CHERY

Chery 2023
Environmental, Social
and Governance Report

Contents

01 Excellent Governance

02 Innovation Driven

03 Quality First

04 Good for Nature

05 Go for A Better Future

About this Report

The Environmental, Social and Governance Report 2023 of Chery Automobile Co., Ltd. (hereinafter referred to as "this Report") is the first environmental, social and governance (ESG) report released by Chery Automobile Co., Ltd. This Report aims to disclose the management strategies, and practical achievements and performance of Chery and its subsidiaries in ESG transparently and openly in response to the concerns and expectations of our shareholders, investors, employees, customers, partners, the government, the community and other stakeholders.

Compilation basis

This Report is prepared with reference to the "GRI Sustainability Reporting Standards" (GRI Standards 2021) of the Global Sustainable Standards Board (GSSB), "IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information", "IFRS S2 – Climate-related Disclosures" of the International Sustainable Standards Board (ISSB), and the United Nations' Sustainable Development Goals (SDGs).

Reporting Period and Scope

This Report covers the period from January 1 to December 31, 2023. Some information may involve past or future years to make this Report complete. The scope of this Report is based on the Company's financial reporting scope. The JETOUR brand was not within the scope of the consolidated financial statements in 2023, but some of its performance and highlights are still disclosed due to its business significance. The economic, environmental, and social key performance indicators in this Report include data on the JETOUR brand.

Statement

In this Report, "Chery," "the Company," and "we" all refer to Chery Automobile Co., Ltd. and its subsidiaries. All monetary amounts involved herein are denominated in the RMB as the recording currency, and all amounts and percentages contained herein have been rounded up. Hence, the totals shown in some tables are not necessarily equal to the sums of the foregoing numbers.

Sources of Information and Reliability Assurance

Unless otherwise specified, the information and data cited in this Report are from the Company's official documents, financial reports or public documents and have been reviewed by competent departments.

Confirmation and Approval

The Board of Directors approved this Report on May 22, 2024, after review by the Sustainability Management Committee.

Language and Access

This Report has been released in both Chinese and English. If there is any discrepancy between the two versions, the Chinese version will prevail. The electronic version of this Report can be accessed and downloaded on the Company's official website (https://www.chery.cn/).

Feedback

If you have any comments or suggestions on this Report, please contact the Company by email (sustainability@mychery.com).

Message from the Chairman

I am pleased to share the Company's sustainability management and achievements with all stakeholders through Chery's first Environmental, Social and Governance (ESG) report. The year 2023 has been exceptionally significant in Chery's development. The accelerated evolution of the global automotive industry, coupled with intensified impacts from climate change, digital technology evolving, the upgrading of international trade rules, and other global challenges, has brought unprecedented pressure on the automotive industry. In the face of this complicated business environment, Chery has achieved resilient growth by maintaining our developmental focus, embracing change, and exploring new opportunities amidst the turbulence. By the end of 2023, the Company's annual revenue exceeded **170 billion** RMB for the first time, with annual sales surpassing **1.71 million** vehicles. The Company ranked first in passenger vehicle exports among Chinese brands for the 21st consecutive year, heading steadily towards the long-term goal of "becoming a world-class green intelligent mobility technology company."

Firm Commitment to Long-Term Value. In this challenging year, Chery achieved rapid growth in operating revenue and profits by maintaining steady operations. In addition, we focus on sustainable value, fully integrating Environmental, Social, and Governance (ESG) principles into the Company's strategies and governance system and reshaping our management philosophy. We deepened corporate development through enhancing governance, ensuring compliance, and improving transparency whilst reducing corruption. By improving our risk adaptation and management capacity, we aim to safeguard the Company's long-term, healthy, and sustainable development.

Adhere to Innovative Development. Technological innovation is the foundation and development impetus of Chery. In response to the new wave of technological revolution and industry transformation, we have proposed the "STELLAR 2025" forward-looking technology strategy. The strategy covers five major fields – the Mars architecture, Chery Power, Lion intelligent cockpit, Z-Drive intelligent driving, and Galaxy Ecosystem, advancing technological innovation to the next level. We build a brand-new automotive ecosystem with users and the industry to provide users with an enhanced vehicle lifecycle experience.

Strive for World-Class Quality. We pursue quality and prioritise customer satisfaction. Through relentless dedication, we craft excellent products and services, focusing on providing safe, reliable, and high-quality mobility experiences to worldwide users. We also collaborate throughout the value chain to improve product competitiveness and build world-class quality with Chinese craftsmanship. In 2023, Chery ranked first among self-owned brands in J.D. Power's 2023 China Initial Quality Study SM (IQS), continuously improving the "brand pyramid".

Accelerate Low-Carbon Transition. In the current low-carbon era, by actively seizing the risks and opportunities of climate change, Chery improves climate resilience, accelerates the exploration of green transformation paths, launches low-carbon products, deepens green operations, and provides green power for corporate development. We highly value Earth's ecology and have signed a memorandum of cooperation with the International Union for Conservation of Nature to take advantage of Chery's strengths.

Build a Better Life Together. We regard our employees as the most valuable wealth and endeavour to build a "Happy Chery" where their life dreams and career values can be realised. As a corporate citizen, we are devoted to public welfare and charity programmes. We collaborate with international welfare organisations such as UNICEF to fulfil our social responsibility. We also practise "in somewhere, for somewhere" to create value wherever we operate worldwide, collectively working towards a better world.

The new challenges and tasks of the times are always new opportunities and leaps for the diligent. We will explore new frontiers in the future, creating an open and innovative global landscape of win-win cooperation focusing on brand value enhancement, global market growth, future-proof technologies, and industry-wide value chain development. We will collaborate with all stakeholders to create together and start a new chapter for the sustainable development of Chery in the new era!

Yin Tongyao
Chairman of the Board
Chery Automobile Co., Ltd.

About Chery

Founded in 1997, Chery Automobile Co., Ltd. was the first self-owned Chinese automotive brand to reach a sales volume of over 1 million vehicles. The Company delves into the conventional gasoline-powered vehicle market by adhering to the corporate vision of "Create a World-class Brand" and relying on "independent innovation" as the development foundation. Also, it accelerates its presence in new fields such as New Energy Vehicles (NEVs), Intelligent Connected Vehicles (ICVs), shared mobility, platforms, and ecology. A global Research and Development (R&D) system comprising six R&D centre in Europe, South America, Shanghai, and Wuhu has been established, and product brands such as CHERY, EXEED, JETOUR, iCAR and OMODA/JAECOO have been created.

The Company strives to build international brands through outstanding innovation ability, superb technical ability, excellent manufacturing ability, and excellent service ability. It has become the first Chinese automaker to export vehicles, Completely Knock Down (CKDs), engines, and vehicle manufacturing technologies and equipment, with a presence in over 80 countries and regions worldwide. The Company is committed to helping users create a more wonderful life by offering safer, more energy-efficient, eco-friendly, intelligent, and more convenient automotive products and services.

Mission	Innovative Chery Makes You Brilliant
Vision	Create a World-class Brand
Values	Customer-First, People-Oriented, Independent Innovation, Open and Inclusive

Our Brands

Developmental Milestones

1997

Chery's No.1 Engine Factory broke ground with the first pile driven, starting a painstaking journey of Chinese automotive brands.

1999

Chery's first sedan, the "FULWIN" No.000001, rolled off the line, marking a new era of Chery's independent vehicle manufacturing.

2001

The first 10 "FULWIN" sedans entered the international market, marking a groundbreaking milestone in Chery's vehicle export to overseas markets.

2005

Chery launched China's first self-owned automotive engine brand ACTECO by breaking through a key technological bottleneck in China's automotive industry.

2006

Chery became one of the first "national vehicle export base enterprises", indicating that our vehicle production technologies and capabilities were recognised.

2007

The 1,000,000th Chery vehicle rolled off the line successfully, making Chery the first self-owned brand automaker in China to reach a cumulative output of 1 million vehicles.

2008

Chery's energy-saving and eco-friendly automotive technology platform construction project won the first prize in the National Scientific and Technological Progress Award.

2013

The "Caring for Blind Children and Lighting up Hope" volunteer service project was launched as a themed volunteer service project to care for blind children.

2015

The 5,000,000th Chery vehicle rolled off the line successfully, marking a new starting point of development.

2019

Chery received the national-level "Green Factory" title from the Ministry of Industry and Information Technology to recognise our efforts to accelerate green transition.

2021

Chery's first intelligent factory (complete vehicles) broke ground as a step in promoting intelligent transformation vigorously.

Chery's global users exceeded 10 million, becoming one of the most popular Chinese automotive brands. Chery received the title of "Top 20 Chinese Enterprise with the Best Overseas Image" for the fifth consecutive year.

2022

The "STELLAR 2025" forward-looking technology strategy was officially released, accelerating Chery's transformation into a global technology company.

2023

Chery New Energy Night themed "Technology & Evolution" was held, at which Chery released a new strategy for New Energy Vehicles.

Chery would offer $6 million to support UNICEF's worldwide education programmes.

Honours of the Year (Partial)

Management

Chery received the title of "National Inspection-Exempt Export Enterprise" from China's General Administration of Quality Supervision, Inspection and Quarantine.

Chery received the 2023 "Quality Technology Award – Excellence Award" from the China Association for Quality.

Chery received the title of "2023 Forbes China ESG Innovative Enterprise".

Chery received the "LinkedIn Global Talent Management Excellence Awards – Best Employer Brand Award."

Chery ranked No. 1 in the automotive category of the "2023 Top 50 Chinese Global Brand Builders" released by Google and Kantar.

Chery ranked fourth in the 2023 China Automotive Innovation (Passenger Vehicles) "Automobile Innovation Index (AII)" Enterprise List released by the Carbingo Academy.

Environment

Chery was selected as a "green supply chain management enterprise" by the Ministry of Industry and Information Technology.

The "Key technologies and applications for efficient and green manufacturing of aluminium-based frame bodies for battery electric vehicles" project won the first prize in the Scientific and Technological Progress Award of Anhui Province.

The "Application of the key technology for efficient and stable engine combustion under broad operating conditions" won the first prize in the Technological Invention Award of Tianjin.

Social

Chery ranked first among self-owned brands in J.D. Power's 2023 China Initial Quality Study ^{SM} (IQS).

Chery ranked second among self-owned brands in J.D. Power's 2023 China Automotive Performance, Execution and Layout ^{SM} (APEAL).

The JETOUR DASHING i-DM won the "Most Healthy Cockpit" Award at the Third China Auto Awards hosted by China Media Group.

The TIGGO 8 ranked first in satisfaction among medium-sized SUVs priced below 200,000 RMB in the 2023 China Automobile Customer Satisfaction Index (CACSI) evaluation by the User Committee of the China Association for Quality.

The EXEED STELLAR received the "2023 Top 10 Chinese Chassis" title from the China Automotive Technology and Research Centre.

The TIGGO 9 won the 2023 "Top 10 Chinese Automotive Body" Award from the China Automotive Technology and Research Centre.

The Chery Power super performance electric hybrid C-DM won EVO's 2023 "China Heart" Top 10 Engine and Hybrid System Award.

01

Excellent Governance

Chery is fully aware that good corporate governance is the foundation for long-term development. The Company operates in compliance with laws and regulations, establishes a scientific and complete compliance management system, and follows high-level business conduct. We implement normative and strict governance practises and procedures around multiple topics such as business ethics, risk compliance, information security and privacy protection, and intellectual property rights, and strive to create sustainable value for society through honest, transparent, and ethical behaviour while increasing corporate performance.

Main topics

- Corporate governance
- Business ethics
- Risk management and compliance
- Information security and privacy protection
- Intellectual property protection

Key Performance in 2023

- The Strategy and Sustainability Committee has been established under the Board of Directors to promote the deep integration of ESG and strategic development.

- Chery adheres to the principle of operating with integrity, with a **100%** signing rate for the "Integrity Commitment Letter" by key position employees, and a **100%** signing rate for the "Anti-corruption Project, known as Sunshine Project" Integrity Agreement with suppliers.

- **100%** of Board Members and employees participated in the business ethics training.

- Chery ensures information security, with no major privacy or information security accidents in 2023.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Strengthening Corporate Governance

Chery continues to improve its corporate governance, build a governance structure with clear rights and responsibilities and reasonable regulations, and continuously enhance the standardisation and effectiveness of its corporate governance. We strive to build an ESG governance mechanism, incorporate environmental, social, and governance into the corporate governance system, and promote high-quality and sustainable development for the company, economy, and society.

Governance Mechanism

The Company has established a governance structure and operating mechanism with the shareholders' meeting, the board of directors, the board of supervisors, and management. We have established and improved rules of procedure to ensure that all company governance entities perform their duties in a standardised, efficient and full manner, and to enhance the Company's modern governance capabilities and level.

At the end of 2023, the Company's Board of Directors had a total of 9 directors, including 1 female director; the board of supervisors had a total of 3 supervisors. In 2023, the company held 1 shareholders' meeting and 6 extraordinary shareholders' meetings and reviewed a total of 37 proposals.

Chery's Governance Structure
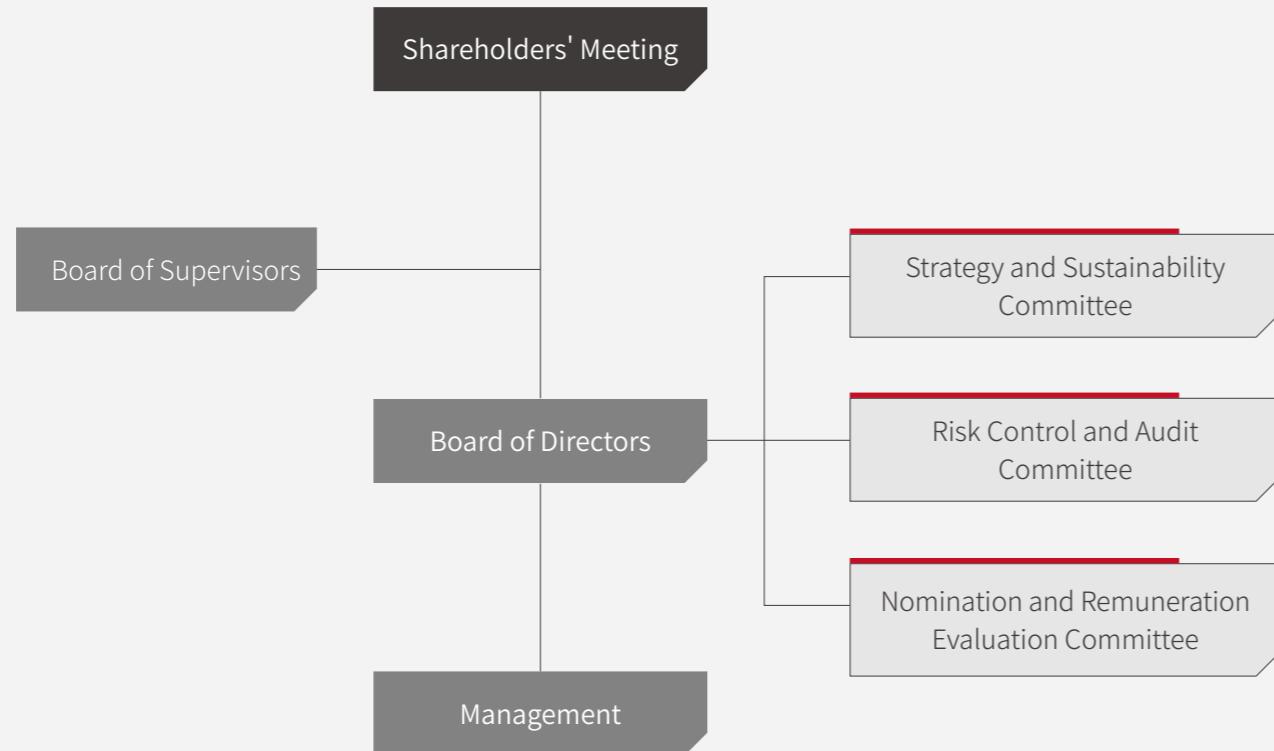
Shareholders' Meeting

The Company strictly follows relevant laws and regulations and corporate governance charters such as the "Rules of Procedure for Shareholders' Meetings" to convene shareholders' meetings every year, and conscientiously carries out meeting notifications, proposals, deliberations, voting and other work to fully ensure that shareholders enjoy equal status and effectively exercise their shareholder rights such as the right to know, the right to participate, the right to question, and the right to vote.

Board of Directors and its committees

As the highest governing body of the Company, the Board of Directors plays a strategic decision-making role in leading and supervising the Company's business, strategic policies, and performance. Three committees (Strategy and Sustainability Committee, Risk Control and Audit Committee, and Nomination and Remuneration Evaluation Committee) have been established under the Board of Directors to ensure that the Board of Directors makes professional decisions scientifically.

Board of Supervisors

The Board of Supervisors is responsible for supervising the Company's financial status, business status, related party transactions, and the performance of duties by the directors and senior management members, promoting the coordinated operation and effective balance of the Company's governance entities.

The management

The management reports to the Board of Directors and carries out daily production and operation matters according to its statutory authorities and as authorised by the Board of Directors. Its authorities are assigned in strict conformity with the "Articles of Association" and other corporate governance documents.

Capacity Building and Board Diversity

The Company nominates and elects directors according to the "Implementation Rules for the Nomination and Remuneration Assessment Committee of the Board of Directors" under the Board of Directors and brings comprehensive perspectives and professional experience through a reasonable director structure to ensure that the Board of Directors makes independent judgements and scientific decisions effectively when studying and deliberating major matters.

The Company attaches great importance to the diversity of board members. The board nomination committee regularly reviews the board structure, number and composition from the aspects of skills, knowledge, experience and gender to ensure that the board structure is reasonable and the members have diverse backgrounds. The board committees are composed of industry talents and experts with professional experience in accounting, finance, engineering, etc. to ensure the effective performance of duties by the Board of Directors and improve its comprehensive governance level. In 2023, the chairmen of the three board committees were different directors.

ESG Governance

Chery understands and practise the value of sustainable development and is committed to integrating ESG into the Company's culture, development strategy, and business operations to promote the Company's sustainable business transition. For this purpose, the Company has established a scientific and reasonable sustainability governance structure to promote concept change, strategy updates and management reshaping from the top down, ensure users' safe travel, and realise the the unity and integration of company value and user value through technological innovation and quality assurance. In addition, we actively manage our impact, commit to global sustainable development, participate in climate action, promote business for good, practice global corporate citizenship, and create economic, environmental and social value.

■ Sustainability Governance Structure

The Company has established a multi-level sustainable development governance structure from top to bottom, consisting of the governance layer, management layer, executive supervision layer, and execution layer. The Board of Directors is the highest responsible body for the Company's ESG matters. The Board of Directors has established the Strategy and Sustainability Committee to direct the ESG vision and goals, ESG risks and opportunities, ESG strategy, system building, information disclosure and other management matters, and to make suggestions on ESG-related work to the Board of Directors in a unified manner, ensuring that the ESG governance functions are fully performed.

To promote the deep integration of ESG elements with the Company's development strategy and business decisions, we have incorporated ESG management and supervision responsibilities into the scope of responsibilities of different levels of our organisation. The Sustainability Management Committee, under the Company's Management Committee, serves at the decision-making level for ESG management. The Sustainability Management Committee holds not less than two committee meetings each year and is responsible for directing the Company's ESG and "Carbon Peak and Carbon Neutrality" strategic planning and policymaking and evaluating and making decisions on major ESG matters. The Sustainability Executive Team under the Sustainability Management Committee serves as the execution supervision body for the Company's ESG matters. The Sustainability Execution Team holds meetings regularly to execute Sustainability Management Committee-related resolutions and promote ESG and "Carbon Peak and Carbon Neutrality" matters.

To ensure the high-quality implementation of ESG work, the Sustainability Execution Team covers all functional departments, brand divisions and subsidiaries. ESG Focus Groups are set up under key functional departments such as R&D, manufacturing, procurement, and digitalisation, and full-time personnel are arranged to promote the implementation of specific work. By formulating ESG goals, processes, and systems that are compatible with business development, we promote the effective implementation of ESG management work.

In the meantime, we are fully aware of the long-term and systematic nature of ESG management and have established a matrix-type long-term ESG management mechanism. By defining the management functions, operating mechanisms, evaluation indicators and other detailed rules for each level of sustainability governance, we ensure the normal operation and as-expected functioning of the sustainability governance structure and guide the Company steadily towards the sustainable development vision.

Chery's Sustainability Governance Structure

Sustainability Governance Structure	Management functions	Operating mechanism	Assessment indicators
Strategy and Sustainability Committee	**Highest ESG Governance Level** Formulating the Company's ESG guidelines and vision	ESG work guidance and planning	Business KPIs Objectives of the ESG Action Plan
Reporting ▲ ▼ Direction			
Sustainability Management Committee	**ESG Management Decision-Making Level** Promoting the planning and deployment of ESG and "Carbon Peak and Carbon Neutrality" strategies according to the ESG policy	ESG work management decision-making	Business KPIs Objectives of the ESG Action Plan
Reporting ▲ ▼ Supervision			
Sustainability Execution Team "Carbon Peak and Carbon Neutrality" project, sustainable supply chain project, ESG Digitalisation project… ▶ **Strategic planning department** **ESG and "Carbon Peak and Carbon Neutrality" division**	**ESG Execution and Supervision Level** Executing and monitoring the Company's ESG system, strategy, and disclosure, and setting up an ESG and "Carbon Peak and Carbon Neutrality" division under the Strategic Planning Department to conduct ESG professional research, empower the Company's business planning and development, and promote the in-depth integration of ESG and the Company's strategy	ESG work execution supervision	Management KPIs ESG management dimensions
▶ **All functional departments** R&D, Manufacturing, Procurement , digitalisation, Human Resources, Audit and Compliance, etc. **All brands** CHERY, EXEED, JETOUR, iCAR, OMODA, JAECOO **All subsidiaries**	**ESG Work Execution Layer** Implementing ESG strategic matters, action plans, policies, etc., managing ESG special topics, and reporting progress regularly	ESG work execution	Management KPIs ESG management dimensions

Stakeholder Communication

Chery attaches great importance to the concerns and expectations of stakeholders and regards them as an important reference guide for the implementation and continual improvement of ESG work. Based on the Company's characteristics and industry attributes, we have identified stakeholders including government and regulatory agencies, shareholders and investors, customers and consumers,

suppliers, dealers, industry partners, employees, media, and the public, and established a normalised and multi-channel communication mechanism to hear their voices, improve information disclosure, and better respond to concerns and expectations of stakeholders.

Stakeholder	Concerns and expectations		Communication mechanism and response	
Government and regulatory agencies	• Compliance • Taxes	• Employment	• Policy implementation • Information submission	• Provision of employment opportunities
Shareholders and investors	• Normative governance • Return on investment	• Information transparency	• Shareholders meeting • Information disclosure	• Visit reception
Customers and consumers	• Product liability • Customer services	• Privacy protection	• Satisfaction survey • Complaint handling mechanism	• Data security management
Suppliers	• Fairness and equality • Supplier management	• Mutually beneficial and win-win cooperation	• Normative sourcing • Evaluation and assessment	• Supplier training and communication
Dealers	• Business compliance • Service improvement	• Win-win cooperation	• Responsible marketing • Dealer training	• Dealer conferences
Industry partners	• Industry cooperation • Fair competition	• Industry development • Scientific research and innovation	• Strategic cooperation • Industry initiatives	• Standards formulation • Cooperation with universities and research institutes
Employees	• Lawful rights and interests • Remuneration and benefits	• Career development • Equality and diversity • Occupational health and safety	• Contracts and agreements • Performance evaluation	• Employee training • Communication and care • Employee health checkups
Media	• Information disclosure • Business dynamics		• Media interviews • Press conferences	
Public	• Driving economic development • Environmental protection • Poverty alleviation and relief		• Community co-building • Public welfare donations	• Environmental monitoring

ESG Materiality Analysis

To clarify the Company's ESG management and practice focus and clarify the priorities of ESG work in 2023, we used questionnaire surveys to understand and collect feedback from important stakeholders such as customers, suppliers, dealers, and employees and obtained a total of 2,294 valid questionnaires and responses. By combining the company's strategic planning, operating characteristics, policy requirements, industry trends, capital markets, and ESG concerns of peers, we ultimately identified and evaluated 22 material issues.

The materiality assessment is as follows:

Step 1: Identification

- Analysing key points of ESG work and stakeholder feedback
- Benchmarking industry hotspots and peer management practices
- Referring to ESG regulation and rating concerns

Step 2: Stakeholder communication and research

- Conducting stakeholder surveys
- Conducting key stakeholder interviews
- Analysing research results

Step 3: Assessment

- Prioritising and validating material issues
- The Board of Directors and the Sustainability Execution Team review and confirm the evaluation results.

Chery's 2023 ESG Materiality Matrix

Importance on stakeholders

Independent R&D and innovation
Customer service and satisfaction
Ensuring mobility safety
Product quality management and assurance
Protecting intellectual property rights
Business ethics
Occupational Health and Safety
Information security and privacy protection
Risk management and compliance
Respect for employee rights and interests
Resource utilisation and circular economy
Corporate governance
Diversity and equality
Digital transition
Sustainable value chain
Employee career development and training
Carbon and climate change
Pollution prevention and emission management
Energy management and efficient utilisation
Water resource management and conservation
Public welfare and charity/community relations
Support for biodiversity

Importance for the Company's business development

◆ Environmental Issues   ● Social Issues   ■ Governance Issues

Sticking to Sunshine Management

Guided by the philosophy of honesty, trustworthiness and business compliance, Chery strengthens business ethics and compliance management and improves prevention and control mechanisms for internal and external risks continually to build global business compliance capabilities actively. The Company also builds a responsible and sustainable business environment with multiple stakeholders to promote the healthy and orderly development of the Company and the automotive industry chain by fully leveraging its influence.

Business Ethics and Compliance

The Company complies strictly with provisions on business bribery, conflict of interest, anti-monopoly, anti-unfair competition, intellectual property protection, anti-money laundering, and other business activities in laws and regulations in locations where it operates, and applicable international business norms, such as the "Company Law", "Supervision Law and Criminal Law of the People's Republic of China". The Company has formulated and continually improved the Code of Business Conduct and established a sound compliance management system to ensure that operations are conducted transparently, efficiently, and honestly.

■ Compliance Management

The Company always promotes compliance systematically and normatively and has established an organisational system for compliance management with the Board of Directors being the highest supervisory body and a three-dimensional coordinated meeting mechanism to ensure that the system operates more efficiently. In addition, we have built compliance management capacity and an operational system that complies with international standards and established a three-level institutional system of compliance policies, management regulations and management measures by reference to the ISO 37301:2021 and GB/T 35770 compliance management system standards, including the "Compliance Management Policy", "Management Regulations on Maturity Assessment", "Management Regulations on Compliance

Investigation", "Management Measures for Compliance Evaluation", "Management Guidelines for Compliance Risks", and "Operating Standard on Compliance Training". We have established institutional guidelines for compliance work to communicate business trustworthiness to all sectors of society while ensuring healthy business growth.

To further improve the quality and efficiency of compliance management, we have carried out compliance maturity assessment innovatively, developed a compliance maturity assessment model, and strengthened the implementation and improvement of the compliance system in terms of management functions, organisational system, institutional system, planning, internal control, risk control, and culture cultivation. We extend the compliance system to our subsidiaries through a three-dimensional mechanism to strengthen the implementation of compliance policies, ensure the timely collection of compliance risk information, and deepen compliance management work. In addition, we have established an open and transparent compliance reporting and consulting policy. In 2023, we continued to expand our reporting channels, provided compliance consulting support to stakeholders, improved the handling efficiency of reporting clues, and achieved a 100% acceptance and investigation closure rate for all reports.

We are aware of the guiding role of compliance culture and have established a three-dimensional training system that covers directors, senior management members, core backbone personnel, new employees, external suppliers, dealers, and other stakeholders. In 2023, we had 112 intermediate and junior internal compliance trainers. We conducted 237 educational activities at varying frequencies and in diversified forms on all levels on the principle of hierarchical management, with a training coverage rate of 100%. We expand paths of compliance culture building continually and create a cultural atmosphere of "full compliance by all staffs" in various forms such as high-level keynote videos, compliance journals, compliance micro-videos, and compliance case sets to enhance employees' compliance awareness and capacity.

Chery attended the Corporate Compliance and Anti-Fraud Industry Summit

In February 2023, Chery attended the Corporate Compliance and Anti-Fraud Industry Summit organised by the China Enterprise Anti-Fraud Alliance, explored new concepts and models for corporate compliance and anti-fraud work in the new situation together with alliance partners, and actively learned anti-fraud knowledge and practical experience to expand work ideas and further strengthen compliance management capacity.

■ Anti-Corruption

The Company keeps strengthening the management of business incorruption and establishing an incorruption culture. We improve the management mechanism, deepen business ethics and anti-corruption awareness, and require all employees and business partners always to implement ethical and transparent business practices, build a strong line of defence against corruption, and create an incorruptible, upright, sunny, and healthy working atmosphere. In 2023, no corruption-related lawsuit occurred in the Company.

Management mechanism

A disciplinary inspection committee and a supervisory committee are established to supervise and manage the duty performance behaviour of employees. Such policies as the "Sunshine Project" Management Policy, Management Measures for the Supervisory Committee, and Measures for the Prevention and Control of Incorruption Risks for Construction in Progress are released, and the "Sunshine Project" is implemented on a long-term basis and key areas such as sourcing and construction are included in annual auditing work as key points to ensure the effective operation of the anti-corruption mechanism.

Business incorruption

Key management personnel must sign a "one post and dual responsibility" annual commitment letter, and employees on key positions must sign a personal incorruption self-inspection form and a business incorruption commitment letter, which specifically prohibits inappropriate employee behaviour. A "Sunshine Project" incorruption agreement is signed with each supplier to ensure our business partner hold the same anti-corruption stance.

Training and education

We conduct business ethics training for employees and suppliers in a normalised manner, participate in external incorruption education and exchange activities, and give publicity to incorruption culture to comprehensively improve business ethics and incorruption awareness. In 2023, the Company's business ethics training covered all employees and board members, with a participation rate of 100%.

■ Anti-Conflict of Interest

We have formulated the "Management Regulations on Conflicts of Interest" to regulate the full-process management of conflicts of interest in declaration, inspection, review, handling, tracking, and resolution, and organised conflict of interest declarations that cover the staff regularly. The Compliance Department would investigate and confirm the authenticity, integrity and accuracy of declared information and define the provisions for handling conflicts of interest in the "Management Regulations on Employee Reward and Punishment" to prevent potential conflicts of interest. In 2023, the Company's conflict of interest declaration covered 100% of employees.

■ Anti-Unfair Competition and Anti-Monopoly

We always conduct market competition fairly and justly, abide strictly by the "Anti-Monopoly Law of the People's Republic of China" and "Anti-Unfair Competition Law of the People's Republic of China", and prohibit any unfair competition and monopolistic means. We also strengthen the staff's fair competition awareness, deal with misconducts in market transactions in a timely manner, and jointly create a fair, orderly, and responsible market environment.

■ Whistleblower Protection

We encourage internal and external stakeholders such as employees, customers and partners to report any suspected violation of laws, regulations or business ethics. The "Rules for Clue Handling and Case Deliberation" are formulated to define management requirements such as reporting channels, reporting processes and confidentiality provisions and ensure that complaints and reported incidents are handled timely and effectively.

An independent working group is established by the Disciplinary Inspection Committee and the "Sunshine Project" Committee for any reported clue. The Disciplinary Inspection Committee accepts, registers and handles the clue, and the "Sunshine Project" Committee deliberates the case to ensure the independence of report acceptance and investigation work. We keep reported information confidential, control the scope of disclosure of reports and problem clues, and strictly prohibit retaliatory actions against whistleblowers. If any form of retaliation is found, the retaliator will be punished in strict conformity with laws and regulations to effectively protect the rights and interests of whistleblowers.

Chery's Supervision and Reporting Channels

Sunshine Project:	0553-5923810
	yangguang@mychery.com
Compliance Reporting:	0553-7526147
	hegui@mychery.com
Mailing:	No.8 Anshan Road, Wuhu Economic and Technological Development Zone, Anhui Province

Risk Management and Internal Control

The Company strives to build a risk management system and continually improves internal control and risk management. We have formulated the "Management Measures for Compliance Risks", etc., improved the risk management operation and support mechanism, and strengthened internal and external risk prevention and control based on the relevant provisions of the "Internal Audit Policy and the Management Measures for Internal Control Evaluation" to enhance the Company's risk defence line, and realise "all-field coverage, penetration into all processes, full implementation of responsibilities, and all-risk prevention and control".

Risk identification	Risk assessment	Risk control	System optimisation
We develop special plans for key businesses and core processes, identify risks comprehensively through interviews, surveys, expert consulting, compliance evaluation, internal inspections, etc., and carefully prepare a risk matrix and a risk map.	We conduct a comprehensive assessment in such dimensions as the likelihood of risk occurrence and the degree of impact, determine risk levels, conduct prioritisation, and form a risk assessment report based on risk identification results.	We develop risk response strategies and actively implement control measures and rectification matters to minimise the risks' impacts. In addition, we expand the risk case library, optimise the design of risk plans, and promote the dynamic improvement and continual opitimisation of risk management.	We integrate risk management requirements into business processes, promote the digitalisation of risk management, and establish a data foundation for key risk point control and agile audit objectives to comprehensively improve the risk prevention and control level.

For compliance risks in business activities, we have established an "Integrated Supervision" coordinated prevention and control mechanism, strengthened supervision responsibilities, and promoted collaborative management and the forward shifting of risk management by integrating internal auditing, cost supervision, compliance management, disciplinary inspection and supervision, legal supervision, quality supervision, unannounced inspection and other supervisory functions effectively.

We fully leverage the synergy between internal control management and risk management to promote the orderly implementation of routine performance audits and special audits. We continually strengthen the risk supervision, prevention, evaluation and attestation functions of internal audits in important areas such as asset management, business ethics and dealer management and achieve the three-year full coverage of internal audits. In 2023, we organised joint inspections and internal self-inspections to identify internal control points comprehensively, followed up on problems, and implemented corrective actions to ensure audit results were fully applied. In addition, we further strengthened the internal control and risk prevention mechanisms with institutional improvements, clearly defined rights and responsibilities, and normative processes, inspected the effectiveness of our work regularly, and realised closed-loop risk management.
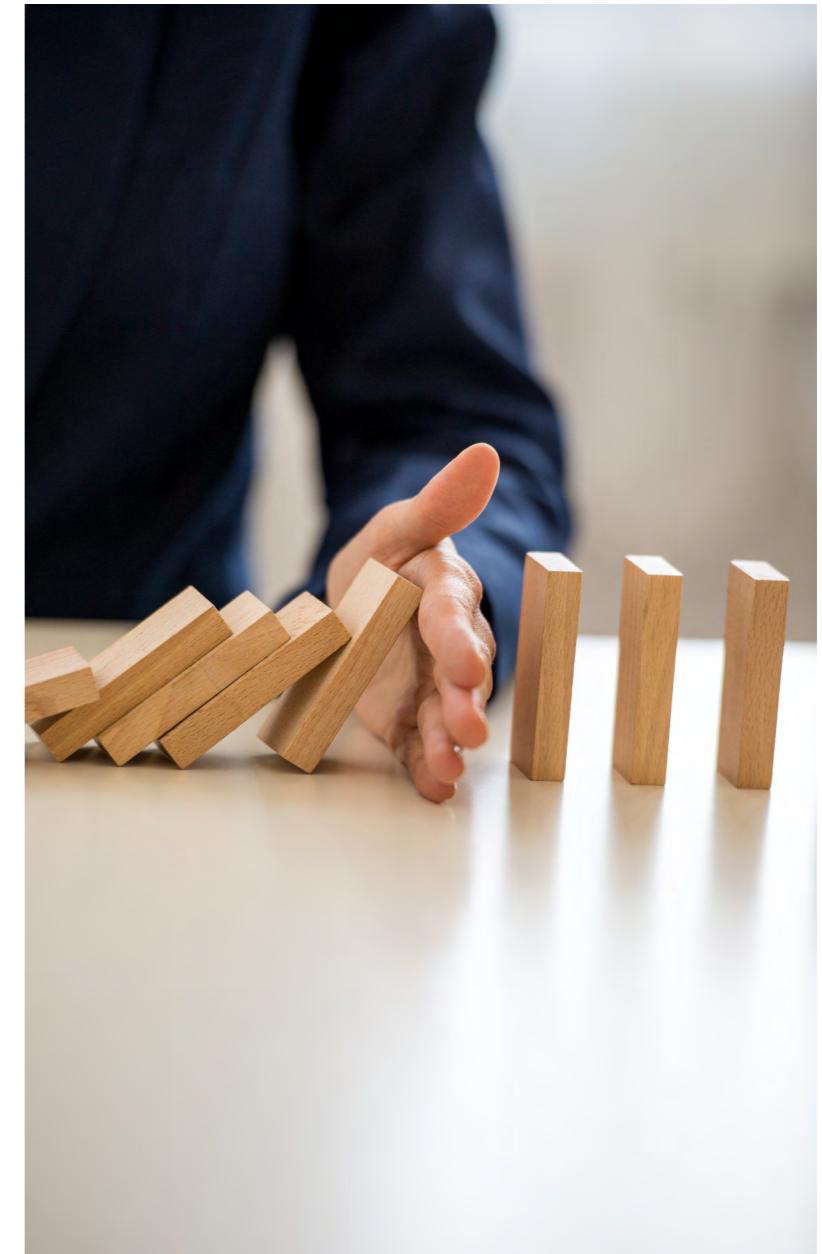
Information and Data Security

We attach great importance to information security and privacy protection and abide strictly by worldwide privacy and data protection laws and regulations such as the "Data Security Law and Personal Information Protection Law of the People's Republic of China" and the "EU's General Data Protection Regulation", and establish a management system that complies with the ISO 27001 information security management system and China's information security level protection system. We have developed policies such as the "Management Standard on Information Security", "Management Standard on Network Security", and "Management Standard on Data Security" to ensure the smooth operation of the Company's information and data security management system through effective risk protection and security management mechanisms.

System security

The full coverage of information security control is realised in business processes such as functional design, system development, security testing and system go-live to ensure the security of all business systems during digital transformation.

Data security

The management requirements for data generation, usage, transmission, storage and cross-boarder data transfer are implemented, data asset are discovered, categorised, classified and inventoried regularly, and a cross-departmertal joint supervison and review mechanism is established, to ensure data security.

Boundary protection

The boundary protection of all carriers such as information devices, systems, networks and clouds, and internet access behaviour management such as authentication, access control and terminal management are strengthened to improve the level of information security technology management continually.

Security monitoring

An information security monitoring mechanism is established, and penetration testing, vulnerability scanning, threat event monitoring, data security suspicion verification, etc. conducted regularly. An information security audit team is established, special audits on information security are conducted, and information security risks are identified in a timely manner and rectified within a specified time to prevent information leakage effectively.

Emergency management

An information security emergency management mechanism is established, emergency plans for network attack incidents, malware incidents, etc. developed, and emergency plan drills organised regularly to strengthen network defence and emergency response capabilities.

Awareness enhancement

Information security training and learning are organised for the staff, phishing email simulation tests conducted, and publicity on information security culture strengthened to enhance employee awareness. In 2023, four online training sessions on information security were conducted for all employees.

Personal Data Lifecycle Management

Data collection

Before data collection, users are informed of the purpose of data collection and processing through privacy policies and other means. Personal information is collected and acquired lawfully and compliantly, and it is strictly prohibited to collect relevant information by fraudulent, deceptive or misleading means or through illegal channels.

Data transmission

Secure transmission methods such as data encryption are used for personal data transmission to prevent information leakage.

Data use

Personal data should not go beyond the purpose and scope agreed on in advance, and the use and processing of personal data is recorded to ensure use compliance.

Data retention

When sensitive personal data is stored, security measures such as encryption and de-identification will be taken, the storage period will not exceed the time required to achieve the processing purpose, and personal data will be deleted or anonymised after the expiry of the storage period.

■ Personal Privacy and Information Security

We always use and protect the identifiable information of customers, employees, and partners responsibly. We develop and strictly implement policies such as the "General Provisions on Personal Data Compliance" and the "Management Standard on Personal Information Protection" to strengthen the lifecycle management of personal data. The Digital and Information Technology Management Committee is the highest regulatory body for information security, supervising and managing matters that may affect the privacy and information security of the Company, customers and employees, and protecting personal information and data security to the greatest extent. In 2023, no incident of personal information leakage and no complaint related to personal privacy infringement occurred in the Company.

Protection of Intellectual Property Rights

Chery respects and protects intellectual property rights as a core element for maintaining innovation. We abide strictly by laws and regulations such as "Patent Law", "Copyright Law", and "Trademark Law" of the People's Republic of China, formulate and implement a strategic plan for the "strong protection" and "integrated operation" of intellectual property rights, strengthen patent presence in critical and forward-looking technology fields, make intellectual property rights play a role as a link in the industrial chain, form an integrated connection between industry and patent value, and promote innovation and integrated development.

Intellectual property organisations joined by Chery

- Intellectual Property Branch, China Society of Automotive Engineers
- Anhui NEV Industry Intellectual Property Alliance
- Wuhu Intellectual Property Protection Association

Chery's patented technologies

26,000+ patents have been filed, ranking at the forefront of the Chinese automotive industry.

Systematic protection

The Company has established a sound intellectual property management system, and defined full-process management standards for intellectual property application, operation and protection based on a series of institutional documents like "Intellectual Property Management Policy", "Patent Management Policy", and "Operating Standard on Trademark Application Monitoring" to protect innovation achievements and prevent trade secret leakage.

Normalised prevention and control

Chery pays great attention to patent risk control and uses patent risk investigation as a key indicator in the development process of the entire vehicle. R&D personnel must conduct a comprehensive retrieval before the patent application, and the legal and intellectual property centre jointly conducts risk assessment. We impose the same patent risk control requirements on suppliers to reduce infringement risks.

Value-based application

Based on solid R&D technology strength, we explore paths of "technology output", implement open source intellectual property projects, promote the efficient use of proprietary intellectual property rights through open patent licensing, and expand the supply of industry chain technologies to maximise the value of intellectual property rights.

Professional management

The "Operating Standard on Patent Rewards" has been developed to stimulate all talents' creative and innovative energy. Our intellectual property management expertise is continually enhanced, and employees are encouraged to obtain relevant qualification certificates. By the end of 2023, the Company had one national intellectual property leader, one national top 100 high-level intellectual property talent, and two experts in the expert database of the China National Intellectual Property Administration.

Open communication

We have joined many national, provincial and municipal intellectual property associations and participated in the establishment of the Anhui NEV Industry Intellectual Property Alliance and the Wuhu Wanjiang Intellectual Property Operation Centre to share achievements and experience in intellectual property management and build a high-quality industry development platform jointly.

02

Innovation Driven

Technological innovation is the foundation of Chery. The Company strives for breakthroughs through innovation to provide users with safe, comfortable, high-quality, and high-performance products. In addition, guided by the demand of users for automotive products and mobility services, we pursue leapfrog development, accelerate the transition into a global technology company, and strive to "become a world-class green intelligent mobility technology company" by focusing deeply on such fields as NEVs and ICVs.

Main topics

- Independent R&D and innovation

Key Performance in 2023

- Chery adheres to technological innovation and plans to invest **100** billion RMB in the next five years to accelerate our presence in the NEV and ICV industries.

- **230** licensed invention patents were obtained in the year, with **16,245** licensed patents obtained in total.

- The STELLAR Technological Ecology Alliance was established, and over **300** STELLAR laboratories were built, including "autonomous driving" and "future transport".

- The Chery International User Summit was held.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

Sticking to Technological Innovation

Chery continues to write a new chapter in China's automotive ecosystem based on the leading technologies in architecture, power, intelligent cockpits, and intelligent driving. The global automotive industry is undergoing profound changes, as is the case with user needs. Chery actively embraces and leads changes, deploys forward-looking, innovative technologies, and accelerates the implementation of strategies in new energy vehicles (NEVs), intelligent connected vehicles (ICVs), shared mobility, automotive platforms and ecosystem, etc. to create safe, green, and intelligent new mobility experiences for users.

Guidance by Innovation Strategy

In the face of new trends in industry development, Chery has formulated the "STELLAR 2025" forward-looking technology strategy timely to accelerate independent R&D and technology upgrading with focus on our technological advantages in "safety, energy consumption, space, intelligent cockpits, and intelligent driving". In 2023, the Company made all-round progress in five core technology fields – the Mars architecture, Chery Power, Lion intelligent cockpit, Z-Drive intelligent driving, and Galaxy Ecosystem, made significant R&D achievements in key business areas such as platform architecture and power technology, and consolidated its conventional leading advantages greatly; released a new NEV strategy, grasped user preferences under new trends accurately, accelerated presence in the NEV, ICV and other fields, and created a technological value innovation chain oriented to user needs in a new era to empower mobility with technology.

2023 Chery Technology Day – The Tech You Can Touch and Feel

In October 2023, Chery Technology Day themed "The Tech You Can Touch and Feel" was held successfully, comprehensively displaying Chery's deep presence and leadership across different technology fields. The Company has upgraded 19 core technologies around five core technology fields, including platform architecture, chips, efficient hybrid engines, hydrogen energy, electric drives, batteries, intelligent interaction, autonomous driving, and intelligent cloud platforms. This event brought frontier technologies such as L4 autonomous driving RoboTaxi, LION built-in AI large model, in-car metauniverse, and Chery's ultra-low drag concept vehicle to users, further enhancing Chery's influence in the global field of automotive technologies. The Chery Technology Day event not only displayed the Company's strength and achievements in technologies comprehensively but also showed Chery's deep thinking and exploration of the future, and determination to drive changes and redefine "new vehicles" with technologies, and truly realised technology accessible.

"STELLAR 2025" Forward-looking Technology Strategy

Mars architecture

It consists of two core technologies – the physical platform architecture and the electronic and electrical architecture. It is a high-end intelligent electric platform developed for electrification, networking, intelligence and sharing. It unlocks the process of automotive intelligent technologies in multiple dimensions, such as high computing power, high security, scalability, individualisation and ecological openness. Represented by the super hybrid platform and the E0X ultra-comfortable high-performance electric platform, it offers innovative automotive comfort, safety and intelligence experiences.

Chery Power

It is a comprehensive professional power solution that includes future mainstream power forms. It covers five core technologies – engine, hybrid transmission, electric drive, battery and battery management system, and hydrogen energy. Represented by special engines and transmissions for the Chery Power super performance electric hybrid C-DM, it keeps creating new user experiences in energy consumption, driving range and acceleration performance.

Lion intelligent cockpit

Adopting the EEA5.0 customisation-oriented serviced electronic and electrical architecture, it has such characteristics as high computing power, dual decoupling, and high broadband secure communication. Represented by the Lion 6.0 "Third Space" intelligent cockpit, it brings perfect driving and cockpit sensory experiences to users.

Z-Drive intelligent driving

Using AI and big data technologies, it aims to create advanced autonomous driving solutions and integrated platforms in the four key areas of sensing, positioning, rule control and decision-making. It also aims to provide users with safe, comfortable and convenient intelligent mobility experiences by driver assistance systems systems and autonomous driving products.

Galaxy Ecosystem

It includes four core technologies – intelligent cloud platform, intelligent data, intelligent upgrading and eco-partners. Based on networking technology and focusing on user experiences, it promotes the comprehensive evolution of automotive mobility scenarios from the perspective of technological ecosystem. It redefines future smart mobility with more humanised smart technology.

Cultivating Innovation Capabilities

Sustainable innovation capabilities are the core of Chery's efforts to build brand competitiveness. Guided by the "STELLAR 2025" forward-looking technology strategy, the Company keeps increasing investment in technological innovation, strengthens basic research capabilities, and actively explores frontier technologies. By deploying a global R&D system, the Company gathers advantaged R&D resources, strengthens the competitiveness of R&D, and and promotes the tremendous development of enterprises with technological innovation.

R&D system

The Company has established a global R&D presence and a full-process product R&D system covering the development, trial production and testing of vehicles, powertrains, key software and hardware, and systems. Six R&D centres have been established in Europe, South America, Shanghai, Wuhu, etc. Based on the global R&D network, the Company fully leverages the platform advantages of the overseas R&D centres in Europe, etc., integrates global resources, and promotes innovation cooperation, product research, adaptive development and validation to build international brands with global competitiveness.

R&D platform

The Company has the only "National Engineering Research Centre of Automotive Energy Conservation and Environmental Protection" authorised by the National Development and Reform Commission to a Chinese automaker, which was officially established and put into operation in 2010. The Research Centre develops and validates vehicle power and economy, health and environmental protection, comfort, active/passive safety, ICVs, light-weighting, new energy sources, new materials and new processes. The Research Centre was accredited by the China National Accreditation Service for Conformity Assessment (CNAS) as early as 2011, covering several automotive engineering laboratories in vehicle collision safety, energy management, and powertrains. It has gained positive development experience in over 100 vehicle products and is important in improving the sustainable innovation capabilities of China's automotive industry. In addition, the Company drives the construction of STELLAR laboratories with industry partners focusing on user needs and forward-looking technologies. The Company makes an active presence in interdisciplinary and crossover technology integration. It has built over 300 STELLAR laboratories such as "autonomous driving", "metauniverse", and "future transport" successively, enhancing the continuous advancement of core technology to empower the company and promoting the incubation of innovative achievements in multiple sectors.

By the end of 2023

6
National innovation platforms

- State-recognised enterprise technology centre
- National Engineering Research Centre of Automotive Energy Conservation and Environmental Protection
- National Automotive Engineering Technology Research Centre of Energy Conservation and Environmental Protection
- National-level industrial design centre
- International technological cooperation base for vehicles and parts
- CNAS-accredited laboratory

Based on the Company's advanced innovation and R&D system, we promote the implementation of innovative projects such as ICVs, automotive big data, NEVs, and lightweight new materials vigorously, and have made excellent R&D achievements in intelligent driving, intelligent cockpits, power batteries, etc. Our R&D strength is consolidated and improved constantly.

Intelligent driving

An integrated solution for intelligent driving software and hardware is developed, supporting integrated driving and parking functions such as high-speed navigation-assisted driving and memory parking assist. We develop autonomous driving products suited to user driving habits by improving product ease of use, intelligent driving experiences and safety sensing through differentiated interactive design.

Intelligent cockpit

Based on a service-oriented architecture (SOA), we have developed an industry-leading cockpit operating system that supports distributed computing, communication, and storage across chip platforms while ensuring compatibility with the Android development ecosystem. It can be used in the Company's products and provides more choices of cockpit operating systems for intelligent vehicles in the automotive industry.

We regard talents as the primary resource for innovation and have established a sound R&D talent introduction and incentive mechanism to stimulate the innovative energy of talents. In the meantime, we regard intellectual property management and protection as the key to innovation management, promoting the transformation of technological achievements and improving the level of industrialisation to support the Company's innovation, development, transformation and upgrading. With sustained investment from the Company, we have made both quantity and quality breakthroughs in intellectual property rights. By the end of 2023, the Company had obtained 16,245 licensed patents and 3,366 registered trademarks.

2023

Number of patent applications

3,042

Number of licensed invention patents

230

Number of licensed design patents

486

Number of licensed utility model patents

433

Number of granted software copyrights

28

CHERY FULWIN A8 – creating a new era of hybrid family sedans

Chery continues to lead product innovation by launching the new super-performance hybrid family sedan-the FULWIN A8, which shows the charm of a "new super performance hybrid family sedan" to global users with all-around technological advantages.

As a cutting-edge product in the hybrid family sedan industry, the FULWIN A8 has the Chery Power super performance electric C-DM system and the fifth-generation ACTECO 1.5TGDI high-efficiency hybrid dedicated engine. With an excellent engine thermal efficiency of 44.5%, it makes fuel fully realise its energy. In the worldwide harmonised light vehicles test cycle (WLTC), the FULWIN A8 consumes 4.2 litres of fuel per 100km, and achieves industry-leading fuel efficiency. The FULWIN A8 supports ultrafast braking and super green energy flash charging, realising a SOC of 30%-80% in 19 minutes and providing an external discharge function of 3.3 kW. It can supply power to other devices in emergencies, greatly enhancing its practicality and functionality. In addition, the FULWIN A8 is designed in strict conformity with the global five-star safety standard and made of 80% high-strength steel, of which over 20% is hot-formed steel. It far exceeds products in its class regarding rigidity and deformation resistance, providing reassuring mobility experiences to users in all scenarios with excellent quality reflected in its high energy efficiency, performance, safety, and intelligence levels.

Building An Integrated Ecosystem

Chery adheres to the value concept of co-creation, co-building and sharing and strives to create a sustainable ecological brand. The Company conducts creation actively together with users, empowers each other with our partners, promotes in-depth industry-university-research-investment integration, builds and continually extends the innovation ecology matrix, brings more new experiences, new values and new choices to users, and redefines the entire lifecycle journey with the automotive ecosystem.

Co-create with Users

Chery believes deep user collaboration will further unleash the Company's innovation potential. We emphasize user value and strive to build the "With Chery With Love" movement to redefine the relationship between users and the brand. By providing users with a collaborative and shared communication platform, we aim to gather their wisdom, stimulate their experiences, establish value resonance with them through actions, and achieve the beautiful vision of accompanying users throughout the user journey.

"New Journey, New Life" – 1st Chery International User Summit

In October 2023, the First Chery International User Summit themed "New Journey, New Life" was held grandly in Wuhu City of Anhui Province. Over 600 user representatives and media friends worldwide gathered to attend the user brand launch conference, experience Chery Technology Day, witness contract signing for public welfare programmes, join the public welfare cycling activity and visit the Chery ecological product exhibition. The event promoted the building of Chery's global user ecosphere in various innovative and diverse forms.

Adhering to the cooperation vision of "green development, public welfare and ecosystem", the "With Chery With Love" (WCWL) movement and co-creation platform was launched officially at the conference, reflecting users' understanding and consensus on Chery's automotive ecosystem concept. We made customers aware of the frontier innovation achievements released at Chery Technology Day and explored sustainable public welfare development paths with customers. We established a user co-creation fund, issued a cooperation declaration with users, and promised ongoing engagement in the public welfare and sustainability causes. We carried out the green public welfare global user cycling activity themed "Ride Green Life" to convey a green lifestyle and the sustainability concept to the broader public. Furthermore, we planned an innovative ecological product exhibition innovatively, with three carefully built automotive ecology scenarios, including the CHERY and EXEED brands, and invited users to gain immersive personal experiences of Chery's rich, diverse and enjoyable automotive ecosystem.

In the future, we will keep stimulating brand vitality in a centric manner in product, event, public welfare and other forms of co-creation. We will join with ecosystem partners to start a new chapter of green development, contribute to public welfare, and build a prosperous ecosphere.

Based on the diversified and personalised user needs, we continue to expand our co-creation ideas and create unlimited possibilities with users. Guided by the concept of co-creation and sharing, we explore new modes of user interaction and deeply explore core user expectations in many ways. We conduct unique user co-creation activities to solve product problems jointly, enhance the attractiveness of our products, promote product upgrading and optimisation, and continually meet users' needs for a better life.

Direct user connection for product co-creation

We gain insights into users' core needs on a one-to-one basis, build user sensibility actively, expand and simulate driving scenarios such as mobility, camping, self-driving tours, off-road and NEVs, and invite users for participation, experience and co-creation to realise co-create and win-win results with users.

Co-creation activities with user clubs

We operate user clubs carefully, truly make friends, deeply interact and coordinate with users by organising various user activities, and define user journeys through concrete actions. In 2023, 295 user activities were organised for the JETOUR brand.

Co-creation ecosystem based on user experiences

We promote multidimensional ecosystem, build local ecospheres in core areas, and carry out user operations actively, allowing more users to experience benefits of the Company's automotive ecosystem. In 2023, JETOUR has built over 200 Travel+ User Clubs, with over 20,000 vistors.

JETOUR TRAVELER – knows users best

In September 2023, the JETOUR TRAVELER resulting from the collision of ideas from multiple stakeholders was launched officially. As a model "truly" co-created with users, the JETOUR TRAVELER has been closely linked to user needs since its initiation. 270,000 people have been invited to participate in the product naming, R&D, configuration, and other model development processes, including individual users, industry influencers, off-road experts, travel bloggers, and heads of self-driving travel associations. This product has incorporated over 1,000 user suggestions and ultimately adopted a series of personalised designs, such as outward opening door handles, flatly-laid rear seats, application for a towing qualification, and space reservation for retrofitting. Officially retrofitted versions have also been launched to provide users with products further aligned with actual user needs. While fully meeting diverse user needs, the JETOUR TRAVELER reduces additional costs and resource consumption generated by secondary user retrofitting, truly realising the integration and co-creation of product and user value.

Industry Co-Building

Based on the technological advantages as a leading enterprise in the Chinese automotive industry, Chery participates actively in the formulation of industry standards and related exchanges and seminars and integrates internal and external R&D resources to promote industry capacity building, value sharing and win-win cooperation, and the transformation, upgrading and development of the industry chain jointly.

Leading industry development

As a member of key associations such as the China Association for Quality, China Society of Automotive Engineering, and National Technical Committee of Auto Standardisation, Chery actively demonstrates industry leadership and advises on industry development. In 2023, the Company newly joined 11 industry associations, including the Engine Technology Subcommittee (6th) of the National Technical Committee of Auto Standardisation and the China Automobile Enterprise International Development Innovation Alliance.

Promoting standardisation

The Company supports the formulation and revision of multiple national, industry and association standards, promotes the establishment and implementation of the standards system of the automotive industry continually, and provides technical support in standards for the high-quality development of the automotive industry. Chery participated in formulating the "Passing Capacity Test Method for Motor Vehicles" (GB/T 12541-2023) officially released in 2023.

Deepening communication

We explore diversified cooperation mechanisms in the industry, organise and participate in domestic and overseas industry exchange activities, explore and share experience and insights on technological innovation, industry innovation, business model innovation, etc., and create industry-friendly relations and a good industry ecosystem actively.

The STELLAR Ecological Alliance established by Chery to empower the high-quality development of the automotive industry

On October 16, 2023, Chery invited the government, universities, and users and other stakeholders, to participate in "2023 Chery Technology Day" in Wuhu. During the event, the Company established the STELLAR Ecological Alliance officially to promote technological innovation and application implementation in the entire automotive industry chain aiming to build the most influential and authoritative think tank in the industry with focus on forward-looking technologies together with partners from different communities.

In addition, during the event, the latest cooperation achievement between Chery and CATL was announced, where CATL's Shenxing superfast charging battery was incorporated into the EXEED STERRA , further deepening the mutual strategic cooperation relationship. Guided by the "STERRA 2025" forward-looking technology strategy, Chery will keep promoting crossover integration and pooling industry wisdom to explore industry development ideas jointly and lead the further development of Chinese automotive brands.

We build an innovation community in the industry chain by the value of the enterprise. We continue to deepen the integration of industry and research with universities such as the University of Science and Technology of China, Zhejiang University, and Anhui University and have established eight joint innovation institutes to carry out cross-border joint innovation on topics such as energy conservation and emission reduction and smart cockpit technology, accelerate the transformation of innovative results, and achieve complementary advantages and mutual benefit.

Chery's Joint Innovation Research

Battery management system

Chery has carried out research on improving the estimation accuracy of the battery management system state of charge (BMS-SOC). The SOC estimation accuracy has been increased by 2% compared with the industry level to improve the driving experience and reduce mileage anxiety.

Electric motor drive system

Chery has carried out research on high-density, high-efficiency direct-drive hub motors, overcoming the difficulty of increasing the torque density of permanent magnet motors under extreme space and size, and improving the power performance of the entire vehicle.

Green and eco-friendly cockpit

The company's research on natural antibacterial fabrics will help improve the air quality in the cockpit and provide health protection for drivers and passengers.

03
Quality First

In the past 26 years, Chery has always pursued quality unremittingly. Through the full lifecycle quality management, high-quality customer service, and collaboration across the value chain, Chery provides global users with high-quality automotive products and high-value mobility experiences by digitally intelligent transition, and builds an excellent brand with craftsmanship to create comprehensive value for users.

Main topics

- Product quality management and assurance
- Digital transition
- Safe mobility
- Customer service and satisfaction
- Sustainable value chain

Key Performance in 2023

- Chery ranked **No. 1** among self-owned brands in J.D. Power's 2023 China Initial Quality Study ^{SM} (IQS).

- The STERRA ES has been certified as China's first NEV electrical safety technological accreditation (NESTA) system.

- Chery aims to become a "user-oriented enterprise" with readily accessible high-quality services.

- Chery has upgraded the "Supplier Code of Conduct", proposed requirements for supplier sustainability management, and achieved a **100%** signing rate.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS
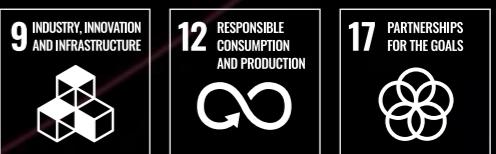
Adhering to Craftsmanship

Chery strengthens full-lifecycle product quality management, empowers manufacturing with digitization, and improves management efficiency with lean manufacturing to ensure full-process quality and service control from R&D to production and at the post-launch stage. Chery is committed to providing customers with "zero defect" products and meticulous services to ensure customer satisfaction.

Intelligent Manufacturing

The Company closely grasps the trend of digital development, improves the level of intelligent management, enhances management and efficiency in quality, safety, costs and other aspects, and drives business growth through full-process digital transformation in design, R&D, supply chain management, production and manufacturing, marketing, and aftersales. In addition, we focus on building an intelligent manufacturing application architecture and are committed to creating a highly secure, stable, and high-performance industrial Internet platform at the industry chain level to empower global base operations and lead digital transformation.

Smart operation

We improve operation and management capabilities through digitisation, establish a digital operation and management system, and build a smart operation control tower. We further regulate management processes and mechanisms, realise visualised operation management, establish data warehouses to provide data support for management decision-making, and improve the Company's digital competitiveness.

AI technology application

We have introduced visual AI technology and applied it to multiple typical manufacturing scenarios such as quality control in stamping, welding and final assembly processes to realise more refined full-process quality management, digital quality traceability, fault prediction, etc., and promote the high-end development of products.

Data empowerment

Data analysis runs throughout the whole process of design, supply, production, and operations to tap data value. Through factory process and quality digitisation, problem tracking and clustering analysis are realised, thereby improving the quality of the production process effectively. By building a big data platform, we can break down the barriers between systems, realise data interoperability, and use the platform's advanced technical components (distributed systems, column-based databases) to achieve second-level queries on vehicles with electrical inspection faults and daily analysis and display of Internet of Vehicles data.
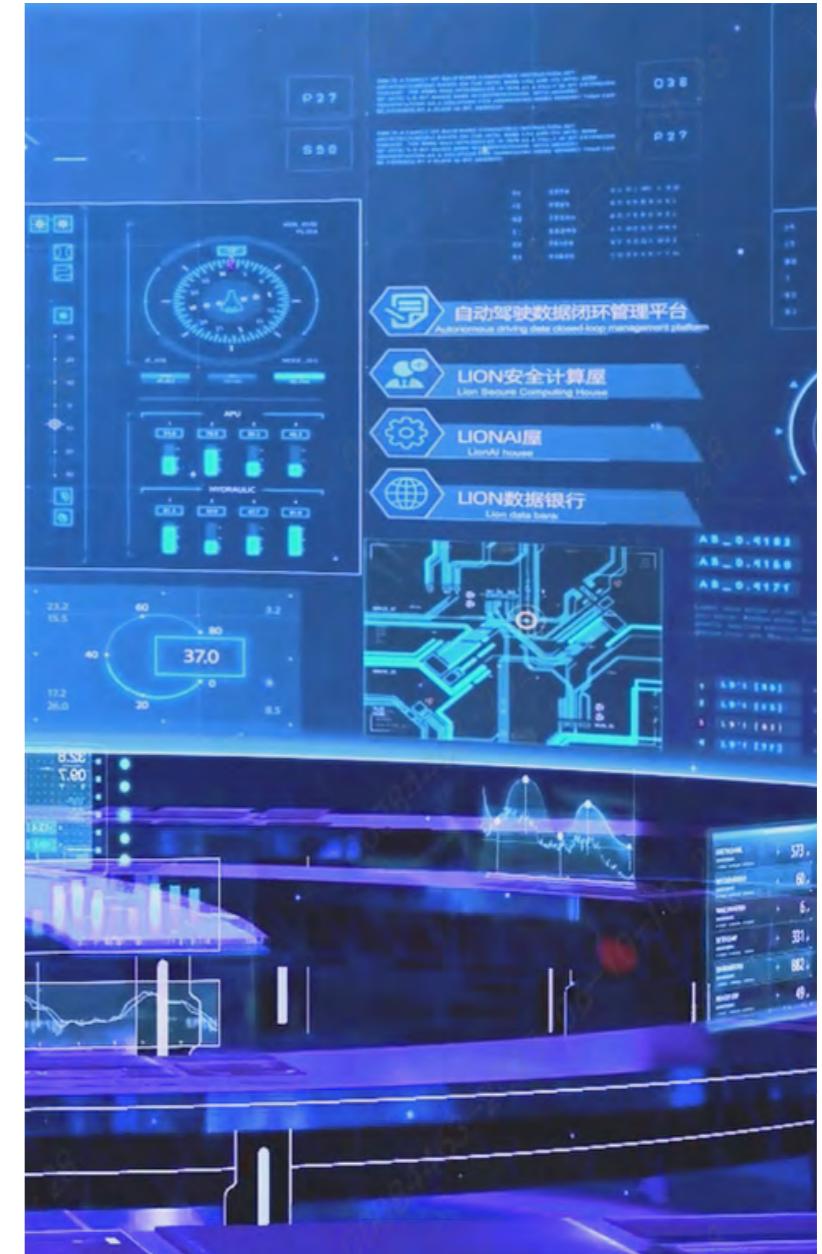
Quality Control

By prioritising customers, the Company strives to improve quality. We have planned five-year quality goals, established a sound quality management system, and implemented a "dual matrix" full-lifecycle product quality assurance model for both quality and projects. We have also established the Chery Production System (CPS) through active exploration and standardised quality control through systematic management in all production fields on the principle of "full participation, standardisation, continuous improvement, quality first, manufacturing cycle shortening, and cost waste elimination." We also continually improve the production site and strive to create a "High-Quality Chery" based on Total Productive Maintenance (TPM).

Quality policy

"Customer satisfaction" is the Company's eternal purpose, and providing customers with "zero-defect" products and thoughtful services is the unswerving goal of every employee.

Quality vision

Pursuing quality excellence based on masterly craftsmanship

The Company has established the Quality and Safety Committee to coordinate and supervise quality work and has established a quality management system covering the whole value chain. It implements comprehensive quality control in all aspects such as design and development, procurement management, production and manufacturing, and marketing services. We actively promote certification to quality management systems and draw on globally leading quality management methods and industry best practise to improve our quality management level. By the end of 2023, the Company had been certified to the ISO 9001:2015 quality management system and the IATF 16949:2016 automotive industry quality management system, covering the design, manufacturing and marketing of passenger vehicles and NEVs.

We have formulated regulations such as the "Management Measures for Quality Spillover", "Control Procedure for Nonconforming Products", "Management Measures for Improvement of Aftersales Quality Problems", and "Management Measures for Quick Response to Major Quality Problems" to realise normative and standardised quality management. We continue to increase quality supervision and inspection efforts, and strictly implement quality control throughout the entire process, including parts procurement, production and manufacturing, and vehicle delivery, to ensure product quality, safety and reliability.

Parts procurement

We have developed the "Supplier Quality Assurance Manual" and the "Quality Agreement" to define the quality requirements for each stage of parts design, development and production; we promote the building of shared systems, further strengthen quality monitoring in supplier production and processing, and control quality strictly from the beginning.

Production and manufacturing

We implement self-inspection, mutual, patrol, special and sampling inspections for each operation, carry out special monitoring based on product characteristics, correct and prevent process quality problems timely, and ensure that product quality meets the technical specification according to the "Product Monitoring and Measurement Control Procedure".

Vehicle line-off

We follow the "Vehicle Confirmation and Inspection Management Measures" and control vehicle quality monitoring and measurement process strictly and carry out the quality inspection on the vehicle's appearance, interior and exterior matching, function, and performance. After passing the inspection, the vehicle certificate is issued and delivered to the warehouse.
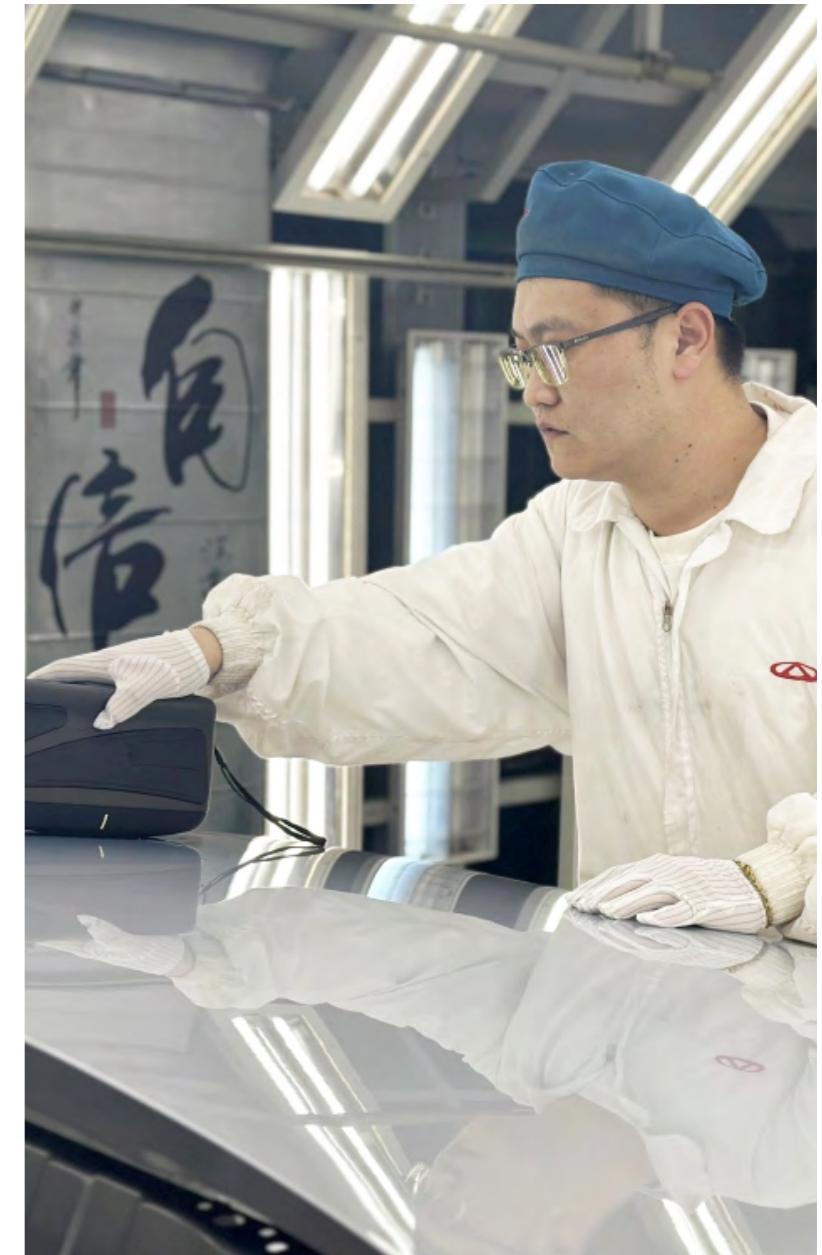
We proactively identify and improve bad issues, and set important quality management indicators such as failure rate per 1,000 vehicles, vehicle failure loss amount, and aftersales satisfaction. Based on user feedback, we implement special improvement projects such as perceived quality, common quality and vehicle odor control to provide users with products and services of better quality. In 2023, the Company honoured with multiple quality awards for outstanding quality management and technological achievements. In J.D. Power's 2023 China Initial Quality Study SM (IQS), the ARRIZO 5 and TIGGO 5X won the championship in the two segments of compact sedans and compact SUVs, respectively; in J.D. Power's 2023 China Automotive Performance, Execution and Layout SM (APEAL), the CHERY TIGGO 7 PLUS and TIGGO 8 won the championship in the two segments of medium-sized economy SUVs and medium-sized SUVs, respectively.

In addition, we continue to innovate in quality management, hold routine quality meetings, training and exchanges, and participate in diversified quality contests to develop a rigorous and pragmatic quality culture. We also engage actively in academic discussions and experience-sharing with industry associations, partners, etc. to help improve the industry's quality standards.
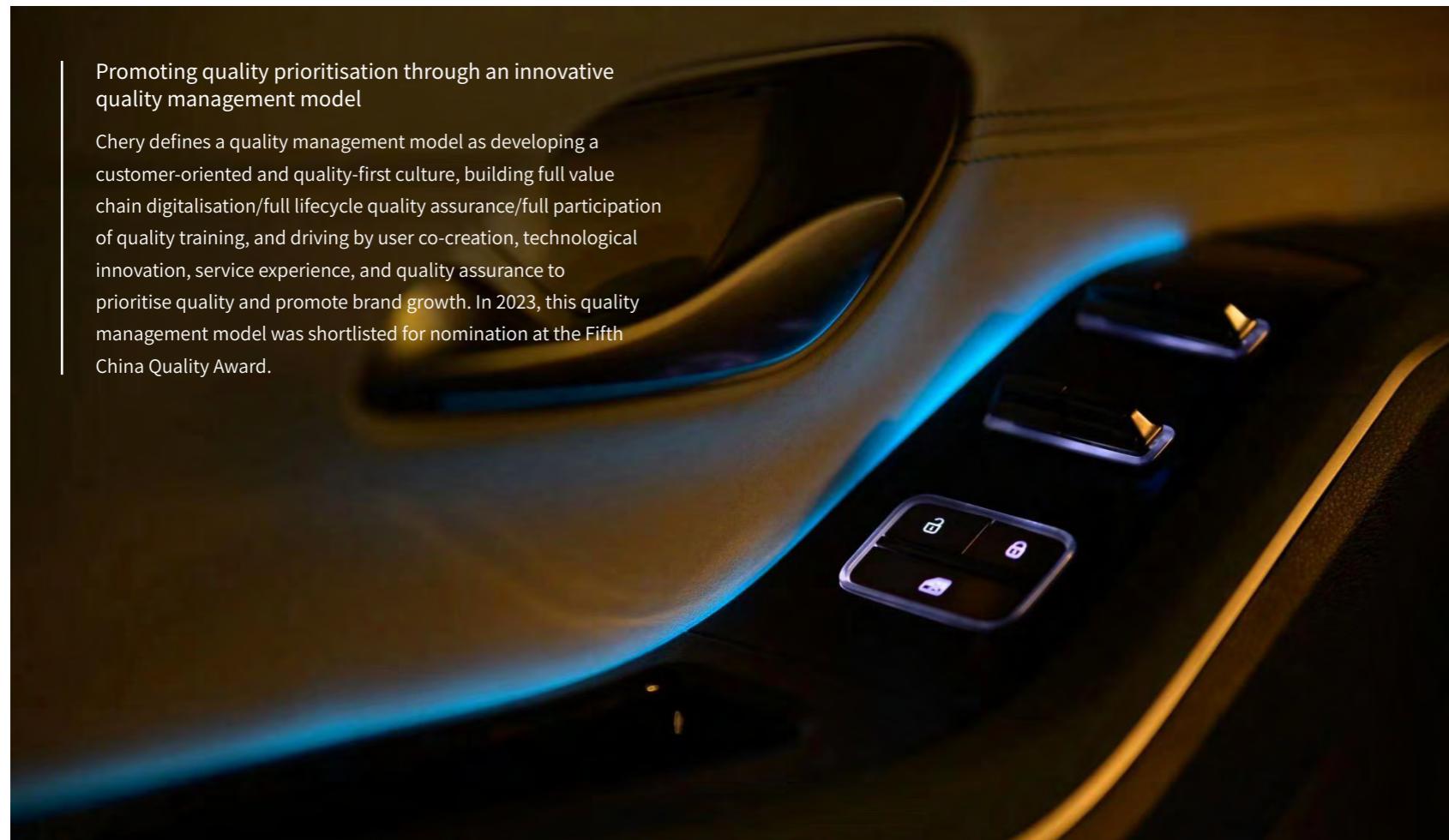
Promoting quality prioritisation through an innovative quality management model

Chery defines a quality management model as developing a customer-oriented and quality-first culture, building full value chain digitalisation/full lifecycle quality assurance/full participation of quality training, and driving by user co-creation, technological innovation, service experience, and quality assurance to prioritise quality and promote brand growth. In 2023, this quality management model was shortlisted for nomination at the Fifth China Quality Award.

Recall Management

The company attaches great importance to launch products' quality and safety risk management and improves the recall decision-making mechanism to protect consumer rights. We comply strictly with the "Management Regulations on the Emission-Related Recall of Motor Vehicles", "Guidelines for the Recall Evaluation of Defective Automotive Products", "Guidelines for the Safety Risk Assessment and Risk Control of Automotive Products", and regulations in locations where we operate, and have formulated the Recall Management Measures to define management processes and enhance our responsiveness to product safety risks.

The Company defines three response levels and sets corresponding handling solutions based on comprehensive risk assessment results of potential product defects. Once a recall decision is confirmed, the Company will develop a recall plan and announcement for defective automotive products, register with regulatory authorities, and implement sale suspension notification, recall management, progress reporting, and follow-up evaluation according to the recall plan to ensure the timeliness and effectiveness of the recall. In 2023, the Company recalled 85,971 vehicles, all of which were dealt with promptly and properly.

Carefree Mobility

Chery has always adhered to the "user-centric" principle in providing products and services. We focus on providing worldwide users with safe, reliable, high-quality mobility experiences and building universal safety across all riding scenarios to ensure every trip is safe and enjoyable.

Safe Mobility

Safety has always been the primary concern of mobility. The Company runs safety management throughout the product lifecycle and is committed to providing users with safe mobility services. To this end, we have developed five safety strategies covering active safety, passive safety, information security, battery safety and functional safety to ensure the driving safety of users in all mobility scenarios.

Active safety	We optimise functions such as automatic emergency braking systems, front vehicle collision warnings, and blind spot monitoring systems, and accelerate the development of intelligent driving assistance technologies to proactively provide more accurate assistance information and warnings to avoid safety accidents.
Passive safety	We continually strengthen passive safety systems such as airbags, seat design, and body design to provide reliable safety protection for drivers and passengers in the event of vehicle collisions and other unexpected situations.
Information security	We establish a comprehensive network security system that complies with laws, regulations and standards in locations where we operate, with a particular emphasis on user data and privacy security, carry out personal data lifecycle management, and collect, use and store user personal information responsibly to provide a safer and more private mobility experience.
Battery safety	We build a high-safety battery technology system, strengthen safety cells, and implement full-time battery safety monitoring technology to ensure the intrinsic safety and safety of batteries.
Functional safety	We strengthen rapid detection and rapid and safe changeover capabilities, prevent impacts of automotive electronic and electrical failures on functions and related hazards, and continually improve product safety and quality requirements. Our products meet automotive safety integrity levels up to ASIL_D.

E0X electric platform with all-round safety protection

On November 3, 2023, Chery officially launched the E0X ultra-comfortable high-performance electric platform. The E0X platform is designed in accordance with the global five-star safety standards, integrating the comprehensive advantages of "full-domain safety" including passive safety, active safety, battery safety, functional safety and information security to meet users' safety needs in all aspects.

The E0X platform is designed with an encircling power transmission structure and an integrated space capsule body to enhance passive safety and over 30 built-in active safety functions, including automatic emergency braking, lane departure assist, and lane change assist. It can automatically identify vulnerable traffic participants such as children, pedestrians, and two-wheelers. It is compatible with all-weather scenarios such as rainy weather and nighttime to ensure vehicle and road traffic safety. The E0X platform has a Cyber Security Management System (CSMS) that complies with EU standards, ensuring comprehensive information and network security and protecting connected vehicles from malicious network attacks. It also builds a high-safety technology system for batteries. The safety factor standards of the battery in four aspects, namely waterproof, anti-collision, heat release, and high-voltage safety, far exceed the national standards. The 800-volt high-voltage fast-charging platform can also effectively solve the user's concerns about battery life, bringing users a safe, secure, intelligent and comfortable travel experience. The STERRA ES – the first model with the E0X platform – has been developed according to the world's highest five-star safety standard and certified to China's first NEV electrical safety technological accreditation (NESTA) system with excellent performance.

■ Providing users with greater mobility safety through high-level collision testing

Before each new model is launched, it would undergo thousands of simulated collision tests and multiple real-vehicle collision tests under the requirements of domestic and overseas authoritative safety certification agencies to verify the safety performance of the model in case of a collision by simulating real-vehicle collision scenarios. Dummies used for testing include different types such as adult males, adult females and children, all of which are designed bionically, and a wide range of sensors are provided to ensure reliable safety protection for all types of occupants in case of a collision. By the end of 2023, some of our models had passed five-star collision tests under the China New Car Assessment Programme (C-NCAP), European New Car Assessment Programme (E-NCAP), and Australasian New Car Assessment Programme (A-NCAP), including the EXEED TXL, EXEED VX, OMODA 5 and TIGGO 7 Pro.

■ Protecting driving safety by strengthening active and passive safety

We continue to upgrade hardware configurations such as automotive radars to strengthen active safety features, so that we can more keenly detect potential collision risks in different scenarios such as reversing and driving, and take timely actions to protect the safety of drivers and other road users. Regarding passive safety, we are leading in promoting the development and application of far-side airbags in the industry, aiming to achieve the use of up to 10 airbags. We also keep optimising the body design, seat design, etc., and strengthening the passive safety system to provide comprehensive protection for vehicle occupants in case of a collision and reduce accident injuries. In terms of active safety, we keep improving intelligent vehicles' hardware and software performance and pay more attention to safety while providing intelligent experiences that are more suited to practical use scenarios.

STELLAR – world-class safety experience

The EXEED STELLAR focuses on safe and reassuring driving and provides an intelligent driving assist system, a blind spot monitoring system, active braking assist, lane keeping assist, adaptive cruise control and other active safety systems, realising intelligent braking and avoidance during driving, reducing traffic accident risks arising from blind spots, and improving driving safety. In addition, to minimise injuries to occupants in case of a collision, the STELLAR adopts a "cage-type energy absorbing space capsule" design, in which high-strength steel accounts for 85% of the body. It also comes with passive safety features such as the driver's knee airbag, which can disperse the impact effectively and protect key parts of occupants from serious injuries in case of a collision. In January 2024, the EXEED STELLAR received a five-star rating from the Intelligent Vehicle Integrated Systems Test Area (IVISTA) and achieved the highest rating of "G" in intelligent driving, intelligent safety and intelligent interaction testing, demonstrating the benchmark strength of intermediate SUVs perfectly. On March 19, 2024, the STELLAR was rated "Excellent" in the China Insurance Automotive Safety Index (C-IASI) – a national authoritative certification system – again, and "G" in the three core key indicators of "occupant safety", "pedestrian safety" and "vehicle auxiliary safety", and became the most reliable and carefree choice among medium-sized SUVs in the 200,000 RMB price range, demonstrating that safety is the greatest luxury with its strength. In addition to excellent safety performance, STELLAR also performs outstandingly in terms of comfort and durability. STELLAR uses industry-leading advanced technologies such as cavity partition and multiple sealing protection to isolate external noise interference such as wind noise and tyre noise, providing users with a comfortable driving environment. It also continuously improves the overall durability and reliability of the vehicle body through the application of electrophoresis simulation analysis of internal and external surfaces and high-throughput electrophoresis process.

High-Quality Service

Chery has a deep understanding of user needs and provides users with warm services. We regard services as an extension of our products and have prepared institutional documents such as the "Operation Manual for Sales Service Providers", "Chery Aftersales Standard Process Manual", "Construction Guidebook for Overseas Service Outlets", and "Operation Guidebook for Overseas Service Outlets" to define presales, in-sales and aftersales service standards, and ensure that users have access to consistent and high-standard services.

We listen to our users and conduct customer satisfaction surveys in major global markets on spare parts supply, maintenance level, maintenance time, vehicle delivery, etc. to promote continuous improvement and enhancement. We collect user feedback through various channels such as customer service hotlines and outlets, and respond to and handle feedback quickly to improve user satisfaction. In addition, we carry out product knowledge training, professional skills training, learning competitions, and other activities for employees to strengthen the staff's user awareness and service skills and continually improve service quality. In 2023, the Chery brand scored 767 points in J.D. Power's China Customer Service Index (CSI), ranking sixth in the automotive industry and fourth among self-owned brands; the JETOUR brand ranked seventh among self-owned brands.

Readily accessible services for users

To build a "user-oriented enterprise", JETOUR fully implements the service project of " 100% direct interaction with users, 100% direct connection with users, 100% evaluation by users" and builds a direct-to-user ecosystem. Based on a digital platform, JETOUR realise zero-distance communication with users, addresses user concerns through efficient collaboration, and offers fast, accurate and heartwarming user services. By the end of 2023, JETOUR had provided direct services to more than 100,000 users.

Building A Sustainable Value Chain

With the acceleration of globalisation, high-quality supply chain building is highly valued by enterprises. Chery fully leverages its sustainable influence in the value chain, works with upstream and downstream partners to strengthen the construction of a green and resilient supply chain, empowers dealer management, improves the quality and efficiency of operational management and jointly promotes the prosperity of the industry ecosystem.

Supplier Management

The company has formulated a series of systems for supplier selection management, classification management, quality audit, etc., and upgraded the "Supplier Code of Conduct", requiring all cooperative suppliers to meet the requirements of qualifications and codes of conduct. At the same time, the digital supplier management system ensures the orderly and efficient operation of the supplier management system.

Supplier selection

- According to the "Management Measures for Supplier Selection", suppliers must upload a third-party due diligence report (including a compliance commitment, an authenticity commitment, conflict of interest, and other information), a business lisence, relevant qualification certificates, etc.

- Suppliers are required to sign the "Chery Supplier Code of Conduct", which imposes requirements on sustainable supplier management.

- Qualification documents are reviewed strictly, and newly admitted suppliers are subject to a site visit and evaluation.

Supplier evaluation

- Quality evaluation: Chery has formulated an annual audit plan for suppliers, carried out monthly and annual evaluations and daily quality assessments on suppliers according to the system, and carried out differentiated management of suppliers based on the assessment results.

- Unannounced inspection: According to the "Management Measures for Unannounced Parts Inspections", unannounced quality inspections are carried out for potential supply risks, quality status deviations, etc.

- Integrated evaluation: We conduct quarterly evaluations in terms of technology, quality, delivery, cost and service, make improvement suggestions for unqualified suppliers, and implement closed-loop management.

Supplier elimination

- Chery has implemented measures such as restricting project development, reducing supply share, and adjusting resource planning for suppliers that have failed the comprehensive evaluation.

- When a supplier's quality performance turns red, its comprehensive performance fails for four consecutive quarters, or the supplier has other serious breaches of contract, the supplier will be eliminated.

In addition, we pay close attention to the sustainability risks of suppliers of key raw materials. We have explicitly included conflict mineral compliance in supplier management requirements, stipulated the responsibility of suppliers to avoid purchasing conflict minerals or other controversial materials, and focused on promoting the traceability management system to avoid direct or indirect supply chain risks such as serious human rights violations, conflicts, and environmental damage.

In 2023, the Company collaborated with 770 suppliers through the Chery suppliers management platform (SRM system). The percentages of audited suppliers by category are as follows:

Core suppliers 14.17%

Preferred suppliers 14.36%

Ordinary suppliers 71.47%

The Company also takes supply chain management to more profound levels to ensure the security and stability of the supply chain. We regularly analyse market dynamics, core resource risks, and internal and external environmental impacts to identify and evaluate supply chain risks. In response to the uncertainty of the global supply chain, we have established safety inventory and system warnings to attract suppliers to locate closer to the local area to ensure stable supply and continuous production. In order to systematically enhance the risk resistance of the supply chain, we insist on independent research and development and innovation, and develop the research and development and manufacturing of our own parts covering powertrain, chassis, braking system, etc. At the same time, we collaborate with suppliers to innovate, promote the capacity development and technology application of domestic chip suppliers, and jointly create a high-quality and resilient supply chain.

Responsible Sourcing

The Company implements responsible sourcing actively. To this end, we have formulated the Supplier Code of Conduct, which defines the ESG requirements to be followed by suppliers, such as labour rights, business ethics, environmental ecology, product quality, health and safety, and advocates suppliers to do business responsibly and sustainably. In 2023, the Supplier Code of Conduct was signed by 100% of suppliers. We ensure that our sourced products comply with international conventions and relevant regulatory requirements on safety and environmental performance.

■ Green sourcing

We pay special attention to the green attributes of purchased products and incorporate environmental protection and resource conservation concepts into our procurement activities. In terms of purchasing raw materials and parts such as steel, aluminium, plastics, and batteries for new products, we have given priority to low-carbon emission suppliers and have carried out carbon footprint verification of suppliers' products in a step-by-step manner to help the entire automotive industry achieve green and low-carbon transformation. We also require suppliers to pay attention to their carbon emissions reduction and energy conservation plans. In the future, we will further develop green sourcing policies and jointly build a green supply chain.

Carbon footprint verification of supplier products

Chery conducts carbon footprint verification on supplier products through the China Industrial Carbon Emission Information System (CICES) platform to reduce product carbon emissions and environmental impacts. In 2023, the Company completed carbon footprint verification on parts of two models, identified key parts and suppliers with high shares of carbon emissions, and proposed targeted carbon reduction suggestions and plans to assist suppliers in carbon reduction and realise green development.

■ Incorruptible sourcing

We define the "Sunshine Project" provisions, incorruption and compliance commitments, and violation reporting channels in the "Master Sourcing Contract", "Third Party Due Diligence Questionnaire", and "Supplier Code of Conduct", require suppliers and other partners to sign the above documents, and conduct business ethics training and publicity to strengthen their incorruption and integrity awareness. In 2023, a total of 261 suppliers participated in Chery's special business ethics training.

Compliance promotion at the 2023 Supplier Conference

In 2023, Chery held an incorruption and compliance lecture themed "governing the enterprise according to law, operating compliantly, and building healthy, incorruptible and compliant cooperative relationships" at the Annual Supplier Conference to heads of 465 key suppliers and over 850 customer representatives, conveying the Company's stance on carrying out incorruptible operations, preventing corrupt practices, and building a fair and transparent "sunshine" supply chain jointly.

By the end of 2023

The proportion of suppliers certified to the **ISO 14001** environmental management system

85.2 %

The proportion of suppliers certified to the **IATF 16949** automotive quality management system

99.2 %

The proportion of suppliers signing the **Supplier Code of Conduct**

100 %

Supplier Communication

Chery expects to establish healthy and long-term cooperative relationships with suppliers. It regularly organises diversified activities such as supplier training, workshops and supplier technology exhibitions to share industry knowledge and best practises and explores new models of collaborative development.

We have developed an annual supply chain partner training plan focusing on our partners' training needs. We implement training programmes covering laws and regulations, industry standards, product quality, labour safety, environmental management, etc. to improve the all-round capabilities of supply chain partners and strengthen the collaboration efficiency of the supply chain ecosphere. In 2023, we organised three supplier training sessions with 1,624 participants in total. For suppliers with prominent problems in technology, quality, etc., we implement special supplier development projects and develop targeted solutions jointly to help improve supplier capabilities.

In addition, based on excellent supplier technology exhibitions, we build communication channels with suppliers, conduct in-depth exchanges on new technologies, product development, industry trends, etc., and explore paths of sustainable development and win-win cooperation. By the end of 2023, we had organised 21 excellent supplier technology exhibitions.

Scenes of excellent supplier technology exhibitions
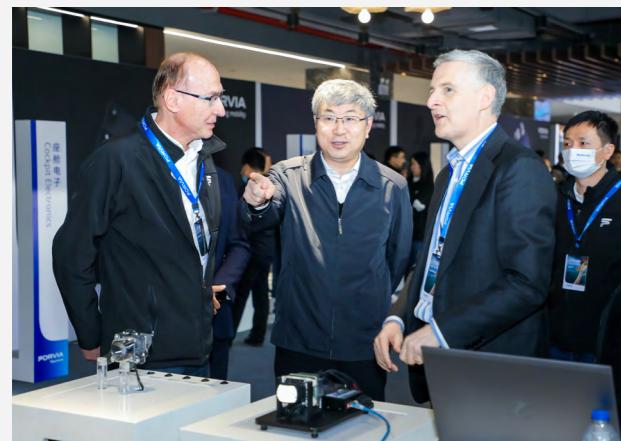
Dealer Management

Adhering to the principle of honest business operation, we focus on carrying out publicity and marketing practices that comply with domestic and international laws and regulations, social norms and ethical standards, and respect and protect the rights and interests of our customers. We have prepared the "Advertising and Marketing Compliance Manual" to regulate the workflow of preparation, review, release and archiving of external publicity documents and ensure the consistency, accuracy and traceability of external publicity and marketing content. We avoid exaggerated publicity and deceptive or misleading information in our external publicity content and ensure that customer rights are not infringed responsibly.

We require dealers to follow responsible marketing practices consistent with ours. We formulate business policies, operation manuals, practical guidebooks on overseas outlet standardisation, etc. for sales service providers, and organise responsible marketing training and publicity for dealers and overseas agency personnel regularly, including applicable laws and regulations, service standards, product training, etc., and regulate employees' responsible marketing behaviour.

We also regard dealers as important partners for business success and empower their high-quality operations continually. We have established a dealer evaluation mechanism that focuses on key touch points such as satisfaction, complaint rate and spare parts with the user experience process being the main thread, formed sales service evaluation standards, and conducted dealer evaluation through scheduled and unannounced inspections to improve dealer management. In addition, we periodically conduct dealer surveys to understand dealer needs, and coordinate our own resources to support dealer training and other capacity building activities to help dealers improve their business efficiency.

"Ultimate Experience and Value Leadership" dealer training

On July 15 2023, Chery conducted special satisfaction training themed "Ultimate Experience and Value Leadership" for about 30 key dealers nationwide. By sharing benchmark store cases and conducting field visits, the training enhanced the learning effectiveness of dealers and improved their service quality.

04
Good for Nature

Chery implements the new development philosophy of "ecological priority and green development" in depth, creates low-carbon products, practises green operations, boosts the circular economy, and explores eco-friendly and nature-positive business practises with building green and low-carbon mobility modes being the core to promote the harmonious coexistence between humanity and nature and protect our planet jointly.

Main topics

- Carbon and climate change
- Resource utilisation and circular economy
- Energy management and efficient utilisation
- Water resource management and conservation
- Pollution control and emission management
- Support for biodiversity

Key Performance in 2023

- **3** national-level "green factory" conformity certificates have been received.

- According to the "Technical Standard on Lifecycle Carbon Emission Accounting of Passenger Vehicles", carbon footprint accounting has been completed for **72** versions.

- Renewable energy construction in solar photovoltaics, ground source heat pumps, etc. is carried out to improve green productivity.

- All models of vehicles of Chery achieved , a recyclability rate of over **95%** and a reusability rate of over **85%** are reached.

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBL CONSUMPTIO AND PRODUC

13 CLIMATE ACTION

15 LIFE ON LAND

Response to Climate Change

Climate change has become a common challenge around the world. Chery responds actively to the Paris Agreement and China's "Carbon Peak and Carbon Neutrality" goals and keeps strengthening the management of climate-related topics to enhance the Company's climate resilience. We carry out relevant work in four aspects – governance, strategy, risk management, and metrics and targets – referencing the TCFD framework and the "IFRS S2 - Climate-related Disclosures" of the International Sustainable Standards Board (ISSB).

Governance

The Company incorporates climate change-related matters into the scope of board supervision. We integrate decision-making functions into the sustainability governance structure to coordinate climate change response. We link "Carbon Peak and Carbon Neutrality" matters deeply with the work of relevant business departments such as strategy, R&D, and manufacturing, and take stakeholders' expectations in addressing climate change into account to make the governance of climate topics more scientific and effective.

Strategy and Risk Management

We identify and analyse conduction pathways of short-, medium- and long-term climate change risks and opportunities for the Company, as well as potential impacts based on our business characteristics and development strategies. Meanwhile, we incorporate climate-related risks into the Company's risk management framework and take appropriate measures to mitigate their potential impacts. In the future, we will improve the climate change risk management mechanism to enhance climate resilience.

Climate-related risks

Category	Risk type	Time Horizon	Risk description	Potential financial impact	Management measure
Transition Risks	Policy and Legal	Short- to medium-term	**Changes in regulatory requirements for products and services:** Emission standards for motor vehicles are increasingly stringent and will potentially increase investment in emission reduction technology improvement.	• Increased operating costs	• Pay constant attention to policy change trends, strengthen industry development situation research and judgement, and increase investment in transition.
		Short- to medium-term	**Changes in ESG-related rules and guidelines:** With the strengthening of global ESG rules and directives, such as adopting the "Regulation on Batteries and Waste Batteries" by the European Council, the Company will face stricter sustainability management requirements.	• Increased compliance costs • Increased operating costs	• Pay constant attention to global ESG policies and regulatory trends, and strengthen ESG management.
		Short- to medium-term	**Product export investigation risks:** The EU has initiated a countervailing investigation on imported battery electric vehicles originating in China, which may restrict exported NEV models.	• Reduced operating revenue	• Study impacts of rules actively, formulate response strategies and improve innovation capabilities continually to strengthen competitive advantages.
		Medium- to long-term	**Reconstructing of trade rules:** A new trend in global green trade has emerged, and international low-carbon trade rules such as the EU Carbon Border Adjustment Mechanism (CBAM) have been established and implemented gradually so that vehicle export costs may rise.	• Increased operating costs • Reduced operating revenue	• Establish a product carbon footprint management system and explore carbon reduction technologies throughout the product lifecycle.
	Technology	Medium- to long-term	**Product and technology replacement:** Low-carbon economic transtion has expanded the supply and consumption of NEVs, and accelerating to phase out the traditional gasoline-powered vehicles.	• Reduced operating revenue	• Optimise the production capacity layout continually and adjust production lines and product strategies in due time.
		Medium- to long-term	**R&D investment:** To meet the market demand for low-carbon products and technologies, the Company will increase R&D investment, but the risk that R&D progress is slower than expected may exist.	• Increased operating costs	• Optimise R&D strategies and strengthen the layout of core technicians and problem-tackling capabilities.

Climate-related risks

Category	Risk type	Time Horizon	Risk description	Potential financial impact	Management measure
Transition Risks	Market	Short-, medium- and long-term	**Market changes:** Due to green and low-carbon transformation, the NEV industry is growing rapidly, and conventional gasoline-powered vehicles may lose market share and competitiveness.	• Reduced operating revenue	• Explore fuel-efficient technologies actively to improve the energy efficiency of conventional gasoline-powered vehicles and strengthen presence in the NEV field.
		Short-, medium- and long-term	**Customer demand changes:** Products in the automotive market are upgraded rapidly, consumer needs are diversified, and existing models may fail to meet consumer expectations.	• Reduced operating revenue	• Adapt actively to market changes and develop diversified product development strategies to meet varying consumer needs.
		Short-, medium- and long-term	**Increased material costs:** In response to stricter environmental and carbon emission regulatory requirements, partners must adapt to transformation and upgrading, increasing product supply costs.	• Increased operating costs	• Reduce reliance on a single supply source and seek and develop alternative materials.
	Reputation	Short-, medium- and long-term	**Brand image:** In the current market environment and under the attention of all stakeholders, if the Company fails to fully demonstrate its capacity and practical effectiveness in responding to climate change and improving the transparency of climate-related information, it will face the risk of brand image impairment.	• Increased operating costs	• Promote carbon reduction throughout the product lifecycle and the industry chain actively, and carry out climate-related disclosure to enhance brand resilience and reputation.
Physical risks	Acute	Medium- to long-term	**Extreme weather and natural disasters:** Extreme weather such as rainstorms, hails and thunderstorms occur frequently, and the impacts of disasters are increasingly grave, which may endanger the safety of employees and the Company's physical assets and trigger supply chain disruptions and production obstruction.	• Increased operating costs	• Strengthen climate warning and forecasting, develop contingency plans, and enhance response to extreme weather; establish a safety stock, and gradually develop the capability to develop and make parts independently.
	Chronic	Medium- to long-term	**Global warming:** Due to extreme weather conditions such as ultra-high and ultra-low temperatures, operating and production facilities such as air conditioners consume more energy to meet operational conditions; glacier melting, etc., may affect the accessibility of international transport routes.	• Increased operating costs	• Analyse energy consumption trends, strengthen energy conservation and emission reduction, and deploy diversified transport routes.

Climate-related opportunities

Opportunity category	Time Horizon	Opportunity description	Potential financial impact	Management measure
Resource efficiency	Medium- to long-term	Material recycling technologies and related innovative products and solutions are increasingly sophisticated and recognised by the market.	• Reduced operating costs • Increased operating revenue	• Develop and use renewable and recyclable materials.
Energy sources	Short-, medium- and long-term	There is an increasing supply of renewable or low-carbon energy in the market, with various energy options and balanced prices. The market expects innovative solutions and products for power systems.	• Reduced operating costs • Increased operating revenue	• Accelerate the optimisation of the energy structure. • Strengthen the R&D of power systems.
Products and services	Medium- to long-term	Regulators promulgate policies to build a market-based mechanism for the coordinated development between energy conservation and NEVs.	• Increased operating revenue	• Accelerate the promotion of technological innovation in NEVs faster and continually improve the performance of conventional gasoline-powered vehicles.

■ Metrics and targets

The Company is promoting carbon emissions reduction and product carbon footprint management to learn the current status of greenhouse gas emissions and identify emission reduction areas and achievable targets. The main metrics of climate change, such as greenhouse gas emissions and energy consumption in 2023, can be found on this page. Refer to the "Practising Green Operations" section for other environmental metrics.

2023 GHG Emissions

Total GHG emissions
(Scope 1 + Scope 2)

503,467.9 tCO2e

2023 Energy Sources

Proportion of renewable energy sources in energy consumption

7.6 %

Proportion of renewable electricity in electricity consumption

14.7 %

2023 Products and Services

New energy passenger vehicles sold (battery electric vehicles + plug-in hybrid vehicles)

138,000 vehicles
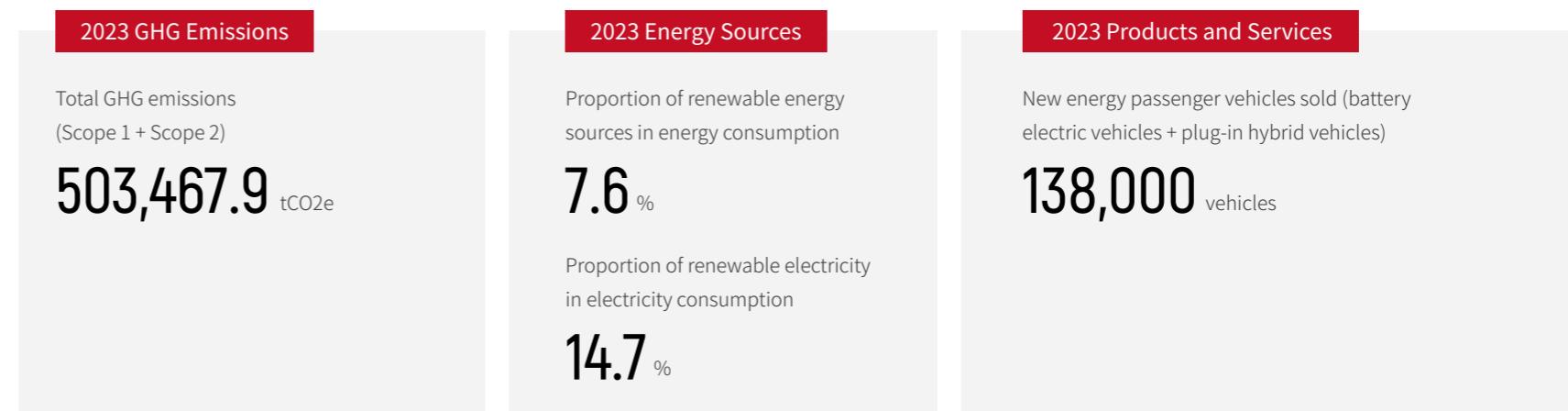
Note: In the calculation of the Company's greenhouse gas emissions, the emission factors from fossil fuels such as gasoline, diesel and natural gas in direct energy sources are from the "2006 IPCC Guidelines for National Greenhouse Gas Inventories", that for steam emissions is from the Guidelines for "Accounting Methods and Reporting of Greenhouse Gas Emission by Machinery Manufacturing Enterprises (for Trial Implementation)", and that for emissions from indirect energy sources (electricity) is from the "2021 Electricity Carbon Dioxide Emission Factors" published by the Ministry of Ecology and Environment, and the National Bureau of Statistics.

Boosting Low-Carbon Mobility

Automakers are important participants in transport. Chery is actively reshaping its product philosophy and developing new energy products to provide users with diversified low-carbon product choices. In addition, we strive to carry out carbon emissions reduction throughout the vehicle lifecycle, create green products trusted by consumers, contribute to green mobility models, and move towards a low-carbon, clean and sustainable future with users.

Clean Low-Carbon Products

Developing safe, economical, and clean high-performance power systems is one of the key aspects of realising energy conservation and emission reduction in vehicles. By fully taking the low emission advantages of hybrid, extended range, battery electric, hydrogen energy and other technologies into account, the Company promotes the development of NEVs and enhances the development of hydrogen internal combustion engines, hydrogen fuel parts and other technologies, embeds a "green DNA" into products firmly, brings long-range, low energy consumption and low-carbon emission automotive products to the market, and also provides users with a variety of practical and desirable green consumption choices.

Accelerating the NEVs development and creating the first battery electric sedan under the EXEED brand

In April 2023, Chery released a new strategy in the field of NEVs to build a new brand matrix with "CHERY, EXEED, JETOUR and iCAR" at the core. It launched a super hybrid platform – the E0X high-performance electric platform – and 135 new technologies in relevant fields for users, accelerating development in NEVs and ICVs and starting a new journey of technological leap forward.

With the new strategic layout, the Company officially launched the STERRA ES high-end battery-electric sedan in December 2023. As the first battery electric sedan under the EXEED brand, the STERRA not only demonstrates super strength in five dimensions – space, safety, energy consumption, comfort and intelligence, but has also become a new benchmark of low power consumption in similar models with the excellent performance of minimum power consumption of 11.7 kWh per 100km and a maximum driving range of 905km, creating a new era of comfortable and green driving for users.

Chery 2.0T hydrogen-powered engine released, realising near zero emissions in hybrid models

Hydrogen energy is an integral part of the national energy system and an important solution to realise near-zero emissions against the backdrop of the "Carbon Peak and Carbon Neutrality" strategy. The hydrogen-powered engine is also a self-made breakthrough and innovation in the internal combustion engine industry in the NEV trend. In April 2023, Chery released the 2.0TGDI hydrogen-powered engine based on gasoline engines. It realises surging power at low speeds and high thermal efficiency through high-pressure hydrogen supply, high compression ratio, controllable lean combustion, VGT turbocharger and other technologies. This engine can serve as the power source for hybrid models and realise near-zero emissions for the entire hybrid vehicle. The launch of the 2.0T hydrogen-powered engine has realised a full product layout for Chery's automotive power systems in the fields of gasoline-powered, electric and hydrogen-powered vehicles.

Carbon Reduction throughout the Life Cycle

We integrate the concepts of "environmental protection, energy conservation, health and safety" into product design and R&D and promote emission and carbon reduction throughout the product lifecycle to accelerate product decarbonisation. To further promote this process, we have established a full-lifecycle carbon emission analysis assist system and the vehicle lifecycle carbon emission calculation capability, laying a foundation for the product carbon footprint calculation management system. In 2023, the Company conducted product carbon footprint accounting and a company-wide carbon inventory and completed carbon footprint accounting for 72 versions according to the "Technical Standard on Lifecycle Caron Emission Accounting of Passenger Vehicles". Among them, three versions including the STERRA ES and STERRA ET met the requirements of the "CAC-PV18-071: 2021 CATARC Certification Implementation Rules – Carbon Footprint of Passenger Vehicles (Including Low-Carbon Vehicles)" and were certified as low-carbon products.

Carbon emissions per unit mileage throughout the lifecycle of the STERRA ES model: 149.3 grams of carbon dioxide equivalent/km

■ Sustainable Research and Development

We focus on improving the R&D and reducing vehicle energy consumption. In terms of structural design, we adopt low-drag, integrated cover parts, functional integration of key parts and other designs to improve the body structure continually; in terms of material selection, we explore paths of automotive light-weighting, develop and use lightweight materials such as ultra-high strength steel to enhance the overall power performance of the vehicle and reduce the energy impact of body light-weighting. In addition, we adopt low-carbon, renewable and recyclable eco-friendly materials and apply bio-based materials, renewable plastics, recycled metals, etc. to some existing models. We plan to expand the application scope and further reduce single-vehicle carbon emissions in the future to protect and utilise Earth's resources more reasonably.

Applying lightweight technology

- By increasing the proportion of lightweight materials and the level of wall-thinning of body panels and opitimising the manufacturing process, the vehicle weight is reduced by 42kg, and greenhouse gas emissions in the vehicle's lifecycle are reduced by about 400kg of carbon dioxide equivalent.

ARRIZO 8 model

Using renewable materials

- The model uses recycled steel, and some parts are made of 100% renewable plastics, 18% bio-based materials, and 30% recycled aluminium alloy.

STERRA ES model

Note: The mileage for greenhouse gas emission accounting during the vehicle lifecycle is 150,000km according to the "Technical Standard on Lifecycle Carbon Emission Accounting of Passenger Vehicles".

Raw Materials

Indicator	Unit	Data in 2023
Total consumption of raw materials	ton	583,594.3
Steel consumption	ton	518,638.5
Aluminium consumption	ton	33,982.6
Plastic consumption	ton	20,384.8
Paint consumption	ton	10,516.3
Others	ton	72.0

■ Clean Production

To reduce carbon emissions during production and manufacturing, we optimise the energy structure continually and accelerate the replacement of clean technologies and equipment replacement. We strengthen the staff's awareness and capacity for energy conservation and pursue a more energy-saving and eco-friendly production process to reduce single-vehicle energy consumption year by year.

Carbon reduction measures in production

Clean energy: Renewable energy construction in solar photovoltaics, ground source heat pumps, etc. is carried out to improve green productivity. By the end of 2023, the Wuhu factory had installed 76 MW of solar photovoltaic and a cumulative power generation of 198,900 MWh, of which 93.9% was for own use, reducing carbon dioxide emissions by about 140,000 tons. One of the iCAR manufacturing factories has installed 3.25 MW of solar photovaoltaic with an annual power generation of about 3,250 MWh. It is expected to generate 71,500 MWh of clean energy and reduce carbon dioxide emissions by about 50,000 tons during its 25-year service life.

Low-carbon manufacturing: We promote gigacasting, low-temperature integrated coating and other processes gradually to improve production efficiency and reduce energy consumption and carbon emissions. The Company has applied the gigacasting process to manufacturing multiple models.

Efficient energy use: A specialised third-party agency is entrusted to diagnose the energy management system, process installations and energy-consuming equipment comprehensively to identify causes of energy loss, tap energy-saving potential, and improve energy efficiency. We improve energy management continually and implement measures such as precise production lighting in the factory area and lean management to reduce energy waste.

Energy consumption reduction: We improve production processes, upgrade equipment with a long period of service and high energy consumption, and optimise operating parameters of refrigeration units to enhance equipment performance and reduce equipment energy consumption.

■ Green Packaging

We have strengthened green packaging and continually reduce the environmental impact generated by packaging materials through the main path of reduction, recycling and resource utilisation. Furthermore, we impose green packaging requirements on our partners and look for more convenient, intensive and low-carbon packaging solutions together with them.

Reduction

Through structural simplification, and material specification and grade adjustment, packaging tools become lighter, and the consumption of packaging raw materials is reduced. In 2023, expandable polystyrene (EPS) was used to realise light-weighting, reducing raw material consumption by about 7%; the iron frame structure for container vehicle transport was simplified, reducing packaging costs by over 20 million RMB, and realising the unification of environmental and economic benefits.

Recycling

The Company has been promoting special packages for parts, general-purpose TEUs, iron pallets and other reusable tools since 2009 and applied them in the domestic market and some overseas markets, such as Kazakhstan, Egypt and Malaysia. By the end of 2023, the Company had over 100,000 reusable tools, equivalent to a reduction of about 300,000 disposable tools.

Resource utilisation

We explore opportunities for the sustainable use of discarded EPS materials and establish an EPS recycling model of on-site collection, granulation and return at overseas factories, which reduces environmental pollution while maximising the reuse value of waste materials.

Packaging material consumption

Indicator	Unit	Data in 2023
Total consumption of packaging material	ton	55,302.3
Metals	ton	15,986.0
Paper	ton	12,376.2
Plastics	ton	15,646.6
Others (crates, wooden pallets, plywood, etc.)	ton	11,293.4

Total quantity of packages made from renewable or recycled materials

42,164.7 tons

The proportion of packages made from renewable or recycled materials

76.2 %

Low-Carbon Logistics

In response to the rapid growth of our global business, Chery continually improves resource utilisation efficiency in container loading, transport, etc., and accelerates building a low-carbon and efficient logistics system to improve full-process quality and efficiency and reduce carbon emissions. Moreover, we are building a net-zero carbon emission logistics park with renewable energy sources and intelligent IoT as the core, accelerating the establishment of a green and low-carbon logistics industry chain.

We collect and analyse data from all aspects of logistics based on a digital transport management system and develop more efficient transport strategies by applying big data. By adopting methods such as intra-city milk runs, non-local consolidation, and LCL, we increase the transport loading rate, reduce the number of trips, and realise efficient container transport. To reduce carbon emissions from off-site transport, we adopt the logistics transport models of nonstop river-sea shipping and Ro-Ro transport and keep increasing the proportion of railway, waterway and new energy truck transport. For in-house parts transport, only electric forklifts, tow tractors, etc., are used to strengthen the use of clean transport equipment continually.

Promoting the integrated logistics packaging

Chery continually develops the integrated logistics packaging through communication and cooperation with suppliers. By promoting the concept of "integral packaging", we optimise packaging design, drive supplier packaging according to export standards, realise the direct shipping of supply packages, simplify logistics operations, and reduce material consumption. In 2023, the direct shipping rate of automotive CKD packages was over 30%, leading in the industry. In addition, we reduce in-transit inventories and empty transport by LCL and other means, reduce transport energy consumption, and realise lean logistics management to the greatest extent. Thus, it can save over 10 million RMB in transport fuel, and reduce 4,000 tons of carbon dioxide emissions per year.

Sales and Use

We extend our products' green footprint and work with dealers and downstream partners in the industry chain to guide users' green consumption and use behaviour, realising the balance of the economic devleopment and emission reduction.

In the sales process, we encourage dealers to incorporate sustainability requirements into the construction and operation of stores, use more eco-friendly building materials, and optimise the day-lighting and lighting system of showrooms to reduce energy consumption; charging piles and supporting facilities are installed outdoors to provide greater convenience for NEV users, and lead the low-carbon and green development of automotive consumption.

In the use process, we improve product performance continually from the perspective of users and optimise energy efficiency parameters of gasoline-powered vehicles, plug-in hybrid vehicles and other products continually so that products used by users have higher energy conversion efficiency, lower energy transmission losses, and lower system energy consumption, saving energy costs for users.

Recycling and Recovery

At the end of the vehicle lifecycle, we vigorously promote vehicle scrapping, recovery, and recycling. We comply with laws and regulations in locations where we operate, including the "EU's Directive on End-of-Life Vehicles" (ELV, 2000/53/EC), "Directive on the type approval of motor vehicles concerning their reusability, recyclability and recoverability" (RRR, 2005/64/EC), and "Requirements for the Management of Automotive Hazardous Substances, and Recyclability and Recoverability Rates" of China, and have developed the "Management Measures for Hazardous Substances and Recoverability Rate of Vehicles", and "Technical Standard on Vehicle Recycling" of the Company, and "Technical Standard on Vehicle Recycling", and provided dismantling manuals for vehicles and parts on the market to develop a circular economy model of vehicle scrapping, dismantling, classified recovery and reuse. By the end of 2023, for vehicles in all Chery models, a recyclability rate of over 95% and a reusability rate of over 85% had been reached.

To strengthen the recycling management of power batteries for NEVs, we have formulated the "Management Control Procedure for Power Battery Traceability", which specifies the requirements for power battery traceability at the R&D, production, sales and aftersales stages and carries out full-process information acquisition and uploading to ensure that battery recycling information at all stages is transparent and traceable, and reduce the risk of environmental impacts during battery recycling.

废油回收利用研发实验室

Practicing Green Operations

Chery deeply understands its responsibility for the environment, adheres to the environmental management policy of "environmental priority, full participation, and green development," accelerates the building of green and low-carbon production and operation models, keeps reducing resource consumption and environmental impacts, and explores new paths of coordinated economic and environmental development to create a nature-positive future.

Environmental Management System

Chery establishes and continually improves its environmental management system, identifies and controls key environmental factors and pollution sources, and minimises environmental and ecological impacts in strict conformity with applicable international, domestic, and industry policies and regulations, including the "United Nations Convention on Biological Diversity", and other conventions and regulations, the "Environmental Protection Law", "Water Pollution Prevention and Control Law", "Air Pollution Prevention and Control Law", "Noise Pollution Prevention and Control Law", "Solid Waste Pollution Prevention and Control Law", "Soil Pollution Prevention and Control Law", and "Environmental Impact Assessment Law" of China, the "EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)", as well as applicable rules, guidelines and standards recommended by regulatory agencies and industry organisations adopted by the Company. In 2023, Chery did not experience any punishment arising from any environmental violation.

The Company strengthens environmental management in all aspects, including organisational mechanisms, institutional management, supervision, and evaluation. It has established the Safety and Environmental Committee to coordinate and supervise major environmental matters. The Company establishes an integrated safety and environmental platform, strengthens the supervision and control of environmental data, and incorporates energy conservation, emission reduction, environmental protection, etc. into the performance evaluation of management personnel to ensure that the environmental management mechanism operates effectively. By the end of 2023, five production bases of the Company had been certified to the ISO14001 environmental management system, and three vehicle factories had been rated as national-level "green factories." In 2023, the Company received the title of "Green Supply Chain Management Enterprise".

The integrated safety and environmental management platform facilitates digital supervision of safety and environmental protection

In 2023, Chery launched the integrated safety and environmental management platform officially as a basic digital platform for safety and environmental information management. The platform relies on the integration of high-definition video monitoring, pollution source automatic monitoring, and other systems and equipment to realise on-site visualisation. It will continue to be iterated through the application of vision algorithms, big data, thermal imaging, and other cutting-edge technologies to achieve environmental monitoring and control, early warning and response scheduling, business full-process control, and emergency disposal management, and other functions, which will in turn support the on-site staff to carry out real-time and accurate management, and effectively improve the enterprise's safety and environmental protection prevention and supervision capabilities.
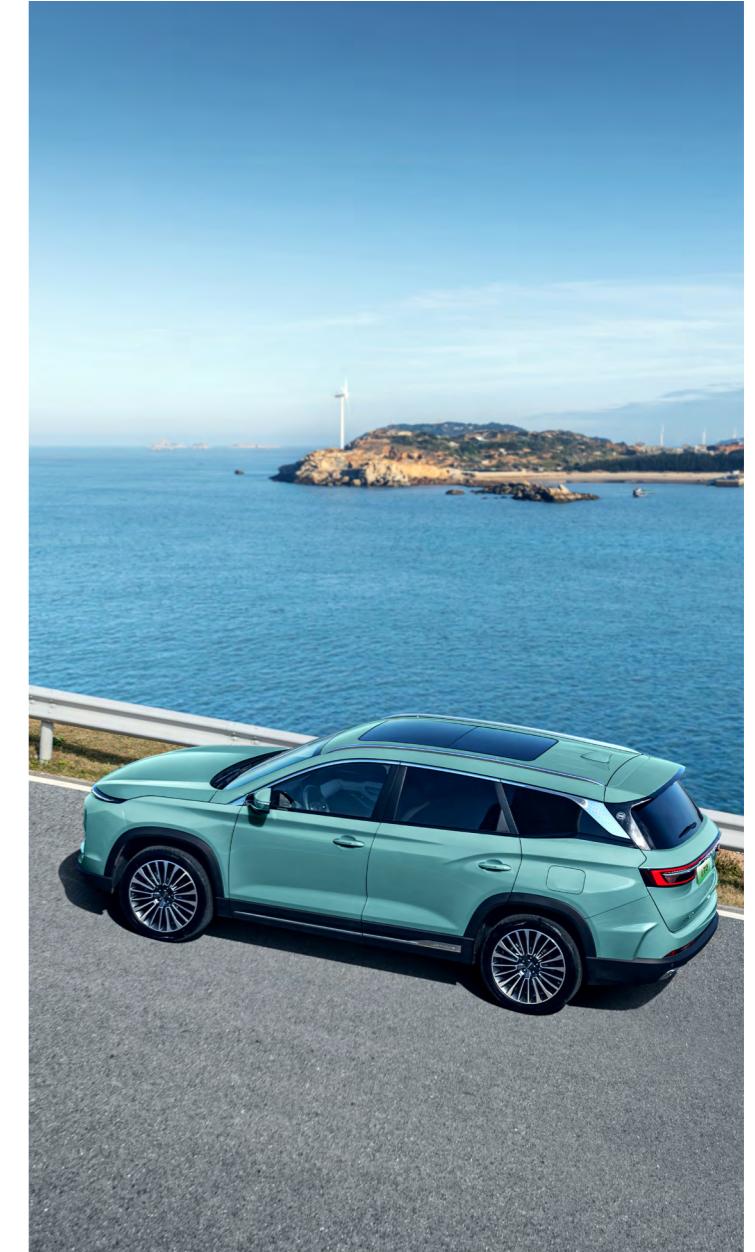
Emissions Management

■ Wastewater Management

The Company has formulated policies such as the "Water Pollution Prevention and Control Procedure", enforced regulatory and industry wastewater discharge standards strictly, regulated the wastewater treatment process, strengthened wastewater treatment facilities and technological transition, and directed industrial and domestic wastewater to wastewater treatment stations for conforming discharge. Through the automatic pollution source monitoring system, pollutant discharge indicators at discharge outlets are monitored dynamically to strengthen the prevention of water pollution risks. In 2023, the Company's wastewater discharge concentration was superior to the applicable national and local water pollutant discharge standards.

■ Air Pollution Control

The Company has established systems such as the "Air Pollution Prevention and Control Procedure" to strengthen waste gas emission management continually and realised comprehensive waste gas emission control through source replacement, process control, and terminal treatment by promoting the application of cleaner production processes, materials and technologies. In addition, we are gradually replacing gasoline-powered vehicles with NEVs in the use of official vehicles and factory towing tractors, thereby reducing motor vehicle emissions generated in commuting and transport.

Source substitution

We apply the compact B1B2 coating process without intermediate coating, low volatile organic compounds (VOCs) water-based coatings, and eco-friendly waxes actively to reduce VOCs and other pollutants from the beginning.

Process control

We apply the robotic electrostatic high-efficiency spraying technology for internal and external surfaces, a small colour pigging system, circulating air and other technologies.

Terminal treatment

Eco-friendly technologies such as dry spraying room paint mist carton filtration, zeolite rotor adsorption concentration, and three-chamber thermal storage RTO incineration are adopted to further reduce emission concentrations and quantities of exhaust gas pollutants.

Application of low VOC coatings

Robot spraying

■ Waste Management

The Company carries out waste management in strict conformity with requirements in locations of production and operations. It formulates management policies such as the "Management Procedure for Solid Waste Pollution Prevention and Control", "Management Measures for Hazardous Waste", and "Management Measures for the Safe Storage of Hazardous Waste". It takes targeted prevention and control measures to reduce resource consumption and environmental impacts. For domestic waste and harmless solid waste, we conduct classified collection, and entrust third-party agencies for recycling or transfer it to waste treatment plants designated by environmental protection authorities for treatment, thereby promoting waste recycling and reuse. We apply the low-temperature drying treatment technology to sludge from wastewater treatment plants, which reduces sludge weight by up to 45% compared to conventional treatment methods. For hazardous waste, we set up hazardous waste stations in factories for temporary storage, strengthen the supervision of the whole process of collection, storage, transfer and disposal, and entrust qualified third-party agencies with the utilisation and disposal of generated hazardous waste to avoid environmental pollution.

■ Noise Control

The Company has formulated the "Noise Pollution Control Procedure", selected optimum low-noise equipment, and applied noise control technologies to reduce noise pollution. In addition, we entrust specialised third-party agencies with quarterly factory boundary noise monitoring to ensure compliance with the "Emission Standard for Boundary Noise of Industrial Enterprises" and protect the living and inhabitation of the general public and surrounding organisms from impacts.

Environmental Performance

Indicator	Unit	Data in 2023
Pollutant Control		
Air pollutants		
Nitrogen oxides (NOx)	ton	158.7
Sulphur dioxide (SO2)	ton	10.7
Volatile organic compounds (VOCs)	ton	299.8
Particulate emissions	ton	284.8
Wastewater		
Total industrial wastewater discharged	ton	1,438,032.7
Chemical oxygen demand (COD) emissions	ton	213.1
Ammonia nitrogen emissions	ton	21.0
Solid waste		
Total amount of solid waste	ton	242,312.3
Total amount of non-hazardous solid waste generated	ton	229,685.1
Total amount of hazardous waste generated	ton	12,627.2
Total amount of waste recycled	ton	231,373.7

Resource Utilisation

■ Energy Management

Chery promotes the building of its energy management system at a high standard, formulates management system documents such as the "Energy Management Manual" and the "Management Measures for Energy Use", and sets annual energy consumption targets year by year to promote the reduction of general energy consumption continually. We have built a comprehensive energy management system, strengthened the visualised management of energy processes, monitored energy consumption data of power and auxiliary equipment and factories, and further improved energy management efficiency through data analysis and prediction, and optimum energy conservation plans. In 2023, the Company passed audits for certification to the GB/T 23331-2020, ISO 50001:2018 and RB/T 119-2015 energy management systems.

2023

Installed capacity of solar photovoltaic
101 MW

Renewable energy consumption
89.7 GWh

Direct energy consumption
531.1 GWh

Indirect energy consumption
641.8 GWh

Total energy consumption
1,172.9 GWh

Note: The conversion coefficient for total energy consumption is from the "General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008)".

■ Water Resource Management

We cherish and protect water resources, abide strictly by laws and regulations such as the "Water Law of the People's Republic of China" and "Water Pollution Prevention and Control Law of the People's Republic of China", strive to strengthen water resource management. Water resources for the Company's production and operations are mainly from municipal water. To reduce freshwater consumption, we implement lean production management, green office work, and strict control over water use in production and operations. In addition, we carry out industrial wastewater recycling actively and improve the utilisation rate of water resources by introducing specialised technical equipment to ensure that treated industrial wastewater meets the reuse standard and is used for circulating cooling water, water replenishment, etc. In addition, we use devices for reclaimed water treatment, rainwater collection, etc. to use treated water for landscaping maintenance, ground flushing, etc., realising the adequate utilisation of water resources.

2023

Freshwater intake
4.319 million tons

Total water consumption
224.606 million tons

Circulating water consumption of factories
220.287 million tons

The proportion of circulating water consumption of factories
98.1%
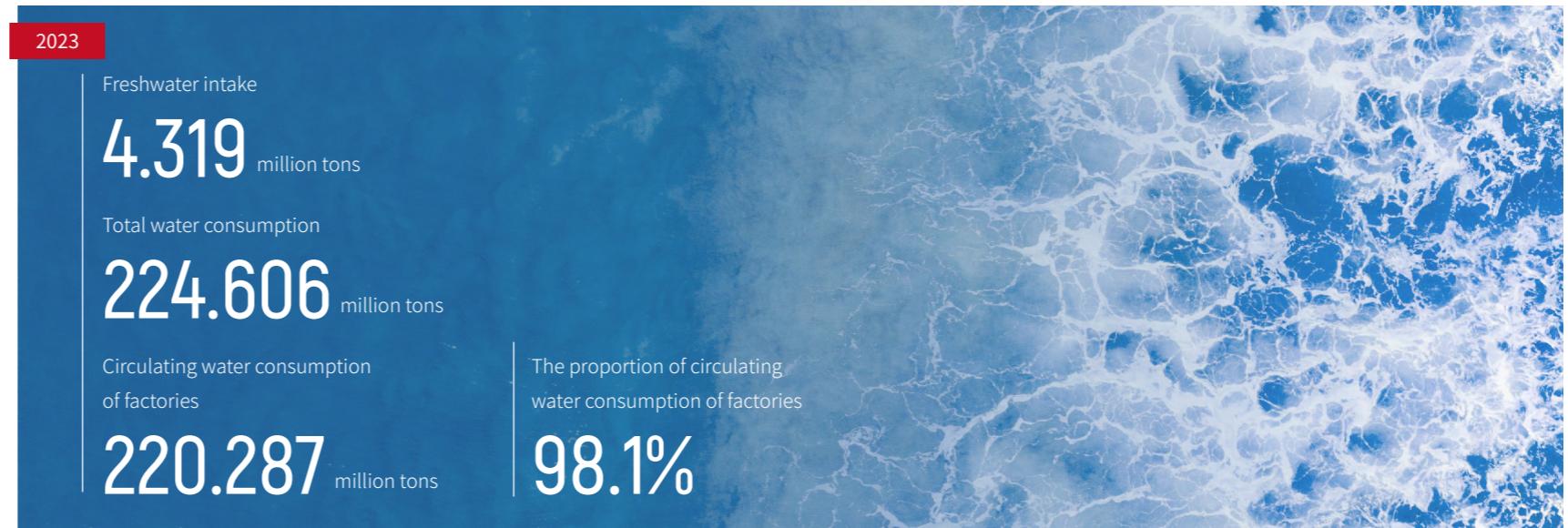
Biodiversity Conservation

Chery attaches great importance to the healthy operation of natural ecosystems in locations where it operates and integrates biodiversity conservation into operational management. We have been investing constantly in eco-friendly activities such as ecological protection and habitat conservation for many years to conserve biodiversity with practical actions. In 2023, we signed a memorandum of cooperation with the International Union for Conservation of Nature. In the future, both sides will explore new models of ecological protection and restoration for forests, land and oceans through innovative courses of action and promote the restoration and protection of worldwide fragile environments actively.

In 2008, Chery established the Chery China Landscaping and Desertification Prevention Fund and donated 1 million RMB to Minqin County, Gansu Province to build a 1,000-mu "Chery forest", demonstrating our active participation in desertification prevention and control actions.

In August 2019, we launched a public welfare scientific exploration action to protect Przewalski's horses and wild two-humped camels themed "Acting Positively to Protect Wild Animal Habitats", disseminating knowledge on the protection of rare and endangered species and involving broader groups in the biodiversity conservation action.

In September 2019, we organised the "Making the River Dolphin Smile" public welfare action together with Anhui Traffic Radio to raise public recognition of endangered animals and water body improvement and protect the River Dolphin called "panda in the water".

In 2020, we organised the "Wild Amur Tiger Protection in Action" public welfare activity in collaboration with partners such as the China Ecological Civilisation Research and Promotion Association. We removed hunting gear and traps that threatened the survival of Amur tigers in snowy forests together with rangers from the Hunchun Municipal Forestry Bureau to help create a safe and favourable living environment for Amur tigers.

05

Go for A Better Future

Chery respects and cherishes the value of people, and is committed to creating a healthy, safe, diverse and inclusive workplace to support the realisation of employees' personal values and career ideals. Chery also pays attention to creating social value, fully utilising its own resources and advantages, and continuously invests. resources in disaster relief assistance, safeguarding children's rights and other fields, giving back to the society, spreading warmth, and working together for a better and happier life.

Main topics

- Respect for employees rights and interests
- Occupational health and safety (OHS)
- Public welfare and charity/ community relations

- Diversity and equality
- Employee development and training

Key Performance in 2023

- Chery supports employees' career development, with an average training time of **16.5** hours per employee.

- It established the smart trade union platform to care for and respond to employee expectations.

- Chery collaborates with global cooperation with international public welfare organisations in such fields as children's education, green development and environmental protection.

- Chery leverages the power of business for good, with a public welfare and charity investment of **46.849** million RMB in the year.

Building A Happy Chery

Chery regards employees as a valuable resource for the Company's development, links up their growth with the Company's development. The Company achieves success for others with respect, provides employees with full rights protection, fair career opportunities, better development prospects, and an inclusive working environment, and strives to create a happy Chery so that personal career development and company development can be unified and integrated.

Rights Protection

The Company complies strictly with applicable labour laws and regulations such as the " Labour Law of the People's Republic of China" and international human rights conventions, and performs its obligations specified in employment contracts. We have established sound employment management policies such as the "Human Resources Management Manual", which make reasonable and lawful provisions on employment, working hours and leaves, remuneration and benefits, anti-discrimination and anti-harassment, and protect their basic rights and interests effectively. We conduct collective bargaining every three years and update and enter into collective contracts based on bargaining results in order to build healthy and harmonious employment relationships.

We adhere to the principle of fairness, just and open employment, prohibit any discrimination in employment based on nationality, gender, age, skin colour, religion, etc., advocate employees to respect individual differences, and oppose any discrimination, harassment and inappropriate speech or behaviour that violates professional ethics. We prohibit any form of child labour and forced labour, verify candidate information during the interview and induction stage, and conduct self-inspection and auditing on employee identity information regularly to prevent child labour. We will handle any identified violation in strict conformity with the applicable procedures. In 2023, the Company committed no violation in employment, such as child labour or forced labour.

We keep optimising work attendance management, remuneration and benefits policies, regulate working hours in the "Attendance Management Guidelines" and "Paid Annual Leaves Management Guidelines", provide employees with statutory holidays, paid leave, parental leave, maternity leave and paternity leave according to law, and set up welfare leaves such as examination accompaniment leaves based on employees' practical needs. We cover social security such as pension and medical insurance for employees according to law, and in compliance with the"Remuneration Management Regulations" and the "Operating Standard for Employee Performance Management", establish a performance-based remuneration incentive mechanism, and set up additional car purchase discounts, free shuttle buses, free accommodation, talent subsidies, commercial insurance, and other diversified benefits, and provide employees with industry-competitive salary and welfare benefits.

We value employee voices and look forward to building a happy workplace that satisfies our employees. To this end, we establish smooth communication channels, collect employee opinions and suggestions regularly, and conduct employee satisfaction surveys through multiple channels, covering multiple dimensions of work and life such as business management, training and development, and logistics support. We listen to the voices, opinions and expectations of employees sincerely and promote democratic communication and consultation to ensure that employees are informed and participate in co-building and sharing.

2023

Number of employees
44,253

Number of fresh graduates employed
3,194

Number of new hired employees
25,643

Number of disabled persons supported in employment
21

Employee Development

Chery strives to improve the talent system, formulate a talent development plan, and offer career promotion channels through different paths to meet the diverse career development expectations of employees. We keep optimising the training system to empower personal career development better, activate talent development, and provide employees with a broad platform to realise their value and achieve their careers.

■ Employee Promotion

The Company has established three employee promotion and development paths for administrative personnel, specialised technicians and skilled workers, and has stepped up the selection and cultivation of outstanding talents. We have formulated the "Employee Position Promotion Management Regulations" to ensure that employees in different positions and job levels have clear promotion and development directions. We attach importance to talent reservation and development, tap the potential of human resources comprehensively, and keep strengthening the building of talent echelons through measures such as talent inventory, internal selection and job rotation. We pay special attention to and support the career development of female employees, provide them with equal growth and promotion opportunities, and keep increasing the proportion of female management employees.

Indicator	Unit	Data in 2023
Employee rights and interests		
Labour contract signing rate	%	100
Coverage rate of social insurance	%	100
Coverage rate of health checkups and health records	%	100
Percentage of employees receiving regular performance and career development evaluations	%	100
Proportion of employees joining the trade union	%	100
Number of Empolyees by employment type		
Full-time employees	person	44,253
Part-time employees	person	0
Number of Empolyees by gender		
Female employees	person	7,312
Male employees	person	36,941
Number of Empolyees by age		
< 30 years old	person	19,842
30-50 years old	person	23,581
> 50 years old	person	830
Number of Empolyees by region		
Employees in the Chinese mainland	person	44,099
Employees in Hong Kong, Macao and Taiwan	person	15
Overseas employees	person	139

Employee Training

The Company attaches great importance to employee capacity building. We integrate internal and external high-quality training resources, develop diverse training forms such as online and offline training, and optimise training management. We build a training platform around management, professional, technical, and other modules to comprehensively improve the professional skills and comprehensive quality of our employees and establish a new structure for talent cultivation.

Management training

We conduct training on corporate strategies, corporate culture, leadership improvement, etc. for management personnel at all levels and create a leadership self-learning platform based on cases from practical work.

Professional training

We fully leverage the advantages of our internal experts to carry out operational training on job functions, all-around competencies, new employee onboarding, etc. to promote expertise accumulation and improve the operational capabilities of employees pertinently.

Skills training

Relying on the automotive high-tech training base platform, we carry out production-specific training such as technology development and skill operation. The training covers the entire career development cycle of skilled workers and cultivates highly skilled talents.

We keep exploring diversified talent training models. We cooperate with higher education institutions and specialised training agencies actively, introduce external training resources, encourage and support employees' continuing education, and train high-level technical and management talents that meet the requirements of industry transformation and upgrading and are aligned with the Company's strategic development directions. In addition, we regularly conduct professional grade reviews and skill appraisals, and provide rewards for employees who have improved their academic qualifications and professional skills to support employees in achieving higher professional value.

2023 onboarding training for newly recruited fresh graduates

In 2023, Chery conducted seven-day onboarding training for over 2,400 newly recruited fresh graduates. Through various activities such as company culture story presentations and on-site exchanges with management, new employees can understand the corporate culture, quickly integrate into the company environment, and enhance their sense of identity and belonging to the company.

Special empowerment training on new media

To adapt to market changes and improve the overall quality of employees, Chery has carried out special new media empowerment training for employees, covering new media operations, short video operations, event planning, etc., to strengthen employees' professional knowledge and practical skills and improve their professional capabilities facing the new trend of Internet development.

Indicator	Unit	Data in 2023
Employee training and development		
Investment in employee training	million RMB	78.463
Total number of trained employees	person	31,807
Total training hours of employees	hour	728,189.7
Average training hours per empolyee	hour/person	16.5

2023

Total number of courses offered by the training centre

15,175

Cumulative views of training centre courses

352.461 million

Total study-time of training centre courses

187,000 hours

Health and Safety

With employee health and safety management being a priority, the Company keeps improving the OHS management system. It has maintained ISO 45001 certification for five consecutive years. To further ensure the suitability and effectiveness of the management system, we conduct annual audits of the management system in accordance with relevant system requirements and accept external audits every three years. We have formulated institutional documents such as the "Regulation of Safety Production Management", "Equipment and Facility Safety Management Procedures", "Emergency Preparedness and Response Control Procedures", and "Employee Occupational Health Surveillance Management Operating Specification" to strengthen and improve work safety and employee occupational health management in all scenarios. We carry out routine screening and control of potential work safety accidents and establish a closed loop of safety management for hazard screening, tracking, rectification and inspection to control accident risks strictly. The Company creates a safety culture atmosphere actively, and introduces the innovative the "scenario + experiential" safety training model to strengthen employees' safety awareness and capabilities.

To further strengthen employee OHS management, the Company carries out routine hazard identification and normative control and identifies, evaluates and controls safety risks in all business aspects from the perspective of "one day of an employee" to reduce occupational hazards at the workplace. For positions involving occupational hazards, we establish and improve health records for employees and implement pre-job, on-the-job and post-job health checkups in strict conformity with the "Technical Specification for Occupational Health Surveillance". In addition, we have taken such measures as process improvement, source replacement, labour protection equipment upgrading and emergency drills to strengthen the work safety and protection capacity of employees continually and protect their health and safety, thereby realising the goal of zero occupational disease.

Occupational Health Hazard Identification and Risk Control

Hazard identification

By reference to the "Classification of Occupational Injury and Fatal Accidents in Enterprises" (GB6441), and "Classification and Code of Hazards and Harmful Factors in Production Processes" (GB/T 13861), we carry out hazard identification covering all working environments, equipment and facilities, production processes, hazardous substances, operators, and operations.

Risk assessment

We evaluate risks associated with hazards qualitatively and quantitatively using the working condition hazard analysis method (LECD) to assess risks and impacts.

Hierarchical control

Based on evaluation results, hazards are classified into the material, significant, major and general levels, and the control criteria for hazards at all levels are defined clearly. For any major or above hazard, risk notification, supervision and control are conducted for the area, place and equipment where the hazard is located through a visualised dashboard.

The Company implements the employee health care action deeply by building health corners, adding health equipment, optimising health services and improving health support to protect the physical and mental health of employees comprehensively.

Extending health services through the health corner

We set up the health corners and keep upgrading its facilities, such as blood pressure meters, thermometers and body fat scales, to offer more health monitoring services.

Improving health support through medical care sites

We set up medical care sites in factories together with local health institutions to bring medical services for employees closer to less than "one kilometre", ensure the golden time for first aid response and improve medical treatment efficiency.

Promoting a healthy lifestyle through fitness walking

We have carried out fitness walking for many consecutive years. We encourage employees to participate in competitions to advocate a healthy lifestyle and inspire their enthusiasm for sports.

Caring for mental health through the heart station

We have expanded the heart station and implemented the EAP psychological aid project to relieve employees' mental stresses effectively and enhance their ability to maintain mental health.

Protecting life safety through "Blue Ribbon"

We offer "Blue Ribbon" emergency rescue training courses to provide employees with theoretical knowledge and rescue skills for emergency response and protect life safety through readily accessible rescue services.

Employee running activities

Indicator	Unit	Data in 2023
Occupational Health and Safety		
Safety accidents	number	26
Lost working days due to work injury	day	2,082
Number of people in the annual cumulative injury accidents	person	26
Work injury rate	‰	0.6

0

case of occupational diseases

100 %

of employees covered by OHS training

Care for Happiness

Chery advocates a positive and healthy work-life balance and is committed to making joint efforts and growing together with employees. To this end, we build a happy Chery system in three dimensions – the company, employees and society – towards "spiritual, material, work and life happiness" and create a "Happy Chery Home" by building families of honour, growth, safety and warmth. We pay special attention to employee voices and feelings, create a smart trade union platform to facilitate communication and organise various cultural and sports activities to promote participation and enhance employees' senses of gain, identification and belonging in multiple dimensions. In 2023, the Company was rated as one of China's second batch of pilot organisations for improving employees' living quality by the All-China Federation of Trade Unions.

"Happy Chery" smart trade union

Chery introduces the concept of "Internet + inclusive services" and builds the innovative "Happy Chery" smart trade union platform to provide employees with inclusive and convenient services. The platform has such functions as trade union affairs management, an employee welfare mall, trade union activities and news. It can promote democratic management effectively, strengthen inclusive services, and enrich exclusive benefits and value-added services for employees in health, education, life, traffic, etc. By the end of 2023, the number of users on the smart trade union platform reached 38,613.

Chery Love Mutual Aid Fund

Chery established the Love Fund Committee in 2013 as a humanistic care mechanism for voluntary mutual aid among employees. With the mutual aid fund being the tie, we pool the power of love by carrying out assistance activities to help employees who encounter disasters or major diseases, or are distressed for other reasons actively. In 2023, the employee participation rate of the Love Fund reached 99.9%, and six employees received assistance in total.

Gathering Positive Forces

The development of Chery has always relied on extensive support from all sectors of society. We are well aware of our social impacts, attach equal importance to assuming social responsibility and promoting healthy corporate development, and pay back to society sincerely. We fully leverage our resources and industry advantages, devote ourselves to public programmes such as children's growth, green and eco-friendly development, and charitable assistance, serve as a responsible corporate citizen, and create value in locations where we operate worldwide.

Caring for Children

The attention and care for children not only reflects the level of civilisation in a region but also determines the sustainable development of mankind. We have long attached great importance to the protection of children's rights and interests and are fully dedicated to various activities such as children's health and charitable student aid. In 2023, Chery Automobile and UNICEF announced a new two-year partnership that helps UNICEF tackle the learning crisis by supporting its global education programmes aimed at providing quality education to the most disadvantaged and marginalised children.

Joining Hands with UNICEF: Chery Focuses on Global Children's Education

On October 17, 2023, Chery Automobile and UNICEF announced a new two-year, $6 million partnership, in support of education programmes around the world. Chery will also support education programmes in China, Mexico, South Africa and Türkiye. This will include providing inclusive, healthy, and safe learning environments for children and adolescents, ensuring equal opportunities to learn and enhance their employability. Investing in the education of the most vulnerable children is the most cost-effective way to ensure a bright future for children, communities and countries.

Funding from Chery will help support those children who need it most, opening up avenues of hope and opportunity to enable them to realise their potential and build brighter futures. "This will help us provide quality education for some of the most vulnerable and marginalised children in China and around the world. It will also support countries to strengthen their education systems, to better serve children and communities", UNICEF Representative to China Amakobe Sande said. Through this collaboration with UNICEF, Chery hopes to better promote the development of children's education. In the future, Chery will continue to leverage its own advantages and influence, actively assume social responsibility, and ensure that more children have equal access to education and care.

"Spring Buds" Parent-Child Carnival

On July 15, 2023, Chery launched the "Spring Buds" Parent-Child Carnival – Chery invited the first batch of "Spring Buds" girls receiving paired assistance to visit the Company, learn about automotive manufacturing processes and enrich their vacations. Chery takes an active part in the Spring Buds Programme launched by the Wuhu Municipal Women's Federation to fund children from distressed families through "1+1" paired assistance, create conditions for their healthy growth, and support girls in realising their life dreams.

"JETOUR LIGHTS UP HOPE" public welfare programme

JETOUR brand of Chery integrates the "travel+" strategy with public welfare actions to perform public welfare responsibility continually. It launched the "JETOUR LIGHTS UP HOPE" public welfare programme officially in 2023, focusing on caring for left-behind children and disabled children as an important theme. In 2023, JETOUR helped over 200 children in such forms as material donation, small wish fulfiled and interactive companionship in collaboration with customers and charitable and public welfare organisations. It carried out six public welfare activities themed "JETOUR LIGHTS UP HOPE- JOURNEY TOGETHER WITH LONELY STAR" to protect autistic children with practical actions and bring warmth and hope to more groups in need of help.

Disaster Relief and Assistance

As a global enterprise, we assume our responsibility as a global corporate citizen and have been at the forefront of emergency rescue work for many years. When a 6.2-magnitude earthquake occurred in Gansu Province and Qinghai Province on December 18, 2023, the Company donated funds through the China Charity Federation for emergency rescue and disaster relief immediately. We have also participated in disaster relief and reconstruction after major global disasters to respond to crises jointly and contribute to the people's well-being and the communities development where we operate.

Participating in Türkiye Earthquake Relief

On February 6, 2023 local time, an earthquake measuring 7.8-magnitude on the Richter scale occurred in southern Türkiye. Chery Türkiye Ltd. responded immediately by beginning to purchase materials urgently less than 30 minutes after the earthquake, including providing cotton-padded clothes and boots, heaters, etc., and delivered them to the disaster-hit area as quickly as possible to help residents overcome difficulties, becoming the first local automaker in Türkiye to conduct a rescue operation in the disaster-hit area.

Rural Revitalisation

We integrate industry development with rural revitalisation. We promote the use of NEVs in the countryside based on the industry capabilities to make eco-friendly contributions to rural revitalisation while making it more convenient for rural residents to purchase and use vehicles. We have also been investing in rural education assistance and poverty alleviation for many consecutive years to improve rural living and educational conditions and fully support rural prosperity.

NEVs contributing to "green" rural revitalisation

On August 30, 2023, Chery launched the new energy vehicle sales in rural areas of Shandong Province. With the theme of "Green, Low-Carbon, Intelligent and Safe – Boosting New Energy Vehicles Consumption and Green Transition in Rural Areas", this activity fully increased the use of new energy vehicles and provided convenience for rural consumers.

"REALISING YOUR COLLEGE DREAM" Student Aid Campaign

For many years, the Company has always participated in "Sunshine" student aid campaign and supported the development of rural education. In 2023, we participated in the "Promoting Rural Revitalisation and Realising Your College Dream" student aid campaign under the Wuhu Project Hope, providing a grant-in-aid of 4,000 RMB per student to help nearly 40 rural students realise their college dreams.

Appendix

Main Performance Indicators

Indicator	Unit	Data in 2023
Number of production bases (Vehicles production)	number	6
Annual revenue	billion RMB	172.66
R&D investment	billion RMB	6.91
Global total sales of passenger vehicles	million	1.715
Global sales of gasoline-powered passenger vehicles	million	1.576
Global sales of plug-in hybrid passenger vehicles	million	0.021
Global sales of battery electric passenger vehicles	million	0.117

Indicator	Unit	Data in 2023
Software copyrights granted	number	28
Cumulative number of patents granted	number	16,245

Governance Performance Indicators

Indicator	Unit	Data in 2023
Total number of board members	person	9
Number of female board members	person	1
Number of board meetings held in the year	session	7
Average attendance rate of board members at board meetings	%	100
Business ethics training conducted	session	237
Coverage rate of business ethics training	%	100
Patent applications	number	3,042
Invention patents granted	number	230
Utility model patents granted	number	433
Design patents granted	number	486

Environmental Performance Indicators

Indicator	Unit	Data in 2023
Pollutant control		
Air pollutants		
Nitrogen oxides (NOx)	ton	158.7
Sulphur dioxide (SO2)	ton	10.7
Voatile organic compounds (VOCs)	ton	299.8
Particulate emissions	ton	284.8
Wastewater		
Total industrial wastewater discharged	ton	1,438,032.7
Chemical oxygen demand (COD) emissions	ton	213.1
Ammonia nitrogen emissions	ton	21.0
Solid waste		
Total solid waste	ton	242,312.3
Total non-hazardous solid waste generated	ton	229,685.1
Total hazardous waste generated	ton	12,627.2
Total waste recycled	ton	231,373.7

Indicator	Unit	Data in 2023
Energy consumption		
Installed capacity of renewable energy	MW	101
Renewable energy consumption	MWh	89,658.8
Direct energy consumption	MWh	531,115.5
Indirect energy consumption	MWh	641,755.7
Total energy consumption	MWh	1,172,871.1
Greenhouse gas emissions		
Scope 1 GHG emissions	tCO2e	139,965.9
Scope 2 GHG emissions	tCO2e	363,502.0
Scopes 1 + 2 total GHG emissions	tCO2e	503,467.9
Water Consumption		
Freshwater intake	ton	4,319,252.7
Total water consumption	ton	224,605,905.7
Recycled water in factories	ton	220,286,577.3
Percentage of water recycled in factories	%	98.1
Raw materials consumption		
Total raw materials consumption	ton	583,594.3
Steel	ton	518,638.5
Aluminium	ton	33,982.6
Plastic	ton	20,384.8
Paint	ton	10,516.3
Others	ton	72.0

Indicator	Unit	Data in 2023
Packaging materials consumption		
Total packaging materials consumption	ton	55,302.3
Metals	ton	15,986.0
Paper	ton	12,376.2
Plastics	ton	15,646.6
Others (crates, wooden pallets, plywood, etc.)	ton	11,293.4
Total quantity of packages made from renewable or recycled materials	ton	42,164.7
Proportion of packages made from renewable or recycled materials	%	76.2

Social Performance Indicators

Indicator	Unit	Data in 2023
Employee information		
Total number of employees	person	44,253
Number of new hired employees	person	25,643
Number of fresh graduates employed	person	3,194
Number of employees by employment type		
Full-time employees	person	44,253
Part-time employees	person	0
Number of employees by gender		
Female employees	person	7,312
Male employees	person	36,941

Indicator	Unit	Data in 2023
Number of employees by age		
< 30 years old	person	19,842
30-50 years old	person	23,581
> 50 years old	person	830
Number of employees by region		
Employees in the Chinese mainland	person	44,099
Employees in Hong Kong, Macao and Taiwan	person	15
Overseas employees	person	139
Employee training and development		
Investment in employee training	million RMB	78.463
Total number of trained employees	person	31,807
Total training hours of employees	hour	728,189.7
Average training hours per empolyee	hour/person	16.5
Online courses offered by the training centre		
Number of courses	time	15,175
Cumulative views of courses	million views	352.461
Total viewing duration of courses	million hours	0.187
Employee rights and benefits		
Labour contract signing rate	%	100
Coverage rate of social insurance	%	100
Coverage rate of health checkups and health records	%	100
Percentage of employees receiving regular performance and career development evaluations	%	100

Indicator	Unit	Data in 2023
Proportion of employees joining the trade union	%	100
Proportion of employees covered by collective contracts	%	100
Occupation health and safety		
Safety accidents	number	26
Lost working days due to work injury	day	2,082
Number in the annual cumulative injury accidents	person	26
Work injury rate	‰	0.6
Case of occupational disease	number	0
Coverage rate of OHS training	%	100
Supplier management		
Suppliers signed through Chery SRM system	number	770
Proportion of suppliers with ISO 14001 certification	%	85.2
Proportion of suppliers with IATF 16949 certification	%	99.2
Proportion of suppliers signed by Supplier Code of Conduct	%	100
Suppliers participated in business ethics training	number	261
Product quality and safety		
Vehicles recall for safety and health reasons in all products sold or shipped	number (vehicles)	85,971
Vehicles recall	time	4
Public welfare and charity/community relations		
Total investment in public welfare and charity	million RMB	46.85

GRI Content Index

This Report has been prepared with reference to the GRI standard and based on GRI 1: Basics 2021.

Disclosure		Response
GRI 2: General Disclosures 2021		
2-1	Organisational details	P3
2-2	Entities included in the organisation's sustainability reporting	P1
2-3	Report period, frequency and contact point	P1
2-6	Activities, value chain and other business relationships	P3
2-7	Employees	P54-55
2-8	Workers who are not employees	P54-55
2-9	Governance structure and composition	P7-8
2-10	Nomination and selection of the highest governing body	P8
2-12	Role of the highest governing body in overseeing the management of impacts	P8
2-13	Delegation of responsibility for managing impacts	P9-10
2-14	Role of the highest governing body in sustainability reporting	P9-10
2-15	Conflicts of interest	P14
2-16	Communication of critical concerns	P9-10
2-17	Collective knowledge of the highest governing body	P2; P9
2-18	Evaluation of the performance of the highest governing body	P9-10
2-19	Remuneration policies	P54
2-20	The process to determine the remuneration	P54
2-23	Policy commitments	P13
2-24	Embedding policy commitments	P13-14
2-25	Processes for remediating negative impacts	P14
2-26	Mechanisms for seeking advice and raising concerns	P13-14
2-27	Compliance with laws and regulations	P13-14
2-28	Membership associations	P25
2-29	Approach to stakeholder engagement	P11
2-30	Collective bargaining agreements	P54
GRI 3: Material Topics 2021		
3-1	The process of determining material topics	P11-12
3-2	List of material topics	P11-12
3-3	Management of material topics	P11-12
GRI 201: Economic Performance 2016		

Disclosure		Response
201-1	Direct economic value generated and distributed	P63
201-2	Financial implications and other risks and opportunities due to climate change	P40-42
201-3	Defined benefit plan obligations and other retirement plans	P54
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	P15
205-2	Communication and training about anti-corruption policies and procedures	P13-14
205-3	Confirmed incidents of corruption and actions taken	P13-14
GRI 206: Anti-competitive Behaviour		
206-1	Legal actions for anti-competition behaviour, anti-trust, and monopoly practices	There was no relevant lawsuit during the reporting period.
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	P44-45
301-2	Recycled input materials used	P45
301-3	Reclaimed products and their packaging materials	P45
GRI302: Energy 2016		
302-1	Energy consumption within the organisation	P51
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	P49; P51
303-2	Management of water drainage-related impacts	P49
303-3	Water withdrawal	P51
303-4	Water drainage	P49
303-5	Water consumption	P51
GRI 304: Biodiversity 2016		
304-3	Protected or restored habitats	P52
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	P42
305-2	Energy indirect (Scope 2) GHG emissions	P42
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant gas emissions	P50

Disclosure		Response
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	P49
306-2	Management of significant waste-related impacts	P49
306-3	Waste generated	P50
306-4	Waste derived from disposal	P50
306-5	Waste directed to disposal	P50
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	P34-35
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	P54-55
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P54
401-3	Parental leave	P54
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	P57
403-2	Hazard identification, risk assessment, and incident investigation	P57
403-3	Occupational health services	P57-58
403-4	Worker participation, consultation, and communication on occupational health and safety	P54; P57
403-5	Worker training on occupational health and safety	P57-58
403-6	Promotion of worker health	P57-58
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P57-58
403-8	Workers covered by an occupational health and safety management system	P57
403-9	Work-related injuries	P58
403-10	Work-related ill health	P58

Disclosure		Response
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	P56
404-2	Programmes for upgrading employee skills and transition assistance programmes	P55-56
404-3	Percentage of employees receiving regular performance and career development reviews	P55
GRI 405: Diversity and Equal Opportunities 2016		
405-1	Diversity of governance bodies and employees	P7-8; P54
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	P54
GRI 408: Child Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	P34; P54
GRI 409: Forced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	P34; P54
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	P34-35
414-2	Negative social impacts in the supply chain and actions taken	P34-35
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	P31-32
416-2	Incidents of violation involving health and safety impacts of products and services	No relevant incident of violation occurred during the reporting period.
GRI 417: Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	P37
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P16