

**2023** | **Environmental, Social and Governance  
(ESG) Report**



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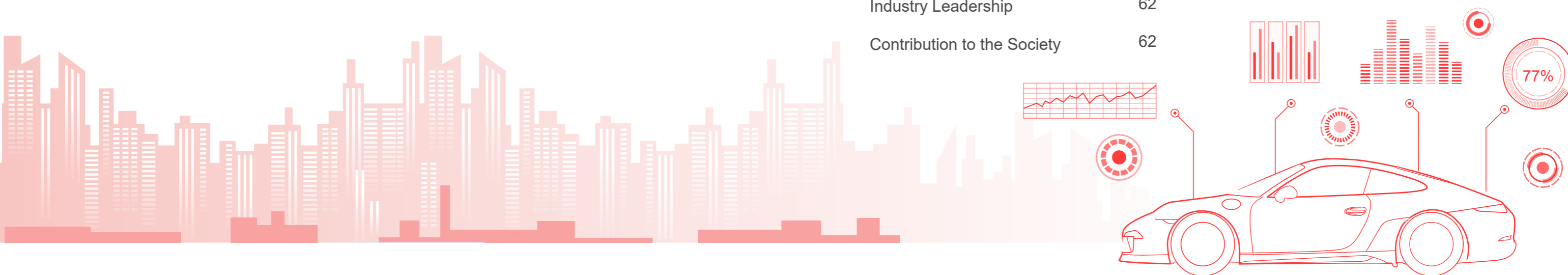
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# About This Report

This Report is the second Environmental, Social and Governance (ESG) Report issued by Autel Intelligent Technology Corp., Ltd. (hereinafter referred to as "Autel", "the Company", "We" or "Us") to stakeholders. The Report discloses in detail the Company's practices and performance in economic, environmental, social and corporate governance in 2023. It aims to effectively communicate with stakeholders and systematically respond to their expectations and requirements.

## Time Range

The reporting period ranges from January 1, 2023 to December 31, 2023. Some of the content have been extended to the previous and subsequent years to enhance the comparability and forward-looking analysis of the Report.

## Report Boundary

The Report discloses the fulfillment of economic, social and environmental responsibilities by the Company and its subsidiaries. The cases are provided by the Company and its subsidiaries.

## Information Source

The information disclosed in this Report is obtained from Autel's internal official documents, statistical reports and annual reports.

The data disclosed in this Report is derived from Autel's raw data of actual operations, data disclosed by the authorities, annual financial data, internal statistical reports, third-party questionnaires and third-party evaluation interviews. The financial data in this Report is presented in Renminbi ("RMB"). In case of any inconsistency with the financial report, the financial report prevails.

## Basis of preparation

- UN Sustainable Development Goals (SDGs)
- GRI Standards by the Global Sustainability Standards Board (GSSB)
- Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) by the Chinese Academy of Social Sciences
- Guidance on Social Responsibility Reporting (GB/T36001-2015) by China National Institute of Standardization
- ISO 26000-2010: Guidance on Social Responsibility by ISO
- Guidelines No. 1 for Self-Regulation of Listed Companies - Standardized Operation by Shanghai Stock Exchange

## Process for Preparation

Based on our social responsibility practices, this Report is prepared as per the process "Project Approval - Collection of Materials - Preparation and Revision - Review by Senior Management - Review by the Board of Directors - Disclosure" and involves active communication with stakeholders on project initiation approval, preparation, and revision to determine and demonstrate the framework and contents of this Report.

## Guarantee of Report Reliability

The Company warrants that this Report is authentic, accurate and complete, and does not contain any false records, misleading statements or major omissions.

## Access to this Report

This Report is provided in electronic form and is available at Autel's official website (<https://www.auteltech.cn/>) and CNINF website ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

## Contact Us

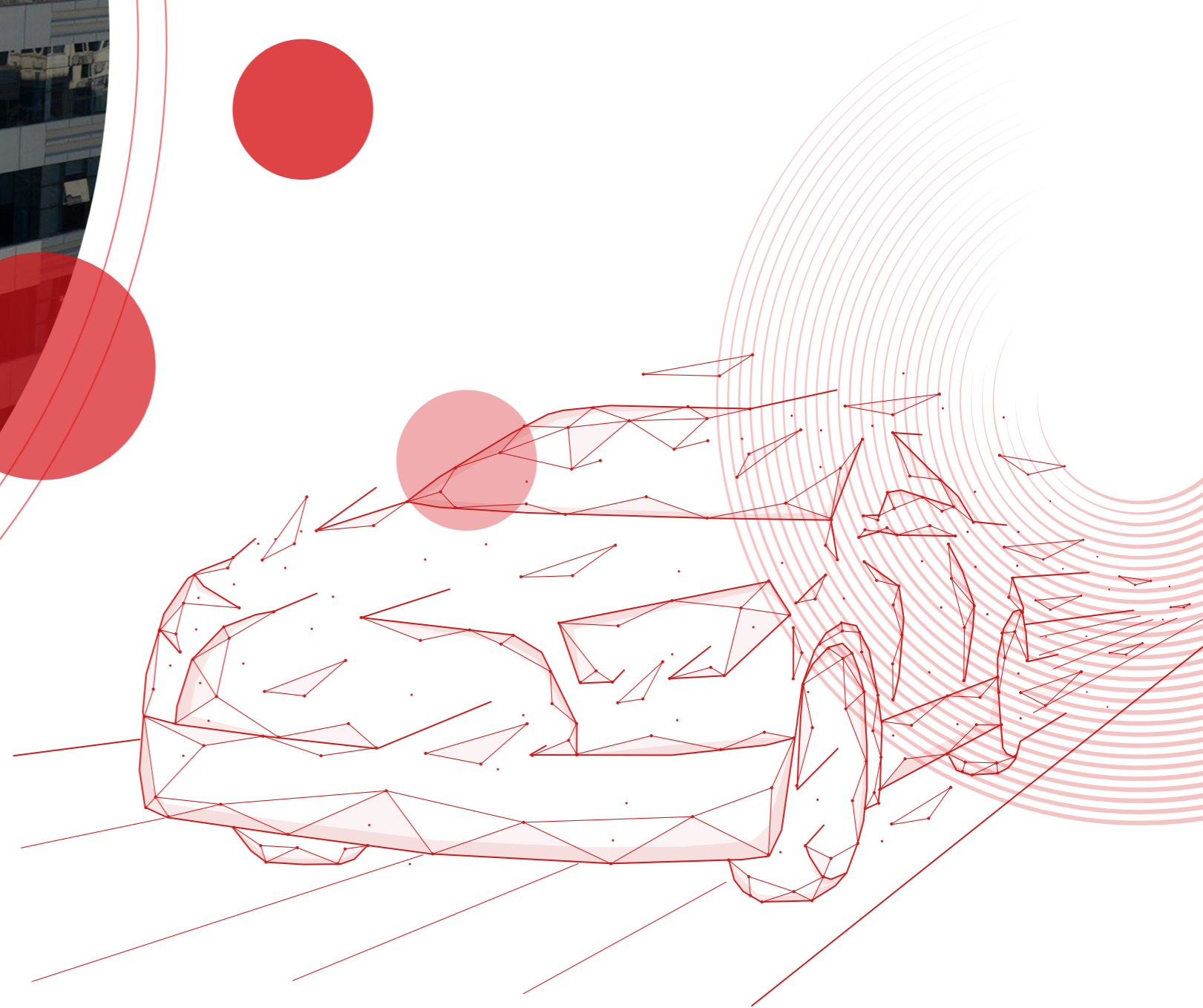
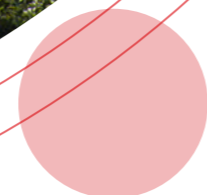
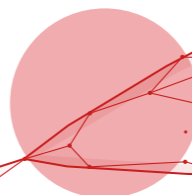
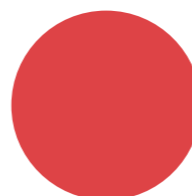
Phone: +86-0755-8159-3644  
 Address: 2/F, Caihong Keji Building, No. 36, Hi-tech North Sixth Road, Songpingshan Community, Xili Sub-district, Nanshan District, Shenzhen, China  
 Email: [ir@autel.com](mailto:ir@autel.com)





# 1 About Autel

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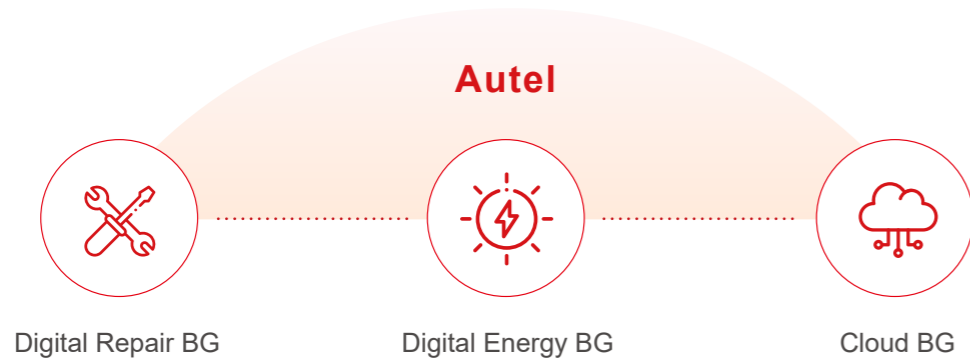


About Autel

Overview

Founded in 2004, Autel Intelligent Technology Corp., Ltd. specializes in the R&D, production, sales, and service of new energy chargers, automotive diagnostics, testing and analysis systems and automotive electronic components. Autel products and services reach more than 70 countries and regions including the United States, Europe, Japan, and Australia. Autel is one of the world's leading providers of automotive diagnostics and testing, Tire Pressure Monitoring System (TPMS), and Advanced Driving Assistant System (ADAS) products and services. Autel is committed to becoming a leader in the new energy automotive aftermarket service industry. In February 2020, Autel was listed on the SSE STAR Market (stock code: 688208).

Driven by continuous R&D innovation in the context of intelligent, Internet-based, and new energy-based upgrading, Autel launches new products vertically and horizontally and increases R&D investment in strategic fields and key core technologies based on advanced automotive diagnostic products. In addition, Autel gives full play to the advantages of cross-brand compatibility to enrich the core product portfolio and strengthen product competitiveness. Autel is committed to becoming a global leader in digital, new energy-based and intelligent automotive repair solutions integrating "terminal+cloud+big data+AI".



China	United States	Europe	Asia Pacific	Latin America	IMEA
<ul style="list-style-type: none"> <li>Shenzhen Headquarters established in 2004</li> <li>3 R&amp;D centers, 7 subsidiaries, 1500+ employees</li> <li>50+ tier-1 distributors</li> <li>Local measurement and technical support</li> </ul>	<ul style="list-style-type: none"> <li>100+ employees in our subsidiary in New York</li> <li>R&amp;D center in California</li> <li>Local measurement and technical support</li> <li>206 tier-1 distributors</li> </ul>	<ul style="list-style-type: none"> <li>50+ employees in our subsidiaries in Germany, the UK and Italy</li> <li>Local measurement and technical support</li> <li>Tier-1 distributors in 25 European countries</li> </ul>	<ul style="list-style-type: none"> <li>Subsidiary in Yokohama, Japan</li> <li>Local measurement and technical support</li> <li>50+ tier-1 distributors in Japan, Korea, Australia, New Zealand, Southeast Asia, Hong Kong, Macao and Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>Subsidiaries in Mexico and Brazil</li> <li>50 tier-1 distributors in South/Latin America</li> </ul>	<ul style="list-style-type: none"> <li>Subsidiary in Dubai</li> <li>35+ tier-1 distributors</li> </ul>

AUTEL GLOBAL Full Sales Channel



Autel team has rich experience in overseas sales and overseas customer tech support.

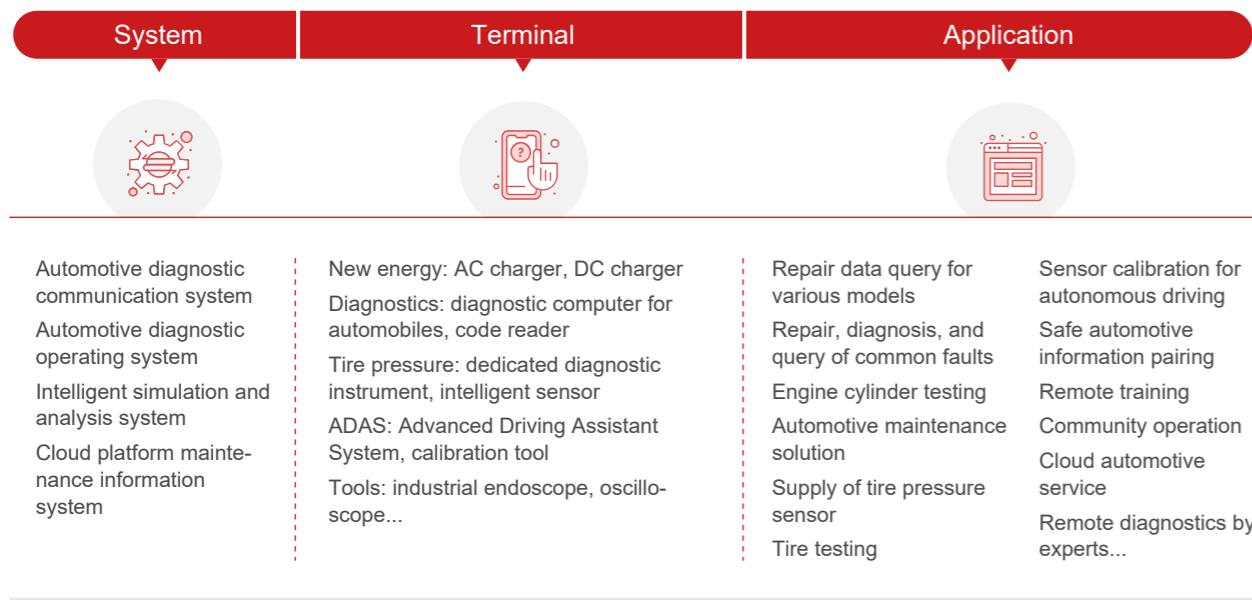
- China
- Brazil
- Vietnam
- Japan
- Netherlands
- Germany
- USA
- UK
- Spain
- Sweden
- Mexico
- UAE
- France
- Italy
- Australia

Global deployment of three business sectors

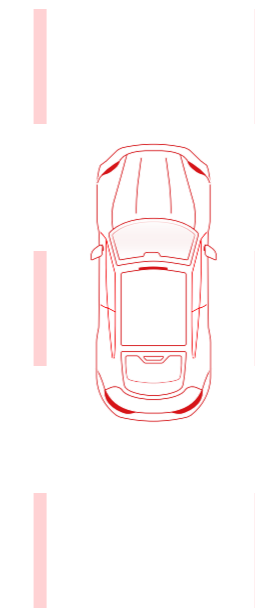


### Businesses

As a major player in the automotive aftermarket, Autel follows the trend of intelligent, Internet-based, and new energy-based upgrading. Giving full play to the advantages of cross-brand compatibility, Autel makes in-depth use of big data and AI technology and combines repair information and repair cases to provide professional intelligent charging solutions for EVs, automotive diagnostics and testing, TPMS, and ADAS products and software cloud service products to for repair stores and automobile owners. This facilitates intelligent, Internet-based, and new energy-based upgrading of the automotive aftermarket and promotes the development of the new energy automotive industry.



|| Evolution of our main products and services



### 2013-2015

**Diagnostic products:**  
Diagnostic instruments MS908 and MaxiSys Elite were launched

**Tire pressure products:**  
The first general-purpose sensor MXSensor

**Tools:**  
Oscilloscope MP408 was launched

### 2005

**Tire pressure products:**  
First OBD code reader GS100

### 2017-2023

**New energy:**  
AC Ultra series, AC Compact series  
DC Compact series, DC Fast series chargers

**Diagnostic products:**  
OTOFIX integrated diagnostic products: D1pro, D1, DILite  
3rd-generation diagnostic system: MaxiSys Ultra/MaxiSys M919/MaxiSys M909  
Diagnostic products for heavy trucks: MS909 CV, MaxiSys CV

**Tire pressure products:**  
The first four-in-one sensor  
The first Android OS-based tire pressure diagnostic tool 906TS

**ADAS:**  
ADAS flagship products: MaxiSys ADAS, MA600  
Products integrating 4-wheel alignment and ADAS calibration: IA900, IA800

**Battery testing:**  
Intelligent battery analysis system BT608

**Cloud service:**  
One-stop intelligent repair solution app

### 2009-2001

**Diagnostic products:**  
MaxiDAS DS708 was launched

**Tire pressure products:**  
Tire pressure diagnostic tool TS401

**Tools:**  
First industrial endoscope MV101

AUTEL

### EV Charger Portfolio

**MaxiCharger AC Elite**  
Residential, In-Body Holster  
12kW

**MaxiCharger AC Lite**  
12kW

**MaxiCharger AC Elite**  
Commercial  
12kW

**MaxiCharger AC Elite**  
Residential, In-Body Holster, NEMA Plug  
9.6kW

**MaxiCharger AC Elite**  
Residential, Separate Holster, NEMA Plug  
9.6kW

**MaxiCharger AC Elite**  
Residential, Separate Holster  
12kW

**MaxiCharger DC Compact**  
Pedestal / Trolley  
40kW

**MaxiCharger AC Ultra**  
2-19.2kW

**MaxiCharger DC Fast**  
60kW-240kW

**MaxiCharger DC V2X**  
7kW | 12kW

**MaxiCharger DC HiPower**  
320kW-640kW

### Charge Cloud Platform

Charging operation platform  
Charging operation platform  
Advertising management platform  
User app

### Integrated solutions for digital energy

#### 01 Automotive advanced diagnostic products

Mainly automotive diagnostic computer products with comprehensive integrated functions such as the fully automatic reading of fault codes of various electronic control systems of automobiles, reading of dynamic data streams of automobiles and motion tests, displaying sensor waveforms, controlling computer codes, etc.; in addition, software upgrade services are also included.

#### 02 ADAS products

ADAS products include ADAS intelligent testing and calibration tools. The products provide calibration functions such as adaptive cruise control, lane departure warning, night vision, and blind spot testing for the advanced driving-assistance system.

#### 03 TPMS products

TPMS products include tire pressure diagnostic instruments and tire pressure sensors. A tire pressure diagnostic instrument is a compact and handheld device. Specially designed to diagnose TPMS devices, it activates tire pressure sensors and programs automotive computers. The tire pressure diagnostic instrument is applicable to most of automotive models with original tire pressure systems, enabling a high coverage rate.

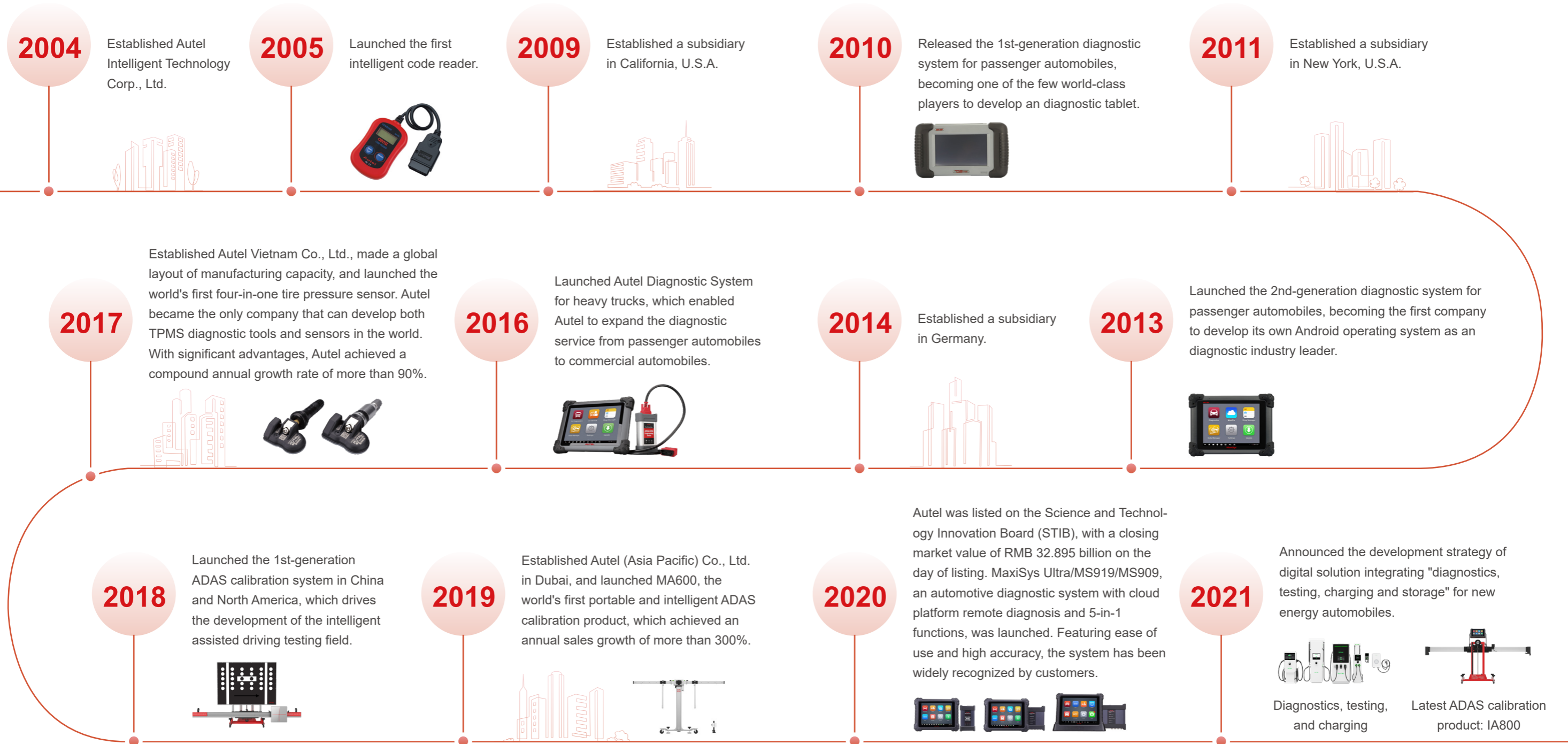
#### 04 Intelligent cloud automotive repair service

Autel intelligent cloud repair service integrates digital testing, oscilloscope, multimeter, and remote expert services, which centralizes the testing and diagnostic data, Motor database, repair case library, expert resources, and other data. This enables Autel to provide intelligent repair services based on big data analysis and AI technology to the automotive aftermarket.

### Digital repair service



**Development Path**





Major Events



## ESG Management

We have established open communication channels and cooperative relationships with stakeholders. After identifying material ESG topics in view of stakeholders' concerns, we defined the internal responsibilities and implemented key management programs. We have established a social responsibility management system in accordance with the SA8000 Standard. By improving the social responsibility management model in a more systematic and scientific way, we fulfilled our social responsibility to bring a positive impact on the environment and society and achieve high-quality development.



## Material Topic Analysis

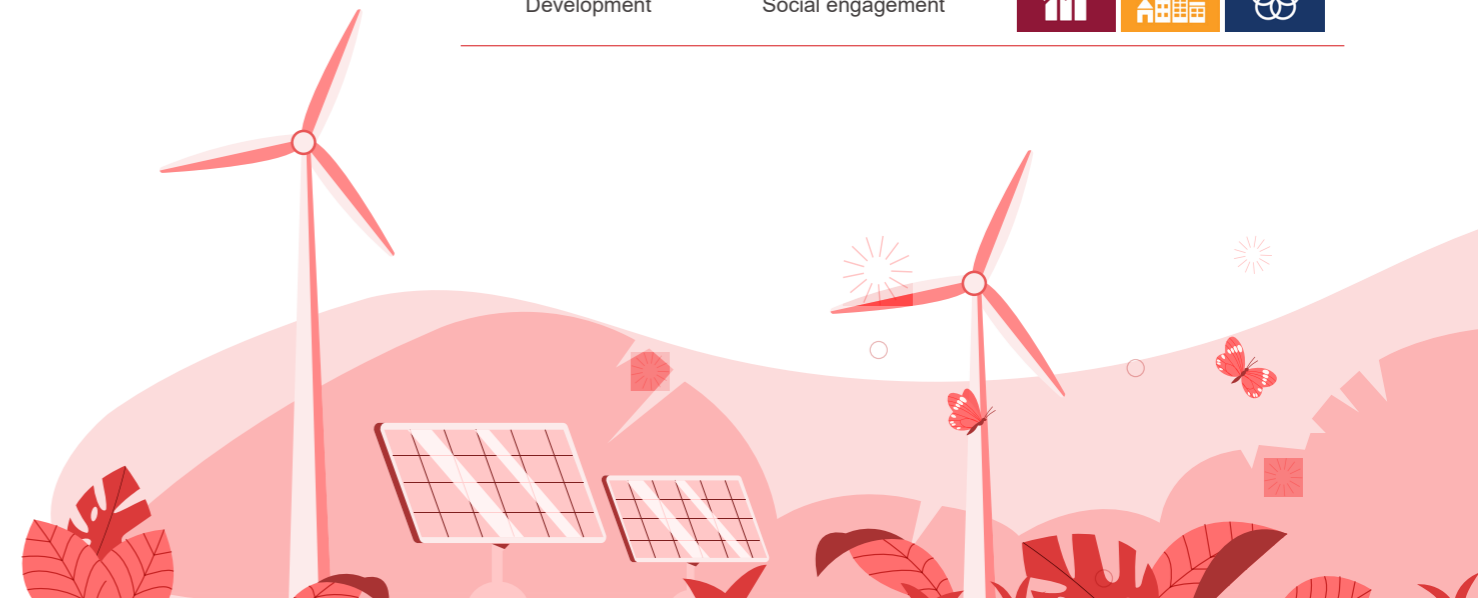
By fully considering the concerns of internal and external stakeholders, the situation of competitors, the industry characteristics, and the Company's strategic direction, the Company conducted an ESG topic review in accordance with the Global Reporting Initiative (GRI) standards as well as domestic and international policies and standards. The Company defined 18 material ESG topics with professionals by following the procedures of identification, evaluation and selection.

## Communication with stakeholders

In light of the industry status and cooperate operation characteristics and considering the experience and practice of the industry at home and abroad, we identified our major stakeholders as shareholders, customers, employees, government and regulatory agencies, suppliers, and the community. In addition, we actively communicated with stakeholders through channels such as websites, media, meetings, reports, and events.

Stakeholders	Expectation and Demand	Response and Communication
Shareholders	Maintain investor relations Compliance with business ethics Intellectual property protection R&D innovation	Hold Shareholders' Meetings Release regular and provisional announcements Communicate with investors Enhance integrity supervision Provide intellectual property training and protection Ensure investment in R&D
Customers	Information security protection Supply of quality products After-sales services	Protect customer privacy Deliver quality and efficient services Conduct customer satisfaction surveys
Employees	Training for career development Protection of rights and interests Reasonable remuneration and benefits Protection of occupational health and safety	Build a smooth promotion system Build employee complaint channels Provide diversified remuneration and benefits Improve the health and safety system
Government and supervisory agencies	Compliant operations Compliance with regulatory requirements	Compliance with laws and regulations Assist in regulatory inspections
Suppliers	Fair and transparent procurement Mutual benefit and win-win result Honest and friendly cooperation	Transparent procurement Supplier management Responsible procurement
Community	Support community development	Conduct public service activities

Areas of responsibility	Material topics	Sustainable Development Goals
Governance • Laying a Solid Foundation	Corporate governance Compliant operations Business ethics Information security	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Innovation • Creating Diversified Values	R&D innovation Intellectual property protection Quality management Customer service Supply chain management	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Environmental protection • Building a Green Homeland	Environmental management Resource management Pollutant reduction Waste management	6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION
Responsibility • Boosting Harmonious Development	Employee career development Employee right protection Occupational health and safety Industry development Social engagement	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS





# 2 Governance Laying a Solid Foundation

## Philosophy

Abiding by laws and regulations as well as relevant industry requirements, we continuously improve corporate governance and overall enterprise value, actively communicate with investors, and disclose important information to stakeholders in a timely and effective manner to safeguard the rights and interests of investors. Besides, we strengthen education on integrity and business ethics, value information security and privacy protection, and further regulate operations to achieve sound and sustainable development.

## Actions

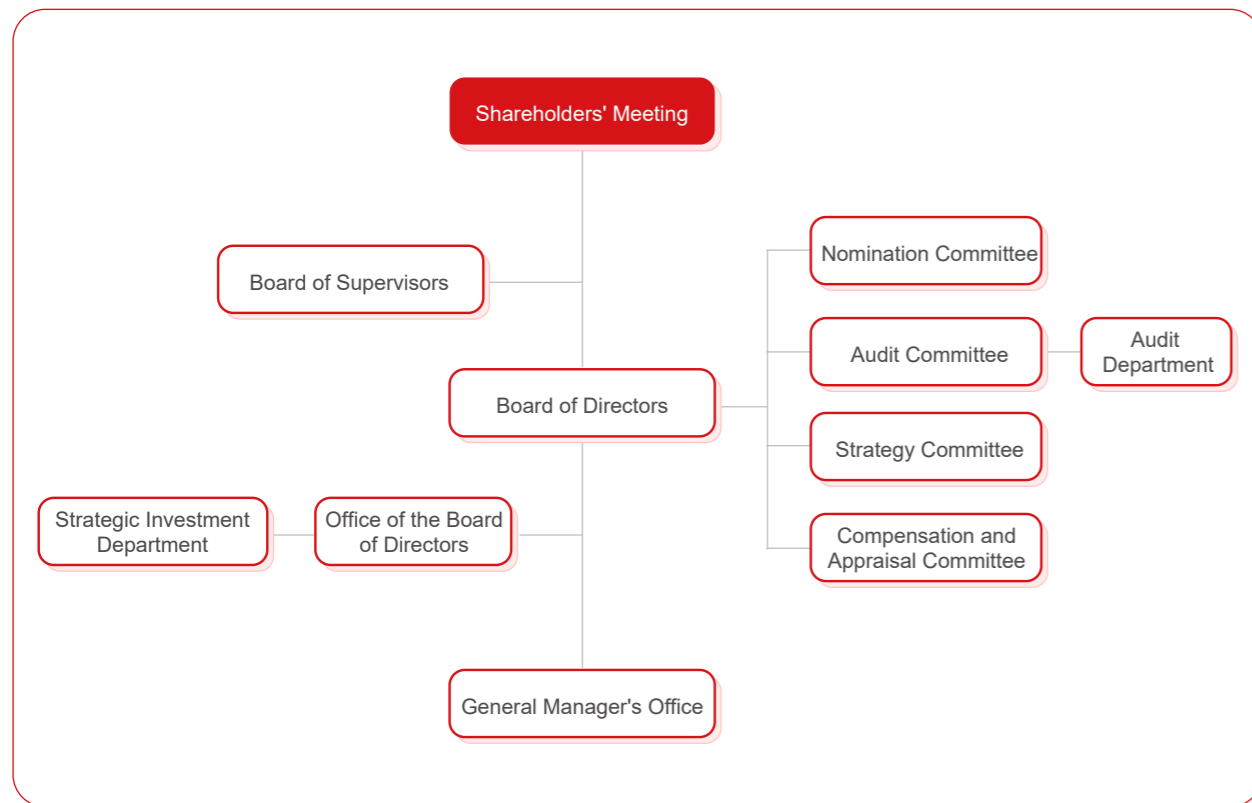
- Operation of three committees
- Compliant operations
- Investor relation management
- Business ethics
- Information security

## SDGs benchmarking



## Operation of Three Committees

In strict accordance with the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Code of Governance for Listed Companies", "the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange" and other laws, regulations and standards, Autel has set up a corporate governance architecture, which mainly consists of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the operating management. Autel has also formulated the rules of work to build a scientific and standardized corporate governance system that operates efficiently and transparently with effective supervision, which ensures standardized and efficient decision-making procedures on major matters.



Corporate governance architecture

### Key Performance

In 2023, we held **4** shareholders' meetings, with a total of **24** motions to be deliberated; **10** board meetings, with a total of **55** motions to be deliberated; and **6** supervisors' meetings, with a total of **28** motions to be deliberated.



### Shareholders' meeting

- We convene shareholders' meetings in accordance with the law to ensure that all shareholders have the right to be informed of, participate in and vote on major matters of the Company. In this way, all shareholders can enjoy equal status and fully exercise their rights, ensuring that the shareholders' meetings are lawful and effective.



### Board of Directors

- The Board of Directors deliberates and makes decisions on major matters of the Company in strict accordance with the terms of reference set out in the "Articles of Association" and "Rules of Procedure for the Board of Directors".
- The Board of Directors has four subcommittees, namely, the Nomination Committee, the Audit Committee, the Strategy Committee and the Remuneration and Appraisal Committee. Each of these committees is composed of directors and independent directors of the Company.
- The members of the Board of Directors have rich experience in corporate management, and they come from diverse backgrounds, representing various industries, covering the accounting and law fields.



### Board of Supervisors

- The Board of Supervisors performs its duties in strict accordance with the provisions of the "Articles of Association" and applicable laws and regulations. Being responsible to the Shareholders' Meeting, the Board of Supervisors reviews regular reports from the Board of Directors, supervises the Company's finance, directors and senior management, and pays close attention to the corporate operation.

### Composition and responsibilities of three committees

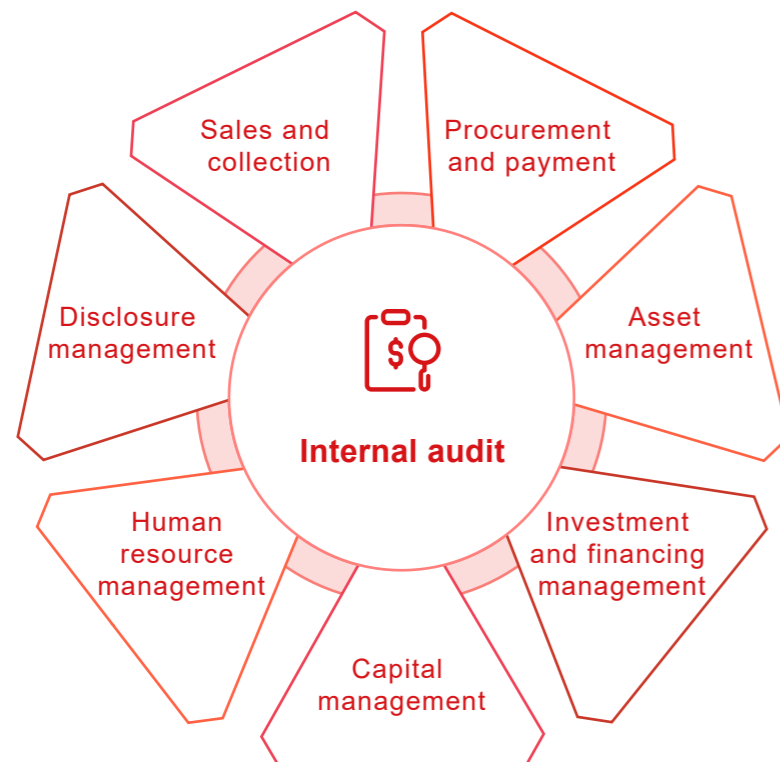
### Key Performance

In 2023, the Company had a total of **7** board members, including **3** independent directors and **4** non-independent directors; **3** female directors and **4** male directors.



## Compliant Operations

We have developed a comprehensive internal control system and internal control processes and optimized internal control continuously as per laws and regulations, requirements of the Stock Exchange, and "Articles of Association". To regulate operations and to prevent risks, the Audit Department submits to the Audit Committee of the Board of Directors a summary of the annual internal audit and the internal audit plan for the following year after the end of each fiscal year. This ensures that our internal control and risk control works are carried out in a compliant and effective manner, promoting high-quality and sustainable development.



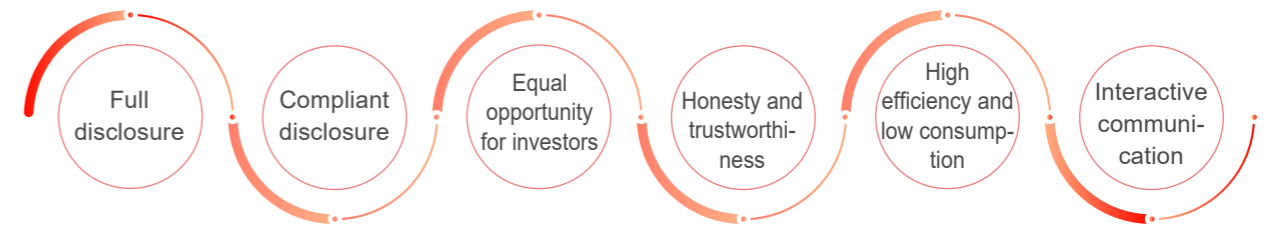
Internal audit covers all links of operating activities

### Key Performance

In 2023, the Audit Department carried out **6** internal audits to evaluate the internal control of our departments, our subsidiaries, and joint venture companies. We reviewed the fund safety, implementation of the budget for funds and expenses, implementation of the financial system, fund use, and the authenticity, correctness, compliance and effectiveness of accounting.

## Investor relation management

In accordance with the "Company Law", "Securities Law", "Listing Rules", "Articles of Association" and other laws and regulations, we have set rules on information disclosure and investor relationship management based on our actual situation. Adequate information disclosure and exchanges enable us to establish an efficient communication mechanism with domestic and foreign investment institutions, which strengthens communication with our investors and protects their legitimate rights and interests.



Basic principles of investor relations management

### Information disclosure

To strengthen the management of information disclosure affairs, we have formulated the "Information Disclosure Affairs Management Rules", "Registration and Filing System for Informants of Insider Information" and other management rules. We conscientiously fulfill our information disclosure obligations and ensure the truthfulness, accuracy and completeness of the disclosed information. Moreover, we adequately disclose the information required to help investors make value judgments and investment decisions, so as to safeguard their rights and interests.

### Key Performance

In 2023, the Company disclosed a total of **88** announcements, including **4** regular announcements and **84** provisional announcements.



### Investor relation management

We actively work with regulatory authorities, stock exchanges, securities companies and other organizations to carry out various forms of investor activities. An efficient communication mechanism has been established to satisfy the communication needs of investors of different dimensions and protect the legitimate rights and interests of small and medium-sized shareholders. Keeping investor returns in mind, we improve the profit distribution rules, share our growth value with investors, and enhance the sense of participation and acquisition of investors.



Investor communication channels

### Key Performance

In 2023, the Company distributed over RMB**176** million (including tax) in dividends, representing **98.40%** of consolidated net profit attributable to the parent company.



### Key Performance

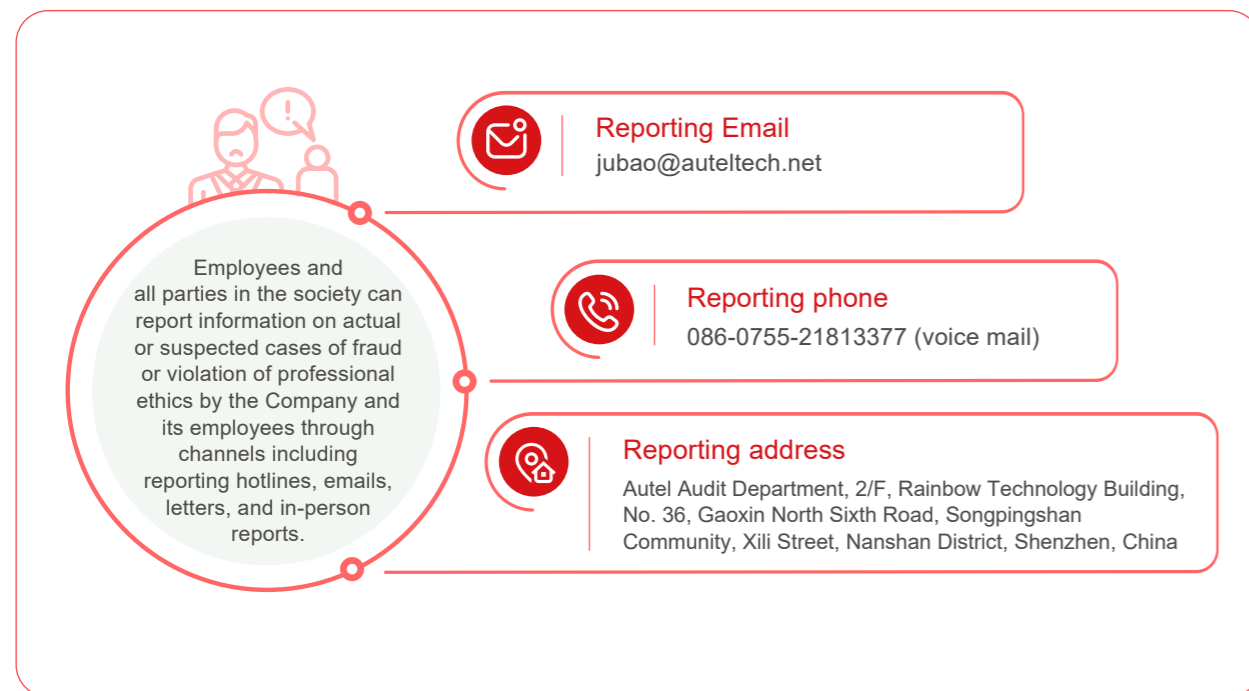
In 2023, the Company responded to **49** questions from investors through SSE "e-interaction" platform, with a response rate of **100%**. The Company received surveys conducted by **180+** domestic and international brokerage firms, funds and other investment institutions as well as individual investors, and hosted **300+** investors in total.

## Business Ethics

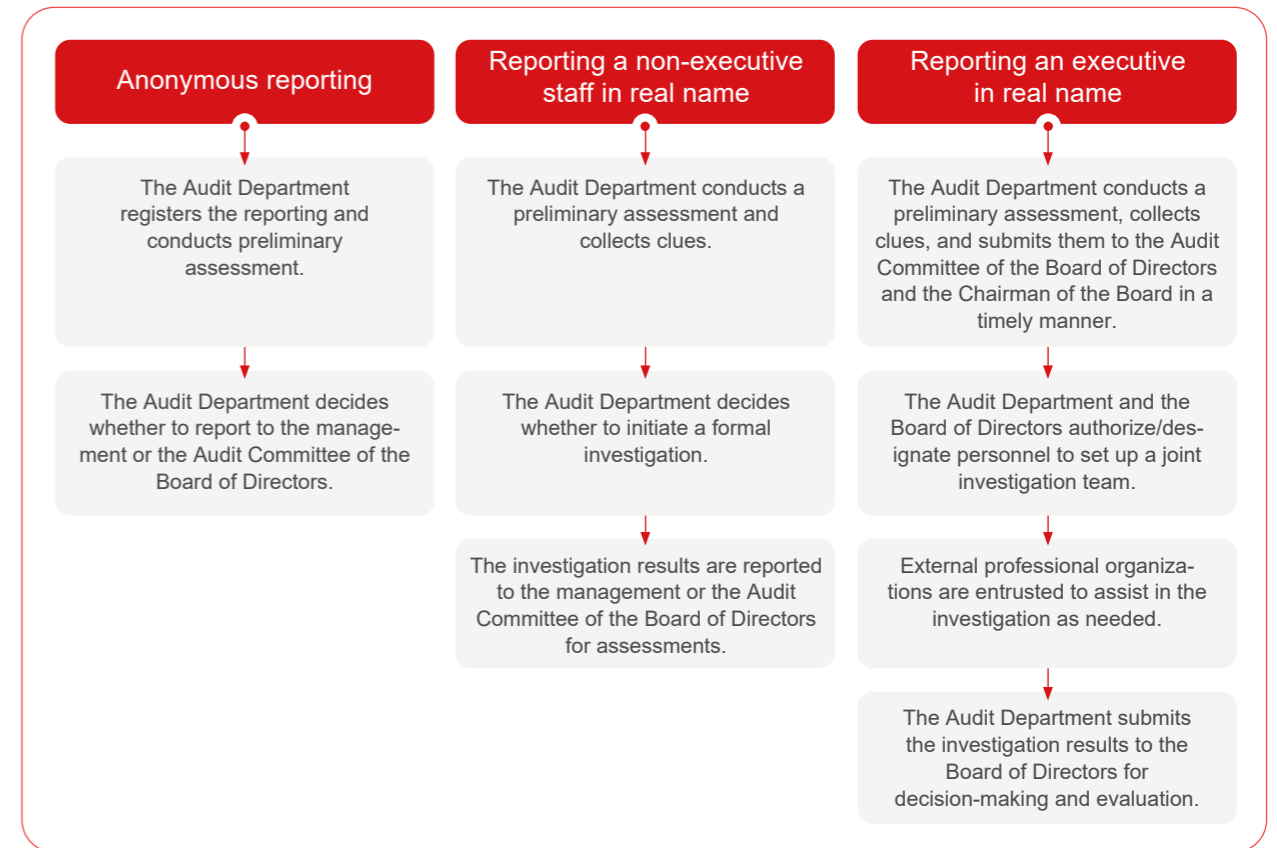
Adhering to the ethical principles of "honesty and integrity" in business, Autel is committed to professional integrity and acts in accordance with the relevant national laws and regulations. While establishing the anti-fraud mechanism, we strengthen the management of connected transactions and insider information to ensure the legality, fairness and necessity of transactions. We adhere to the law and morality to safeguard the legitimate rights and interests of our stakeholders.

### Professional integrity

We are committed to operating with integrity. We have established a robust anti-fraud mechanism and an anti-fraud management architecture under superintendence by the Board of Directors, leadership by the Audit Committee of the Board of Directors, and supervision by the Audit Department. The anti-fraud management architecture is overseen by the management and carried out by all of our departments, branches and subsidiaries. In addition, we provide multiple reporting and monitoring channels, establish a whistleblower protection mechanism, and accept complaints and suggestions on business ethics, labor rights and other issues, to continuously improve our code of business ethics.



Reporting and supervision channels



We have set a hierarchical follow-up mechanism for accepting reports based on the position or post of the reported person, the reported malpractice and the severity of the situation.

### Key Performance

In 2023, the Company **did not face** any corruption lawsuits filed by the regulatory authorities and **did not receive** corruption reporting.

We keep confidential the whistleblower's identity and reporting matters and strictly prohibit the disclosure of the whistleblower's personal information or the reporting letter, clues, or other materials that may involve the whistleblower's personal information. Without the consent of the whistleblower, it is strictly prohibited to disclose the whistleblower's identity in publicity or rewards for reporting.

The Company strictly prohibits any form of retaliation against whistleblowers. Anyone who violates the law by disclosing information about whistleblowers or taking retaliation against whistleblowers or anti-fraud investigators will be penalized based on the severity of the case. If any legal violations occur, they will be handed over to the judicial authorities for lawful processing.

### Connected transaction

Autel has formulated the "Connected Transaction Management Rules", which specified the principles, deliberation procedures, and disclosure requirements of connected transactions as well as the duties and authorities of the responsible persons. This ensures that the connected transactions between the Company and its connected parties are conducted in a fair, just and open manner, and that the connected transactions do not jeopardize the legitimate rights and interests of the Company and the non-connected shareholders. In the future, we will adhere to standardized operations, strengthen internal control, and safeguard the legitimate rights and interests of our investors, especially small and medium-sized investors.

### Insider information

To keep the confidentiality of insider information and prevent insider trading and other securities violations, the Company formulated the "Registration and Filing System for Informants of Insider Information" in strict accordance with laws and regulations such as "Measures for the Administration of Information Disclosure of Listed Companies", "Guideline No. 5 on Self-Regulation of Listed Companies - Registration and Management System for Informants of Listed Companies", and "Guideline No. 1 on Self-Regulation of Listed Companies on SSE STAR Market - Standardized Operation". This ensures the truthfulness, accuracy and completeness of the files of the informants of insider information and to safeguard the legitimate rights and interests of the stakeholders. In 2023, no insider trading incident occurred in the Company.



### Information Security

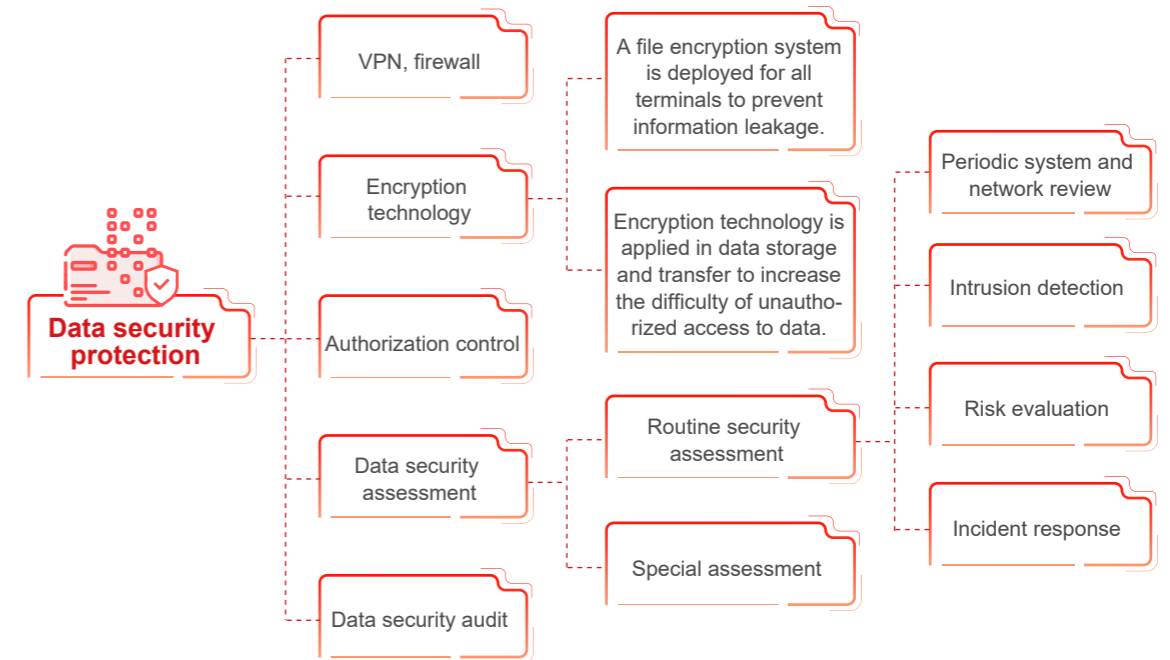
We attach great importance to information security and privacy protection. To prevent information security incidents and minimize the impact, we have established a sound information security management system, strictly controlling unauthorized access, well-defining the emergency response process, and establishing an incident reporting and handling mechanism. Employees of the IT Department and Data Management Department have professional knowledge and capabilities in information security management. They are committed to safeguarding the security, confidentiality and integrity of data and privacy from the source to ensure the safe and reliable operation of the information system.

### Data security

To ensure information and data security, the Company has formulated data protection policies such as "Information System Management Rules", "Information Privacy Management Measures", "Electronic Document Declassification Management Rules", and "Account Password Management Standards". In addition, the Company formulated an emergency response plan for information system disaster recovery and conducted data security drills on a regular basis. The Company has passed the ISO27001 information security management system certification and entrusted a third-party institution to conduct independent audits on the Company every year, assessing the effectiveness of the Company's data security policies and systems.



Autel's certificate of ISO27001:2013 Information Security Management System



Measures to protect data security



Case Cultivated employees' awareness of information security

In 2023, Autel enhanced the data security awareness and capabilities of all employees by providing regular data security training and organizing information security assessments. The data security training and assessment program can strengthen employees' understanding of data security and improve their ability to respond to data security threats. This enables employees to value data protection in their daily work, thereby building a more secure IT environment and ensuring data security in corporate management and operations.



Information security training Information security exam

Privacy Security

To meet the product and operation requirements in different countries and regions for the management and processing of personal identification information, we have established and continuously improved the privacy information management system. In addition, we have set up a Privacy Management Committee and a project team for ISO27701 Privacy Information Management System Certification, and formulated an emergency plans management system to deal with data leakage incidents, so as to safeguard privacy security.



Autel passed ISO27701:2019 Privacy Information Management System certification

Case Conducted drills for information system disaster recovery

In 2023, the Company formulated a detailed disaster recovery plan and conducted quarterly disaster recovery drills for information systems, including the Jenkins system, SVN system, W3 system and file system. By simulating possible disastrous incidents of each information system, Autel conducted a comprehensive test of the integrity of information systems and processes. In addition, we validated and enhanced the response capability and recovery efficiency of related systems and departments to ensure that the departments can respond quickly in the face of information system disasters.



Jenkins系统灾难恢复演练

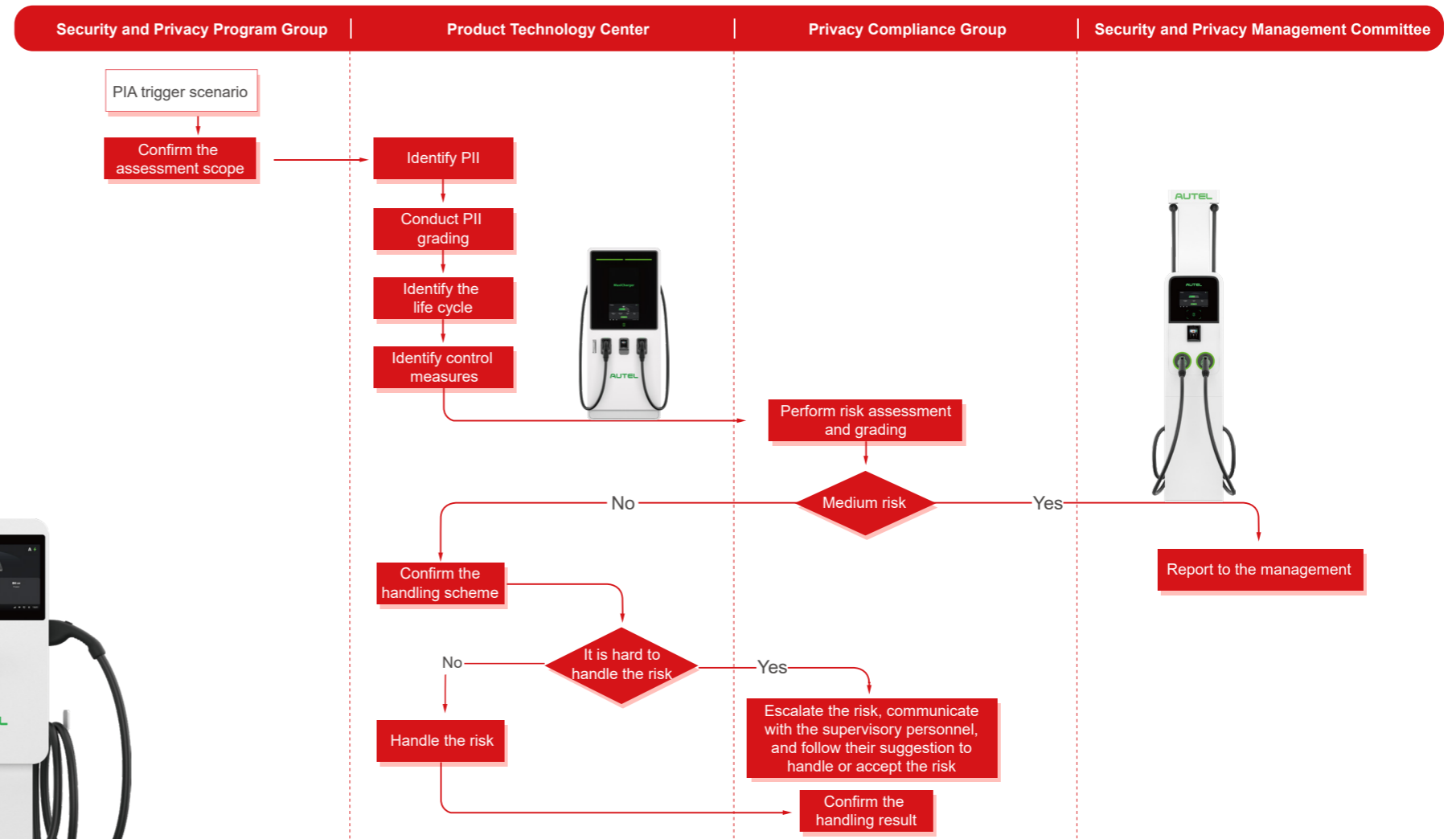
预案名称	Jenkins系统灾难恢复应急预案		
演练目标与范围	演练目标:快速响应, 确保备份系统高可用性 演练范围:Jenkins系统备份节点恢复		
整体演练时间	2023年10月29日18时00分—2023年10月29日21时00分		
应急演练组织成员	应急演练组织: 梁文生 应急演练指挥: 高建磊 应急演练执行: 肖冠宏, 丁君杰, 周志雄 应急演练保障: 肖冠宏		
短训演练测试方式与测试资源	测试数据恢复与系统恢复 在系统负责人参与测试 用户参与测试		
演练资源	彩虹大厦3楼IT机房、2楼IT办公室; Jenkins系统2023年10月27日备份数据; 机房、服务器、恢复计划; Jenkins系统恢复以及检查演练是否正常;		
关键步骤及流程 (特殊灾难场景应急演练及影响分析)	实施步骤	应对步骤	实际部门 预估时长(H)
	步骤1 故障事件通报	IT部门	0.25
	步骤2 应急响应与决策	IT部门	0.25
	步骤3 系统服务恢复	IT部门	2
	步骤4 功能数据验证	数据管理部	0.5
演练总结	2023年第四季度应急演练, 目标是Jenkins编译系统, 停机后3小时内正常恢复, 系统网站正常上线, 经过数据管理验证后使用无异常。		

Example report of information system disaster recovery drills

Privacy Management Committee

- Formulates the privacy management rules and regulations and supervises the implementation.
- Responsible for the liaison and implementation of the personal and user privacy management work.
- Organizes, supervises, and guides privacy management inspections, and coordinates privacy management reviews.
- Deals with violations of the privacy management system and leakage of personal and user privacy incidents, affixes the responsibility, and provides suggestions on rewards and punishments for the incidents.
- Supervises and guides the privacy management of all computers and information systems, communication devices and office automation devices, and audits the implementation of security policies and management measures.

Duties of the Privacy Management Committee



# 3 Innovation Creating Diversified Values

## Philosophy

As the world's leading provider of intelligent automotive testing and analysis solutions, Autel is an innovator and enabler of new digital technologies, as well as a practitioner of industrial digitalization and intelligent manufacturing. While continuously strengthening our innovation capability, we work with industry partners to deepen R&D innovation and accelerate high-quality social development.

## Actions

- R&D Innovation
- Intellectual Property
- Quality Management
- Customer Service
- Responsible Supply Chain

## SDGs benchmarking



## R&D Innovation

Autel specializes in the R&D, production, sales, and service of automotive advanced diagnostic and testing systems and electronic components, with a close relation to the development of the automotive industry. Driven by continuous R&D innovation in the context of intelligent, Internet-based, and new energy-based upgrading, Autel launches new products vertically and horizontally and increases R&D investment in strategic fields and key core technologies based on automotive advanced diagnostic products. In addition, Autel gives full play to its cross-brand compatibility advantage to expand the core product portfolio and strengthen product competitiveness.

### R&D management mechanism

We stick to the business philosophy of "value innovation, work diligently", the product philosophy of "providing superior products", and the core values of "exceeding customer expectations, valuing diligence and dedication". In the long-term R&D process, we keep learning and applying new technology. We have established a comprehensive technical innovation mechanism and collaborate with customers to provide market-led products.

#### R&D management system

Our R&D Center adopts a dual-track operation mechanism, based on which the product design departments and the product delivery team operate in parallel. The product delivery team can fully integrate the resources of design departments to facilitate the R&D and delivery of new products. The product design departments under the R&D Center conduct pre-research on innovative technologies based on customer and market demands. A flat management mode is adopted for the design departments and delivery team.

Implementing the project development management mode based on the Agile Integrated Product Development (IPD) process, the Company performs full monitoring of the R&D process quality and timely adjustments to the R&D direction. The CDP mechanism enables the Company to make timely decisions at the key stages of project delivery and grasp the direction of innovative technology pre-research to achieve rapid and high-quality product delivery.

#### R&D protection mechanism

Placing an emphasis on recruiting, training, and retaining R&D talents, we continue to increase the investment in R&D instruments and the construction of R&D infrastructure such as R&D labs and failure analysis labs to optimize the workplace of R&D personnel.

We highlight result orientation and advocate responsibility, teamwork, innovation and dedication. Our employees are encouraged to put forward suggestions on efficient R&D, process streamlining, product design quality improvement and innovative technology pre-research. Excellent suggestions will be introduced into the organizational operation and product R&D activities in a timely manner, and incentives will be given to employees whose suggestions are adopted.

#### User- and product-oriented mechanism

Focusing on the product philosophy of "being customer-centric and providing superior products" and regarding R&D and product innovation as the core of the development, we continuously track the user experience and gather feedback, and optimize the product design and features based on the industry trend to improve user experience.

|| R&D management mechanism



|| Distribution of R&D Centers



#### 01 New energy products

Chargers: New products including AC Ultra European Norm series, AC Lite E-commerce series, AC Elite CTEP & AC Ultra CTEP (for California commercial application scenarios) series, DC Fast PTB (Germany) passed the certification of UL, CSA, EnergyStar, CE, UKCA and MID, and became the first in China to meet the requirements of CTEP, NTEP and PTB. Cloud platform products: During the reporting period, the Company continued to develop the functions of Autel charging cloud platform, and has now built three major products: charging operation, remote O&M, and charging app.



#### 02 Automotive advanced diagnostic products

Using the cloud diagnostic technology, we have developed MaxiFlashXLink, a next-generation intelligent remote terminal that covers 150+ vehicle models with diverse repair scenarios such as module modification, code setting, gateway unlocking, and ADAS calibration.



#### 03 TPMS products

The world's first general-purpose programmable Bluetooth tire pressure sensor BLE-A001 was released.



#### 04 ADAS calibration tool series

ADAS calibration software and 4-wheel alignment software cover all global new models of 2023 and more than 95% of global vehicle series. With new functions such as double wishbone spacer adjustment, double wishbone eccentric wheel adjustment, wheel unloading adjustment, and ADAS high-frequency fault code guide, the ADAS calibration system and 4-wheel alignment system became the latest and most comprehensive in the industry.



#### 05 Software cloud service

Conduct continuous optimization in remote expert, renewal and upgrading. The software cloud service supports remote diagnosis and programming for more than 260 global and regional mainstream vehicle series. During the reporting period, the Company completed the development of diagnostic software for the 2024 model of more than 118 vehicle series.

|| Part of our R&D achievements in 2023

### Incentives for R&D talents

We have formulated the "Incentive Management Measures for New Products", "Design and Development Procedure", "Design and Development Change Procedure" and other system and procedural documents to optimize the innovation and R&D management process. In addition, we have established R&D incentive systems and methods based on our characteristics to enhance innovation capabilities and retain innovation talents.



To further increase the enthusiasm and creativity of all employees, implement the core values and team orientation, create a goal-oriented high-performance team, and enhance the core competitiveness for sustainable development, the Company has formulated the "Diversified Incentive Mechanism", which sets a series of diversified incentive awards for R&D.

We have set up an intellectual property management system to enhance intellectual property management. Based on the patent application incentive system, we reward with bonuses to project teams that complete service inventions and obtain patents. The inventors are recorded in the technical file of the main inventor or designer, which is used as one of the criteria for technical title evaluation, job appointment, promotion and other rewards. In this way, we enhance R&D and market competitiveness to facilitate healthy, stable and sustainable development.

#### DIVERSIFIED INCENTIVE MECHANISM

#### PATENT APPLICATION INCENTIVE MECHANISM

01

02

R&D incentive mechanism

04

03

#### PROJECT INCENTIVE MODE

#### EQUITY INCENTIVE MECHANISM

Oriented to the target results, the Company sets up special bonuses for project incentives to appraise the R&D project teams or individuals with excellent performance based on their contribution. The results of the R&D project assessment are also used as the criteria for appraisal, annual assessment and personal promotion.

The Company has implemented the Employee Stock Ownership Plan, which closely combines the interests of the Company and those of individuals through the equity incentive mechanism. This effectively enhances the cohesion of the core and backbone talents and avoids brain drain.



R&D incentive mechanism

### Intellectual Property

We attach great importance to the application and protection of intellectual property rights. In strict compliance with the "Trademark Law of the People's Republic of China", the "Patent Law of the People's Republic of China" and other laws and regulations, we have established a solid intellectual property management mechanism to give full play to the role of intellectual property in motivating, leading, safeguarding and evaluating corporate innovation. Moreover, we fully respect the legitimate rights of others and prevent intellectual property infringement in technology R&D, product innovation, business development and daily operations.

We have formulated intellectual property management systems that detail the application, change, renewal, transfer, assignment, licensing, protection and rights safeguarding of intellectual properties. By institutionalizing, regulating and normalizing intellectual property management, we regularly carry out intellectual property risk self-examination and awareness training to facilitate works related to intellectual property. Autel has been recognized as an "Intellectual Property Advantageous Enterprise".

#### Key Performance

In 2023, Autel was granted **220** new patents worldwide, including **83** invention patents and **25** utility model patents. As of the end of 2023, the Company held a total of **1,650** patents, including **224** invention patents and **311** utility model patents.

### Quality Management

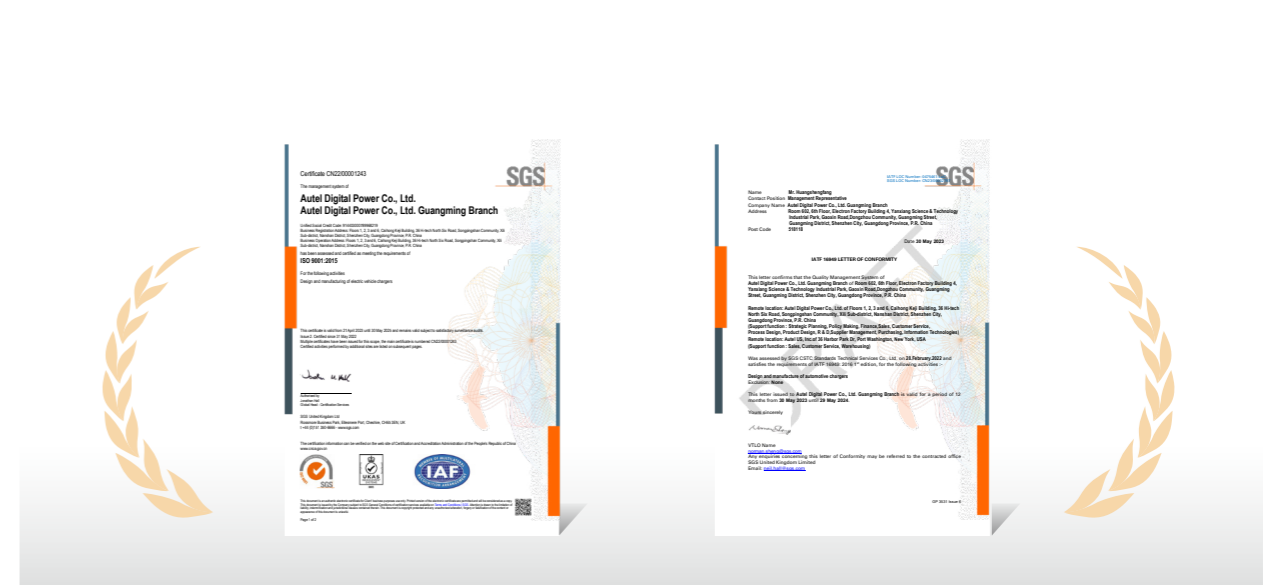
Autel is a global leading supplier of automotive electronics and automotive intelligent tools. The main products, including automotive diagnostic and testing systems and chargers, play important roles in the development of the automotive industry and users' experience. Due to the complex technology of products such as intelligent testing systems and chargers, customers have strict requirements on the technical parameters and stable operation of the devices. Therefore, we have formulated quality control procedure documents based on the status of the market, industry and the Company to ensure high production efficiency, product quality and yield rate.



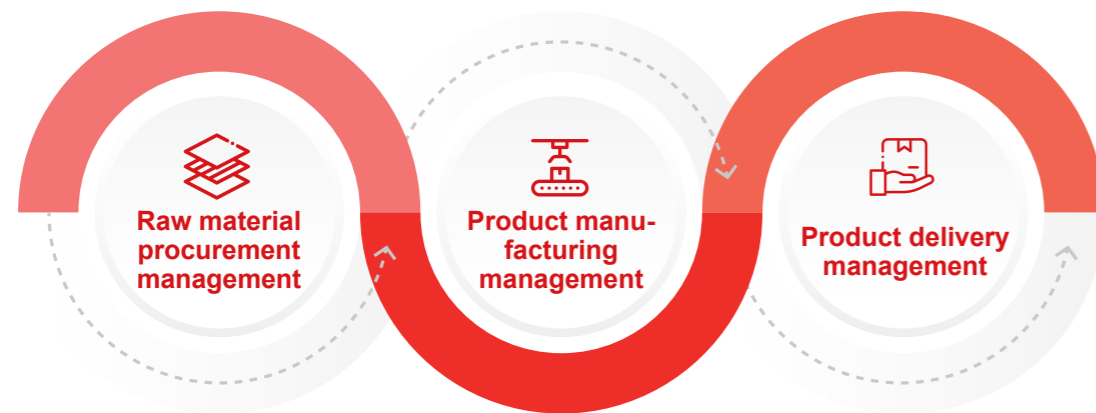
### Quality control procedure documents

- ✓ Quality Control Plan Control Procedure
- ✓ Reliability Test Control Procedure
- ✓ Design and Development Control Procedure
- ✓ Design and Development Control Change Procedure
- ✓ Non-conforming Product Control Procedure

Quality control procedure documents



Autel obtained a series of quality management system certifications



We have formulated complete incoming material inspection procedures, standards and methods. The inspection team conducts sampling for incoming materials. We establish an assessment system for the incoming material quality and conduct data analysis of incoming materials from upstream suppliers to ensure the stability of processes and upstream raw materials.

We also set up annual audit targets for key suppliers and conduct audit training for suppliers to effectively supervise suppliers' production quality. In addition, we increase the quality check of key points for production lines as required.

We have continuously refined our quality system and methods. In 2023, the quality team organized ongoing seminars on good case studies.

We deepen the employees' problem-solving abilities through company-wide seminars, training and quality improvement programs, including the experimental design, statistical control of process data, learning of measurement techniques, and quality audits.

We strictly follow the product design management specification and shipment management procedure to ensure that the components and materials of the product meet the product quality requirements based on the shipment inspection items or customers' requirements.

Each product batch can be quickly traced, disclosed and delivered through the production process, material receiving/delivery records, date of production and so on.

Quality control process

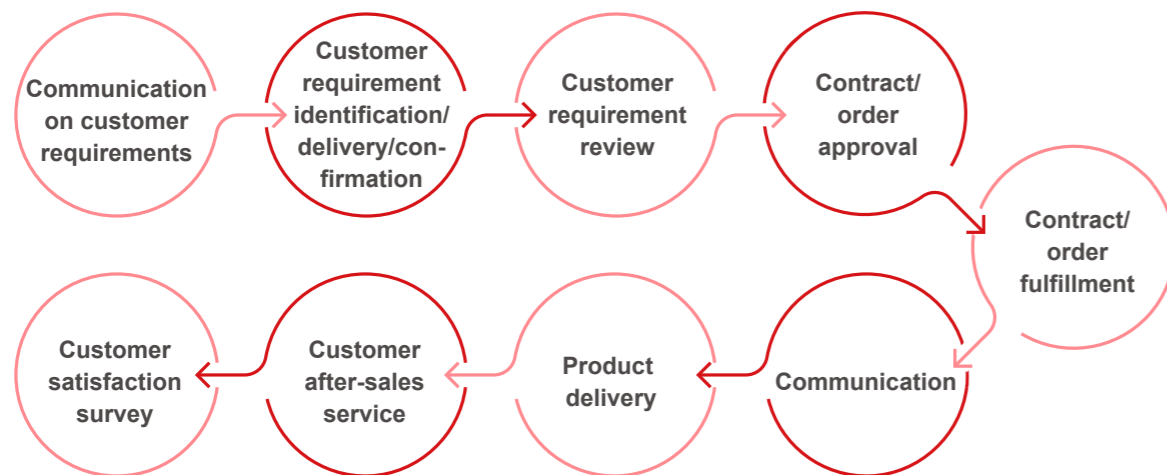


## Customer Service

Bearing in mind the concept of "providing customers with real and lasting value", we work hard to deliver timely, professional and warm services to customers and improve customer service satisfaction. To provide customers with outstanding services and a satisfactory service experience, we have established a cross-departmental customer service team and an exclusive communication window. Besides, we implement strict protection measures for customers' information and seek to establish far-reaching cooperation with customers and become a trustworthy partner.



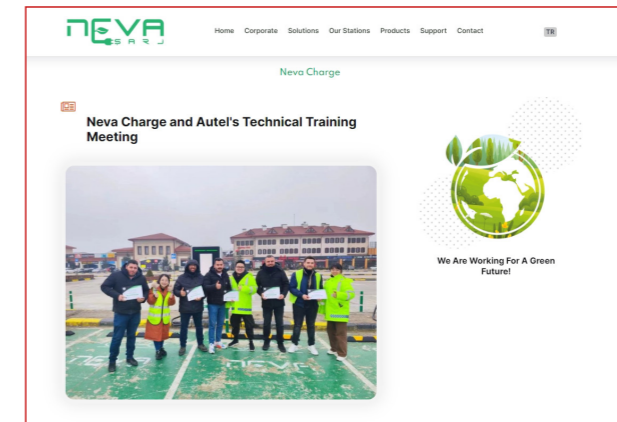
Customer service mechanism



Customer service process

### Case The Company provided on-site support and received praise from the customer

In 2023, Autel technical team provided on-site technical support and training for NEVA. The customer highly praised Autel technical team for its professional performance through emails and news bulletins on the official website, which further deepened our cooperation with the customer.



Turkish customer praised our on-site technical team

### Case We received appreciation from our customers and deepened the cooperation

In 2023, we received an email of appreciation from our customer Hai khim. In the email, the customer praised and appreciated us for our excellent technical support and expressed an eagerness to maintain a long-term cooperative relationship with us. The services we have provided laid a solid foundation for in-depth cooperation.



Hai khim, the chairman of one of our customers, praised our marketing center in an email

## Responsible Supply Chain

Autel is committed to sustainable supply chain management and the organic integration of business development and social responsibility. The Company has set up a supplier management team, which conducts a written risk assessment of suppliers' social responsibility every year. This enables the Company to identify actual or potential non-compliance with the standards, and organize improvement activities based on the priority.

### Supply chain management

Autel has a complete supplier management system, based on which supplier admission is strictly controlled and supplier audits are regularly conducted to reduce risks of the supply chain and guarantee production and operation sustainability. The Company continuously carries out supplier management in accordance with internal systems such as "Supplier Selection and Evaluation Procedure", "Supplier Performance Management Program" and "Supplier Integrity Agreement".



Suppliers rated A for more than 3 consecutive times will be preferentially selected for order placement and the production of our newly developed materials and can enjoy the highest proportion of order quantity.



Suppliers get full marks of quality for more than 3 consecutive times with an overdue rate of zero and have been recognized by the Company as exceptional suppliers will be eligible for exemption from inspection for certain materials. In addition, these suppliers will be preferentially selected for new material R&D and order placement and can enjoy the highest proportion of our orders.



For suppliers rated C or D, the Quality Department will provide training with assistance from the R&D and Purchasing Departments. Generally, the supplier training and correction period does not exceed 1 month. The elimination process will be started for suppliers who still fail to meet the Company's requirements after this period. The Purchasing Department will reduce or suspend the order placed to suppliers rated C or D.



Suppliers rated D for 2 consecutive months or accumulatively 3 times in a year will be directly eliminated by the Purchasing Department.



The results of the annual assessment will be used as the basis for the selection of annual excellent suppliers. For suppliers rated D, we will provide a 3-month improvement period. If no improvement is carried out, the elimination process will be initiated.

### Supplier performance management

The Company implements transparent procurement. The signing of the "Integrity Agreement" is one of the basic conditions for the introduction of qualified suppliers. At the time of contract signing, the procurement personnel shall declare the Company's position on clean procurement to the suppliers. Throughout the process of contract negotiation, signing and execution, both the buyer and the seller shall reject all behaviors that violate the laws and regulations, the rules and regulations of the Company, the provisions of the contract, the business ethics and the professional ethics, and shall uphold zero tolerance for corruption.

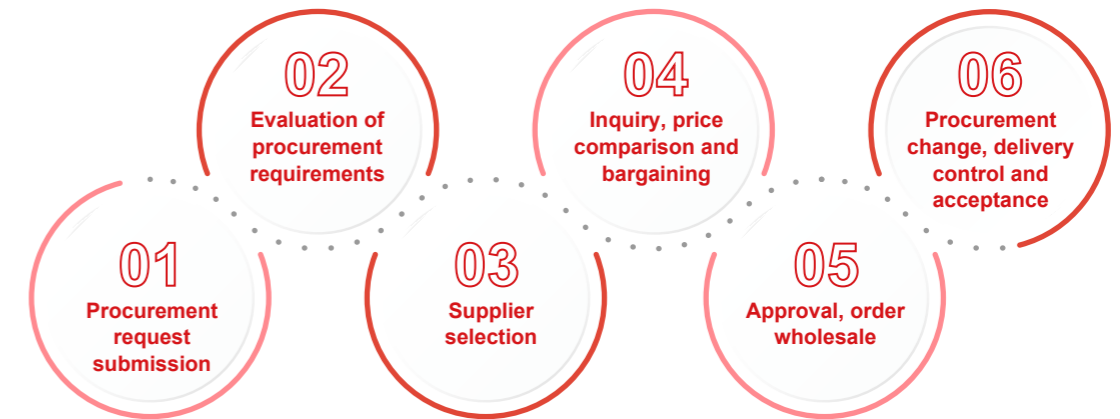
The Company has developed strict regulations for avoiding conflicts of interest, which asks partners to actively specify those who are in certain relations with the Company's personnel in procurement, sales or other positions and avoid them in business cooperation.



### Transparent procurement

### Responsible procurement

Autel develops a sound procurement system and actively practices sustainable procurement policies. Suppliers are expected to demonstrate excellent performance in business ethics, environmental impact, and social responsibility. This ensures that Autel products originate from a sustainable value chain featuring fairness and respect. Autel has passed relevant system certifications and has taken active measures to manage hazardous substances, minimizing the impact of Autel products on the environment and human health. In the supply chain business management process, Autel incorporates hazardous substance management into supplier lifecycle management in terms of new supplier admission, new supplier qualifier, new supplier selection, risk assessment and performance improvement.



### Procurement process





# 4 Environment Protection

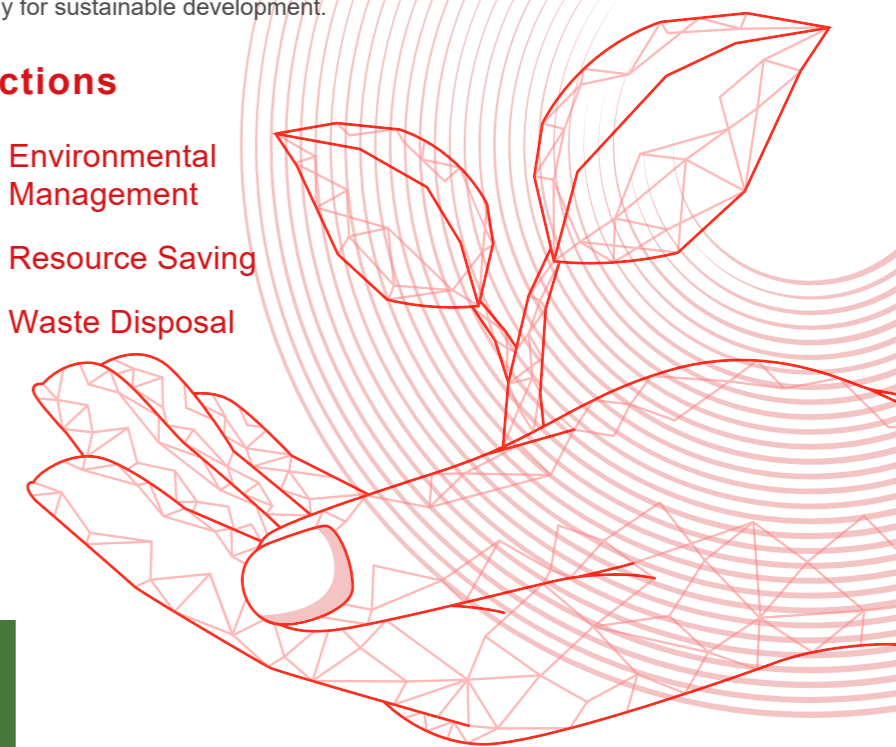
## Building a Green Homeland

### Philosophy

We are committed to green development and strictly abide by the relevant laws and regulations in environmental management, resource conservation, waste disposal, and so on. We have set up systems and norms to protect the environment in all links of business operations and help build a resource-saving society. We actively carry out new energy business, accelerate the R&D and promotion of chargers, and respond to climate change in various ways., paving the way for sustainable development.

### Actions

- Environmental Management
- Resource Saving
- Waste Disposal



### SDGs benchmarking



## Environmental Management

With an emphasis on environmental management and protection, we abide by the "Law of the People's Republic of China on Environmental Protection", the "Law of the People's Republic of China on Environmental Impact Assessment" and other laws and regulations. We have built a sound environmental management system, which has been certified by the relevant institution. In addition, we have formulated the "Environmental Factor Identification and Evaluations Procedures" to identify and evaluate the factors that may have an impact on the environment during production and services. The environmental factors are effectively controlled to reduce the impact on the environment.

### Key Honors



Autel's certificate of ISO14001:2015 Environmental Management System

### Initial environment assessment

- Customers' environmental requirements for products and production processes
- National and local environmental laws and regulations and environmental standards
- The degree of conformity between the current environmental situation and the above requirements, including the impact of products on the environment, the emission of pollutants, the use of chemicals in the production process, and the consumption of resources and energy
- Environmental factors and significant environmental factors
- All environmental management activities and procedures in force
- Feedback obtained from the investigation of previous non-conformity incidents, including environmental complaints, environmental accidents, and environmental penalties from customers and other related parties
- Background information on land use, including land use history, location and distribution of pollutant discharge pipelines, and division of functional areas, etc.
- Reports, records and other background information provided by related parties, including EIA reports, "Three Simultaneities" acceptance reports, etc.

Items of initial environmental assessment

We monitor the progress and status of the implementation of the goals, indicators and management programs. In principle, long-term goals, indicators and management programs should be monitored once a year, medium-term goals should be monitored once a quarter, and short-term goals should be monitored once a month. Corrective measures shall be taken depending on the severity for non-conformities.

Relevant departments are required to implement environmental monitoring according to the provisions of the SOPs and management regulations. Any non-conformity to environmental requirements shall be reported to the responsible person of the department, who will make a decision on non-conformity handling. When the situation is serious, the responsible person of the department will make an interim decision and then fill in the internal information processing sheet and submit it to the manager's representative, who will request corrective measures from the responsible department.

We annually inspect the implementation of the environmental management system using the management system operation monitoring form, including checking the fulfillment of the procedure documents, management rules and regulations, SOPs, the historical evidence of accidents, incidents (including attempts and negligence) and other poor performance, the records of pollutant emission violations and environmental protection procedure performance. For any non-conformity to the laws, regulations or other requirements, we will ask the responsible department to take corrective and preventive measures.

Every year, we evaluate compliance with the applicable laws and regulations based on the monitoring results, and fill in the compliance review form. If any non-conformity is found, it shall be reported promptly and rectified in accordance with the non-conformity correction requirement.

In the absence of monitoring instruments or capabilities, we will entrust a qualified monitoring and measuring institution to implement the environmental monitoring required by the law enforcement department regarding environmental protection. Monitoring reports shall be also provided by the monitoring institution. Environmental monitoring required by the law enforcement department shall be performed at least once a year.


The monitoring results are summarized and analyzed. If there is any indicator exceeding the standard, we analyze the reasons and ask the responsible departments to carry out corrective measures.

Monitoring and measuring process of key environmental characteristics




## Resource Saving


Autel advocates green and low-carbon operations and adheres to rational allocation and utilization of resources to reduce resource waste. In accordance with the "Energy Conservation Law of the People's Republic of China" and other laws and regulations, we have formulated the "Energy Use and Conservation Management Procedures". We regularly adjust the resource use plan based on the actual resource use to reduce the consumption of resources. In addition, we implement a number of resource conservation initiatives and carry out new energy business to boost the global new energy industry and make a contribution to addressing climate change.




At the beginning of each year, we formulate annual proposals on energy consumption, paper conservation, and water consumption. The proposals include the conservation target, specific implementation, responsible person of each department, schedule, and input amount.



We calculate the average consumption based on the actual energy consumption and the gross production value of the previous year, and then set a reduction rate based on the average consumption as an indicator of energy conservation.



We set a reduction rate based on the amount consumed in the previous year as an indicator of paper conservation.



We set a reduction rate based on the volume of water consumed in the previous year as an indicator of water conservation.

### Resource-saving program

#### Electricity for production

Idle equipment should be turned off in time. It is recommended to arrange overtime work centrally and avoid power wasting. Lighting should be turned off in places where no one is working. Air conditioners should be turned off 30 minutes before the end of the workday. The power switch should be confirmed by a designated person after the end of the workday. Small-power equipment is preferred to reduce power consumption. Power-saving signs should be posted at the switches.

#### Electricity for living

Street lights shall be turned on during the period from 18:30 to 6:30 if possible, and the lighting is minimized during breaks. Air conditioners should be turned on only when the indoor temperature reaches 26°C, and turned off 30 minutes before the end of the workday. Signs of electricity conservation should be posted at the switches.

#### Production water

Production water shall be inspected frequently and leaks shall be dealt with promptly.

#### Living water

Water heaters, toilets, and other water-using places shall be marked with signs of water conservation and leaks shall be fixed promptly once discovered.

## Case Autel carried out the new energy business to boost the global new energy industry

To respond to climate change and facilitate global carbon emission reduction, we are fully engaged in the new energy business. In 2023, we actively conducted R&D of chargers and released new products including the AC Ultra European Norm series, AC Lite E-commerce series, AC Elite CTEP& AC Ultra CTEP (for California commercial application scenarios) series, and DC Fast PTB (Germany) series. These products passed the certification of UL, CSA, EnergyStar, CE, UKCA and MID, and became the first in China to meet the requirements of CTEP, NTEP and PTB. Our chargers have been sold to many countries in North America, Europe, Asia and other regions, boosting the global new energy industry.



Autel chargers

#### Office paper

To reduce the use of office paper, we strengthen employees' awareness of paper conservation, recommend double-sided printing/copying of documents, reasonably utilize recycled paper, designate personnel to manage office paper, and transfer information through the network.

#### Use of chemicals and glue

The amount of chemicals shall be reasonably controlled and chemicals shall be packed into small bottles instead of large bottles to ensure full use of chemicals.

#### Use of raw materials

The conditions and environment for trial production shall be strictly controlled to reduce the use of materials. Production defects shall be counted, analyzed, and improved to lower the defective rate.

#### Use of gas

The use of gas shall be inspected frequently, gas leaks shall be fixed in time, and the environmental conditions for production shall be controlled to minimize gas consumption.

### Resource-saving measures

**Waste disposal**

We conform to the "Law of the People's Republic of China on Prevention and Control of Water Pollution", "Law of the People's Republic of China on Prevention and Control of Air Pollution", "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes", and other laws and regulations of the place where we run our business. We have formulated the relevant regulations on waste disposal based on the operation situation. We keep a watchful eye on the whole process of waste disposal and strive to reduce the generation of waste at source. In addition, we fully consider the possibility of waste reuse, keep records of waste disposal, and carry out tracking and management of waste disposal contractors.

	Type of waste	Disposal
Wastewater	Mainly including domestic sewage, water discharged by constant temperature and humidity machines, waterproof testing machines and air compressors, wastewater from salt spray tests, waste cleaning fluid, and waste oil	We collect wastewater in suitable containers, attach a label of "Waste Recycling", and designate personnel for temporary storage. Once the expected amount is reached, we entrust waste treatment stations or other qualified organizations to collect and treat the wastewater centrally. Meanwhile, we fill in the "Waste Disposal Record". Cleaning fluid, waste oil and other wastewater that can be recovered by the supplier is recovered by the supplier legally.
Waste gas	Mainly including volatiles of cleaning fluid, petroleum ether, alcohol, washboard water and other liquids, as well as gas generated by tin soldering and glue dispensing	We set up a gas collection hood at the workplace to collect the waste gas and lead it to the roof through the pipeline for discharge. Non-methane hydrocarbons will be adsorbed by activated carbon before discharge. We add a cover in time after the operation is completed, and perform temperature control during the cleaning process to minimize the volatilization of liquid.
Solid waste	Metal wastes: including production wastes, scrapped products, parts and components Paper wastes: including waste packaging materials, waste documents and records Cloth wastes: including waste gloves, rags and other labor protection products or production auxiliary materials (containing oily pollutants) Plastic wastes: including waste gummed paper, tape, and plastic film Other types of wastes: wastes not belonging to the above categories, with a small generation amount	We designate and mark the storage areas of solid wastes. The solid wastes generated by each department are categorized and stored in the designated areas. Once the expected amount is reached, we entrust qualified contractors to centrally recycle the solid wastes and fill in the "Waste Disposal Record". If the solid waste is an oily cloth pollutant, it will be disposed of as wastewater.

Types of waste and waste disposal methods



We strive to save resources and minimize the generation of waste during our business activities in all its endeavors, so as to reduce our environmental footprint.



We reuse and fill in the "Record of Waste Reuse" for waste materials generated in the production process if these materials can be reused. Meanwhile, the feedback is sent to the PMC and warehouse departments.



We establish contractors' files and create management accounts for all waste handled by contractors to indicate the name of the waste, the generation amount and other information, which facilitates tracking and management.

Waste management measures

Type of waste		2023
Water pollutant discharge	Chemical oxygen demand (COD) (mg/L)	75
	Five-day biochemical oxygen demand (BOD5) (mg/L)	29.8
	Suspended substance (mg/L)	7
	Ammonia nitrogen (mg/L)	45.5
	Total phosphorus (mg/L)	3.05
	pH	7.3
Generation of hazardous waste	Waste engine oil (tons)	0.0201
	Battery generation (tons)	0.02
	Chemical generation (tons)	0.0035
	Total volume of hazardous waste generated (tons)	0.07835
	Recycling volume of hazardous waste (tons)	0.1705
Amount of treated non-hazardous waste	Generation of general household waste (tons)	10.8

Waste disposal in 2023



# 5 Responsibility Boosting Harmonious Development

## Philosophy

Adopting the talent strategy of "people-oriented, sharing and growing together", we fully respect and protect the basic rights and interests of every employee. We spare no efforts to attract and retain diversified talents, continuously improve the employee remuneration and benefits system, and implement employee care initiatives. In addition, we pay close attention to employees' health and safety and fulfill social responsibilities in public welfare and charity to achieve high-quality development.

## Actions

- Employee Rights
- Talent Development
- Occupational Health and Safety
- Industry Leadership
- Contribution to the Society

## SDGs benchmarking



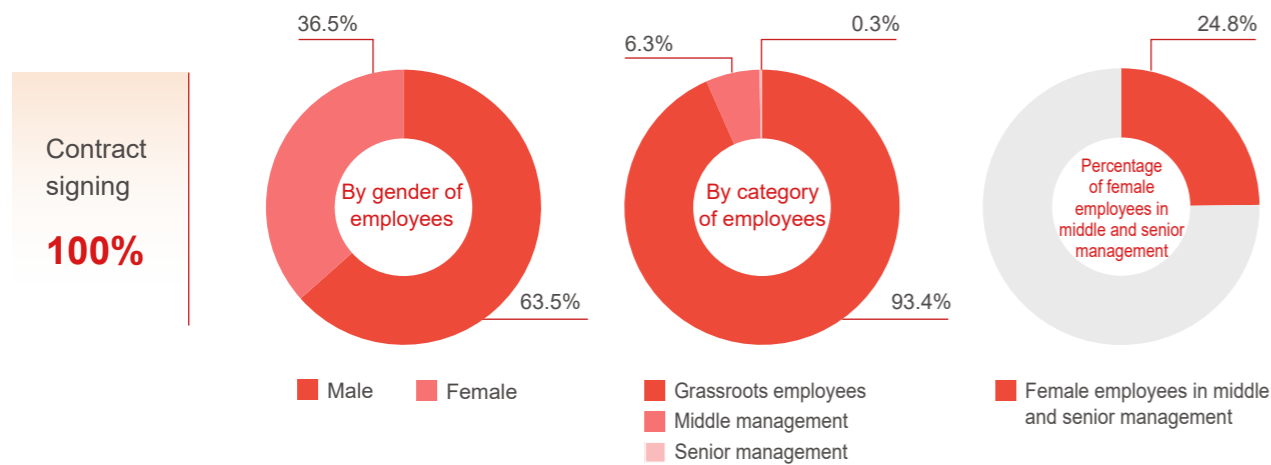
## Employee Rights

We strictly abide by the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China" and other laws and regulations. We formulate the "Human Resources Control Procedures", carry out compliant employment, continuously optimize the employee remuneration and benefits system, and deepen the democratic management. Besides, we sign the labor contracts with employees and pay the social insurance for them to fully protect their legitimate rights and interests.

### Compliant employment

Following the principle of "justice, openness and fairness", we have built a scientific, standardized and transparent employment recruitment process to effectively select and recruit talents. With a focus on the ability, experience, soft skills and potential of the talents in recruitment, we actively strengthen the introduction of domestic and foreign talents to build a high-quality workforce and meet the demand for talent construction. In addition, we ensure fairness and impartiality of recruitment without discriminatory behavior in accordance with the "Human Resources Control Procedures".

A total of 2,375 employees in 2023



#### Internal recruitment

The Human Resources Department releases internal recruitment information to employees on Autel's website or in internal documents.

#### External recruitment

- Talent archive: Preferentially select talents from the talent archive.
- Media recruitment: Recruit talents through mass media, advertisements in specialized publications and websites.
- Job fair recruitment: Recruit talents by participating in job fairs around the world;
- Campus recruitment: Choose the best time of the year and participate in graduate recruitment in colleges and universities and directed training institutions with matching majors.
- Recruitment by commissioned headhunter: Senior management and technical personnel can be recruited by a commissioned headhunter.
- Talent recommendation: Employees from non-human resources departments recommend external personnel who meet the job requirements.

Recruitment channels and methods

## Remuneration and benefits

We are committed to creating a fair workplace and competitive environment for our employees. Adhering to the talent strategy of "people-oriented, sharing and growing together", we share the fruits of corporate development with employees and provide competitive salaries, diversified benefits, and employee equity incentives to achieve a win-win result with employees.

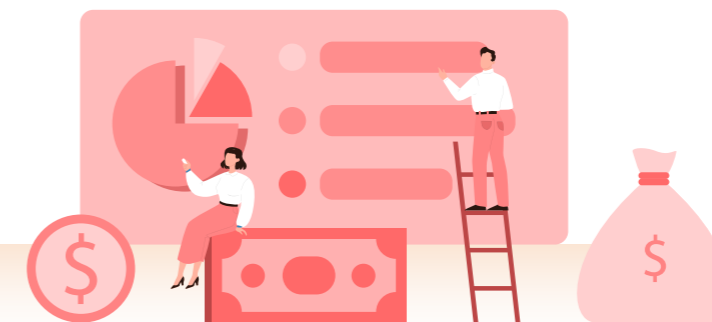
The Company provides competitive total remuneration, including base salary, allowances, employee cash bonuses and rewards, to attract and retain talents and reward employees who have remarkable performance and make continuous contributions. The total remuneration of employees varies according to our business objectives and profitability, as well as the employee's professional knowledge and skills, job functions, performance and long-term commitment.

#### Salary adjustment

Autel conducts annual salary surveys to measure the overall economic indicators and salary levels in China and overseas operating bases, based on which salary is adjusted to maintain the overall salary competitiveness.

#### Performance

- We provide both short-term and long-term incentive programs for employees' performance by considering our financial and operational performance, our future development, the characteristics and operational performance of subsidiaries, employees' job responsibilities and performance, and local industry practices.
- The annual incentive programs include two parts. Specifically, cash bonuses are paid quarterly in the current year to provide timely incentives to employees, and cash remuneration is paid in the following year to encourage long-term service and continuous contribution of employees.
- An annual cash bonus or long-term incentive bonus program of 1 to 3 years is implemented for overseas performance based on local market and country conditions.



To effectively manage and distribute the benefits for employees, we have established a set of benefit management systems. We also pay the full amount of basic pension insurance, basic medical insurance, unemployment insurance, industrial injury insurance, maternity insurance, medical insurance for serious illnesses, and housing provident fund according to the law. Besides, we provide employees with benefits including cafeteria meals at preferential price, free afternoon tea, free evening snacks, transportation subsidies, holiday subsidies, birthday gifts, newborn gifts, consolation money for sickness, and annual medical examinations, so that employees can fully enjoy the fruits of corporate development. This stimulates the employees' enthusiasm and enhances the cohesion of Autel.



|| Celebrating the Lantern Festival



|| Basketball match

## Employee communication

Highly valuing employees' opinions and rights, we have established a variety of employee communication channels to create an open and transparent communication environment. We respect the rights of employees to collective bargaining and peaceful assemblies, hold monthly democratic life meetings to report to employees on the operational situation, and invite employees to participate in discussions on labor conditions and labor welfare.

To manage employees' performance, we establish a closed-loop management mechanism of performance plan formulation, process coaching, performance result feedback and performance complaints. We conduct training on performance management methods for supervisors at all levels, provide performance management tools, and arrange for supervisors to actively communicate with employees in all performance aspects. We stress encouraging employees to keep good performance through performance communication. Employees are notified of the areas and directions for which they need to make improvement, helping employees reach performance goals and continuously improve their performance. If there is a performance complaint, the Human Resources Department will actively find the reason, and the administrative service team will make a judgment on the performance complaint and provide a reply to the employee in a timely manner.

## Talent Development

Holding the idea of "people in the right place and people fully display talents", we work hard to cultivate talents and build a diversified talent development system. We formulate the "Human Resource Control Procedures" to help employees fully exert their abilities at work and achieve personal growth and corporate development to the greatest extent. In addition, personal goals are further integrated with corporate goals.

## Employee training

Regarding human resources as our most important resource of the enterprise, we establish a set of education and training management systems to provide continuous and targeted education and training for employees. In this way, employees at all levels can continuously improve their capabilities. When making and implementing education and training programs, we fully consider the needs of different levels and categories of positions. Based on the needs of corporate development, we provide targeted training for different levels and categories of personnel for entry, specialty, management and other targeted training through lectures, on-site operations, case studies and other forms of instruction by internal and external lecturers. Through the lessons, outreach activities, mentorship, on-the-job practice and other forms of training Autel conducted, newcomers can quickly get familiar with Autel and integrate into the team. The "hierarchical and project-based" training mechanism has cultivated and delivered a large number of talents to Autel.

### New employees

A training and mentoring system is available for new employees.

### Employees on active duty

We have build a team of excellent instructors to provide regular or irregular professional training.

### Management

Regular training is conducted for managers.

## || Hierarchical training program

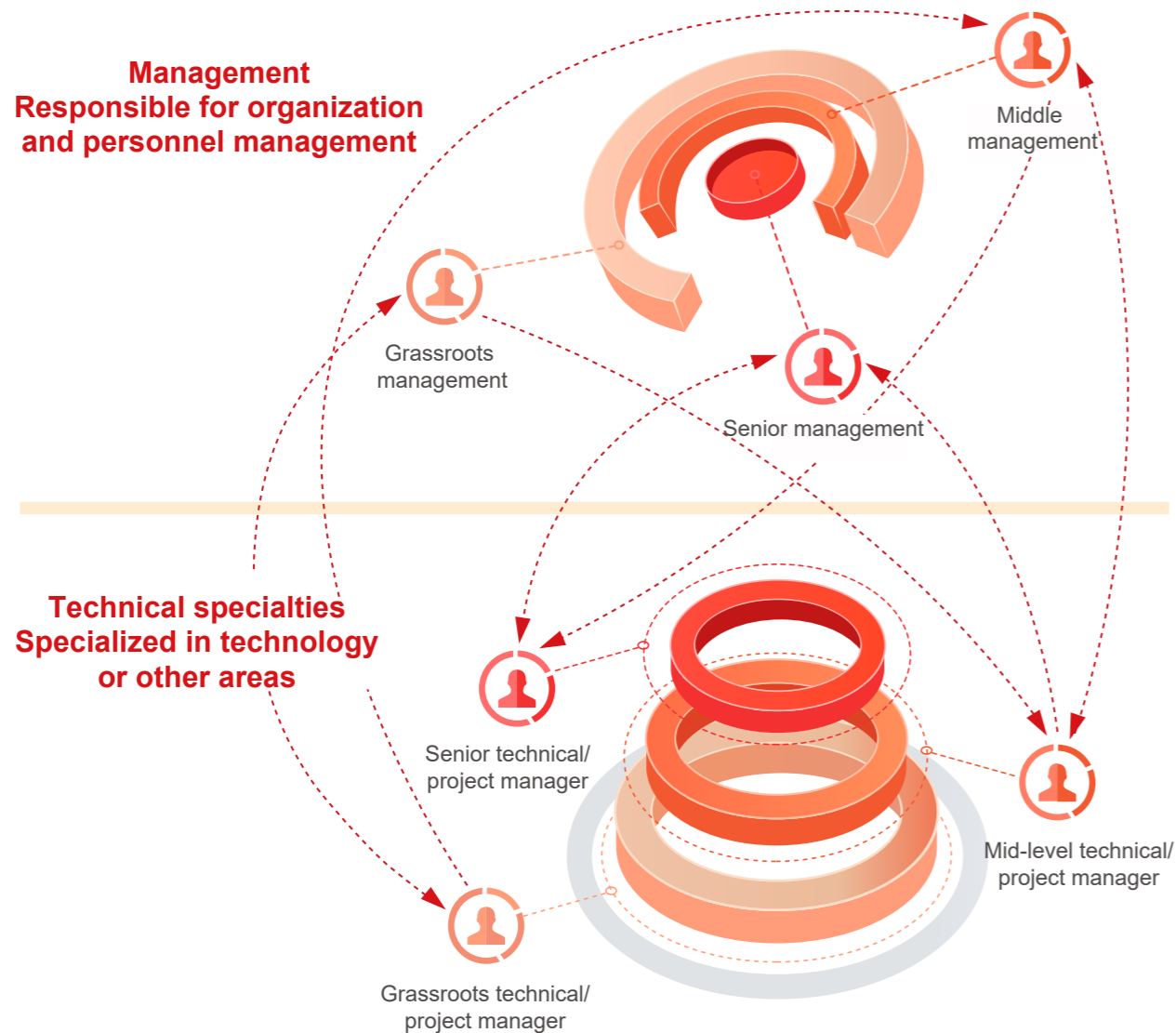


|| Professional training for cadres

The all-round talent cultivation and learning system helps all the employees to deeply practice the core values and incorporate the culture of "exceeding customers' expectations and making products the best" into their work, and step forward to the goal of creating "excellent products, excellent projects and excellent leaders". In this way, we can march towards the goal of creating "excellent products, remarkable projects and extraordinary leadership".

**Employee promotion**

We have established a comprehensive career development channel and set up a "dual-track" promotion route for management and technical professional positions. In this way, employees can have a bright future in management or technical fields according to their personal qualities and specialties. Following the principles of transparency of internal job vacancies and respect for employees' willingness to change jobs, we have set up a promotion system in line with the career development path. Development potential is regarded as a key assessment indicator. Supervisors assess employees' potential for promotion through the manual of the promotion process and related auxiliary tools.



Depending on the organization's needs and personal expertise, employees can choose to keep developing in a management or technical position, or switch between the two. For example, a grassroots technical/project manager has the following options for future career development:

- Deeply engaged in the professional field to be a mid-level technical/project manager
- Gradually take a management position to be a grassroots manager
- Gradually take a management position to be a mid-level manager

|| Career development path

**Occupational Health and Safety**

We adhere to the concept of "people-oriented, safe development" for production safety management and the policy of "safety first, prevention prioritized, and comprehensive management". We have formulated a number of production, health and safety systems and documents, established a safety warning mechanism and an emergency response mechanism for safety accidents, and carried out activities such as hidden danger inspections, fire drills and work safety training to achieve the objectives of occupational health and safety.

**Safety management system**

By strictly abiding by the "Law of the People's Republic of China on Work Safety", the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases" and other laws and regulations, we have formulated internal management documents such as the "Environmental and Occupational Health and Safety Monitoring and Measurement Procedures", "Emergency Preparedness and Response Control Procedures", and "Dangerous Chemicals Control Procedures". Moreover, we have established a comprehensive work safety management system to safeguard employees' occupational health and safety. We place great importance on learning and absorbing advanced, scientific and practical management experience. Meanwhile, all of our bases and subsidiaries are encouraged to promote the process of OHS system certification. As of the end of the reporting period, Autel and its subsidiaries have passed ISO45001 Occupational Health and Safety Management System Certification.





## Safety drills and training

Taking the protection of employee safety as a top priority, we formulate the "Emergency Preparedness and Response Control Procedures" and establish emergency response measures for the occurrence of fire, the failure of key equipment, power outages in factories, and the leakage of chemicals. In addition, we strengthen the emergency response capability of employees by means of safety drills to ensure employee safety. Besides, we have conducted a series of production safety training, including safety training for recruits, special training themed "everyone knows safety knowledge, everyone can respond to emergencies", and training on safety skills, which improves the safety awareness and technical quality of employees. We have also strictly implemented the rules of employment with certificates and training before holding a post for "three positions".

### Case Autel carried out firefighting and escape drills to improve employees' safety awareness

To strengthen the employees' capabilities of rescue, alarm, self-rescue and escape in response to fire emergencies, enable employees to have an in-depth understanding of the knowledge and skills of firefighting, and make employees bear in mind "prioritizing prevention, combining prevention and extinguishing", we carried out a firefighting and escape drill at Guangming Branch on November 9, 2023. This drill enhanced employees' safety awareness and consolidated their self-rescue ability in case of fire.



|| Firefighting and escape drill



## Occupational safety inspection

We spare no efforts to build a safe and healthy working environment. We provide annual physical examinations for employees and arrange occupational health examinations before, during, and after the job for occupationally hazardous positions. We pay close attention to employees' health and inform employees, their supervisors and human resources service representatives of the comprehensive assessment by occupational specialists, which assists them in adjusting their workloads and reduces the risk of occupationally induced cardiovascular and cerebrovascular diseases.

## Industry Leadership

As an industry leader, Autel is committed to corporate development and makes significant contributions to the prosperity and development of the industry by participating in a variety of chambers of commerce and associations. Based on our successful development, we promote industry exchanges and set up an industry benchmark in terms of information disclosure, law compliance, and standardized development.

### Industry associations that Autel participates in

- 1 Auto Glass Safety Council
- 2 Tire Industry Association
- 3 Specialty Equipment Market Association (SEMA)
- 4 Auto Care Association
- 5 Equipment and Tool Institute (ETI)
- 6 ALOA Security Professionals Association
- 7 Inter-Industry Conference on Auto Collision Repair (I-CAR)

## Contribution to the Society

Autel continues to fulfill the social public welfare responsibility and develops steadfastly to become a responsible and dignified enterprise. By closely relating corporate development to public welfare practice, we achieve a win-win situation of social interests and corporate profitability.

### Case Autel actively participate in tree planting activities and contribute to the improvement of local greening

In 2023, the U.S. team of Autel planted 300 trees in cooperation with The Greening of Detroit, a greening organization in Detroit. Through tree planting activities, we actively contribute to the improvement of local greening and the sustainable development of the earth.



|| Tree planting activity



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	2-6 Activities, value chain and other business relationships	About Autel
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GRI standard	Item for disclosure	Location
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	GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employee Rights
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible procurement

# Reader Feedback Form

Dear readers,

Thank you for taking the time to read this Report. To provide you and other stakeholders with better, more professional and more valuable ESG information and to improve the quality of our ESG report, we sincerely invite you to answer the questions in the feedback form.

Multiple choice questions (please mark your choice with "√")

1. Are you satisfied with this Report?

Yes       Average       No

2. Do you think this Report reflects the significant impact of Autel on ESGs?

Yes       Average       No

3. Do you think that the analysis of the relationship between Autel and the stakeholders identified in this Report is accurate and comprehensive?

Yes       Average       No

4. Do you think the information provided in this report is comprehensive?

Yes       Average       No

5. Do you think the information provided in this report is easy to read?

Yes       Average       No

6. Are you satisfied with the overall design of this Report?

Yes       Average       No

7. Please tell us if you have any comments or suggestions for our 2023 ESG Report.

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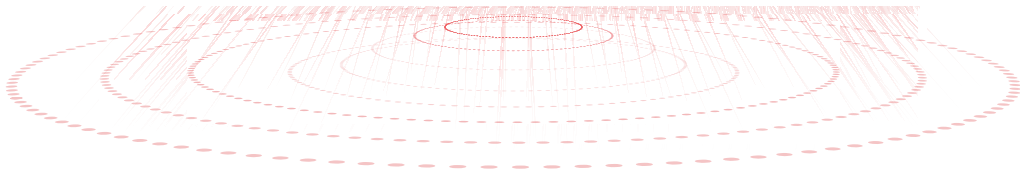
You can choose the following ways to tell us your valuable opinions:

Phone: +86-0755-8159-3644

Address: 2/F, Caihong Keji Building, No. 36, Hi-tech North Sixth Road, Songpingshan Community, Xili Sub-district, Nanshan District, Shenzhen, China

Email: [ir@autel.com](mailto:ir@autel.com)

**AUTEL® 道通**



**Autel Intelligent Technology Corp., Ltd.**

Address: 2/F, Caihong Keji Building, No. 36, Hi-tech North Sixth Road, Songpingshan Community,  
Xili Sub-district, Nanshan District, Shenzhen, China

Hotline: 400-009-3838

Tel.: 086-0755-86147778

Fax: 086-0755-86147758