordance with our operations and risk management.
- This ensures that all business operations comply with laws, regulations and ethical standards.
- We achieve closed-loop risk management through risk identification, assessment and implementation of countermeasures.

The Second Defense
- It is composed of functional departments such as strategic planning management, financial management, legal affairs management, information management, internal control.
- The defense provides expertise, support and supervision for matters related to risk management of the first defense, and make reasonable suggestions.
- The defense also arranges, implements and continually improves risk management at the levels of working process, system and organization.

The Third Defense
- It consists of the internal audit department and the supervision department.
- The defense provides independent and objective confirmation and consultation for accurate and effective corporate governance and risk management.
- This supports the Group to achieve goals related to risk management, and promote and improve the risk management system.

Risk Management and Control Mechanism

Based on the *Risk Classification Framework* and risk assessment standards, we regularly identify internal and external risks in six aspects: strategic risk, market risk, operational risk, financial risk, legal risk and social responsibility risk. We formulate differentiated response strategies for risk issues of different categories and impact levels, and continuously improve the risk management process based on the assessment results to achieve closed-loop control of risk governance. We also integrate ESG risk control measures into the Group's internal control and risk management system, optimize and integrate risk reviews and resource allocation, and strengthen risk response and capacities of management and control in sustainable development area.

Internal Audit

Adhering to the internal audits principle of "audits for every operation and every result", the Group regularly carries out various audit and supervisory tasks, focusing on the three value lines of the Group's business, investment and strategy implementation. We attach importance to monitoring the value preservation and appreciation of assets, reviewing operational efficiency and effectiveness, verifying the security of information systems, inspecting compliance with listing rules and the effectiveness of the risk management system. We have established a rectification mechanism combining comprehensive rectification, special rectification and key supervision. We have integrated internal audit with risk prevention and control to realize scientific and efficient internal management and risk response.

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Business Ethics

We adhere to the core values of business ethics. Based on laws and regulations such as the *Criminal Law of the People's Republic of China* and the *Supervision Law of the People's Republic of China*, and referring to the *Basic Regulations for Development* of the Group, we have formulated internal management systems, such as the *Anti-Corruption System* and the *Internal Supervision System*. The systems comprehensively cover all functional departments, subsidiaries and other established bodies of the Group, to regulate and restrain the compliance behavior of all employees and jointly maintain the Group's integrity and fairness. To further promote integrity of the Group, we have established a business ethics governance system consisting of multiple functional departments including the Board of Directors, the Supervision Headquarter, the Human Resources Headquarter, Logistics and Party Work Headquarter and the Internal Control and Audit Headquarter. The Board of Directors serves as the highest body to supervise the Group's business ethics and matters related to anti-corruption.

Governance Level

The Board of Directors is the highest management body for business ethics

The Board of Supervisors assists the Board of Directors in reviewing business ethics management strategies, supervising and evaluating the Group's integrity and compliance performance.

Management Level

In accordance with the *Basic Regulations for Development* of *the Group, Anti-Corruption System and Internal Supervision System* and other systems, the Supervision Headquarter performs supervisory functions and responsibilities to ensure the Group's compliant and sound operations.

Executive Level

It is composed of functional departments such as the Group's Human Resources Headquarter, Logistics and Party Work Headquarter and the Internal Control and Audit Headquarterr. Under the overall guidance of the Supervision Headquarter, each headquarter collaborates with each other to implement the code of business ethics.

↳→ Business Ethics Governance System of the Group

To ensure that employees and partners have a deep understanding of and abide by compliance guidelines, and to strengthen employees' compliance awareness, the Group distributes the *Employee Manual* and the *Basic Regulations for Development* of the Group covering integrity clauses and corresponding punishments, while signing labor contracts with all employees. When signing relevant procurement contracts with suppliers, we require our partners to sign commitment letters of integrity and self-discipline. We further refine and stress the integrity requirements, and clarify the business ethics and code of conduct that should be followed in cooperation. During the reporting period, no cases involving violations of business ethics have occurred in the Group.

The internal audit department of the Group organizes and carries out business ethics audits annually, pays reasonable attention to and evaluates possible risks and problems in business ethics and anti-corruption in the process of the audits, and promotes the responsible departments to formulate appropriate and effective internal control mechanisms and practical corrective measures to achieve closed-loop management of risk problems.

We have always improved our mechanism for business ethics supervision and complaint reporting. We have set up a special supervision group to investigate reports and violations and formulate supervision programs based on the incident nature. The group initiates supervision immediately, after approved by the Group's Party Committee. Relevant personnel and departments must provide necessary support and responses to facilitate investigations and handling of incidents. For special emergencies, the group may immediately launch an investigation after requesting for instructions via telephone and text message. It submits detailed supplementary materials within three days after the investigation is completed to improve supervisory efficiency and accuracy.

To ensure the objectivity and fairness of supervision, we have strict regulations that the supervisory personnel should actively avoid investigations when they handle supervisory cases involving stakes with themselves or their relatives and may affect the impartial handling of the cases.

We also constantly improve the whistleblower protection mechanism to strictly keep whistleblowers' information confidential and prohibit any retaliation. For those leaking case information or obstruct the supervision, the Group would impose corresponding punishment after verification. If the circumstances are serious enough to cause serious consequences, we would hold the perpetrator accountable in accordance with the laws to maintain the seriousness and authority of the supervision.

Business Ethics Reporting Channels

Reporting Hotline   023-65179813

Reporting Email   jczb@seres.cn

Mailing Address   Room 810A, North Building, Building 1, Seres Group Office Building, No.7 Wuyunhu Road, Shapingba District, Chongqing

We carry out various integrity culture activities in online and offline manners to deepen employees' integrity quality and compliance awareness. In 2023, we planned and conducted 18 integrity publicity activities for all formal employees including management. To further strengthen employees' integrity and self-discipline, we also specially invited experts in the public security, prosecutorial and judicial fields to provide special training and publicity.

During the reporting period

the employee coverage rate of the Group' business ethics and anti-corruption training

100%

Anti-corruption lectures at Ruichi Electronic

In April 2023, the Supervision Headquarter went to Ruichi Electronics to carry out a special lecture on integrity. The Deputy Director of the Supervision Headquarter started from the connotations of integrity and explained the importance of integrity construction from multiple angles. Besides, combined with the Group's previous real cases and the industry's typical cases, he clarified the grave consequences of illegal and disciplinary violations, emphasized the importance of preventing formalities, bureaucracy, hedonism and extravagance, and had positive exchanges with participants on supervision.

More than 40 people, including theRuichi Electronic managerial staff at all levels and key personnel, participated in this special lecture. The participants also signed the *Personal Integrity Commitment Letter*, jointly promising to adhere to integrity and create a clean workplace.

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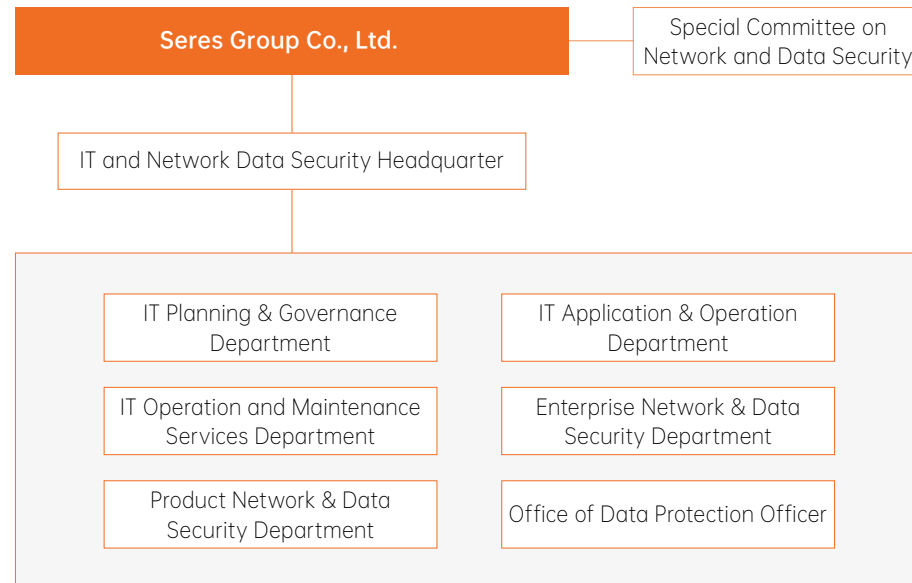
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Information Security and Privacy Protection

Practicing its mission of "becoming a global leader in the quality of intelligent vehicles", the Group provides network and data security protection for products throughout their life cycle to ensure that business operations comply with the latest laws, regulations and regulatory standards.

Information Security

Seres Group strictly abides by the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China* and other relevant laws and regulations. The Group has formulated and revised 166 information security and privacy protection management system documents covering first-level manual regulations, second-level procedure documents, third-level operating instructions and fourth-level form record templates, such as *Information Security Incident Management Measures*, the *Enterprise Network and Data Security Protection Requirements for Seres Group Suppliers* and the *Personnel Information Security Management Measures*. In this way, we have formed a detailed hierarchical management system for information security and privacy protection policies. Its scope of application includes all employees, suppliers and third-party partners involved in information security and privacy protection.

The Group continues to improve its information security management structure and has added a Special Committee on Network and Data Security as the Group's highest decision-making body in information security. The Group's CEO serves as the chairman of the Special Committee, and the Committee members are composed of the heads of various business units and of the IT and Network Data Security Headquarter. The Committee guides and supervises the Group's information security in all aspects. Besides, we have established the IT and Network Data Security Headquarter as the data security management and execution department to ensure the effective implementation and daily operation of data security strategies. The head of Headquarter coordinates data security-related work in all aspects and reports work progress to the CEO on a regular basis to effectively ensure safe operations of the Group.

Seres Group Co., Ltd. — Special Committee on Network and Data Security

IT and Network Data Security Headquarter

- IT Planning & Governance Department
- IT Application & Operation Department
- IT Operation and Maintenance Services Department
- Enterprise Network & Data Security Department
- Product Network & Data Security Department
- Office of Data Protection Officer

Network and Data Security Management Structure of the Group

In 2023, the Group was certified by the ISO 27001 Information Security Management System. The scope of certification includes the design, development, operation and maintenance, and operations services related to management platforms of R&D, manufacturing, supply chain, sales, customer service and vehicle- networking services of new energy vehicles.
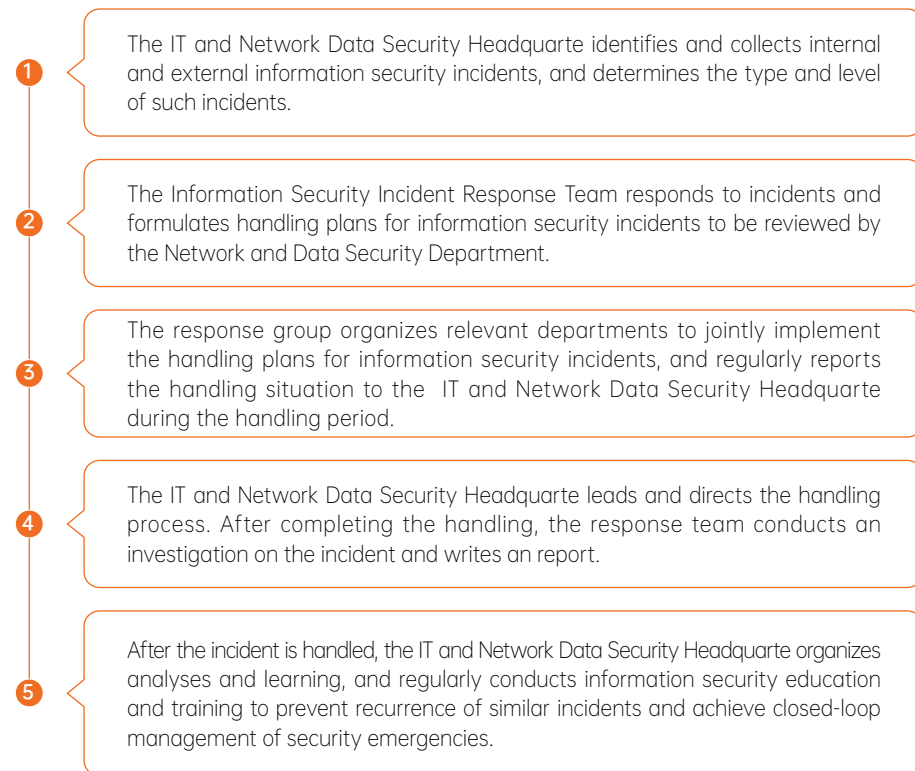
Obtained ISO 27001 certification

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In addition, we have established a scientific and efficient security emergency response mechanism, and revised the *Information Security Incident Management Measures* to clarify the handling and response process for security emergencies, and to further refine operational specifications in the handling process, handling time limit, investigation and notification, incident recording. We have also formulated the *Information Security Continuity Management Measures* to ensure the continuous and effective operation of important business systems of the Group and its subsidiaries. We have formulated continuity operation guarantee programs for key businesses, scientifically preventing and efficiently responding to security incidents that affect system availability, and strictly controlling the impact of related incidents.

In 2023, we conducted 2 emergency simulation tests and drills, participated in 9 offensive and defensive drills, including those organized by the Ministry of Industry and Information Technology, the Cyberspace Administration of China, the Chongqing Municipal Public Security Bureau and other relevant departments. The drills cover multiple fields, such as exposed surface collection, phishing emails, Internet of Vehicles security, industrial control security and network security

1 The IT and Network Data Security Headquarte identifies and collects internal and external information security incidents, and determines the type and level of such incidents.

2 The Information Security Incident Response Team responds to incidents and formulates handling plans for information security incidents to be reviewed by the Network and Data Security Department.

3 The response group organizes relevant departments to jointly implement the handling plans for information security incidents, and regularly reports the handling situation to the IT and Network Data Security Headquarte during the handling period.

4 The IT and Network Data Security Headquarte leads and directs the handling process. After completing the handling, the response team conducts an investigation on the incident and writes an report.

5 After the incident is handled, the IT and Network Data Security Headquarte organizes analyses and learning, and regularly conducts information security education and training to prevent recurrence of similar incidents and achieve closed-loop management of security emergencies.

Information Security Emergency Handling Process

To further enhance employees' information security awareness and prevention skills, we have organized several information security training activities in "online and offline" ways combining "practice and theory" to ensure that employees can master and apply what they have learned in actual operations. In addition, to develop a strong information security culture atmosphere, we publish information security tips in internal office software, place display racks of information security awareness at each base, and provide network and data security-related learning materials through the Group's online universities.

Seres Group conducted information security serial training sessions

In 2023, we carried out information security knowledge training for all employees to deepen their information security awareness. We strengthen the promotion and implementation of our confidentiality regulations and share typical cases of leakage to help new employees learn lessons from actual cases and enhance their awareness of prevention. In addition, based on the differences in positions and responsibilities, we carried out targeted information security training, such as network security defense practical drills, data security baseline introductions, cross-border data knowledge sharing, identification and sorting of important information assets, and data security systems construction. In this way, we comprehensively improve our risk management capabilities and build a stronger information security defense.

During the reporting period

We have conducted training covering cybersecurity, data security, personal information protection and security skills improvement in

37 sessions

With a total of participants

43,128

Training hours

130,300 hours

Participants reading the security tips.

1.2 million

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Information Security and Privacy Protection

The Group set up the office of DPO[5] to ensure the organization, construction and operation mechanism of data security and privacy protection management, and ensure the effective implementation of data security and privacy protection management system.

The Group comprehensively protects users' personal information and privacy security. We have formulated and optimized internal policies, such as the *Information Security and Personal Data Protection Policy* and the *Personal Data Security Protection Management System*. In policies such as the *Seres Group Mainland Official Website Privacy Policy*[6] and the *AITO Automotive Privacy Policy*[7], we have also clearly stipulated users' rights to access, correct, delete personal information and change the scope of authority. When collecting user information, we collect personal information based on the product and service processes, clearly inform users of the personal information to be collected and its purposes, and follow the principles of minimizing data authority and necessity to protect users' privacy and rights to the greatest extent.

For employees who have access to core data, we have established a strict data security management mechanism to ensure that sensitive data is properly protected and handled in compliance with regulations. For third-party cooperative suppliers, we rely on internal systems such as the *Supplier Information Security Management Measures* and the *Information Security Management System for Third Parties*. Before cooperating with suppliers and other third-party partners, we conduct supplier access assessments in multiple dimensions, such as supplier qualifications, project participant qualifications, emergency response capabilities, and network and data security requirements included. We also conduct regular supplier evaluations, and require all suppliers involved in third-party processing of user data to sign DPA[8] agreements to clarify their responsibilities and obligations, requirements in protecting user data. As of the end of the reporting period, no significant incidents related to privacy leakage occurred in the Group.

We have also established a comprehensive data security monitoring mechanism and conducted regular data security audits to minimize information security risks. In 2023, we strengthened internal and external audits. Throughout the year, we carried out audits on important links, including high-risk decryption audits, network-wide weak passwords, information security and privacy protection systems. We promptly reported any problems found during the audits and required relevant parties to make prompt rectifications to ensure the stable operation of the Group's business and the data security of relevant parties. At the same time, we implement network-wide vulnerability scanning and conduct regular vulnerability scanning and penetration testing on important systems to promptly identify and repair potential safety hazards. For newly launched systems, the Group conducts pre-launch inspections and assigns dedicated personnel to carry out system security tests such as vulnerability scanning, penetration testing, baseline checks, and data protection impact assessments to ensure the security of users' data and the stable operation of the Group's business.

In 2023, the Group was certified by the ISO 277001 Privacy Information Management System. The scope of certification includes the design, development, operation and maintenance, and operations services related to management platforms of R&D, manufacturing, supply chain, sales, customer service and vehicle-networking services of new energy vehicles.

→ Obtained ISO 27701 certification

Employee Data Security Management Mechanism

Strict management authority

We have established a clear authority division mechanism to ensure that employees of different positions only access the data required for their work and to avoid the risks of data leakage.
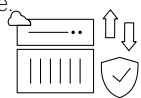
Data masking and encryption

We perform sensitive data masking and encrypt the storage and transmission of core data to ensure data security

Regular information security training

We organize data security training regularly to improve employees' data security awareness and operating skills

Confidentiality agreement signing

We sign confidentiality agreements with all employees with access to core data to clarify the obligations and responsibilities of confidentiality of user information

→ Employee Data Security Management Mechanism

AITO M9 to protect data security

In 2023, AITO M9 was officially released. With its industry-leading information security standards and management framework, it demonstrates the Group's emphasis on and pursuit of data security and privacy protection.

We have become the industry's first to realize independent space among multiple accounts in AITO M9 and other series of models, completely isolating data between different users. The account is automatically logged out after users get off the vehicle, which ensures the security and privacy of personal data during vehicle use. To further strengthen the protection of user data, we have also innovatively designed a one-click function of clearing historical data in AITO M9 and other series of models to ensure that the user data of the entire vehicle is conveniently cleared when parts are replaced or second-hand transactions are made. In this way, we eliminate the risks of personal privacy data leakage. In addition, the Group has established a complete response operation system for customers' privacy rights to quickly respond to their needs and provide all-round, multi-level data security protection.

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[5] DPO: Data Protection Officer.

[6] https://www.seres.cn/privacypolicy.html

[7] https://aito.auto/privacy/

[8] Data Processing Agreement.

Innovation and R&D on Products

The Group has always insisted on developing itself and maintaining competitive advantages with innovation as the driver. We are committed to building a fully connected auto ecosystem and developing industry-leading high-end intelligent new energy vehicles.

2023 HIGHLIGHT PERFORMANCE

During the reporting period, we have invested RMB4.438 billion in R&D, an increase of compared to 2022

42.90%

We conducted a total of 150 quality training sessions, covering

All employees
related to quality management

Satisfaction of user service experience reached

98.13%

We conducted 123 supplier quality training sessions covering of suppliers, with a total of 316 suppliers participating

100%

The Group had a total of

5,709 authorized patents,
2,268 authorized trademarks and 414 authorized copyrights

No
product recalls occurred

and delivery satisfaction reached

97.55%
Both were industry-leading

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Scientific and Technological Innovation

Regarding technological innovation as the core of its development, the Group has continuously invested in innovative R&D and conducted industry-university-research cooperation. It has also strengthened the application and protection of intellectual property rights, and planned for technological innovation and development in an all-round manner.

During the reporting period

We have invested RMBin R&D

An increase of compared to 2022

4.438 billion

42.90 %

As of the end of the reporting period

Seres Group has had a total of technical R&D staff

accounting for

4,955

30.77 %
of all employees

Innovative R&D Layout

We advance our quality strategies and develop a diversified product matrix and functional features with intelligent R&D as the main driver. In 2023, we continued to carry out in-depth research on 5 aspects: intelligent architecture, intelligent power, intelligent ecology, intelligent testing and intelligent process, with many innovative R&D results achieved.

Innovative R&D Results

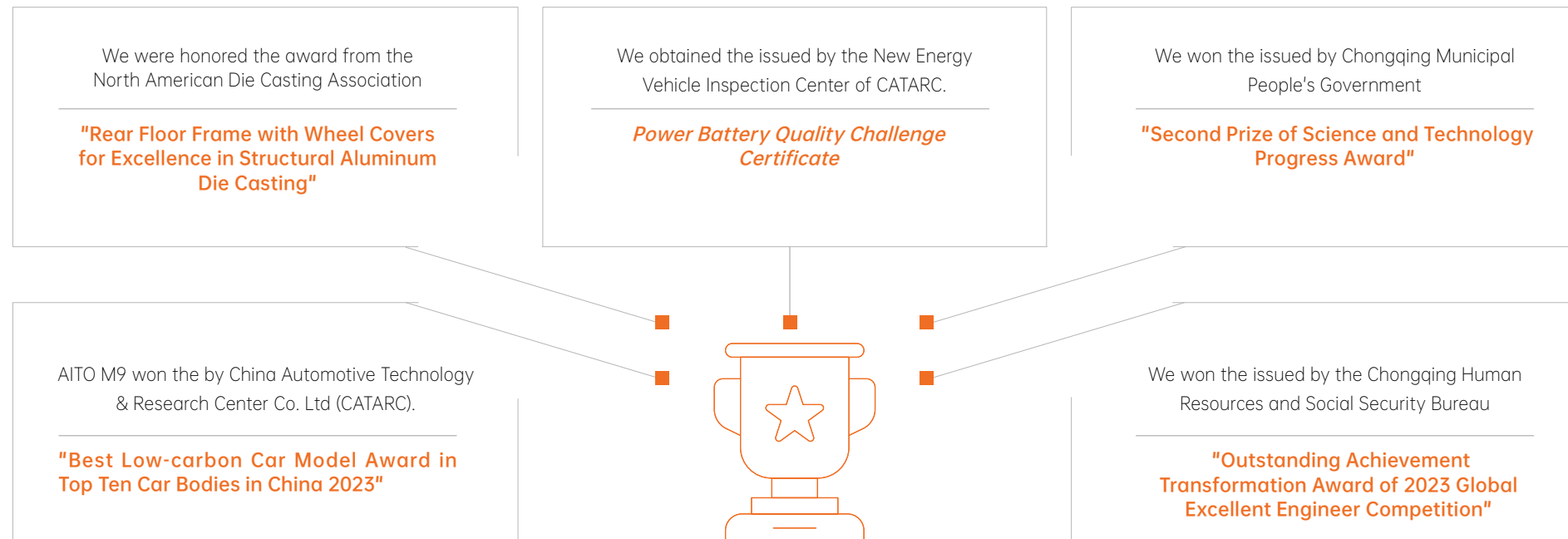|	
"Magic Cube Platform"	• The "Magic Cube Platform" is a super-intelligent platform of versatility and continuous evolution, which realizes the transformation and upgrading from the independent development of a single vehicle model to a platform-based development model, laying the foundation for the rapid development of subsequent models, cost control, and quality control.
Super Pure-electric-driven Intelligent Platform DE-i	• The platform consists of a dedicated range extender, an all-in-one electric drive system, a large-capacity power battery pack and a system for multi-scenario recognition and intelligent range-extender control. It has the advantages of low energy consumption, high efficiency, long range, high performance and zero anxiety over mileage. We lead the industry in terms of the system's EIC technology, range-extended technology, thermal management technology and intelligent control system.
System for Multi-scenario Recognition and Intelligent Range-Extender Control	• The system can accurately identify more than 1,100 driving scenarios. It adopts neural algorithms to precisely match each module for autonomous collaboration, providing users with a experience of full-range high power, low energy consumption and low noise.
All-scenario Intelligent Security	• The Group is the first in the industry to propose the concept of all-scenario intelligent safety. Based on all-scenario car use, including remote car use, user boarding, and user driving, we provide users with all-round and all-time security protection. In this way, we have formed our all-scenario intelligent safety system with multiple safety areas as the core, such as passive safety, active safety, health safety, network and data security. • As the first model equipped with a all-scenario intelligent safety system, AITO M9 has brought out industry-leading safety technologies, including hardcore passive safety, UVC+[9] photocatalytic health safety and privacy sound shield.
Intelligent Ecosystem	• The service-based EEA[10] 2.0 platform adopts 3 zone controllers and 3 function controllers, and applies Ethernet communication, SOA[11] and OTA[12] technologies in all respects. It provides nearly 1,000 independent services and supports users' customization to realize rapid function upgrading and lay a solid foundation for "software-defined cars". • AITO M9 is equipped with Huawei ADS[13]2.0 high-end intelligent driving system and a newly designed 192-line laser radar, 11 high-resolution cameras and 3 millimeter-wave radars. The system enables users to drive anywhere in China without maps, bringing users the ultimate intelligent driving experience. The Group is the first in China to obtain L3 intelligent driving test licenses in Chongqing and Shenzhen.
Intelligent Manufacturing	• Relying on the 4-in-1 intelligent manufacturing technology framework of "one network, one hardware, one software and one platform", we have completed the process commissioning of new product projects, the planning and construction of super factories, the process development and mass production of multiple models of the new AITO M9 and new AITO M7, and the daily production capacity of the new M7 from 300 units to 1,200 units at the fastest speed in the industry to ensure product delivery. • It took 12 months to build the virtual-reality mapping super factory to empower the production and delivery of AITO M9, breaking the industry record. We are the first in the industry to intelligently connected process system for the whole value chain, which help us build a million-class manufacturing scale and construct a world-class industrial cluster of intelligent and connected new energy vehicles.

[9] UVC: Ultraviolet-C.

[10] EEA: Electronic Electric Architecture.

[11] SOA: Service-Oriented Architecture.

[12] OTA: Over-The-Air.

[13] ADS: Advanced Driving System.

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We were honored the award from the North American Die Casting Association

"Rear Floor Frame with Wheel Covers for Excellence in Structural Aluminum Die Casting"

We obtained the issued by the New Energy Vehicle Inspection Center of CATARC.

Power Battery Quality Challenge Certificate

We won the issued by Chongqing Municipal People's Government

"Second Prize of Science and Technology Progress Award"

AITO M9 won the by China Automotive Technology & Research Center Co. Ltd (CATARC).

"Best Low-carbon Car Model Award in Top Ten Car Bodies in China 2023"

We won the issued by the Chongqing Human Resources and Social Security Bureau

"Outstanding Achievement Transformation Award of 2023 Global Excellent Engineer Competition"

In 2023, Seres Group's awards related to innovative R&D are as follows:

Seres Automobile was successfully listed as the "2023 National Trend Innovation Model Pioneer Brand".

On December 20, 2023, the first "National Trend Ceremony" was broadcast by CCTV, and Seres Automobile was successfully listed on the "2023 National Trend Innovation Model Pioneer Brand" list. and is also the only auto enterprise selected. The honor of "National Trend Innovation Model Pioneer Brand" recognizes not only the Group's tireless pursuit of innovation and development, but also the products of AITO series. Always focusing on the physical manufacturing industry and high-end brands, we join hands with more peers on the journey to realizing the comprehensive transcendence of China's auto intelligentization and electrification, and to contributing more to China's brands.

Seres Automobile was listed as

· 2023 ·
National Trend Innovation Model Pioneer Brand

CCTV 2 财经

国潮创新榜样先锋品牌
赛力斯汽车

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Industry-University-Research Cooperation

We actively carry out industry-university-research cooperation and technical exchanges with scientific research institutions and industry associations. We also widely participate in scientific research projects and industrial standard formulation. We also work with partners to promote innovation and vigorous development of the industry.

Industry-University-Research Projects Participated in 2023

Collaborative Innovation between Schools and Enterprises

Together with Chongqing University, Chongqing University of Technology and other universities, we successfully applied for Chongqing's key project of technological innovation and application development: research on safety assessment technology of in-vehicle power battery systems and equipment development and application.

We have collaborated with Chongqing University to carry out research projects, including the battery safety research project, the research project on battery system application technology, and the "i-RECS[14] Intelligent Range-Extender Control System" project.

We have jointly built an advanced manufacturing laboratory with Chongqing University, conducted research and application in big data quality control technology, and operated big data control strategies to monitor, analyze, intercept and trace welding process parameters in a real-time manner. In this way, we have monitored the status, controlled abnormalities of welding robots and monitored welding quality online to ensure the welding spot quality of the vehicle body.

We cooperated with Chongqing University and Chongqing University of Technology to develop the scientific project subject-*Scenario Recognition and Intelligent Range-Extender Control System for Extended-Range Electric Vehicles*.

Industrial Collaboration and Research

We cooperated with the leading laser display technology enterprise and installed a projection optical engine on AITO M9 for the first time. This large automotive-grade projection screen is electrically liftable. When folded, it is hidden in the B-pillar beam, taking up no space inside the vehicle. When unfolded, it presents the effect of a 32-inch in-vehicle large screen. The screen has passed the TÜV Rheinland's Eye Comfort certification and the Switzerland SGS[15] anti-glare certification, ensuring the comfort of watching movies in the vehicle. After putting away the large projection screen, users can still enjoy the double-view skylight with broader horizons.

We have collaborated with a leader in technical services of auto industry to conduct safety research on zero-gravity seats. We simulated users' driving scenarios and adopted rigorous 64km small overlap frontal crash conditions. We performed slip table tests at different riding angles and studied users' response laws to propose protection plans and ensure users' safe travel.

Joining the Industry Alliance

We have joined the International SparkLink Wireless Short-Range Communications Alliance and worked with other members of the alliance to jointly develop new-generation wireless short-range communication technology and build the industrial ecosystem together.

National Research Projects

We participated in the joint projects of *Perspective on the Prospects and Competitive Relationships of the Hybrid Market under the New Situation* and *Research on Vehicle Use Scenarios and Experiences in the Electric Intelligent Era* organized by the National Information Center and participated in by many new energy vehicle enterprises. The research results of the projects provide a highly valuable reference for new energy vehicle enterprises on how to respond to the complex market environment and better develop products that meet users' ever-changing needs.

[14] i-RECS: intelligent Range-Extender Control System.

[15] SGS Switzerland is an internationally recognized testing, inspection and certification organization.

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In 2023, the Group actively cooperated with multiple industry standardization organizations including the National Technical Committee for Auto Standardization and the China Quality Management Association for Electronics Industry. We also participated in the system construction in standards of the auto industry and of the intelligent and connected vehicle.

Promotion the Formulation of Auto Industry Standards

In August 2023

We participated in the national standard drafting group's revision of Appendix A and Appendix B (newly added range extending by means of shortening in high temperature and low temperature environments) of the national standard GB/T 18386.1-2021.

We participated the project of Technical Specifications for Motion Sickness Quality Evaluation on Users' Experiences of in-Vehicle Display, which was led by the China Quality Management Association for Electronics Industry and undertaken by the China National Institute of Standardization. This standard provides technical requirements and specifications for the evaluation of motion sickness quality of in-vehicle displays. It is applicable to the ergonomic design, development and evaluation of motion sickness quality of in-vehicle display products.

From November 2023 to date

We have participated in the revision of the auto team's fragrance standards *In-Vehicle Fragrance Capsule Testing Specifications* and *In-Vehicle Fragrance System Technical Specifications*.

In April 2023

We participated in the discussion with core drafting group of the national standard-*Passenger Car Head-up Display System Performance Requirements and Test Methods* and discussed the draft of GB/T *Passenger Car Head-up Display System Performance Requirements and Test Methods*. We discussed and reviewed the scope, terms and definitions, general requirements, functional requirements, performance requirements and test methods of the standard one by one, with the basic framework and core technical content of the standard established.

In June 2023

We joined the Automotive Comfort Alliance and participated in the review and feedback of the *Evaluation Methods of Passenger Thermal Comfort In Automobile Air Conditioning (Draft)*, which has been promoted by the Sub-committee on Complete Vehicles of the National Technical Committee for Auto Standardization and was responsible for by the Alliance.

From October 2023 to date

We have participated in the compilation of the group standard of *Reference Architecture of Data Management Platforms for Industrial Internet Application, Complete Vehicle Manufacturing and GHG Emissions*.

In November 2023

He participated in the compilation of Chongqing's standard of *Calibration Specifications for Ultrasonic Weld Spot Analyzers*.

Seres Group and CATL deepen strategic cooperation

On December 20, 2023, Seres Group and CATL signed a comprehensive strategic cooperation agreement. Both parties would carry out in-depth cooperation in supercharging technology, battery safety, integrated development of "vehicle, battery, and charging" and big data. Both parties work together to expand overseas business and promote battery technology innovation and global presence.

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Intellectual Property Protection

Attaching great importance to protecting intellectual property rights, the Group has established internal systems such as *Patent Management Measures, Management of Scientific Research Results and Awards, and Management Measures for Trademarks* according to the laws and regulations, such as *Patent Law of the People's Republic of China and Copyright Law of the People's Republic of China*. We protect intellectual property rights in all stages of the Group's production and operation.

To enhance the Group's overall intellectual property awareness, we provide employees with diversified intellectual property training. In 2023, we organized 4 intellectual property training sessions, with over 2,000 employees completing the training online and offline. In addition, we conducted special training for intellectual property managers on the *European Patent Application Process* and *Study on the Differentiated Application and Internal Protection Strategies of Seres Group's Business Secrets and Patent Protection*.

Besides, we focus on infringement risks of intellectual property. We identify patent infringement risks of our independent R&D and our partners to avoid infringing on others' intellectual property rights. To better promote the investigation on patent infringement risks, we have carried out online and offline special training on *Patent Infringement Analysis Instructions* to effectively create a standardized innovation and R&D atmosphere.

We have formulated management systems such as the *Reward and Remuneration Standards for Employee Inventors,* and established our incentive mechanism for technological innovation programs and special incentive mechanism for employees' intellectual property contributions to provide corresponding material incentives for employees making contributions in technological innovation. Employees' incentives serve as an important part of the overall salary, which greatly stimulates the vitality of employees. In addition, to achieve the strategic goal of co-creation, sharing and win-win cooperation between employees and the group, we have developed 3 continuous incentives for special innovations: instant incentives (exchanging points for gifts), incentives for good ideas, and honors and naming for the development of forward-looking technical subjects.

In 2023

The Group won the of Chongqing's first patent awards

GOLD MEDAL

The Group applied for patents more than

2,000

of which invention patents accounted for

69%

The Group added new patent authorizations

575

Trademark authorizations

150

Copyright authorizations

21

The authorizations of auto invention patents increased by

88.00%

year-on-year, which leads the industry

The Group's published patents increased by

407.76%

Independent Automobile Group in terms of growth rate

FIRST

As of the end of the reporting period

The Group had a total of authorized patents

5,709

Authorized trademarks

2,268

Authorized copyrights

414

Intellectual Property Achievements

High-value Patent Highlights in 2023

Management and control of electric vehicles

By obtaining parameters, such as the current power battery temperature, the actual battery charging and discharging power, and the battery's allowable charging and discharging power, we determine the timing of starting the battery thermal management system to achieve advance adjustment and optimize energy consumption.

A battery replenishment system and method

When determining that the temperature outside the vehicle is lower than the temperature threshold, the system controls high-voltage battery pack to replenish the low-voltage battery to the preset SOC[16] value, thereby reducing the risk of low-voltage battery depletion.

A method, device and vehicle controller for displaying range during charging

According to displayed state of charge (SOC) value, that of the theoretical range and the current SOC value, the controller displays value added to range each time a set value of the state of charge changes, thereby improving the accuracy and rationality of displayed range changes when the vehicle is charging.

In 2023
the Group won

the gold medal of the Chongqing Patent Awards and the honor of the "China Patent Excellence Award".

Honorary Awards for Intellectual Property Rights

[16] SOC: State of Charge.

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Product Quality and Safety

The Group strictly abides by the laws and regulations such as the Product Quality Law of the People's Republic of China, and insists on creating high-quality and safe automobile products by centering on the quality system centered on the Seres Automobile Quality Manual.

Products Quality Guarantee

Committed to providing consumers with high-quality products, we ensure high standards of product quality by establishing a complete quality management system and review mechanism.
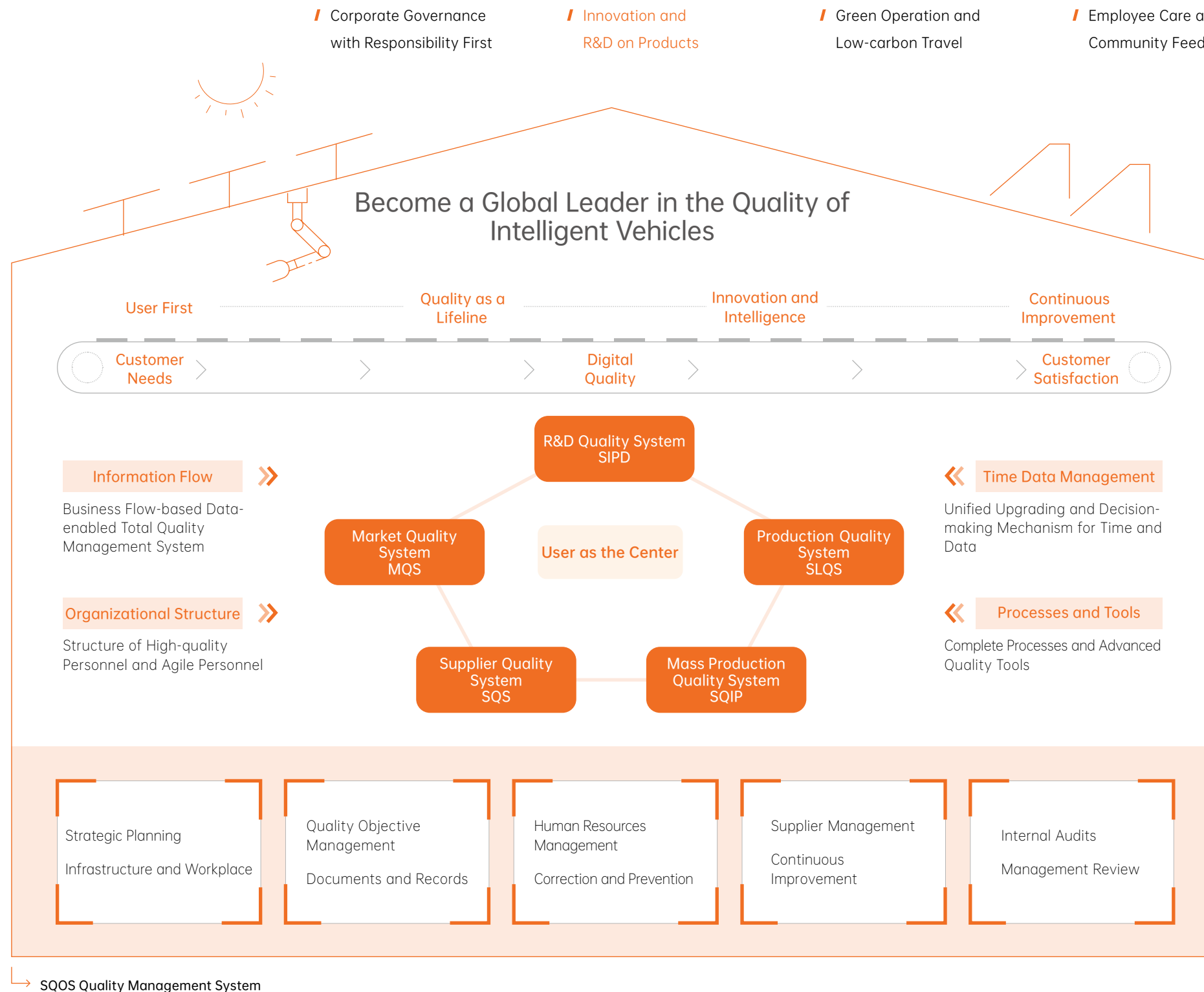
Quality Management System

Seres Group strictly abides by the laws and regulations such as the *Product Quality Law of the People's Republic of China* [17], and builds a quality system with the *Seres Automobile Quality Manual* as the core. Seres Group also establishes and implements the SQOS (Seres Quality Operation System) quality management system covering the four core businesses of product R&D, product manufacturing, parts supply, sales and service. In 2023, we added, optimized and deleted a total of 181 quality system process documents to ensure the adaptability and effectiveness of quality control.

As of the end of 2023

Percentage of the Group's existing plants certified with ISO 9001:2015 or IATF 16949:2016 quality management systems

100%

[17] Seres Quality Operation System.

Become a Global Leader in the Quality of Intelligent Vehicles

User First — Quality as a Lifeline — Innovation and Intelligence — Continuous Improvement

Customer Needs > > Digital Quality > > Customer Satisfaction

R&D Quality System SIPD

Information Flow »
Business Flow-based Data-enabled Total Quality Management System

Market Quality System MQS

User as the Center

Production Quality System SLQS

« **Time Data Management**
Unified Upgrading and Decision-making Mechanism for Time and Data

Organizational Structure »
Structure of High-quality Personnel and Agile Personnel

Supplier Quality System SQS

Mass Production Quality System SQIP

« **Processes and Tools**
Complete Processes and Advanced Quality Tools

| Strategic Planning
Infrastructure and Workplace | Quality Objective Management
Documents and Records | Human Resources Management
Correction and Prevention | Supplier Management
Continuous Improvement | Internal Audits
Management Review |

SQOS Quality Management System

Seres Group Co., Ltd.

We have established a quality management structure with clear responsibilities. As the first organization responsible for product quality and safety, the Quality Committee implement a product quality and safety responsibility system.

The Quality Committee

- The primary responsible organization for product quality and safety management

- It formulates product quality and safety strategies to ensure stable operation of product quality and safety management system

Quality Center

- It carries out automobile product quality and safety management in all aspects to ensure the implementation of related strategies

Each Business Unit

- The first person responsible of each unit take responsibility for product quality and safety

- Responsible for his or her unit's quality assurance capabilities and product quality and safety

Product Quality Management Framework

Quality control throughout the Entire Life Cycle

Incoming quality
- We conduct incoming inspections on the appearance, size, performance, functions of parts according to the *Incoming Quality Management Procedures* and incoming parts inspection instructions.
- For high-risk parts of new energy models, we carry out automatic test on wiring harnesses, battery packs, and power items to identify and solve problems in a timely manner.
- We have established a traceability system of "One file for one piece and One file for one truck" to trace and bind the parts (regulation parts, quality parts and error-proof parts) in the manufacturing process to ensure the accuracy of on-site key parts assembly and to realize the traceability of bar code information of spare parts.

Process quality
- We establish a sound process quality control system and combine it with the product production process. We set up quality gates and control points in the process including stamping, welding, coating and general quality gate, which automatically report the problems to the upper production department through the system to check on product quality across the production process.
- In 2023, we reviewed our control program and operation instructions, adjusted the water pressure standard for drenching rain test to twice as high as the national standard. We also increased the number of automated monitoring projects to 199 and increased the frequency of spot checks on four-wheel alignment and airtightness inspections to continuously improve quality control standards.

Vehicle delivery quality
- Through the combination of off-line inspection on traditional vehicles and automatical inspection, we presuppose up-to-standard basic quality of vehicles and conduct the pressure test (covering 8 sections, 717 inspection processes 1,159 inspection items) with high frequency execution on each controller and control unit to enhance the detection of problems, reduce the unseen problems of vehicles and the risk of defective vehicles accessing the market.
- We conduct comprehensive hazard analysis and risk assessment for the complete vehicle power system, chassis system, intelligent assisted driving system, body system and cockpit system. We also carry out the expected functional safety analysis of the advanced intelligent driving system.
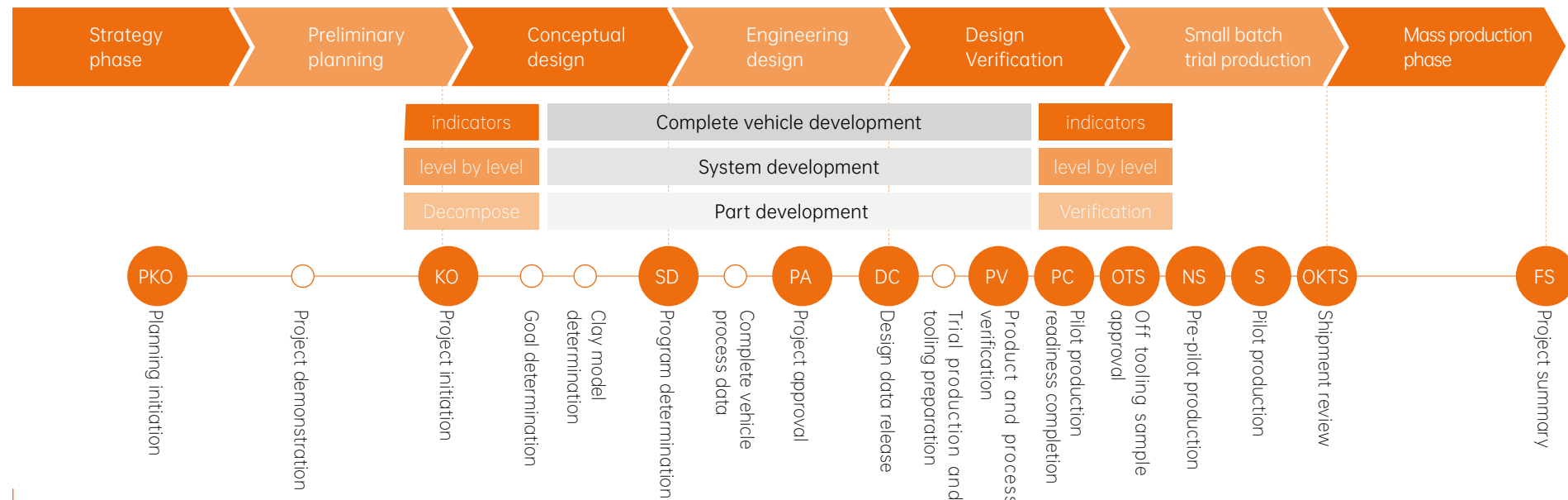
After-sales service quality
- We have established a complete after-sales service system to provide professional technical support and a mechanism to handle quality problems in a timely manner. To help users to efficiently solve after-sales quality problems, we provide online diagnosis and advance reservation service for quality problems that may arise during after-sales services.
- We provide "active services" to identify vehicle faults and analyze data through the vehicle cloud service platform to locate faults and provide treatment suggestions. Based on the analysis and suggestions, the User Center serves the user to verify the vehicle status and provide a quick solution.

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For the development of new models, we adopt a development model of "V"-shaped complete vehicle. With objective management as the main line, we decompose and verify the complete vehicle, system and parts level by level. We conduct full life cycle quality control in "online + offline" ways of the "hardware + software" and "process + mechanism".

Strategy phase	Preliminary planning	Conceptual design	Engineering design	Design Verification	Small batch trial production	Mass production phase

indicators	Complete vehicle development	indicators
level by level	System development	level by level
Decompose	Part development	Verification

PKO — Planning initiation
— Project demonstration
KO — Project initiation
— Goal determination
— Clay model determination
SD — Program determination
— Complete vehicle process data
PA — Project approval
DC — Design data release
— Trial production and tooling preparation
PV — Product and process verification
PC — Pilot production readiness completion
OTS — Off tooling sample approval
NS — Pre-pilot production
S — Pilot production
OKTS — Shipment review
FS — Project summary

↳ Quality Control of New Models

Product Recall Management

The Group strictly abides by the *Regulations on the Administration of Recalls of Defective Automotive Products* and the *Administrative Measures for the Recall of Defective Vehicles,* and has formulated the internal *Product Recall Control Procedures.* We have established a Chief Quality Officer (CQO) and a regular meeting promotion mechanism for critical quality issue management with the participation of senior executives.

We monitor product quality issues through digital quality tools. When receiving potential critical quality issues in production or the market, we immediately organize critical quality issue management meetings. We also investigate and analyze possible risks in accordance with the *GB/T34402-2017 Safety of Motor Vehicle Product—Guidelines for Risk Assessment and Risk Control*, and report them as required by relevant government departments. In the cases of defective vehicles, we would strictly follow the *Regulations on the Administration of Recalls of Defective Automotive Products and the Administrative Measures for the Recall of Defective Vehicles* to stop the production and sales of defective vehicles. We voluntarily recall the vehicles and submit recall interim reports and final reports as required by laws and regulations to continuously promote product quality. No product was recalled in 2023 at the Group.

Product Quality Audit

During the reporting period, we have continued to strengthen product quality audits by combining internal and external audits.

2023 Product Quality Audit

Internal review	• Internal audit of the quality system: we have conducted comprehensive audits of the Group's operational processes in accordance with the requirements of the IATF 16949 standard, with 427 problems found in the audits. Inn this way, we have promoted the rapid resolution of the problems and continuously improved our quality management capabilities; • We have reviewed valve points of new projects 12 times to comprehensively control the quality risks of valve points and promote their systematized and standardized management; • We assist suppliers to improve their quality management capabilities. We have conducted system audits on 9 high-quality risk suppliers throughout the year, and supervised and assisted suppliers to improve their quality management capabilities in a short time.
External Audit	• Each vehicle factory successfully passed the CCC mandatory product certification audit; • We passed the unannounced audit of the "New Energy Vehicle Safety System" conducted by the Ministry of Industry and Information Technology, and received good comments from the expert group; • We successfully passed the oversight and inspections of the Ministry of Industry and Information Technology and various governmental agencies on conformity of production, with products meeting the requirements; • Super Factory has successfully obtained the access and production qualifications; • We successfully passed the RDW EU export certification audit; • We passed the EU R156 software upgrade management system (SUMS[18])certification audit; • Seres Automobile's Intelligent Factory passed the IATF 16949 audit and obtained the certificate.

[18] Software Update Management System referred to as "SUMS".

2023 Quality Inspections

Number of complete vehicle quality inspection times for representative products

99,198 times

Number of parts quality inspection times for representative products

652,294 times

External inspection pass rate

100 %

Valve point quality review for new projects

During the production phase of new vehicle models, we adopt a "7-step" method to review valve point quality to strictly control the product quality. The 7 valve points include review plans, collection of review elements, review conclusions in various fields, comprehensive review, alignment of the preparation of evaluation reports, review by the power generation review group, and review by the review committee. All projects must pass the review of all valve points.

We have made the valve point reviews for new projects as a long-term mechanism. In 2023, we conducted 12 valve point reviews for new projects, with 108 problems discovered and an on-schedule rectification rate of 100%.

Quality Culture Construction

We regularly carry out various activities every year, including quality publicity, quality training, quality-themed activities to create a quality culture atmosphere with full participation and shared responsibility.

In 2023

we conducted a total of

150

quality training sessions

covering

all employees

related to quality management

Improvement of Quality Awareness

Quality Academy	Quality College Construction	● Air Class: we identified and completed 46 high-demand quality courses, with 25,049 person-times
		● Star courses: we launched 10 pragmatic star courses, with 10 course tours and 446 person-times
	System knowledge training	● We conducted internal training on basic knowledge for internal auditors, with 336 participants
		● We conducted IATF 16949 standard training, with 336 participants
		● We conducted external training for internal auditors, with 80 participants
		● We conducted VDA6.3 external training on process audit, 64 people participants
	System and tool knowledge competition	● We organized a quality system and tool knowledge competition, with 530 employees participating
QC Team Activity	Carried out QC team activity.	● We held the second and third QC team activities, with more than 800 participants, 155 registered projects, 135 completed projects, and over RMB5 million of direct economic benefits
	Participated in national QC team achievement activities	● We assisted a total of 6 outstanding QC team achievements to participate in the National QC Team Achievement Exchange Activity held by the China Association for Quality, and won honors of 1 "demonstration" achievement and 5 "professional" achievements

Seres Group carried out the "Quality Month" theme activities in 2023

During the 2023 Quality Month, we launched the second "Quality Month" activities themed "Data-driven Tools Empowering Quality Awareness to Take Root", which includes a total of 8 activities, such as participation in the 2023 China Quality Conference & Exhibition of Quality Light—China Quality Management and Quality Innovation Achievements, APQP Application Competition and FMEA Quality Salon. We have taken "Quality Month" as an opportunity to vigorously promote the use of quality tools, improve quality data analysis capabilities and enhance employee skills and quality awareness.

→ China Quality Conference & Exhibition of Quality Light—China Quality Management and Quality Innovation Achievements

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Product Safety Protection

The Group regards product safety as the core element of auto products and devotes to ensuring user safety, integrating product safety concepts into stages from design to production and manufacturing.

We have employed the product monitoring system of "software and hardware collaboration + dynamic and static test + automated detection + AI technology". We have built a full-scenario intelligent safety system to protect users' travel safety in all aspects, from 9 safety areas including travel safety, active safety, passive safety, power and energy safety, network and data security, functional safety, health safety, low voltage safety, and health and safety monitoring system for the complete vehicle.

All-scenario Intelligent Safety System

Passive safety	We actively upgrade production lines by adopting new technologies and utilizing high-strength materials to empower the whole range of products. We manufacture the AITO M9 in accordance with extremely strict design standards, giving it a super strong body, with aluminum alloy volume accounting for 80% of its body, and 2000MPa nuclear submarine-class hot-formed steel used in a total of 12 places in the complete vehicle. In addition, the back body of the vehicle is formed by the world's leading super-large 9000T die-casting machine, with the overall rigidity and strength significantly improved.
Active safety	The vehicle integrates a large number of cutting-edge technologies to conduct all-round monitoring of potential collisions between people and the vehicle during driving, and to make early warnings and circumvention to prevent the collisions in advance. AITO M9 is equipped with Emergency Steering Assist (ESA[19]) system, which makes intelligent risk avoidance safer; and forward AEB[20] capability is further enhanced, with emergency braking up to 120km/h for stationary vehicles.
Power and Energy Security	The test results of power batteries for the Group's automotive products far exceed the national safety standards in terms of lithium battery reliability, thermal safety, battery pack waterproofing and other anti-failure strategies.
Network and Data Security	In terms of data collection, storage, processing, use and destruction, we provide users with the best personal data security protection. Please see the "Network Security and Privacy Protection" chapter for details.
Functional Safety	In accordance with the international standard ISO 26262:2018, we have established a product development and management process system that fully complies with ASIL D[21], the highest class of auto functional safety. The system has been certified by the German DAkks[22], covering all functional areas of the complete vehicle, such as power, chassis, body, intelligent driving, body and cockpit. In strict accordance with ISO 26262, we conduct AITO M9's safety design, development, verification and management of product functions to ensure its ultra-high reliability.
Health and safety	See the "*Product Health and Safety*" chapter for details.
Low voltage safety	In response to the potential risks of the design, the Group adheres to the concept of "passenger safety first" by innovating the industry's leading low-voltage safety solution. The solution has solved the problem of damaging the fuse box in front cabin after a collision and the box's inability to unlock itself.
Complete vehicle health and safety monitoring system	Ahead of the industry-leading combinational algorithm strategy, the system provides real-time and comprehensive care for the vehicle's driving, while providing real-time early warning and alarm processing for sudden changes in vehicle status signals. In the case of abnormal vehicle status, the safety guard would respond in seconds to provide vehicle owners with industry-leading active + passive intelligent services, and analyze, locate and solve vehicle abnormalities.

[19] ESA: Emergency Steering Assist.

[20] AEB: Autonomous Emergency Braking.

[21] ASIL D: Automotive Safety Integrity Level D.

[22] DAkks, Deutsche Akkreditierunasstelle, which is the certification body of thederal Federal Republic of Germany.

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Preventive Product Testing

To prevent new quality or safety problems, we conduct complete preventive product safety testing. We set up 8 quality gates before the delivery of the complete vehicle. The hardware monitoring covers materials, parts, systems and the complete vehicle; The software monitoring covers test items such as intelligent assisted driving, human-machine interface and AR-HUD (augmented reality head-up display system); Before delivery, we have completed more than 3,200 dynamic and static monitoring items and nearly 1,000 automatic monitoring items, covering intelligent assisted driving, insulation testing, enhanced road testing, electromagnetic radiation frequency and other monitoring items to fully ensure product quality and safety.

At the same time, we employ the technical means of vehicle big data analysis to provide early warning and monitoring of impending vehicle problems. Especially, we provide real-time warnings in the cloud for vehicle owners' driving safety scenarios, such as battery thermal runaway, power problems, battery depletion and collision accidents. In this way, we provide remote omni-channel 7×24 care to ensure a safe and care-free driving experience.

Product Health and Safety

We attach importance to the impact of healthy products. Taking the aspects of low chemical pollution, interior purification, low electromagnetic radiation, microbial protection, intelligent monitoring into comprehensive consideration, Seres Automobile continuously optimize the interior materials, purification systems and whole vehicle layout to promote environmental protection and health in the car. We have adopted "intelligently sanitizing" technologies in our auto products, which can eliminate various viruses with a systematic elimination rate of 99.9%. To provide users to enjoy high-quality fresh air, we employ intelligent fresh air technology to achieve active purification, parking ventilation, self-drying of air conditioners, one-click deodorization and other effects. To reduce the sensitization risks (VAR) in the vehicle, at the beginning of researching and developing AITO M7, we set requirements for the materials selection for body-accessible parts, such as seats, armrest boxes and steering wheels. We strictly control the use of substances harmful to the human body and fully consider the needs of sensitive groups such as people with skin allergies and children. In terms of volatile organic compounds (VOC) in the vehicle, we employ environmentally friendly materials, such as

EVA+PU sound insulation materials, new two-component sound-absorbing cotton, non-toxic and pollution-free water-based adhesives. We replace traditional asphalt mats with water-based damping mats of lower VOC. We choose low-VOC and environmentally friendly raw materials for the interior parts to eliminate harmful substances.

We have established our VOC detection and analysis center to conduct rigorous multi-round and multi-batch tests on the VOC[23] and VOI of complete vehicles and parts since the early R&D stages. Besides, our electromagnetic radiation (EMR[24]) team strictly implements multiple rounds of EMR tests to control the electromagnetic radiation in the vehicle to excellence that meets the requirements of the China Automobile Health Index Management Center. In addition, to safeguard users' health, we have established a "Golden Nose Team" in each factory to regularly accept benchmarking of different classes and odor types to ensure that the odors inside the vehicle meet the requirements during the volatility performance management and control.

In 2023

AITO M5 and new AITO M7 were awarded the "zero formaldehyde" vehicle certification.

We obtained the "Zero Formaldehyde" Auto Certification

[23] VOI: Vehicle Odor Intensity.

[24] EMR: Electromagnetic Radiation.

Product Safet Culture

In2023, the Group carried out various product safety training at different levels, totaling 24 sessions with more than 8,700 participants.

To enhance users' safety awareness and help them understand the safety boundaries of aided driving, the advanced intelligent driving test system in the AITO App launches assisted driving-related learning videos and aided driving knowledge tests. At the same time, we continue to share the available scope and safety boundaries of assisted driving through the "Seres Group's AITO Intelligent Driving" channels. We also combine the eyes-off/hands-off warnings of the assisted driving system to protect users' properties and personal safety in all aspects.

AITO M5 won the first place in J.D. Power China New Energy Vehicle Quality Study 2023 Mainstream Plug-in Hybrid Market Segment Quality Ranking

NO.1

Ranked first in quality of the mainstream plug-in hybrids segment market in 2023

AITO ranked first in the 2022 new energy vehicle quality, released by Autohome in 2023

NO.1

- AITO M5 of Intelligent Driving Edition won the "Autonomous Emergency Braking (AEB) Grand Prize" and "Champion" in the 2023 IVISTA Intelligent Connected Vehicle Challenge.

- AITO M5 of Intelligent Driving Edition won the "Best Safety Award" in the 2023 Highway Race of the Smart China Expo Smart Automobile Scenario Challenge.

Champion in the 2023 IVISTA Intelligent Connected Vehicle Challenge
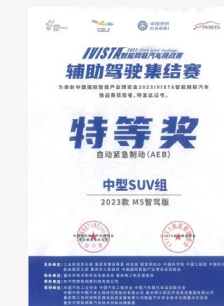
Grand Prize in the 2023 IVISTA Intelligent Connected Vehicle Challenge

Won the "Best Safety Award"

Awards List of Product Quality and Safety in 2023

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Customer Service

The Group incorporates the concept of serving users wholeheartedly into its service system. Aiming to improve customer satisfaction, we respond to user needs in a timely manner, provide customized services and continuously improve service processes and standards.

Service System

With wholehearted service process and characteristic after-sales service as the core, we are committed to providing users with all-around personalized service experience and bringing users pleasant travel solutions.

Wholehearted Service Process

We have formulated the "CARE Service Strategy", starting from the five value dimensions of convenience, consideration, reassurance, sincerity and care, so that users can experience high-quality service throughout the process of vehicle selection, purchase, use and maintenance. In addition, based on our considerate services, we bring users new service experiences by combining software and hardware. We also provide digital experiences throughout the user's vehicle life cycle.

Wholehearted Service Process

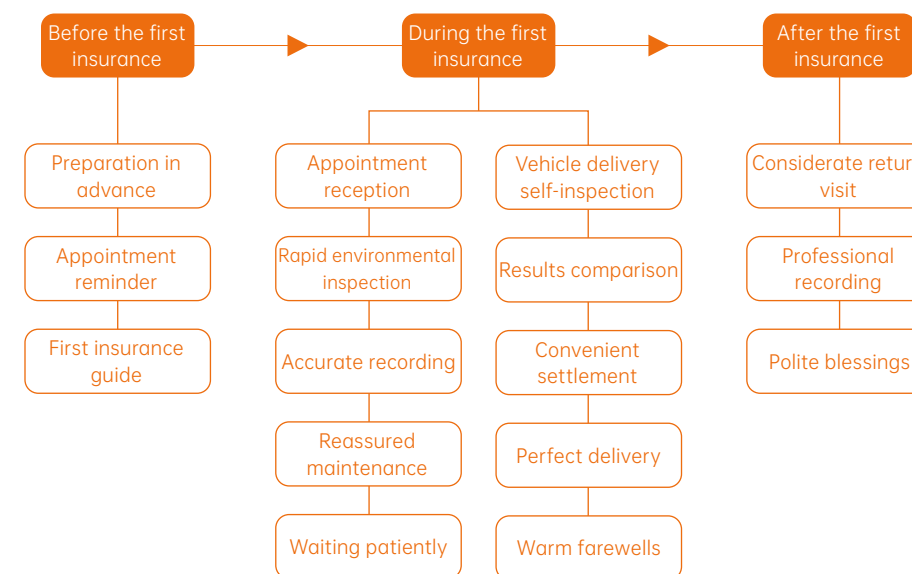|	
Convenient appointment	Seres Automobile establishes a user-specific service group to provide butler service for users.
Considerate receptions	Users enjoy a series of explanations and introductions of cars and their functions and first maintenance services , and are give caring gifts with the user experience upgraded in an all-round way.
Reassuring construction	Dedicated maintenance technicians accurately diagnose and repair auto problems.
Sincere car delivery	Users are accompanied by professionals throughout the strictly implemented delivery process.
Return visits to show care	Seres Automobile establishes user files, regularly visits users, record their evaluations professionally and solve user problems to form a closed-loop service.

After-sales Services

We build after-sales service guarantee mechanism for AITO users to provide vehicle owners with rights and interests guarantee such as free first maintenance, long warranty, lifetime road rescue. We also provide users with pleasant travel solutions through intelligent, precise, personalized and exclusive services around user travel scenarios.

After-sales Rights and Interests System

Free first maintenance service	The user is entitled to the first free maintenance service.
Quality Assurance Service	Users enjoy ultra-long warranty service, namely a four-year period of the whole vehicle repair with unlimited mileage, and quality assurance service for key parts of EIC during the warranty period.
Road Rescue Service	Within 4 years from the date of vehicle delivery, AITO users of the Chinese mainland can call the rescue hotline 400-008-9999 to enjoy 365-day and round-the clock road rescue service.
Free Scooter Service	During the warranty period, AITO users can enjoy free scooter service or compensation for maintenance of over 24 hours due to quality problems.
Remote Technical Service	For the faults requiring solutions in the store, they can be diagnosed in advance to understand the cause of the faults in time and reduce the vehicle maintenance time. We identify vehicle failures in advance through remote monitoring and proactively contact users to resolve them.

In 2023, we updated the *Blue Book of the First Insurance Journey* to version 3.0 to further promote users' service experiences of first insurance. We have developed a complete service process. We also set operating specifications for 16 key points in the process, including two warranties and one emergency service, rapid environmental inspection and considerate return visits. We also directly link indicators such as return visit rate, service satisfaction rate and timely response rate to customer complaints with employees' compensation. We strive to provide our customers with the most professional services in a standardized manner.

Service Process of First Insurance Journey

Before the first insurance	During the first insurance		After the first insurance
Preparation in advance	Appointment reception	Vehicle delivery self-inspection	Considerate return visit
Appointment reminder	Rapid environmental inspection	Results comparison	Professional recording
First insurance guide	Accurate recording	Convenient settlement	Polite blessings
	Reassured maintenance	Perfect delivery	
	Waiting patiently	Warm farewells	

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Characteristic Services

We provide users with a number of our characteristic services, personalized delivery services and efficient and convenient maintenance services. In this way, we respond to users' personalized needs with the practical actions.

Delivery at the store

The delivery specialist shall arrange the delivery site according to the *AITO Scenario Arrangement Plan,* and conduct standardized arrangements and process for each user at the store. On special days such as holidays, user anniversaries, etc., the delivery specialist shall create a personalized delivery scenario for the user as needed.

Home delivery

Delivery specialists shall adopt online video vehicle inspection and handle relevant procedures online. They visit to introduce the vehicle for customers and complete the delivery, and call back for service conditions of the car several times within one week after delivery.

Centralized delivery

When the first batch of vehicles are delivered or a large number of vehicles are delivered at the store in a short period of time, the modes of centralized invitation and delivery are adopted to improve delivery efficiency and enhance customers' sense of ceremony in the delivery.

Creative delivery

We adopt some creative delivery forms, such as combining the delivery ceremony with equestrian experience, holding delivery parties in lawn music festivals. In this way, users can experience great fun in the delivery process.

Characteristic After-sales Services

Active services	In 2023, we added "active service" to the after-sales service sector. We identify vehicle faults and analyze data through the vehicle cloud service platform to locate faults and proactively contact users to verify vehicle conditions, and to provide the needed services to users for quickly resolving vehicle problems.
Fast services	To provide quick responses to users' repairs, we have formulated the *Guide on 45-Minute Appointment and Fast Maintenance of User Center,* and issued the *Notice on the User Center's Implementation of the Service Commitment of 45-Minute Appointment and Fast Maintenance*, *8-Hour Sheet Paint and Fast Repair*, and *Lifetime Warranty for Sheet Paint Service.*
Extended services	We provide users with extended protection service at night by extend the daily after-sales service to 20:00. We also provide users with free meals and free home delivery service.
Exclusive service	To make users enjoy the most exclusive service experience, we provide 1 service expert and 1 dedicated butler for each AITO M9 user, and exclusive IVR[25] voice, personalized offline activities and other exclusive services.

[25] IVR: Interactive Voice Response, 交互式语音应答。

Vehicle Owner Activities

We are committed to providing users with rich and colorful event experiences to enhance interaction and emotional connection among users and us. In 2023, we held a series of offline activities, such as the Vehicle Owners Thanksgiving in Autumn and Winter and Care Day, Pizza DIY and Annual Thanksgiving Activity, to make users feel the unique happiness of being an owner of our vehicles.

Fun and warm companionship-Vehicle Owners Thanksgiving and Care Day in Autumn and Winter

In December 2023, to thank the car owners who have always supported us, we carried out an Autumn/Winter Owners' Thanksgiving and Care Day at the Nanning User Center. Dozens of owners of Seres Group vehicles gathered enjoyed music performances, participated in blindfolded eye-painting activities and witnessed a young owner's proposal. We organize thanksgiving activities to provide vehicle owners with a platform for communication and give back to them for their continued support.

⌎→ Vehicle Owners Thanksgiving and Care Day in Autumn and Winter

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User Satisfaction and Complaints

Always putting user satisfaction as its core, the Group has always striven to improve the user experience. We pay attention to listening to users' voices and feedback, and respond to their needs and expectations in a timely manner.

Satisfaction Survey

We have formulated a series of satisfaction survey systems including *Delivery Satisfaction Survey Details* and *Service Satisfaction Survey Details*. We conduct regular user satisfaction surveys and form documents, such as *Satisfaction Analysis Report* and *Satisfaction Problem Follow-up Form*. In 2023, we sent SF5 and AITO user satisfaction questionnaires with Seres Automobile App and AITO App. The results showed that the satisfaction of user service experience reached 98.13% and delivery satisfaction reached 97.55%, both of which led the industry.

user service experience satisfaction reached

98.13%

delivery satisfaction reached

97.55%

Complaint System

To establish a sound complaint system, we have formulated internal systems such as the *Complaint Handling and Appeals Process* and the *Crisis and Emergency Notification and Response Mechanism*. We provide users with a variety of complaint methods such as round-the-clock 400 service hotline of a whole week and product App. We understand users' complaints and suggestions by collecting online public opinions. We focus on timely and accurate user feedback. We also regard user complaints as valuable opportunities for continuously optimizing our products and services, thus enhancing user satisfaction and brand reputation. In 2023, we received a total of 2,214 service complaints and 100% of all complaints were effectively resolved.

Complaint Handling Process

Hotline access by users → Information collection → Customer complaint transfer → Response to customer complaints → First visit within 4 hours → Customer complaint escalation → Customer complaint enforcement → Closed-loop revisits → Customer complaint closure
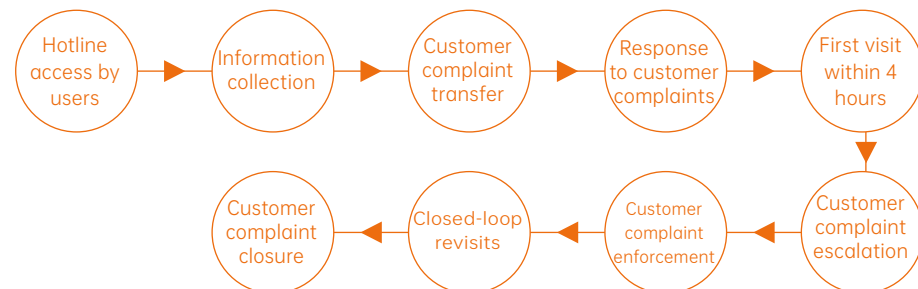
Customer Service Training

We regularly conduct various service training to make our services more professional.We require our services personnel to receive regular training to maintain high standards of service quality.

In 2023

We conducted delivery training

117 sessions

covering

2,315 person times

with a total of training hours

1,850 hours

We conducted after-sales service training

756 sessions

covering

7,600 person times

with a total of training hours

12,083 hours

Responsible Marketing

In strict accordance with the Advertising Law of the People's Republic of China and other laws and regulations, the Group standardizes advertising and sales behavior, coordinates and manages various business departments to ensure the advertised information is accurate and consistent and to avoid false advertising or excessive marketing . All the data, such as energy consumption, safety and intelligent functions, must be certified by national authorities before publicized to the outside. At the same time, we always pay attention to consumer feedback. We integrate compliance marketing into the performance evaluation of sales personnel, and practice high standards of responsible marketing.

We continue to promote the concept of responsible marketing to our sales, delivery and service teams through training. In 2023, we conducted 105 responsible marketing training sessions, with more than 4,200 participants and a total of 3,240 training hours. The training covers precautions for new product promotions, sales, delivery and fair service guarantees. We have also urged business personnel to treat consumers responsibly.

Supply Chain Management

Committed to establishing and maintaining an efficient, responsible and sustainable supply chain system, the group continuously improve supply chain management with a systematic and integrated concept, and seek mutual development with our suppliers.

Supplier Management

We have established a supplier life cycle management system of "access-assessment-phase-out and exit". To provide specifications for supplier management, we have also formulated internal systems, such as the *Supplier Control Procedure*, *Supplier Quality Manual* and *Specifications for Supplier Comprehensive Capabilities Review*. In 2023, the Group had a total of 316 suppliers, including 57 core suppliers. The proportion of suppliers certified by ISO 14001 system has reached 84%.

Supplier Life Cycle Management System

Assessment

- We comprehensively evaluate 7 types of capabilities of comprehensive guarantee, financial stability, development and design, procurement assurance, product manufacturing, experimental monitoring and product network and data security;

- We require all suppliers to have IATF 16949, ISO 14001, and ISO 45001 system certifications;

- We also require all suppliers to sign environmental commitments and the *Integrity Commitment Letter*.

Assessment

- We regularly assess the 7 capabilities involved in the evaluation of access phase;

- We conduct monthly performance assessment from the 4 dimensions of quality, service, technology and cost, and require suppliers with problems to complete rectifications in a timely manner;

- Based on the comprehensive evaluation scores and categories of suppliers, we manage suppliers by classification and category, namely class A, B and C.

Phase-out and Exit

- Seres Group immediately requires suppliers with unqualified audit results to carry out rectification and organizes expert teams to provide assistance. The supplier whose rectifications are not completed multiple times shall be phased out;

- For suppliers whose performance fails to meet standards for a long time, Seres Group reduces the proportion of their product supply and cancels their qualification for developing new products;

- Suppliers that have serious accidents in quality, environmental pollution, business ethics shall be phased out.

Number of suppliers by region by the end of 2023

Total number of suppliers

316

North China	Central China	Southwest China
13	**29**	**99**

South China	East China	Northeast China
31	**140**	**4**

Core suppliers	Tier-1 suppliers
57	**259**

We strive for transparent, honest, legal and healthy purchasing practices and partnerships and have issued the *Integrity and Self-discipline Management Measures*. We have a zero-tolerance attitude towards suppliers' violations of business ethics, and require them to sign the *Integrity Commitment Letter* upon access. During the reporting period, we signed the Integrity Commitment Letter with all 316 suppliers, with a signing rate of 100%. In September 2023, we continued to carry out integrity publicity in the supply chain system.

By 2023

Seres Group's suppliers signed the *Integrity Commitment Letter*

100%

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Supplier Quality Control

Attaching great importance to supplier quality control, Sere Group has formulated the *Supplier Quality Control Procedure, Advanced Product Quality Planning (APQP), Management Measures for High Quality Risk Suppliers and Management Measures for Second-Party Audit on Suppliers*. In this way, we have put forward definite requirements on the stability and reliability of the supplier's parts production process, and on supplier quality planning.

Quality Certification and Audit Requirements for Various Suppliers

Tier-1 supplier quality certification requirements

- We require tier-1 suppliers to pass IATF 16949 quality system certification or equivalent third-party quality management system certification;

- We conduct internal quality audits on tier-1 suppliers every year, covering 100% of tier-1 suppliers.

Tier-2 supplier quality certification requirements

- We have formulated the *Key Vertical Chain Supplier Management Measures* to clarify the quality control requirements for tier-2 suppliers/indirect suppliers, and to require 100% of tier-2 suppliers to obtain ISO 9001 or equivalent quality certification;

- We conduct regular annual audits on tier-2 suppliers with product quality risks.

Quality certification requirements for raw material suppliers

- We require raw material suppliers to pass IATF 16949 quality system certification or equivalent third-party quality management system certification;

- Generally, raw material suppliers have low product quality risks. In the cases of quality problems or products with certain quality risks, we would conduct annual audits periodically.

We conduct supplier quality training every year. In 2023, We conducted 123 supplier quality training sessions

We evaluate the quality performance of suppliers every month and include suppliers with consistently poor-quality performance in the high quality risk list. We conduct internal quality audits on tier-1 suppliers every year, covering 100% of tier-1 suppliers. In 2023, we conducted product audits, process audits and quality audits on 65 suppliers, 8 audits on the high-risk supplier system and regular on-site production inspections on 59 risky suppliers.

As of the end of the reporting period

100%

of the Group's Tier-1 suppliers have been certified by the IATF 16949 system.

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Supplier Risk Management

When assessing and giving access to suppliers in supplier management, the Group considers the important factors, such as product quality, legality and compliance, business ethics and environmental impact during suppliers' production and operation. The Group continuously monitors and manages potential risks of suppliers. We have formulated the *Procurement Risk Management Measures* and incorporated it in ESG risk management including integrity risk and environmental risk. We conduct supplier risk assessments on a quarterly basis and take countermeasures against risk points to ensure the smooth and efficient operation of the supply chain system. In 2023, the Group did not find any significant and above risks in its supplier evaluation.

Seres Group joined the Collaborative Innovation Center of Supply Chain in Automobile Industry (S100)

In 2023, the Group joined the Collaborative Innovation Center of Supply Chain in Automobile Industry (S100 for short) established by the China EV 100, and became a full member. S100 aims to assist China to diagnose shortcomings and risks of the supply chain, and to issue early warnings. S100 aims at a high-end think tank in the national auto supply chain. To help ensure safe operations of the industrial chain and supply chain, S100 solves common problems and obstacles in industry development, promotes the construction of industry standards in supply chain and discusses new supply chain concepts. The Group's joining S100 aims at promoting risk mitigation of the supply chain and jointly improving supply chain management with other members.

Sere Group actively responded to supply chain risks during Typhoon Haikui

In September 2023, after Typhoon Haikui made landfall, its dead vortex affected South China for a long time, with rainfall in many parts of Guangdong province setting a record high. The high-voltage box supplier of new AITO M7 project was at the risk of suspension of work and operation. We monitored weather conditions constantly, coordinated materials in transit in a timely manner and planned logistics routes reasonably. Besides, we assigned personnel to stay on site to ensure production and formulated emergency response measures to deal with possible emergencies and ensure supplies.

Communication with and Empowerment of Suppliers

We actively establish sound partnerships with suppliers, and maintain communication with them through various means, such as telephone, email, business exchange meetings, product exhibitions and special technical exchanges. In this way, we promptly understand suppliers' needs and feedback and jointly explore solutions for win-win cooperation.

We work closely with suppliers to build a high-quality ecosystem and to support and empower each other during product development. At the initiation stage of projects, we developed and designed parts and their systems with sharing the resources with leading suppliers to maximize the integration of design and production processes. At the initial stage of product development, we promotes the understanding of suppliers' products by means of dispatching triangle teams composed of R&D, quality control and procurement personnel to the supplier's site, as well as controlling and optimizing the production process of products. After parts mass production, Sere Group also organizes the expert team to carry out reviews on the sites of suppliers with inadequate supply capacities, jointly finds out problems and tackles them, and puts forward improvement opinions from all aspects such as personnel management and environmental optimization. The Group supports and assists its suppliers to build a supply chain system with more core competitiveness.

Supplier exchanges at the 3rd Lightweight Conference

In October 2023, the Group held the 3rd Lightweight Conference. By exhibiting parts, the Group conducted technical exchanges with 47 suppliers and learned about advanced technologies such as the integral rear floor beam, hollow cast steering knuckle and UD composite underbody protection plate.

↳ The 3rd Lightweight Conference

Green Operation and Low-carbon Travel

Committed to promoting auto energy transformation, we actively respond to the risks and opportunities of climate change. We integrate the concept of sustainable development into every stage including product design, material use and recycling, production and manufacturing, logistics and transportation and office warehousing. We continue to explore and innovate low-carbon technologies and sustainable designs, and constantly improves its green manufacturing. We provide customers with lower-carbon and cleaner products and services, helping us lead the industry to achieve sustainable development.

2023 Highlight Performance

Three waste treatment and pollution prevention compliance

100%

In 2023, compared to 2022, comprehensive energy consumption density decreased

24.65%

Recycling average rate

97%

Reusable average rate

92%

Recycled packaging utilization rate reached

98.1%

Propose lightweight solutions

1,590

Seres Automobile won the Sichuan-Chongqing Skills Competition for Energy Conservation and Environmental Protection Talents
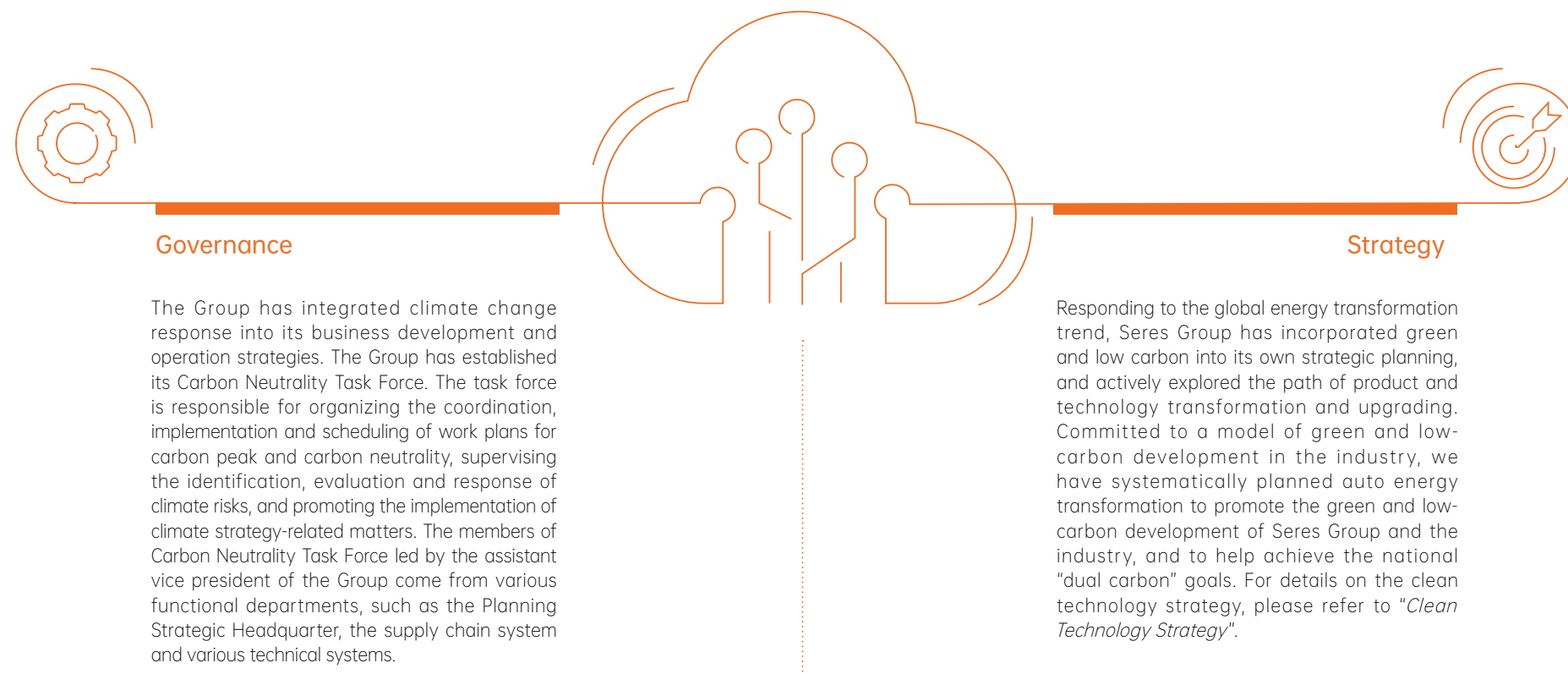
"Excellent Organization Award"

Climate Strategy

In response to the global energy transformation trend and the national "dual carbon" strategy, the Group continues to improve its governance structure and strategic planning for climate change. To continuously improve our capabilities of adapting to and withstanding climate change, we actively identify climate risks and opportunities, take climate actions and determine climate targets. In addition, the Group has always explored cutting-edge low-carbon technologies and improved its carbon management capabilities. To explore the path of low-carbon development, we have incorporated green and low-carbon concepts into the construction of the industrial chain ecology.

Climate Change Response

As global climate change has brought certain opportunities and challenges to the development of human society, the international community have realized that they should actively respond to climate change. The Group refers to the suggestions of the Task Force on Climate-related Financial Disclosures (TCFD), and continues to push forward work related to climate change risk management in the 4 areas of governance, strategy, risk management, and indicators and targets.

Governance

The Group has integrated climate change response into its business development and operation strategies. The Group has established its Carbon Neutrality Task Force. The task force is responsible for organizing the coordination, implementation and scheduling of work plans for carbon peak and carbon neutrality, supervising the identification, evaluation and response of climate risks, and promoting the implementation of climate strategy-related matters. The members of Carbon Neutrality Task Force led by the assistant vice president of the Group come from various functional departments, such as the Planning Strategic Headquarter, the supply chain system and various technical systems.

Strategy

Responding to the global energy transformation trend, Seres Group has incorporated green and low carbon into its own strategic planning, and actively explored the path of product and technology transformation and upgrading. Committed to a model of green and low-carbon development in the industry, we have systematically planned auto energy transformation to promote the green and low-carbon development of Seres Group and the industry, and to help achieve the national "dual carbon" goals. For details on the clean technology strategy, please refer to "*Clean Technology Strategy*".

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Risk Management

Fully considering the impact of climate change on the industry, national policies and industry trends, Seres Group has incorporated climate change risks into its overall risk management system. The Group systematically identifies and analyzes its climate risks, and promptly formulates corresponding measures of risk management and response. In this way, the Group lays a solid foundation for timely and effectively avoiding climate risks, seizing climate opportunities and taking response measures.

Identification and Response to Climate Change Risks

Transformation Risk	Risk Description	Risk Management and Response Measures		Risk Description	Risk Management and Response Measures
Policy Risk	• The Group's production capacity reduces in the case of power rationing. The power rationing is caused when the locations of Group's factories are subject to requirements and restrictions of the newly adopted stricter emission standards on traditional energy. • Major international and domestic regulatory agencies and capital markets rating indexes continuously raise their requirements for the disclosure of corporate environmental information. Failure to disclose environmental information as required could expose the Group to compliance risks.	• Continuously pay attention to policy changes, assess their impact in advance and make response plans; • Establish our Carbon Neutrality Task Force, strengthened communication with regulators, set environmental goals and continuously improve our comprehensiveness and accuracy of environmental information disclosure; • Actively adapt to the changing trends in energy policies, systematically plan auto energy transformation while ensuring compliance, and improve the application of new energy.	Market Risk	• It's hard to estimate the prices of scarce non-renewable and traditional energy, which may affect production costs and selling prices of auto products, and even undermine consumer demand for such products; • Shift toward low-carbon requirements in public consumption, users shall reduce their demand for related products and services due to their low-carbon preferences, if the Group fails to effectively reduce carbon emissions during production and operation. This directly leads to losses in the Group's revenue and market share; • The national call for low-carbon travel, may cause users to reduce their demand for purchasing vehicles due to their preference for low-carbon and energy saving.	• In response to this, we continue to increase the proportion of renewable energy use in manufacturing factories; • We follow the principle of reducing costs and increasing efficiency. Taking energy saving and consumption reduction properties as production and operation standards, we analyze the price trend of equipment and facilities; • Paying close attention to customer needs, we strive to meet the needs for clean, low-carbon and efficient energy transformation. We also seize new opportunities for green development in a timely manner.
Technical Risk	• The growing demand for low-carbon auto products grows in the global market may cause the Group to invest more in the R&D of new energy technologies; • In response to the impact of extreme weather, the Group may increase its R&D investment costs to ensure the continued stability of business operations.	• Improve the R&D capabilities of new energy technologies and R&D investment; • Establish and improve the energy management system to implement online energy monitoring and analysis. Continuously explore energy-saving and emission reduction technologies to reduce the energy consumption for single vehicle and promote emission reduction; • To ensure that equipment can operate effectively in extreme weather events, the Group has stepped up its R&D and introduced new technologies to enhance its capability of responding to such events in all aspects.	Reputational Risk	• With the national vigorous promotion of climate change, the public are becoming increasingly aware of climate change. Setting itself an example to others, the Group encourages a low-carbon economy and avoids behaviors that damage the ecological environment. Otherwise, the Group will not be supported by regulators, investors, customers and other stakeholders, and its brand image and reputation will be undermined.	• We conduct carbon reduction throughout the product life cycle to build a green and low-carbon brand image; • We carry out external technical cooperation and exchanges, and promote the R&D of new energy projects. To help the society save energy and reduce emissions, we also explore the application and implementation of energy-saving and emission-reduction technologies.

Physical risks	Risk Description	Risk Management and Response Measures		Risk Description	Risk Management and Response Measures
Acute Physical Risk	• Extreme weather events such as typhoons, hurricanes or floods may damage factories' sewage facilities, affecting the stability of the supply chain and causing suspension to factory construction and operations. In the case of inability to ensure the continuity and stability of operations in extreme weather events, the poor capability of adapting to extreme weather has negative impacts on the Group's business operation and reduces operating revenue.	• To effectively prevent the risks brought by extreme weather, we have established an Emergency Management Organization and formulated emergency response plans for extreme weather; • Combining weather forecasts and other information, we strengthen the investigation of hidden dangers to ensure the safety of factories, stores, etc.; • Monitor the supply chain in real time, and evaluate the impacts of the least stable scenarios on production, delivery and finance. To promptly control the negative impact of extreme weather conditions on the Group's business, we find alternative suppliers in a timely manner and communicate with departments in sales, production, delivery, finance and others in real time.	Chronic Physical Risks	• Global warming leads to continuous high temperatures, droughts and fires, increasing the frequency of natural disaster risks and causing water shortages. It damages existing facilities and equipment of factories to affect their production efficiency.	• Actively invest in R&D to build up the capability of equipment and facilities to withstand climate risks; • Formulate special plans for emergency response and rescue for heat stroke to mitigate the risks associated with high temperature weather.

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Identification and Response to Climate Opportunities

Opportunity	Opportunity Description	Responses
Products and Services	• As a company with new energy vehicles as its core business, the Group has strengthened its product competitiveness, increased its market share and operating income, as more users prefer new energy vehicle products.	• We incorporate green and low carbon into its own strategic planning. We actively explore paths for upgrading product technologies. We have also systematically planned auto energy transformation, continuously researched and developed new energy vehicles to create low-carbon products.
Resource Efficiency	• By recycling materials, the Group can improve resource efficiency, reduce resource consumption and lower operating costs.	• We improve resource utilization efficiency through technological innovation and management measures; • We create a recycling system to develop and use recyclable materials.
Energy Source	• With the popularization of renewable energy, the cost of renewable energy is gradually declining. Accordingly, the Group's operating costs may be further reduced in the future if renewable energy mainly constitute its energy source.	• We continue to expand the use of renewable energy in our business and operation.
Market	• The Group continues to expand its presence in the global market and actively promotes the green and low-carbon development of itself and the industry.	• We actively respond to the Belt and Road Initiative by selling our vehicles to more than 70 countries and regions in Europe, South America, Africa and Southeast Asia. In this way, we actively expand our presence in the global market.

Indicators and Targets

To further promote the implementation of climate change response actions, the Group has set carbon emission reduction targets in each factory and taken corresponding actions to reduce emissions. We have reduced the our resource and energy consumption to effectively support environmental and climate improvement. In this way, we actively contribute to realizing our green and low-carbon development and national "dual carbon" goals.

The Group actively formulates carbon emission management targets and sets its target of carbon emission intensity reduction to decrease by 3%-5% annually. In 2023, the Group has decreased its carbon emission intensity by 26.34% compared to 2022, achieving the annual target.

Annual Carbon Reduction Intensity Targets and Achievements in 2023

Liangjiang Intellignet Factory of Seres Automobile
-5%
-18.7%
☑ Target achieved

Shuangfu Factory of Seres Automobile (Hubei)
-4%
-9%
☑ Target achieved

Duzhou Factory of Xiaokang Power
-4%
-36.7%
☑ Target achieved

☐ Target Value
■ Actual Value in 2023

Product Carbon Emission Targets

By 2030,

Compared with 2022, the carbon emission intensity of products will be reduced by more than

38%

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Life Cycle Carbon Management

To further build a low-carbon ecological chain and achieve life cycle carbon management, the Group has established its digital carbon management platform with functions such as corporate carbon emissions and vehicle carbon footprint accounting, supply chain carbon traceability, carbon information disclosure, zero-carbon and low-carbon certification, carbon target management and carbon asset management. The Group organizes carbon inventories and carbon footprint accounting to identify carbon emissions in the operational links of each business scenario. We also continue to tap our potential of energy-saving and emission reduction of each link.

Carbon Inventory

We carry out carbon inventory-related tasks through the carbon management digital platform. During the reporting period, we have traced and analyzed past carbon emissions data by conducting an carbon inventory within the organizational boundaries for 3 consecutive years (2021-2023). This carbon inventory covers a total of 13 sites involving multiple business departments such as the Functional Headquarter of Seres Group, Seres Automobile, Seres Automobile (Hubei), Xiaokang Power, Jinkang Power and Ruichi Electronics.

Functions of the Carbon Inventory System

Connected with the energy management systems of each factory and the supplier procurement system, the system collects and summarizes carbon emission data at each stage, track GHG emissions on a monthly basis, and forms carbon inventory reports of factories.

Paying close attention to the environmental impact of the upstream and downstream of the value chain, we incorporate carbon reduction of the value chain into our strategic planning. We carry out the accounting of scope 3 GHG emissions in an orderly manner, covering employee travel, business vehicles and factory leasing asset operations. In this way, we lead important components of the value chain to jointly explore low-carbon development.

Carbon Footprint Accounting

We manage the carbon footprint throughout product life cycle through our digital carbon management platform. To achieve more efficient carbon management, we conduct product carbon emission accounting at stages, including raw material procurement, product manufacturing, logistics and transportation, distribution and warehousing, product use and administrative office.

In 2023, the Group carried out life cycle carbon footprint assessments for core models, such as the AITO M7, M5, Seres E5 and Seres E3.

Functions of Carbon Footprint System

Connected with the emission data of various parts suppliers and vehicle model manufacturing factories, the system calculates the carbon footprint of parts and vehicles throughout their life cycles, and generate carbon footprint reports for information disclosure, marketing activities, certification access and R&D of low-carbon materials.

Carbon Footprint of Each Vehicle Model throughout its Life Cycle

AITO M7	AITO M5	AITO M5 EV
299.19 gCO_2e/km	**271.28** gCO_2e/km	**215.87** gCO_2e/km

Seres 5	Seres 3	
233.71 gCO_2e/km	**185.00** gCO_2e/km	

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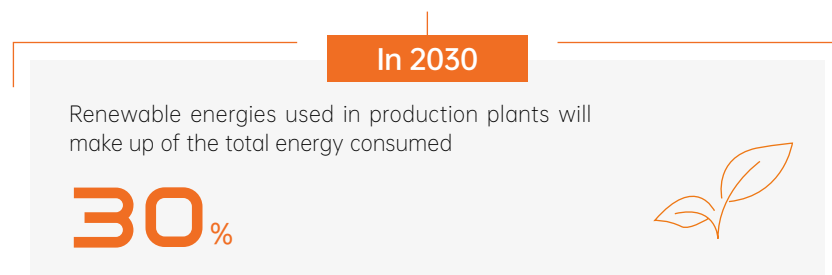Low-carbon Travel

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Clean Technology Strategy

We are committed to promoting the auto energy transformation with the concept of innovation-driven development kept in mind. To the end, we leverage our industry-leading product technology and industrial chain advantages comprehensively, and act to explore how to apply low-carbon emitting technologies for sustainable products and integrate R&D sustainability into intelligent technologies, so as to advance green and low-carbon development of our business, and contribute to the national "dual carbon" goal.

Low-carbon development layout

As an active actor to practice the concept of "green, low-carbon, circular, and intelligent" development, we create sustainable product and low-carbon development chains involving upstream processes of supply, production and manufacturing as well as downstream utilization, product types, etc. In addition, we also set strategic goals to increase the use of clean energy.

Clean energy related targets:

In 2030

Renewable energies used in production plants will make up of the total energy consumed

30%

Low-carbon development layout

Upstream Supply
- Actively develop and make preparations for low-carbon emitting technologies by collaborating with suppliers leading in low-carbon technologies to exchange carbon reduction solutions and jointly develop and apply the technologies.

Production and Manufacturing
- Continue to develop and apply green materials, promote industry-leading green and low-carbon processes and efficient and environmentally friendly equipment, and take energy-saving and emission reduction approaches in the production process to ensur e low-carbon production and manufacturing.

Downstream Utilization
- Optimize product power technology to improve electricity efficiency and reduce CO_2 emissions, so that the sustainability of the product is ensured when it is put into use;
- Establish a power battery recycling and disposal system and develop the recycling technology, combined with a power battery recycling network throughout the whole life cycle of vehicle retirement, recycling, comprehensive utilization, and disposal, to ensure the well-designed recycling and standardized disposal of discarded batteries.
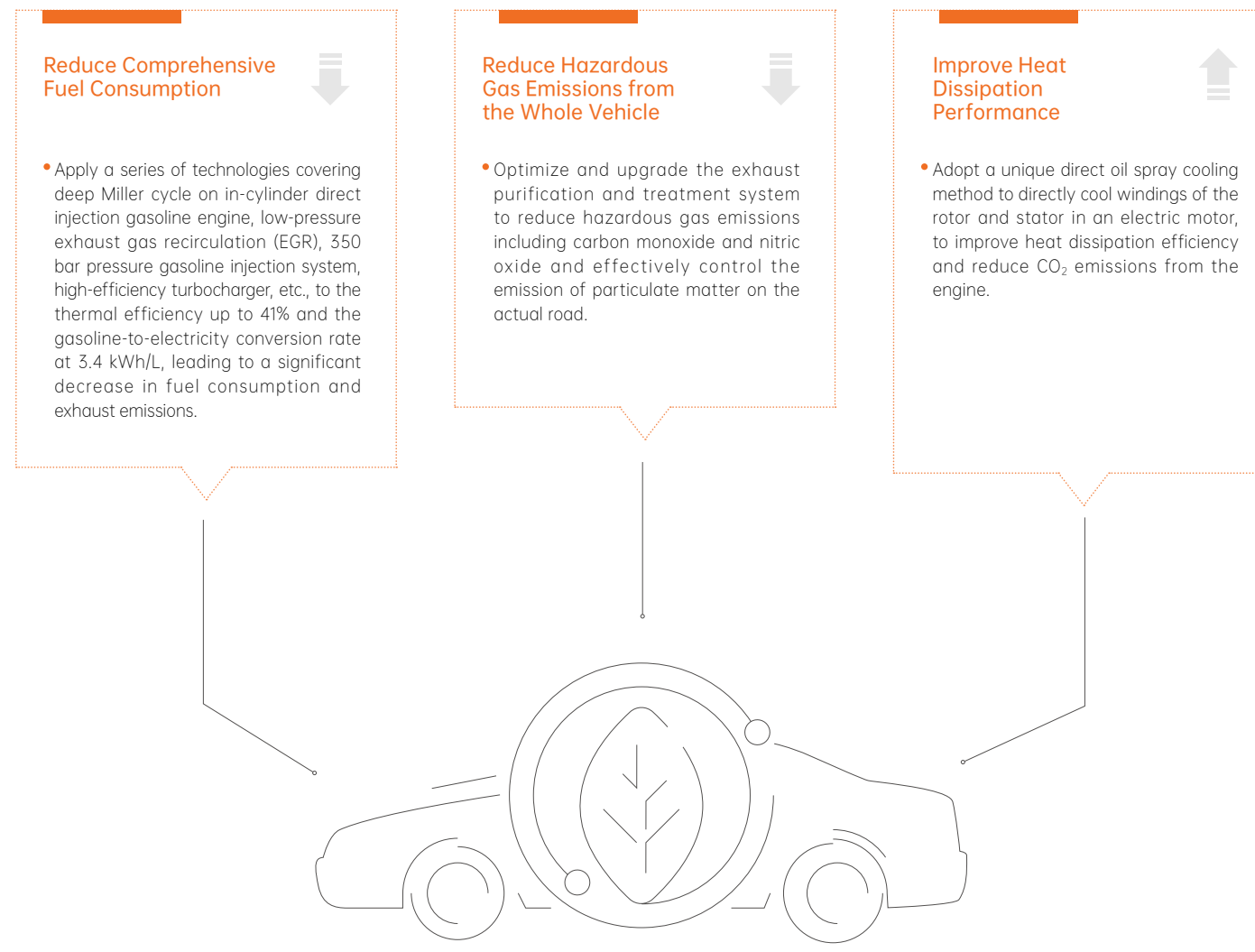
Product Type
- Add more battery electric products to expand product types and overall fulfill the market demand for low-carbon travel in the future, and ensure our brand loyalty.

Intelligent technology

The Company applies intelligent technology to a super intelligent electric drive platform (DE-i), which features low energy consumption, high efficiency, long endurance, and high performance and provides users with an ultimate experience of powerful engine and low energy consumption in all areas.

Reduce Comprehensive Fuel Consumption

- Apply a series of technologies covering deep Miller cycle on in-cylinder direct injection gasoline engine, low-pressure exhaust gas recirculation (EGR), 350 bar pressure gasoline injection system, high-efficiency turbocharger, etc., to the thermal efficiency up to 41% and the gasoline-to-electricity conversion rate at 3.4 kWh/L, leading to a significant decrease in fuel consumption and exhaust emissions.

Reduce Hazardous Gas Emissions from the Whole Vehicle

- Optimize and upgrade the exhaust purification and treatment system to reduce hazardous gas emissions including carbon monoxide and nitric oxide and effectively control the emission of particulate matter on the actual road.

Improve Heat Dissipation Performance

- Adopt a unique direct oil spray cooling method to directly cool windings of the rotor and stator in an electric motor, to improve heat dissipation efficiency and reduce CO_2 emissions from the engine.

Benefits of intelligent technology in energy saving and environmental conservation

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Green Materials

Following the principle of "weight reduction, resource reuse and recycling", the Company integrates R&D sustainability in product design and manufacturing by prioritizing environmentally friendly materials that are renewable, recyclable, easily recycled, reusable, and pollution-free and attaching importance to the control of hazardous substances. In consequence, we are committed to energy saving and emissions reduction at the source as a lightweight design is adopted, which is an effort made to accelerate technological innovation and enhance the capacity of developing green materials while product energy consumption is largely decreased.

With the concept of R&D sustainability as a guide, we not only have made continuous breakthroughs in the application of green materials but set clear goals for the raw material procurement, to encourage suppliers to produce in a more environmentally friendly manner for sustainable development of the industrial chain.

Green Material Development and Utilization

Raise the Ratio of Green Materials Used	• Focus on higher proportion of primary aluminum ingots and other raw materials produced with clean energies such as hydropower, solar energy, and wind power; • Optimize the process of aluminum alloy materials, improve the utilization rate of aluminum alloy materials with optimized processes. Recycle some off-cuts from aluminum alloy parts or drainage openings to assess, and those rated as "recycled aluminum" can be downgraded to replace part of "primary counterparts", maximizing carbon reduction benefits of aluminum materials; • Provide a technical solution of high gloss clear spray paint finish used for pillar trims and bumper trims to directly avoid environmental pollution caused by spraying; • Use advanced materials such as solvent-free leather, aqueous adhesive, and LASD in the cabin to ensure user health and comfort while reducing emissions from material and part production; • For example, about 2 kg of no-spray materials are chosen for AITO M9, M7, M5, effectively reducing the spraying area of about 0.3 square meters/vehicle; Use natural-based materials such as leather and wood trim for the interior of the AITO M9.
Promote Tests and Utilization of Recycled Raw Materials	• Explore the detection technology of recycled raw materials and use more to improve the recycling of automotive components.
Cooperate with Suppliers to Develop Green Materials	• Collaborate with more raw material suppliers to develop low-carbon materials, covering bio-based materials, advanced high-strength steel, recycled aluminum, heat treatment-free materials, recycled plastics, natural fibers, etc.

Goals Set in the Raw Material Procurement Process

As of 2030

Green procurement shall be achieved

100%

All suppliers eligible as green suppliers

The percentage of suppliers shall use green electricity in the production process reached

40%

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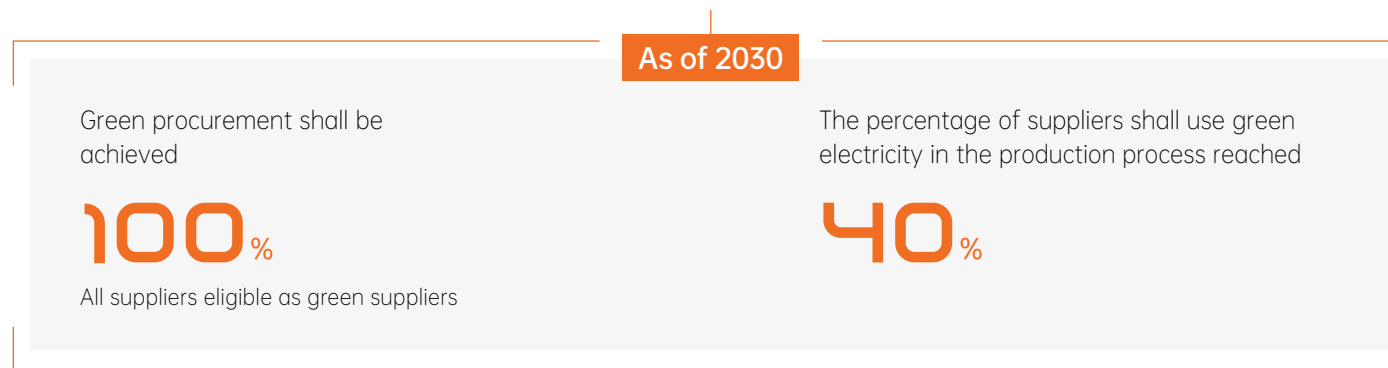
Hazardous substance management

With reference to the international Requirements for Prohibited Substances on Automobiles (GB/T 30512-2014), the Group further revised its standard Limits and Detection Methods for Prohibited Substances on Automobiles (Q/SK J05.3), which is stringent in the control scope, limits, and exemption of hazardous substances. The Group continues to carry out the project to manage recycling and reuse of hazardous substances from automobiles, for which management requirements and recyclability targets are defined. Meanwhile, by preparing and releasing corresponding management documents, Seres clearly defines the responsibilities and authorities of R&D department, procurement department and other departments to ensure that the hazardous substances, reusability, recyclability and recoverability and parts material identification comply with the regulatory requirements.

Recycling average up to

97%

Reusable average up to

92%

Green control measures for parts

Part Design Phase

- Set reasonable carbon emission targets for the whole vehicle and key parts based on the positioning of the vehicle model and the dynamics of technological development in the industry;
- Develop modularized and integrated low-carbon technology solutions in a focused and systematic manner to reduce emissions generated by suppliers in the production and transportation;
- Specify that parts should be designed with high-performance, low-carbon-emission materials from the Green Materials Pool;
- When discussing with parts suppliers on technologies, Seres incorporates the requirements for banned substances into documents such as technical requirements, drawings, technical agreements, and requires suppliers to submit a letter of commitment for banned substances and to choose green and easily recovered materials for vehicles as far as possible.

Part Verification Phase

- Parts should meet the requirements of product engineering design. Their selected green materials need to be verified by a long cycle of thermal aging, light aging and corrosion aging. Test conditions are required to be unified to maximize the utilization rate of the test equipment and reduce the equipment's power consumption;
- After developing parts, suppliers need to commission third party testing organizations to test banned substances to ensure that the banned substances meet the enterprise limit requirements Suppliers ensure the compliance of banned substances in parts by submitting parts MDS[26].

Part Mass Production Phase

- Require suppliers to classify leftover materials, drainage opening materials, and end-of-life products, and to cooperate with third-party organizations with recycling qualifications to realize effective recycling of materials;
- Strictly requires suppliers to control consistency of banned substances in mass products and also makes a high-frequency sampling plan for banned substances to ensure compliance with banned substances in loaded parts.

[26] MDS, Material Data Sheet.

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Lightweight design

Upholding the lightweight design concept of "precise materials application, ultimate optimization and extreme balance", the Company keeps to improvement of lightweight in materials, process and structure to enhance the competitiveness of green products and more effectively reduce weights and improve energy efficiency of products while ensuring the performance. By 2023, the Company plans to use more lightweight materials and novel processes, with 1,590 solutions proposed.

Lightweight target:

In 2030

Lightweighting of raw materials to reduce weight by over

Compared to 2022

> 10 %

Seres participated in the 16th International Automotive Lightweight Conference

In September, 2023, the Company addressed on Study and Application of Ultra Large Integrated Structural Aluminum Alloy Castings in the 16th International Automotive Lightweight Conference, and exchanged deeply with industrial leaders.

Lightweight Design Development and Application

Material Optimization

- 2 GPa thermal formed steel bumper beam contributes to a comprehensive weight reduction of about **13%**
- Aluminum alloy front subframe contributes to a comprehensive weight reduction of about **25%**
- Aluminum alloy threshold beam contributes to a comprehensive weight reduction of about **25%**
- Aluminum alloy front-end cover contributes to a comprehensive weight reduction of about **40%**
- Magnesium alloy seat frame contributes to a comprehensive weight reduction of about **25%**
- High-end LGF reinforced materials for steel being replaced with plastic contributes to a comprehensive weight reduction of about **30%**

Process Optimization

- Thermal formed TWB A/B pillars contribute to a comprehensive weight reduction of about **10%**
- Semi solid forming CCB contributes to a comprehensive weight reduction of about **10%**
- Integrated die casting contributes to a comprehensive weight reduction of about **30%**

Structure Optimization

- Apply the globally leading 9000T integrated die-casting machine and 9000T integrated die-casting technology to effective lightweighting

Lightweight achievements:

- An integrated design adopted in AITO M9 body reduces the use of 212 parts, which leads to a decrease in overall weight of the body;
- Nearly 80 parts are removed from the rear body of AITO M9 with the highest integration among integrated die-casting parts, significantly reducing the connections between parts;
- The volume of aluminum alloy in the entire vehicle of AITO M9 is accounts for up to 80%, with the lightweight coefficient as low as 2.02.

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Green Production

The Group always practice the concept of "environmental protection" and "green development" in its businesses by strengthening efforts in environmental protection, exhaust emission management, and high-efficiency resource and energy utilization. The Group established a whole-process environmental management system for comprehensive environmental protection activities in compliance with national and local environmental protection policies.

The Group invited external experts to conduct external audit of the environmental management system, and vehicle manufacturing related production units of the Group, including Seres Automobile, Seres Automobile(Hubei), Jinkang Power, Xiaokang Power, Xiaokang Auto Parts and Luzhou Rongda have all completed the construction of ISO 14001 Environmental Management System and have been certified by the third party.

The status of ISO 14001 Environmental Management System certification is as follows:

Environmental management

The Group strictly adheres to the *Law of the People's Republic of China on the Prevention and Control of Air Pollution* and other laws and regulations, develops and improves its internal systems including the one for environmental management. In 2023, the Group updated and revised a series of procedural management documents such as *Environmental Equipment* and *Facility Management, Wastewater Discharge Management, Exhaust Gas Emission Management* and *Environmental Risk Prevention* and *Emergency Management* to ensure the gradual improvement of whole-process environmental management system. In the same year, Seres Automobile won "Excellent Organization Award" in Sichuan-Chongqing Energy Conservation and Environmental Protection Talent Capability Contest.

In order to implement environmental management work, the Group included environmental performance as part of the annual performance evaluation for both management and employees. To be specific, it actively formulated and signed the *Target Responsibility Document of Health, Safety, Environmental Protection* with its subsidiaries to refine environmental protection goals and key tasks by level and fully implement the main responsibility of environmental protection.

Environmental management objectives:

Wastewater, waste gas and solid waste discharge meet the standard	Environmental information application (filling), monitoring, and disclosure	Environmental pollution incidents (accidents) occured
100%	**100**%	**0**

Seres Automobile

Jinkang Power

Seres Automobile(Hubei) (before as Dongfeng Sokon)

Xiaokang Power

Xiaokang Auto Parts

Luzhou Rongda

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Environmental Emergency Management

We revised the *Environmental Emergency Response Preparedness* and *Environmental Emergency Risk Assessment Report* as guidance to standardize our environmental emergency management. Grading sudden-onset environmental accidents into three levels: severe (Level-I), moderate (Level-II), and general (Level-III), we decide according to the level. With continuous efforts made to develop environmental risk assessment mechanisms, we can engage in, more smoothly, assessments, identification of risks that may cause sudden environmental pollution, and detailed risk prevention and emergency responses so as to minimize sudden-onset accidents.

Roles of Environmental Emergency Response Team

Emergency Management

In response to environmental emergency, the Response Team was built in each production unit, who is responsible for organizing environmental risk assessments and emergency response actions, comprehensively identifying potential environmental hazards and the level thereof, and determining environmental risk prevention and control measures.

Detection and Identification of Potential Hazards

Well-designed actions were taken to detect and identify potential environmental hazards. A leading director in each production unit was selected to engage in its own hazard detection and identification.
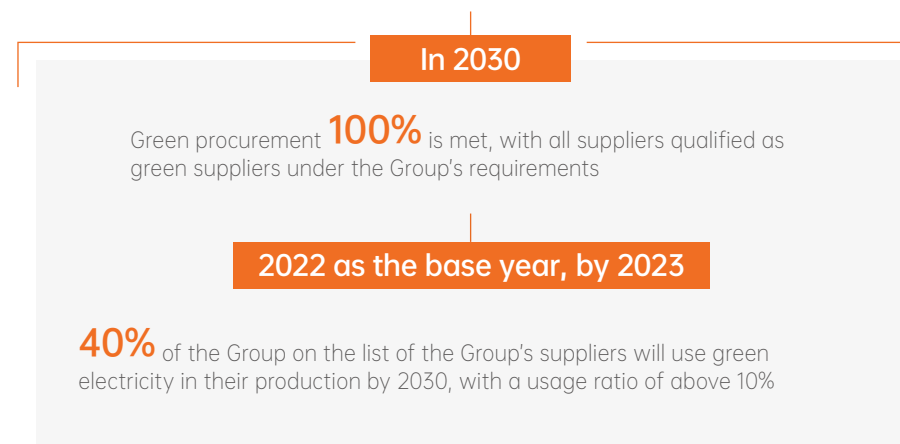
Green supply chain management

With the concept of green supply chain management incorporated into its strategic development plan, the Company established and improved a green supply chain management system, in which it set sustainable development goals as part of performances for core suppliers, and it implemented a package of measures to manage the green supply chain. It is committed to promoting the green and low-carbon development in the whole supply chain. In 2023, Seres Automobile and Xiaokang Power were honored as "National-level Green Supply Chain Management Model Enterprise".

In 2023, we put a lot of efforts into the green supply chain management system, including *Green Supply Chain Management Measures* that were prepared and issued to standardize our management workflow covering supplier basic information collection, environmental performance management, battery supplier management, and annual training. At the same time, we studied systems respectively for green supplier selection and carbon reduction performance reporting for core suppliers, intending to cooperate with industrial partners at upstream and downstream of the supply chain for low-carbon development.

The sustainable development performance goals we set for all suppliers include the ratio of green electricity used, the proportion of recycled materials used, carbon emission intensity, and energy consumption intensity per unit.

Green supply chain targets:

In 2030

Green procurement **100%** is met, with all suppliers qualified as green suppliers under the Group's requirements

2022 as the base year, by 2023

40% of the Group on the list of the Group's suppliers will use green electricity in their production by 2030, with a usage ratio of above 10%

A package of green supply chain management measures were continued to encourage suppliers to gradually improve their production and operation modes and adopt more environmentally friendly technologies and materials so that carbon emissions and resource wastes were reduced, and thus they made progress in green development.

Green Supply Chain Management Measures

Establish Carbon Footprint Database	• Promote the construction of the life-cycle database for carbon footprints for suppliers, specify the statistical standard, accounting scope and methods of product carbon emissions, and provide uniform criteria and methods for raw material production and shipment, as well as whole vehicle production, application and scrappage, so as to comprehensively reduce carbon emissions of suppliers.
Organize Training on Environmental Protection	• Organize environmental protection related training suppliers to conduct to enhance their environmental awareness and reduce carbon emissions.

Training on environmental protection

The Group offers a wide range of training related to energy conservation and carbon emission reduction for environmental promotion and education, which is to cultivate employees' awareness of environmental protection and encourage them to practice the energy-saving and carbon emission reduction concept.

Special training on environmental protection regulations

In June 2023, the Group organized the special training on environmental protection regulations, covering environmental supervision forms, relevant regulations, and case sharing, aimed to enhance employees' awareness of energy conservation and efficiency, and advocate green and low-carbon production and lifestyle.

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Resource and energy management

Strictly observing the *Law of the People's republic of China on Conserving Energy,* as well as other laws and regulations, the Group formulated and implemented a solution package to make highly efficient resource and energy utilization possible and further realize its goals of energy conservation and carbon emission reduction. For water resource management, it made progress in water efficiency through reclaimed water reuse, greening watering, for example.

Energy utilization management

The Group made every effort to construct the energy management system with appropriate documents prepared, developed its own energy conservation and carbon reduction plan, and applied various energy-saving technologies to carbon emission reduction in the production process.

Energy Management Measures

Improve the Energy Management System

- Prepare the *Energy Management Measures,* Factory Whitelist for Electricity Management and other energy management documents

Build an Energy Management Platform

- Build an energy control system for real-time and refined management of the whole-process energy utilization, with which we can identify technical disadvantages of key energy-saving equipment and make improvement to enhance energy efficiency. It is a strong support for the Company to save energy, reduce carbon emissions, and improve quality and efficiency.

↳ Energy management platform

The Group was active in the use of clean energies and made great efforts to develop alternatives, photovoltaic power generation, for example. Moreover, it continued to reduce energy consumption and improve energy efficiency to form its own advantages in green development and energy conservation, with a series of energy-saving and cost reduction projects in place, including surplus energy utilization and multiple energy complementary.

Energy consumption reduction goal

An annual target of decrease of in energy consumption per vehicle year-on-year by

4%

Photovoltaic power generation project

The Shiyan Konggang Factory of Seres Automobile(Hubei) has signed a project of rooftop photovoltaic power station, with an average annual power generation of about 37.6 million kilowatt hours. Standard coals consumed annually at about 11,468 tons can be saved, equivalent to a decrease in carbon dioxide emissions by about 30,606.4 tons. It is expected to generate approximately total 940 million kWh by 2025.


↳ Solar photovoltaic power generation project

Measures Taken to Reduce Energy Consumption

- The stamping workshop adopts tamping lines with fully automatic cold stamping technology to recycle the regenerative current and reduce the power by 70%;

- The welding workshop selects high-efficiency and low-energy-consumption welding equipment to improve labor efficiency and productivity, reduce power input and save electricity;

- Multi-variety production shares the line in the general assembly workshop, reducing equipment investment and reducing energy consumption;

- In the coating workshop, the electrophoretic coating freezer is used for cooling electrophoretic coating and mid surface coating, while a freezing station located in the north is used for industrial air conditioner and other equipment. After network reconstruction, the electrophoretic coating freezer can be turned off for a service to save electricity consumed in the operation of the freezer;

- Optimize parameters of the compression coating station in the non-production period to decrease the compression pressure when it is out of service and thus reduce energy consumption;

- Improve the efficiency of the drying room in the coating workshop by adjusting the fan to turn off after 90-minutes cooling, thus leading to less energy consumption;

- In the coating workshop, the shutdown mode of air conditioners in the spraying room is changed to manual operation when the production is completed, which can make machines turned off in advance to achieve an energy-saving effect.

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Water resource utilization management

In strict compliance with relevant laws and regulations including the *Water Law of the People's Republic of China*, the Group was engaged in water-saving management in an all-round way to improve the recycling rate of water resources. It reused reclaimed water for greening watering, etc., and took other measures for less water wastes and effective utilization. In addition, it tried to standardize internal water resource management with *Office Building Management Regulations* established for employees to save water and reduce water consumption.

Super Factory coating wastewater treatment

Some coating wastewater of the Super Factory treated by the wastewater treatment station to meet the standard is reused for greening and toilet flushing. The water quality met the key standard limits of the *Reuse of Urban Recycling Water-Water Quality Standard for Urban Miscellaneous Water Consumption* (GB/T18920-2022) and the reuse rate reached 27%.
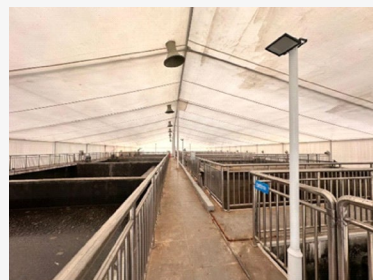
↳ Super Factory coating wastewater treatment

Optimize purified water tank in the coating workshop

The Group optimized the phosphating process in the coating workshop, changing the purified water tank in the pre-treatment stage from a soak tank to a drain tank, which was effective in the conservation of water resources.

Discharge Treatment

The Group practices low energy consumption and emission reduction in strict compliance with the requirement of discharge management. With great efforts made to reduce the discharge of wastewater, exhaust gas, solid waste, and noises during the production process, it intends to meet the standard 100% for "three wastes" emissions and minimize environmental pollution caused by pollutant emissions. During the reporting period, the treatment efficiency of three wastes and pollution prevention and control compliance were both reached 100%, and no major environmental pollution incidents occurred or invited related administrative penalties.

Exhaust discharge management

Exhaust in the Group mainly sourced from volatile organic compounds generated in links of production and manufacturing, covering coating and spraying, welding and cutting, heating and drying, etc. In terms of air pollutants, the Group always adhere to the *Law of the People's Republic of China on the Prevention and Control of Air Pollution* and other laws and regulations, as well as exhaust discharge standards, and we develop and implement internal management systems and work processes such as the *Exhaust Pollution Prevention and Control Management System* and the *Exhaust Pollution Control Procedures* to ensure that exhaust pollutants are discharged as per standards.

The Group is strict about the management and control of exhaust discharge in production and operation. On a regular basis, the Group entrust the qualified third-party testing facility to monitor real-time exhaust discharge, and require all departments seal containers that are associated with toxic and harmful gases or dust pollution, or take other protective measures during storage, transportation, and loading and unloading, so as to prevent discharge of harmful gases or dusts. In addition, the Group can respond to a sudden air pollution event that occurs or may occur with an emergency plan as a guide for us to take immediate measures to prevent the worsening of pollution, and in a timely manner, we can inform units and residents who may be affected by air pollution, as well as local environmental authorities of the upcoming event. Overall, we try our best to minimize the harm of exhaust discharge.

In 2023, the Group continued to upgrade engine technology, optimize exhaust treatment equipment and processes and manage and control exhaust discharge from the whole production process, continuously reducing pollutant discharge.

Exhaust Discharge Management Measures

Optimize the Process of Raw Material Selection

- Prioritize low-pollution raw and auxiliary materials, developing environmentally friendly materials as raw materials including water-based impedance glue and paint to reduce the discharge of volatile organic pollutants.
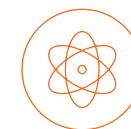
Upgrade Exhaust Treatment Equipment

- Employ 81 latest-generation ecopaint robots from Durr, which provide fully automated glue coating and paint spraying by precisely controlling the spray flow, rotation speed, and volume of air vented in molding and making the paint optimally atomized during the spraying process, thus reducing the concentration of exhaust gas emitted;

- Purification efficiency reaches **95%** with the Durr dry separation system;

Optimize Exhaust Treatment Process

- A wet-type Venturi scrubber spray booth is used to remove paint mist, with **98%** exhaust gases removed;

- "Zeolite concentrator (KPR) and regenerative thermal oxidizer (RTO)" are used, respectively reaching the exhaust treatment efficiency of **90%** and up to **98%;**

- With "regenerative thermal oxidizer (RTO) and thermal-recovery thermal incineration system (TNV)" used, the exhaust gas removal rate is up to **99%**;

- 1GR engine makes exhaust gases recycled, emitting less hazardous gases including carbon monoxide and carbon dioxide compared to traditional fuel vehicles, and actual particulate matter emissions are under control;

- Apply FANUC paint robot to **100%** removal efficiency of organic exhaust in the coating process.

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Wastewater discharge management

Wastewater produced by the Company are mainly from industrial production and operation and routine activities. We strictly implement standards and requirements of laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* in the operation and production process. Each factory has formulated management systems such as the *Management Measures for Wastewater Discharge*, the *Management System for Wastewater Pollution Prevention and Control*, and the *Procedures for Wastewater Pollution Control* for supervision and management in the whole process from the generation source of wastewater to the discharge, ensuring stable complaint discharge of wastewater.

Wastewater discharge management mechanism

Source Treatment

- Each unit generating waste shall strictly control the total amount of its wastewater generated.

Supervision and Detection

- The relevant department should strengthen the supervision and management of the Company's rainwater, wastewater outlets and wastewater treatment stations, establishing operating records and filling them;
- It should monitor and inspect online monitoring equipment and establish relevant records;
- It should compare water quality at wastewater outlets ina timely manner and handle abnormalities immediately once they are found;
- It should commission qualified units to monitor wastewater pollution factors according to the plan.

Discharge Treatment Mechanism

- The generated wastewater can be discharged only after treated to meet the discharge standards required to be implemented locally, and be sorted and discharged to the wastewater treatment department for centralized treatment in accordance with relevant regulations.
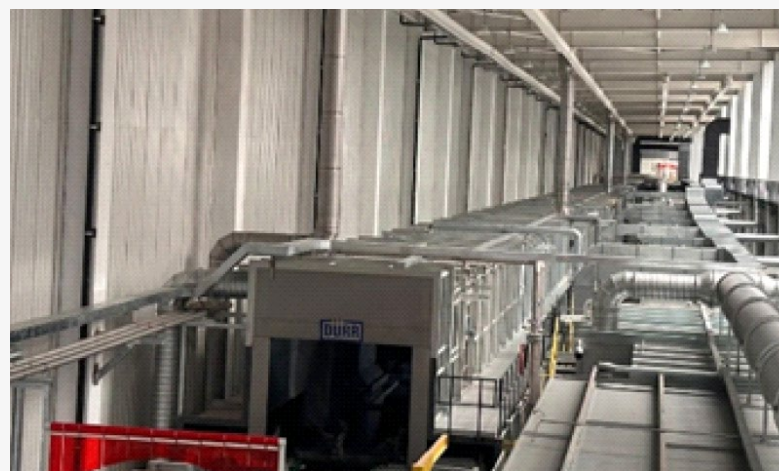
Seres Automobile (Hubei) wastewater treatment station

In 2023, Seres Automobile (Hubei) wastewater treatment station was capable of treating wastewater up to 2,800 tons/day. The wastewater after treated with processes of disinfection, sand and carbon filtration, ultrafiltration, and reverse osmosis were reused in workshop processes, amounted to over 60%.

Green process of coating pretreatment of the Super Factory

In 2023, the Super Factory applied green and environmentally friendly thin film process to replace traditional phosphating treatment process in coating pretreatment, with phosphorus-free wastewater discharge realized.

→ Green process of coating pretreatment of the Super Factory

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Solid waste management

The Company continues to strengthen the management of solid waste discharge. It makes appropriate measures to manage the collection, classification, storage and disposal of solid waste as per the Law of the *People's Republic of China on Environmental Protection, Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Environmental Protection Regulations of Chongqing Municipality*, the *Guidelines for the Developing Records of General Industrial Solid Waste Management (Trial)* and the *Standards for Pollution Control on Hazardous Waste Storage*, combined with internal management systems such as the *Measures for the General Industrial Solid Waste Management*, the *Measures for the Hazardous Waste Management* and the *Management System for the Prevention and Control of Solid Waste Pollution*.

Solid waste management measures

General Industrial Solid Waste	• Cover waste cardboard, waste wood, waste plastic, waste packaging bags, stamping leftover, metal slag in welding, etc.; • Develop records for general industrial solid waste management, in which types, amounts, flows of industrial solid waste are captured truly with the information traceable and queryable; • Carry to the warehouse and storage depots the general industrial solid waste and commission a qualified third-party unit for disposal through a written legal disposal contract in which requirements for pollution prevention and management are specified;
Hazardous Waste	• Mainly include paint slug, phosphating residues, waste mineral oil, paint bucket, used cleaning cloth and gloves, etc.; • In accordance with the *Standards for Pollution Control on Hazardous Waste Storage*, set up hazardous waste storage rooms, waste gas collection collectors and purification facilities to ensure that emission standards are met; • Realize one-object-one-code management through digital empowerment for precise process control in the whole process covering sorting and weighing, printing weight label, scanning code before warehousing, scanning code before ex-warehouse, etc.; • Formulate entry and exit record forms and warehouse inspection forms to record and confirm the weight and size, transfer process, packaging, sealing and storage of hazardous waste to ensure the precise hazardous waste management.

Hazardous Waste Management Measures

Process optimization

• The process of classifying and optimizing waste rubber is adopted in the production to reduce the waste rubber, further making less hazardous waste generated;

• Sludge and phosphating residues are dehydrated mechanically. And sludge is further dehydrated by sludge dryer to keep 30% or less moisture content, which effectively reduces the weight of hazardous waste.

Identification of Hazardous Waste

• Paint-containing lime is identified as general industrial solid waste, without hazardous characteristics, which does not belong to the waste in the *National List of Hazardous Wastes* (2021 Edition) and does not have the hazardous characteristics specified in GB 5085. In 2023, 199.38 tons of hazardous waste treated can be reduced.

Recycling of Hazardous Waste

• The waste activated carbon of hazardous waste replaced by "activated carbon adsorption and catalytic combustion" of exhaust treatment devices has been verified useful as carburants for cast iron smelting, reducing hazardous waste by 12m³ in total throughout the year;

• A large number of oily iron filings are generated during the cylinder machining, which can be used as raw materials for cast iron after verification, with 1,129.19 tons of hazardous waste reduced throughout the year;

• Hazardous waste packaging drums are directly recycled by the supplier and secondarily reused, reducing 20 tons of hazardous waste throughout the year.

Hazardous waste management training

In 2023, the Group organized training on hazardous waste management, including hazardous waste storage standards for pollution control, technical specifications for hazardous waste identification sign designing, etc. In the reporting period, relevant training was provided twice.

Noise management

The Company strictly control noise in production and operation in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution* through protective measures taken for high noise equipment to make the noise generated beyond the boundary and standard required for a factory environment and reduce noise pollution.

Noise Management Measures

Install Sound-proof Equipment

• Stamping workshop and coating workshop: shock absorbers are installed on the equipment foundation in the stamping workshop and coating workshop of Seres Automobile, and the equipment with low noise and small vibration is selected. Soft lining boards are added on the workbench, workbins and slide rails and enclosed sound proof measures are taken on the whole line. Air suction ports of the compressor is equipped with muffles and air storage cylinder is coated with sound damping materials;

• Cylinder core-making post equipment of Xiaokang Power: muffles are added at the tail of the exhaust to ensure that the noise in the operating area meets the standard.

Use Low-noise Equipment Instead of High-noise Ones

• Xiaokang Power plans to replace 16 high noise pneumatic gun tools in the assembly workshop with low noise hydraulic impact drivers;

• Ruichi Automobile plans to replace high noise tools with relatively low ones, like electric wrenches, to reduce noise;

• Xiaokang Auto Parts plans to replace the original high noise equipment with a stronger well-operated crusher with low noise;

• Painting workshop of Phoenix Factory has replaced the original soot blower with noise reduction soot blower to improve the management from the source of the noise, with the noise decreasing from 88.9 decibels to 64 decibels.

Investment in Additional Sound-proof Panel Rooms

• After comprehensive evaluation, Jinkang Power invested in the additional sound proof panel rooms in the bench test area to enclose and isolate all operating machines in the area. The operators operate the machine remotely outside the rooms to reduce the noise impact on the site and people around.

Conduct Regular Noise Detection

• The Group's factories regularly carry out noise detection every year with results meeting the Class 3 requirements in the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008). Since its founding, the Group has not received complaints from relevant parties.

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Green Logistics

The Company actively develops green logistics with various measures taken to manage energy conservation and emission reduction in the transportation stage. For example, reused or recyclable packaging materials are used, transportation of parts is electrified within the factory, and an off-site circular item pick-up system established to effectively reduce carbon emissions in the transportation.

Green Package

Committed to lessening the negative impact of packaging on the environment, Seres Automobile implements measures such as packaging recycling and standardized packaging size, reducing packaging materials.

We formulate measures to manage packaging material suppliers in an all-round way, including assessments for packaging size and the recyclability of materials. It revised the *Supplier Incoming Packaging Specifications* and other relevant documents in 2023 to further standardize the packaging size, taking into full account packaging universality and sharing among automobile enterprises. In addition, it requires suppliers to provide recycled packaging such as plastic boxes, material racks, coaming boxes, and prioritizes those capable of serving with liners and recycled pallets, further reducing disposable packaging and the waste of packaging materials.

The Company promotes the replacement of disposable packaging with recycled packaging covering accessories such as plastic boxes, general iron boxes, material racks, coaming boxes and pallets, and set a goal to achieve the recycling rate of 90% in 2023. In the reporting period, the goal of utilization rate of recycled packaging reaching 98.1% has been exceeded.

Green packaging measures

Use no bubble bags for cabin decorative plates, which can reduce 100,000 PE packaging bags per year and lead to less cost in packaging.

Use no bubble bags for cabin decorative plates

Replace PE bubble bags with recyclable hollow board cards, which can reduce 100,000 PE packaging bags per year and lead to less cost in packaging.

Use recyclable hollow board cards

Replace original internally-packaged carton boxes with recyclable material racks, which can reduce 2,000 kg packaging paper per year and improve efficiency and utility of packaging.

Replace original internally-packaged carton boxes with recyclable material racks

Replace bubble-bag plastic boxes with recyclable EVA package, which can improve efficiency and utility of packaging.

Replace bubble-bag plastic boxes with recyclable EVA package

Green Transportation

Multiple measures are taken by the Company to promote the construction of a low-carbon transportation system. We act to equip the transportation team with new energy vehicles, and build a circular pick-up logistics system, to improve transportation efficiency and minimize the energy consumption.

Green transportation measures

Inside Transportation

- 100% electrified deployment of forklifts and tractors used for loading, unloading, and transportation inside the factory has been realized.

Outside Transportation

- As per logistics analysis conducted on the cargo volume of suppliers, circular item pick-up is made for approximately 1,118 parts from 37 suppliers in 7 surrounding areas;

- A circular pick-up logistics system is built to fully utilize the loading space of vehicles for less supplier trucks, solve problems such as uncertain arrival time and cargo volume, reduce delivery time, and improve the loading rate;

- The target of "new energy vehicles accounting for 20% in transportation" set has been completed during the reporting period, with the proportion of new energy vehicles in outside transportation exceeded 50%.

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Green Operation

Always practicing the concept of "environmental protection" and "green development", the Group reduces energy and resource consumption in office with a package of measures implemented for daily energy- and water-saving activities. At the same time, the Group adheres to green warehousing with a goal of 100% rooftop photovoltaic power generation covering all warehouses across factories.

Green Office

To standardize environmental management in office, the Group implements the *Implementation Plan for Green and Low Carbon Leading Action of Public Institutions to Promote Carbon Peak*, the *Implementation Plan for Green and Low Carbon Leading Action of Public Institutions to Promote Carbon Peak in Chongqing Municipality*, and formulates internal systems such as *Office Building Management Regulations* and *Business Vehicle Management Regulations*. The Group implements the concept of green office with a series of measures for energy conservation and less consumption, such as energy- and water-saving in office, paperless office, etc., intending to explore the potential o green office and realize green and low-carbon operation.

Green office management measures

Advocate Paperless Office

- Call on employees to practice paperless office and save paper sheets by printing documents in a double-sided manner and reusing the printed paper;
- Promote online paperless training and examinations and encourage employees to save paper sheets.

Standardize Electricity Management

- The temperature setting of an air conditioner, if used, shall not be lower than 26℃ in summer and higher than 20℃ in winter. Temperature of the air conditioning system is managed only when the indoor temperature reaches 28℃ or above and 10℃ or below the air conditioner can be turned on;
- "The electricity shall be cut off when it is not necessary or needed", making full use of natural light in each area and turning off unnecessary lighting facilities while retaining basic lighting in daily office work;
- The standby time of office devices, including computers and printers, shall be shortened, and turned off when not be used or after work; Check whether electronic equipment, electric appliances, lighting, doors and windows shall be turned off so as to reduce energy consumption due to the standby mode.

Renewable Energy of Business Vehicle

- There are total 163 business vehicles in the Company, including 85 renewable energy ones accounting for 52.15%, actively reducing the use of fuel business vehicles.
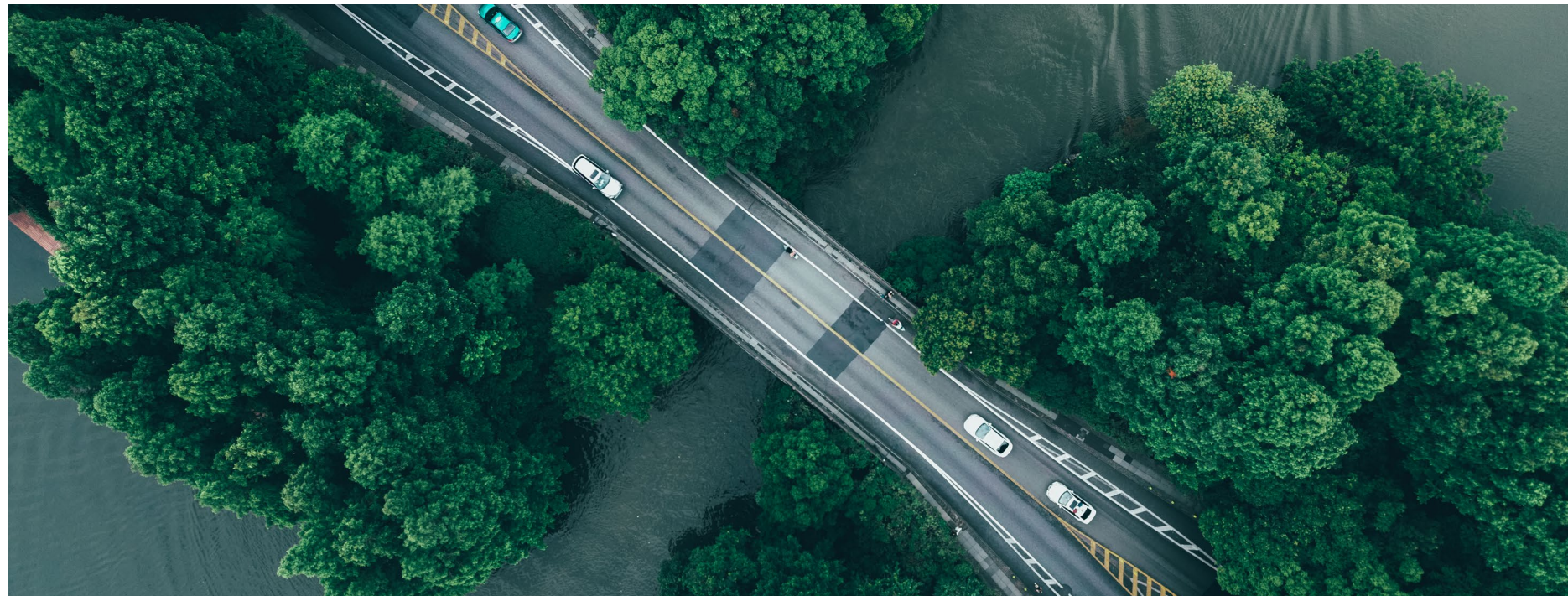
Green Warehousing

The Company is active in green warehousing, and begins to use green and low-carbon energies according to details of factory bases. It installs rooftop photovoltaic devices for warehouses, reaching 100% photovoltaic power generation. In 2023, the installed capacity of rooftop PV in logistics warehouses was 4.21 MW.

Reaching photovoltaic power generation.

100%

Rooftop Photovoltaic Construction in Logistics Center

In 2023, Xiaokang Power constructed rooftop photovoltaic power stations in the factory buildings, logistics centers and other areas of Duzhou Base and Yanjia Base. It is expected to generate 12.76 million kWh of electricity per year, save 4,083 tons of standard coal, reduce sulfur dioxide emissions by about 382.8 tons and carbon dioxide emissions by about 10,699 tons per year.

Rooftop photovoltaic devices installed for warehouses

Key environmental indicators[27]

Key performance indicators	Unit	2022	2023
Exhaust Discharge			
Total exhaust discharge	cubic meters	7,952,653,849.40	9,187,685,919.00
Sulfur oxides (SO_x)	ton	1.27	1.52
Nitrogen oxides (NO_x)	ton	17.68	12.12
VOC	ton	137.62	64.95
Particulate matter	ton	102.30	28.29
Wastewater			
Total amount of wastewater discharge	ton	847,246.80	602,907.89
Ammonia nitrogen	ton	2.21	0.93
Total phosphorus	ton	0.35	0.37
BOD	ton	15.42	13.04
COD	ton	72.62	56.72
Waste			
Household waste	ton	3,766.45	2,628.05
Food waste	ton	1,144.00	462.00
Office paper	ton	26.16	18.23
Other office waste	ton	6.30	/
Recyclable waste	ton	26,361.43	23,599.39
Total amount of non-hazardous waste	ton	31,304.34	26,404.67
Non-hazardous waste discharge density	ton/revenue of RMB10,000	0.0092	0.0074

| Key performance indicators	Unit	2022	2023
Sludge	ton	608.25	793.00
Paint slag	ton	739.40	458.49
Waste solvent	ton	463.74	252.05
Waste rubber	ton	123.70	130.11
Waste coating packaging	ton	189.79	197.20
Waste oil	ton	/	46.39
Other waste	ton	2,783.16	1,579.93
Total amount of hazardous waste[28]	ton	4,908.03	3,457.17
Hazardous waste discharge density	ton/revenue of RMB10,000	0.0014	0.0010
Resource Consumption			
Gasoline	ton	1,927.24	1,825.08
Diesel oil	ton	88.40	43.74
Natural gas	cubic meters	18,157,421.77	15,223,615.00
Purchased electricity	kilowatt hours	244,439,542.96	181,967,538.93
Comprehensive energy consumption[29]	tce (ton of standard coal equivalent)	57,282.29	45,360.37
Comprehensive energy consumption density	tce/revenue of RMB10,000	0.0168	0.0127
Municipal water supply	ton	1,478,946.92	1,367,183.00
Reclaimed water recovery	ton	25,946.50	45,441.00
Total water consumption	ton	1,504,893.42*	1,412,624.00
Total water consumption Density	ton/revenue of RMB10,000	0.44	0.39
Refrigerant	ton	7.15*	5.98
Recycling rate of recycled packaging	percentage	98.1%	98.1%

Key performance indicators	Unit	2022	2023
GHG Emissions			
Scope 1: GHG emission[30]	ton of carbon dioxide equivalent	56,333.39*	47,756.19
Scope 2: GHG emissions[31]	ton of carbon dioxide equivalent	139,403.87	103,776.09
Scope 3: GHD emissions[32]	ton of carbon dioxide equivalent	/	33,436.87
Total GHG emissions	ton of carbon dioxide equivalent	195,737.26*	184.969.15
GHG emission density	ton of carbon dioxide equivalent/revenue of RMB10,000	0.057*	0.052

* As adjusted, trace and update data in 2022.

[27] The scope of environmental data collected includes Seres Automobile, Seres Automobile(Hubei), Ruichi Electronics,Jinkang Power, Xiaokang Power, Xiaokang Auto Parts and Luzhou Rongda.

[28] Hazardous waste is defined in accordance with the *National Catalogue of Hazardous Wastes (2021 Edition)* issued by the Ministry of Ecology and Environment of the People's Republic of China.

[29] The comprehensive energy consumption is calculated according to *GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption*.

[30] Greenhouse gas emissions (Scope 1) from fuel (LNG, refrigerants) consumption from fixed sources and fuel consumption (petrol, diesel) from transportation vehicles. The emission factors of gasoline, diesel, LNG and refrigerants refer to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Enterprises in Other Industries* published by the National Development and Reform Commission of the People's Republic of China on 6 July 2015.

[31] Greenhouse gas emissions (Scope 2) are derived from the consumption of purchased electricity. The emission factors of purchased electricity are converted with reference to the average emission factors of the national power grid in 2022 in the *Notice on the Management of Greenhouse Gas Emission Reports of Enterprises in the Power Generation Sector from 2023 to 2025* issued by the Ministry of Ecology and Environment of the People's Republic of China.

[32] GHG emissions (Scope 3) refers to GHG emissions from fuel- and energy-related activities that are excluded in Scope 1 and Scope 2.

Employee Care and Community Feedback
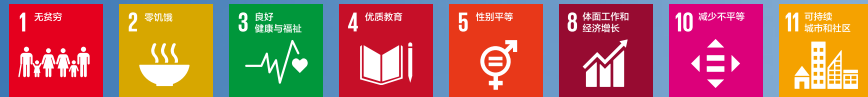
The Group always safeguards rights and interests of its employees, strictly controls production safety, and makes contribution to the community while ensuring high-quality development, allowing employees and the community to feel the warmth and care from the Group.

2023 Highlight Performance

The coverage of employees signing union collective contracts remained

100%

The "Seniority Contribution Award" was awarded to

1,531

The Group gave the Excellence Award and Struggle Award to recognize teams and individuals who have made outstanding contributions to the Group's development, covering

697 employees

Certified to occupational health and safety management system

ISO 45001

The total investment in charity reached

RMB 2.6932 million

The coverage of employee training reached

100%

Employees who have worked for years, with the bonus amounting to

RMB 4.07 million

with a total of

RMB 5.28 million

In production,

NO GENERAL OR HIGHER SAFETY ACCIDENTS

occurred throughout the year

The Group purchased rice, red dates, cured meat and other agricultural products for for poverty alleviation in counties of Fengjie and Wuxi, Chongqing, with a total value of

RMB 2.6313 million

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Rights and Interests of Employees

The Group believes that employees are the most valuable resource and is committed to creating an equal, inclusive and diverse working environment for every member where they can enjoy equal opportunities and respect.

Equal Employment

We strictly abide by the *Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China* and other relevant laws and regulations, and formulates and implements internal systems such as the *Recruitment Management System of Seres Group, Compiled Human Resource System Management, Employee Manual*, trying to ensure all employees work in a safe and healthy environment where they can enjoy equal salary, and fair occupational development. In 2023, we updated the *Employee Manual*, adding anti discrimination and anti harassment requirement on the basis of the existing code of conduct for employees, which helps us meet the commitment to fair employment and continuously eliminate potential employment discrimination and inequalities. Also, it is specified in the *Recruitment Management System* that a complete and accurate description of the recruiting unit, positions, number of workers wanted, and qualification requirements shall be included in recruitment information, and any potential discriminatory words involving gender, height, ethnicity, religion, etc., are not allowed in job descriptions. We firmly prohibit discriminatory behaviors related to gender, age, ethnicity, nationality, religious beliefs, or other social and personal factors, and provide equal employment opportunities to all employees and candidates in accordance with the law.

In addition, we strictly abide by UN provisions such as Convention on the Rights of the Child, Forced Labour Convention, and the Labor Law of the People's Republic of China when recruiting, prohibit any unit from recruiting child labor under the age of 16 and forced labor. During the reporting period, the Group did not engage in any employment of child labor or forced labor. The coverage of employees signing union collective contracts remained 100%.

During the reporting period

The coverage of employees signing union collective contracts remained

100 %

During the reporting period

the group had employees under the labor contract

16,102

including employees from minority nationality

689

foreign nationality

226

Female management

Total number of females in senior management

9

Percentage of females in senior management

12.00 %

Total number of females in middle management

79

Percentage of females in middle management

13.06 %

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Employee composition

Total number of male
12,446

Total number of female
3,656

40 or older
3,412

29 or younger
4,929

30-39
7,761

Chinese Hong Kong,
Macao, and Taiwan
4

Overseas
226

Chinese mainland
15,872

Number of employees by gender

Number of employees by age

Number of employees by region

Junior management
501

Middle management
605

Senior management
75

Grassroots employees
14,921

Technical R&D staff
5,585

Production staff
5,529

General and administrative services staff
3,697

Sales and marketing staff
1,291

High school degree and below
4,646

Master and abovd
1,027

College degree
3,530

Bachelor
6,899

Number of employees by rank

Number of employees by position

Number of employees by education

Employee turnover

In the reporting period, total employee turnover was

12.87 %

Male
13.07 %

Female
12.20 %

Employee turnover by gender

Chinese mainland
12.70 %

Chinese Hong Kong, Macao, and Taiwan
0

Overseas
25.22 %

Employee turnover by region

29 or younger
19.82 %

30~39
8.57 %

40 or older
12.63 %

Employee turnover by age

Junior management
9.38 %

Middle management
8.10 %

Senior management
4.00 %

Grassroots employee
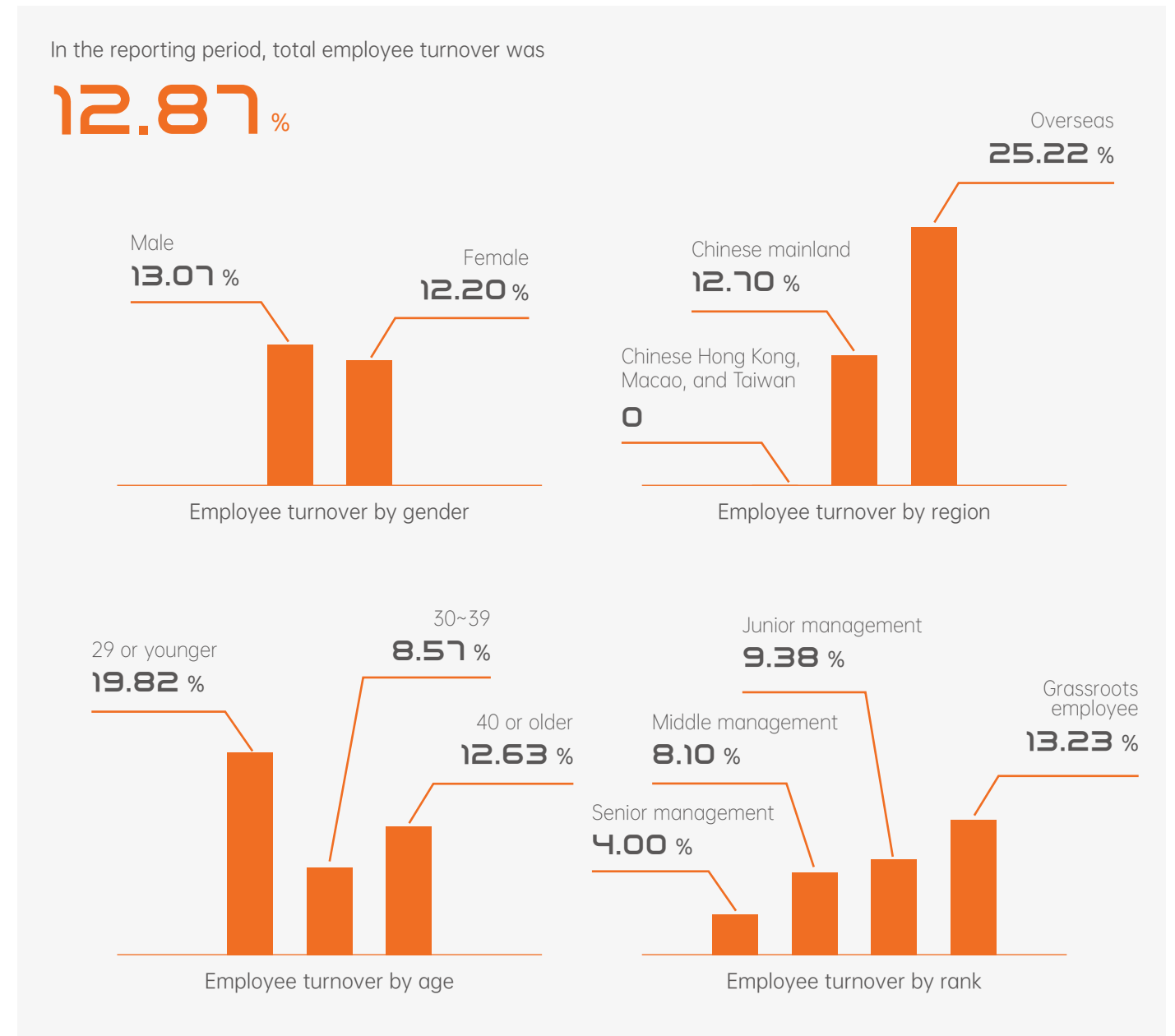**13.23** %

Employee turnover by rank

57

Talent Attracting

The Group highlights attraction, cultivation, and retention of outstanding talents for injecting new vitality into long-term development. To this end, the Group have developed a recruitment plan to employ more diverse talents in different fields. In 2023, Seres Group was honored as "2023 Best Employer Brand - Talent Introduction Award" by RisFond, as well as the "China Preferred Employer of the Year 2023" by Zhilian Zhaopin.
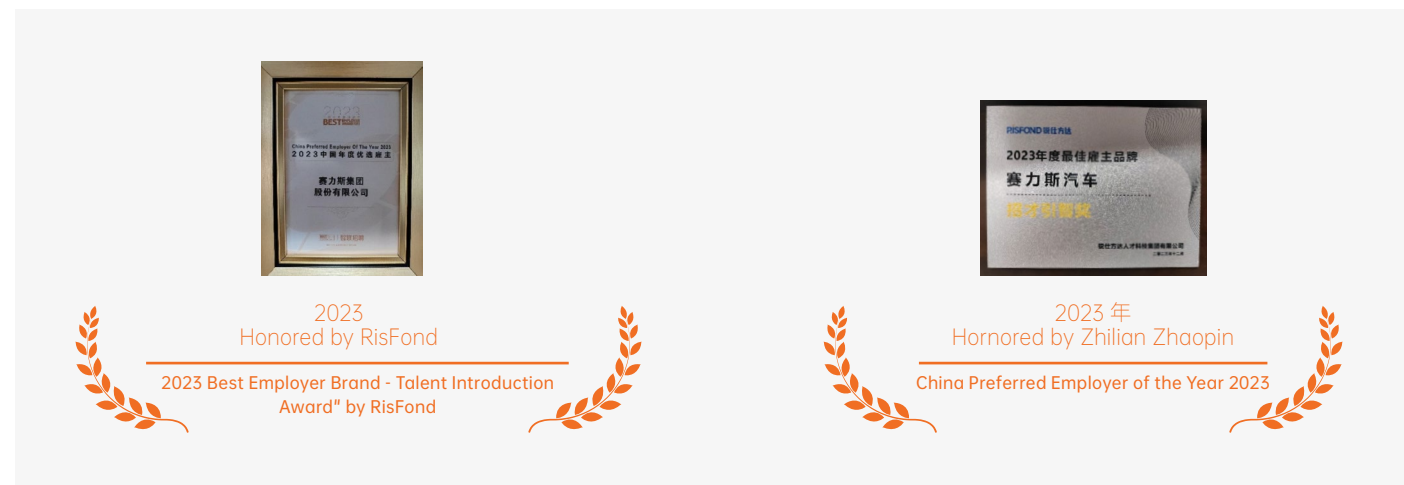
2023
Honored by RisFond

2023 Best Employer Brand - Talent Introduction Award" by RisFond

2023 年
Hornored by Zhilian Zhaopin

China Preferred Employer of the Year 2023

2023 Employee recruitment plan

Campus recruitment	We are active to engage in campus recruitment activities to inject new vitality in our development. In 2023 collaboration with some universities, we signed contracts with 426 fresh graduates, of which 42% were from key universities and 54% were educated with a master degree or above.
Talent reserve	We launch the Talent Reserve project in September every year to select talents for middle-level reserve leader serving the Group. We select and recruit excellent internal employees who have applied for the project after comprehensive evaluations composed of written exams and interviews, and the successfully selected employees will participate in a one-year training project. In 2023, a total of 117 employees were selected and included in the project.
Talent flow	We actively promote talent flow inside the Group and prioritize internal members for vacant positions. The demand for internal recruitment is informed through the work platform, and employees can apply on a self-service basis according to their personal willingness, which is helpful for the organic integration of corporate development with individual employee development.
Talent growth	We make assessments on critical talents and key positions as a rational for us to provide priority development and incentives for 20% of outstanding employee models, training and practice for 70% of the backbone who can make up for shortcomings, and job adjustments for 10% of unqualified individuals. It is an approach through which we effectively improve the rationality of job allocation.

Number of newly recruited employees in 2023

Newly recruited employees	Newly recruited employees through campus recruitment	Newly recruited employees through social recruitment	Newly recruited employees from overseas
1,178 persons	**21** persons	**752** persons	**426** persons

Special Automobile Culture for Recruitment in Chongqing University

On November 19, 2023, the Seres Automobile Culture was successfully held in Chongqing University. It launched activities such as "symposium on joint school-enterprise efforts in talent cultivation, practice base construction, trunk market, intelligent cockpit design contest, and Seres special recruitment" in the school. This kind of event further strengthened the cooperation and mutual trust between the school and Seres, and explained its brand image and talent training model to the teachers and students, attracting more outstanding students from the University to join Seres and develop together.

2023 Seres Automobile Culture

Talent Retention

The Group takes the lead in organizing quarterly tracking and interviews of newly promoted, newly recruited and abnormal critical talents for better understanding of their trends, with relevant policies and measures formulated, and reports any change and abnormality quarterly, which is to improve the retention rate of critical talents through the stricter management mechanism and by providing stronger care and tracking of the talents.

In order to effectively introduce talents and help them grow, the Group utilizes a talent identification tool as a multi-dimensional basis and focus to discover more talents of different types and levels, and with identification elements (cycle, group, and goal) integrated, it can make a quick identification of outstanding talents and provide rapid development and promotion. Talents are identified via the tool, practice, cultivation project, and employment platform, screened effectively, while they also can fully utilize and showcase their abilities. As a result, the quality of outstanding talents is ensured.
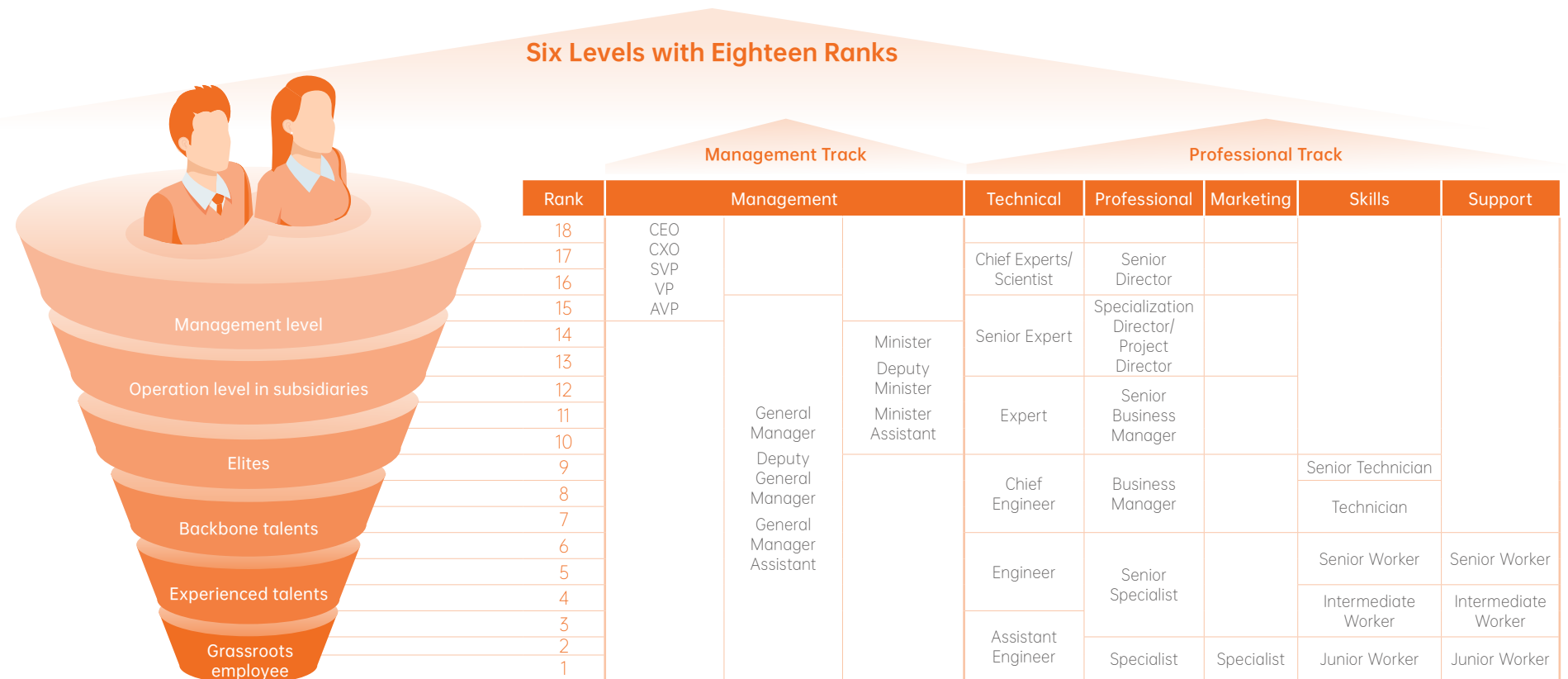
Employee Development

Regarding employee development as the foundation on which it can develop greatly, the Group always provides employees with transparent promotion channels, professional training, and supports for them to learn and grow, intending to help them achieve personal career goals.

Employee Promotion

We serve to meet different career development needs and interests of employees by providing diverse development opportunities and channels. A position classification model in six levels with eighteen ranks, accompanied by two promotion channels: "management system" and "professional system", helps different employees clearly understand their career development paths.

- For technical professionals, we conduct promotion assessments in a fixed time every year. We invite business leaders, superior management, human resources department, external experts, etc., as a professional team to evaluate and confirm registered employees by position level/qualification standards, which is to ensure that the promotion process is fair, transparent, and just, and authoritative and effective decisions are made.

- For management personnel, we regularly organize capability assessment every year to form a nine-box talent grid and smooth promotion channels for reserve talents.

Employee Training

With a focus on talent cultivation, We are committed to a talent cultivation brand to enhance professional and technical skills of talents. To this end, a training management system is established comprehensively, clearly specifying requirements on training plan development, in-process implementation, effectiveness evaluation, archive management, trainer management, course management, etc. During the reporting period, we updated the *Internal Trainer and Course Management Measures* to optimize standards and processes for trainer and course certification, and we provided special empowerment for employees participating in trainer and course development. Furthermore, we organized for our internal trainers 6 sessions of *Course Development Based on Excellent Experience* and *TTT - Impressive Course presentation*, with over 200 trainers participating. Excellent practice cases and high-quality courses were provided while a group of internal trainers were cultivated and certified.

During the reporting period, various types of online and offline training courses covering management, professional skills, and position understanding for new employees were provided to help employees discover their potential, accumulate organizational experience, and achieve knowledge sharing and passing.

Six Levels with Eighteen Ranks

Rank	Management Track			Professional Track				
	Management			Technical	Professional	Marketing	Skills	Support
18	CEO CXO SVP VP AVP							
17								
16								
15				Chief Experts/ Scientist	Senior Director			
14			Minister	Senior Expert	Specialization Director/ Project Director			
13			Deputy Minister					
12		General Manager	Minister Assistant					
11				Expert	Senior Business Manager			
10								
9		Deputy General Manager		Chief Engineer	Business Manager		Senior Technician	
8								
7		General Manager Assistant					Technician	
6				Engineer	Senior Specialist		Senior Worker	Senior Worker
5								
4							Intermediate Worker	Intermediate Worker
3				Assistant Engineer				
2					Specialist	Specialist	Junior Worker	Junior Worker
1								

Management level

Operation level in subsidiaries

Elites

Backbone talents

Experienced talents

Grassroots employee

→ Employee promotion channels

In 2023

coverage of employee training reached

100%

total training hours up to

164,240.40 hours

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Male

121,970.80 hours

Female

42,269.60 hours
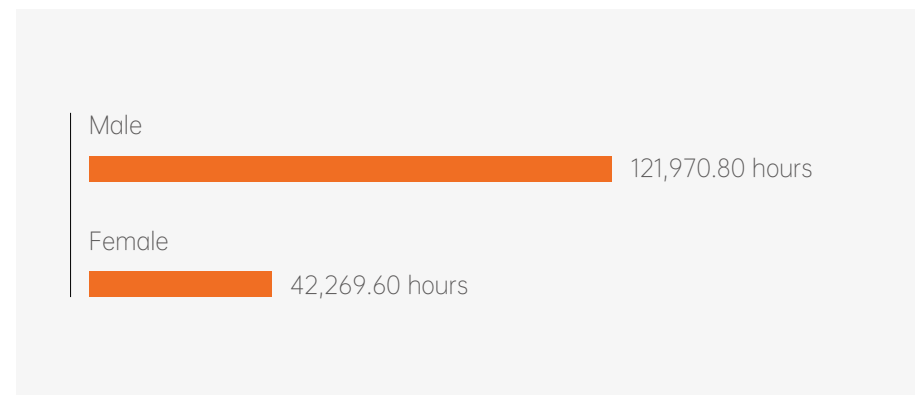
Total length of employees receiving training by gender

Senior management

2,550.00 hours

Middle management

13,310.00 hours

Junior management

8,016.00 hours

Grassroots employees

140,364.40 hours

Total length of employees receiving training by rank

Employee training system

Training type	Description
Management training	• A 90-day role transformation/integration for new managers was launched to help them adapt to the new position quickly with collaborative mentor-trainer teaching; • A one-year "Talent Reserve" training project focusing on leadership was conducted for middle-level reserve leaders. We designed a training system as per the "721 learning rule (of all the 100% of knowledge and skills acquired, 70%, 20% and 10% are acquired on the job, peers and learning or training respectively)", significantly enhancing the leadership competence of trainees through management + business empowerment training and practice, mentor guidance; • In 2023, a total of 135 management training sessions were provided for 1,181 employees with a total training length of 23,876 hours.
Professional training	• We developed training courses of core professional skills based on working experience from excellent employees, targeting different professional employees in terms of key abilities and knowledge required for their job recognition and qualifications; • We encouraged employees to participate in various skill competition activities as a team, aiming to promote their learning in professional skills in contest. In June 2023, we organized front-line production employees to participate in the Automobile Electromechanical Integration Labor and Skills Contest held in the Chengdu-Chongqing Economic Circle, and they were ranked in second place; • In 2023, a total of 6,848 professional training sessions were organized for 10,521 employees with a total training length of 58,208 hours.
New employee training	• We provided cultural courses and training on position knowledge for all new employees, and arranged mentors to help them integrate into the team, adapt to corporate culture, understand job requirements, and improve their office skills as soon as possible; • A one-year growth training camp for newly recruited college students was provided in three phases: centralized training, post rotation, and post determination, helping college students understand corporate culture and businesses, complete role transformation, and enhance professional skills and skills required for their posts; • In 2023, a total of 345 new employee training sessions were conducted for 1,178 employees with a total training length of 28,820.00 hours.
Learning community for employees	• We established multiple learning communities where employees can deeply explore and exchange work experience; • Reading clubs on *Effective Managers* were held several times, enabling knowledge workers in the Group to work and learn efficiently, through leading in reading around, sharing, and practicing.

External Learning and Certification

The Group supports and encourages employees to continuously improve their professional skills and core competitiveness through external learning/certification. Financial and training support are provided for employees who study in professional colleges and receive external qualification certificates. In 2022, the Group established the "Seres Group Vocational Skills Training Center", continuously expanding internal training courses that help more employees pass external qualification certification exams.

While encouraging employees to participate in external learning, we also are active to cultivate talents in digital technology as we support the development of national strategic emerging industries. During the reporting period, we undertook the training for digital engineers initiated by the Chongqing Human Resources Society Training Center, with 50 students completing the 120-class-hour training in big data, digital technology. It helped the trainees achieve personal development goals in career and grow into versatile technical talents needed by enterprises.

In 2023

we assisted

527 persons

employees obtain skill-level certificates, covering industrial robot operators, auto mechanics, electricians, and human resource managers.

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Care for Employees

The Group provides employees with competitive salary, multi-dimensional benefits and care and free communication channels, committed to improving their happiness in work and life.

Remuneration and Benefits

We have formulated sound remuneration and welfare systems, combined with caring activities for physical and mental health, to make our employees happier and more satisfied.

Remuneration system

The *Remuneration Management System* in place provides employees with living guarantee covering basic salary, job salary, performance-based salary, subsidies, and so on, and specifies incentives, such as monthly and annual performances, to ensure individual performances are reflected. We add quarterly and annual cumulative pass-through accounting on the basis of monthly performance to incentivize employees to take the initiative to seek changes and innovate when short-term performance falls short of expectations, and to make up for short-term performance shortfalls by achieving annual cumulative performance. It is a measure about variable pay based on performance, effectively promoting employees to actively improve their working performance.

Additionally, a long-term incentive mechanism is made to promote common sustainable development of employees with the Group. In the recent equity incentive plan, a total of over 3,000 members from technical R&D, procurement, manufacturing, sales, functional unit and other fields were assessed according to their comprehensive performances, position value, individual capabilities and other factors and granted the equity according. In 2023, the incentive equity granted to business achievements accounted for 50% of the total. The "Senior Contribution Award" was awarded to 1,531 employees having worked for years with a total award of RMB4.07 million in 2023.

In addition, the Group gave the Excellence Award and Struggle Award to recognize teams and individuals who have made outstanding contributions to the Group's development in 2023 by practicing the Group's core values and focusing on growing upward and rooting in primary-level work downward. We implement "spiritual incentives + material incentives" and reward employees in the forms of team-building funds + individual bonuses + honorary certificates/trophies, with a total of RMB5.28 million, covering 697 employees.

In 2023

The "Senior Contribution Award" was awarded

1,531

employees having worked for years

with a total award of

RMB**4.07** million

The Excellence Award and Struggle Award were awarded to

697

employees who have made outstanding contributions

With a total award of

RMB**5.28** million

Benefit system

In addition to the competitive salary provided to employees, we also care their physical and mental health, and well-being. A diversified non-salary benefit system is built with all official employees covered. We support impoverished employees, retired employees, employees stationed abroad, and front-line production employees, with special care.

Non-salary benefit system for employees

Insurance coverage
- Social insurances composed of pension, medical insurance, unemployment insurance, work injury insurance, maternity insurance
- Supplementary medical insurance, covering major illness, accidental injury, etc.
- Housing fund

Health insurance
- Annual physical examination
- Lectures on health
- Services and support for psychological health

Logistic services
- Free working and overtime meals
- Free accommodation and transportation
- Communications subsidies
- Discount for internal employees buying the car
- Holiday gifts

Maternity care
- Maternity leave, prenatal check-up leave, paternity leave
- Internal mother-and-baby room

Daily care
- Holiday activities
- Themed team-building activities
- Fellowship for young employees
- Birthday gifts
- Sports games
- Scholarship

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Special caring measures

Impoverished employees

- We have established a dedicated fund for impoverished employees. In 2023, a total of 11,411 employees were included in the fund, with **47** members supported with **RMB350,370**.

Retired employees

- In every Spring Festival, we visit and care retired employees serving the Group for 10 years and longer, presenting gift packages as our gratitude for their contributions to corporate development.

Overseas employees and employees stationed abroad

- We visit families of employees stationed abroad during traditional festivals such as the Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival, and celebrate with foreign employees their national festivals or provide paid leave to them in the festivals.
- We also support employees stationed abroad in the following: to organize female employees to take turns to take care of his wife who is about to give birth; to provide a green medical channel in a cooperative hospital for his family members falling ill; and to assist entry procedures for his child starting school.

Front-line production employees

- We provide heatstroke prevention supplies like watermelons and refreshing drinks, and care for our front-line employees who are on duty in the hot weather.

Female employees

- We organized the 2023 Women's Health Campaign to express our care for female employees and improve their sense of happiness. In this event, we invited the cooperative hospitall to lecture on women's health, and provide health consultations and free medical services for female employees.
- Every year, International Women's Day organizes cultural and sports activities for female employees, who enjoy half a day of paid leave or duty subsidies.
- Since 2015, the labor union has centrally purchased special illness insurances for female employees voluntarily to be insured. By the end of December 2023, cumulatively, a total of **3,394** female employees and female family members of male employees have been insured.

Activities caring physical and mental health of employees

- In June 2023, a "Health Service Room" was set up in Wuyunhu office, inviting health experts from the co-built hospital to provide one-on-one health consultation services for employees every Wednesday. At present, more than 30 employees have registered and received services.

- On September 14, 2023, a lecture on mental health knowledge was given by a sleep psychologist who discussed with employees about three major life goals, marriage and parent-child relationships, sleep problems, and occupational burnout, etc., with real-life cases. We hope to provide positive psychological guidance for employees, so that they can obtain a sense of achievement and happiness in their work.

- From October 11 to 12, 2023, the Group cooperated with the cooperative hospital to organize a special on-site traditional Chinese medicine diagnosis and treatment activity in Wuyunhu office. Employees enjoyed services just in workplace, including consultation with well-known TCM doctors, professional shoulder-neck therapy, and special eye SPA.

- On December 28, 2023, a health knowledge lecture was given to employees, helping improve their health awareness to take timely health protection and prevention measures.

→ On-site TCM diagnosis and treatment → Lecture on mental health knowledge

Democratic Communication

We value employees' opinions and provide diverse communication channels including the opinion box, complaint email, complaint tel., appeal platform, and employee communication.

On a regular basis, we conduct a survey on employee engagement to timely receive their feedback and opinions on work environment, workflow, and work resources, etc. In 2023, an engagement survey was made for 12,000 employees, and got a score of 67.5%, an upper middle level in the industry.

Performance appraisal appeal

Employees can require a performance appraisal appeal through an appeal email to their unit. Upon the receipt, their HR department will verify the truth within 3 working days and provide direct feedback to the employee.

General complaints

Complaints are allowed for employees through various means such as the opinion box, complaint email, complaint tel, appeal platform, and employee communication. In 2023, the Group received a total of 10 complaints, with a resolution rate of **100%.**

→ Communication details and channels

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Health and Safety

The Group regards health and safety as a significant precondition to production and operation, continuously improving the safe production system, and conducting safety training to enhance employees' awareness of occupational health and safety.
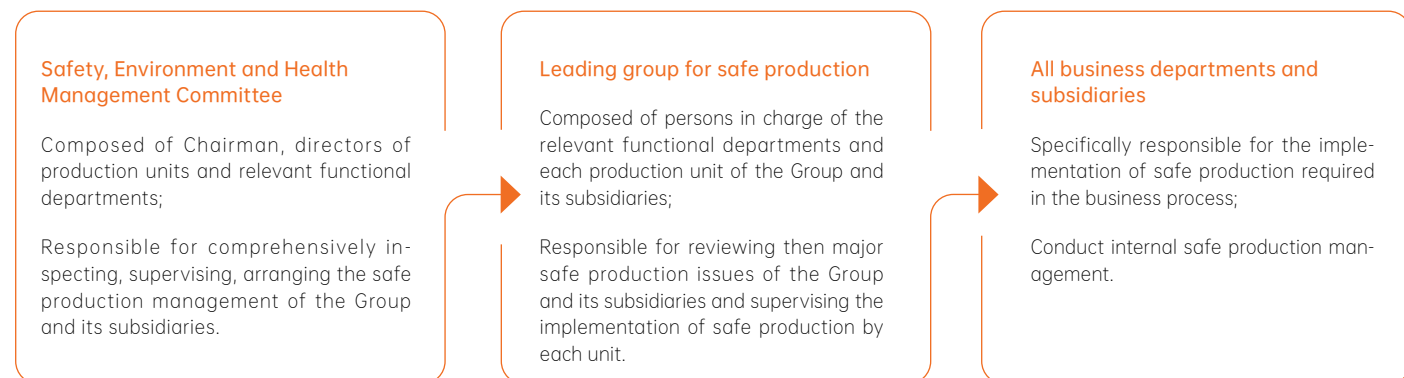
Safe Production

Attaching great importance to safe production, the Group establishes a safe production system with clear targets set, and conducts a series of inspections and training to ensure safe and controllable production in the whole process.

Safe production system

In strict compliance with the *Safe Production Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China* and other laws and regulations, the Group has prepared internal systems such as *Project Security Management Regulations*, *Safe Production Guarantee Management Measures* and *Safe Production Objective Management System*, which provide reliable system guarantee for the stable implementation of safe production. In addition, the Group has set up a multi-level safe production organization system to clearly sort out responsibilities of safe production of of persons in charge at all levels, including the Safety, Environment and Health Management Committee (hereinafter referred to as "the Committee") we establish to supervise the safe production as a supreme organization.

Safety, Environment and Health Management Committee

Composed of Chairman, directors of production units and relevant functional departments;

Responsible for comprehensively inspecting, supervising, arranging the safe production management of the Group and its subsidiaries.

Leading group for safe production

Composed of persons in charge of the relevant functional departments and each production unit of the Group and its subsidiaries;

Responsible for reviewing then major safe production issues of the Group and its subsidiaries and supervising the implementation of safe production by each unit.

All business departments and subsidiaries

Specifically responsible for the implementation of safe production required in the business process;

Conduct internal safe production management.

↳ Safe production organization structure

Safe production targets

The Group sets safe production targets every year according to reality, and assesses the completion. The committee director was required to sign with the persons in charge of each subordinate unit respectively the *Target Responsibility Letter of Health, Safety, Environmental Protection and Fire Protection*, with the signing coverage reaching 100% in 2023. Besides, the Group link safety performance with senior management compensation, and decide to reward or deduct the bonus based on annual assessment and review. In 2023, Seres Automobile set and completed six key production safety management objectives, without safety accidents, general or high-level, occurring throughout the year.
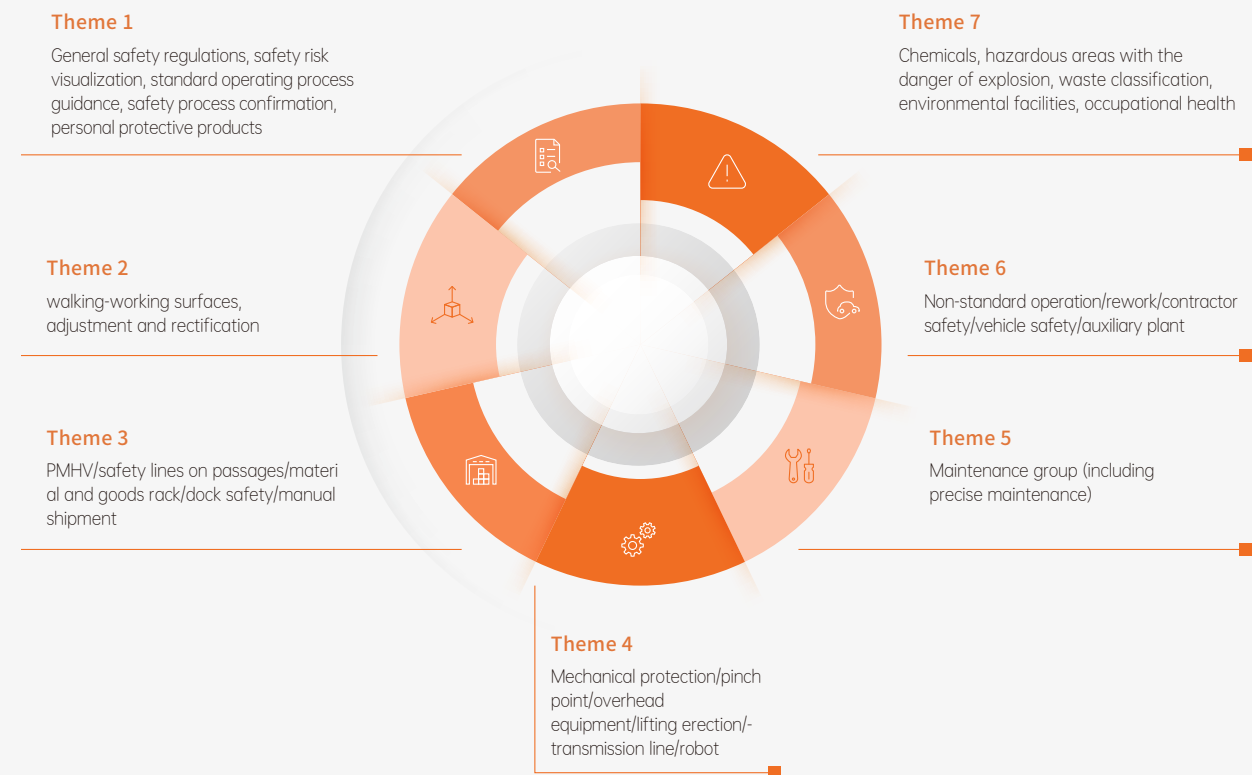
2023 Seres Automobile key production safety management objectives

Target indicators	Completion in 2023
1. Total economic losses from accidents ≤ RMB100,000	
2. Lost time injury frequency rate per million hours worked ≤ 4	
3. Rate of minor injuries per 1,000 people ≤ 4‰ , and rate of security incidents per 1,000 people ≤ 2‰	All met
4. Number of false alarms < 8	
5. Zero work-related deaths, acute poisoning, and major security incidents (accidents)	
90% rectification of general potential hazards, and 100% rectification of major potential hazards	Met ✓
Inspection rate of special equipment and safety accessories, certification rate of special equipment operators, control rate of dangerous operation, and certification rate of special operation personnel all remain at **100%**	Met ✓
Occupational health examination rate, and transfer rate due to occupational contraindications reach **100%**	Met ✓
Compliance rate of "three simultaneities", safety inspection execution rate, safety education and training rate, and the signing coverage of safety agreements by relevant parties reach **100%**, and requirement implementation rate of superior documents is **100%**	Met ✓
Emergency plan registration rate, drill rate, 24-hour duty and information reporting rate reach **100%**	Met ✓

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Safe production inspection

The Group has formulated internal systems for regularly identifying and evaluating risks, conducting safety inspection, and investigating hidden dangers for each safety hazard, including *Hazards Identification System* and *Safe Production Inspection and Hidden Danger Rectification System*. In 2023, the Group carried out shifted routine inspections, mutual inspections among factories, weekly themed SOS inspections, and special fire safety inspection, and found 6,948 potential accident hazards with the rectification of potential hazard reaching 100%. In 2023, The Group was rated by the Chongqing Emergency Management Bureau. "safety production standardization level 2 enterprise"

In the reporting period, we conducted 7 weekly themed safety inspections, with the theme different in each week, and persons in charge of all factories took the lead in safety supervision and inspection in their own areas.

Theme 1
General safety regulations, safety risk visualization, standard operating process guidance, safety process confirmation, personal protective products

Theme 7
Chemicals, hazardous areas with the danger of explosion, waste classification, environmental facilities, occupational health

Theme 2
walking-working surfaces, adjustment and rectification

Theme 6
Non-standard operation/rework/contractor safety/vehicle safety/auxiliary plant

Theme 3
PMHV/safety lines on passages/material and goods rack/dock safety/manual shipment

Theme 5
Maintenance group (including precise maintenance)

Theme 4
Mechanical protection/pinch point/overhead equipment/lifting erection/transmission line/robot

↳ Weekly themed safety inspections

2022-2023 Safety Production Performance of Seres Group

		2022	2023
Number of annual occupational injuries	/	46*	42
Work-related injury rate	%	0.27*	0.26
Lost time injury frequency rate per million hours worked	/	1.37	1.30

↳ *Note: Data for 2022 have been adjusted due to a change in statistical calibre.

Safety training

The Group has formulated internal systems like the *Safety Education and Training System* to guide safe production training for all employees, strengthening their awareness of safe production and creating the corporate culture of "safety first". In 2023, it conducted a total of 3,165 health and safety training sessions, with 141,840 employees participating with an average training time of 11.8 hours. Besides, there were 16 one-point courses, 11 safety conversations, and 9 safety alarms, and posters were put at the door of canteen as a reminder for employees to keep in mind safe production.

In addition to regular training and promotion, activities including awarded safety knowledge contest and emergency material roadshows were also launched, combined with themed emergency drills of heat stroke and limited space response. In 2023, we conducted a total of 178 emergency drills with a total of 7,528 employees participated.

Training for grassroots management

Special training on position safety responsibilities, hazard source identification, and use of safety information platforms was provided for grassroots management in Factory. A total of 289 members were trained, with a 100% rate passing the training.

Conversations with team leaders

A total of 171 team leaders had safety conversations in factories. Direct communications with grassroots management allows the Group to understand the reality and make adjustments and optimizations to subsequent safety activities.

Compilation of accident cases

Accident cases of the Group since 2019 were collected, as well as some typical cases in the entire vehicle manufacturing industry, to enhance employees' safety awareness.

↳ Safe production training and promotion

In 2023

We conducted a total of

3,165

health and safety training sessions

with

141,840

employees participated

with an average training hours

11.8 hours

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Occupational Health and Safety

Attaching great importance to the occupational health and safety of all employees, the Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and formulates internal management systems such as the *Occupational Health and Safety Management System* and the *Occupational Disease Prevention and Control Publicity, Education and Training System*, to safeguard occupational health and safety of employees with multiple measures taken. In 2023, Seres Automobile arranged 49 experts and invested RMB14.76 million in occupational health and safety assurance.

We adjust the position arrangement for personnel with occupational health damage in a timely manner according to regular physical examination results, to ensure the health and safety of our employees. In the reporting period, a total of 8,370 employees received physical examinations, of which 6,009 underwent pre-employment examinations, with 253 employees who were not suitable for positions involving occupational hazards reasonably transferred; 12 of 1,890 undergoing on-the-job physical examinations were found with physical abnormalities and had been transferred to other positions away from original hazardous factors before the abnormalities further worsened.

In the reporting period

The group is certified to ISO 45001 Occupational Health and Safety Management System as follows:

- Identify, confirm and control the occupational health hazard factors in the workplace;
- Regularly carry out detection, evaluation, and management of occupational hazard factors such as dust, noise and operation in high temperature in workplaces, and implement targeted rectification measures according to the detection results.

↳ Occupational hazards monitoring

- Provide all kinds of labor protection articles of which the quality is inspected and supervised for the employees in workplaces, and guide and urge employees to wear and use them correctly;
- Regularly inspect and maintain the performance and effects of safety protection equipment and facilities.

↳ Occupational health protection

- A series of measures are adopted to reduce the occupational hazard factor of noise to effectively reduce the noise, including installing soundproof glass, choosing low-noise and low-vibration process equipment, and enclosing the whole line to insulate sound.

↳ Improve the working environment

- Send targeted occupational hazard notification and conduct occupational health training to popularize occupational health knowledge according to different occupational hazard factors involved in each position;
- Urge employees to abide by the laws, regulations and operating specifications on occupational disease prevention and control.

↳ Occupational health training

- Regularly examine occupational health before taking up the post, during on the job and before leaving the post, which covers 100% of the employees at the posts with occupational hazards;
- Establish employee safety and health archives, transfer and properly arrange the personnel with occupational health damage according to the physical examination results and store the results into the occupational health surveillance archives.

↳ Occupational health monitoring

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Community Contributions

The Group actively assumed its social responsibilities in parallel to the pursuit of development. In response to national strategy of rural revitalization, it focuses on educational assistance and other charity activities, as away to reward the community with practical actions.

Rural Revitalization

We continuously contribute to poverty alleviation through consumption, in favor of the national policy to assist rural economic development and improvement of people's well-being. In 2023, we supported Fengjie and Wuxi Counties, Chongqing by purchasing agricultural products such as rice, red dates, cured meats, amounting to RMB2.6313 million

→ The Group distributed agricultural products purchased for poverty alleviation to employees

2023 年

the Company donated to public welfare

2.6932 million

In 2023

We supported Fengjie and Wuxi Counties, Chongqing by purchasing agricultural products such as rice, red dates, cured meats, amounting to

RMB**2.6313** million

Community Public Welfare

We continue to focus on the development of the community education and sports causes. We participate in public welfare activities and make contributions to the community development by cooperating with local schools and governments.

In 2023, we continued to develop implement the program of "Seres Automobile Talents" (originally "Sokon Talents") in Chongqing No. 1 Secondary School with the total donation of RMB1.5 million, supporting students excellent in character and learning from families in need to complete high-school education and helping cultivate local excellent innovation talents. Besides, we donated RMB1 million, under the help of Chongqing Charity Federation, to Wulong district, Chongqing for development of local sports cause.

All kinds of volunteer activities were conducted to make the community feel warm. In 2023, more than 1,200 employees actively participated in over 300 volunteer activities.

2023

volunteer in the Group

1,200+

volunteer activities

300+

2023 年公司开展志愿活动

On March 4, 2023, the Group organized volunteers to carry out a civilized activity for a clean home and in public rental houses of Fusheng and Wuyun.
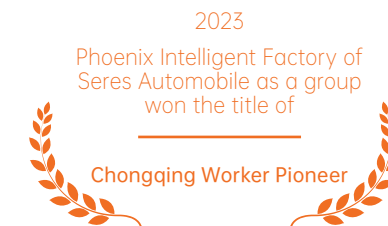
In May 2023, the Group held a "Book Donation Ceremony to Celebrate the Children's Day", with more than 500 books donated to Fusheng Experimental School in Jiangbei District, Chongqing.

In June 2023, the Group donated books, cucurbit flutes and school uniforms to more than 200 students of the Experimental Primary School of Longhe Town in Changshou District, Chongqing.

In 2023, Seres was awarded

2023
Chongqing Charity Federation

2023 Award for Outstanding Contribution to Charity

2023
China Charity Federation

2022 Caring Enterprise

2023
Chongqing Municipal Health Commission

2023 Chongqing Healthy Enterprise

2023
Phoenix Intelligent Factory of Seres Automobile as a group won the title of

Chongqing Worker Pioneer

Appendix

GRI Index	
Instructions	Seres Group Co., Ltd. reports the information referenced in this GRI Content Index with reference to GRI standards from January 1, 2023 to December 31, 2024.
Using GRI 1	GRI 1: Foundation 2021

Indicator	Indicator Description	Location
GRI 2: General Disclosure 2021	2-1 Organizational details	P3
	2-2 Entities included in the organization's sustainability reporting	P1
	2-3 Reporting period, frequency and contact point	P1
	2-4 Restatement of information	P1
	2-5 External verification	P70
	2-6 Activities, value chain and other business relationships	P3-4
	2-7 Employees	P56-65
	2-8 Workers who are not employees	P34-36
	2-9 Governance structure and composition	P12
	2-10 Nomination and selection of highest governance body	P12
	2-11 Chair of the highest governance body	P12
	2-12 Role of the highest governance body in overseeing the management of impacts	P12
	2-13 Delegation of responsibility for managing impacts	P12
	2-14 Role of the highest governance body in sustainability reporting	P5
	2-19 Remuneration policies	P61
	2-20 Process to determine remuneration	P61

Indicator	Indicator Description	Location
GRI 2: General Disclosure 2021	2-22 Statement on sustainable development strategy	P2
	2-24 Embedding policy commitments	P14
	2-25 Process to remediate negative impacts	P14
	2-26 Mechanisms for seeking advice and raising concerns Stakeholder Engagement	P14
	2-27 Compliance with laws and regulations	P12
	2-28 Membership of the association	P36
	2-29 Approach to stakeholder engagement	P6
	2-30 Collective bargaining agreements	P56
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P7
	3-2 List of material topics	P7
	3-3 Management of material topics	P7
GRI 201: Economic Performance 2016	201-2 Climate-related financial impacts and other risks and opportunities	P39
	201-3 Defined benefit plan obligations and other retirement plans	P61
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	P14
	205-3 Confirmed incidents of corruption and actions taken	P14
GRI 301: Materials 2016	301-2 Recycled input materials used	P54
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P54
	302-2 Energy consumption outside the organization	P54
	302-3 Energy intensity	P54
	302-4 Reduction of energy consumption	P54
	302-5 Reductions in energy requirements of products and services	P53

Indicator	Indicator Description	Location
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P49-50
	303-2 Management of water discharge-related impacts	P50
	303-4 Water discharge	P54
	303-5 Water consumption	P54
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P54
	305-2 Energy indirect (Scope 2) GHG emissions	P54
	305-3 Other indirect (Scope 3) GHG emissions	P54
	305-4 GHG emissions intensity	P54
	305-5 Reduction of GHG emissions	P54
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	P54
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	P51
	306-2 Management of significant waste-related impacts	P51
	306-3 Waste generated	P54
	306-4 Waste diverted from disposal	P51
	306-5 Waste directed to disposal	P51
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P34
GRI 401: Employment2016	401-1 New employee hires and employee turnover	P57-58
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P61
	401-3 Parental leave	P61

Indicator	Indicator Description	Location
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P65
	403-2 Hazard identification, risk assessment and incident investigation	P64
	403-3 Occupational health services	P63-65
	403-5 Worker training on occupational health and safety	P64
	403-6 Promotion of worker health	P63-65
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P63-65
	403-8 Workers covered by an occupational health and safety management system	P65
	403-9 Work-related injuries	P64
	403-10 Work-related ill health	P65
GRI 404: Training and Education 2016	404-2 Program for upgrading employee skills and transition assistance program	P59-60
	404-3 Percentage of employees regularly assessed with performance and career development	P61
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P12, P56-57
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P56
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessment, and development programs	P66
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P34
GRI 416: Customer Health and Safety 2016	416-1 Assessing the health and safety impacts of product and service categories	P29
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P17

Reader feedback

Dear readers,

Thank you very much for sparing time to read the 2023 Environmental, Social and Governance (ESG) Report of Seres Group Co., Ltd. We look forward to your opinions and suggestions on the report and our work. You may send the completed questionnaire to us by mail, email after scanning or fax. You may also give us your valuable opinions directly. Thanks.

1. What kind of stakeholder does your organization belong to?

☐ Shareholder ☐ Employees ☐ Supplier ☐ User ☐ Government ☐ Community ☐ Bank ☐ Academic institution ☐ Other

(specify here)_____

2. What is your overall assessment of this report?	☐ Excellent	☐ Good	☐ Fair	☐ Poor
3. What do you think about the clarity, accuracy and completeness of the information and data disclosed in this report?	☐ Excellent	☐ Good	☐ Fair	☐ Poor
4. How comprehensively do you think this report reflects the economic responsibilities undertaken by the Company?	☐ Excellent	☐ Good	☐ Fair	☐ Poor
5. How comprehensively do you think this report reflects the environmental responsibilities undertaken by the company?	☐ Excellent	☐ Good	☐ Fair	☐ Poor
6. How comprehensively do you think this report reflects the social responsibility undertaken by the company?	☐ Excellent	☐ Good	☐ Fair	☐ Poor
7. What do you think of the design and layout of this report?	☐ Excellent	☐ Good	☐ Fair	☐ Poor

8. What do you think needs to be improved most in this report?

☐ Governance for Sustainable Development ☐ Innovation for Intelligent Mobile Life ☐ Green and Low-Carbon Transformation ☐ A Caring and Happy Community

9. What not disclosed in this report would you like to know?

_____

10.Do you have any opinions and suggestions on Seres Group's environmental, social and governance and report preparation?

_____

Contact:

Address: No.7 Wuyunhu Road, Shapingba District, Chongqing Municipality, China

Postal Code: 410100

Email: 601127@seres.cn

报告审验声明

ESG Assurance Statement

China Quality Certification Centre (CQC), commissioned by Seres Group Co., Ltd. (hereinafter referred to as Seres), conducted independent third-party verification on the 2023 Environmental, Social and Corporate Governance Report of Seres Group Co., Ltd. (hereinafter referred to as the "ESG Report")

Seres was responsible for collecting, summarizing, analyzing, and disclosing the information and data mentioned in the "ESG Report".CQC implemented report verification within the scope specified in the agreement with Seres. Seres is the designated user of this statement.

This statement was based on the assurance activities conducted on the "ESG Report" prepared by Seres, and Seres was responsible for the completeness and authenticity of the information and data in the "Report".

Scope of Assurance

The data and information in the 2023 "ESG Report".

Basis for Assurance

AA1000 verification standard V3, verification type and depth are "Type 2, moderate verification"

Assurance Methods

The methods used in this assurance include but are not limited to::

a) Report review;
b) Interviews;
c) Verification of documents, records, certificates, bills, and other materials;
d) Field verification;
e) Trusted information source verification;
f) Verification against disclosure basis;
g) Recalculation/estimation;
h) Confirmation of statistical, calculation/estimation processes.

Assurance Conclusions

The "ESG Report" reflects the ESG performance achieved by Seres in 2023, which basically meets the requirements of AA1000 verification standard V3 as follows:

Inclusivity: Seres has identified internal and external stakeholders of the company, including government and regulatory agencies, customers, shareholders and investors, suppliers, directors and executives, employees, communities, media, and non-governmental organizations, and considers the expectations and needs of stakeholders in the report preparation process.

Materiality: Based on the principle of dual substantiality, Seres identified and presented ESG issues, evaluated and ranked them, and integrated the management of various issues into the company's daily operations. The overall content of the report meets the requirements of the substantive principle.

Responsiveness: Seres has established governance structure,management system and processes, and a stakeholder communication mechanism, which can take timely and effective actions to respond to the concerns and demands of all stakeholders.

Impact: Seres has disclosed the main impacts on itself and stakeholders in terms of environment, society, and governance through quantitative, qualitative, and a combination of the two.

Limitations

☑ This assurance was conducted using sampling methods based on quantitative and qualitative risk analysis and the sampling scope was limited to the data and information selected in the "Report", and there was no comprehensive traceability of the original data of Seres.

☑ Only internal stakeholders (including outsourced personnel) of Seres were covered in interviews and document review, not involving external stakeholders

☑ The data and information audited/verified by a third party in the "Report" were not subject to repeated verification during this assurance process.

☑ Some data and information in the "Report" lacked sources that can be compared and verified.

The Assurance statement does not include:

☑ Activities outside the scope of information disclosure were not included in this assurance;

☑ The statement regarding the position, viewpoints, beliefs, goals, future development directions, and commitments of Seres were not included in this assurance.

Statement on Independence and Verification Capability

Affiliated with China Certification & Inspection Group (CCIC), CQC is a third-party professional certification body approved by the Chinese government and recognized by multiple foreign governments and international authoritative organizations. CQC can provide various management systems certification, product safety and performance certification, energy conservation and environmental certification, green and low-carbon technical services, management improvement, personnel training, and other related technical services, as well as independent verification services for social responsibility reports, sustainable development reports, and ESG reports.

As an independent certification body, CQC ensured that there were no conflicts of interest with Seres and its stakeholders during the assurance process of the "Report". All information in the "Report" was provided by Seres. CQC and the personnel conducting this assurance of the "Report" were not involved in the preparation process of the "Report".

Signature of CQC authorized person: 谢肇煦

AA1000
Licensed Assurance Provider
000-366

President of CQC
April 22, 2024

Note: In case of any inconsistency or discrepancy, the Chinese version of this assurance statement shall prevail, while the English translation is used for reference only.