



Seres Group Co., Ltd.

2022

Environmental, Social
and Governance Report

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Message from the Chairman

With the deep implementation of the new development concept of innovation, coordination, green, openness and sharing as well as the “dual carbon” strategy, an increasing number of companies are integrating the ESG concept into their development strategies and decision-making processes to closely combine their own sustainable development with that of the society and environment.

In this process, bold exploration for progress has been made in China’s auto industry with the new course of intelligent interconnected new energy vehicles found. The industry also leads the rest of the world in products, technology, services and brands. Meanwhile, more responsibility for the energy landscape of the new era should be taken in the industry of intelligent interconnected new energy vehicles .

As a technology-based manufacturing company with new energy vehicles as its core business, Seres Group implements the national strategy of dual carbon to the end, sticking to green and low carbon in the long term. The ESG concept has been integrated into the Group’s daily management. With over 30 years of manufacturing experience, technological accumulation and cross-field integration in the auto industry, we are committed to achieving the future travel option with technological innovation and low-carbon green, which promotes the sustainable development of society.

With this initial intention and mission, we officially release our first ESG report to share with you the achievements of our sustainable development.

We always believe that sustainable development needs to be driven by innovation serving as the essence of an enterprise. Since entering the new energy vehicle course, Seres Group has actively applied the digital technology to accelerate product innovation and R&D by means of successively launching intelligent new energy vehicle solutions in multiple technological paths such as pure electricity and extended-range electricity. We have also developed and created a super pure-electric-driven intelligent platform(DE-i) with independent intellectual property rights, comprehensively and technically transforming the third-generation range extender, driving technology, battery PACK and intelligent control to meet the driving needs of users for low energy consumption, long range and high performance. Besides, relying on our independent innovation capability and using digital twin technology, we have built intelligent production bases to speed up the layout of digital manufacturing and world-class intelligent factories according to Industry 4.0 standards.

While seeking to innovate technologies and products, we consider how to promote

industrial innovation as a way to fulfill our corporate responsibility. Based on the strategic thinking of software-defined cars, we actively work together with our partners to achieve the synergistic effect, creating a new ecology of deep integration and collaborative innovation in the auto industry and empowering the industrial development of digitalization. In 2022, Seres Group conducted cross-field cooperation with Huawei, the world’s leading ICT company to launch three new energy vehicle models of the AITO series, which enables users to experience digitalization throughout the entire life cycle of their cars.

The sustainable and high-quality development of an enterprise should benefit not only the commercial value, but also the social value and the fulfillment of corporate responsibility. Sticking to green and low carbon in the long term, Seres Group adheres to the mission of transforming traditional cars into new energy cars by integrating the green concept into products’ entire life cycle covering design, production, logistics and recycling. We actively control the waste discharge and reduce noise pollution to practice green development. We also adopt the design concept of a lightweight, intelligent platform and green battery, which significantly reduces the energy consumption of the whole vehicle. We practice energy conservation and emission reduction for ourselves and the whole ecology, and pursue the sustainable development of environment, economy and society as one, so that more people can join us as automobile environmentalists!

Based on the value system of Seres Group and committed to its long-term development, we have also continuously improved our corporate governance by means of building a vertical and horizontal governance system for well-defined power and responsibility, continuously promoting our business ethics and risk management capabilities and strengthening data security protection. Valuing employees and always practising the people-oriented concept value every employee, we devote ourselves to creating a diverse, equal and inclusive workplace for our employees and actively promoting the employment of people with disabilities. In addition, we further enhance employees’ satisfaction and cohesiveness by optimizing the remuneration and welfare system.

We firmly believe that the ultimate goal of developing new energy vehicles is to promote the sustainable development of the living environment. In the future, further driven by both commercial value and social value, Seres Group will continue its long-termism and high-quality development to contribute more to the global low-carbon green travel as well as social and economic development!

Chairman of Seres Group Co., Ltd.
Zhang Zhengping



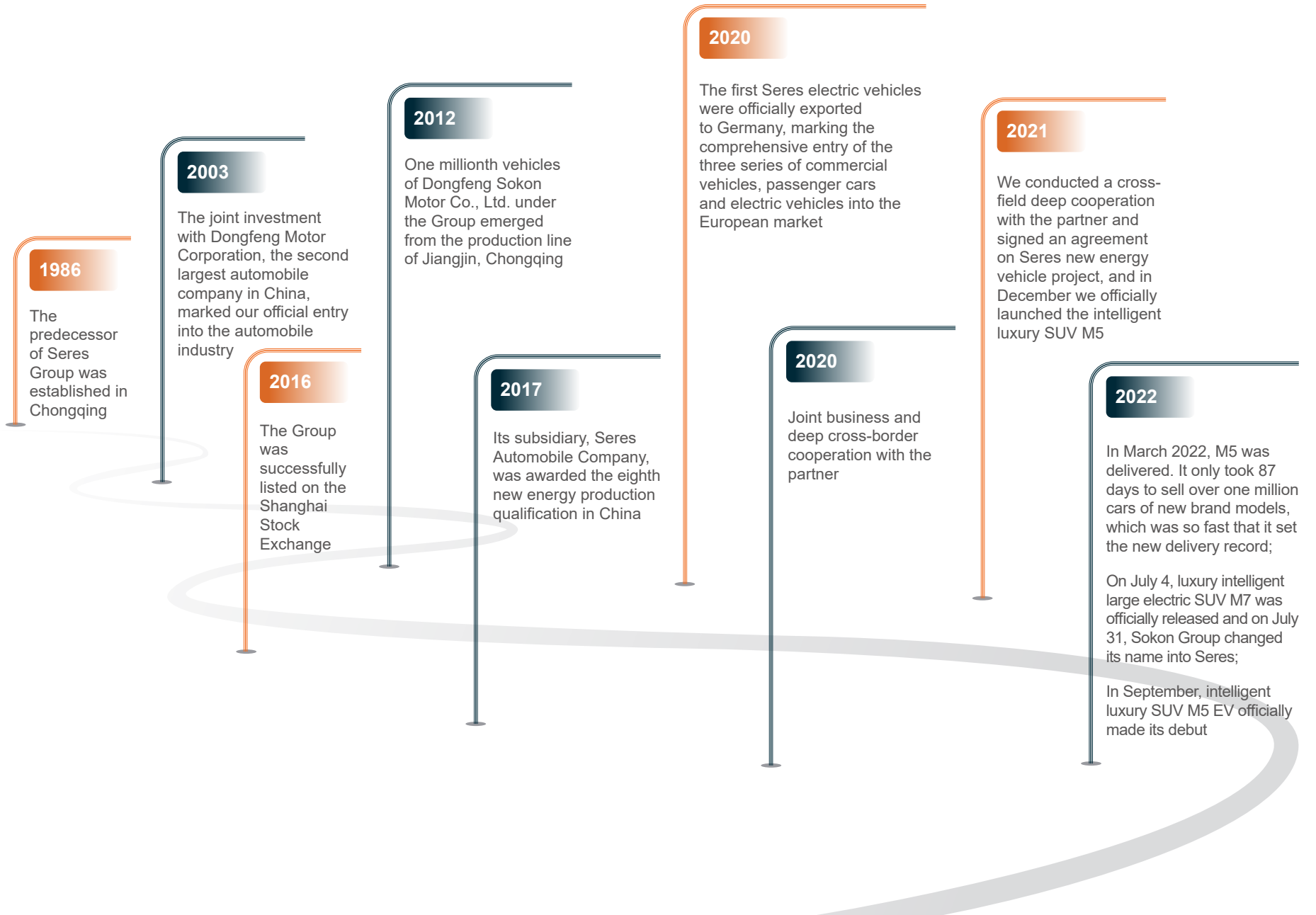
About SERES

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

As a technology-based manufacturing enterprise, Seres Group's main business involves the research and development, manufacturing, sales and service of new energy vehicles and core EIC technology, traditional vehicles and core spare parts assembly. The Group's products cover both new energy and traditional vehicle models to meet different user needs, with representative models including intelligent luxury SUV M5, luxury intelligent large electric SUV M7, intelligent luxury SUV M5 EV, Ruichi electric commercial vehicle and Fengon SUV. We cooperate deeply with the world's leading information and communication technology company, in areas of design, R&D, manufacturing and marketing. Meanwhile, we build up the construction of the supply chain system in a well rounded manner and actively respond to the "One Belt, One Road" initiative by selling our vehicles to more than 70 countries and regions around the world with over 1,000 overseas marketing and service outlets, covering Europe, South America, Africa, Southeast Asia and other countries and regions.

In 2022, the cumulative annual production of Seres Group's new energy vehicles was 139,132 units, a year-on-year increase of 233.64% while annual sales were 135,054 units, a year-on-year increase of 225.90%. The growth of annual production and sales has far exceeded the industry average. In 2022, Seres Group achieved an operating revenue of RMB34,105 million, a year-on-year increase of 104.00%.

History of Seres Group



About This Report

This is the first Environmental, Social and Governance Report ("ESG 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 and its main subsidiaries included in the annual report. The key financial data and the scope covered in the report are consistent with the *2022 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 the Group, 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 standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB), the United Nations Sustainable Development Goals (SDGs)¹, as well as the realities of the Group.

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", Dongfeng Sokon Motor Co., Ltd. as "Dongfeng Sokon Company", Chongqing Jinkang Powertrain New Energy Co., Ltd. as "Jinkang Power Company", Chongqing Xiaokang Power Co., Ltd. as "Xiaokang Power Company", Chongqing Xiaokang Auto Parts Co., Ltd. as "Xiaokang Auto Parts Company".

Time Frame

This report covers the period from January 1, 2022 to December 31, 2022 (hereinafter referred to as the "the reporting period", "the current year", "2022"), 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 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 statement contained in this report.

¹SDGs, 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.

SDG 1 No Poverty

Reporting Sections: Community Public Welfare

For the vision of rural revitalization, we continue to consolidate and extend the results of poverty alleviation.

SDG 2 Zero Hunger

Reporting Sections: Community Public Welfare

Complying with the requirements of the national strategy, we carry out consumption assistance.

SDG 3 Good Health and Well-Being

Reporting Sections: Product Quality, Safety and Health

We attach importance to the health and safety of users by promoting health in vehicles, continuously improving the safety production management system and implementing various health and safety initiatives, to make every effort to protect the physical and mental health of employees.

SDG 4 Quality Education

Reporting Sections: Community Public Welfare

We establish long-term partnerships with universities to provide educational support as a way to back up national R&D and talent building.

SDG 5 Gender Equality

Reporting Sections: Rights and Interests of Employees

We attach importance to the rights and interests of female employees by giving equal pay for equal work to male and female employees, and focusing on the development of female employees.

SDG 6 Clean Water and Sanitation

Reporting Sections: Green Production

We formulate targeted management requirements for the whole process from the source of sewage generation to external discharge, hence improving sewage treatment capacity and reducing the impact of sewage on the surrounding environment.

SDG 7 Affordable and Clean Energy

Reporting Sections: Green Production

We integrate green concepts into the entire product life cycle to promote green production and implement energy-saving initiatives.

SDG 8 Decent Work and Economic Growth

Reporting Sections: Care for Employees

We provide employees with market-competitive salaries and develop and implement long-term equity incentive plans.

SDG 9 Industry, Innovation and Infrastructure

Reporting Sections: Innovative R&D

We are committed to innovation as the driver and independent R&D by leading the intelligent development of new energy vehicles with innovative technologies and products.

SDG 10 Reduced Inequalities

Reporting Sections: Rights and Interests of Employees

We adhere to an equal employment policy, provide fair compensation and benefits and create a harmonious and equal working environment.

SDG 11 Sustainable Cities and Communities

Reporting Sections: Green Products, Community Public Welfare

Adhering to the concept of environmental protection and low-carbon design, we provide consumers with high-performance and low-carbon safe travel. We pay attention to the disaster situation around the world by helping overcome the difficulties in the disaster-stricken areas and actively building a harmonious community.

SDG 12 Responsible Consumption and Production

Reporting Sections: Product Quality, Green Design, Green Production, Green Products

Giving priority to the health and safety of users, we establish a sound product safety design system and stress the health and environmental protection in the car. We promote the R&D and application of green low-carbon technologies to provide consumers with new green travel options and achieve responsible production.

SDG 13 Climate Action

Reporting Sections: Green Production, Green Office

Actively helping achieve the national dual carbon goals, we promote low-carbon technology R&D and green design, and take energy-saving measures to achieve energy conservation and emission reduction.

SDG 16 Peace, Justice and Strong Institutions

Reporting Sections: Corporate Governance, Business Ethics

We establish a governance system with well-defined power and responsibility and responsibility, compliance and efficiency to build up business ethics management and maintain sustainable operation and development of the enterprise.

SDG 17 Partnerships for the Goals

Reporting Sections: Innovative R&D, Supply Chain Management

We empower science and technology innovation with industry-university-research cooperation mode by establishing long-term cooperation with research institutes to help achieve synergistic development of professions and industries. We forge long-term close cooperation with suppliers based on equal and mutual trust to build a responsible supply chain and promote win-win cooperation in the whole industry chain.



Response to the UN Sustainable Development Goals (SDGs)

2022 Awards and Recognition

Award	Award Winner	Issued by
Hubei Province Employment and Entrepreneurship Eminent Group	Dongfeng Sokon Motor Co., Ltd.	Hubei Provincial People's Government
Second-class certificate of Sichuan Science and Technology Progress Award	Chongqing Xiaokang Power Co., Ltd.	The People's Government of Sichuan Province
Hubei Province Flag Unit for Safety Production	Dongfeng Sokon Motor Co, Ltd.	Hubei Provincial People's Government
2022 May Day Labor Award of Jiangjin District	Chongqing Branch of Dongfeng Sokon Motor Co., Ltd.	Jiangjin District Federation of Trade Unions
Third Prize of Chongqing Teaching Achievement Award	Seres Group Co., Ltd.	Chongqing Municipal People's Government
Chongqing Intellectual Property Advantage Enterprise	Seres Technology Center	Chongqing Intellectual Property Administration
Honest and Law-abiding enterprise in Labor Security	Chongqing Xiaokang Auto Parts Co., Ltd.	Chongqing Municipal Human Resources and Social Security Bureau
Hubei Province Employment and Entrepreneurship Eminent Group	Chongqing Branch of Dongfeng Sokon Motor Co., Ltd.	Hubei Provincial People's Government
Honest and Law-abiding enterprise in Labor Security	Chongqing Branch of Dongfeng Sokon Miotor Co., Ltd.	Chongqing Municipal Human Resources and Social Security Bureau
Chongqing Harmonious Labor Relations Enterprise (AAA Grade)	Chongqing Branch of Dongfeng Sokon Miotor Co., Ltd.	Chongqing Municipal Human Resources and Social Security Bureau
Title of Hubei Healthy Enterprise	Dongfeng Sokon Motor Co., Ltd.	Health Commission of Hubei Province, Department of Emergency Management of Hubei Province, Department of Ecology and Environment of Hubei Province
Chongqing Digital Workshop (Machine Processing Digital Workshop)	Chongqing Xiaokang Power Co., Ltd.	Chongqing Municipal Economy and Information Technology Commission
We take social responsibility to show our corporate image and the power like the Jialing River and Gele Mountain	Seres Group Co., Ltd.	Economy and Information Technology Commission of Shapingba District, Chongqing
Chongqing Harmonious Labor Relations Enterprise (AAA Grade)	Chongqing Branch of Dongfeng Sokon Motor Co., Ltd.	Chongqing Municipal Human Resources and Social Security Bureau, Chongqing Municipal Federation of Trade Unions, Chongqing Municipal Enterprise Federation/Chongqing Municipal Enterprise Directors Association, Chongqing Municipal Federation of Industry and Commerce
The 2nd Health Enterprise of Hubei Province	Chongqing Branch of Dongfeng Sokon Motor Co., Ltd.	Health Commission of Hubei Province
2022 Eminent Unit of Compliance Operations in International Cooperation	Chongqing Sokon MOTOR(GROUP)IMP.& EXP. Co., Ltd.	Chongqing Chamber of Commerce for International Cooperation in Private Sector, Chongqing Promotion Association of Corporate Compliance
2022 Top 100 Private Enterprises of Chongqing with Social Responsibility (No.1)	Seres Group Co., Ltd.	Chongqing Municipal Federation of Industry and Commerce
2022 Top 100 Chongqing Private Enterprises Science and Technology Innovation Index (No. 1)	Seres Group Co., Ltd.	Chongqing Municipal Federation of Industry and Commerce
2022 International Cooperation Leader	Chongqing Sokon MOTOR(GROUP)IMP.& EXP. Co., Ltd.	Chongqing Chamber of Commerce for International Cooperation in Private Sector
Caring enterprise (annual cumulative donation of over RMB1 million)	Chongqing Sokon MOTOR(GROUP)IMP.& EXP. Co., Ltd.	Chongqing Chamber of Commerce for International Cooperation in Private Sector
Digital Manufacturing Technology Practice Award	Seres Group Co., Ltd.	Organizing Committee for High-end Manufacturing CIO

Stakeholder Engagement

We actively communicate on ESG-related issues with stakeholders from all walks of life, including 7 types of stakeholders—employees, shareholders/investors, customers, government and regulators, partners, the public and media. We also communicate regularly and irregularly through diversified forms like on-site research, interviews, and questionnaires.

The communication mainly involves in learning ESG issues concerned by stakeholders, responding to the requirements and demands of different stakeholders in a timely manner, and incorporating relevant feedback into the strategic management and operation process, as well as responding to the concerns of stakeholders through this report.

Stakeholders	Issues in Focus	Communication Channels
 Employees	<ul style="list-style-type: none"> Employee Training and Development Occupational Health and Safety Employee Rights, Interests and Welfare Diversity and Equal Opportunity 	<ul style="list-style-type: none"> Employee performance evaluation interviews Employee training Corporate culture promotion and implementation activities Internal communication meeting Regular research feedback Internal office system
 Shareholders/Investors	<ul style="list-style-type: none"> Company Business Performance Business Ethics Compliance and Risk Management Governance Structure Corporate Governance 	<ul style="list-style-type: none"> General meeting of shareholders Earnings presentation On-site investigation Investor meeting Press release / announcement Investor hotline/email
 Customers	<ul style="list-style-type: none"> Customer Service and Satisfaction Product Quality and Safety Compliance and Risk Management Information Security and Privacy Protection Community Public Welfare Science and Technology Innovation and Intellectual Property Protection 	<ul style="list-style-type: none"> Official website Social platform interaction User complaints and handling WeChat official account, official App Instant messaging software Product research feedback User satisfaction survey
 Government and Regulators	<ul style="list-style-type: none"> Company Business Performance Business Ethics Compliance and Risk Management Legal Compliance Corporate Governance 	<ul style="list-style-type: none"> Information disclosure Talk On-site investigation Daily communication and reporting
 Partners (e.g. suppliers, service providers)	<ul style="list-style-type: none"> Supply Chain Management Supplier Support Raw Material Procurement 	<ul style="list-style-type: none"> On-site investigation Supplier contracts and agreements Talk Supplier meetings and audits Supplier training On-site project residency
 Community members/ organizations/NGOs	<ul style="list-style-type: none"> Economic and Social Contributions Support for the Disadvantaged Groups Community Public Welfare 	<ul style="list-style-type: none"> Community activities Company website and social media interaction On-site investigation
 Media	<ul style="list-style-type: none"> Green Technologies and Products Community Public Welfare Product Quality and Safety Economic and Social Contributions Support for the Disadvantaged Groups 	<ul style="list-style-type: none"> Press release / announcement Media exchange meeting Press conference

Materiality Matrix

During the reporting period, the Group conducted in-depth communication with stakeholders on ESG materiality issues in 2022 through face-to-face communication, telephone interviews, questionnaire inquiry and site visits, based on which we collected opinions and demands from all parties, and formed a matrix of material issues after in-depth analysis. During the reporting period, we identified and summarized 18 ESG issues, 7 of which are the main ESG issues concerned by this report and constitute the key disclosure section, and we will elaborate the relevant information on mainly disclosed parts in this report.

Importance	Category	Topic
High Importance	Social Issue	Customer Service and Satisfaction
	Social Issue	Science and Technology Innovation and Intellectual Property Protection
	Social Issue	Product Quality and Safety
	Social Issue	Supply Chain Management
	Social Issue	Employee Training and Development
	Social Issue	Information Security and Privacy Protection
	Environmental Issue	Green Technologies and Products
	Governance Issue	Business Ethics
Medium importance	Social Issue	Employee Rights, Interests and Welfare
	Social Issue	Occupational Health and Safety
	Governance Issue	Corporate Governance
	Governance Issue	Compliance and Risk Management
	Environmental Issue	Energy Use and Management
	Environmental Issue	Effluent Treatment
	Environmental Issue	Water Resources Management
	Environmental Issue	Climate Change
Low Importance	Social Issue	Diversity and Equal Opportunity
	Social Issue	Community Public Welfare

Seres Group's Importance Matrix in 2022



Feature:

Digitalization Empowers Smart Travel

In the past 36 years, we have gone from "Yu'an Group" to "Sokon Group" and then to "Seres Group" to constantly seek for survival and changes. But what remains unchanged is that we are committed to promoting the auto energy transformation and providing intelligent travel life for customers to enjoy. Innovation is deeply rooted in our culture, so we have always transformed traditional cars into new energy cars and offered extraordinary travel experience to customers.



Intelligent Product Leads the Industrial Trend

At present, the global digitalization is reshaping people's lifestyles and driving business model transformations. Accordingly the digitalization of the automotive industry has also been developed to realize the transformation from "manufacturing" to "intelligent manufacturing". While embracing industrial changes, Seres Group has actively applied digital technology and embarked on the "fast lane" of innovative product R&D by successively launching intelligent solutions for new energy vehicles from multiple technological paths such as pure electricity and extended-range electricity. Customer services of Seres Group have gone through three stages in 20 years of vehicle manufacturing: from the 1.0 era of after-sales maintenance to the 2.0 era of active services, and then to the 3.0 era of software-defined cars which follows the trend of times and responds to the users' needs. Despite this, what has remained unchanged is that we firmly practise the original intention of wholeheartedly serving our users. In the era of software-based customer services, we well know that the services should center on software. For this reason, we conduct cross-field cooperation with companies specializing in software and hardware. Our 20 years of experience in manufacturing cars is combined with our partners' deep insight into users' needs, to create quality car products meeting such needs.

It is firmly convinced that professionals and expertise count in the era of software-defined cars. Accordingly, the Group has built and improved the relevant organizational structure and talent system, and focused on promoting the R&D integration of intelligent software and hardware. The R&D covers technical service capabilities in 5 major functional areas: intelligent vehicle control, intelligent electric control, intelligent cockpit, intelligent network alliance and intelligent driving. Meanwhile, we strive to expand our product R&D layout. The Dynamic Adaptive Torque System (DATS)² equipped on the high-end new energy vehicles, designed by Seres Automobile, can achieve millisecond-level rapid response and make road travel smoother. Based on its own intelligent manufacturing capability, Seres Group has also developed the DE-i super pure-electric-driven intelligent platform, which has achieved a comprehensive technical transformation of the third-generation range extender, driving technology, battery PACK and intelligent control to meet users' driving needs of low energy consumption, long range and high performance. For better user travel experience, the Vehicle History Record platform (VHR)³ built by Seres Group can make an effective traffic solution of machine vision through vehicle remote monitoring and intelligent identification, which greatly improves the efficiency of vehicle operation and maintenance.

²DATS: Dynamic Adaptive Torque System.

³VHR: Vehicle History Record.



Innovative Intelligent Layout

R & D capabilities of integrating intelligent power, platform, driving and software and hardware



Innovative Solutions

Intelligent Network, DATS, DE-i pure-electric-driven intelligent platform, VHR platform and etc.



Innovative Product Matrix

Intelligent Luxury Electric Driven SUV AITO M5, Luxury Intelligent Large Electric SUV AITO M7 and Intelligent Luxury Pure Electric SUV AITO M5 EV



Intelligent Factory Empowers Product Delivery

If the intelligent products serve as the destination of the innovation travel, then the intelligent factory is a powerful drive to help enterprises speed up the travel. The intelligent factory applies digital technologies to continuously improve production efficiency and accelerate the delivery of intelligent products by means of optimizing processes and improving operation modes. Meanwhile, the whole value chain brought by digital technologies innovates application scenarios by comprehensively transforming the original production and delivery process of products and adding more innovation driving force.

Relying on its independent innovation capability, Seres Group has used digital twin technology to build an intelligent production base to accelerate the layout of digital manufacturing. Seres Group is committed to building world-class intelligent factories leading in China and a promoter of global intelligent car brands.

Intelligent Factory to realize highly automatic production line and intelligent production

With digitalization, intelligence and Internet of Things as the core, Seres Group's Intelligent Factory is built according to requirements of Industry 4.0 standards and Industry Internet to achieve instant response and customized production. With over 1,000 robots operating together, the factory has stamping, welding, coating, general assembly workshops, reaching 100% automation and 24-hour online inspection of key processes. This effectively reduces labor costs and further improves production efficiency while ensuring product quality, which empowers high-quality delivery with highly intelligent manufacturing strength.



▲ Intelligent Factory Panorama

▲ Automatic Robots in the Factory



Cooperating to Promote Industrial Innovation

At present, a new round of disruptive changes is taking place in the auto industry. Accordingly, while seeking to innovate technologies and products, we consider how to promote industrial innovation as a way to fulfill our corporate responsibility. Based on our long establishment in the industry and in-depth thoughts about the development of the auto industry, we actively cooperate with our partners to achieve synergy effects, creating a new ecology of deep integration and collaborative innovation in the industry and empowering the digital development of the industry.

Collaborating to Build a New Ecology of the Intelligent Car Industry

Seres Group signed a strategic cooperation agreement with Chongqing Liangjiang New Area

In 2022, Seres Group signed a strategic cooperation agreement with Chongqing Liangjiang New Area Administrative and the People's Government of Jiangjin District Committee, which is an important initiative for the Group and the government to cooperate in building the new energy vehicle industry featuring intelligent interconnection to jointly promote industrial upgrading. Both parties play their advantages of resources to achieve the production target of "a trillion yuan" and to help Chongqing build a world-class intelligent interconnected new energy vehicle industry cluster.

Seres Group united partner to pioneer the cross-field joint business

With the common value of "user and quality first" and the same innovative nature, Seres Automobile and partners jointly generate high-quality, intelligent mobile travel solutions and launch the widely acclaimed series of AITO products by means of relying on the excellent product quality and ecological supply chain capability of Seres Group and the partner's advanced marketing and retail channels.

Seres Automobile is the first one to pioneer and participate in the intelligent car model. The success of the model is inseparable from the unique advantages of Seres Automobile and difficult to copy. Both parties give full play to their respective advantages to conduct in-depth cooperation in core technologies, products and channels to create the head brand of intelligent electric vehicles in China. Their technical advantages and experience are given full play to create ultimately comfortable experiences for consumers in terms of business model, product experience, car purchase experience and service experience. The AITO series of models jointly built by both parties are well received by the market and users.



▲ AITO Series

As a new energy vehicle manufacturer, Seres Group has its own sustained and innovative initiatives, serving as an organizer, participant of and striving to be a leader of the new energy vehicle ecosystem. Looking forward, we will continue to take ecological thinking as our guide and use big data and intelligence as our interconnection approaches to strongly promote the digital development of intelligent interconnected new energy vehicle industry.



Seres Group regards sound corporate governance as the cornerstone of high-quality corporate development. We build a vertical and horizontal governance system for well-defined power and responsibility, continuously improving business ethics and risk management capabilities and stepping up data security to achieve long-term corporate development.

01

Governance for Sustainable Development



2022 Highlight Performance

Seres Group conducted a total of **16** special training sessions on business ethics and anti-corruption covering **100%** of senior executives and regular employees

157,878 hours of employee integrity training **5,058** total hours of management integrity training

Seres Group conducted **29** information security-related training sessions with a total of **38,757** person-times

No major corruption complaints at Seres Group in 2022

Seres Automobile App and four core systems have **passed** Certification of Level III Protection Under the National Classified Protection of Information System

No major cyber security incidents or major incidents related to privacy protection leakage at Seres Group

Corporate Governance	11
Business Ethics	13
Data Security	14

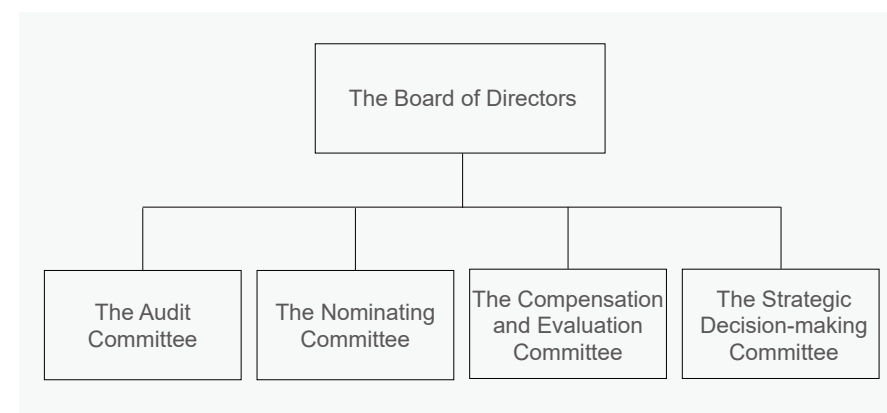
Corporate Governance

Seres Group practices the development concept of "Communicating, Believing and behaving", continuously improves its own governance system and comprehensively enhances risk management capabilities to build the foundation for robust corporate development.

Compliance Operations

In accordance with relevant requirements of laws and regulations like the *Company Law of the People's Republic of China* and *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, Seres Group relies on a governance system of well-defined power and responsibility, compliance and efficiency to promote the Group's high-quality development. We have built a corporate governance structure based on the General Meeting of Shareholders, the Board of Directors and special committees, the Board of Supervisors and the Management, and a governance system with the *Articles of Association of Seres Group Corporation*⁴ as the core and various rules of discussion and working systems as the guidance. In 2022, the Group held 6 General Meetings of Shareholders, 11 meetings of the Board of Directors and 9 meetings of the Board of Supervisors.

Corporate Governance Structure



In selecting candidates for the Board of Directors, we take into account diverse factors such as gender, age, professional qualifications, industry experience, cultural background and educational background. We also strengthen the Board of Directors capacity building in terms of professional skills and industry experience and continue to make its composition more diverse. As of the end of the reporting period, the Group had 12 board members, including four independent directors and one female director.

⁴ <https://www.seres.cn/uploads/soft/20220816/1660630437.pdf>

Composition of the Board of Directors of Seres Group

Name of Director	Directorships	Academic Background		
		Risk Management	Financial Management	Industry Experience
Mr. Zhang Zhengping	Executive Director, Chairman			✓
Mr. Ma Jianchang	Executive Director, President			✓
Mr. You Zheng	Non-Executive Director			✓
Mr. Li Wei	Non-Executive Director			✓
Mr. Zhou Changling	Non-Executive Director	✓		✓
Mr. Liu Changdong	Executive Director, Chief Operating Officer			✓
Mr. Zhang Zhengyuan	Executive Director			✓
Ms. Liu Lian	Executive Director, Chief Financial Officer		✓	
Mr. Li Kaiguo	Independent Non-Executive Director			✓
Mr. Liu Kaixiang	Independent Non-Executive Director	✓		
Mr. Liu Bin	Independent Non-Executive Director		✓	
Mr. Li Ming	Independent Non-Executive Director		✓	



Risk Management

We attach great importance to risk control and internal control review, and with the goal of "strengthening internal control, preventing risks and promoting compliance", we actively promote the integration and optimization of internal control, risk management and compliance management. We have formulated a sound risk management system such as the *Internal Control Self-Evaluation System* and established a risk management mechanism of three defenses to implement strict risk prevention and control measures for the whole process of corporate development, investment, financing, operation and management.

Risk Prevention and Control Mechanism of Seres Group



It consists of core business modules such as R&D, marketing, sales, and production. They are responsible for risk identification, evaluation and implementation of counter measures.

It is composed of functional departments such as strategic planning management, financial management, legal affairs management, information management, internal control. They are responsible for handling the first defense of risk management and improving the risk control system and system standards.

It consists of the internal audit department and the supervision department to audit regularly risk control to guarantee the effectiveness of the risk management system.

Seres Group Risk Management Initiatives

Daily Risk Management

Regular risk management maturity evaluations are conducted at the Group and business units and the risk management process is improved based on the evaluation results so that risk management methods and tools can be optimized.

Compliance Risk Management

Based on regulatory systems and legislative trends in the countries concerned, we identify the Group's legal obligations and compliance risks in the corresponding regions and countries, and take appropriate risk response measures to avoid legal liability-related compliance risks.

Business Performance Risk Management

We decompose and implement business performance targets and build a business performance evaluation indicator system, through which business situations and the completion of business targets are dynamically monitored to take corresponding control measures. We also sign target liability letters with major operation entities of the Group.



Business Ethics

Seres Group strictly abides by the *Supervision Law of the People's Republic of China*, the *Law against Unfair Competition of the People's Republic of China* and other applicable laws and regulations and has formulated the *Internal Supervision System*. Meanwhile, for the internal integrity management, led by the party organisation of the Group and supervised and assisted by the Group's the Board of Supervisors, the Supervision Headquarters as the standing supervisory department fulfills its responsibility of receiving complaints and reports. So the supervisory power and responsibilities of each unit is clarified to realize the full supervision coverage of the Group.

To establish a sound supervision and complaint reporting mechanism for business ethics, we launch diverse reporting channels such as e-mail, reporting telephone numbers and on-site reporting to encourage employees, users, partners and other stakeholders to supervise the Group's business ethics construction in real names or anonymously. To safeguard rights and interests of whistle-blowers, we kept the informants' identity and the content of the report a secret. Any form of retaliation is strictly prohibited. Any violator of relevant regulations shall be punished accordingly in accordance with the relevant system of the Group, and those constituting crimes shall be transferred to judicial organs for handling. Seres Group was involved with no major corruption complaints in 2022.

Seres Group Business Ethics Reporting Channels



Email

jczb@seres.cn



Reporting Hotline

023-65179813



Mailing Address

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

Committed to building and improving our business ethics management system and procedures, we take multiple steps to reinforce our culture of integrity through training and publicity, auditing and supervision. Through online and offline knowledge publicity, integrity activities and special training, we provide special training on integrity to continuously raise awareness of internal business ethics for all regular employees, including management. During the reporting period, we conducted a total of 16 special training sessions on business ethics and anti-corruption, achieving 100% coverage of senior executives and regular employees.

Seres Group 2022 Integrity Training Performance

Number of total staff training sessions

9 sessions

Total hours of staff training

157,878 hours

Number of total management training sessions

6 sessions

Total hours of management training

5,058 hours

Total number of board training sessions

1 session

Special training of "Building a Well-off Home in Integrity"

In May 2022, the Group's Supervision Headquarters carried out the special integrity education lecture titled "Joint Efforts to Start the Journey to a Glorious Future". The Chief Technology Officer of the Group, the (rotating) President of Seres Automobile, members of the leadership team of Seres Automobile Technology Center, managers and staff representatives at all levels participated in the lecture. Real cases are used in the lecture to further consolidate staff's consciousness of "unwillingness to be corrupted", strengthen their awareness of integrity and build a clean and upright workplace.



▲ Integrity Training Activity Site



Data Security

Supported by a sound management system, Seres Group establishes an information security and privacy protection mechanism to carry out regular personal information protection work and effectively builds a solid defense for user data security.

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, and has established internal systems such as the *Information Security Policy* and the *Network Security Management System*. We have also established a leading group for network security and information technology to continuously strengthen information security and privacy protection. As of the end of the reporting period, no major network security incidents have occurred in Seres Group.

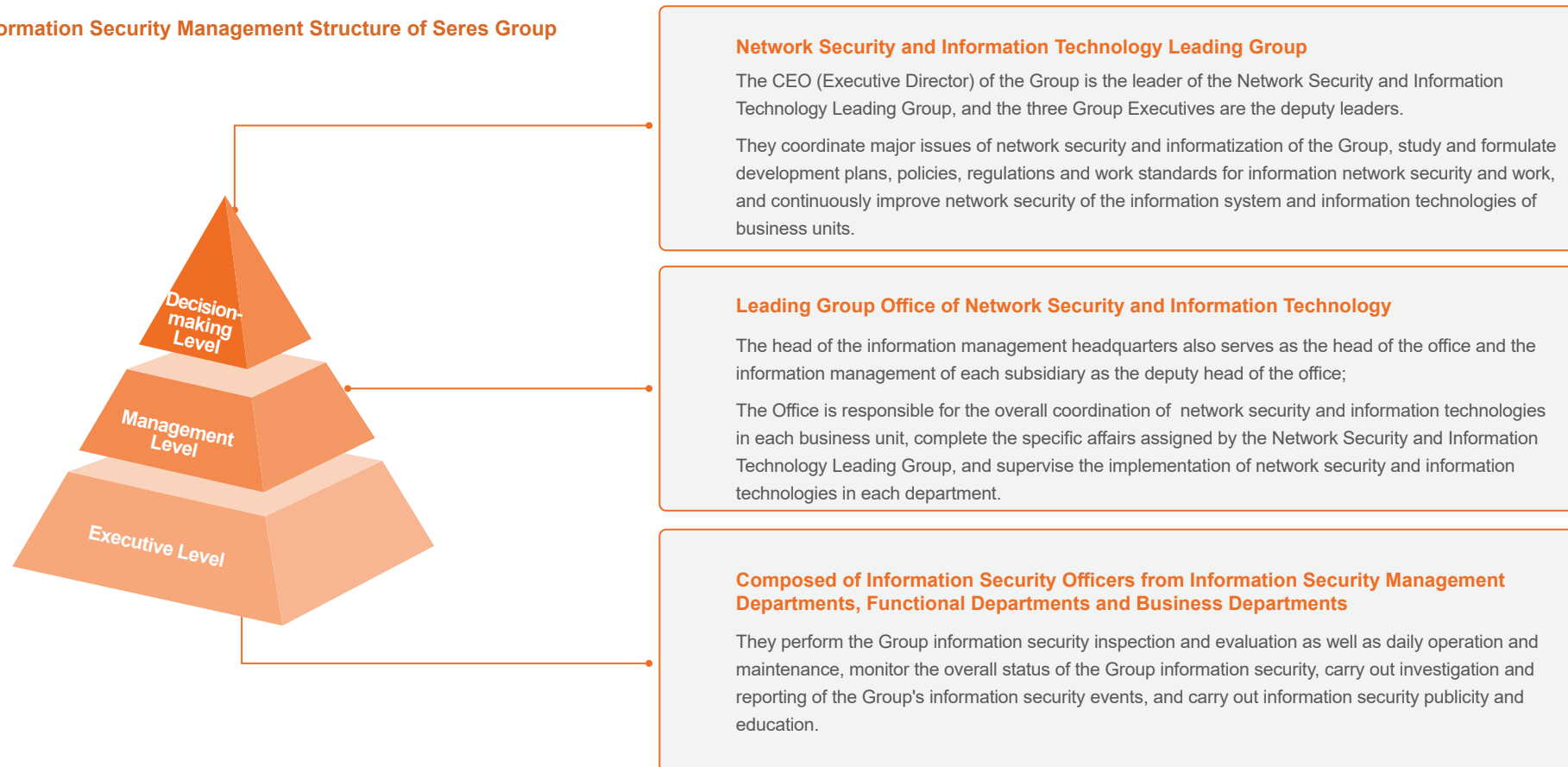
The Group has formulated the *Network Security Emergency Plan Management System* and established a scientific and efficient security emergency response mechanism to clarify the handling and response processes for security emergency events. Once finding network security events through various channels, the emergency coordination group will first study and judge the security event level and report to the network security emergency headquarter which will clearly define the event level and control handling progress of the event and coordinate the emergency coordination group and the technical group to handle the events. The emergency coordination group follows up the processing progress of the events in real time, and needs to make a report to the headquarter within 4 hours and output the event handling report within 1 business day. The headquarter determines and releases the event level according to the result to realize the closed-loop management of security emergency events.

Seres Group regularly audits information security to ensure the effectiveness and reliability of the security management system. As of the end of the reporting period, Seres Group's digital Sokon platform, Seres Automobile App and four core systems have passed the Certification for Level III Protection under the National Classified Protection of Information System. In 2022, we audited

and randomly checked on employees' USB copying, manual decryption and document deletion, and audited risk behavior of about 900 internal users audits 30 times. In addition, the Group's information management headquarter assigns a dedicated person in charge of vulnerability scanning, and has established a real-time vulnerability monitoring mechanism with third-party suppliers to send an immediate notification in the Group and the dedicated person to rectify any vulnerabilities once they occur. We regularly scan information system vulnerability in the Group twice a year and the core system three times every year.

To further strengthen employees' awareness of information security and improve their security protection skills, we regularly conduct network attack and defense drills and carry out various online and offline information security training based on practice and theory. In 2022, we conducted a total of 29 information security training sessions with a total of 38,757 person-times.

Information Security Management Structure of Seres Group



Seres Group Information Security and Privacy Protection Training System

Training Method	Training Course
All Group Employees	Phishing email prevention related knowledge and ransomware knowledge training
	Information security related courses of online universities
	Corporate confidential information training
	Information security awareness training
	Information security and privacy protection related laws and regulations publicity
Management Level	Training on warning cases for information security protection, its implementation methods and enterprise confidentiality
Core Staff for Data Processing	Network and data security regulations and specialized training on data security

Information security attack and defense drills

In July 2022, Seres Group participated in the "2022 Chongqing Attack and Defense Drills" jointly organized by the Ministry of Public Security, the Chongqing Municipal Cyberspace Security General Team and the Chongqing Municipal Cyberspace Affairs Commission. The potential safety hazards or vulnerable spots of network security in the Group's system, technology, personnel, management and infrastructure were discovered in the multiple-perspective, all-round and confrontational simulated attacks by multiple professional attack teams on the software and hardware devices in the Group's network. Then the Group's security defense capability improved.

Personal Information and Privacy Protection

To ensure the security of users' personal information, the internal policy of *Personal Information Security Protection Management System* formulated by Seres Group clearly defines the requirements related to the management of users' information. Employees having access to core data sign personal confidentiality agreements and we strictly approve and grant access rights and strictly control the transmission channels of confidential information. For third-party cooperative suppliers, we continuously improve the management systems such as *Information Security Management System for Third Parties*. We inform users of the use of information entrusted to be processed, shared and transferred in a detailed manner, and define partners' responsibilities, obligations and requirements for user data protection. As of the end of the reporting period, no significant incidents related to privacy protection leakage occurred in Seres Group. In 2022, the Group conducted one special privacy protection training to effectively raise all employees' awareness of privacy protection.

Seres Automobile has built an organizational structure for managing network and data security and established a vehicle network and data security R&D system. Each model project team carries out information security analysis, design, development and testing according to the stringent EU standards ((R155⁵, R156⁶, GDPR⁷). In addition, Seres Automobile has formulated the *AITO Automotive Privacy Policy*⁸ and set up an information security dynamic monitoring and emergency response center to protect consumers' travel safety and personal privacy in a comprehensive and real-time manner.

In addition, information and data are not connected between different accounts in the system designed and developed in Seres Automobile Intelligent cockpit. Drivers without accounts (e.g., chauffeurs) can only use the visitor mode and need to use authorized accounts or associated face recognition to log in after users unlock the car. Others cannot access personal data such as the owner's status setting, photos and music playback records of the vehicle, thus effectively achieving information isolation and confidentiality. In the face recognition system of intelligent cockpit, Seres Automobile adopts the ways of local entry, recognition and encrypted storage. After the local user identification passes, the account has to be logged in again through the cloud authentication to strictly protect the user information from being leaked.

Seres Automobile User Privacy Protection Mechanism

Collection

- Collect personal information based on the service process and clearly inform the user of the uses of the information;
- Take all reasonably practicable measures to ensure that no unrelated personal information is collected.

Storage

- Use the encryption technology to ensure data confidentiality;
- Use reliable protection mechanisms to prevent malicious attacks on data;
- Organize access control mechanisms to ensure that only authorized personnel have access to personal information;
- Conduct security and privacy protection training to strengthen employees' awareness of the importance of protecting personal information.

Data Security Management on Third Parties

- Strictly select business partners and service providers, and incorporate the requirements in terms of personal information protection into business contracts or auditing and evaluation activities between the two sides;
- Sign information confidentiality agreements with third parties and carry out special meetings to decide on specific measures on cases involving privacy sharing and interaction.

Seres Automobile Gives Users the Rights of Access, Modification and Deletion

Access Right

- The user has the right to access personal information except in cases prescribed by laws or regulations.

Modification Right

- When the user finds that personal information is incorrect or incomplete, he/she has the right to request Seres Automobile to correct or supplement it.

Right to Delete

- Seres Automobile allows the deletion of users' personal information locally or in the cloud and set a retention period for personal information according to legal requirements, after which Seres Automobile will actively delete or anonymize users' personal information.

⁵ UN R155, United Nations Economic Commission for Europe Regulation No. 155, Vehicle Cybersecurity Management System Certification.

⁶ UN R156, United Nations Economic Commission for Europe Regulation No. 156, Software Upgrade Management System Certificate.

⁷ GDPR, General Data Protection Regulation, United Nations Economic Commission for Europe Regulation No. 156, Software Upgrade Management System Certificate.

⁸ <https://aito.auto/privacy/>

02

Innovation for Intelligent Mobile Life

Innovative R&D	17
Product Quality	22
Customer Service	29
Supply Chain Management	34



With the mission of promoting auto energy transformation and providing intelligent travel life for customers to enjoy, Seres Group is committed to both independent and collaborative innovation to make innovation drive industrial transformation and upgrading. We strengthen the integration of new energy and intelligence to contribute to the development of the auto industry.

2022 Highlight Performance

Seres Group's cumulative investment in innovation and R&D exceeds RMB **12** billion with a total of **3,473** authorized patents

In 2022, Seres Automobile inspected vehicle quality **81,163** times the internal and external quality inspections of parts **281,769** times in total with **100%** pass rate in the external inspections

Seres Automobile conducted **185** quality training sessions with a total of **15,043** person-time participating

Seres Automobile has obtained the IATF 16949 Certification of Quality Management System, as well as the China Compulsory Certification (CCC) certificate.

No product was recalled in 2022 at Seres Automobile.

The AITO M5 has been awarded the "Five Star Health Vehicle" certification.

The AITO M7 was awarded "CN95 Health Cockpit 5A Certification", "Health plus Certification" and "Child Care Cockpit Class A Certification" by CAERI Certification under China Automotive Engineering Research Institute Co., Ltd.



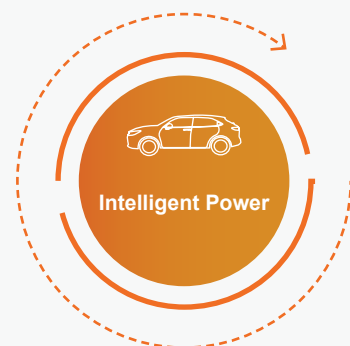
Innovative R&D

As an R&D enterprise committed to technological innovation, Seres Group always insists on innovation-driven development by devoting itself to promoting the transformation and upgrading of traditional cars to intelligent cars and traditional manufacturing to intelligent manufacturing, building high-end intelligent car life for users with innovative products.

Innovation Intelligent Layout

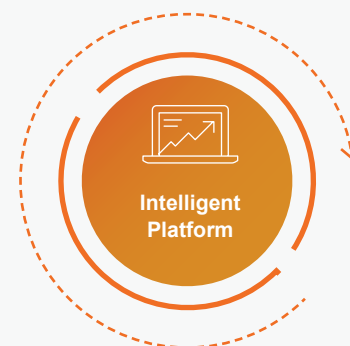
With intelligent technology R&D as the guide, Seres Group creates a diversified product matrix to meet the differentiated travel needs of users by means of combining innovative strategic layout with excellent R&D teams.

Seres Group Innovation Intelligent Layout

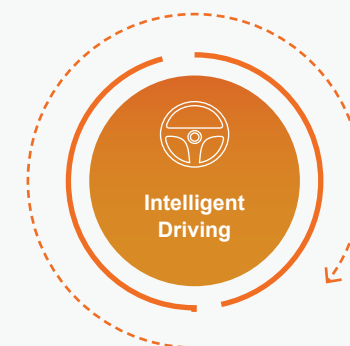


Adhering to the strategy of "one platform, multiple technical paths", Seres Group regards the pure electric powertrain intelligent platform as the core and realize new energy vehicle solutions in multiple technical paths such as pure electricity and extended-range electricity, continuing to develop high-performance, long-range, low-energy products.

⁹SUV: Sport Utility Vehicle Sport Utility Vehicle.
¹⁰MPV: Multi-Purpose Vehicle.



Seres Group is committed to building an intelligent normalized platform compatible with various power modes such as pure electric, hybrid and super hybrid, covering a variety of models such as sedans, SUV⁹ and MPV¹⁰.



With multi-dimensional perception in the cockpit, Seres Group has realized the high-end intelligent driving and will speed up our pace to realize the intelligent driving L3-L4 of autonomously controlling cockpit scenarios.



In 2022, Seres Group has built and improved the relevant organizational structure and talent system, specifically responsible for the integration of intelligent hardware and software R&D. With the two supporting capabilities of full-stack self-research and system integration, Seres Group has R&D capabilities of equipping the vehicle with five functions of intelligent vehicle control, intelligent electric control, intelligent cockpit, intelligent network interconnection and intelligent driving. Seres Group creates a competitive advantage of differentiated products and provide users with a better experience.

As a technology-based manufacturing company with new energy vehicles as its core business, while conducting integrated and cross-field cooperation with global ICT leaders, Seres Group focuses on expanding the territory of self-research by means of relying on rich manufacturing experience to create a variety of high-end intelligent products to achieve a transformation in the era of new energy vehicles.

Product Design Innovation and R&D Achievements of Seres Group

Intelligent Network Interconnection

Based on the industry-leading Harmony OS 3, Seres Group breaks down the three obstacles of few applications, slow upgrading and poor experience of traditional car machines, realizing easier interactive operations, more comfortable interaction experiences, more intelligent functional experience and more convenient access to resources, cross-device connection and manipulation. In this way, Seres Group elevates the vehicle intelligence to a new level and also build an ecosystem for new energy vehicle. In addition, the successive system upgrades of Harmony OS 3 can provide new experiences with 7 functions such as super desktop, PC dual-screen collaboration, intelligent car search, owner privacy mode, HUD¹¹ height adaptive adjustment, time wallpaper and travel directing helper, with regular intelligent upgrades achieved.

Automatic Driving

We have developed advanced autonomous driving and "two high and one low" high precision hardware. We combined big data and super computing platform training to achieve a superior experience in all scenes, intelligent driving and navigation assistance and centimeter-level positioning.

DATS

DATS adopts the dual closed-loop control strategy of VCU¹² macro regulation and MCU¹³ fine control. The system senses road condition changes through the vehicle motor spin sensor and makes adaptive torque adjustment, which achieves the road-sensing response speed of millisecond and ensures smooth and stable driving performance on bumpy roads.

DE-i Pure Electric Powertrain Intelligent Platform

Different from the oil-based development concept of traditional hybrid vehicles, the DE-i pure electric powertrain intelligent platform focuses more on electric-based range extended technology. The platform is composed of the third-generation dedicated range extender, all-in-one electric drive system, a large-capacity power battery pack, and a system for multi-scenario recognition and intelligent range extended control. Through software and hardware integration and optimized upgrading, the platform achieves long-range and high-performance driving experience with low energy consumption, while making us an industry leader in overall efficiency, NVH¹⁴ and safety. In 2022, DE-i Super Electric Drive intelligent technology platform was awarded China Heart Top 10 New Energy Vehicle Power System by China Heart, one of the world's top three power system evaluation organizations and the only one widely recognized by the industry in China, and also was awarded the First World's Top 10 Hybrid Power System by the Automotive Evaluation Institute.

VHR Platform Construction

The VHR data platform provides high-quality user services through remote monitoring on vehicle state, intelligent identification of vehicle abnormalities and construction of vehicle user images. As of the end of the reporting period, the platform has provided extensive and enriched big data analysis for R&D decision making, brand promotion and vehicle fault diagnosis.

¹¹ HUD: Head up Display.

¹² VCU: Vehicle Control Unit.

¹³ MCU: Motor Control Unit.

¹⁴ NVH: NVH is short for Noise, Vibration and Harshness, a generic term of automobile noise, vibration and comfort.

Product Line

AITO M5

- Newly upgraded Harmony OS 3 Intelligent Cockpit was equipped with a four-cylinder range extender specially designed for the range extender system. AITO M5 enjoys a super compression ratio of ultra-high thermal efficiency, efficient power conversion, breaking the mileage limit.

Intelligent Luxury Electric Driven SUV



AITO M5 EV

- Newly upgraded Harmony OS 3 intelligent cockpit
- DATS with fast responses within milliseconds
- 3D face verification to ensure privacy security
- First highly intelligent adjustable HUD
- First super power-saving mode in the industry.

AITO's First Intelligent Luxury Pure Electric SUV



AITO M7

- Newly upgraded Harmony OS 3 intelligent cockpit
- Power transverse layout of the original six-in-one range extender
- First commercial zero-gravity seats in the industry
- Ultra-long range is achieved to make worry-free long-distance travel.

Luxury Intelligent Large Electric SUV



Seres Automobile was awarded the 2022 Intelligent Manufacturing Benchmark Enterprise

In November 2022, Seres Automobile was awarded the 2022 Intelligent Manufacturing Benchmark Enterprise in the World Intelligent Manufacturing Conference, becoming one of the new industry representatives with demonstration effects, which demonstrates Seres Automobile's high-level smart manufacturing strength.



▲ "Intelligent Manufacturing Benchmark Enterprise" Award Site



R&D Capacity Building

Seres Group is committed to independent R&D of core technologies by means of establishing R&D centers and experimental centers which cover core technologies in various fields of intelligent electric vehicle industry, and investing over RMB12 billion to drive innovation and R&D. Devoted to leading the intelligent development of new energy vehicles with innovative technologies and products, Seres Group independently masters core technologies such as EIC technology (battery, motor and electronic control system) and super electric drive intelligent technology (DE-i).

In addition, Seres Group strengthens the working mechanism of government-enterprise cooperation and cross-filed integration by means of actively participating in automotive industry forums and industry summits, and establishing long-term partnerships with research institutes such as China Automotive Engineering Research Institute Co., Ltd., China Automotive Technology and Research Center, Chongqing University and Chongqing University of Technology. This contributes to synergetic development between professions and the auto industry.

Seres Automobile and Wencan Group strengthen the quality strategy

In August 2022, Seres Automobile signed a strategic cooperation framework agreement with Wencan Group, an industry leader in manufacturing and die-casting auto parts to explore lightweight R&D of integrated structural parts of new energy vehicles, integrated battery box and EIC technology (battery, motor and electronic control system) products. Seres Automobile established in-depth cooperation with Wencan Group in new materials application and parts supply to further strengthen the quality supplier chain built by Seres Automobile. In March 2023, the super-large integrated die-casting rear floor made by Wencan Group for Seres Group rolled off the production line, which stands for both the innovative spirit of Seres Automobile and Wencan Group's leading capability of aluminum die-casting R&D and manufacturing.

In the future, both parties will officially launch new cooperation projects in vehicle parts and other sections by investing in new production capacity and building new production bases in Chongqing. This will further promote localized and integrated production, improve the stability and efficiency in production and transportation to guarantee high-quality delivery of products. The two groups are jointly committed to exploring and practising for the future of die-casting in China.

Joined hands with research institutes to promote technological innovation in the auto industry

Established a university-enterprise collaborative innovation mechanism

Joined hands with the National Information Center to implement projects

Participated in national special R&D projects

Industry-University-Research Cooperation Results

Relying on its own technical advantages, Seres Group has carried out scientific research projects with China Automotive Technology and Research Center and China Automotive Engineering Research Institute Co., Ltd.. Seres Group implements technological innovation and research, centering on key technologies such as new energy vehicle crash safety and vehicle performance to jointly promote the technological progress of new energy vehicles and the high-quality development of the auto industry.

In 2022, Seres Group established a university-enterprise cooperation platform with Chongqing University, Chongqing University of Technology and other universities to carry out nine key technology research projects in Chongqing, such as developing the vehicle digital system and building a demonstration intelligent factory for new energy vehicles. Industry-university-research cooperation model empowers scientific and technological innovation and accelerates the breakthrough of key technologies in the intelligent interconnected vehicle industry chain.

Seres Group cooperates with Chongqing University of Technology and Chongqing University of Posts and Telecommunications to develop R&D and application of electric vehicle crash safety, of L4 autonomous driving technology and of a service platform for networked collaborative design and manufacturing for the auto industry chain.

In 2022, Seres Group and the State Information Center (SIC) jointly carried out the projects such as "Research on the Demand Forecast and Competition Pattern of Passenger Cars in Tier 3 Market" and "Research on Diversified Users' Needs and Vehicle Model Development Opportunities", in which we together explored the current situation and development strategies of the tier 3 market, as well as users' preferences for and demands for product characteristics for new opportunity models. In this way, Seres Automobile tries its best to identify precisely the needs of customers and create models more suitable for them.

Seres Group cooperated with Chongqing University and China Automotive Engineering Research Institute Co., Ltd. to undertake the key intergovernmental project of the National Key R&D Program of high-efficiency electric range extender assembly and key generic technology for electric vehicle integration, promoting the improvement of national independent innovation capability.



Intellectual Property Protection

To step up the protection of intellectual property rights, Seres Group has established internal systems such as *Management Measures for Trademarks Use*, *Patent Management Measures* and *Management of Scientific Research Results and Awards* according to the laws and regulations such as *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China* and *Copyright Law of the People's Republic of China*, to define the management departments and responsibilities, to raise the awareness of employees on intellectual property rights protection and to make every effort to prevent related risks.

Committed to guiding and motivating scientific and technological personnel to enhance Seres Group's ability to create, apply and protect intellectual property rights through technological innovation, we follow the internal *Reward and Remuneration Standards* for employee inventors to set up diversified reward and remuneration standards for different patent types (inventions, utility models and appearance patents). As of the end of the reporting period, the cumulative number of authorized patents of Seres Group was 3,473.

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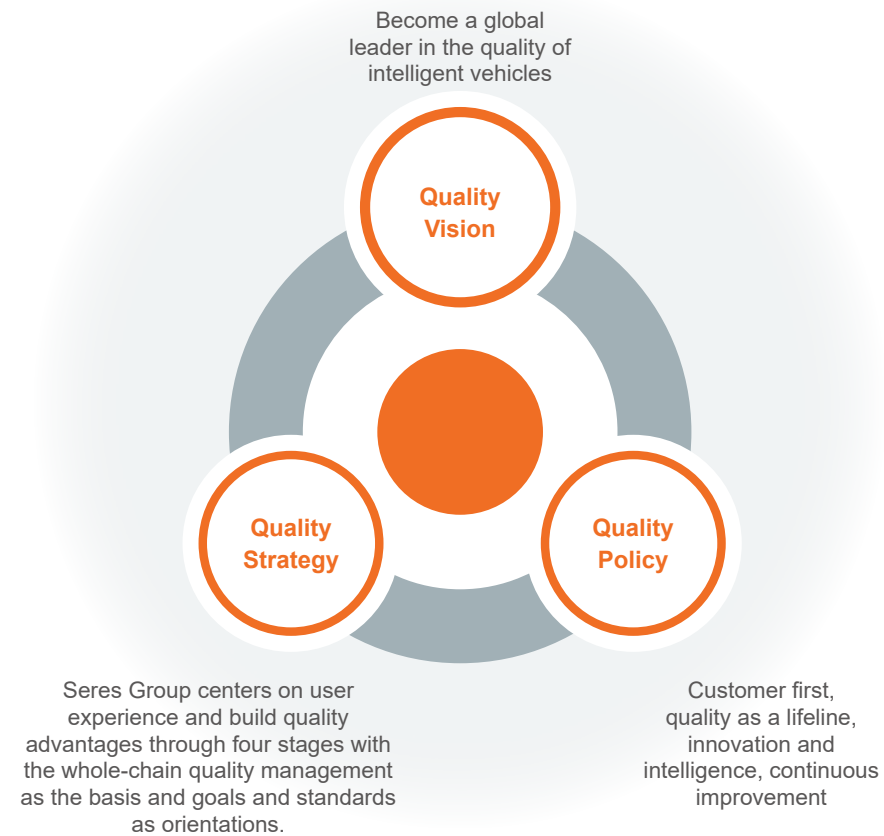
Aiming at high-value patents such as intelligent network interconnection system, wholly owned subsidiary of the Group has built a patent cultivation project center and established an IPR discussion structure participated by multiple parties. The structure is responsible for making decisions for and discussing affairs such as information platform construction, R&D direction determination, patent layout and effectively promotes the industrialization and application of patented technologies. In addition, Seres Group has conducted a series of online and offline training related to patent applications and authorization conditions, patent innovation point exploration, basic patent knowledge and submission writing knowledge, and patent information searching ideas and strategies to create a standardized innovative R&D atmosphere. During the reporting period, we conducted 4 IP-related training sessions.

Product Quality

Always upholding the mission of becoming a global leader in the quality of intelligent vehicles, Seres Group continues to strengthen the 5 modules of R&D, manufacturing, quality, service and supply chain to develop an entire life cycle quality assurance system from product planning to after-sales service, which improves product quality management in all aspects.

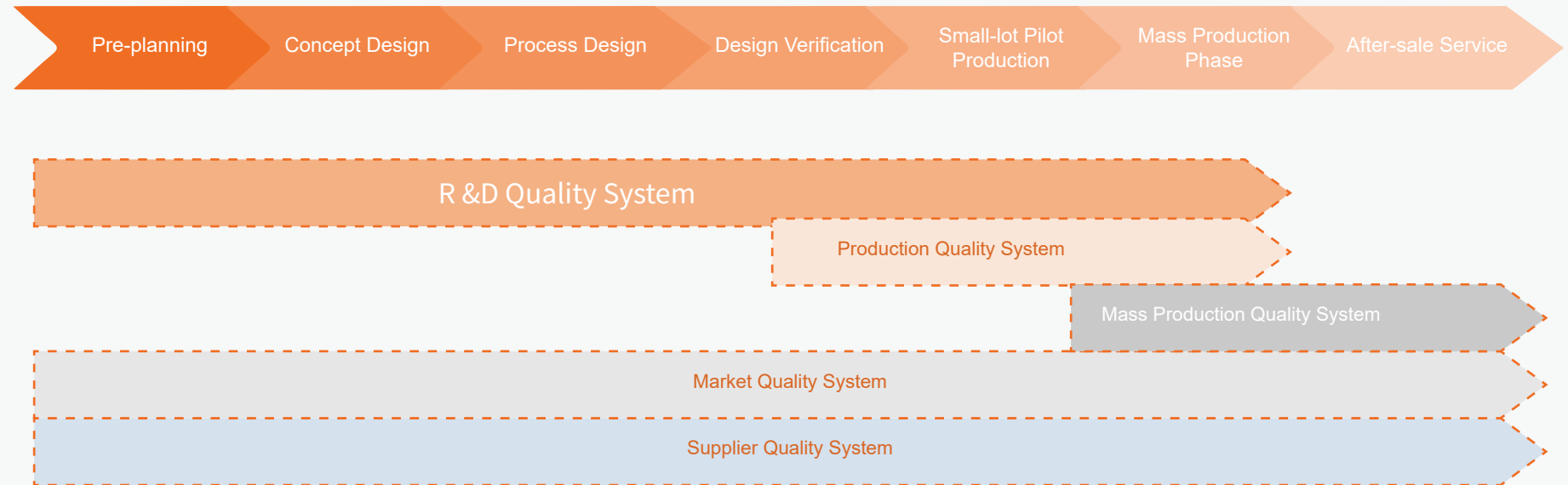
Quality Control

Seres Group strictly abides by the laws and regulations such as the *Law of the People's Republic of China on Product Quality Law*, 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.



Seres Automobile SQOS Quality Management System

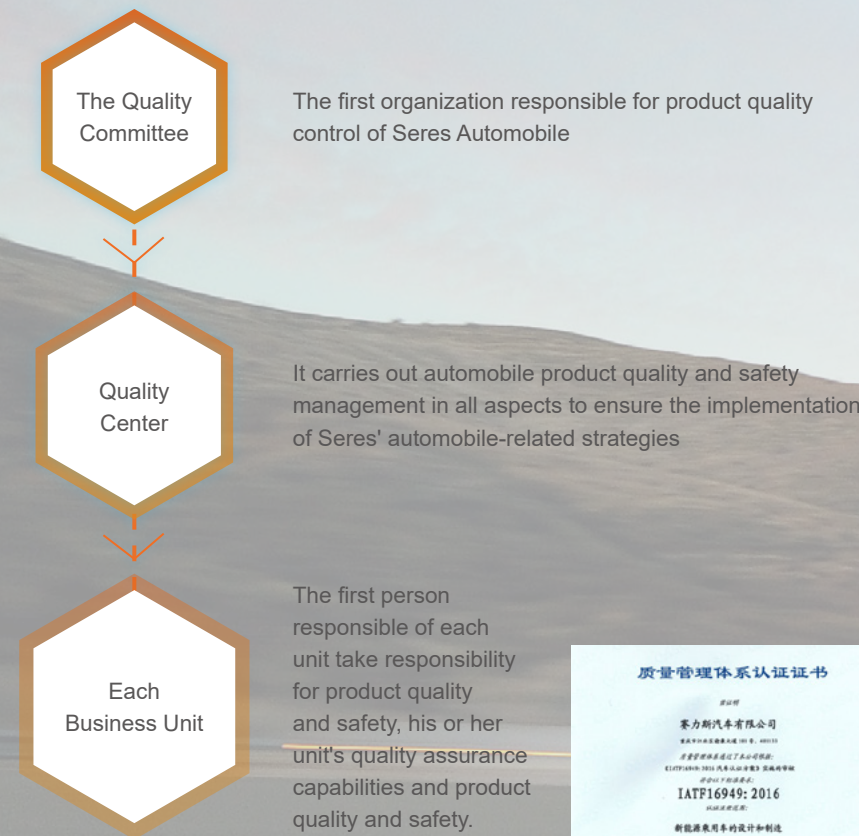
Correspondence Between the Business Flow and Quality Systems



Four Core Business Processes			
Product Development(Research)	Product Manufacturing(Production)	Parts Supply(Supply)	Sales and Service(Sales)
The entire process from product planning to product production is determined under the guidance of market demand and the Seres Group's development strategy, which includes product development, process development and production process.	After all the production targets are met, the project team hands over the production and withdraws with the order-production-delivery cycle realized.	The entire process covers from parts development to their regular supply, including the supply of after-sales spare parts.	The three main functions, namely market research, marketing and sales, and after-sales service, are performed.

In 2022, Seres Automobile officially established the Quality Committee to implement a product quality and safety responsibility system to promote and maintain the Seres Automobile's quality-related business.

Product Quality Management Structure of Seres Automobile



▲ As of the end of reporting period, Seres Automobile has obtained the IATF 16949 Quality Management System Certification as well as the China Compulsory Certification (CCC).

Seres Automobile has established a product quality traceability system 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. Meanwhile, Seres Automobile inspects incoming material inspection, process quality and whole vehicle quality to minimize quality risks.

Seres Automobile Quality Inspection Process

Incoming Materials Inspection

Seres Automobile conducts incoming inspections on the appearance, size, performance, functions of parts according to the *Incoming Inspection Control Management Process* and incoming parts inspection instructions;

For high-risk parts of new energy models, Seres Automobile carries out automatic test on wiring harnesses, battery packs, and power items to identify and solve problems in a timely manner.

Process Quality Inspection

Seres Automobile establishes a sound process quality control system and combines it with the product production process. Seres Automobile sets up quality gates and control points in the process such as stamping, welding, coating and general assembly, which automatically report the problems to the upper production department through the system to check on product quality across the production process.

Whole Vehicle Quality Inspection

Through the combination of off-line inspection on traditional vehicles and automatic inspection, Seres Automobile presupposes up-to-standard basic quality of vehicles and conducts the pressure test with high frequency execution on each controller and control unit to enhance the detection of hidden problems, reduce the unseen problems of vehicles and the risk of defective vehicles accessing the market. The inspection covers 8 sections, 717 inspection processes 1,159 inspection items.

Seres Automobile regularly reviews internal quality once a year and receives external third-party reviews. In 2022, Seres Automobile passed IATF 16949 review and CCC factory inspection at one time.



2022 Seres Automobile Conducts Quality Inspections

Number of Whole Vehicle Quality Inspection

81,163 times

External Inspection Pass Rate

100%

Number of Parts Quality Inspection

Internal Inspection

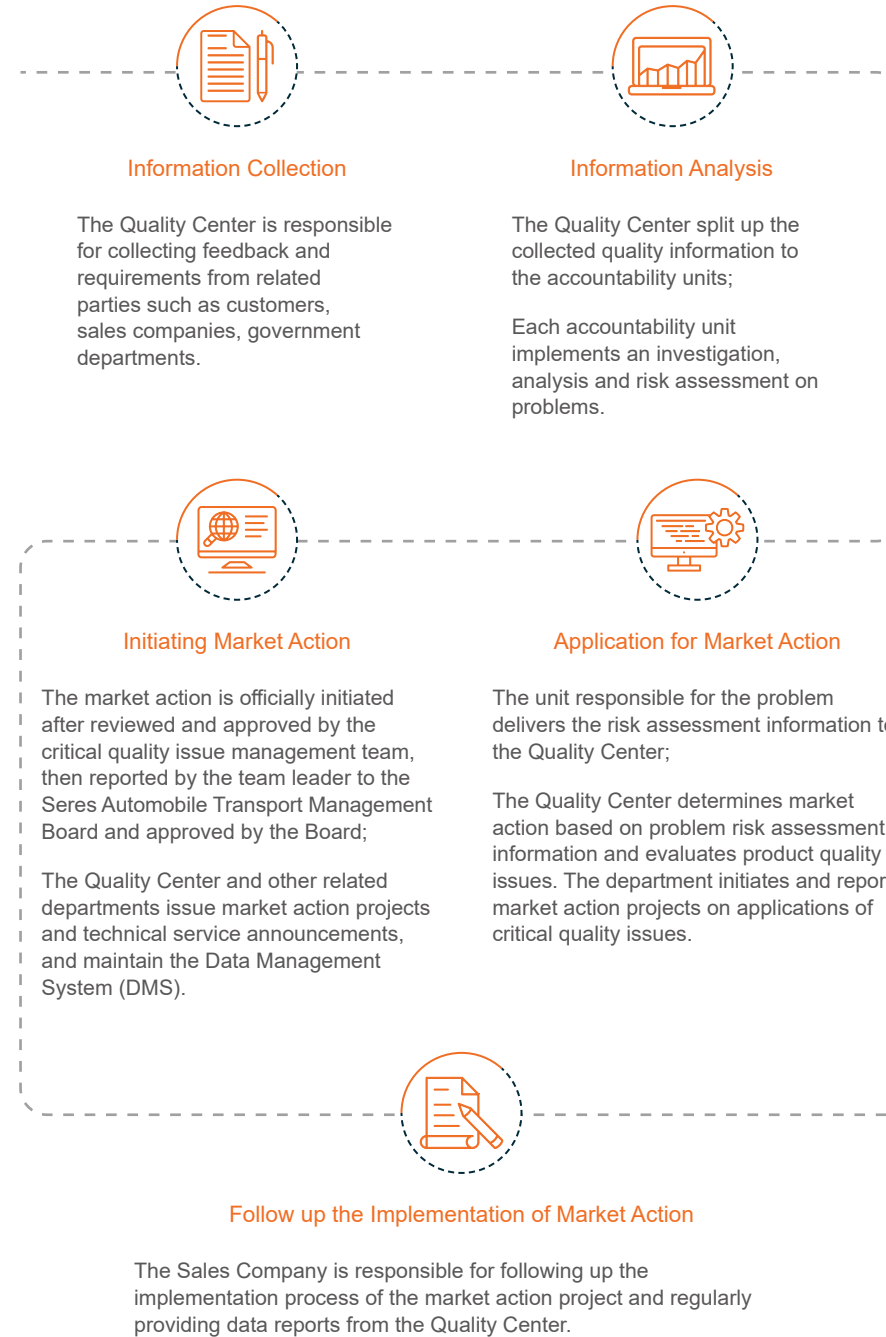
279,830 times

External Inspection

1,939 times

Seres Automobile 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* to define the recall management process. In addition, Seres Automobile follows the *Seres Management Measures on Critical Quality Issues Management Team*, in which a quality issues management team led by Seres Automobile's Chief Quality Officer (CQO) investigates, reviews and handles critical product quality issues that affect the safety of vehicles by Seres Automobile business or requirements of laws and regulations and that may result in recalls or other market services. No product was recalled in 2022 at Seres Automobile.

Critical Product Quality Issues Handling Process



Quality Culture

Seres Group focuses on improving the quality control capability of employees, so Seres Automobile carried out a series of quality culture activities such as quality advertising, quality training and quality month during the reporting period to create a quality culture atmosphere from an auditory and visual sense and strengthen the quality management awareness of employees. Additionally, in terms of personalized demands of employee development, Seres Automobile also implements a quality and safety training system featuring online plus offline and theory plus practice dimensions.

To strengthen the quality culture construction of Seres Group, Seres Automobile launched the first "Quality Month" activities including five series of 20 activities in 2022 with the theme of "Comply with standards, Abide by the process, Cover a long journey step by step". Seres Automobile took the "Quality Month" activities as an opportunity to effectively improve all employees' practice and innovation capabilities of the product quality and safety through offline training, knowledge and skills competitions and special quality inspections.

Five Serial Activities

Example Setting

- Monthly Quality Models
- Monthly Outstanding Variability Reduction Team (VRT)
- First Quality Month Advanced Individual/Team

Quality Culture Publicity

- Quality Master Lectures
- Grassroots Activities of the Management
- Quality Culture Wall Building
- Activities for Promoting the Awareness of Quality R&D
- Quality Training and Visiting Activities of the National User Center

Superior Quality Activities

- Special Activities for Improving Suppliers' Quality Capability (PPM¹⁵)
- Manufacturing Process Capability&Craftsmanship Promotion (FTT¹⁶)
- Reliability & Durability Improvement (R/1,000¹⁷)
- Perception Quality Improvement (NPS¹⁸)

Training and Learning / Continuous Improvement

- Quality Academy
- An Exhibition of Achievements of Quality Control (QC) Activities
- Hierarchical Audit of the Large Manufacturing System
- Process Assurance Capability Verification (PACV) Summary
- Inferior Quality Exposure

Skills Competition

- Quality Knowledge Competition for All Employees
- Quality Inspection and Repair Skills Competition
- Quality Containment Process (QICP) Skills Competition

¹⁵ PPM: Parts per Million.

¹⁶ FTT: First Time Through.

¹⁷ R/1,000: Repairs per 1,000.

¹⁸ NPS: Net Promoter Score.

Seres Automobile Quality Training Performance in 2022

Total Number of Employee Quality Training

185 sessions

Total Number of Employee Quality Training

15,043 person-times

Total Hours of Employee Training

300 hours

"Quality Month" Serial Activities

Quality Culture Publicity	The quality publicity video recorded by the senior management of Seres Automobile conveyed the quality concept to the employees and created the quality culture atmosphere through the network platform such as Seres Automobile Home and Network University, and electronic screens in the production workshops, public office areas and canteens.
Training & Learning	Seres Automobile established the Seres Quality Academy and implemented the learning point system to motivate employees to learn independently. By setting up the Air Class of Quality Academy and creating 5 star courses, Seres Automobile established the reputation of the Quality Academy and raised quality awareness of all employees.
Skills Competition	Seres Automobile carried out competitions of knowledge and quality tools for all employees, which combined theory and practice to improve the quality awareness of all employees. In 2022, Seres Automobile conducted 6 large-scale Quality Containment Process (QICP) skills instructing sessions and one quality inspection and repair skills competition.

In addition, Seres Automobile has set up a Six Sigma quality management system, a Six Sigma promotion committee with the CTO of Seres Group and rotating President of Seres Automobile as the director and the managers of each unit as members. Seres Automobile formulated a scientific implementation plan and cultivated professional talents. Committed to integrating lean thinking into its development, Seres Automobile developed a Six Sigma culture based on the concept and practice. In 2022, Seres Automobile developed Six Sigma-related processes and standards, high-quality courses of the SixSigma series. Seres Automobile also conducted 16 serial training sessions of quality tools and 3 Six Sigma Green Belt training sessions in an online and offline manner. Meanwhile, Seres Automobile has initiated 79 Six Sigma Green Belt projects with quality issues of physical vehicles considered, and 48 people have passed the Green Belt certification. As of the end of the reporting period, Seres Automobile has verified 48 green belt projects, saving RMB7.31 million of quality losses.

Seres Automobile practices the service concept of all for the user. Seres Automobile controls the vehicle quality through various rigorous tests, and devotes ourselves to building a quality benchmark for new energy vehicles by conducting practice-based tests on product performance.

"Western Sichuan Driving Experience Tour of AITO Series" successfully concluded

In August 2022, the executive directors, CEOs of Terminal BG, CEOs of Intelligent Vehicle Solutions BU and Directors of Intelligent Terminal and Car Parts IRB of Seres Group and the CEO of partners led a test-driving team of 35 project members to successfully complete the three-day "Seres AITO Western Sichuan Driving Experience Tour", who drove the range-extended and pure electric models of the AITO Series. Covering a total distance of 1,400 km, the activity tested product performance through long-distance, high-intensity and multi-conditions roads as a way to evaluate driving experience from the user's perspective, to improve product quality and to give guiding suggestions and opinions on developing quality products for users.



QC (Quality Control) activities

In June 2022, Seres Automobile carried out QC activities for front-line employees on the status survey, important causes analysis, measures development and results inspection, aiming to improve employees' product quality management capability and accumulate their experience. A total of 59 QC projects were completed in the first phase of activities and 10 excellent projects were selected with more than 400 person-times in the activities. In October, Seres Automobile launched the second phase of QC activities. 60 QC projects has been registered as of the end of the reporting period.



A total of **59**

QC projects were completed in the first phase of activities.

10

excellent projects were selected with in the activities.

60

QC projects has been registered as of the end of the reporting period.

Product Safety

Always adhering to the pragmatic value of "user-centered, quality first", Seres Automobile gives the safety of users the first priority. Relying on the hard-core new energy technology, Seres Automobile is committed to bringing users a highly intelligent travel experience with superior safety.

Safety Design

Seres Automobile strictly follows the international standardized functional safety development process of *Functional Safety for Road Vehicles* and conducts comprehensive hazard analysis and risk assessment for the whole vehicle power system, chassis system, automatic driving system, body system and cockpit system. Besides, Seres Automobile follows the ISO 21448¹⁹ standard process to carry out the expected functional safety analysis of the advanced automatic driving system. Based on the identified functional safety and expected functional safety risks, Seres Automobile develops detailed safety strategies and safety development requirements.



Safety Design System for Seres Automobile Products

<p>Safe Structure Design</p>	<p>Seres Automobile designs and develops the safety structure in terms of the industry's high safety standards. Seres Automobile adopts high-proportion, high-strength steel body materials and manages frontal and side impact transfer paths, ensuring the effective transfer of the impact and the safety of the driver and passengers.</p>
<p>High Strength Steel Materials</p>	<p>Extensive use of high-strength steel materials in the whole vehicle. A cage-type safety body takes shape to ensure the passive safety performance of the whole vehicle.</p>
<p>Active Safety Configuration and Safety Scenario Prompt Design</p>	<p>Airbags, double preload limiting force seat belts of front and rear row, auxiliary braking system, lane departure warning system, forward collision warning system, blind spot monitoring system, tire pressure monitoring, seat belt unfastened prompt, rear penetration warning, fatigue monitoring warnings are adopted to protect customers' safety.</p>
<p>Security Verification</p>	<p>To ensure safe product operations in various complex environments, Seres Automobile carries out many verifications such as system bench fault injection test, simulation test, whole vehicle fault injection test, whole vehicle reliability and safety on-road test, high and low temperature test and special environment of low tire-road friction. Meanwhile, Seres Automobile develops its own independent testing capabilities by conducting rigorous simulation tests based on test scenarios such as CNCAP²⁰ crash tests, IVISTA²¹, and CIASI²² automatic driving.</p>

¹⁹Also known as SOTIF (Safety of Intended Functionality), a standard that establishes safety requirements for driver assistance systems and functions in self-driving vehicles.

²⁰CNCAP: China New Car Assessment Program.

²¹VISTA: Intelligent Vehicle Integrated Systems Test Area.

²²CIASI: China Insurance Automotive Safety Index.

Battery Safety

Seres Automobile focuses on the safe development of power cells and battery pack and achieves the three extremes in battery pack performance and safety. The first extreme intrinsic safety lies in the design and verification of battery cell performance margin, process consistency control and other aspects. The self-developed five-level thermal safety protection technology has helped Seres Automobile become the first one in the industry to achieve the fire-proof battery pack, which realizes the extreme passive safety of the whole pack. Meanwhile, Seres Automobile relies on its self-developed VHR vehicle cloud platform to analyze the performance of and diagnose the data of power batteries throughout their life cycle, identify potential battery safety hazards and performance degradation in advance through big data warning and respond to troubles in a timely manner to maximize active safety and effectively extend the service life of power batteries. References for decision-making and service solutions for battery optimization design, health assessment, residual value estimation, recycling and gradient utilization are provided.

Seres Automobile VHR Remote Monitoring Achievements

During the reporting period, VHR remote monitoring has identified over 180 cases of vehicle abnormalities, among which more than 30 cases of fault expansion were responded to and handled through active early warning to avoid fault expansion.

Relying on the intelligent vehicle battery replenishment strategy, Seres Automobile dynamically manages and evaluates the whole vehicle and reminds users to replenish the battery over 2,150 times on demand to ensure the long-term battery health in its entire life cycle.

Seres Automobile utilized channel care to respond to offline rescue over 170 times to protect the safety of users and vehicles.

VHR remotely monitors failure

In July 2022, the VHR remote monitoring team identified a case of abnormal insulation failure. After quickly locating the problem through background data analysis, Seres Automobile immediately contacted the customer with the channel care and service departments to provide rescue services by means of safely towing and transferring the vehicle to the AITO customer service center in Lhasa, which is about 1,100 kilometers away.

This fault was identified and found immediately through VHR remote monitoring to avoid further expansion of the damage to the battery pack after the leak proof failure, thus minimizing the risk of thermal runaway of the vehicle and saving the user time and cost on maintenance. The service gained satisfaction and praise from the users.

Health in the Car

While focusing on product performance, Seres Automobile also attaches great importance to the health and environmental protection in the car. Taking the aspects of low chemical pollution, interior purification, low electromagnetic radiation, microbial protection, intelligent monitoring into comprehensive consideration, Seres Automobile continuously optimizes the interior materials, purification systems and whole vehicle layout to promote environmental protection and health in the car.

Seres Automobile is extremely strict in the control of interior materials, using green materials and manufacturing processes. Seres Automobile adopts new two-component sound-absorbing cotton and non-toxic and pollution-free environmentally-friendly water-based glue adhesive and other environmentally-friendly materials in the car. The material selection and process are continuously optimized to eliminate harmful substances from the material. Meanwhile, Seres Automobile has established VOC²³ and VOI²⁴ detection and analysis center of AITO M5 model and a professional Golden Nose Team to carry out multi-round and multi-batch tests on VOC and VOI of the whole vehicle and parts at the initial stage of R&D. The Team also carries out high-frequency VOC&VOI random inspections on the whole vehicle and parts to ensure the consistency of mass production.

In terms of air purification in the car, the series of AITO models are equipped with the air conditioning system of CN95+ activated carbon filters which can effectively absorb dust particles such as PM2.5 and pollen in the air. In addition, the model series is equipped with negative ion generator, automatic control system for air quality and PM2.5 concentration detection device in the vehicle, which can not only monitor the air quality outside the vehicle in real time, but also automatically detect the PM2.5 concentration in the vehicle. When the particulate matter in the vehicle is abnormal, the air purification function will be started. The AITO M5 passed the first full-five-star certification of the China Health Index in 2022 and The AITO M57 won the award of a five-star health car in 2023.

While increasingly diversified, electronic devices in automobile applications are the source of electromagnetic radiation. The R&D team of the AITO model series set up an EMR²⁵ special team at the initial stage of design. The team controls radiation sources in the design and strictly implement multiple rounds of EMR test, taking measures such as the full shielding design of high-voltage parts and cables and radiation source isolation. The electromagnetic radiation level in the car is controlled to meet the requirements for excellence level of the China Automobile Health Index Management Center.

²³VOC: Volatile Organic Compounds.

²⁴VOI: Vehicle Odor Intensity.

²⁵EMR: Electromagnetic Radiation.

Seres Automobile serves as a new benchmark for healthy cockpit and AITO model won a number of health certifications

The M5 model of the Seres Automobile has been one of the first five-star health cars certified by CAERI in 2022. In the all-round evaluation of air quality, particulate matter, electromagnetic radiation and low sensitization risk in the car, the AITO M5 has gained the good results of full five stars. Meanwhile, AITO M5 has become the first model certified as a "five-star health car" under the 2022 stricter new evaluation rules.

After the AITO M5 was certified as the five-star health car by CAERI, the AITO M7 also gained the "CN95 Health Cockpit 5A Certification", "Health plus Certification" and "Level 1 Certificate in Caring for Children" issued by CAERI Certification, safety force to reach the industry-leading level.



▲ AITO M5 and M7 were Awarded "Passenger Car Health Plus" Certificate

Customer Service

Seres Automobile adheres to the service concept of "user centered, market oriented and all for the user", Seres Automobile integrates user experience into business decisions and processes, speeding up the construction of service capabilities and building a high-quality full-stack user experience model.



Evolution of User Services

User service 1.0 era

- after-sales maintenance-oriented

In 2003, Seres Group officially entered China's auto industry which was still at its initial stage, when customer service was mainly after-sales maintenance. In the next 12 years up to 2015, Seres Group has set up more than 1,000 repair outlets nationwide to timely solve customers' problems in the use.

1.0

User service 2.0 era

- from passive service to active service

In 2016, Seres Group took the lead in the industry to launch a super warranty lasting 7 years and covering the driving range of 150,000 km. Based on the user service 1.0, Seres Group no longer passively solves users' problems but actively provides long-term and efficient quality guarantee for users, which builds up their confidence in the products.

2.0

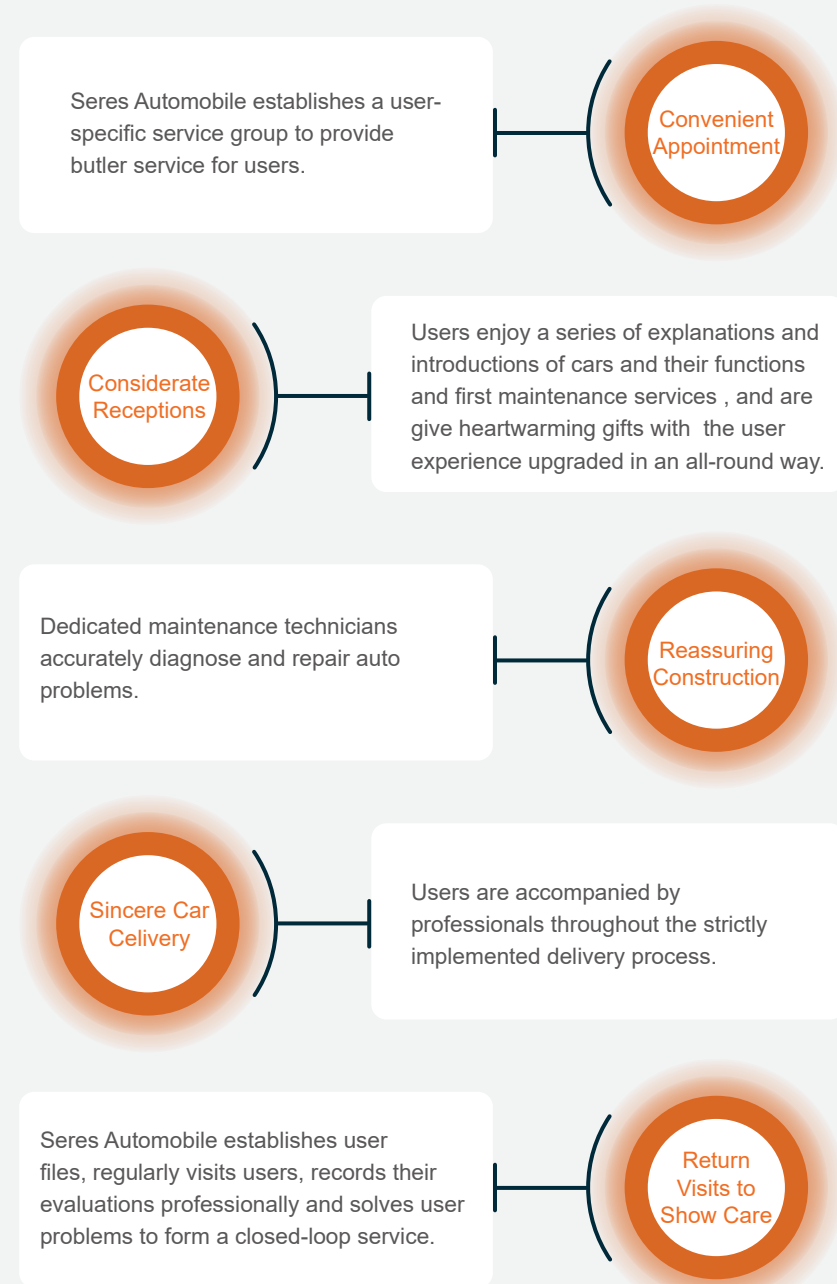
User service 3.0 era

- serving users with software

With the development and popularization of new energy vehicles, software-defined cars are trending and the user service should also center on software. In 2022, the user service of Seres Group leaps from after-sales maintenance and active service in the fuel car era to the current software-based service, with digital experience provided throughout the entire life cycle of using cars.

3.0

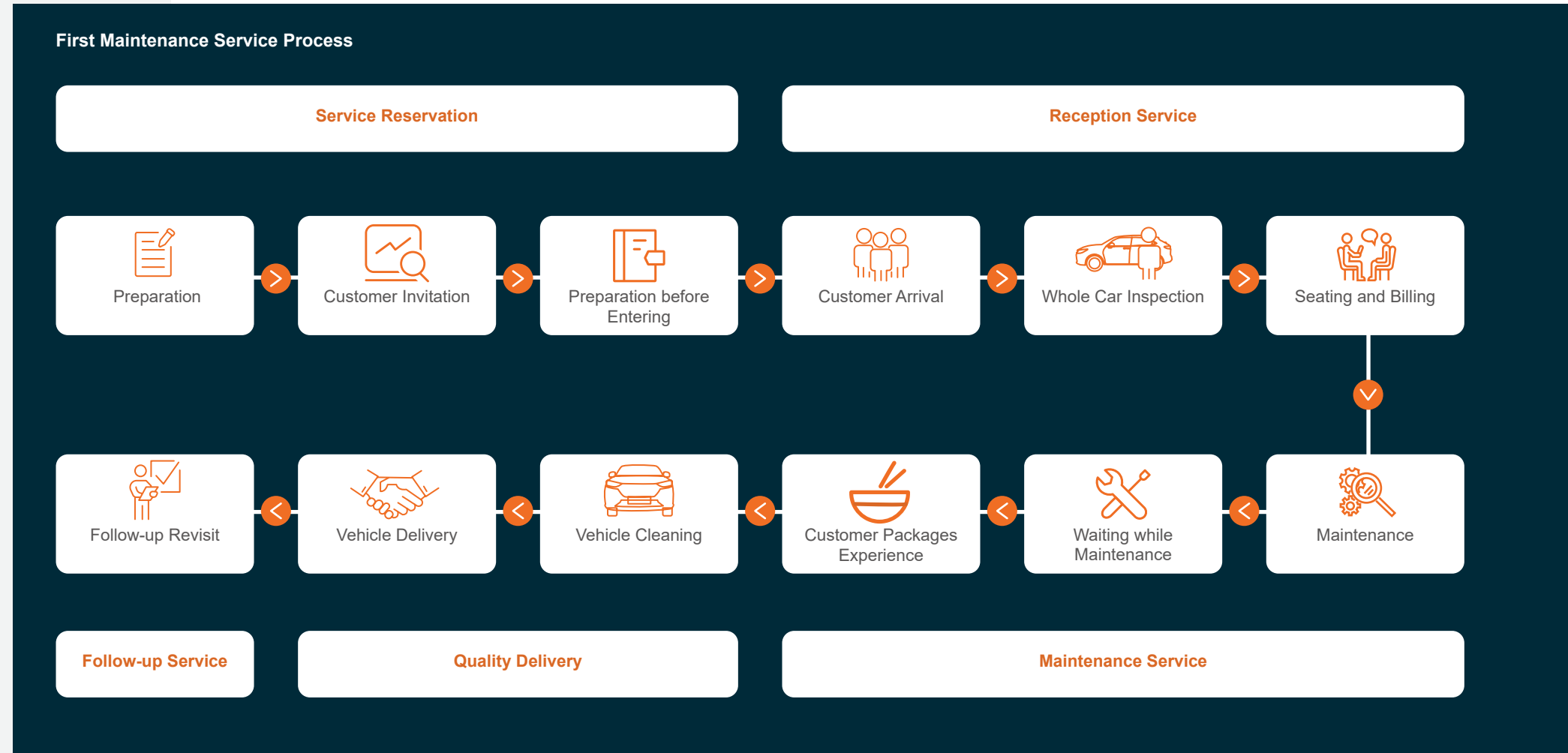
Wholehearted Service Process of Seres Automobile



Quality Service

Through the dual path of hardware support kit and service system, Seres Automobile improves user experience from the service concepts of "trust, warmth and intelligence". Meanwhile, Seres Automobile sets up a scenario-based service system, carries out service assessment on three dimensions of staffing, operation specifications and customer experience, and starts from the five value dimensions of convenience, consideration, reassurance, sincerity and care, so that users can experience pleasant quality service in the entire life cycle of car selection, purchase, vehicle use and maintenance.

In 2022, Seres Automobile developed and implemented the *Blue Book Version 2.0* of the First Insurance Journey, striving to offer users the experience of a butler service. To better improve the service of each store, Seres Automobile collects the excellent measures of each store and shares them nationwide, aiming to continuously upgrade and innovate service measures to improve user satisfaction.



In the face of the diversified delivery needs of users, Seres Automobile provides differentiated delivery channels.

Delivery at the store

The delivery specialist shall arrange the delivery site according to the *Plan for Sense of Ceremony as a Delivery Experience*, and conduct standardized arrangements and process for each user to deliver at the store. After the user actively makes the personalized demands for ceremonies, the delivery side customizes and arranges the delivery site according to the demands.

Remote delivery

If the car can't be delivered at the store for various reasons and the personalized demands for ceremonies are actively made, the user center can hold the delivery ceremony remotely through video and other forms.

Home delivery

Online video vehicle inspection is adopted and relevant procedures are handled online. Delivery specialists 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 a large number of vehicles are delivered at the store in a short period of time, the mode of centralized invitation and delivery is adopted to improve delivery efficiency and enhance customers' sense of ceremony in the delivery.

To listen to the most authentic user voice, Seres Automobile has organized many car owner activities, such as Spring Fun Festival, large-scale delivery activities to directly build a platform of face-to-face communicating with the owner group smoothly and realize the effective transmission of user's voice. In addition, Seres Automobile carries out satisfaction surveys on multiple scenarios such as basic service and delivery experience through online questionnaires and telephone interviews. In 2022, Seres Automobile sent SF5 and AITO user satisfaction questionnaires with Seres App and AITO App respectively. The effective questionnaires collected within 72 hours were analyzed and timely rectified based on the analysis results to improve the user experience. As of the end of the reporting period, the satisfaction of Seres Automobile's user service experience has been 97%, achieving the annual satisfaction target.

As of the end of the reporting period, the satisfaction of Seres Automobile's user service experience has been

97%

Spring Fun Festival

To help users experience high-quality service, the AITO brand of Seres Automobile held a spring party with its car owners. During the activity, links of face-to-face communication with executives, interactive Q&A, test drive, scenario experience were set up. And discussions were held around the concerns by users for Seres Automobile to listen to users' real vehicle demands and opinions and joint discussions centered on how to maximize the value of products and services. With 325 car owners participating, this activity was held in Chongqing, Beijing, Shanghai and Guangzhou respectively to bring unforgettable pleasant experiences to users.



▲ Chongqing



▲ Beijing



▲ Shanghai



▲ Guangzhou

Service Activities Specific to Seasons

AITO Company for Reassuring Travel in Early Spring

Provide free special inspection, tire maintenance and free car wash for vehicles in need to ensure the worry-free travel.

Winter Service Activities-Warm Winter Operations

Conduct targeted user care activities to ensure the driving safety in winter and improve users' experiences in terms of the characteristics of winter, such as free vehicle safety inspections, free vehicle sterilization, free glass defogging, adding glass fluid and antifreeze for free as well as high-end engine oil.

Reassuring Travel in Spring-Open Service Assurance Activity

Provide targeted solutions to problems in car washing and long-distance travel safety inspection before and after the Spring Festival and service assurance for the 7-day holiday of the Spring Festival.

Before the Festival

- Free car wash
- Safety inspection of medium and long-distance travel vehicles
- Give small gifts, which means good luck in the new year

During the Festival

- The User Center is open as usual for 7 days during the Spring Festival
- Business scope:** normal maintenance business; free tire repair service; free scooter service (repair can not be completed on the same day)
- Emergency support:** free 24-hour road rescue; accident support; charging rescue support
- Give small gifts, which means good luck in the new year

After the Festival

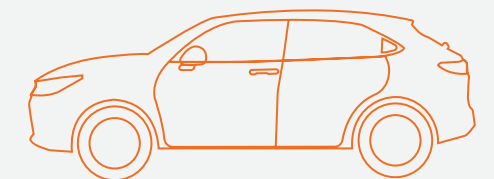
- Free car wash
- Vehicle safety inspection after the Spring Festival
- Give small gifts, which means good luck in the new year

"Boundless Fun" car club activity

From November 2022 to December 2022, the headquarters of Seres Automobile and the authorized user center of AITO held 97 "Boundless Fun" car club activities, with nearly 5,000 participants including car owners and their relatives. Watching movies, parent-child interactions, nature experience Chinese culture tide and outdoor activities and other parts all make the activity atmospheric. During the activity, users can freely play, chat and enjoy the pleasant life experience brought by AITO brand.



▲ "Boundless Fun" Activity Photo in Hangzhou



After-sales Service Guarantee

Seres Automobile builds the after-sales service guarantee mechanism for the whole vehicle and core parts for AITO users, provides car owners with rights and interests guarantee such as free first maintenance, long warranty, lifetime road rescue. Seres Automobile also provides users with pleasant travel solutions through intelligent, precise, personalized and exclusive services around user travel scenarios.

Seres Automobile 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	Vehicle faults are remotely warned and diagnosed, realizing remote solution of some problems. 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.

²⁶VOC: Voice of Customer.

Seres Automobile has a variety of customer complaint collecting channels such as round-the-clock 400 service hotline of a whole week, product App, online public opinions, transfer to the government, and transfers the collected problems from each channel to different business departments for closed-loop processing. Besides, Seres Automobile has also built a sound complaint handling process to clearly define the user complaints of each channel, make standard the handling, escalation, warning and closing of complaints, and to establish differentiated complaint escalation paths for complaints that should be escalated and handled in a timely manner. User Center conducts regular VOC²⁶ meetings. According to complaints and satisfaction data, each business module analyzes problems, locates and optimizes solutions to continuously improve user experience. In 2022, Seres Automobile conducted a total of 579 after-sales training sessions, including 285 technical training sessions and 294 non-technical training sessions, with a total of 6,452 person-times participating.

The Process of Handling the Complaints of Seres Automobile



Responsible Marketing

Committed to serving users wholeheartedly for corporate development, Seres Group adheres to strict responsible marketing practices and standards of conduct, and all business departments coordinate to manage marketing content to ensure the accuracy and consistency of external information and avoid excessive marketing and false publicity events. Committed to presenting the Group's products to consumers in a responsible manner, Seres Automobile has set up comprehensive internal management systems for responsible marketing, formed a series of high-standard sales and marketing practice criteria, strictly controlled the content and channels of media publicity, strengthened the process management of product sales, product performance and after-sales guarantee and has integrated compliance marketing into the performance assessment of sales staff.

Meanwhile, committed to building a precise training system for marketing service, Seres Automobile carries out differentiated training courses for different position sequences and adopts the training methods of online plus offline and theory plus practice to conduct training related to diversified product marketing. In 2022, Seres Automobile launched 271 sessions of marketing-related training, covering over 1,000 experience centers and user center employees nationwide with 15,448 person-times.

In 2022, Seres Automobile conducted a total of

579 after-sales training sessions

technical training

285 sessions

non-technical training

294 sessions

with a total of

6,452 person-times



Supply Chain Management

Committed to realizing the long-term growth of Seres Automobile by managing green supply chain, Seres Automobile lays out the supply chain system with the concept of systematization and integration, establishes long-term close cooperation of equal and mutual-trust standing with suppliers.

Supplier Review and Management

In strict compliance with the *Bidding and Bid Law of the People's Republic of China* and the *Implementation Regulation of the Bidding and Bid Law of the People's Republic of China* and other relevant laws and regulations, considering the actual operations of the company, Seres Automobile has established internal systems such as the *Supplier Control Procedure* and the *Supplier Quality Manual* to provide specifications for the supplier access, screening and evaluation, and quality audit of the company.

As of the end of the reporting period, Seres Automobile has had over 290 domestic suppliers, 100% of whom were certified by IATF16949.



Seres Automobile Supplier Life Cycle Management System


Procedure	Concrete Content
Supplier Access	<ul style="list-style-type: none"> IATF 16949 , ISO14001 and other Quality System Certification, commitment and requirements for prohibited substances are the basic conditions for supplier access; Seres Automobile comprehensively evaluates 7 types of capabilities, namely comprehensive guarantee capability, financial stability, development and design capability, procurement assurance capability, product manufacturing capability, experimental monitoring capability and continuous improvement; Seres Automobile searches and reserves industry resources according to the internal product development plan for whole vehicles and conducts on-site access review in terms of the <i>Specifications for Supplier Comprehensive Capabilities Review</i>.
Supplier Assessment	<ul style="list-style-type: none"> For suppliers of new product development, Seres Automobile dispatches purchasing, technical and quality personnel to specially survey the spots as required; Seres Automobile reviews suppliers having supplied goods annually, quarterly and monthly, and conducts evaluation from aspects of basic operations, technical capability, equipment capability, experimental verification capability, quality control capability and supply capability; The suppliers are managed by classification, in which suppliers' comprehensive score of 80 or over 80 is classified as Class A (strategic), comprehensive score of 60 or over 60 as Class B and the comprehensive score of less than 60 as Class C.
Supplier Phase-out and Exit	<ul style="list-style-type: none"> Seres Automobile immediately requires suppliers with abnormal review results to carry out rectification and organizes expert teams to provide assistance to improve the suppliers. After they complete rectification, Seres Automobile checks whether the rectification is qualified; For suppliers whose performance fails to meet standards for a long time, Seres Automobile reduces the proportion of their product supply and cancels their qualification for developing new products.

Supplier Quality Management

Seres Automobile takes into consideration environmental and social factors in the production and operation of suppliers, such as environmental protection and product quality, to identify and respond to potential sustainability risks in the supply chain. Seres Automobile has established a sound procurement risk control mechanism and carried out supplier risk assessments on a quarterly basis. Seres Automobile assessed the possibility and impact of risks by identifying historical risks and future risks, and took countermeasures against risk points to ensure the continuous, safe and effective operations of the supply chain system. In 2022, no risks related to environmental protection, child labor and business ethics were found in the supplier risk assessment of Seres Automobile.

In addition, Seres Automobile advocates sunshine procurement and regards constructing of a clean and honest administration as its red line for control. When reviewing the supplier access, Seres Automobile issues the *Integrity Statement* on site and both parties sign the *Integrity Commitment Letter*. After establishing cooperation with suppliers, the chapter on constructing of a clean and honest administration in the *Parts Procurement Contract* signed by Seres Automobile and suppliers clearly defines the clean procurement requirements and corresponding punishment methods of both parties, and provides channels for complaints and reports to establish a sunny and transparent cooperation environment.

Risk Identification Types of Seres Automobile Supplier

Legal and regulatory risks	Risks of supply suspension	Capital risks	Environmental risk
Risks of non-sustainable development		Warranty risks	
Acceptance check (quality) risks		Planning risks	
Stock (inventory) risks		Price risks	
Contract risks		Risks of technological progress	
Technology patent risks		Integrity risk	Other risks

Communicating with and Empowering Suppliers

Seres Automobile grows with suppliers by timely finding out suppliers' needs and feedback and discussing solutions with them to achieve mutually beneficial and win-win cooperation through forms such as business exchange meetings, product exhibitions, special technical exchanges.

Seres Automobile and supplier alliances build a high-quality ecosystem and empower each other in product development. At the initial stage of project development, Seres Automobile jointly developed and designed parts and their systems with the resources of head suppliers to combine design and production to the maximum extent. At the initial stage of product development, Seres Automobile promotes suppliers' understanding

of 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, for enterprises, Seres Automobile will also organize the expert team to carry out reviews on the sites of suppliers with inadequate supply capacities, jointly find out problems and potential and put forward improvement opinions from all aspects such as personnel management and environmental optimization. Seres Automobile empowers supplier enterprises from their perspective to build a supply chain system with more core competitiveness.



Seres Automobile joined hands with CATL to promote low-carbon operations

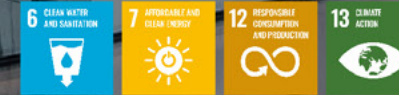
In August 2022, Seres Automobile and CATL joined hands again and reached a 5-year cooperation consensus. In the next 5 years, all AITO serial models will be equipped with CATL power batteries. This cooperation not only demonstrates the confidence of both parties in cooperation in advanced technologies and stable supply, but also serves as a landmark in upgrading supply chain cooperation. It further promotes industrial interaction of both parties and mutually beneficial win-win outcomes.

In addition, after establishing strategic cooperation relationship with CATL, Seres Automobile actively promotes localized production, supply and green operations of products. Accordingly, Seres Automobile chooses to use green electric products of the Yibin factory line to help achieve the national goal of "double carbon".

Seres Automobile cooperates with head suppliers for localized production

To reduce supply risk and logistics costs and increase local employment opportunities, Seres Automobile actively introduces head suppliers of the auto industry. In 2022, Seres Automobile promoted a number of high-end suppliers to settle in Chongqing, among which 3 suppliers have completed their construction





Adhering to the long-term philosophy of green and low-carbon and the mission of promoting the automotive energy transformation, Seres Group integrates the concept of green environmental protection into products' entire life cycle covering design, production, logistics and recycling. Committed to providing consumers with new green travel options, Seres Automobile carries out low-carbon technology R&D and green design with new energy vehicles as the core, leading the industry in the field of sustainable development.

03

Green and Low-Carbon Transformation

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Green Office	47

2022 Highlight Performance

The Group's three waste treatment and pollution prevention compliance reached **100%**

The average recyclable rate of Seres Automobile was **97%**

The average reusable rate of Seres Automobile was **92%**

The recycling rate of water for production of Seres Automobile was **96%**

The recycled packaging utilization rate was **98.1%**

Xiaokang Power Company won "Green Factory" in Chongqing

Seres Automobile won "Sichuan-Chongqing Energy Conservation and Environmental Protection Excellence Award" in Chongqing Municipality



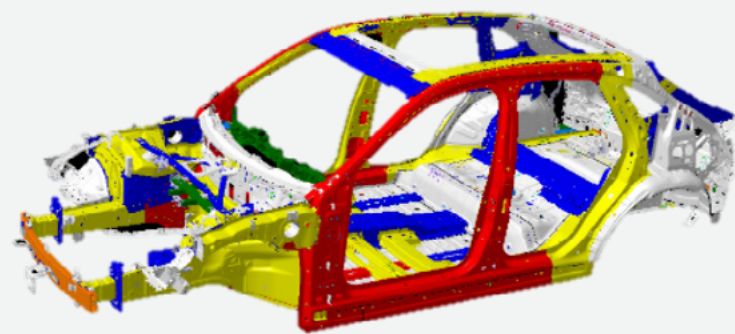
Green Design

In terms of R&D, Seres Automobile actively responds to the national "dual carbon" goal and adheres to the development concept with electric drive as the core. Committed to providing absolutely comfortable experiences for users, Seres Automobile uses advanced technologies with low energy consumption and low emissions to make long-term investment in upgrading. Seres Automobile adopts design concepts such as lightweight design, intelligent platform design and green battery design by means of applying optimization measures such as extended range technology, whole vehicle lightweight and vehicle networking cloud service platform (VHR), which significantly reduces vehicle energy consumption and effectively guarantees that the goal of long range is achieved.

Material optimization

In terms of the lightweight design concept of replacing low strength with high strength, the application of high-strength steel is widely used in white cars, which guarantees passengers' safety on the basis of lightweight.

AITO M5 product can reduce the body weight by over 20kg compared with the previous generation while presupposing the high rigidity body through the improvement of material strength, the optimization of impact transfer paths and material thickness.



▲ Lightweight Body Material

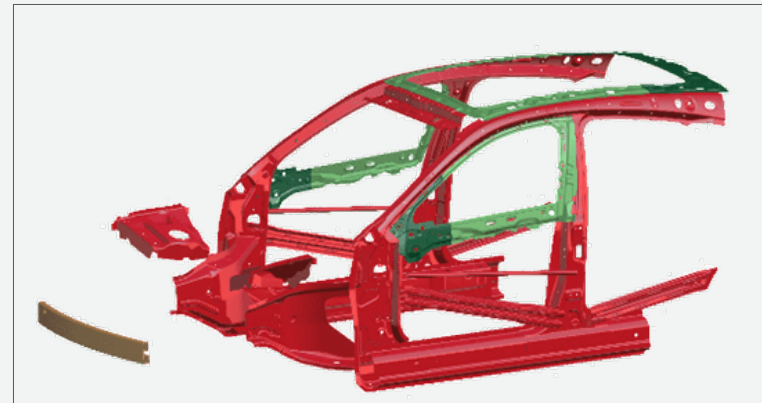
Lightweight Design

Upholding the lightweight design concept of "precise materials application, ultimate optimization and extreme balance". Through lightweight in structure, materials and process, Seres Automobile has achieved crossed and integrated development, accelerating technological upgrading and enhancing the competitiveness of green products while effectively reducing energy consumption of products.

Process optimization

Higher strength equal-section parts can take shape in the roll forming process, so that the parts have higher strength and lighter weight. Seres Automobile adopts advanced rolling technology to improve the strength in the front anti-collision beam of the AITO M5 model. Platform-based application is realized in the rolling section, shortening the development and design cycle.

Unequal thickness laser welding process is adopted on the upper part of the door and the reinforcing plate of the top cover in the AITO M5 model, realizing further reduce weight.



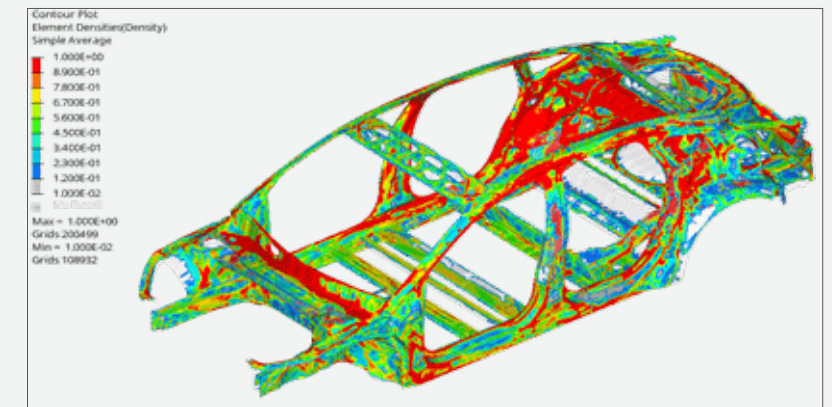
▲ Process Lightweight

- Thermal forming
- Laser welding forming
- Roll forming

Structure optimization

By means of topology optimization, parametric optimization and multidisciplinary optimization, Seres Automobile integrates the performance requirements such as safety, rigidity and strength and carries out continuous upgrading and analysis. Finally, the vehicle design objectives of minimum weight, optimal cost and best performance are realized.

The topology optimization is performed on the parts with surplus performance in the special parts of the whole AITO M5 model vehicles. On the premise of meeting the rigidity performance requirements, the parts weight is reduced by removing the materials that have little influence on the overall rigidity.



▲ Topology Optimization Design Achieves Lightweight

Intelligent Design

Seres Automobile uses electricity-based extended range technology and intelligent design to create the Super Electric Drive Intelligent Technology Platform (DE-i), a new generation platform to meet the national goal of low carbon and the users' needs for ultimate absolute comfortable experience, which truly realizing the industry leading advantages of low energy consumption, long range and high performance.



Extended-range Technology's Advantages on Energy Saving and Environmental Protection

Reduce harmful gas emissions from the whole vehicle

Extended-range technology can be used to effectively reduce the emission of harmful gases such as carbon monoxide and nitric oxide and well control the emission of particulate matter on the actual road.

Reduce fuel consumption

With the combination of low-pressure cooling exhaust gas recirculation (EGR), special high-efficiency turbocharger, advanced low-friction design and electrified accessory technology, achieving ultra-high heat rates and leading technology, which significantly reduces fuel consumption and engine exhaust emission in a more energy-saving and environmentally friendly manner.

Improve heat dissipation efficiency

The unique spray direct oil cooling method is adopted to directly cool the rotor and stator end winding of the generator to improve the heat dissipation efficiency (the maximum temperature of less than 145°C) and achieve the maximum efficiency of the generator of over 95%. The high-efficiency area covers the rotating speed of the whole vehicle under common working conditions and perfectly overlaps with the high-efficiency area of the engine, improving the thermal efficiency and reducing the carbon emission of the engine.

Green Production

Seres Group strictly abides by the laws and regulations of the place where it operates by means of actively following up and identifying changes in laws and regulations on environmental protection, energy conservation and waste discharge, and timely updating and revising internal management systems in accordance with external regulations. The Group actively formulated and signed the *2022 Target Responsibility Document of Health, Safety, Environmental Protection and Fire Protection* with its subsidiaries to define environmental protection objectives and further implement the Group's concept of green production.

Environmental management objectives:

Wastewater, waste gas, and solid waste discharge meet the standard

100%

Environmental information declaration and disclosure

100%

NO major
environmental pollution incidents (accidents) occur

Discharge Treatment

In accordance with laws and regulations, Seres Group actively controls the discharge of three wastes and reduces noise pollution, implementing management objectives and practicing green development. During the reporting period, the three wastes treatment and pollution prevention and control compliance rate of Seres Automobile reached 100%, and no major environmental pollution incidents and relevant administrative penalties occurred. In 2022, Xiaokang Power Company won "Green Factory" in Chongqing, and Seres Automobile won "Sichuan-Chongqing Energy Conservation and Environmental Protection Excellent Award".

Exhaust Discharge Management

Seres Group always 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 and exhaust discharge standards. Seres Group continuously optimizes the internal management systems and work processes such as the *Exhaust Prevention and Control Management*

System and the *Exhaust Pollution Control Procedures* to ensure the compliance of exhaust discharge. By clarifying the responsibilities of department heads and relevant personnel, Seres Group actively performs its duties related to air pollution prevention and control. Seres Group requires all departments to adopt airtight or other protective measures for containers for storing, transporting, loading and unloading toxic prone to emit and harmful gases or for causing dust pollution, aiming to prevent harmful gases or dust from emitting and causing pollution. In the case of an air pollution emergency or a possible air pollution emergency, Seres Group immediately starts an emergency plan by means of taking treatment measures to prevent the pollution expansion, timely informing the units and residents may be harmed by air pollution and reporting to the local environmental protection authorities.

During the reporting period, Seres 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



Exhaust Recycling

- EGR waste gas recirculation technology is applied to send part of the waste gas from the engine back to the intake manifold and make the gas enter the cylinder again with fresh mixture, which can effectively reduce the whole vehicle discharge and fuel consumption.



Exhaust Treatment Equipment Upgrading

- Dürr dry separation system for paint mist is used with the purification efficiency reaching 95%;
- The paint workshop purchases water-based paint to reduce the discharge of volatile organic compounds (VOC);
- The boiler is upgraded and transformed to greatly reduce the impact of boiler exhaust discharge on the atmosphere, meeting the environmental protection requirements. Seres Group obtained the special fund of RMB292,000 for exhaust treatment subsidy in October 2022;
- Through the cold test compatibility transformation, the general assembly line 1 and 2 of the manufacturing center change the original hot running-in engines into cold running-in ones to reduce the total discharge of exhaust pollutants.



Exhaust Process Optimization

- Seres Group turns to a synergistic approach to reducing pollution and carbon by adopting dry type Venturi process to reduce organic exhaust;
- Equipment such as "zeolite concentration runner (KPR) and regenerative incinerator (RTO)" is adopted as the treatment process for coating exhaust treatment. The exhaust treatment efficiency of zeolite concentration runner (KPR) is up to 90% and that of regenerative incinerator (RTO) up to 98%.

Waste Water Discharge Management

Seres Group strictly implements 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*, and formulates targeted management requirements and measures for the whole process from the generation source of wastewater to the discharge. Meanwhile, Seres Group cooperates with multiple departments to supervise and test wastewater to ensure timely respond to abnormalities.

Based on the wastewater management mechanism, the Group further improves the effectiveness of wastewater treatment through measures such as upgrading and renovating wastewater treatment stations.

Wastewater Discharge Management Mechanism of Jinkang Power Company

Source Treatment Mechanism

- Each unit generating waste shall strictly control the total amount of its waster water generated

Wastewater Supervision and Detection

- The dynamic auxiliary management department should strengthen the supervision and management of the company's rainwater and wastewater outlets and wastewater treatment stations, establishing operating records and filing them
- Safety and environmental protection departments should monitor and inspect online monitoring equipment and establish relevant records
- Safety and environmental protection departments should compare water quality at wastewater outlets in a timely manner and handle abnormalities immediately once they are found
- Safety and environmental protection departments 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.

Shuangfu Factory of Dongfeng Sokon Company renovated and upgraded its wastewater treatment station

Shuangfu factory of Dongfeng Sokon Company invested RMB500,000 in upgrading the capacity of its wastewater treatment station to improve the treatment capacity of the station and reduce the discharge concentration of wastewater pollutants. High-concentration wastewater pretreatment equipment was installed and online monitoring equipment replaced to better control the wastewater concentration and to effectively reduce pollutant discharge. To timely monitor the impact of production activities on the surrounding environment and the discharge of industrial wastewater, Shuangfu Factory of Dongfeng Sokon Company installed online equipment at wastewater discharge outlets to monitor ammonia nitrogen, chemical oxygen content (COD), hydrogen ion concentration index (PH) and total phosphorus.



Waste Management

To strengthen the management of general industrial solid waste and hazardous waste, Seres Group makes the storage and out-of-stock management of general industrial solid waste standard, preventing and controlling the environmental pollution caused by hazardous 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, Seres Group has optimized its 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. Seres Group further defines the departments responsible for management and their responsibilities according to the internal management system to reduce the generation and discharge of waste.

Through precise waste management, Seres Group defines the disposal process of general industrial solid waste and hazardous waste. Each department is responsible for carrying to the warehouse and storage depots the general industrial solid waste such as waste cardboard, waste wood, waste plastic and waste packaging bags, and commissioning a qualified third-party unit for disposal through a written legal disposal contract. Meanwhile, Seres Group implements refined management for hazardous waste and realizes one-object-one-code management through digital empowerment and precise process control. According to the whole process, we formulate entry and exit record forms and warehouse inspection forms to record and confirm the weight, transfer process, packaging, sealing and storage of hazardous waste to ensure the precise hazardous waste management.

Hazardous Waste Management Process



Hazardous Waste Management Measures

Process Optimization	Identification of Hazardous Waste	Recycling of hazardous waste
<ul style="list-style-type: none"> 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. 	<p>The identification of hazardous characteristics of waste limestone powder generated in dry treatment of fog spray paint is performed to identify the waste limestone powder of coats, colored paint and varnish, which do not belong to the waste in the <i>National List of Hazardous Wastes (2021 Edition)</i> or hazardous waste and do not have the hazardous characteristics specified in GB 5085. In 2022, more than 400 tons of hazardous waste can be reduced, and the disposal cost can be saved by about RMB1.5 million annually.</p>	<ul style="list-style-type: none"> The waste activated carbon of hazardous waste replaced by "activated carbon adsorption and catalytic combustion" of exhaust treatment devices has been verified to be used 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.

Employee training on waste management of Shuangfu Company of Dongfeng Sokon Company

In June 2022, Shuangfu Company of Dongfeng Sokon Company carried out factory environmental protection training for safety management personnel of coating workshops. The training included classification of general industrial solid waste, classification and identification of hazardous waste, on-site storage requirements for hazardous waste and emergency disposal measures. During the reporting period, Shuangfu Company of Dongfeng Sokon Company carried out two relevant training sessions.

Employee safety and environmental protection training of Shiyan Company of Dongfeng Sokon Company

Shiyan Company of Dongfeng Sokon Company organizes its safety officers to conduct training on investigating hidden dangers of soil pollution. According to the factory's annual training plan of safety and environmental protection, Shiyan Company of Dongfeng Sokon Company regularly organizes the middle-ranking cadres and safety officers to carry out other environmental protection training on environmental protection laws and regulations, related knowledge of hazardous waste transfer, and to participate in relevant environmental protection training organized by the Ecology and Environment Bureau.

Noise Management

Seres Group is committed to reducing noise pollution to the environment. During the reporting period, the Group's subsidiaries further strictly controlled noise through measures such as installing sound proof equipment, adding soundproof panel houses and conducting regular noise testing.

Noise Management Measures

Install
Sound-proof
Equipment

Shock absorbers are installed on the equipment foundation in the stamping workshop and coating workshop of Sers 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 mufflers and air storage cylinder is coated with sound damping materials.

Regarding the exhaust noise situation of cylinder core-making post equipment of Xiaokang Power Company. Mufflers are added at the tail of the exhaust to ensure that the noise in the operating area meets the standard.

Investment
in additional
sound-proof
panel rooms

After comprehensive evaluation, Jinkang Power Company 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

Shuangfu Factory of Dongfeng Sokon Company regularly carries 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 Company has not received complaints from relevant parties.



Resource Management

Committed to the rational use of resources, Seres Group precisely manage energy, carbon emissions and water resource. By setting management targets for energy and carbon emission, we optimize measures for energy conservation and consumption reduction and reduce the use of water resources, constantly fulfilling our commitment to efficient energy use and implementing the concept of green and low carbon.

Energy and Carbon Emission Management

To effectively improve the Group's green and low-carbon development and implement the national dual carbon requirements, the Group issued relevant policies on carbon emission management such as the *Carbon Emission Management Measures*. The Group actively sets targets for carbon emission management as well as annual targets for reducing corporate emissions by 3% to 5% year by year. Meanwhile, the Group officially established a dual carbon responsible business team, which leads the Group's carbon emission management efforts and establishes a carbon management platform to manage carbon emissions for each business unit of the Group.

During the reporting period, the Group deepened its strategic cooperation with partners to provide pure electric drive solutions for new energy vehicles, further helping the Group advance towards its green and low carbon and provide industry-leading products for users.

Seres Group's photovoltaic power generation layout

During the reporting period, the Shiyan Factory has signed a project of rooftop photovoltaic power station with phase 1 installed capacity of 37MWp. Up to now, the installation progress is more than 80%. After the project is put into operation, the carbon dioxide emission will be reduced by about 30,000 tons and the nitrogen oxide emission by about 5,000 tons every year.



Water Resource Management

To improve the efficiency of using water resources, the Group reduces the waste of water resource and ensures the sustainability of water use through measures such as reclaimed water reuse and greening watering. Meanwhile, we actively require and publicize the Group's internal water resources management and call on employees to save water and reduce water consumption in the *Office Building Management Regulations*.

Measures and Effects of Water Resources Recycling

Dongfeng Sokon-Shiyan base: Some coating wastewater 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

9.75%

Energy Saving Measures in Workshops

In terms of energy use, the Group sets annual and monthly targets to manage energy use and sets an annual target to reduce energy consumption by 20% for single vehicle. During the reporting period, the Group further strengthened energy use management in factories and compared the energy use data with the industry peers. We also further reduced energy consumption and improved energy efficiency by upgrading and optimizing administrative management and technical measures to improve the performance of energy management in operation and production.

The stamping workshop adopts stamping 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;

The boiler circulation system is used to recover the waste heat of the hot air and save the energy consumption;

The flat wire motor is used to improve the efficiency of the engine and generator as well as oil-to-electricity conversion rate.

Green Products

Upholding the design concept of environmental protection and low carbon, Seres Group actively adopts green materials and packaging in the whole process of production and transportation of products, committed to creating green products to provide consumers with new ways of safe travel with high performance and low carbon.

Green Materials

Adhering to the principle of "weight reduction, resource reuse and recycling", Seres Automobile pays attention to the sustainability of material utilization when selecting materials for automotive parts. Since the beginning of 2018, Seres Automobile has started the management project of hazardous substances and recycling of automobiles and introduced the management requirements for hazardous substances and recyclability of automobiles, defining the control objectives.

Seres Automobile follows the requirements for control scope, limits and exemption of hazardous substances specified in the enterprise standard *Limits and Detection Methods for Prohibited Substances in Automobiles* (Q/SK J05.3), which is more stringent than the national standard. Reusability, recyclability and recoverability (RRR) is calculated in terms of the *Calculation Method of Reusability, Recyclability and Recoverability of Road Vehicles* (GB/T 19515-2015). Meanwhile, by preparing and releasing corresponding management documents, Seres Automobile 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 (RRR) and parts material identification comply with the regulatory requirements. Seres Automobile has a recycling average up to 97% and a reusable average up to 92%.



Green Control Measures for Parts



Harmful substances are prevented in AITO M5 and M7 products through environmentally friendly interior materials

Interior materials of the AITO M5 and M7 products are strictly controlled and green materials are used with negative ion purification function to create safe cockpits. The car model adopts environment-friendly materials such as Nappa leather seat, multi-functional Nappa leather steering wheel, environment-friendly EVA+PU sound proof material, new two-component sound-absorbing cotton, non-toxic and pollution-free water-based glue adhesive. It also replaces traditional asphalt pads with water-based liquid damping pads with more expensive cost and lower VOC. The material selection and process are continuously optimized to prevent harmful substances from the materials.



▲ CN95 Health Cabin Certification Certificates for AITO M5 and M7 Products

Green Package

Committed to reducing environmental pollution in the packaging process, Seres Automobile reduces packaging materials and lessens the negative impact of packaging on the environment by implementing measures such as packaging recycling and standardized packaging size.

With reference to the relevant documents and requirements of domestic mainstream automobile OEMs, Seres Automobile requires standardized packaging size and manages the packaging materials of suppliers in the *Supplier Incoming Packaging Specifications*, taking into full account packaging universality and sharing among automobile enterprises.

During the reporting period, Seres Automobile actively promoted recycled packaging covering accessories such as plastic boxes, material racks, coaming boxes and pallets, with the utilization rate of recycled packaging reaching 98.1%. Meanwhile, Seres Automobile promotes the replacement of disposable packaging with recycled packaging, further increasing the proportion of recycled packaging and reducing the waste of packaging materials.

Reduce Packaging Waste Measures

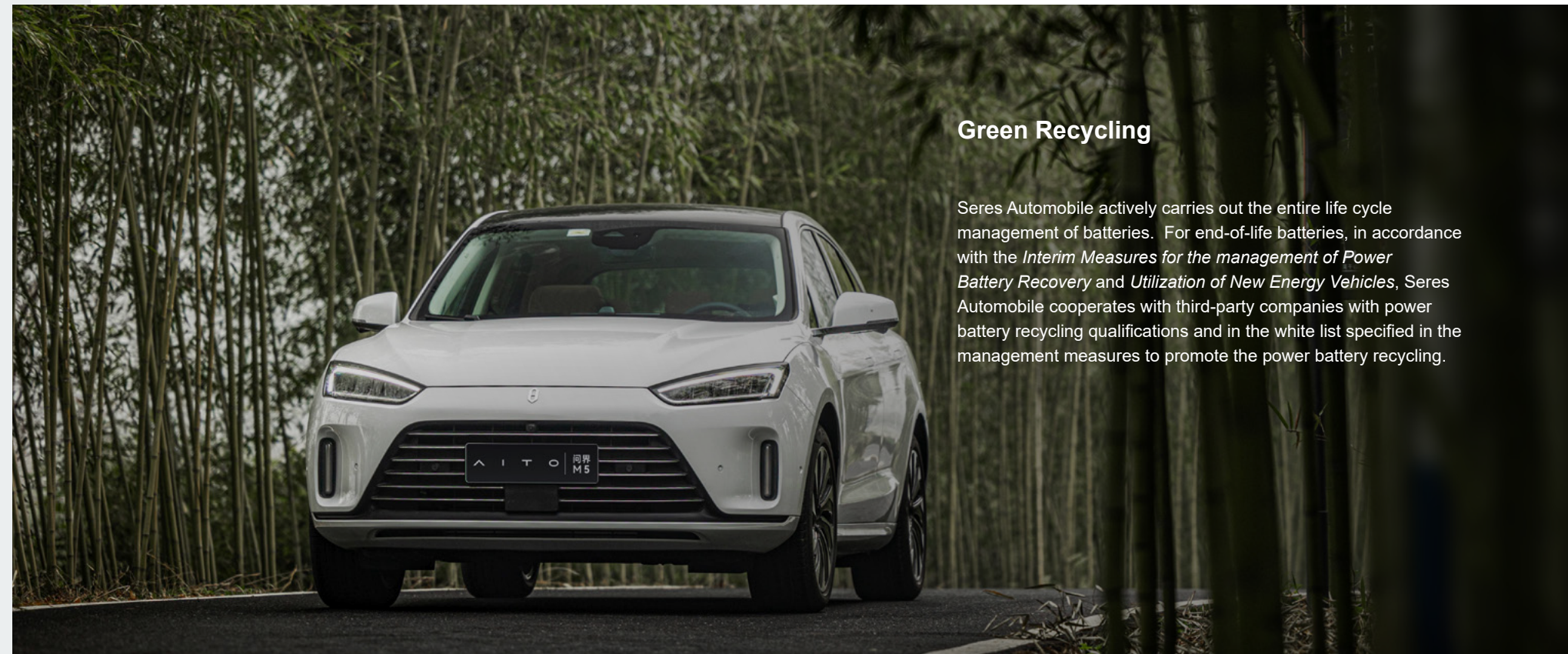
Reduce PE packaging bags

To promote green packaging and environmentally friendly packaging, the Logistics Department leads the promotion of replacing PE bubble bags with recyclable hollow board cards, which is expected to reduce over one million PE bubble bags per year



Circulate transport packages

Transport packages are actively promoted to change from disposable carton packages to recyclable crates



Green Recycling

Seres Automobile actively carries out the entire life cycle management of batteries. For end-of-life batteries, in accordance with the *Interim Measures for the management of Power Battery Recovery and Utilization of New Energy Vehicles*, Seres Automobile cooperates with third-party companies with power battery recycling qualifications and in the white list specified in the management measures to promote the power battery recycling.

Green Office

To promote and implement the long-term concept of green and low carbon, Seres 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*, actively promoting green office actions in all parts such as office supplies management, water and electricity conservation and vehicle management.

Electric equipment electricity saving

Employees shall actively participate in energy conservation and consumption reduction by means of making full use of natural light in each area and turning off unnecessary lighting facilities while retaining basic lighting in daily office work;

The air conditioner and lighting shall not be turned on in the public areas unless necessary. After work every day, employees check whether electronic equipment, electric appliances, lighting, doors and windows and air conditioners are turned off and the electricity shall be cut off.

Energy conservation of air conditioning system

Temperature of the air conditioning system is managed. Only when the indoor temperature reaches 28°C or above and 10°C or below the air conditioner can be turned on. The temperature setting shall not be lower than 26°C and higher than 20°C .

Paperless office

Call on employees to save paper sheets by printing documents in a double-sided manner by default and using waste paper for printing.

Renewable energy of business vehicle

There are 23 business vehicles including 12 renewable energy ones in the vehicle support center of the Wuyun Lake office area of Seres Group, actively reducing the use of fuel business vehicles.

Water conservation publicity

Seres Group advocates water conservation for employees through the *Office Building Management Regulations*.



Key environmental indicators²⁷

Key Performance Indicators	Unit	2022
Total exhaust discharge	cubic meters	7,952,653,849.40
Main pollutants of exhaust gas		
Sulfur oxides (SO _x)	ton	1.27
Nitrogen oxides (NO _x)	ton	17.68
VOC	ton	137.62
Particulate matter	ton	102.30
Total amount of wastewater discharge	ton	847,246.80
Main pollutants of wastewater		
Ammonia nitrogen	ton	2.21
Total phosphorus	ton	0.35
BOD	ton	15.42
COD	ton	72.62
Total amount of non-hazardous waste	ton	31,304.34
Household waste	ton	3,766.45
Food waste	ton	1,144.00
Office paper	ton	26.16
Other office waste	ton	6.30
Recyclable waste	ton	26,361.43
Non-hazardous waste discharge density	ton/revenue of RMB10,000	0.0092

Key Performance Indicators	Unit	2022
Total amount of hazardous waste²⁸	ton	4,908.03
Sludge	ton	608.25
Paint slag	ton	739.40
Waste solvent	ton	463.74
Waste rubber	ton	123.70
Waste coating packaging	ton	189.79
Other waste	ton	2,783.16
Hazardous waste discharge density	ton/revenue of RMB10,000	0.0014
Comprehensive energy consumption²⁹	tce(ton of standard coal equivalent)	57,282.29
Gasoline	ton	1,927.24
Diesel oil	ton	88.40
Natural gas	cubic meters	18,157,421.77
Total GHG emissions	tons of carbon dioxide equivalent	213,133.66
Scope 1 GHG emissions ³⁰	tons of carbon dioxide equivalent	73,729.79
Scope 2 GHG emissions ³¹	tons of carbon dioxide equivalent	139,403.87
GHG emission intensity	tons of carbon dioxide equivalent/revenue of RMB10,000	0.06
Total Water Consumption	ton	1,478,946.92
Municipal water supply	ton	1,478,946.92
Reclaimed water recovery	ton	25,946.50

Key Performance Indicators	Unit	2022
Resource Used		
Refrigerant	ton	186.18
Recycling rate of recycled packaging	percentage	98.1

²⁷ The scope of environmental data collected includes Seres Automobile (Factory 1), Seres Automobile (Factory 2), Jinkang Power Company, Dongfeng Sokon Company(Shuangfu), Dongfeng Sokon Company(Shiyan), Xiaokang Power Company, Xiaokang Auto Parts Company and Ruichi Automobile Company.

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.

04

A Caring and Happy Community

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Seres Group adheres to the people-oriented concept, always safeguards the legitimate rights and interests of employees, continuously optimizes the talent management mechanism and cultivation and development system and creates a harmonious, equal, safe and healthy workplace. Seres Group sticks to making its development achievements benefit the society and devote itself into public charity, contributing to constructing a prosperous society.

2022 Highlight Performance

The signing coverage of collective contracts reached **100%**

The signing coverage of safety responsibility letter was **100%**

The training time of occupational health and safety per employee was **11.76** hours

The total investment in charity reached RMB **15,432,200**

Awarded as National Model Labor Relations Harmonious Enterprise

Awarded as Chongqing Harmonious Labor Relations Enterprise (**AAA** Grade)

Rights and Interests of Employees

With legal employment as the basic principle, Seres Group strictly abides by the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China* and other relevant laws and regulations, formulates and implements the employment management system such as the *Recruitment Management System*, fully respecting and protecting employees' legitimate rights and interests in recruitment and promotion.

The Group strictly abides by the national Provisions on *Prohibition of Child Labour* and the laws and regulations of the regions where it operates, and resolutely prohibits employing persons under the age of 16 and forced labor. In the process of signing the Labor Contract, the identities of the employees is strictly checked to ensure that they meet the relevant requirements of the labor law. In 2022, the Group did not employ child or forced laborers.

Committed to creating a diverse and inclusive workplace for employees, the Group adheres to the policy of conducting equal and non-discrimination employment by adopting a zero-tolerance attitude towards any form of discrimination and unfair competition, and treating equally employees of different ages, genders, races, religions, nationalities and cultural backgrounds. Meanwhile, by absorbing talents of different backgrounds and professional fields, we continuously optimize the employee structure and promote the reasonable distribution of employees by gender, age and region, adding innovation momentum into the Group.

During the reporting period, Seres Group had 16,777 employees under the labor contract, including 1,334 minority nationality employees and 261 foreign nationality employees, 3,251 employees more than in 2021.

During the reporting period

The total number of employees was

16,777

The number of new entrants over 2021 was

3,251

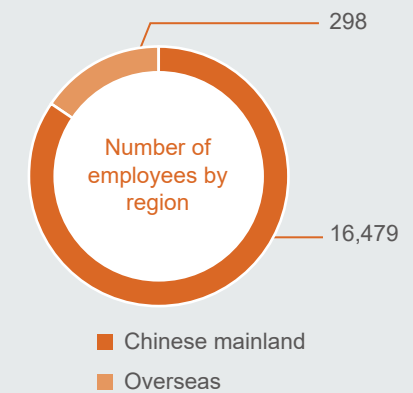
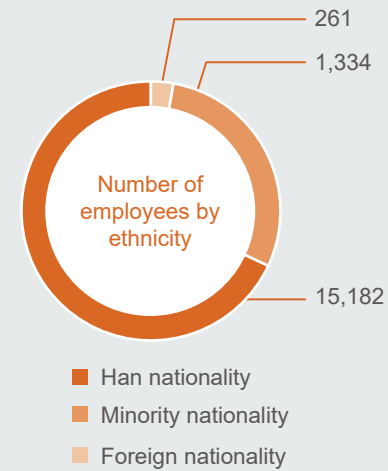
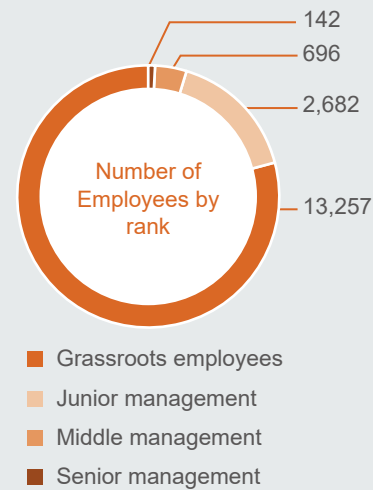
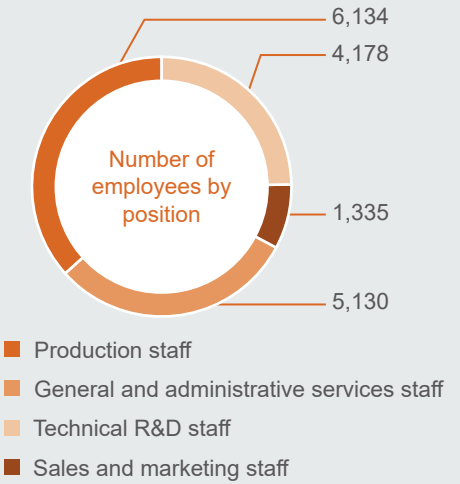
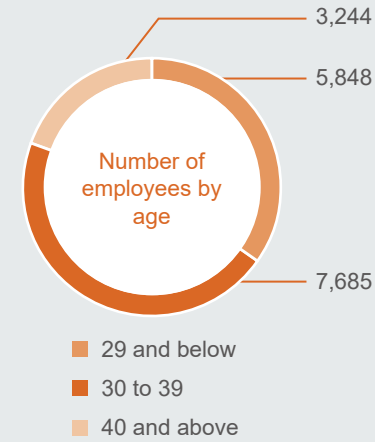
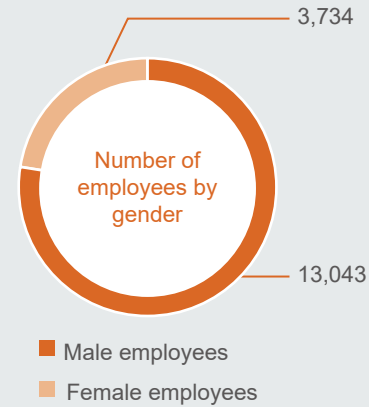
The number of minority nationality employees was

1,334

The number of foreign nationality employees was

261

Employee Composition and Turnover Rate of Seres Group in 2022



Total employee turnover rate of Seres Group in 2022 was **10.93%**

In addition, Seres Group introduces outstanding talents through multiple channels and ways to create sustainable and diversified talent teams and enrich the talent reserve of the Group. In 2022, the Group carried out diversified campus recruitment activities to attract outstanding school students and fresh graduates while continuously searching experienced and multi-skilled talents in the society. Additionally, the Group provides flexible development space for employees through internal job transfer and employees' willingness for self-development.

2022 Employee Recruitment Campaign

Campus Recruitment

In 2022, for the first time, the Group launched a campus recruitment campaign themed "Join us for a Promising Future" in the form of live broadcast;

In 2022, the Group recruited more than 491 fresh graduates from universities at home and abroad through campus recruitment. Among them, there were 340 graduates with master's degree or above.



▲ School Recruitment Live Broadcast

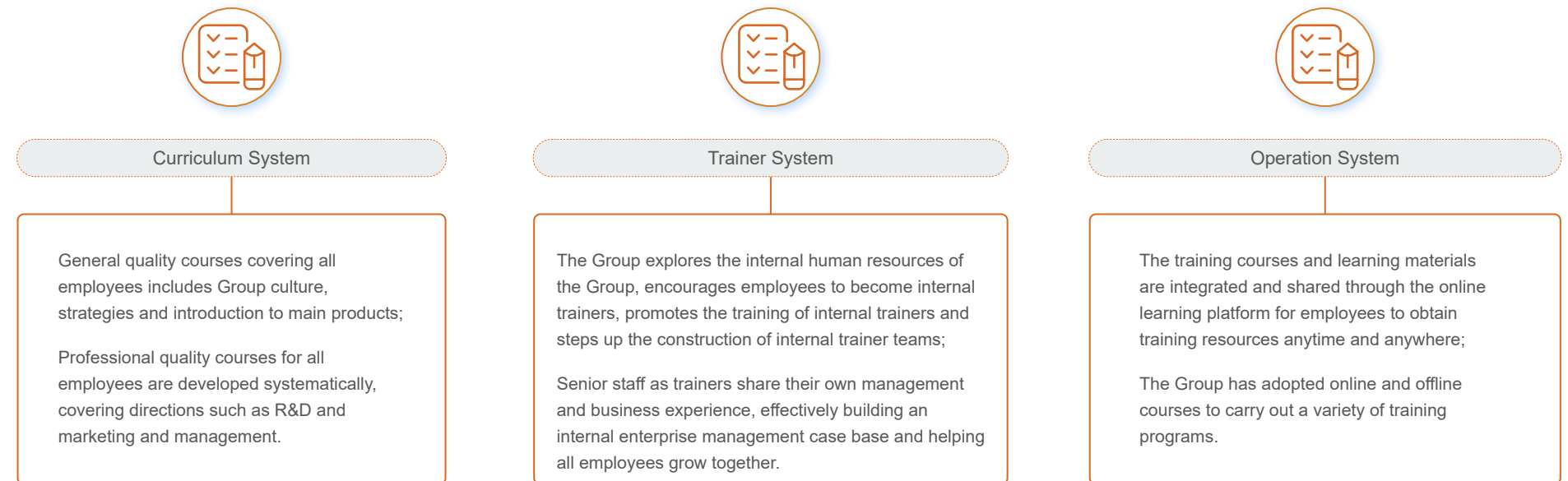
Social Recruitment

In 2022, the Group actively provided employment opportunities for minority groups, giving priority to the employment needs of the disabled and cooperating with vocational schools to hire disabled employees with physical and mental illnesses;

According to needs of the Group's strategy and its business objectives, the Group conducted social recruitment for social talents to reserve and allocate high-end talents.

Talent Cultivation

Committed to building a well-rounded and multi-dimensional talent cultivation system, Seres Group attaches great importance to the growth of talents. While meeting the development needs of employees, the Group reserves the talent power for its sustainable development and builds solid talent teams.



During the reporting period

The total number of employees participated in the training program reached

178,078 person-times

Total training hours up to

286,284.50 hours

Employee Training

Seres Group focuses on employee growth by actively organizing diversified employee training to help employees achieve self-worth improvement. The Group has formulated the *Training Management Measures*, and the *Internal Trainer and Course Management Measures of the Seres Group*, and has continuously improved the talent training mechanism and established a sound talent training system, providing training programs to meet employees' development needs at different stages and comprehensively strengthening the construction of talent teams.

Management Training

To improve the leadership and professional management capability of the management, Seres Group conducts relevant training for the middle-level reserve leaders and new managers of the Group.

"Talent Reserve" training project for high potential reserve talents

- A one-year "Talent Reserve" training project for middle-level reserve leaders and cadres with high potential was launched.
 - In the first stage, the self-awareness of managers was deepened and their capability of transforming roles cultivated to help them adapt to the post in a short period;
 - In the second stage, a series of trainings on improving professional skills include post rotation and part-time posts, which were carried out to help managers improve their professional ability in an all-round way;
 - In the third stage, managers' organizing ability, leadership, ability of motivating and developing teams were cultivated.
- During the reporting period, the Group launched three sessions of the "Talent Reserve" project. So far, 60% of high potential reserve talents with great potential have been promoted in position or rank, which shows remarkable training effects.



▲ "Talent Reserve" Training Project

New manager training program of "Roles Transformation"

- A 90-day roles transformation program for new managers was launched.
 - In the first stage, new managers' development direction were defined through communication;
 - In the second stage, the "Roles Transformation" plan was formulated for new managers. Key tasks matching their positions were planned through communication with their leaders;
 - In the third stage, leaders examined the implementation of the "Roles Transformation" plan for the managers and assisted them in completing the key tasks of the training to improve their management ability and professional ability;
 - In the fourth stage, leaders evaluated the completion of the "Roles Transformation" plan, summarized the results of its key tasks and defined the managers' strategy and plan for leading teams in the future.
- During the reporting period, the "Roles Transformation" training program was widely recognized by new managers.



New Employee Training

To create potential talent reserves for the Group, Seres Group provides training for different groups of new employees according to their training needs, helping employees to integrate into the team, adapt to corporate culture, understand job requirements and improve career skills as soon as possible.

New Employee Training Programs in 2022

New employee training programs in 2022

- Set up courses such as company development history and corporate culture, probationary management methods, training management methods, personnel allocation management methods and performance management methods.



During the reporting period, the coverage of training for new employees was

100%

College Students' Journey to Progress

- Set up courses on corporate culture, product knowledge and role change in the workplace.



During the reporting period, the overall satisfaction of training program of College Students' Journey to Progress exceeded

95%

Professional Training

To improve the professional ability of employees, Seres Group carries out systematic professional training for employees of all sequences. In terms of the characteristics and job responsibilities of each business department, we plan training plans for relevant professional knowledge and skills training plans to promote the all-round development of employees.

Professional training for employees of each sequence

- Provide diversified training courses for employees of different sequences such as finance, R&D, quality, procurement and functions.



Finance sequence Set up new courses in fiscal taxation policies;

R&D sequence Set up the course in current situation and development trend of power battery sector;

Quality sequence Set up the course in quality verification system for launching new products;

Procurement sequence Set up courses in cost analysis and price control;

Skills and technology sequence Set up courses in professional knowledge, operating skills, safe production specifications, professional ethics and qualities;

Functional position Set up the course of "5WHY Practical Analysis Method".

The Group's employees participated in professional training reached more than

85%

The training satisfaction reached more than

90%

Seres Group launched a new apprenticeship training activity

In 2022, Seres Group launched a new apprenticeship training activity for technical support personnel and provided employees with training programs on technology-related professional knowledge and skills training programs in both online and offline ways to improve their skill operating ability. Those passing the training can obtain the corresponding vocational skill level certificate. In 2022, more than 90% of technical employees have obtained the certificate.

External Learning / Certification

Seres Group supports and encourages employees to continuously improve their professional skills by studying in professional colleges and receiving external qualification assessments. Subsidies or rewards are provided for employees obtaining professional qualification certification to encourage employees to challenge themselves and learn by themselves. In 2022, the Group established the "Seres Group Vocational Skills Training Center" and applied to be the "Social Training and Evaluation Organization for Vocational Skills Level Recognition in Chongqing Municipality". The Group established and implemented standardized and professional skill operation standards in cooperation with vocational colleges and adopted the training form of "enterprise experts + school lecturers" to cultivate technical talents in short supply for the Group. As of the end of the current training in 2022, a total of 640 people have obtained skill-level certificates, covering technical types of work such as electricians, fitters, and auto mechanics.

Career Development

Seres Group attaches great importance to self-development of employees through implementing classified management according to the work nature of different positions and encouraging employees to choose their own career development paths fit for themselves from both horizontal and vertical aspects to help employees to improve their professional competence and competitiveness.

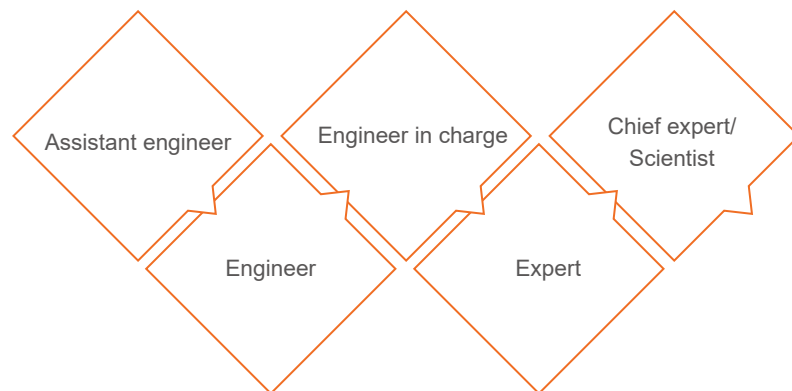
Vertical Development Channels

According to the job category, the Group has built vertical development channels at different levels covering management, technology, marketing, skills, and other sequences, providing broad career development space for various talents and tapping their potential to the fullest.

Technology

In order to achieve a win-win situation for both employees and enterprises, we create a development system in which technical employees develop themselves into technical experts, chief experts and even scientists, greatly promoting technological innovation performance while encouraging technical employees to develop.

Technical Career Development System



Skills

We have established a promotion system for talents of skill category by opening up the career development channel from junior workers to senior technicians and establishing a distinctive skill orientation to facilitate the rapid development of the talents.

Skill Position Promotion System



Marketing

We have established a six-level promotion system for marketing positions which can be promoted up to the senior director of the Group's operation team. Assessment is conducted according to the achievement of the promotion indicators of employees to improve their enthusiasm and motivate their rapid growth.

Marketing Position Promotion System



Horizontal Development Channels

Seres Group adopts internal recruitment and post training to provide talents through horizontal channels, timely filling vacant positions within the Group, enriching the talent pool and ensuring the frequency of talent flow. In addition, the Group encourages employees to develop horizontally among different positions according to their own willingness, promoting internal talent flow and realizing employees' independent development.

Care for Employees

Seres Group treasures employees most. We continuously improve the remuneration and welfare system and provide employees with multi-dimensional benefits and care covering work and life, always pay attention to the voices of our employees, and devote to create a warm workplace.

Remuneration and Benefits

The Group strictly implements the *Remuneration Management System* and formulates a sound remuneration and welfare system, attracting and retaining outstanding talents with fair and competitive remuneration and employee benefits.



Fairness

Formulate a clear salary performance management system, implement equal pay for equal work for both male and female employees with the salary distribution concept of respecting labor efforts and achievements.



Fixed Pay

Provide a competitive base salary.



Variable Pay

Provide monthly and quarterly performance bonuses based on performance results and bonuses for specific projects;

The "Seniority Contribution Award" was awarded to employees having worked for the Group for over 5 years, 10 years and 30 years. During the reporting period, a total of 1,252 employees of the Group won the award with the medal value worth RMB3,123,400.



Long-term Incentive

To enhance the Group's appeal to outstanding talents and stimulate their motivation and potential, the Group has made and implemented a long-term equity incentive plan covering the Group's directors, senior management, core technical personnel, business personnel and other high-potential employees making direct contributions to the Group's operation and development.



Pay Adjustment

Appropriate remuneration adjustments were made in combination with the Group's needs of strategic development and overall benefits by benchmarking the market remuneration and reviewing the current status of remuneration to attract and retain more outstanding talents.



Committed to improving employees' well-being, Seres Group has established a full-cycle and comprehensive employee welfare system to provide a wide range of non-salary benefits for all employees.

Employee Welfare System of Seres Group



Insurance coverage:

Five social insurances and one housing fund

Supplementary medical insurance



Holiday greetings:

Paid annual leave

High-temperature vacation

Factory Day holiday

Holiday gifts

Birthday month activities



Convenient life:

Communications subsidies

Free working meals

Free transportation

Free accommodation

Custody classes on winter and summer vacations



Health insurance:

Annual physical examination

Eye examination

Lectures on psychology

Lectures on health

Seres Group opened up custody classes on winter and summer vacations for employees' children

In 2022, Seres Group opened up custody classes on winter and summer vacations for employees' children to reduce the burden of childcare, strengthen the education and care for the employees' children. To promote the healthy growth of employees' next generation, the "Kid Benefits" activity was organized to provide custody services such as interest development and comprehensive practice.



Seres Group organized birthday month activities for employees

In 2022, Seres Group regularly organized birthday month activities for employees by preparing birthday gift packages for them, so that each employee can truly feel the warmth of the Group as a big family, with emotional communication among and the sense of belonging and happiness of employees promoted.



Democratic Communication

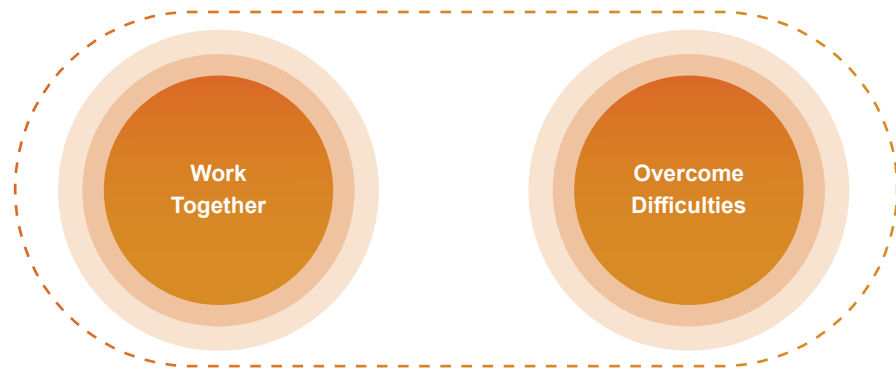
Seres Group steadily promotes democratic management and gradually establishes a democratic management system with the congress of workers and staff as the main body, providing a strong institutional basis for employees to exercise their democratic rights and effectively safeguarding their legitimate rights and interests. Meanwhile, the Group formulated collective contract documents to establish a sound democratic management system. As of the end of the reporting period, 100% of the Group's employees signed collective contracts.

The Group stresses democratic communication and protects employees' rights to know, participate, express, and supervise by establishing a smooth two-way communication mechanism to help establish multiple communication channels between the management and employees through labor union organizations, questionnaires, internal communication platforms and the chairman's mailbox. Besides, we regularly organize performance interviews for employees to understand all employees' opinions and basic demands on performance results, and timely responds to and proposes solutions to relevant appeals to protect the basic rights and interests of employees. In addition, the Group regularly conducts satisfaction surveys to collect and listen to employees' feedback and suggestions on dimensions such as workplace, safety and guard, canteen, apartment and commuter bus.

Care Activities

Seres Group cares for every employee and makes employees' working life sunny, healthy and dynamic through organizing and carrying out rich activities to care for employees, helping employees relax after work, enhancing the cohesion of the Group and employees' sense of belonging and satisfaction.

In 2022, the Group's headquarters and its subsidiaries successively carried out pressure-releasing activities themed "Work Together to Overcome Difficulties" to help employees relax after work.



Seres Group held pressure-releasing activities themed "Work Together to Overcome Difficulties"

In December 2022, Seres intelligent factories held a pressure-releasing activity themed "Work Together to Overcome Difficulties" to arouse employees' confidence and passion and relieve their pressure to relax, which included events such as badminton, chess, gobang and e-sports. The activity was widely recognized and well loved.



Committed to creating a warm workplace for our employees, we always pay attention to the needs of special groups and build the Group into a warm home for mutual help. In 2022, the Group expressed its care and attention to employees by extending greetings to employees during special occasions such as festivals, weddings, and funerals, and by setting up "Mutual Aid Fund" for employees in need, establishing "Caring Mommy House" for female employees, and by carrying out the activity of "Impoverished Student Assistance in Golden Autumn" for employees' children.

Seres Group set up "Mutual Aid Fund" for employees

To promote solidarity, friendship and mutual help among employees and help employees solve temporary and sudden difficulties, Seres Group raised RMB1 million in March 2022 to establish the "Mutual Aid Fund" for employees. Based on the principle of "voluntary participation, self-service and mutual aid", Seres Group assists employees with difficulties in family life caused by diseases, major accidents and disasters, and children's schooling.



Care for Female Employees Measures

Establish "Caring Mommy House"

In 2022, Seres Group built "Caring Mommy House" in grassroots units such as Liangjiang Base and Changshou Base by means of improving relevant facilities and equipment to create clean and comfortable conditions and environment for female employees in the four periods of "menstrual period, pregnancy preparation period, pregnancy period and lactation period", which solved the practical difficulties of working mothers and effectively safeguarded their basic rights and interests. Chongqing Automobile Sales Company of Dongfeng Sokon Motor Company successfully established "Municipal Mommy House" of Chongqing Municipality.



▲ Caring Mommy House

Holiday Benefits

On each International Women's Day, female employees are organized to carry out recreational and sports activities and enjoy half-day paid leave or duty allowance.

Sickness Insurance

Since 2015, the Group's labor union has purchased special sickness insurance for female employees voluntarily to be insured. Until the end of December 2022, 886 female employees and female family members of male employees have been insured.

Seres Group carried out the activity of "Impoverished Student Assistance in Golden Autumn"

Seres Group organized and implemented the activity of "Impoverished Student Assistance in Golden Autumn" to distribute grants to employees' children admitted to universities. In 2022, the Group distributed a total of RMB183,000 of Golden Autumn grants to encourage employees' children to reward the society with outstanding achievements and help them grow into talents.



▲ Golden Autumn Grants Distribution Ceremony

National Model Labor Relations Harmonious Enterprise



Ministry of Human Resources and Social Security of the People's Republic of China

Chongqing Harmonious Labor Relations Enterprise (AAA Grade)



Chongqing Development and Reform Commission

Third Prize of Chongqing Teaching Achievement Award



Chongqing Municipal People's Government

Safety and Health

Seres Group has always regarded safety production and employee health as the key to the sustainable and steady development of the company, continuously improving the safety production management system, regulating safety production behaviors, and focusing on the promotion of safety awareness to protect the safety and health of employees.



Safe Production

Giving health and safety a top priority in its business operations, Seres Group constantly improves rules and regulations related to health and safety management and conducts daily supervision and inspections to create a healthy and safe workplace.

Production Safety Management Objectives of Seres Group

General or below industrial accidents of

≤1.3%



Zero major or above accidents occurred

Security System Construction

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, Seres Group has prepared the document of *Safety, Environment and Health Management System (compilation)*³², and formulated safe production management systems such as the *Safe Production Objective Management System*, *Safe Production Operation Management System* and *Accident Management System*, which provides reliable system guarantee for the effective implementation of safety management of each production operation unit.

Based on its own structural characteristics, the Group comprehensively sorted out the responsibilities of safe production management by further defining the primary responsibilities of safe production of persons in charge at all levels and established a sound management system for safe production. We have established the Safety, Environment and Health Management Committee (hereinafter referred to as "the Committee") to comprehensively inspect, supervise and arrange the safe production management of

³²The document of *Environmental, Health and Safety Management System (compilation)* covers safety, health, environmental protection, traffic and fire protection.

the Group and its subsidiaries, which is led by the chairman and joined by the heads of production units and relevant functional departments. A leading group for safe production is established under the Committee, which is composed of persons in charge of the relevant functional departments and each production unit of the Group and its subsidiaries. The Group is responsible for reviewing the major safe production issues of the Group and its subsidiaries and supervising the implementation of safe production by each unit.

The committee director signed with the persons in charge of each subordinate unit respectively the *2022 Target Responsibility Letter of Health, Safety, Environmental Protection and Fire Protection*, and decomposed safety objectives and key work of safe production to different levels for them to achieve and fulfill their primary responsibility of safe production. Besides, we have established a sound performance appraisal mechanism for the safe production responsibility, linking safety performance with senior management compensation. Assessment and review are conducted on a regular basis. If passing the assessment, they will be rewarded correspondingly. If not, the corresponding bonus will be deducted. In 2022, the signing coverage of safety responsibility letter was 100%.

Hidden Danger Investigation

To identify potential safety hazards and reduce safety risks, Seres Group has formulated related systems for hazards, health, and operation safety such as *Hazards Identification System and Safe Production Inspection and Hidden Danger Rectification System*. By regularly identifying and evaluating risks, conducting safety inspection, and investigating hidden dangers for each safety hazard, the Group controls various hazard sources and safety risks, timely eliminates potential safety hazards and reduce all kinds of safety risks. In 2022, Seres Group carried out 11 safety inspections and found 450 potential accident hazards and completed rectification of 449 potential hazards with the completion of potential hazard investigation and treatment of 99.78%. The remaining one potential hazard is being steadily rectified in accordance with the plan, relevant regulations, and systems.

Seres Group carried out potential safety hazard investigation and treatment

In 2022, Seres Group carried out potential safety hazard investigation and treatment and special targeted safety inspection and potential hazard investigation. By systematically and comprehensively investigating all branches and subsidiaries, the Group rectified the major potential safety hazards identified, including the failure of electrostatic discharge devices of paint spraying lines, exposed plug power cords in welding and charging areas, rust in some external wall pipelines. In this way, the safety of production and operation environment is ensured.

Emergency Management

To prevent and control potential accidents and emergencies, Seres Group has formulated rules and regulations such as *Emergency Rescue Management System* and established a sound emergency management mechanism based on "hierarchical management and responsibility" to make emergency management standard and lessen possible aftermath caused by accidents to the largest extent. In 2022, the Group revised and improved the emergency rescue plan, and carried out plan training and emergency drills in accordance with the requirements in the plan. Besides, the Group has established and implemented a round-the-clock watch system and an information reporting system and has defined the time for reporting safety incidents to the Committee to ensure that the Committee is aware of the accident situation timely and promptly carries out the emergency rescue in accordance with the division of responsibilities and relevant plans.

Seres Group carried out fire emergency evacuation drills

In 2022, Seres Group carried out fire emergency evacuation drills to improve the fire knowledge and fire prevention skills of all staff and all staff in the office area participated in this drill.



Dongfeng Sokon Company carried out a fire emergency drill

In 2022, Dongfeng Sokon Company, a subsidiary of Seres Group, organized two key fire prevention units (the coating workshop and Planning&Logistic Department) to conduct emergency evacuation, escape and fire fighting drills. During the reporting period, all relevant personnel in the two key fire prevention units participated in the drill, which further improved employees' awareness of fire prevention and evacuation skills and the Company's capability of fire emergency response.



Information Security Awareness Training

To ensure the effective operation of the safe production management system, Seres Group has formulated rules and regulations such as the *Safety Education and Training System* and continuously carries out safe production training for all employees, to strengthen their awareness of safe production and promote their capability of operating safety skills. In 2022, Seres Group conducted a total of 2,406 health and safety training sessions, with 142,766 employees participating in various safety training sessions with an average training time of 11.76 hours.

In 2022
The number of health and safety training sessions conducted by Seres Group was

2,406 sessions

The number of employees participated in various safety trainings was

142,766 person-times

The average number of training hours was

11.76 hours



Seres Automobile launched the activity of "Safe Production Month"

In 2022, Seres Automobile, a subsidiary of Seres Group, launched the activity of "Safe Production Month" themed "Being the First Responsible Person in Compliance with the Safe Production Law", publicized safety knowledge and carried out safety knowledge education and training activities in both online and offline ways. This activity steps up Seres Automobile's awareness of primary responsibility for safe production and promoted the safety quality of all employees, and Seres Automobile's safety culture development, which laid a solid foundation for safe production.



Xiaokang Power Company launched the activity of "Safe Production Month"

In 2022, Xiaokang Power Company, a subsidiary of Seres Group, launched the activity of "Safe Production Month" for all employees, which included safety knowledge publicity, safety hazard investigation, safety training and education and safety knowledge contest. This activity enhanced the professional skills of safety management personnel of Xiaokang Power Company and the awareness of safe production and skills of employees at all levels.



Occupational Health and Safety

Attaching great importance to the occupational health 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*, the *Occupational Hazards Monitoring and Evaluation Management System*, the *Occupational Disease Prevention and Control Publicity, Education and Training System* and the *Occupational Health Protection Equipment Management System*. The Group continuously improves the occupational health and safety management system to provide a healthy and safe workplace for employees and effectively protect their health rights and interests. During the reporting period, vehicle manufacturing related production units of the Group's subsidiaries, including Seres Automobile³³, Jinkang Power Company, Dongfeng Sokon Company, Xiaokang Power Company and Xiaokang Auto Parts Company, have all completed the construction of ISO 45001 occupational health and safety management system and have been certified by the third party.

The subsidiaries of Seres Group were certified by ISO 45001 occupational health and safety management system as shown on the right:



Seres Automobile



Jinkang Power Company



Dongfeng Sokon Company



Xiaokang Power Company



Xiaokang Auto Parts Company

Occupational Health and Safety Assurance Measures



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.



Provide all kinds of labor protection articles the quality of which 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.



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.



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.



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.

³³Sere Automobile's former name was Chongqing Jinkang New Energy Co., Ltd.

2022 Occupational Health and Safety Honorary Awards of Seres Group

Winning unit of the national "Ankang Cup" competition

All-China Federation of Trade Unions
Ministry of Emergency Management of the People's Republic of China
National Health Commission of the People's Republic of China

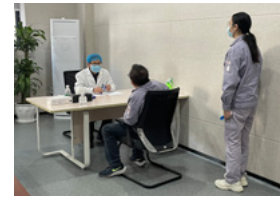
Dongfeng Sokon Company won the flag unit of safe production in Hubei Province

Hubei Provincial People's Government

Xiaokang Power Company won "Health Enterprise"

The Chongqing Health Commission

During the reporting period, no occupational diseases, or suspected occupational diseases were found in the Group. In addition, the Group provides a variety of healthcare measures for employees. In 2022, the Group set up the "Health Room" to provide free consultation services for employees and distribute standby drugs, and medical masks, and launched the "Seres Employee Welfare Zone on the Cloud Shopping platform of Chongqing Department Store" to provide exclusive offers and free delivery services to employees of the Group and its subsidiaries.



▲ Health Room



▲ Standby Drugs



▲ Seres Employee Welfare Zone

Besides, the Group also pays attention to employees' mental health. To help employees regulate their emotions and relieve stress, the Group provides lectures on psychology and psychological counseling services for employees.

Seres Group provided various psychological care services

In 2022, Seres Group provided various psychological care services for employees. Among them, the online lecture on psychology focuses on the psychological adjustment and stress management of employees in special periods. Centering on stress, job burnout and depression, the lecture also explains in detail how to carry out self-psychological counseling and emotional management and guides employees to adopt various approaches such as regulating diet and focusing on interests and hobbies to relieve stress. During the reporting period, the Group held 4 lectures on psychology, conducted targeted emotional counseling for individual employees over 30 times, and more than 2,800 employees received psychological care services.



Work-related Injury Data of Seres Group in 2022

Work-related injury rate

The number of employees with work-related injuries

0.036% 6

Community Public Welfare

Making full use of its own industrial advantages, Seres Group actively carries out charity activities in rural revitalization, emergency rescue, education assistance, and community construction, as a way to reward the society with the practical actions. The well-being of residents and the positive interaction between the Group and the society is promoted. In 2022, the investment in charity of Seres Group totaled RMB15,432,200.

In 2022, the investment in charity of Seres Group totaled

RMB **15,432,200**

Rural Revitalization

Seres Group strives to meet the national strategic requirements by means of continuously consolidating and expanding the achievements in poverty alleviation and devoting itself into rural revitalization to help rural revitalization, development and the construction of beautiful villages. In 2022, the Group provided assistance in Bijie City, Guizhou Province and Fengjie County, Chongqing.

Consumer support and donation projects in Fengjie County, Chongqing

At the beginning of 2022, Seres Group fulfilled its corporate responsibilities with practical actions to contribute to rural revitalization. Consumption as assistance was provided in Fengjie County, Chongqing, and agricultural products such as rice, rapeseed oil, agaric, boletus and Fengjie navel orange were purchased with a total consumption of RMB3,559,400.



▲ Consumer Support Projects

In 2022, Seres Group donated 11 work vehicles worth RMB1,038,800 to Fengjie County, Chongqing to fully support coordinated partner development, rural revitalization, and grassroots governance.



▲ Donation of Work Vehicles



Seres Group's partner assistance project in Zhijin County, Bijie City, Guizhou Province

In 2022, Seres Group provided assistance in Zhijin County, Bijie City and donated RMB 1 million to the county for modern agricultural development, livelihood projects in Zhijin County to promote rural development.

Supporting Chongqing

Seres Group actively responds to the national call and fulfill its sense of social responsibility and mission by donating funds and a large quantity of materials to support Chongqing and help local residents overcome difficulties.

Seres Group donated funds and materials to Shapingba District, Chongqing Municipality

In August 2022, Seres Group donated RMB10 million in cash and materials worth RMB1 million to Shapingba District of Chongqing Municipality to help fight against the disaster.



Seres Group donated medical supplies to Chenjiaqiao Hospital

In August 2022, Seres Group donated medical supplies to Chenjiaqiao Hospital in Shapingba District of Chongqing Municipality, which mainly involved 1,600 pieces of disposable medical protective clothes and 2,000 pieces of medical isolation gowns to timely deliver medical supplies to the medical workers fighting hard at the front line.



Emergency Rescue

Seres Group pays close attention to the disaster situation in various places and actively participates in disaster relief and rescue by providing personnel and materials as assistance for emergencies promptly to help the affected areas survive the difficult times.

Seres Group organized volunteer teams to participate in disaster relief and rescue

In August 2022, the lasting high temperature caused the breakout of mountain fires in many places of Chongqing, seriously threatening the safety of residents around. Dongfeng Sokon Company as a subsidiary of Seres Group responded to the government's call by setting up 5 volunteer teams to join in fire fighting and rescue to safeguard the safety of residents around.



Educational Charity

Education has always been the charity orientation that Seres Group focuses on. We have established long-term partnerships with universities to support education development, implemented the program of "Sokon Talents" and set up "Ambition Class" for students excellent in character and learning from families in need. In addition, strongly supporting national scientific research and talent development, we encourage students to participate in R&D projects and contribute to cultivating and reserving scientific and technological talents for society.

The program of "Sokon Talents"

In 2022, Seres Group continued to implement the program of "Sokon Talents" in Chongqing No.1 Secondary School to contribute to the education development with the total donation of RMB1.5 million and about 160 students' financial aid. Among them, 12 students entered the provincial training team of the national Olympic competition and 1 entered the national training team, who won 6 gold medals and 6 silver medals in the national competition. In June 2022, the Group organized over 100 students with excellent moral character and learning to participate in research exchange programs, supporting them to learn cutting-edge scientific knowledge and cultivate excellent sci-tech innovation talents for society.

Total donation amount for "Sokon Talents" program was

RMB **1,500,000**

The number of students received financial aid was approximately

160

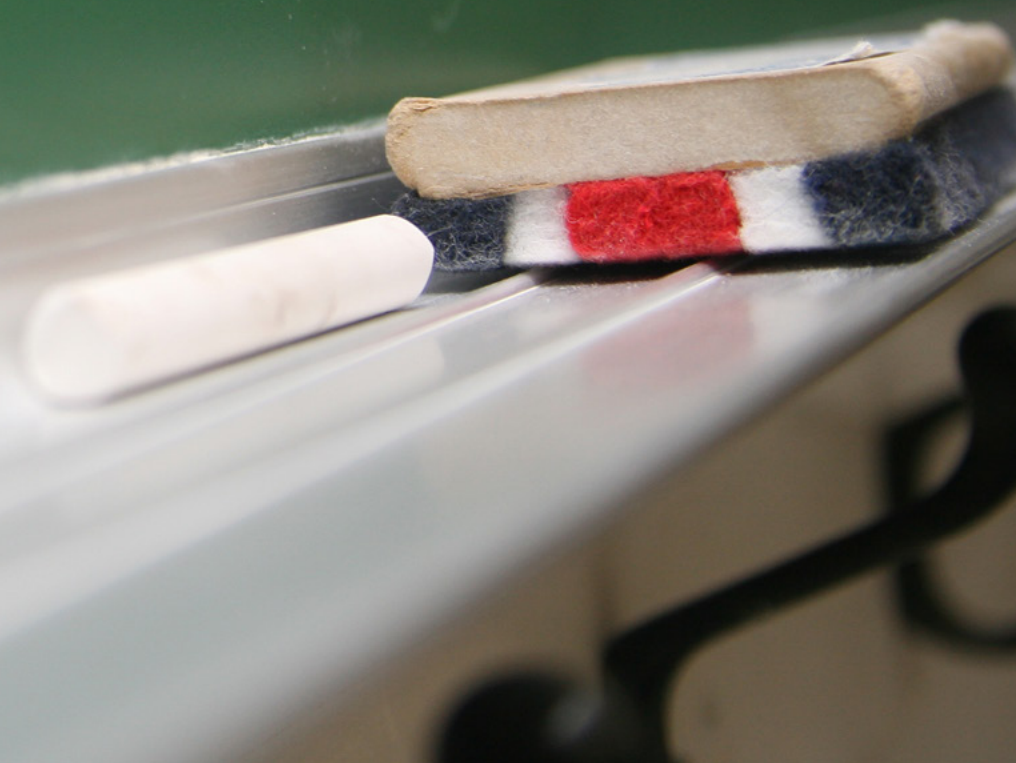
The Group organized over

100 students with excellent moral character and learning to participate in research exchange programs



Mingyu Town Primary School education assistance project in Nanchuan

In 2022, Jinkang Power Company, a subsidiary of Seres Group, donated a grant of RMB18,000 to Mingyu Town Primary School in Nanchuan and paid continuous attention to the school development and the children's growth to help the education revitalization.



Warm Community

Committed to creating a harmonious and inclusive community atmosphere, Seres Group focuses on community development by actively investigating the needs of community residents. The Group has set up the "Special Fund for Care for Sanitation Workers" and carried out caring volunteer services in the community to convey care and give back to the community.

Special Fund for Care for Sanitation Workers

In 2022, Seres Group allocated RMB50,000 and donated it to Chongqing Special Fund for Care for Sanitation Workers to help front-line municipal sanitation workers in Chongqing and their family members, who are worse off due to medical treatment of major diseases or emergencies or unexpected disasters. The initiative demonstrates that Group cares for sanitation workers, respects and values their achievements to maintain a hygienic community environment and promote sustainable development.

Seres Group organized employee volunteers to support community work

In August 2022, to alleviate the pressure of shortage of medical staff and help the effective development of community work, the employees of Seres Group responded to the call of the Group's party organisation by actively participating in the volunteer services in the community where they lived and overcoming the discomfort caused by high temperature to provide material transportation for the community residents.



Corporate Responsibility Awards of Seres Group in 2022

2022 Top 100 Private Enterprises of Chongqing with Social Responsibility (No.1)

Chongqing Federation of Industry and Commerce

2022 Top 100 Chongqing Private Enterprises Science and Technology Innovation Index (No. 1)

Chongqing Federation of Industry and Commerce



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, 2022 to December 31, 2022.
Using GRI 1	GRI 1: Foundation 2021

Indicator	Indicator Description	Chapter Index	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	About SERES	P02
	2-2 Entities included in the organization's sustainability reporting	About This Report	P03
	2-3 Reporting period, frequency and contact point	About This Report	P03
	2-4 Restatement of information	About This Report	P03
	2-6 Activities, value chain and other business relationships	About SERES Supply Chain Management	P02、 P34-36
	2-7 Employees	Rights and Interests of Employees	P50-51
	2-8 Workers who are not employees	Supply Chain Management	P34-36
	2-9 Governance structure and composition	Corporate Governance	P11
	2-10 Nomination and selection of highest governance body	Corporate Governance	P11
	2-11 Chair of the highest governance body	Corporate Governance	P11
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance	P11
	2-13 Delegation of responsibility for managing impacts	Corporate Governance	P11
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance	P11
	2-15 Conflicts of interest	Corporate Governance	P11
	2-16 Communication of critical concerns	Stakeholder Engagement	P06-07
	2-17 Collective knowledge of the highest governance body	Corporate Governance	P11
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance	P11
	2-19 Remuneration policies	Care for Employees	P55
	2-20 Process to determine remuneration	Care for Employees	P55
	2-22 Statement on sustainable development strategy	Response to the UN Sustainable Development Goals (SDGs)	P04
	2-23 Policy commitments	Business Ethics	P13

Indicator	Indicator Description	Chapter Index	Page
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Business Ethics	P13
	2-25 Process to remediate negative impacts	Business Ethics	P13
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement	P06
	2-27 Compliance with laws and regulations	Corporate Governance	P11
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	P06-07
	2-30 Collective bargaining agreements	Care for Employees	P57
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder Engagement	P06-07
	3-2 List of material topics	Stakeholder Engagement	P07
	3-3 Management of material topics	Stakeholder Engagement	P07
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	About SERES	P02
	201-3 Defined benefit plan obligations and other retirement plans	Care for Employees	P55-56
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics	P13
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics	P13
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Business Ethics	P13
GRI 301: Materials 2016	301-2 Recycled input materials used	Green Products	P46
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Reader feedback

Dear readers,

Thank you very much for sparing time to read the *2022 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?

Good not so good Just so so Poor

3. What do you think about the clarity, accuracy and completeness of the information and data disclosed in this report?

Good not so good Just so so Poor

4. How comprehensively do you think this report reflects the economic responsibilities undertaken by the Company?

Good not so good Just so so Poor

5. How comprehensively do you think this report reflects the environmental responsibilities undertaken by the company?

Good not so good Just so so Poor

6. How comprehensively do you think this report reflects the social responsibility undertaken by the company?

Good not so good Just so so Poor

7. What do you think of the design and layout of this report?

Good not so good Just so so 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?

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