



# 2022 ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT

Zhejiang Leapmotor Technology Co.,Ltd.(9863.HK)







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## About This Report

This is the first Environmental, Social, and Governance Report (hereinafter referred to as the “ESG Report”) published by Zhejiang Leapmotor Technology Co., Ltd. (hereinafter referred to as the “Leapmotor,” “Company,” or “we”), focusing on Leapmotor’s environmental, social, and governance strategies, policies, practices, and performance in 2022.

## Compilation basis

With reference to the Environmental, Social, and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) of APPENDIX 27 in the Main Board Listing Rules published by Hong Kong Stock Exchange (hereinafter referred to as the “HKEX”), this report responds to and complies with the ESG Reporting Guide’s reporting principles of the importance of proposal, the quantification of data, and the coherence of disclosure. This report also addresses issues raised by the United Nations Sustainable Development Goals (SDGs).

## Time frame

This report covers the reporting period from January 1, 2022 to December 31, 2022. To enhance the completeness and comparability of the report, some content and data are appropriately traced back to previous years or involve the period prior to the release of this report in 2023.

## Report scope

This report defines the organizational parameter based on its importance. Unless otherwise stated, this report covers the business scope under the direct control of Zhejiang Leapmotor Technology Co., Ltd. and its subsidiaries, consistent with its annual report’s disclosure scope.

## Sources of information

The information and data disclosed in this report are based on statistical reports and official documents issued by the Company, the financial data for which has been audited by PricewaterhouseCoopers. Unless otherwise specified, the monetary unit in this report is RMB. The Company guarantees that the report contains no false records or misleading statements, and is responsible for the content’s authenticity, accuracy, and integrity.

## Reference

For ease of presentation, “Zhejiang Leapmotor Technology Co., Ltd.” is referred to as “Leapmotor”, “Company” or “we” in this report.

## Confirmation and approval

The report was approved on April 17, 2023 by the Board of Directors after the confirmation by the management.

## Disclaimer

Some of the contents of this report have a certain forward-looking nature, including plans, targets, etc., for future development. This part of the content may be affected by uncertain factors, resulting in significant differences in actual results. The Company is not obliged to update any forward-looking statements in this report.

## Availability and feedback to this report

This report is published on the websites of [HKEX](#) and our [Company](#). If you want to have a paper version of it or want to share with us your suggestions and opinions, we welcome you to share your views through the contact information below.

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E-mail: [ir@leapmotor.com](mailto:ir@leapmotor.com)

Website: <http://www.leapmotor.com>



## Chairperson's Message



This is the first *Environmental, Social, and Governance (ESG) Report* released by Leapmotor in the form of an independent report, which carries our responsibility for the environment, our commitment to society, and our determination for the Company's sustainable development.

Various global handicaps such as geopolitical conflicts and climate change have contributed to a profound and complex energy crisis worldwide in the year of 2022. How to promote the global economy's low-carbon transformation has become a historic challenge for humanity as a whole. The electric vehicle industry has taken on corresponding responsibilities for this era as one of the important engines for decarbonization in the transportation sector. Leapmotor has used ESG work as a pivot, constantly improving the Company's sustainable development capabilities and contributing to China's "carbon peaking and carbon neutrality goals" as well as global hotspot issues.

Leapmotor regards responsible governance as the foundation of the Company's steady growth and continuous innovation. We continuously improve our corporate governance level, effectively control the various risks encountered in the business process, and establish and maintain a clean and upright corporate culture. To ensure the Company achieves high-level sustainable development, we have established an ESG governance framework comprised of a Board of Directors, a Nomination and Environmental, Social, and Governance (ESG) committee, and an ESG execution group. We believe that a well-established ESG governance framework can ensure the Company's continued value creation for all stakeholders, fulfill corporate social responsibility, and achieve sustainable development truly.

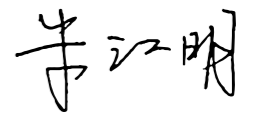
Leapmotor is committed to developing intelligent new energy vehicles with ultimate cost-effectiveness for its users. We believe that cutting-edge technology, a pleasurable driving experience, and secure automotive products will entice more customers to choose Leapmotor. We are equipped with R&D capabilities in intelligent power, intelligent driving, and intelligent cockpit, allowing us to achieve independent R&D design and production of Leapmotor's core systems and electronic components, allowing us to provide users with the best products and services. Simultaneously, we have established a management system for the entire product and service life cycle, comprehensively strengthening our products' safety bottom line and continuously optimizing product quality, bringing users safer, healthier, and more intelligent products. Additionally, we participate in developing multiple new energy vehicle industry standards, actively carry out industry-university-research integration activities, work with partners to promote industry development and accelerate product iteration and upgrades.

Leapmotor regards green development as an important business strategy. We incorporate green development into various aspects such as design and R&D, production and manufacturing, company operation, and supplier selection, beginning with green design, manufacturing, and operation. Meanwhile, we continue to research and develop environmentally friendly and renewable materials for vehicle-related goods, advocate for sustainable lifestyles, and promote green and low-carbon concepts. We also place a high value on identifying climate change risks, setting our own environmental goals, and contributing to global climate change efforts.

Leapmotor adheres to building a community of shared future for employees and enterprise development. We implement an equal, open, and transparent employment policy and fully safeguard employees' legitimate rights and interests. At the same time, we create a diversified training and welfare system, provide a healthy and safe working environment, and ensure the physical and mental health of employees while also promoting their comprehensive development. We have created a diverse and inclusive corporate culture atmosphere through multiple measures, achieving mutual growth for employees and the enterprise.

Leapmotor meets its corporate citizenship responsibilities and actively engages in social responsibility. We carry out public welfare actions centered on themes such as environmental protection and caring for others, collaborating with users to empower community development and create a welcoming workplace. We will continue to collaborate with users in the future to carry out various activities and add more value to society.

In today's world, the global landscape is evolving rapidly, accompanied by technological advancements, and the automotive industry is undergoing significant changes. As a witness and promoter of this era of change, Leapmotor looks to the future, adheres to innovation, and forges ahead, continuously improves its sustainable development concept to contribute to economic and social development and achieves its own long-term development.



Founder, Chairperson of the Board, and CEO



## About Leapmotor

Leapmotor, based in Hangzhou, was founded in 2015 and had Full-Suite R&D capability in core technologies of new energy vehicles. We design, develop, manufacture, and sell new energy vehicles, develop and manufacture, electric drive systems, battery systems, electric control systems, smart cockpit systems, and autonomous driving systems, and deliver cloud-based Internet of Vehicles solutions.

We are dedicated to maximizing user value by providing the best products and services that exceed customer expectations. We had mass-produced the Smart Electric Coupe S01, Smart Electric Mini Car T03, Best-in-Class Smart Electric SUV C11, and Deluxe Technology Electric Vehicle C01 by the end of the reporting period. We delivered 111,168 electric vehicles in 2022, an increase of 154% over the same period in 2021.

We also began mass production and delivery of our extended-range version of C11, with the ultra-long electric driving range in 2023. In the following years, we will launch more new extended-range models and BEV models to meet various customer needs.

### Our Journey





## Awards and Honors

### National High-tech Enterprise

Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration

### Zhejiang Enterprise Research Institute

Department of Science and Technology of Zhejiang Province

### Zhejiang Province Future Factory Pilot Enterprise

Economy and Information Technology Department of Zhejiang

### First Prize of Waymo 2D Tracking

Waymo<sup>1</sup>

### Ranking No. 1 in Cityscapes Semantic Segmentation

Cityscapes<sup>2</sup>

### One Paper was selected into the top international artificial intelligence conference AAAI

AAAI<sup>3</sup>

### “Heart of China” Award — Top Ten New Energy Vehicle Electric Drive System

Auto Motor & Sport

### 2022 Zhejiang Extraordinary Employer

LIEPIN

### 2022 Human Resource Management Excellence Award Top Employer

51job

<sup>1</sup> Waymo: a company that makes self-driving cars, a subsidiary of Alphabet.

<sup>2</sup> Cityscapes: a semantic image dataset on urban street scenes

<sup>3</sup> AAAI: Association for the Advancement of Artificial Intelligence



## ESG Highlights Performance

### Governance

- Established a **three-tier governance structure** as "Board of Directors – Nomination and Environmental, Social and Corporate Governance(ESG) Committee - ESG Execution Group"
- The Board of Directors comprises **7** directors, **1** non-executive director and **3** independent non-executive directors (one female director).
- Established **Information Security Committee** to achieve **0** information security incidents
- 100%** coverage of employee anti-corruption and compliance training

### Innovation

- Based on **full-suite R&D strategy**, develop our own **Smart Cockpit System, Intelligent Power System and Autonomous Driving System**
- The world's first mass-produced CTC battery chassis integration technology** has been installed on the Leapmotor C01
- Mass-produced **variable architecture oil-cooling electric drive system**
- A total of **4 OTA** updates have been completed throughout the year
- 629 newly-added** patent applications, with a total of **1,895** patent applications owned
- R&D investment **>RMB 1.4 billion**, accounting for **>11%** of revenue
- 2,195** R&D staff, accounting for **>26%** of total employees

### Environment

- Setting environmental management goals of **energy saving, water saving, emission reduction and waste reduction**
- Installed photovoltaic capacity of **10.58** MW, **10.67** million kWh of photovoltaic power generation in 2022
- Zhejiang Province Pilot Enterprise for **Future Factory**
- Zhejiang Province **Zero Waste Factory** Certification
- A total of **111,168 battery electric** vehicles have been delivered throughout the year

### Society

- 100%** coverage of employee health and safety training
- Employee Skills Training Coverage Rate **>90%**
- 100%** after-sales problems implementation rate
- 0** product recall
- 49** business contents of supplier quality management process
- 100%** of supplier Integrity Self-Discipline Agreement signed

### System Certification

- IATF 16949** Quality Management System Certification
- ISO 9001** Quality Management System Certification
- GB/T 29490** Intellectual Property Management System Certification
- GB/T 22080** and **ISO/IEC 27001** Information Security Management System Certifications
- ISO/IEC 27701** Privacy Information Management System Certification
- ISO 14001** Environmental Management System Certification
- ISO 45001** Occupational Health and Safety Management System Certification





# 01 Sustainable Development with Prudence

The cornerstone of the Company's long-term and solid development is responsible governance. We adhere to business ethics, have developed a strong risk defense line, and have designed a scientific and effective internal governance structure and ESG governance framework based on "Responsibility First." To establish a strong foundation for Leapmotor to achieve a high-quality sustainable development, we also continue to enhance corporate governance and pay attention to the opinions of all parties.

This chapter responds to the UN Sustainable Development Goals (SDGs)



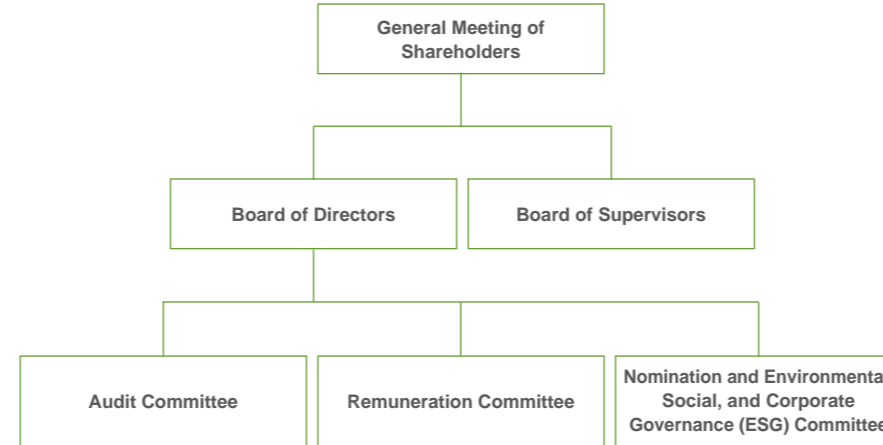


## 1.1 Responsibility Governance

Leapmotor has strictly complied with the *Company Law of the People's Republic of China*, the *Main Board Listing Rules of HKEX* and the *Corporate Governance Code* and other relevant laws, regulations, rules and guidelines, establishing a governance framework with clear authority and responsibility, ensuring the stability of the Company's operation and enhancing our corporate value.

### 1.1.1 Corporate Governance Framework

Leapmotor has established a governance framework that ensures the efficiency of the Company's operation and decision-making while better protecting the legitimate rights and interests of the Company and its stakeholders. We have realized coordination, efficient operation, and effective supervision among the authority, decision-making, and supervisory bodies. The General Meeting of Shareholders is the Company's highest authority, and it exercises its powers in accordance with applicable laws and regulations, as well as the *Articles of Association*. The Board of Directors of the Company is elected by the General Meeting of Shareholders and serves as the Company's operating decision-making body, carrying out the General Meeting of Shareholders' resolutions and reporting to the General Meeting of Shareholders. The Supervisory Board of the Company is the supervisory body of the Company, consisting of representative shareholder supervisors elected by the General Meeting of Shareholders and employee representative supervisors elected by the General Meeting of Employees, and it supervises and inspects the Company's business activities, financial status, and directors and senior management's performance of duties, and it reports to the General Meeting of Shareholders. To protect the interests of small and medium-sized investors, the Company also has independent non-executive directors.



Leapmotor Governance Framework

To improve the efficiency of the Board's operation, Leapmotor's Board of Directors established three special committees: the Audit Committee, the Remuneration Committee, and the Nomination and Environmental, Social, and Corporate Governance (ESG) Committee. The Company's Board of Directors was comprised of seven directors during the reporting period, including three executive directors, one non-executive director, and three independent non-executive directors, including one female director. The Company has adopted a director diversity policy and selects director candidates

based on a variety of factors, including but not limited to gender, age, expertise, professional experience, and length of service. The members of Leapmotor's Board of Directors are as follows:

Name of Director	Gender	Position
Zhu Jiangming	Male	Founder, chairperson of the Board, Executive Director and CEO
Wu Baojun	Male	Executive Director and President
Cao Li	Male	Executive Director and Senior Vice President
Jin Yufeng	Male	Non-Executive Director
Fu Yuwu	Male	Independent Non-Executive Director
Huang Wenli	Male	Independent Non-Executive Director
Drina C Yue	Female	Independent Non-Executive Director

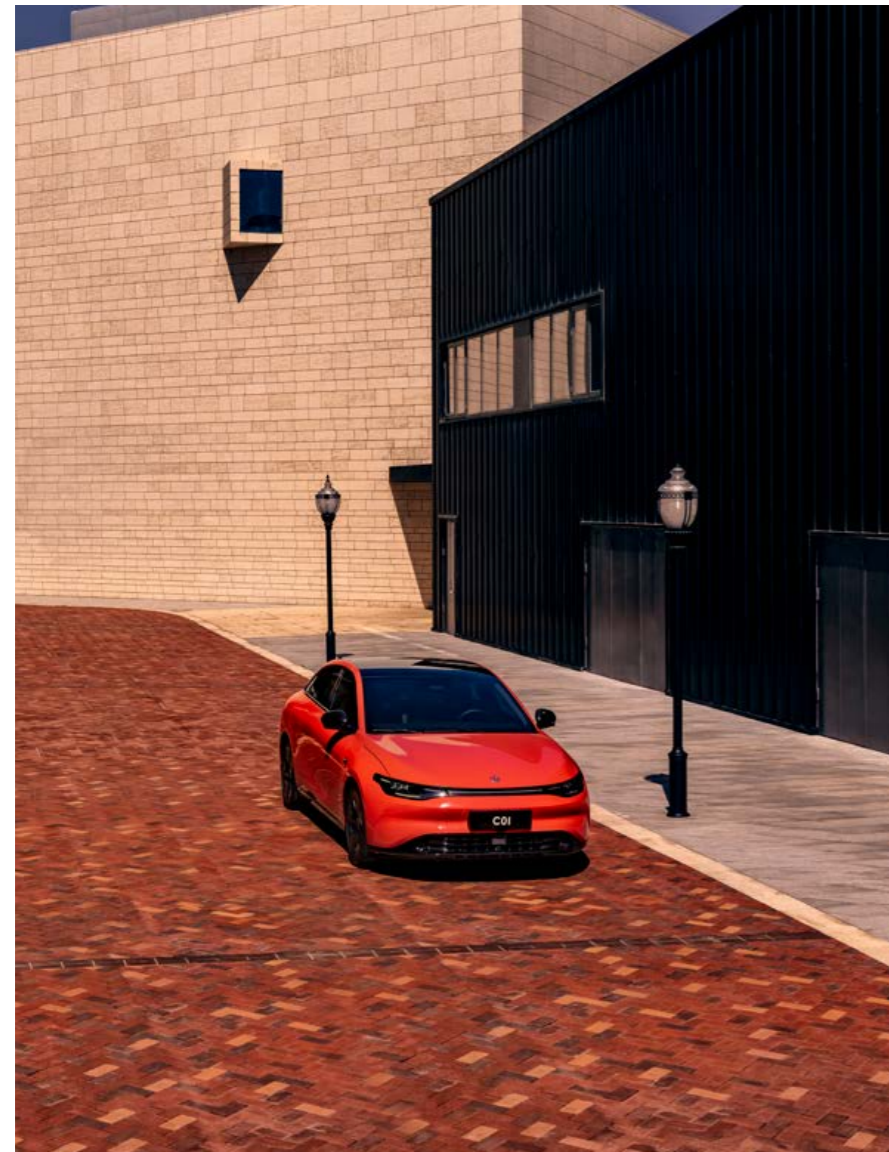
Leapmotor has formed a senior management team with diversified backgrounds in technology, automotive, IT, and finance, bringing rich industry experience and business insights to it.





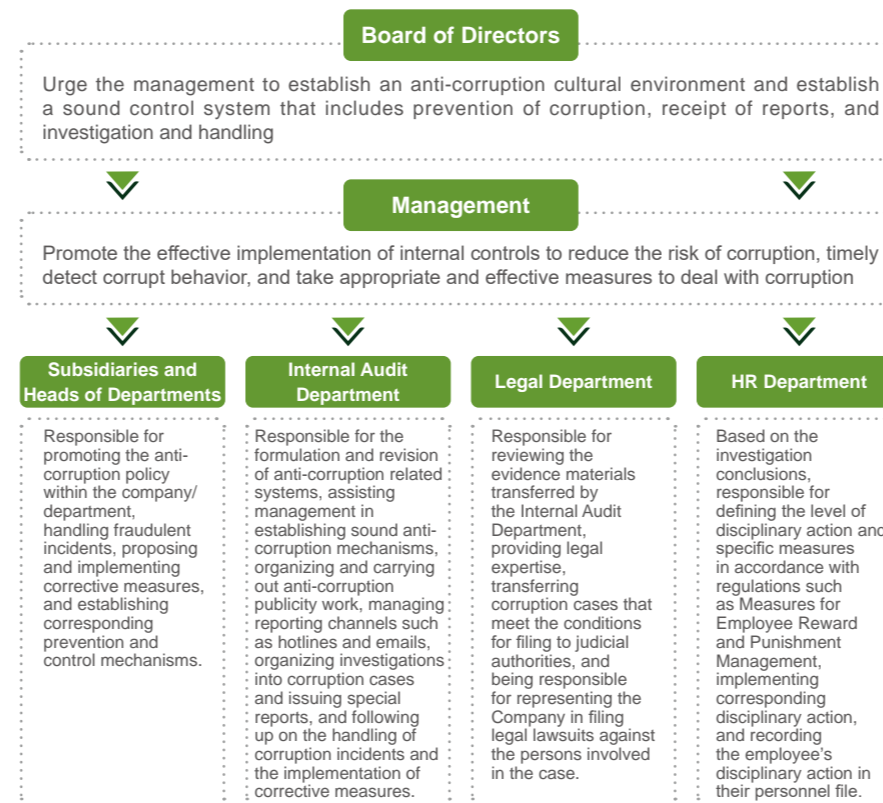
### 1.1.2 Business Ethics

Leapmotor is committed to developing and sustaining a clean, corporate culture by establishing systems, providing training and publicity, and conducting special audits to raise employee awareness of clean practices. The Company established and made public the *Anti-Fraud and Whistleblowing Management System*, which applies to Leapmotor and its subsidiaries.



In order to provide ongoing education and increase the warning effect to employees, the Company held a number of anti-corruption training and publicity sessions for all employees during the reporting period. The Company also held two anti-corruption training sessions with a total training length of four hours for our directors, supervisors, and senior management. Also, we promoted the *Notice of Integrity Supervision* and the *Notice of Gift Management* to the entire Company, encouraging employees to uphold the standards of professionalism that include integrity, honesty, and fairness.

The Company not only engages in business ethics promotion activities for its workers, but it also establishes pertinent standards for suppliers' business ethics in procurement and enters into an *Integrity Self-Discipline Agreement* with each supplier. Also, to identify supplier business ethics issues and establish procurement risk questionnaires in order to construct a clean supply chain, the Company's internal audit department has developed procurement risk assessment programs and procedures.



Leapmotor Anti-Corruption System

The anti-corruption reporting and processing systems are critical components in the development of a clean culture. Leapmotor has established a number of reporting channels, including reporting email, reporting phone, and an on-site complaint mailbox, to ensure the timely and effective acceptance of internal and external feedback and continuous communication. The whistleblowers' identity information and reporting materials will be kept strictly confidential by the Company's Internal Audit Department. Those who violate the law by leaking information or engaging in retaliatory actions will face disciplinary actions such as warning, demotion, dismissal, or expulsion, depending on the nature of the behavior, and employees who violate the law will be transferred to judicial organs for treatment. Simultaneously, the Company conducts self-examination and self-correction of business ethics, opens integrity accounts, and establishes self-examination feedback emails in order to promote self-examination and self-reflection among employees and create a clean corporate culture.

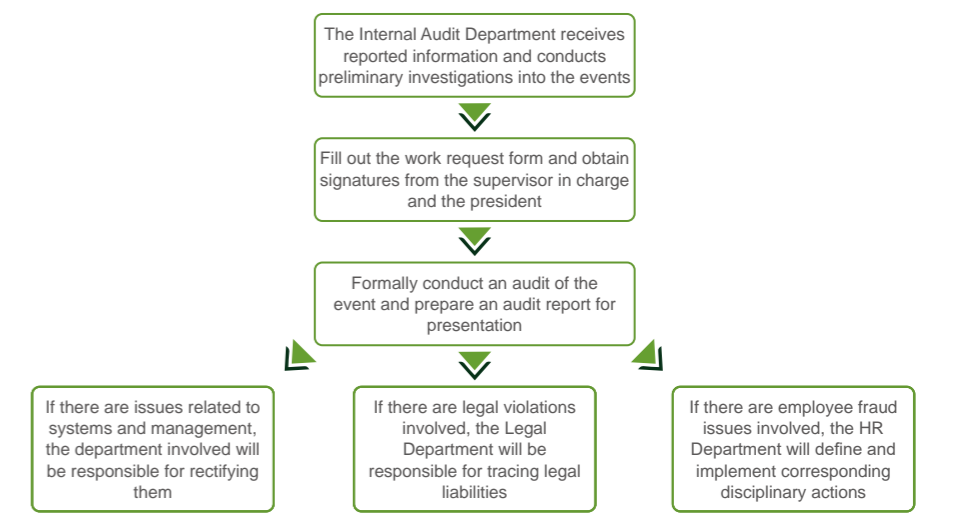
During the reporting period, the Company's Internal Audit Department received six reports, all of which were investigated and audited before being addressed for improvement.

**Leapmotor Reporting Channels for Business Ethics Problems**

Reporting E-mail: [wbjb@leapmotor.com](mailto:wbjb@leapmotor.com)

Reporting Tel: +86-18100188687

Self-Check Feedback Email: [zjjb@leapmotor.com](mailto:zjjb@leapmotor.com)



Leapmotor Complaints Reporting and Information Processing Mechanism



### 1.1.3 Risk Management

To improve the reasonableness, standardization, and effectiveness of Leapmotor's risk management work, the Company developed its *Risk Management System* in accordance with laws and regulations such as the *Rules for Listing Securities* and the *Articles of Association* and taking into account the Company's actual situation, which was officially released and went into effect at the start of this reporting period.

Meanwhile, we've put in place a corporate-wide risk management and monitoring system. The Company's Board of Directors continuously monitors the risk management and internal control systems and organizes Audit Committee meetings. The Company's management is responsible for designing, implementing, and monitoring the Company's internal risk management. The Legal Department of the Company identifies and controls compliance risks in business activities, manages the entire process of the Company's compliance operations through the establishment of contract management platforms and other information technology initiatives, and conducts regular compliance risk training. The Internal Audit Department of the Company evaluates and audits risk management and internal control effectiveness. To continuously improve the design of risk control in the business, the Company's business departments collaborate with the guidance and supervision of the Internal Audit Department.



▼ Annual Key Risk Management Work of Leapmotor

Compliance Management and Control of Business Risks	Compliance Supervision of Procurement	Review the Rationality of the Preliminary and Final Budgets for Engineering Projects	Review the Acceptance of Advertising and Publicity Expenses
<ul style="list-style-type: none"> <li><b>Risk Points of Concern</b> By managing the entire contract life cycle, including business initiation, partner onboarding, contract drafting, signature and execution, performance monitoring, and project closure, we identify and control business risks throughout the entire process</li> <li><b>Countermeasures and Achievements</b> By building a contract-based integrated management platform for business and finance, connecting various aspects of company operations including business, legal, and finance, we can achieve end-to-end risk prevention from contractual risks to performance risks, and achieve a closed-loop of business risk compliance and control.</li> </ul>	<ul style="list-style-type: none"> <li><b>Risk Points of Concern</b> Business process compliance risks, corporate governance risks (anti-corruption), and legal risks</li> <li><b>Countermeasures and Achievements</b> The Internal Audit Department focuses on the risks in the procurement area and carries out procurement risk assessments. At the same time, the department plans to implement daily bidding and tendering supervision for key projects in 2023 and establish a supplier feedback mechanism.</li> </ul>	<ul style="list-style-type: none"> <li><b>Risk Points of Concern</b> Major fixed asset investment risks, financial funding risks</li> <li><b>Countermeasures and Achievements</b> The Internal Audit Department focuses on the risks in the area of engineering and construction, which belongs to the Company's significant asset investment. The department reviews the submitted engineering cost for the Company's production base construction projects, with a focus on whether the material unit price is reasonable, whether the engineering quota and fee are reasonable, and whether the engineering contract is reasonable, effectively controlling the cost of the Company's infrastructure projects.</li> </ul>	<ul style="list-style-type: none"> <li><b>Risk Points of Concern</b> Business process compliance risks, fairness of procurement execution prices, and financial funding risks</li> <li><b>Countermeasures and Achievements</b> If after the audit, it is found that there are business compliance risks in the workflow, the Internal Audit Department will work together with the business departments to improve the relevant processes. They will adopt suggestions from industry experts, and develop acceptance standards for online, offline, and strategy consulting expenses. The Internal Audit Department will continue to conduct verification of the acceptance and performance of the advertising business.</li> </ul>



## 1.2 ESG Management

Leapmotor actively pursues and fulfills its responsibilities for sustainable development, incorporating them into the Company's daily management and operations. To facilitate the achievement of its ESG goals, the Company optimizes the ESG governance framework and follows the ESG development path. Furthermore, the Company engages in extensive communication activities to engage stakeholders, identifies and integrates stakeholders' concerns, and provides an important foundation for the future direction and focus of ESG work.

### 1.2.1 Statement of the Board of Directors

Leapmotor places a high value on environmental, social, and governance (ESG) work. While promoting consistent growth in business performance, the Company has been effectively fulfilling its corporate social responsibility and striving to meet the needs of stakeholders in order to collaborate with them for long-term development. The Company strictly adheres to the HKEX *ESG Reporting Guides*, continues to improve its ESG governance framework and system, and increases the Board of Directors involvement in ESG issues.

#### Board Responsibilities

The Board of Directors is Leapmotor's highest decision-making body for ESG management and bears ultimate responsibility for the Company's ESG issues. It is in charge of evaluating the risks and materiality of the Company's ESG-related issues, ESG strategies and objectives, public disclosure, and monitoring and reviewing ESG-related policies, management, performance, objectives, and progress, as well as major negative events. On January 13, 2023, the Company established the Nomination and ESG Committee, which is in charge of conducting research and risk assessment on ESG-related issues, setting strategic and institutional objectives and organizing, coordinating, and monitoring their progress, making recommendations for improvement, and reporting to members of the Board.

#### ESG Governance Policies

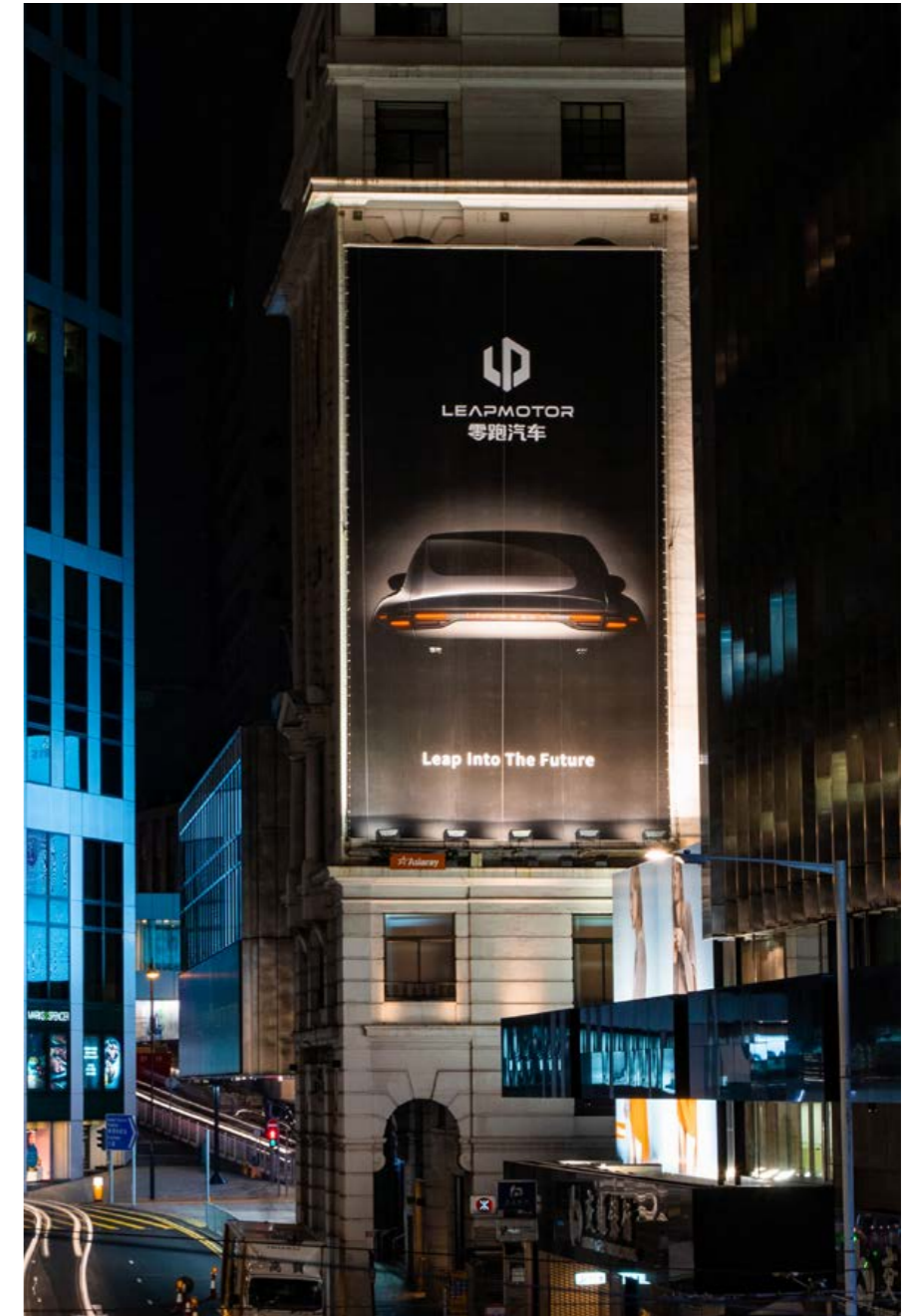
The Board of Directors continuously monitors key ESG trends, identifies risks and opportunities in the context of the Company's development plan, and updates its governance guidelines as needed to keep the Company's ESG strategy up-to-date.

#### ESG Risk Management

The Board of Directors actively participates in stakeholder communication, identification of ESG issues, ESG issues' importance analysis, and ranking to clarify the focus of the Company's ESG risk management work.

#### Goal-Setting and Progress Review

The Company's Nomination and ESG Committee is in charge of developing ESG work objectives, which are then presented to the Board of Directors for consideration and approval. The targets include indicators of ESG performance, such as the emissions of waste gas, wastewater and industrial residue, greenhouse gas emissions, energy use, resource consumption, quality, and safety. The Company's Board of Directors will review progress toward meeting ESG targets on a regular basis and make recommendations on the next steps.





## 1.2.2 ESG Framework

Leapmotor continues to improve its ESG governance framework in order to improve the Company's environmental, social, and governance performance. The Board of Directors is Leapmotor's highest responsible and decision-making body for ESG issues, and the Nomination and ESG Committee has been formed under the Board of Directors, the terms of whose reference are publicly disclosed on the HKEX website. Furthermore, the Company has formed an ESG execution group to improve its ESG governance.

### Board of Directors

- The highest responsible body for the management and public disclosure of ESG-related issues of the Company
- To review the risks and materiality of ESG-related issues, ESG strategy and objectives, and public disclosure of ESG-related issues
- To monitor and review ESG-related policies, management, performance, goals and progress, and significant negative events

### Nomination and ESG Committee

- To carry out research and risk assessment of ESG-related issues
- To develop strategic and institutional goals and objectives, coordinate and monitor the Company's organization and progress, make recommendations for improvement, and report to the Board of Directors

### ESG Execution Group

- To develop and implement action plans for ESG issues
- To develop ESG-related systems and to communicate on and manage the systems' implementation
- To manage ESG-related risks in daily operations
- To prepare ESG reports and other ESG disclosure materials to support the Nomination and ESG committee

Leapmotor ESG Governance Framework





### 1.2.3 Communication with Stakeholders

Leapmotor values stakeholder communication in order to better respond to their concerns about sustainable development issues. We have established a diverse and regular two-way communication mechanism to communicate with stakeholders more extensively and deeply through various channels, to understand and respond to stakeholders' needs and suggestions in a timely manner, to integrate their expectations with the Company's operation, and to accept their supervision, in order to assist Leapmotor in achieving sustainable development.

Stakeholders	Government and Regulatory Agencies	Shareholder and Investors	Users	Employee	Suppliers	Environment	Industry Associations	Media	Communities
Issues Concerned	<ul style="list-style-type: none"> <li>Compliance Operation</li> <li>Paying Taxes according to the Law</li> <li>Business Ethics</li> <li>Safety and Environmental Protection</li> <li>Employee Rights and Benefits</li> <li>Product Quality and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Business Performance</li> <li>Information Transparency</li> <li>Business Ethics</li> <li>Corporate Governance</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality and Safety</li> <li>Customer Service and Satisfaction</li> <li>Information Security and Privacy Protection</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Employee Welfare Protection</li> <li>Training and Development</li> <li>Legitimate Rights and Interests</li> </ul>	<ul style="list-style-type: none"> <li>Business Integrity</li> <li>Mutual Benefits</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Energy Use and Management</li> <li>Water Resource Management</li> <li>Emission Management</li> <li>Green Products</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality and Innovation</li> <li>Mutual Benefits</li> </ul>	<ul style="list-style-type: none"> <li>Compliance Operation</li> <li>Information Transparency</li> <li>Accountable Marketing</li> <li>Information Security and Privacy Protection</li> <li>Public Welfare and Charity</li> </ul>	<ul style="list-style-type: none"> <li>Community Investment</li> <li>Public Welfare and Charity</li> </ul>
	Communication Forms	<ul style="list-style-type: none"> <li>Information Disclosure</li> <li>Supervisory and Inspection</li> <li>Information Reporting</li> <li>Government-Enterprise Conference</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' Meeting</li> <li>Periodic Reports and Announcements</li> <li>Roadshows and Counter-Roadshows</li> <li>Earnings Release</li> <li>Instant Communication</li> </ul>	<ul style="list-style-type: none"> <li>Interaction on New Media</li> <li>New Product Launch</li> <li>"Chief Criticism Officer" Seminar</li> <li>User Satisfaction Survey</li> <li>Market Research</li> <li>User's Complaints and Treatment</li> <li>Leapmotor Club</li> </ul>	<ul style="list-style-type: none"> <li>Staff Congress</li> <li>Staff Seminar</li> <li>Satisfaction Survey</li> <li>Online and Offline Training and Publicizing Activities</li> <li>Trade Union Activity</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Audit and Evaluation</li> <li>Supplier Contracts and Agreements</li> <li>Supplier Training</li> <li>Supplier Assessment</li> </ul>	<ul style="list-style-type: none"> <li>New Energy Vehicle Technology R&amp;D</li> <li>Promotion of Environmental Protection</li> <li>Environmental Data Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Industry Technology Exchange</li> <li>Project Cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Press Conference</li> <li>Media Conference and Interview</li> <li>Media Experience Activities</li> </ul>

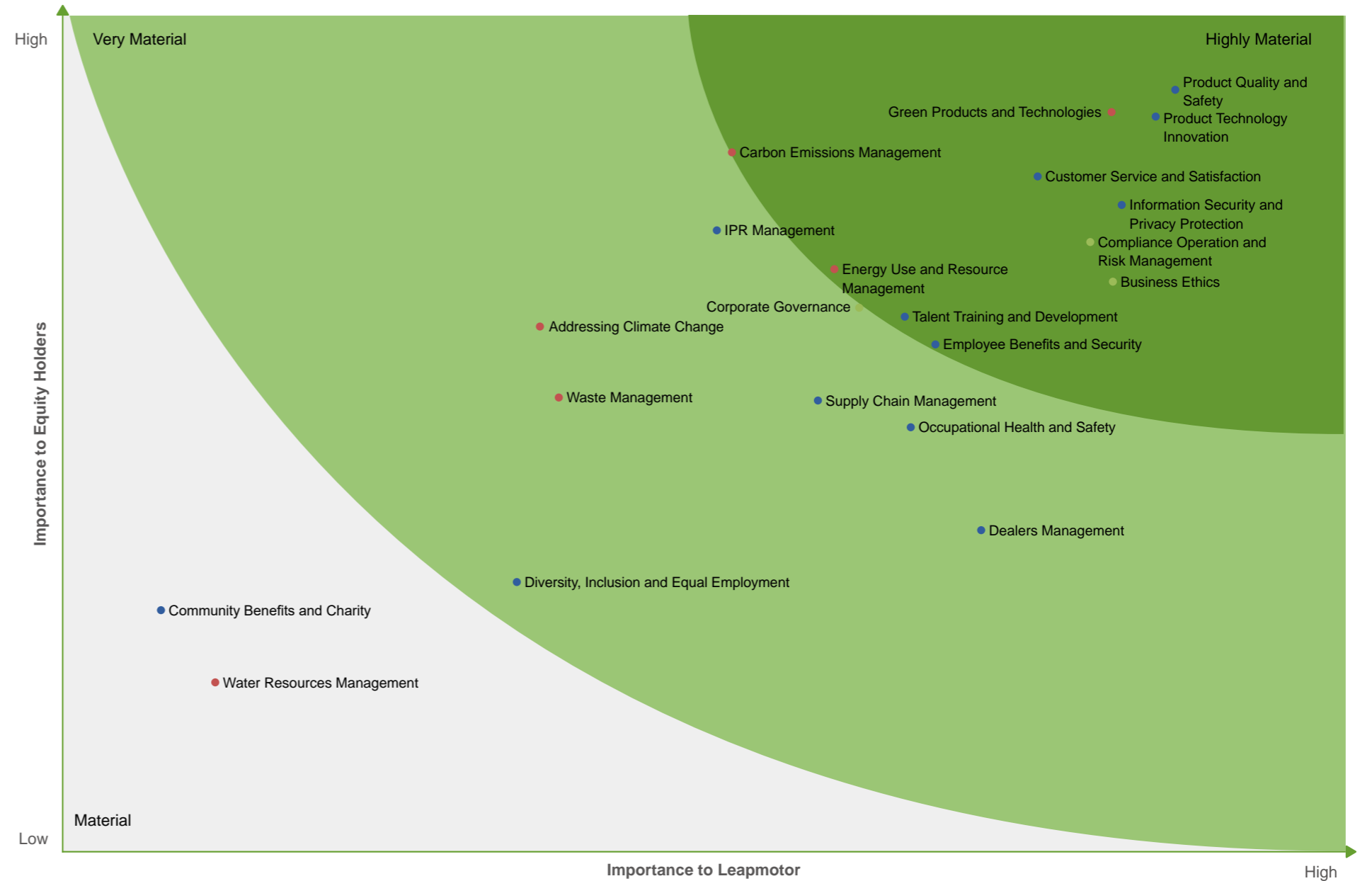


### 1.2.4 Matrix of Material Issues

We summarized 21 ESG annual major issues (Materiality) of Leapmotor from the perspective of stakeholders with references to the characteristics of the industry in order to clarify the direction of ESG practice and the focus of information disclosure. We then ranked these major concerns according to their importance to the sustainable development of the Company and the importance to equity holders, and we created the ESG matrix of major issues (Materiality) for 2022 as the basis for this Report.

Material Issues of Leapmotor

重要性	议题
<b>Highly Material</b>	Green Products and Technologies
	Energy Use and Resource Management
	Carbon Emissions Management
	Product Technology Innovation
	Customer Service and Satisfaction
	Information Security and Privacy Protection
	Talent Training and Development
	Product Quality and Safety
	Employee Benefits and Security
	Business Ethics
Compliance Operation and Risk Management	
<b>Very Material</b>	Waste Management
	Addressing Climate Change
	IPR Management
	Occupational Health and Safety
	Supply Chain Management
	Dealers Management
	Corporate Governance
Diversity, Inclusion and Equal Employment	
<b>Material</b>	Community Benefits and Charity
	Water Resources Management



Matrix of Material Issues of Leapmotor

● Environmental Issues ● Social Issues ● Governance Issues





# 02

## Innovation-Driven Development with Craftsmanship

Leapmotor actively embraces rapidly changing industry trends, and with technological innovation in mind, we leverage our core advantage, "Full-Suite R&D". We are constantly exploring and meeting the unique needs of our customers, delivering superior technologies and independent innovation that add the most value to their travel and daily lives. We prioritize safety and quality in everything we do. We strive to establish a product lifecycle quality management system as we iterate on our products in order to create safe and reliable products and user experiences that exceed expectations.

This chapter responds to the UN Sustainable Development Goals (SDGs)



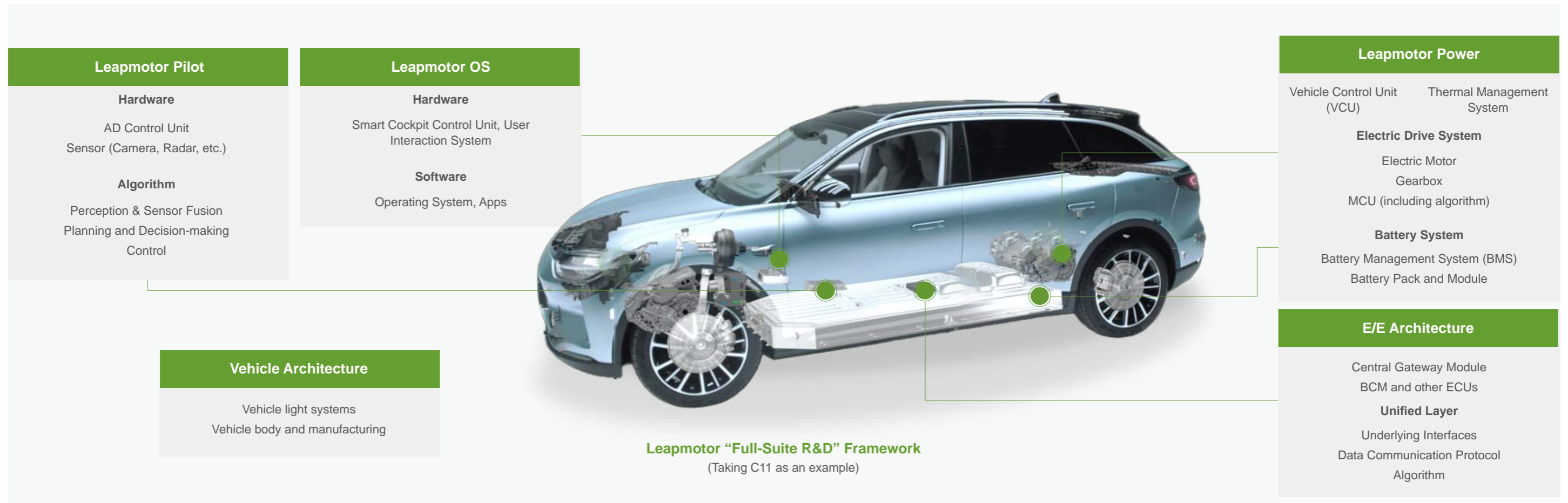


## 2.1 Innovative Leapmotor

At Leapmotor, we adhere to an IPD<sup>4</sup> R&D system that prioritizes innovation-driven self-developed technologies. We develop and produce all key hardware and software across core systems and electronic components of our smart EVs, creating a highly vertically integrated product ecosystem. We also attach importance to the development of R&D capability by expanding our R&D team and continuously improving our innovation capability.

### 2.1.1 “Full-Suite R&D” Framework

We develop and produce all key hardware and software across core systems and electronic components of our smart EVs, creating our intelligent power system (Leapmotor Power), autonomous driving system (Leapmotor Pilot), and smart cockpit system (Leapmotor OS), realizing unified underlying interfaces, algorithms and data communication protocols. This unique approach and capability make our cross-platform E/E architecture and vehicle architecture highly adaptable across EV models.



<sup>4</sup> IPD: Integrated Product Development



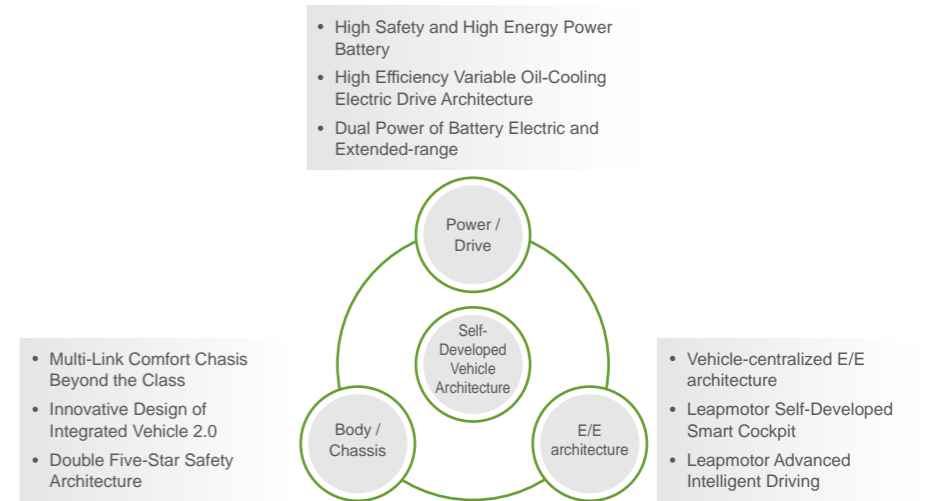
## Special Report | "Full-Suite R&D" Facilitating Smart Mobility

### SPECIAL REPORT

# 01

## Self-developed vehicle architecture, integrating intelligence, comfort, and safety

We have the capability to develop and manufacture vehicles throughout the entire process, from product definition, styling design, engineering development, comprehensive verification, to advanced manufacturing. Our vehicle architecture is built on global standards, based on "one architecture, three platforms" with each platform having expandable development capabilities for SUV<sup>5</sup>s, sedans, MPV<sup>6</sup>s, and other vehicle types, covering class A0-C vehicle products. Our vehicle products have both extended-range and BEV versions, and each model possesses the three major genes of "intelligence, comfort, and safety" to meet the diverse needs of users.







Leapmotor "One Architecture, Three Platforms" Vehicle R&D Foundation

# 02

## Self-developed E/E architecture, upgrading the seamless OTA<sup>7</sup>

We have successfully mass-produced distributed E/E architecture as well as domain-based E/E architecture, and are about to launch the vehicle-centralized E/E architecture with high integration, high platformization, high communication speed, and rapid iteration capabilities. This will enable every controller to have high-speed OTA capabilities and achieve seamless OTA upgrades, continuously improving the user experience. In 2022, we have achieved 4 OTA updates.

Vehicle Model	 T03	 C01	 C11	
E/E Architecture	Distributed	Domain-based	Domain-based	Vehicle-centralized
Average Time Required for an OTA Update	>40min	<40min	<40min	<25min-Seamless Update

Leapmotor's Iteration of E/E Architectures

<sup>5</sup> SUV: Sport Utility Vehicle

<sup>6</sup> MPV: Multi-Purpose Vehicle

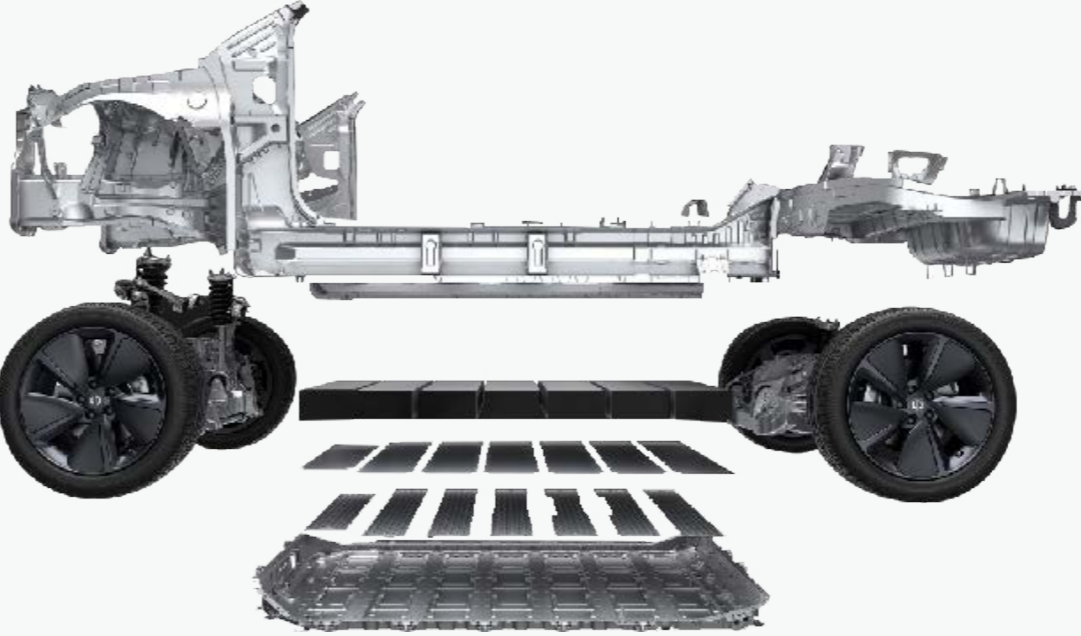
<sup>7</sup> OTA: Over the Air




# 03

## Self-developed battery system, providing energy matrix for new-generation vehicles

With the global debut of our latest flagship model C01, we became the world's first pure-play EV company to apply CTC<sup>®</sup> technology in mass production, which has two major advantages of high adaptability and strong scalability, bringing users an optimized experience with stronger performance, longer range, higher safety and larger space.




CTC Technology




**Larger Space**

Vertical space increases by 10mm  
The battery layout space increases by 14.5%  
More flexible vehicle space




**Stronger Performance**

Torsional rigidity increases 25%  
Lightweight coefficient increases 20%  
Faster handling responsiveness



**Longer Range**

Battery insulation performance improved  
Designed battery life increases by 10%  
AI BMS energy consumption management  
Achieve "charging" like "refueling" in the future



**Higher Safety**

Structural complementarity, Safety greatly improved  
30+ experiments, safety reliably ensured  
AI BMS provides full-time active guard

<sup>®</sup> CTC: Cell to Chassis



# 04

## Self-developed electric drive architecture, an advanced intelligent power technology

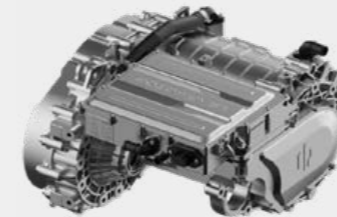
We are a new energy vehicle company with the R&D and mass-production capability of range extenders, oil-cooling systems, water-cooling systems, three-in-one, and multi-in-one electric drive technologies. We pioneered the oil-cooling electric drive variable architecture design, which can meet the requirements of multi-angle vehicle

layout, compatible with front and rear-wheel drive, and ensure ultra-low noise, strong performance output, and lightweight capabilities, reducing vehicle energy consumption and creating a good user experience.



**Industry's first 8-in-1 electric drive**  
Equipped on S01

- Efficiency as high as 92.2%
- Designed to last for 600,000 kilometers



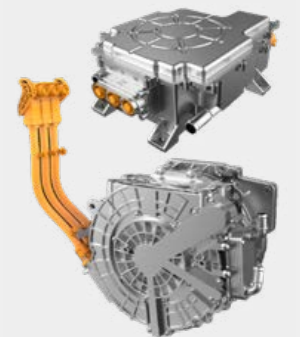
**China's first 200kW water-cooling electric drive**  
Equipped on C11

- First self-developed 4000Nm differential
- Designed to last for 600,000 kilometers
- "Heart of China" Award—Top ten New Energy Vehicle Electric Drive System of 2021



**China's first 200kW oil-cooling electric drive**  
Equipped on C01/C11

- Pioneering variable architecture design
- Designed to last for 1,000,000 kilometers
- Maximum efficiency is greater than 94.6%
- "Heart of China" Award—Top ten New Energy Vehicle Electric Drive System of 2022



**Direct-drive oil-cooling generator**  
Equipped on C11 Extended Range

- Self-developed 88kW range extender
- Compact structure and flexible arrangement
- Quiet NVH<sup>9</sup> design
- Designed to last for 600,000 kilometers

Display of Self-Developed Electric Drive Achievements

<sup>9</sup> NVH: Noise, Vibration, and Harshness



SPECIAL REPORT

# 05

## Self-developed autonomous driving system, from entry-level to advanced

We insist on independent R&D of autonomous driving system, focusing on core “algorithms” to solve users’ pain points. We have developed our own autonomous driving perception devices and built a storage and calculation center to upgrade and iterate algorithm solutions, creating the “Leapmotor Pilot”, which has been applied to all our vehicle models. From entry-level to advanced models, customers can experience the charm of Leapmotor’s autonomous driving system.

### Leapmotor Pilot

- 28 high-precision sensors
- 23 autonomous driving features



- NO.1 in Waymo Real-time 2D Detection
- NO.1 in Waymo 2D Tracking Rank
- NO.1 in Cityscape Semantic Segmentation Rank
- NO.2 in nuScenes Lidar 3D Detection
- AAAI Top Artificial Intelligence Academic Conference Paper Presented

### Globally Advanced Algorithm Research

# 06

## Self-developed smart cockpit system, immersive connected travel experience

Leapmotor smart cockpit system (Leapmotor OS) has achieved iteration from versions 1.0 and 2.0 to 3.0. “Leapmotor OS 3.0” is a real-time, multi-core heterogeneous system that integrates vehicle entertainment, interaction, vehicle control, and autonomous driving, putting perception, connection, and computing capabilities altogether. Its integrated controller is in charge of the entire smart cockpit, with characteristics such as good performance, deeply integration, intelligent evolution, and the use of IoT. Our “Leapmotor OS” host system has passed the China Compulsory Certification (CCC) during the reporting period.

- Smart Cockpit System Powered by Qualcomm 8155 Chipset
- Triple-display interactive system

### High Performance

- Cabin Sound Integration Algorithm
- Cabin Virtual Machine

### Highly Integrated



### Intelligent Evolution

- AI Human-Computer Interaction
- AI voice control

### IoT

- CarPlay
- 40+ Third-Party Ecosystems

Highlights of Leapmotor OS



## 2.1.2 R&D Capability Building

Leapmotor places a premium on R&D capacity building, strengthening its R&D team, optimizing the R&D platform, pursuing Industry-University collaborations, and developing long-term innovation capabilities. Leapmotor has received titles such as National High-Tech Enterprise, Provincial Enterprise R&D Center, Provincial Enterprise Research Institute, and others as of the end of the reporting period.

### Team and Platform Building

Leapmotor has a diverse R&D team of 2,195 personnel, and we are constantly expanding our R&D team to provide strong talent support for Leapmotor's Full-Suite R&D strategy. Employees who have obtained authorized invention patents, utility model patents, or design patents are rewarded in accordance with the Company's *Intellectual Property Management Measures*. We use "Instant Reward" evaluations to encourage teams and individuals who are passionate about innovation and creation. At the same time, we have established the "Outstanding Team Award", "Outstanding Individual Award" and various special awards targeted towards R&D contribution to award innovative employees who actively participate in innovation and R&D.

We also place a high priority on investing in R&D platforms. With a total R&D site area of over 9,000 square meters, we have comprehensive vehicle and component R&D facilities. During the reporting period, we invested more than RMB1.4 billion in R&D. We have established vehicle-related laboratories and equipment such as four-wheel drive hub environmental simulation laboratory for vehicles and K&C<sup>10</sup> test stands that can meet all vehicle development verification requirements. Simultaneously, we have partnered with several testing institutions, with testing sites in extreme environments such as high temperatures, extreme cold weather, and high altitudes, to improve our

capabilities in vehicle testing and environmental adaptability experiments. In addition, to ensure the competitiveness and safety of our battery products, we have established battery component laboratories and battery testing and verification centers. We also have research and development facilities, such as electric drive laboratories and trial production centers, to ensure the advancement and reliability of our electric drive products.



Four-Wheel Drive Hub Environmental Simulation Laboratory for Vehicles



Vehicle K&C Test Stand



Electric Drive Semi-Anechoic Chamber

<sup>10</sup> K&C: Kinematics and Compliance

## Industry Collaboration

Leapmotor actively participates in industry activities with peers and universities, proactively joins various industry summits, and participates in formulating industry standards, working with other players in the auto industry for common development. Leapmotor participated in 22 industry summits, forums, academic exchanges, and other activities during the reporting period, covering a wide range of industry-related topics such as vehicle performance, environmentally friendly materials, energy management, product safety, and styling design.

In addition, we promote the common development of the industry by joining industry associations and participating in the formulation of industry standards. We have become a member of the China Association for Quality and a member of the China Association for Consumer Products Quality and Safety Promotion. As of the end of the reporting period, we have formulated and reviewed four industry standards initiated by organizations such as the China Electronics Standardization Association and Brand Construction Federation in Zhejiang Province.

### Leapmotor's Participation in Industry Exchange Activities (Partial)



On February 25, 2022, Leapmotor participated in the 14th Vehicle Seal Strip Industry Development and Innovative Technology Forum and Exhibition in Shanghai



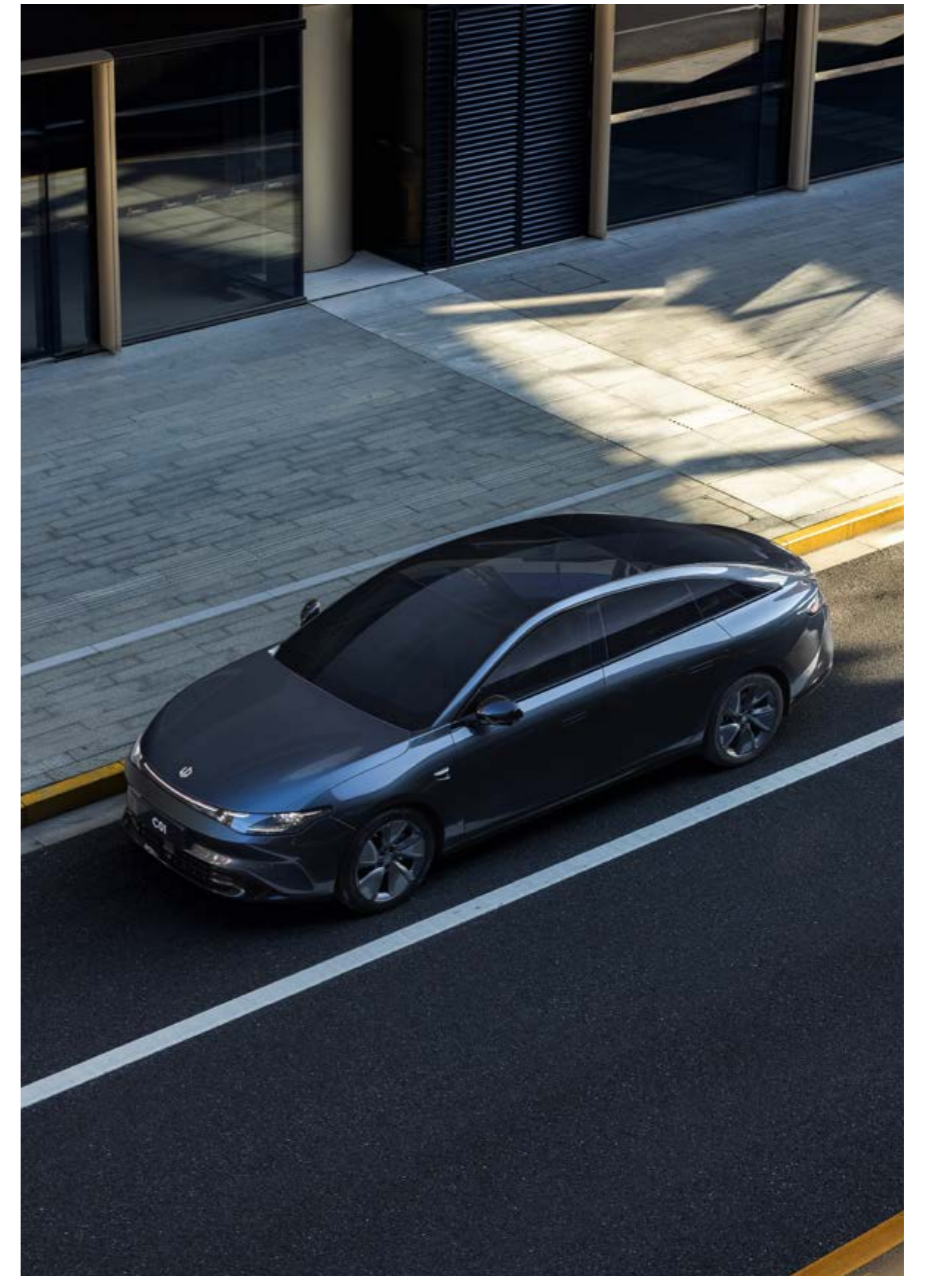
On July 27, 2022, Leapmotor participated in the "Automotive Engineering Technology-Innovation Forum on Abnormal Noise and Wind Noise Control", a sub-forum of the 2022 International Forum on Automotive Technology and Equipment



On November 10, 2022, Leapmotor participated in the Enmore Automotive Future Cockpit Conference and the 8<sup>th</sup> Global Automotive Interior Surface Forum held by Enmore

### Leapmotor's Participation in the Formulation of Industry Standards

- Participating in the review of the Group Standard *Technical Specification for Green Design Product Evaluation-Vehicle Electronic Systems* organized by the China Electronics Standardization Association
- Participating in the review of the Group Standard *Gasoline Vehicle Fuel Vapor Canister* organized by Brand Construction Federation in Zhejiang Province
- Participating in the development of the Group Standard *Test Method for Condensation of Vehicle Power Battery System* organized by the Zhejiang Automotive Engineering Society
- Participating in the development of the Group Standard *Test Method for Liquid Cooling System of Vehicle Power Battery* organized by the Zhejiang Automotive Engineering Society





As of the end of the reporting period, Leapmotor has established Industry-University-Research cooperation relationships with multiple universities including Zhejiang University, Hangzhou City University, Hangzhou Dianzi University, Zhejiang University of Technology, and Zhejiang Sci-Tech University. By leveraging the talent and technological advantages of these universities, Leapmotor has extensively participated in academic conferences to understand industry trends and achieve mutual promotion and development.

**Case**

**Leapmotor Collaborates with Hangzhou Dianzi University to Build an Innovation Alliance for Intelligent Connected Vehicles**

In November 2022, Leapmotor and Hangzhou Dianzi University held a signing ceremony in Hangzhou to establish an innovation alliance for Intelligent Connected Vehicles. The two parties agreed on the principles of cooperation between university and industry, integration of industry, university and research, and collaborative talent cultivation, and will work together to explore and build a practical collaborative innovation system. This strategic partnership will leverage the strengths of both Leapmotor and Hangzhou Dianzi University to create a more sustainable and competitive automotive industry ecosystem.





### 2.1.3 IPR Protection

In order to improve the level of creation, utilization, and protection of Intellectual Property Rights (IPR) of Leapmotor, standardize IPR management, and prevent IPR risks, we have formulated the *Measures for Intellectual Property Management of Leapmotor* in accordance with laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, etc. This *Measure* clarifies our management organization and responsibilities, IPR management system, IPR management content, rewards and punishments, and other related content, effectively preventing the occurrence of IPR risks.

During the reporting period, we obtained the intellectual property management system certification and were recognized as a patent demonstration enterprise in Hangzhou in 2022.



To improve employees' understanding of intellectual property laws and regulations, as well as their awareness of intellectual property legal risks prevention, the Company's legal department organized ten pieces of training for all employees in 2022 and made the Enterprise Intellectual Property Management Norms available to all employees. Meanwhile, we clarified each department's intellectual property responsibilities and designated liaison personnel for routine intellectual property issues in each department.

We provide onboarding training for new employees, including intellectual property infringement warning education, to help new employees establish a strong awareness of red lines. We also conduct targeted supplementary training for R&D personnel and provide them with access to a patent search database after the training to improve their search capabilities and intellectual property risk prevention capabilities.

During the reporting period, the Company filed 629 new patent applications. As of the end of the reporting period, the Company's cumulative patent applications and patent authorizations are as follows:

Indicator	Number	Unit
Number of Invention Patent Applications	785	Item
Number of Utility Model Patent Applications	958	Item
Number of Design Patent Applications	152	Item
Total Number of Patent Applications	1,895	Item
Total Number of Granted Patents	1,285	Item
Total Number of Registered Trademarks	334	Piece
Total Number of Copyright Registrations	18	Piece
Copyright of Fine Arts Works	7	Item





## 2.1.4 Self-Researched Differentiated Product Portfolio

Leapmotor has launched five vehicle models, including the Intelligent Long Range Five-Seat SUV C11, Deluxe Technology Electric Vehicle C01, and Smart Electric Mini Car T03, with a focus on maximizing user value by combining brand positioning, user needs, and other factors. We will continue to innovate our products in order to provide users

with an experience that exceeds their expectations. In the future, all new models will have a "extended-range + battery electric" dual-power configuration, and we will release extended-range, battery electric, and international versions of our models.

### 2020 T03-Smart Electric Mini Car

- Five-Door Four-Seat, 2400mm Long Wheelbase
- CLTC Range<sup>11</sup>: 403km
- Leapmotor OS Smart Cockpit
- Safe L2 driving assist functions
- NO.1 in Battery Electric Light Model NEV-CACSI 2022<sup>12</sup>



### 2022 C01- Deluxe Technology Electric Vehicle

- CTC Technology
- 5050mm in Length, 2930mm in Wheelbase
- CLTC Range: 717KM
- 0.226cd Ultra-Low Drag Coefficient, 0-100 km/h Acceleration in 3 Seconds
- Qualcomm 8155P Digital Cockpit, Leapmotor Pilot 3.0 System
- 2022 International CMF Design Award for Best Use of Color



### 2021 C11- Best-in-Class Smart Electric SUV

- Qualcomm 8155P Digital Cockpit, Leapmotor Pilot System
- IP68 Safety Level, C-NCAP Five-Star Safety Standard
- Top Ten Carbody 2021
- TOP Intelligence 2021



### 2023 C11 Extended Range- Intelligent Long Range Five-Seat SUV

- CLTC Battery Electric Range: 285 km
- CLTC Comprehensive Range: 1024km
- High-Strength Steel Utilization Rate of 80.84%



<sup>11</sup> Range: Leapmotor's product range refers to CLTC (China Light Vehicle Test Cycle) Range

<sup>12</sup> Refer to China Association for Quality



## 2.2 Quality-Oriented Leapmotor

Leapmotor follows the "Full-Suite R&D" strategy and a user-centric approach, always treating product quality as the Company's lifeline. While designing and developing products, we also serve as quality guardians from the users' perspective. Through the implementation of a solid quality management system, we monitor and manage the quality of the entire product lifecycle. We enhance the sense of responsibility and mission of all employees toward product quality through company-wide quality culture construction, and with the goal of providing products that exceed users' expectations, we continuously earn users' recognition and pride in our brand.

### 2.2.1 Vehicle Quality System

#### Quality Objectives

Leapmotor adheres to the principle of quality first and uses its strong technical strength and dedicated craftsmanship spirit to create high-value products with the best cost-performance ratio, providing users with a beyond-expectation driving experience. Our overall quality strategy goal is to achieve "Zero Defects in Quality, Zero Customer Complaints, and to Build a Quality Benchmark for New Energy Vehicles."

Based on the quality strategy goal, the Company plans quality objectives annually according to the *Measures for Quality Objectives Management* and breaks down the quality objectives step by step, distributing them to the main responsible departments to ensure the overall quality objectives are achieved.

During the reporting period, Leapmotor did not experience any product recall incidents.

#### Quality System

Leapmotor has fully implemented the requirements of the IATF 16949 and ISO 9001 quality management systems and created comprehensive and dependable quality system documentation. We use DST-PDCA<sup>12</sup> to plan, build, and manage the quality system, establishing a comprehensive quality management system that includes product design and development, procurement and supplier management, manufacturing, sales, and service. We continue to provide high-quality products to our customers in a consistent and stable manner.

Total Quality Management (TQM) for the Entire Product Life Cycle	
<b>Design and Development</b>	The Company proposes comprehensive quality requirements for product design, control, and changes in accordance with quality management procedures such as <i>Battery Electric Vehicle Development Process</i> , <i>Various Engineering Development Processes</i> , and <i>Product Regulation Management Process</i> .
<b>Procurement and Supplier Management</b>	The Company has established and implemented management procedures such as <i>Supplier Admission and Designated Management Procedure</i> , <i>Measures for Supplier Performance Management</i> , <i>Risk Supplier Management Procedure</i> , and <i>Measures for Supplier Capability Enhancement Management</i> to strengthen the management of external supply and ensure the quality of products and services.
<b>Production and Manufacturing</b>	The Company has established and implemented a series of control procedures and management measures related to production process control, such as <i>Measures for Production Process Management</i> and <i>Measures for Manufacturing Process Capability Management</i> , to ensure that the production process is conducted efficiently under controlled conditions.
<b>Sales and Service</b>	The Company has established and implemented a series of management procedures and methods, such as <i>Sales Target Management Procedure</i> , <i>Vehicle Sales Order Control Procedure</i> , and <i>After-sales Service Management Procedure</i> . In accordance with <i>Regulations on the Management of Recalling Defective Automobile Products</i> and <i>Implementation Measures of the Regulations on the Management of Recalling Defective Automobile Products</i> , the Company has formulated <i>Market Recall Management Specification</i> to provide good pre-sales, sales, and after-sales services.

#### System Certification

Leapmotor has actively carried out various quality system certification work. As of the end of the reporting period, we have obtained IATF 16949 and ISO 9001 quality management system certifications.



<sup>12</sup> DST-PDCA: Draw See Think Plan Do Check Action



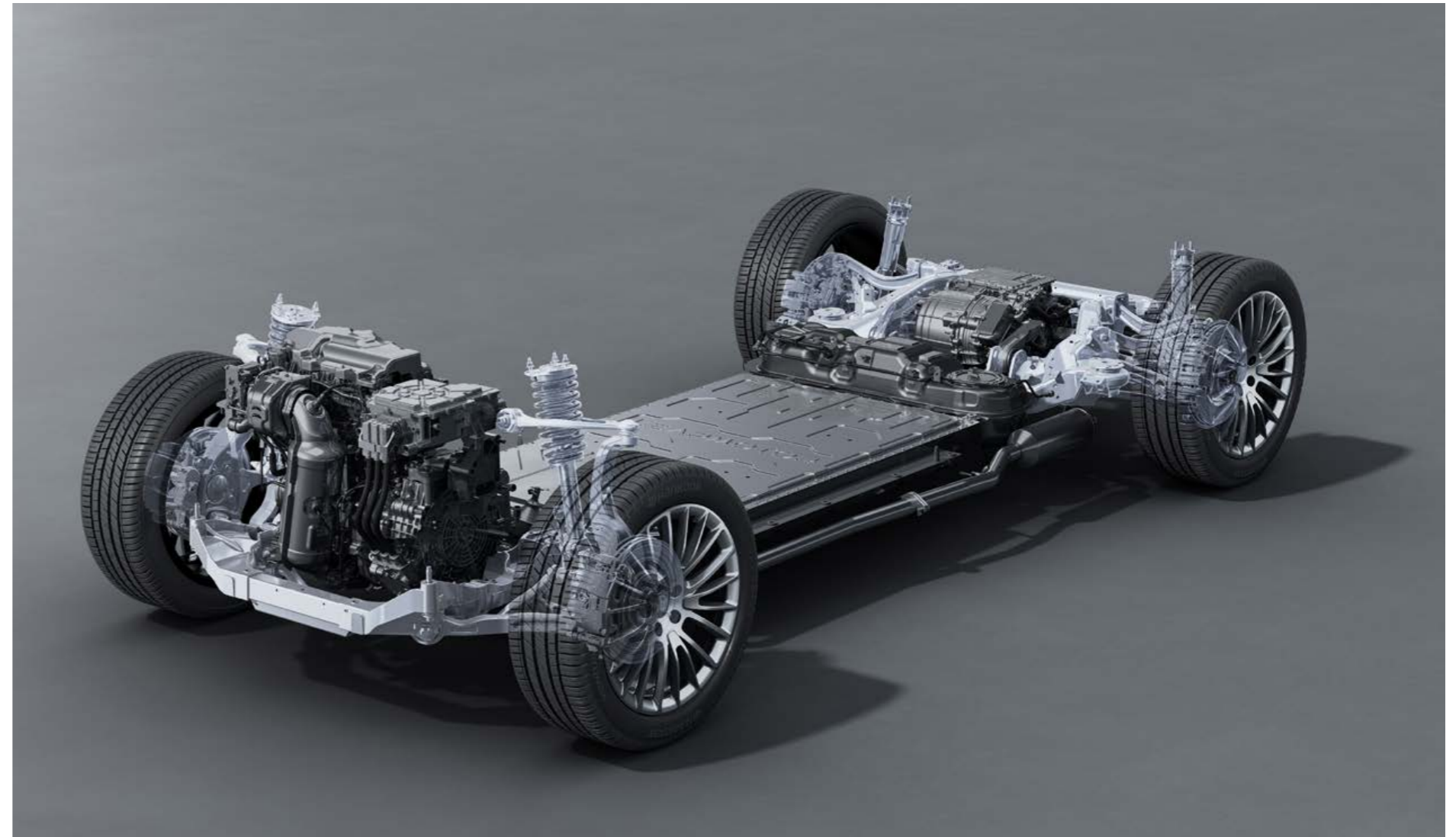
### 2.2.2 Core Component Quality System

Leapmotor has independent R&D and manufacturing capabilities for core EV systems and electronic components and has established a global leading Core Component Quality Management System based on IATF 16949 and ISO 9001. This system covers the development, supply chain, production, manufacturing, and marketing of electric drive, battery, and electronic products to ensure our vehicle products' safety, reliability, and advanced nature. We continuously improve the core component product development, promote standardized manufacturing operations, and adopt quality management measures such as system, process, and product audits. We regularly conduct product quality assessments and improvement work, promptly identify and solve quality problems, and improve product quality reputation and user satisfaction while improving product design and manufacturing quality.



Leapmotor's core EV systems and electronic components ISO 9001

Leapmotor's core EV systems and electronic components IATF 16949





### 2.2.3 Quality Culture Building

Leapmotor is dedicated to enhancing the Company's quality culture. During the reporting period, we conducted various quality culture activities, such as quality training and Quality Month, to increase employees' quality management awareness, improve their understanding of our quality system, and create a quality culture atmosphere.

#### Case

##### Quality Month of Leapmotor

In September 2022, Leapmotor organized a Quality Month, which included activities such as essay writing and team presentation on quality-related topics, knowledge quiz, an exhibition on typical quality problems and warnings, and quality tool training. This campaign aimed to improve the overall participation of employees, promote the quality culture, and enhance quality awareness.



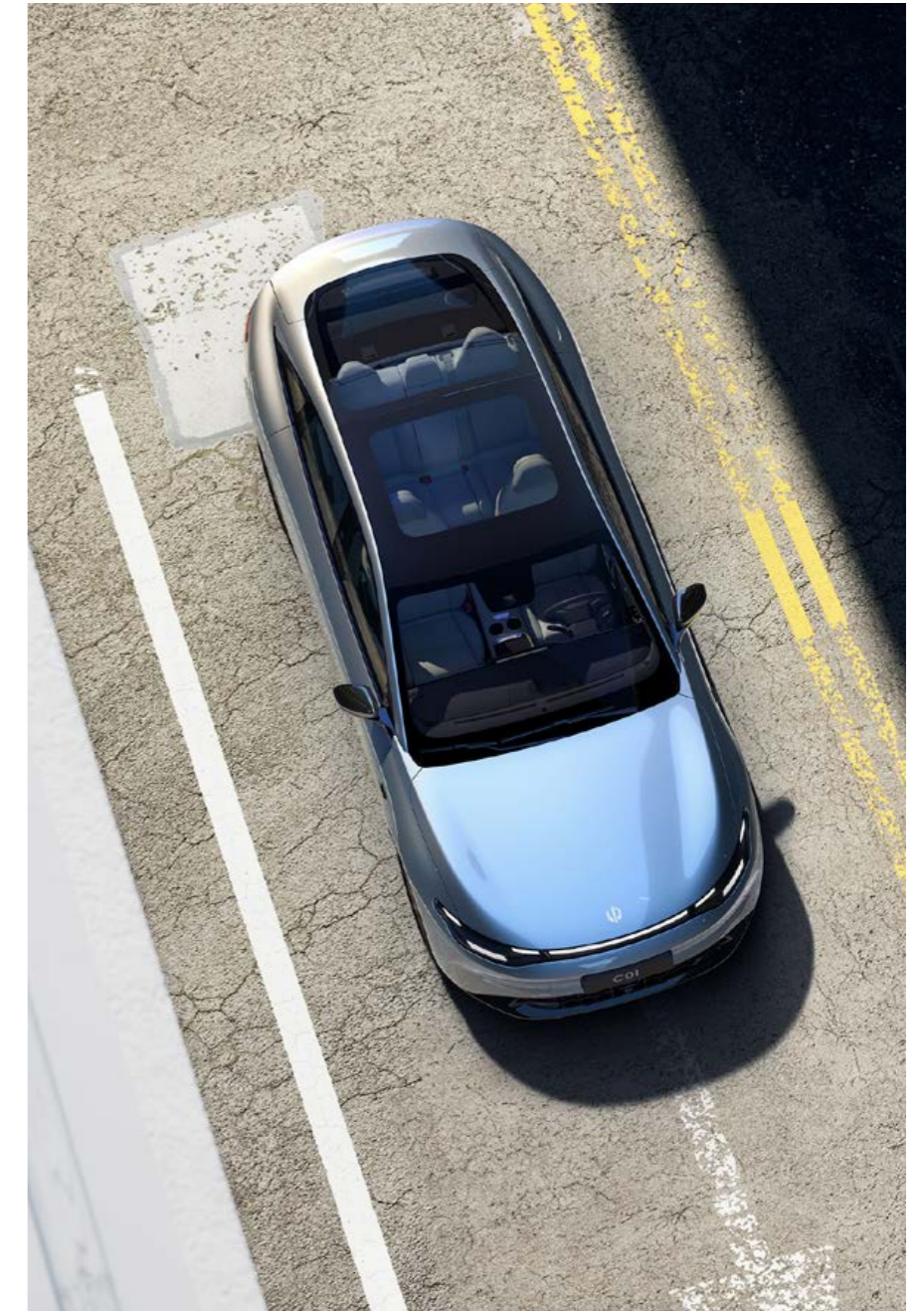
#### Case

##### No Standard No Work, Raise Your Hand in Case of Abnormalities

This year, we carried out a series of quality control and quality improvement activities with the theme of "No Standard No Work, Raise Your Hand in Case of Abnormalities", and selected topics from various perspectives such as quality control, quality improvement, technical innovation, and labor costs reduction to tackle quality problems. We completed 761 quality control projects and improvement proposals.

Meanwhile, Leapmotor has established a comprehensive training system for employees involved in quality improvement, including new employee onboarding, job rotation training, special job training, professional skills training, special training, and management personnel training. We held nine employee training sessions for the Company's quality system during the reporting period.

Type of Training	Content of Quality Training
<b>New Employee Onboarding Training</b>	Onboarding training includes occupational norms and fundamental technical knowledge, allowing employees to recognize the significance of product quality and develop quality awareness.
<b>Job Rotation Training</b>	Employees must undergo pre-job theoretical and practical training before being transferred or rotated in order to ensure the quality of their output following the job transfer.
<b>Professional Skills Training</b>	Leapmotor conducts professional skills training or adopts methods such as mentorship to cultivate professional talents and drive product quality improvement through the advancement of professional skills
<b>Management Personnel Training</b>	Leapmotor improves the efficiency and quality management capabilities of management personnel through related training programs





## 2.2.4 Driving Safety Guarantee

Leapmotor always prioritizes the safety of its users, following the development standards of five-star C-NCAP<sup>13</sup>, C-IASI<sup>14</sup> GGGG, and E-NCAP<sup>15</sup>. Leapmotor is constantly improving vehicle safety technology, selecting safe and environmentally friendly materials, and offering users a safe and healthy driving experience. Our C11 battery electric model has already obtained a five-star C-NCAP safety rating evaluation.



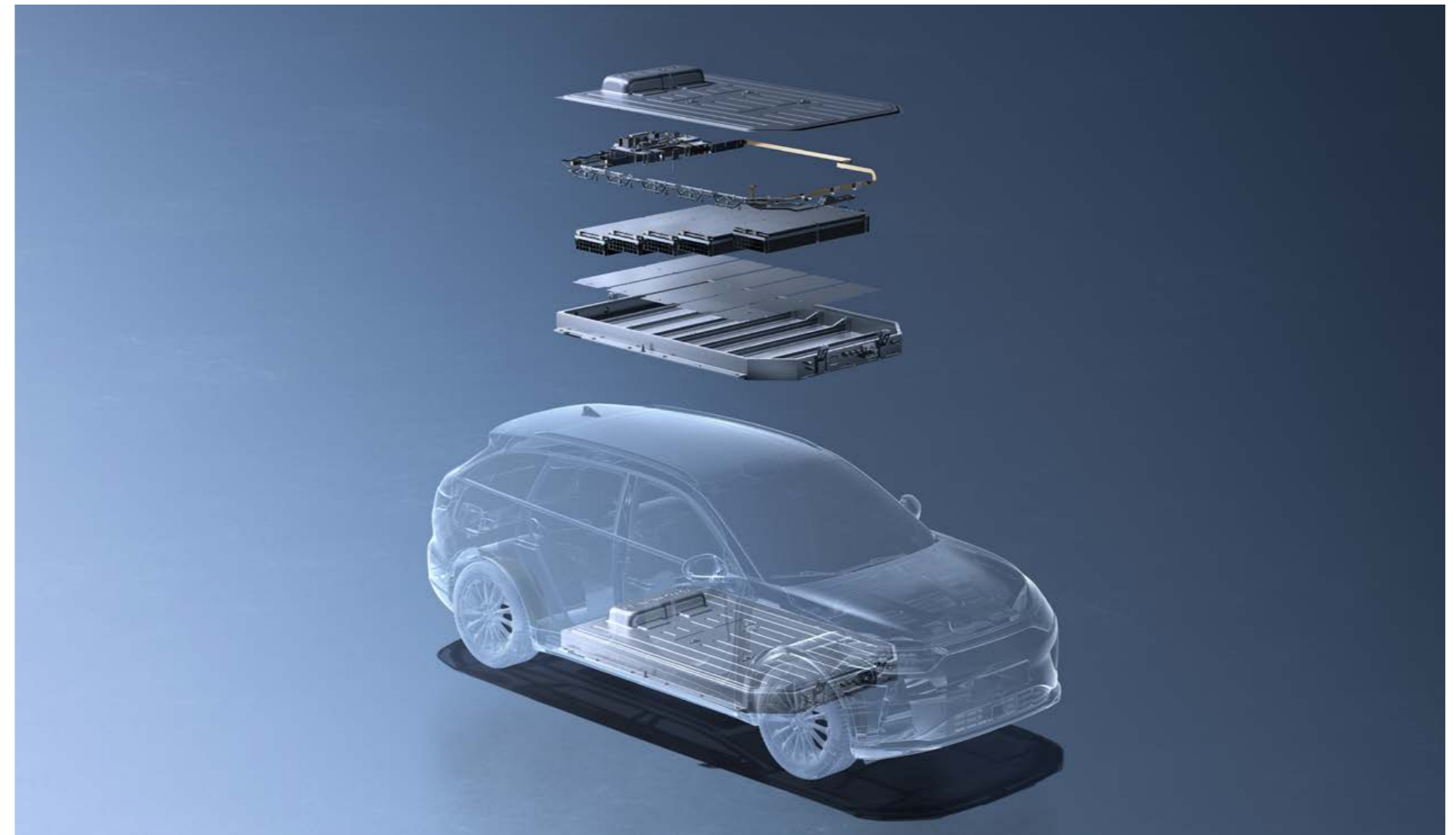
### Battery Safety

Battery safety is at the heart of new energy vehicle safety. We invited third-party testing agencies to conduct comprehensive safety tests on more than 30 items prior to the mass production of our electric vehicle battery products. Many of these test standards exceed national standards, thoroughly verifying potential risks and ensuring our users' safety.

Safety Project	Testing Content
<b>Reinforced Vibration Test</b>	We reinforce battery vibration beyond the national standard to ensure the stability of the battery system throughout the entire life cycle of the vehicle, with no structural or safety issues
<b>High-Altitude Drop Test</b>	We simulate extreme situations of battery drops and design a free-fall drop test for the battery system from a height of 5 meters, ensuring that the battery does not catch fire, does not explode, and has no safety issues
<b>IPX8<sup>16</sup> Water-Proof Test</b>	We submerge the battery system in 1 meter deep water for 24 hours to simulate the safety of the vehicle's battery system during urban flooding. The test result shows that there is no water ingress, no safety issues, and the battery functions normally
<b>External Fire Exposure Test</b>	We conduct a 180-second burning test on the battery with standards exceeding the national one to simulate the scenario of external vehicle fires. This is to ensure that the battery does not catch fire, does not explode, and has no safety issues
<b>Ball Impact Test</b>	We simulate the impact of obstacles such as rocks on the bottom of the battery during the vehicle's operation. We design a 50cm steel ball to impact the bottom of the battery system to ensure that the bottom shell does not crack and that the battery has no safety issues

The CTC technology, which applies double bone annular beam structure body combined with battery tray structure, installed in Leapmotor vehicles effectively improves the battery's impact resistance, lowering the occurrence of battery combustion accidents. Simultaneously, CTC technology has a thermal runaway management plan in place, and a fireproof cross beam is installed between the battery modules to reduce the risk of thermal runaway and ensure battery safety.

We also enhance driving safety through automotive electronic technology. Leapmotor vehicles are equipped with an industry-leading AI BMS<sup>17</sup> system and vehicle control system for all-time active protection, providing users with real-time monitoring to understand vehicle data and receive feedback on vehicle status quickly. Users can receive timely alerts on vehicle safety and battery health status information to ensure that they can detect driving risks the first time and make responses promptly.



<sup>13</sup> C-NCAP: China-New Car Assessment Program

<sup>14</sup> C-IASI: CHINA INSURANCE AUTOMOTIVE SAFETY INDEX

<sup>15</sup> E-NCAP: European Union New Car Assessment Program

<sup>16</sup> IPX8 Water-Proof: a type of waterproof rating

<sup>17</sup> AI BMS: Artificial Intelligence Battery Management System





### Vehicle Body Safety

Leapmotor places a high value on the stability of its vehicle structure, employing superior high-strength materials on various models to provide users with a safety guarantee with a high-strength armor body. For example, the proportion of high-strength steel used in the body of Leapmotor's C11 extended-range model is as high as **80.84%**.

While optimizing materials, we also conduct refined structural design, such as dual force transmission path design, high-stiffness cage-type body structure, full-frame subframe, and excellent longitudinal beam crushing design, to ensure the integrity of the passenger compartment in the event of a collision. We ensure the safety of occupants in the event of a collision by multiple matching of the restraint system parameters and comprehensive safety configurations.

### Safety of Intelligent Driving

To ensure driving safety, Leapmotor's self-developed autonomous driving system is equipped with 23 autonomous driving system functions, such as automatic emergency braking, forward vehicle distance detection, forward collision warning, rear collision warning, rear cross-traffic collision warning, blind-spot detection, lane departure warning, lane departure assistance, and door opening warning, among others. The autonomous driving system developed by Leapmotor is optimized and adapted to actual "on-the-road" challenges, solves user pain points in a scenario-based manner, and is more in line with Chinese driving habits, making driving more convenient and safer.



### Healthy In-Car Space

While valuing product performance, Leapmotor is also committed to creating a healthy in-car environment. We have established a development and control strategy for in-car air quality, establishing overall targets for controlling vehicle odors and VOCs<sup>18</sup> through industry benchmarking as well as legal and regulatory analysis. We then break down the overall targets into 34 components, imposing strict requirements and multiple rounds of inspections on the materials used and manufacturing processes of the relevant components in order to achieve the overall goal of in-car air quality.

Leapmotor takes ergonomics into account when designing interior vehicle space. Our car seat design is entirely based on the human body's natural curve. To ensure the comfort of the car seats, our professional engineering team conducted numerous experiments to verify the softness and hardness of the seats. Furthermore, within the same price range, our car seats have leading configurations such as ventilation, seat heating, and intelligent massage.



<sup>18</sup> VOC: Volatile Organic Compounds





### 03 Customer-First Strategy with Service Improvement

We adhere to a user-centered value, establishing a customer service system and after-sales network to ensure our users' satisfaction by fully protecting their rights and interests. Simultaneously, we actively practice responsible marketing, eliminate irresponsible marketing practices toward users, and effectively protect users' privacy and data security.

This chapter responds to the UN Sustainable Development Goals (SDGs)





### 3.1 Quality-Oriented Service

Leapmotor is constantly refining user management, improving service quality, providing customers with more convenient service channels, and increasing customer satisfaction with exceptional products and services.

#### 3.1.1 Customer Service

##### Customer Service Philosophy

Leapmotor is dedicated to creating a warm brand value by beginning with the users' perspective, providing warm care, and striving to meet their emotional needs for service experience, emotional expression, and a sense of belonging. We adhere to the service philosophy of "reassurance, trust, and convenience," insist on putting users first and using technology as a guide, provide users with reassuring and intelligent services throughout the vehicle's lifecycle, and assist in creating the most value for their travel and life.

##### Standardization of Service Processes

We have established standardized customer service processes, including *Leapmotor Service Process Standard*, *Maintenance Quality Inspection Process Standard*, *Leapmotor Car Wash Service Execution Standard*, *Four Senses Experience Standard*, and 5S<sup>19</sup> *On-Site Inspection Standard*. We strictly control the execution of standardized processes and conduct real-time cloud and unannounced inspections in all stores nationwide.

###### Service Cloud Inspection

It refers to Leapmotor's remote supervision of store service processes, on-site 5S, service practices and other operational standards through a cloud platform, and timely feedback of relevant information to personnel at the corresponding outlets. Ultimately, the service center is supervised to implement closed-loop improvements.

###### Service Unannounced Inspection

It refers to inspectors visiting stores on-site to conduct service inspections and evaluations by item, and implementing closed-loop improvements for weak links. The items to be inspected include six parts: hardware facilities, spare parts management, warranty management, operation management, service process and additional items.

##### Standardization of Service Training

Furthermore, we are committed to promoting service training standardization and actively carrying out service training programs such as key position certification and new vehicle technology certification.

During the reporting period,

we conducted an average of **10** service training programs per month

with an average training duration of **3** days per position

Throughout the year, more than **1,000** training opportunities had been carried out



<sup>19</sup> 5S: a basic method of enterprise site (including workshops, offices, etc.) management, which includes SEIRI, SEITON, SEISO, SEIKETSU, and SHITSUKE



## Customer Service Highlights

To improve customer service and satisfaction, we focus on customer service and implement various measures such as creating knowledge bases, conducting service projects, and organizing user forums.

### Case

#### “One hundred Thousand Whys” Online Service Encyclopedia.

We have developed a knowledge base for store service issues called “One hundred Thousand Whys of Leapmotor Service Stores” that is accessible online. It has information on how to use it, contact interfaces for different businesses, service procedures, spare parts, technology, warranties, customer complaints, road rescue, replacement vehicles, pick-up and delivery services, rights and benefits, on-site services, maintenance knowledge bases, market disposal, personnel management, information system operation guidelines, and policies.

Over **80** service-related items are covered by the knowledge base

which has a total of **727** document members

over **4,000** page views per month on average during the reporting period

### Case

#### Leapmotor User Engineer

“Leapmotor User Engineer” is a typical representative of Leapmotor’s user-centered approach. At auto shows, launch events, Leapmotor community, owner clubs, third-party automotive platforms, and other key activities, they collect and convey user feedback to optimize our vehicles. Through the communication, interaction, and selfless sharing of Engineers, more and more users are beginning to get in touch with Leapmotor.

As of the end of the reporting period, 43 Leapmotor users have been awarded the title of “Leapmotor User Engineer” and have participated in the Guangzhou Auto Show, the Guangdong-Hong Kong-Macao Auto Show, the C01 Launch Event, and more than 30 outlets in cities across the country.



### Case

#### Zero Distance User Talk

Leapmotor invites KOL users and core representatives to participate in the Zero Distance Talk. Holding the user talk helps the Company deeply understand user needs and identify problems with products and services, in order to better improve user satisfaction. During the reporting period, we have held five user talks.





### 3.1.2 After-Sales Service

According to the IATF 16949 industry quality standard, Leapmotor has established a process system that includes various business operations such as channel construction management, technical support, spare parts guarantee, and user satisfaction management. After-sales service management procedures, spare parts transportation management methods, and warranty business management methods are examples of these procedures and methods.

We have implemented an active warning system for potential vehicle breakdowns in order to identify and alert users to potential risks in advance. This process covers warnings for component lifespan expiration, component functional failure, abnormal vehicle status, battery status, etc.

In addition, we have established comprehensive customer service consultation channels. Leapmotor's 400 customer service hotline and online channels are used to communicate and interact with customers.

During the reporting period,

our 400 customer service representatives received **800,000** customer inquiries and feedback

**102,000** 5-star ratings from satisfied customers



online

Leapmotor APP, leapmotor.com, Leapmotor WeChat Mini-Program, Leapmotor WeChat Official Account, Leapmotor Online Store



hotline

400 0081 234, 24-7 available

Furthermore, Leapmotor users can seek advice online by contacting us via @ Leapmotor's official account, and we will respond to customer feedback within 24 hours. As of the end of the reporting period, Leapmotor had 18 official accounts online and running, covering operations, products, services, and other businesses. The closed-loop rate of user feedback for Leapmotor's official accounts was 99.76% during the reporting period. We have established a standard customer complaint management process and a crisis customer complaint handling process for efficient handling of customer complaints.

During the reporting period, the Company received 47,832 product and service complaints from 400 hotline, with a 100% processing rate of after-sales issues.





### 3.1.3 Customer Satisfaction

Leapmotor conducts customer service satisfaction research in order to improve customer satisfaction effectively. We conducted multi-dimensional research on car owners and potential customers to ensure satisfaction with the Leapmotor App. According to the research results, we can learn from user's suggestions and needs and improve their experience.



We investigated various dimensions of online store satisfaction, including product price attractiveness, product types, product description, delivery speed, and so on. In order to improve user satisfaction with the online Leapmotor store, we will continue to introduce high-quality suppliers and continuously improve product quality, according to the research findings.



For marketing and operation satisfaction, we continuously improve the user satisfaction system based on their daily journey with our vehicles and conduct monthly research; metrics include vehicle purchase and delivery, car usage, after-sales service, etc.

In terms of maintenance, we have begun the "Easy Satisfaction Rating" activity. Users can rate their satisfaction with the service via the Leapmotor app and SMS channels within half an hour of completion of maintenance, charging station installation, roadside assistance, and other services. Maintenance satisfaction will be used as an important performance indicator for the entire Leapmotor service department in 2022, with the goal of assisting all employees in establishing a user-centered value system and providing high-quality services to users. We will continue to improve customer satisfaction survey scenarios, promote real-time synchronization of evaluation data, and effectively close the loop on user issues.

Leapmotor's customer satisfaction rate was 96% at the end of the reporting period.





## 3.2 Compliance Marketing

Leapmotor strictly control our marketing content and follow responsible marketing practices. We strictly adhere to laws and regulations such as the *People's Republic of China Advertising Law* and collaborate with various departments of the Company to strictly manage the quality of marketing content and avoid related risks. We insist on providing users with relevant and useful information, and we coordinate internal feedback from various channels to ensure the consistency and accuracy of external data.

Furthermore, we has established a strict decision-making and process mechanism for media communication plans, content, and channels, resulting in a professional process. In order to ensure that related marketing activities are compliant and legal, relevant decision-makers, management, and various related business module departments must follow the prescribed access process and mechanism.

## 3.3 Data Privacy and Security

To protect user privacy and security, we have established a comprehensive information security management system based on ISO 27001 and ISO 27701. We have developed regulations such as *Information Security Management Policy* and *Information Security Management Charter* and corresponding online processes. We have also formulated policies and programs such as *Measures for User Information Security Management*, *Personal Information Security Impact Assessment Management Regulations*, and *Emergency Response Plans for User Sensitive Information Leakage*.

The Company has formed an Information Security Committee comprised of management personnel, which is in charge of making decisions and approving important matters pertaining to the Company's information security strategy. The committee is also in charge of overseeing, directing, and auditing information security-related work. An Information Security Working Group is formed under the committee to oversee the Company's information security efforts.

A specialized Data Security Compliance Subcommittee of the Information Security Working Group is comprised of personnel from the legal, data security, Intelligent Connected Vehicle, and privacy compliance departments. This subcommittee is in charge of overseeing data security and compliance work, which includes overall

company data security and user privacy safety planning and coordination, interpreting national and industry legal and regulatory compliance requirements, researching and developing data security management standards and strategies, organizing data risk assessments, emergency responses and recovery, and promoting the implementation of related measures. They also perform compliance audits on critical company operations to ensure that user privacy and safety are in accordance with national legal and regulatory requirements.

With the guidance and advice of the Zhejiang Branch of the National Computer Network and Information Security Management Center, we developed the *Leapmotor App Operational Standards* for our Company's applications and conducted regular compliance checks and regulatory reporting for personal information protection of the APP. We integrated APP security compliance into the software development process, completing the entire closed-loop process of product baseline creation, requirements review, testing, rectification, and tracking. Our Leapmotor App has passed a level-three evaluation and has been filed for information system security protection.

Leapmotor had no incidents of user privacy breaches during the reporting period. We have disclosed the email, telephone, online customer service, and mailing address for providing personal privacy services to our users in the privacy policies displayed on the official website and our APP. Relevant services are also available.



Information Security Management System Authentication Certificate



Privacy Information Management System Authentication Certificate





# 04 Environmental Protection with Green Mission

The future of Leapmotor is closely linked to green and low-carbon development. We are promoters of sustainable lifestyles and guardians of the ecological environment. From design and development to supply chain, manufacturing, deployment, and operation, we always adhere to the concept of green development, connecting upstream and downstream partners and Leapmotor users with innovative technology and high-quality products to jointly fulfill our green mission and protect our earth's natural blue skies and clear waters.

This chapter responds to the UN Sustainable Development Goals (SDGs)





## 4.1 Environmental Management

### 4.1.1 Environmental Management System

Leapmotor strictly complies with relevant laws and regulations, such as the *Law of the Peoples Republic of China on Environmental Protection*, to reduce the impact of our operations on the environment. We obtained the ISO 14001 environmental management system certification during the reporting period.



ISO 14001 Environmental Management System Certification

We organized and carried out risk and opportunity identification for the ISO 14001-2015 environmental management system, which included 29 internal and external risks such as exhaust gas emissions, wastewater discharge, noise pollution, hazardous waste management, hazardous chemical management, fire safety management, energy consumption, product lifecycle management, and soil pollution. We also created measures for each environmental risk and opportunity.

### 4.1.2 Environmental Management Goals

Based on our internal situation and industry background, we have formulated environmental management goals in four dimensions: energy conservation, water conservation, emission reduction, and waste reduction.

Energy Conservation	Water Conservation	Emission Reduction	Waste Reduction
<p><b>Energy Conservation Goal:</b> By 2025, compared with 2022, we aim to increase the installed capacity of photovoltaics by 11 megawatts and increase the proportion of electricity consumption from photovoltaics to 25%. Additionally, by 2025, we aim to achieve a 7% reduction in energy consumption per vehicle, compared to 2022.</p> <p><b>Methods:</b> We will carry out energy-saving technological transformation, use green energy, and establish an energy management system.</p>	<p><b>Water Conservation Goal:</b> By 2030, compared with 2022, we aim to achieve a 3% reduction in water consumption per vehicle.</p> <p><b>Methods:</b> We will promote the use of water-saving devices, establish a water-saving enterprise, and organize and promote water-saving activities.</p>	<p><b>Emission Reduction Goal:</b> We will strive to improve processes and iterate on technology, continuously improve energy efficiency, and reduce greenhouse gas emissions.</p> <p><b>Methods:</b> We will optimize production processes, improve energy efficiency, and reduce the carbon footprint of our products.</p>	<p><b>Waste Reduction Goal:</b> By 2030, compared with 2022, we aim to achieve a 5% reduction in waste generation, and by 2025, we aim to achieve a 2% reduction in hazardous waste emissions.</p> <p><b>Methods:</b> We will promote the reuse of packaging materials, promote waste sorting and recycling, and recycle and reuse waste sealing materials.</p>





## 4.2 Green Design

Leapmotor fully considers using innovative technologies and environmentally friendly materials during the product planning process to reduce energy consumption, lower carbon emissions, and protect the environment. Simultaneously, we extend the concept of green product design to Leapmotor brand-related vehicle products, promoting the concept of a sustainable living style.

### 4.2.1 Green Design of Automobile Products

We fully consider environmental protection and sustainability in the design process of the entire vehicle, electric drive, and battery products, and we are committed to enhancing the green value of our products by minimizing the environmental pollution caused by our products as much as possible. We consider the product's sustainability throughout its entire life cycle and conduct related research projects to discover more green options.



#### Vehicle Products

<b>Product Weight Reduction</b>	We actively promote the vehicle's lightweight, continuously increasing the usage of high-strength steel, the proportion of hot-formed steel applications, and the application ratio of aluminum alloys. We further enhance our products' ecological and environmental benefits through advanced lightweight technology.
<b>Product Energy Management</b>	When designing products, we fully consider the energy performance of the products and adopt self-developed intelligent power systems, intelligent energy flow control systems, and technologies to achieve energy-saving and consumption-reducing effects.
<b>Product Thermal Management</b>	We are committed to reducing energy consumption and increasing driving range in vehicle thermal management. We fully consider the thermal management system's environmental benefits in product design.

#### Electric Drive Products

<b>Product Weight Reduction</b>	By simplifying components, we achieve a lightweight design in product architecture. We utilize virtual simulation results for lean design to reduce materials usage and achieve lightweight design during the design process.
<b>Product Energy Efficiency Improvement</b>	Significantly improving the average CLTC efficiency of electric drives can enhance the vehicle's range and energy efficiency and reduce carbon emissions.
<b>Product Quality Upgrade</b>	The NVH <sup>20</sup> performance of electric drives is outstanding, with the best-in-class noise-controlling design that reduces noise pollution. This technology saves on electric drive covering materials for a more pleasant ride.

#### Battery Products

<b>Echelon-Use Battery</b>	We actively investigate echelon-use battery technologies, establish a connection between power batteries and energy storage, and establish a comprehensive recycling system to manage used batteries through a combination of third-party cooperation and self-recycling.
<b>Sustainable Material Utilization</b>	We actively promote the use of sustainable materials and conduct green and low-carbon material selection planning at the beginning of new product development to improve battery pack materials' recyclability and reusability ratio. Priority is given to materials with mature recycling technologies, and non-recyclable materials are minimized as much as possible. The recyclability and reusability ratio of the materials used in existing battery packs is much higher than the requirements stipulated in the <i>Management Requirements for Automotive Hazardous Substances and Recycling Rates</i> published by the Ministry of Industry and Information Technology.
<b>Hazardous Substance Management</b>	We have strict control measures in place for hazardous substances. In addition to requiring that every component of the battery pack meet national standards, we have added requirements such as the complete prohibition of asbestos materials and lead soldering in electronic products, as well as the limitation of lead soldering in other parts. This ensures that the battery pack's environmental performance meets standards and promotes the gradual reduction and substitution of prohibited substances.

<sup>20</sup> NVH: Noise, Vibration and Harshness



### 4.2.2 Sustainable Leapmotor Brand-Related Products

Leapmotor believes in low-carbon and environmental protection, and it continues to develop environmentally friendly and renewable materials for its brand-related products, promoting a sustainable lifestyle.



#### Backpack and Storage Products

Design Highlights:

The product uses Tyvek material, which is naturally white in color and does not require additional processing such as dyeing. Additionally, waste materials are recycled and reused in the production process.



#### Glass Boba Cup

Design Highlights:

The product features a compact and portable design, which helps users reduce the use of disposable drink cups. The cup sleeve is designed with vertical stripes to reduce the amount of silicone material used, and all parts of the water cup can be disassembled, achieving zero use of glue.



#### Umbrella

Design Highlights:

The product is made of carbon fiber material, which makes the umbrella sturdier and more durable, thereby significantly extending the service life of the umbrella and reducing unnecessary purchases and disposals.





## 4.3 Green Manufacturing

### 4.3.1 Resource Conservation

#### Material Conservation

On the basis of relevant national requirements, we developed internal regulations such as the *General Packaging Technical Specifications*. In addition, for nine categories, we have established packaging type and material requirements.



In order to reduce the use of disposable packaging, we actively use recyclable packaging materials. We intend to use a large quantity of eco-friendly materials, such as silicone leather and plant-based fillers, in the interior of our newly developed vehicles in 2022, based on vehicle positioning and user needs. To further reduce material waste, we have replaced talcum powder in modified plastics with recyclable bio-fillers.



Organic Silicon Automotive Leather



Plant-Based Filler Material

In automotive styling design, we adopted a paperless mode from the initial creative stage, and advanced methods such as VR<sup>21</sup> digital review were used to promote the styling work. We made the clay model with imported sulfur-free clay while reducing and merging the number of models. We also used 3D printing technology instead of sample production to reduce pollution and waste. We increased the reuse rate of the clay later in the project by recycling waste clay, which saved 1/3 of the clay material.

#### Water Resource Conservation

Leapmotor actively promotes water conservation. We were named a Water-Saving Enterprise by the Jinhua Economic and Information Bureau, the Jinhua Housing and Urban-Rural Development Bureau, and the Jinhua Water Resources Bureau in 2021. We completed water balance testing and analyzed water resource usage by using water-saving appliances and improving secondary and tertiary metering networks.

We chose water-saving cooling equipment, such as closed cooling towers, during the early stages of factory construction to reduce the amount of tap water released and increase tap water utilization. Furthermore, based on environmental impact assessment and approval, we installed concentrated water recycling equipment in the painting workshop and promoted the reuse of concentrated water for workshop cleaning.

Statistics of Water Consumption at Leapmotor

Indicator	Unit	Year of 2022
Total Water Consumption (Municipal Water Supply)	tonne	903,776
Water Consumption Density	tonne /10,000 RMB Revenue	0.73

<sup>21</sup> VR: Virtual Reality



### 4.3.2 Use of Energy

#### Energy Management System

Using wireless data collection, we effectively manage energy consumption by transferring electricity consumption data to the back-end terminal for daily, monthly, and yearly energy consumption analysis. We monitor electricity consumption points in workshops and factories with the help of our digitalized system and promptly alert relevant personnel of any abnormal energy usage via data warning systems. This provides data support for future energy-saving technology improvements while maintaining the equipment's normal operation.

#### Energy-Saving in Air Compression and Heating Supply Systems

We have allocated advanced air compressors, such as oil-free screw compressors and centrifugal compressors, according to relevant standards to achieve efficient and energy-saving compressed air systems. In addition, we have installed energy-saving boilers for use in painting processes, air conditioning, and 3E workshops, effectively reducing the heating system's energy consumption.

Statistics of Energy Use at Leapmotor

Indicator	Unit	Data of 2022
Direct Energy Use		
Natural Gas	m <sup>3</sup>	5,156,569
Self-Consumption of Self-Generated Renewable Energy	MWh	10,673.9
Direct Energy Use Density	MWh / 10,000 RMB Revenue	0.0536
Indirect Energy Use		
Total Purchased Electricity	MWh	7,729.46
Indirect Energy Use Density	MWh / 10,000 RMB Revenue	0.0062

#### Energy-Saving Production Process

We use a variety of advanced manufacturing processes to reduce energy consumption. In the welding workshop, we use resistance welding, gas-shielded welding techniques. At main assembly welding stations, we use robots to complete welding, gluing, and other tasks. In terms of transportation, we use targeted methods such as reciprocating rod lift systems and aerial sled lines based on different transportation conditions to minimize the energy consumption of parts and vehicle transportation while meeting production logistics needs.

In addition, based on the factory database and different production schedules, we developed a data model for production consumption that guides the optimal selection of energy consumption during scheduling and controls the energy consumption per vehicle in the workshop. Meanwhile, to achieve optimized energy resource scheduling, we allocate the workshop's energy demand pattern based on municipal energy peak and valley hours in a timely and effective manner. Furthermore, we provide effective guidance for the orderly startup of equipment in the factory's energy center based on the forecast of the workshop's energy load in order to balance factory energy consumption.

#### Utilization of New Energy

We use clean energy effectively by installing photovoltaic equipment on the roof of our factory, which fully utilizes solar energy. Our photovoltaic installed capacity is 10.58 megawatts, with 10.67 million kilowatt-hours generated in 2022.



Industrial Photovoltaic Equipment



### 4.3.3 Emission Reduction

#### Waste Management

Leapmotor has developed regulations such as the *Solid Waste Management System*, *Environmental Industrial Wastewater, Waste Gases and Residues, Emissions Monitoring System*, and *Hazardous Chemicals Safety Management System* to regulate waste management based on the Company’s actual operating conditions, relevant laws and regulations, and stakeholder expectations.

We strive to reduce waste generation. We use German Dürr robots to automatically spray the interior and exterior surfaces of the car body, improving paint utilization and lowering paint residue production. We established a zero-waste factory in October 2022 and obtained certification from the Jinhua City Zero Waste Special Team in Zhejiang Province.



We have implemented a variety of waste recycling measures. When a certain amount of recyclable waste is reached, we contact contracted organizations for disposal. In 2022, Leapmotor recycled 1,715 PVC<sup>22</sup> latex collecting buckets and 32.916 tonnes of mineral oil. We collect, weigh, record, and archive recyclable waste such as cardboard and paper boxes.

<sup>22</sup> PVC: Polyvinyl chloride

We have implemented a battery recycling program in other countries that connects users with compliant recycling companies. We encourage our international customers to enter into agreements with local recycling companies for the “Collection of Vehicles and Batteries” in order to dispose of their discarded batteries.



In terms of hazardous waste, we have established a hazardous waste warehouse to store various types of hazardous waste and have regularly commissioned qualified companies to clean and dispose of it. Furthermore, we have hired professionals to manage the hazardous waste warehouse, and all current employees have obtained the Certificate of Hazardous Chemical Professional.

Statistics of Waste Emission and Recycling at Leapmotor

Indicator	Unit	Year of 2022
Hazardous Waste		
Total Amount of Hazardous Waste	tonne	1,262.62
Discharge Density of Hazardous Waste	tonne /10,000 RMB Revenue	0.0010
Non-Hazardous Waste		
Total Amount of Non-Hazardous Waste	tonne	12,228.25
Discharge Density of Non-Hazardous Waste	tonne /10,000 RMB Revenue	0.0099





## Management of Wastewater and Waste Gas

Regarding the waste gas generated by coating, we adopt advanced Japanese zeolite rotary+RTO<sup>23</sup> technology to treat the waste gas from equipment such as ovens and the circulating air in the paint room, and the purification efficiency can reach 99%.

We adopt a membrane pretreatment technology for wastewater management to reduce wastewater effectively. Wastewater generated in this way does not contain nickel and does not produce phosphating slag, significantly reducing the content of phosphates and fluorine ions in the system. Compared to traditional phosphating processes, this process has significant environmental advantages. During the reporting period, we hired a third-party testing agency to conduct monthly testing of wastewater discharge and issued testing reports to manage wastewater effectively.

Statistics of the Emission and Discharge of Waste Gas and Wastewater at Leapmotor

Indicator	Unit	Year of 2022
Waste Gas Emissions		
Sulfur Oxide (SO <sub>x</sub> )	tonne	0.60
Nitrogen Oxide (NO <sub>x</sub> )	tonne	8.83
VOC	tonne	9.07
Total Waste Gas Emissions	tonne	27.57
Waste Gas Emissions Density	tonne /10,000 RMB Revenue	0.00002
Wastewater Discharge		
Total Wastewater Discharge	tonne	105,625
Wastewater Discharge Density	tonne /10,000 RMB Revenue	0.09
Ammonia Nitrogen	tonne	0.98
Total Phosphorus	tonne	0.03
COD	tonne	16.37

## Carbon Emission Reduction

Leapmotor is taking the lead in responding to China's Carbon Peaking and Carbon Neutrality Goals. We pledge to reduce carbon footprint over the course of the entire lifecycle of vehicles, by concentrating on reducing carbon emissions during production and manufacturing..



We have established a model for analysis, identifying materials and processes with high energy consumption and high carbon emissions, and have encouraged advancements and improvements while conducting carbon emission assessments over the course of the entire product lifecycle. We keep improving our programs for choosing materials, and we encourage the choice and use of low-carbon materials by raising the importance of low-carbon environmental protection as an evaluation criterion for these programs. Meanwhile, we are strengthening technological reserves and collaborating with mainstream material suppliers both at home and abroad to advance strategic cooperation, as well as continuing to reserve low-carbon materials and technologies to support low-carbon design. In addition, we conducted surveys on production energy consumption at our manufacturing facilities and chose the best low-carbon processes and equipment.



Statistics of Greenhouse Gas Emissions at Leapmotor

Indicator	Unit	Year of 2022
Scope 1 <sup>24</sup>	tCO <sub>2</sub> e	11,149.48
Scope 2 <sup>25</sup>	tCO <sub>2</sub> e	4,408.11
Total Greenhouse Gas Emissions	tCO <sub>2</sub> e	15,557.59
Greenhouse Gas Emissions Intensity	tCO <sub>2</sub> e/10,000 RMB Revenue	0.01

<sup>23</sup> RTO: Regenerative Thermal Oxidizer

<sup>24</sup> Direct emissions of greenhouse gases (Scope 1) are calculated according to the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC).

<sup>25</sup> Indirect greenhouse gas emissions (Scope 2) are calculated based on the Average Carbon Dioxide Emission Factors for China's Regional Power Grids in 2011 and 2012, as published by the National Development and Reform Commission.



## 4.4 Green Operation

We actively practice green office in our business. We reduce the use of disposable products and encourage employees to bring their own water bottles to work. We advocate for paperless meetings and the use of movable shared screens. We also reuse old furniture and decorate the factory area with green plants.

Leapmotor also encourages employees to practice green commuting. Apart from providing shuttle buses for employees, we also provide electric vehicle charging stations, electric scooter charging stations, shared bicycles, and other parking lot facilities to guide employees toward low-carbon transportation and promote a new trend of green living.

In reducing food waste, we have posted related slogans and signs in the cafeteria to encourage employees to reduce food waste. Regarding garbage disposal, we separate kitchen waste from household waste and recyclables. We have signed a unified collection and disposal agreement for kitchen waste with the cafeteria supplier and third-party organizations. We regularly transport and dispose of the waste per the Measures for Jinhua City Kitchen Waste Management requirements and the disposal agreement.

In addition, we actively carry out environmental protection publicity and training activities, such as Water-saving Week, Green Production, and Earth Hour, to continuously enhance employees' environmental awareness.

### Case

#### Full Coverage of Greenery Outside the Factory

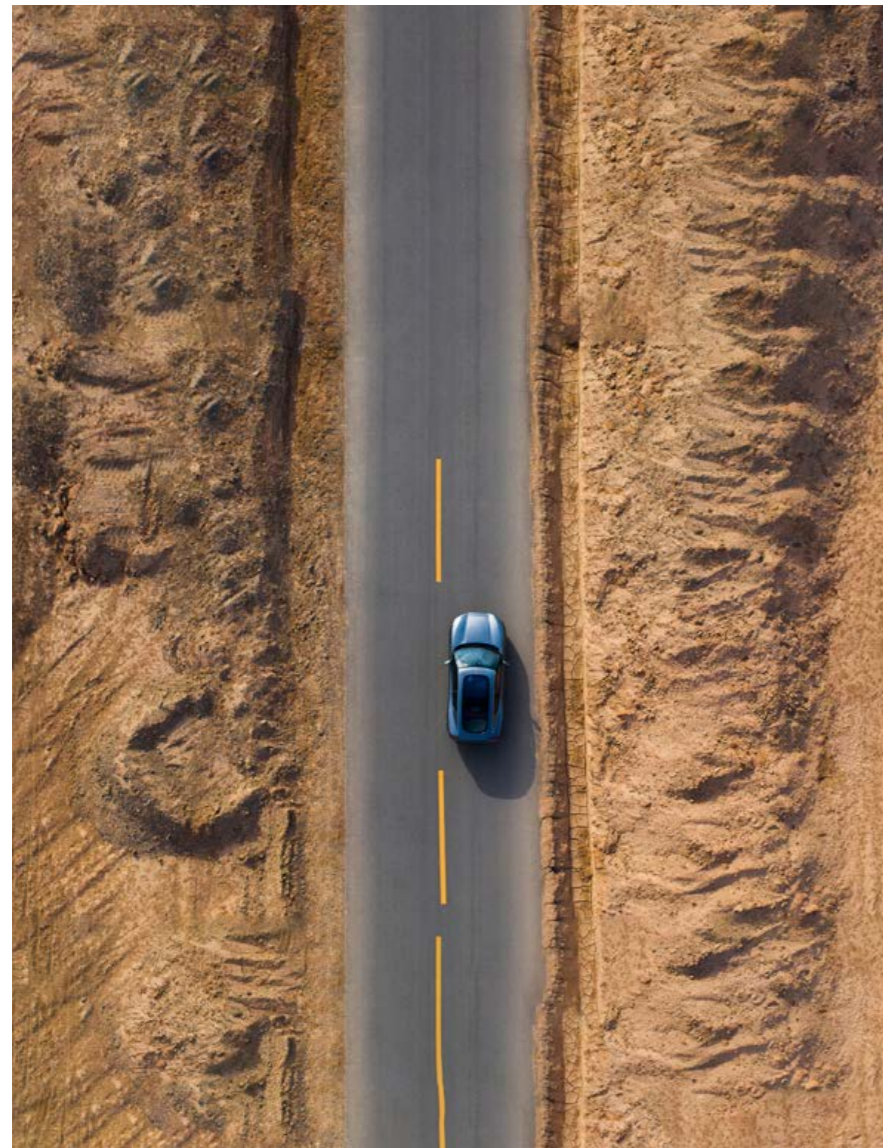
To reduce the Company's overall energy consumption and minimize pollutant emissions, Leapmotor has launched Green Production publicity campaigns to promote green production knowledge through measures such as posting promotional signs.





## 4.5 Addressing Climate Change

To accurately identify the impacts of climate change on Leapmotor's business and analyze and prevent related risks, we refer to the Task Force on Climate-related Financial Disclosures (TCFD) disclosure methods and recommendations.



Climate Change Risks	Description of Climate Change Risks	Countermeasures
<b>Acute Entity Risks</b>	Extreme weather, such as typhoons, floods, and droughts, can cause damage to business assets.	We develop emergency plans for climate-related risks, such as <i>Jinhua Base Flood and Typhoon Emergency Plan</i> and <i>Environmental Emergency Plan</i> , improve response protocols for climate emergencies, and strengthen employee training and drills.
<b>Chronic Entity Risks</b>	Average global temperatures are rising, leading to increased demand for cooling and higher operating costs for businesses.	We improve production processes, reduce energy and resource consumption, promote energy conservation and consumption reduction, and require all departments to conserve water and electricity.
<b>Policy and Legal Risks</b>	Enhanced emission reporting obligations	We constantly promote better energy management and accurately calculate and track carbon emissions.
<b>Technical Risks</b>	Economic pressure from low carbon emission technological transition	We establish a special fund for environmental management to ensure the funding source for related investment and assess the feasibility of investing in new technologies and equipment.
<b>Market Risks</b>	Climate change may have an impact on biodiversity, making it more difficult to obtain raw materials for the operational process and increasing the costs of research and development as well as operations.	We make energy efficiency a criterion for supplier admission and encourage existing suppliers to use cleaner energy sources.
<b>Reputation Risks</b>	Stakeholders in business are becoming increasingly concerned about sustainability and climate change issues.	We revise <i>Environmental Factor Identification and Evaluation Control Procedures</i> to explicitly require a product life cycle approach to identify and evaluate environmental factors and promptly disclose the results of the Company's response to climate change to stakeholders.





# 05

## Great Workplace with Talent Protection

Leapmotor's progress and development are dependent on a talented team filled with passion and creativity. We emphasize "Growth Together with Our Employees," striving to provide our employees with a legitimate, fair, inclusive, healthy, and safe career platform. We provide genuine care and welfare to our employees, and we help them achieve personal development and pursuit while contributing to the Company's value, constantly creating infinite possibilities through effective training and incentive mechanisms.

This chapter responds to the UN Sustainable Development Goals (SDGs)





## 5.1 Employee Compliance

Leapmotor strictly abides by relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, and the *Special Rules on the Labor Protection of Female Employees*. As a result, we developed internal systems and procedural documents such as the *Recruitment Management Procedure* and the *Leapmotor Employee Handbook*. We follow a legal and compliant employment policy, respect and protect employees' rights and interests, strictly prohibit child labor and forced labor use, and steadfastly oppose any form of discrimination based on gender, age, race, religion, political stance, etc. We are committed to creating an equal and inclusive workplace environment, welcoming employees with diverse experiences and backgrounds, and improving employee diversity to achieve common development between employees and Leapmotor. Leapmotor had 73 disabled employees and 752 ethnic minority employees at the end of the reporting period. We adopt a zero-tolerance attitude towards any violation of regulations and have established an HRBP<sup>26</sup> complaint reporting mechanism internally. At the end of the reporting period, Leapmotor had not encountered any instances of using forced or child labor. We continuously widen our talent recruitment channels while adhering to the tenet of "Open Recruitment, Fair Competition, and Merit-Based Selection." Through techniques like campus recruitment, social recruitment, and internal recommendation, we have implemented a number of measures to create a talent reserve pool based on job demands. Through campus hiring, we have hired more than 400 graduates in 2022, 25% of whom are from underdeveloped areas, strongly supporting the execution of our corporate strategy.

Leapmotor has had 8,336 full-time employees and 139 part-time/internship employees as of the end of the reporting period, all of whom are Chinese. For full-time employees, the labor contract signing rate is 100%.

End of the reporting period, Leapmotor has had



full-time employees

**8,336**

part-time/internship employees

**139**

For full-time employees, the labor contract signing rate is

**100%**

Composition of Full-time Employees at Leapmotor

	Indicator	Unit	Year of 2022
By Gender	Female	Person	1,545
	Male	Person	6,791
By Age	30 or Below	Person	4,777
	31-50	Person	3,538
	Above 50	Person	21
By Function	Manufacturing	Person	4,193
	R&D	Person	2,195
	Sales and Marketing	Person	1,345
	Supply Chain Management	Person	249
	General and Administration	Person	354

Staff Turnover Rate at Leapmotor

	Indicator	Unit	Year of 2022
	Total Staff Turnover Rate	%	23.0
By Gender	Male	%	23.6
	Female	%	20.2
By Age	30 or Below	%	25.2
	31-50	%	20.1
	Above 50	%	11.1
By Geographical Region	Mainland China	%	23.0
	Hong Kong, Macao and Taiwan	%	0
	Overseas	%	0



<sup>26</sup> HRBP: Human Resource Business Partner





## 5.2 Employee Development

In order to fully meet the development needs of employees, Leapmotor values the introduction, cultivation, and retention of talent. To that end, the Company is dedicated to creating an open and transparent promotion process, offering management and professional dual-track career development channels, and implementing a multifaceted training system that combines online and offline, internal and external training.

### 5.2.1 Talent Incentives and Promotion

Leapmotor has created an all-encompassing and perfect compensation and incentive system that emphasizes performance-based pay, and implements a diverse incentive program, including monthly, quarterly, and annual evaluation. We also offer the salary adjustment opportunities for employees based on their performance to commend their achievements. We developed and implemented an employee stock ownership plan and an employee stock options incentive plan, making the Company and employees a development community.

Simultaneously, we have established clear management + professional dual advancement channels, providing employees with career development paths. We set two promotion windows each year, and all employees are eligible to apply for promotion by self-nomination or departmental recommendation. The evaluation committee will conduct a thorough assessment to ensure the fairness, impartiality and authority of the promotion results, and better guarantee the career development of employees.



## 5.2.2 Employee Skills Enhancement

Leapmotor has established a comprehensive employee training and development system that emphasizes the combination of training and practical applications to assist employees in rapidly growing. To promote the high-quality development of our talent pool, we have launched a variety of training courses for various business lines and employee groups, such as management skills, professional abilities, and new employee orientation.

### Case

#### Unlock Management Skills and Ignite Talent Engine

Leapmotor provides multiple rounds of management training programs for newly promoted managers, which consist of three stages to empower them with management skills, unify the management language, and enhance their management capabilities:

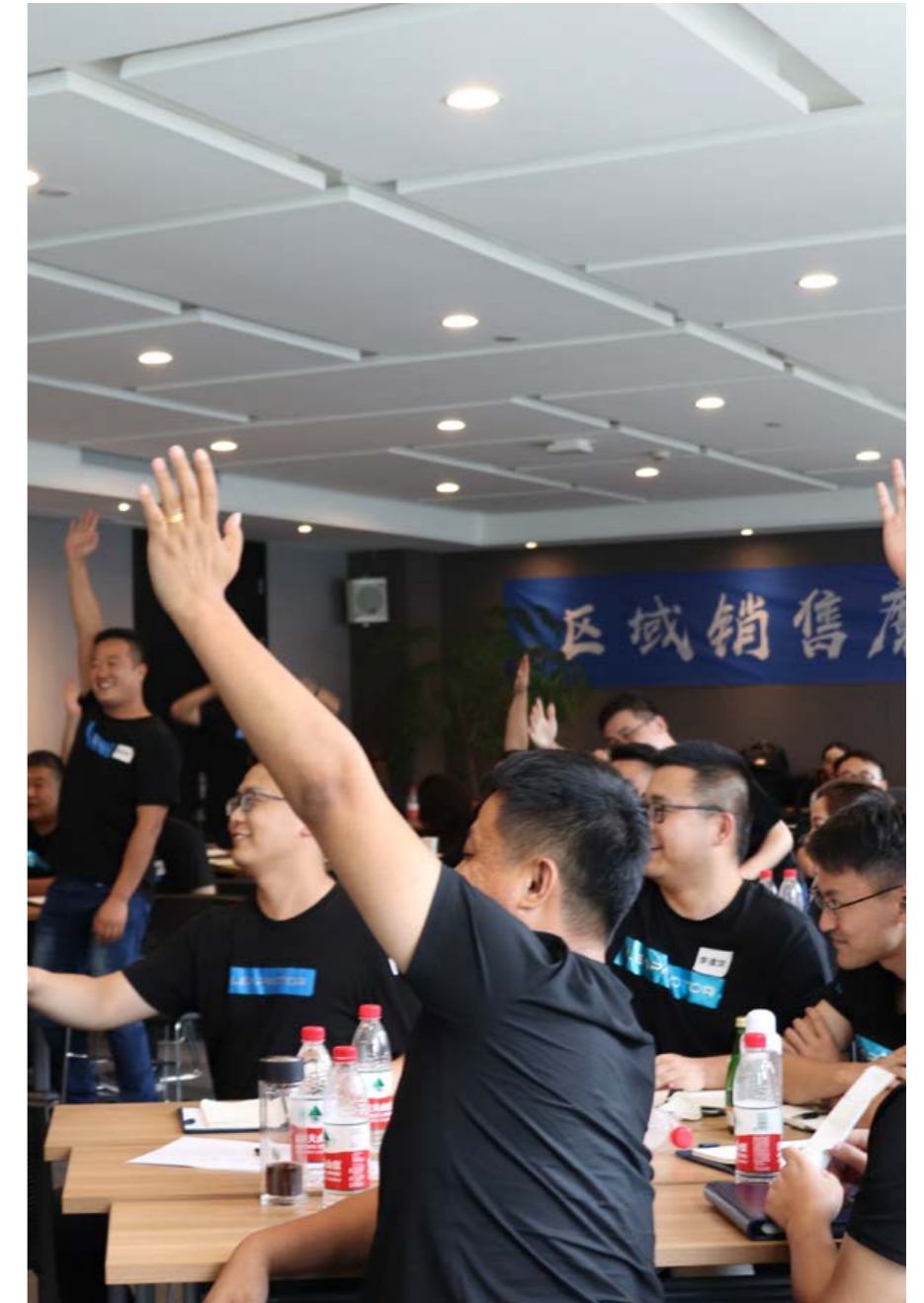
- Transmit “wisdom”, focusing on the underlying logic of management
- Impart “techniques”, focusing on the necessary skills for management scenarios
- Conducted in the form of case studies, the training focuses on solving management problems and supporting business operations



As of the end of the reporting period, a total of **7,571** employees with a total training time of **120,526** hours have participated in training programs

#### Employee Training at Leapmotor

	Indicator	Unit	Year of 2022
Training Ratio by Gender	Female Staff Training Ratio	%	18.29
	Male Staff Training Ratio	%	81.71
Training Ratio by Employee Category	Training Ratio of Regular Employees	%	94.63
	Training Ratio of General Management Employees	%	4.02
	Training Ratio of Mid-level Management Employees	%	1.17
	Training Ratio of Senior Management Employees	%	0.18
Average Training Hours by Gender	Average Training Hours of Male Staff	Hour	18.8
	Average Training Hours of Female Staff	Hour	20.5
Average Training Hours by Employee Category	Average Training Hours of Regular Employees	Hour	18.9
	Average Training Hours of General Management Employees	Hour	20.7
	Average Training Hours of Mid-level Management Employees	Hour	26.3
	Average Training Hours of Senior Management Employees	Hour	34.8





## 5.3 Employee Security

Leapmotor places a high value on employee safety and occupational health, constantly improving its safety management system and deepening the working mechanism of “Strict Safety Management and Rigorous Rectification of Hidden Dangers,” dedicated to creating a strong atmosphere of safety production and constructing a healthy, safe, and comfortable working environment.

### 5.3.1 Management System of Work Safety

We strictly adhere to the laws and regulations such as the *Law of the Peoples Republic of China on Production Safety* and the *Special Equipment Safety Law of the People’s Republic of China*. We have formulated more than 30 internal policies, such as the *Work Safety Responsibility System*, *Dangerous Work Management System*, and *Safety Production Accident Management System*. We always keep safety production in mind, establish an efficient safety production guarantee system, and take multiple measures to strengthen the work safety defense line.

In 2020 and 2021, there were no work-related fatalities in Leapmotor, while there was one in 2022. After the accident, we immediately carried out the accident investigation and review, optimized and upgraded the machinery and equipment where the accident occurred, and improved the emergency processing system for safety accidents. In addition, we provided employees with reinforced training for the use of machinery and equipment. We are committed to reducing safety risks and preventing safety accidents by applying a series of initiatives. During the reporting period, the number of lost working days due to work injury in working days of Leapmotor was 273.5.

At the factory, department, and team levels, Leapmotor has established a three-level safety monitoring system that encompasses the entire factory. Before each shift, the team inspects the equipment, the personnel’s attire, and the environment. In the department, daily inspections are done on things like fire safety, personnel protection, tool and equipment safety, equipment and facility safety, and other things. Safety engineers at the factory level perform daily inspections of the entire facility, thoroughly examining any potential threats to operations, special equipment, electrical safety, and chemical management.



Three-Level Safety Monitoring System

#### New Employee Three-Level Safety Education System

Factory Level	The factory level safety education system for new employees includes safety education on labor laws and regulations, general safety technology, basic knowledge on occupational health and safety culture, the company's safety policies and regulations, as well as safety accident case analysis.
Department Level	The department level safety education system for new employees includes precautions for hazard factors in the production process and department-level labor safety system, as well as typical cases and emergency treatment measures for the prevention of work-related accidents and occupational diseases.
Team Level	The team level safety education system for new employees includes safety education on job safety operating procedures, typical accident cases, performance and correct usage methods of labor protection equipment/tools, fire escape, etc.

Leapmotor’s safety production education and training include multi-dimensional training programs such as three-level safety education for new employees, special operator education, “Four-New” safety education, safety education for management personnel, safety education for team leaders, and training for relevant stakeholders. Before entering the factory, the Company requires all new employees to receive three levels of safety education at the factory, department, and team levels and pass the exam with 100% accuracy. Furthermore, before beginning work, special operators must receive specialized safety knowledge and operation skill training and pass an exam to obtain a work permit.





### 5.3.2 Occupational Health and Safety

We strictly comply with the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*. We have established and implemented internal policies such as the *EHS Incentive Management System* and *EHS Corrective Preventive Management System*, and we implement the occupational health and safety management system, implement safety and health measures, and conduct a variety of public relations and educational activities.

Leapmotor organized and conducted an occupational health hazards analysis based on the Company's internal and external environments and stakeholders' needs. The indicators for the analysis covered eight areas: regulatory requirements, stakeholder requirements, technology, market, society, company operations, human resources, and resources. A total of 16 risks and opportunities are identified, and corresponding measures for each risk and factor are developed. Leapmotor has passed the third-party audit and has received ISO 45001 certification for its occupational health and safety management system in 2022.



ISO 45001 Certification

Leapmotor conducts annual wellness checks on all employees. In addition, we have established a 24-hour psychological counseling hotline in collaboration with a third-party professional consulting team to listen to employees' concerns and address them. Leapmotor conducted 137 occupational health and safety training sessions during the reporting period, with a total of 13,857 times of participation, covering 100% of all employees. The total amount of training time was 31,584 hours.

#### Case

#### “Everything for Workers' Health” Series of Activities

- On May 2022, in order to ensure the safe and standardized use of tools and equipment in various departments, we organized a special training on the safe use of tools and equipment for safety officers in the final assembly reading room. The training mainly introduced the safety risks that exist during the use of common tools and equipment, and how to avoid safety accidents. The trained safety officers then conducted further training in their respective departments, achieving good guidance results in the subsequent safe use of tools and equipment.
- In August 2022, in order to enhance the emergency response capabilities of employees in various departments, we organized emergency response training for safety officers in each department. Through learning on-site emergency response plans and emergency first aid knowledge, we aimed to improve the emergency response capabilities of each department. The trained safety officers then conducted further training and practical emergency exercises, which had a good effect on improving the emergency response capabilities of each department.
- In November 2022, we conducted a firefighting skills competition at our Jinhua base, involving more than 100 employees from various departments. After the competition, the participants mastered the basic firefighting emergency skills, which met the requirements of responding to sudden fires. The aim of the competition was to improve the firefighting skills of employees and enable them to respond quickly to sudden fire situations.







## 5.4 Employee Care

Leapmotor values employee care and has established a solid welfare system with extensive and caring welfare measures to create a “warm” enterprise. We provide extra non-salary benefits such as birthday gifts, employee and family welfare insurance, additional annual leave, annual health check-ups, and long-term contribution souvenirs in addition to statutory benefits to all employees to increase employee cohesion and sense of belonging.

In order to take care of our female employees, we have also established a “Mommy Room” to offer a private, cozy, and secure rest area for female employees who are pregnant or nursing. In order to enrich the cultural lives of employees during their free time, encourage communication and interaction among staff members, and improve team cohesion and effectiveness, we organized a variety of cultural and sporting events during the reporting period, including International Women’s Day (March 8<sup>th</sup>) Care Event, basketball games, and health hiking.

### Case

#### International Women’s Day (March 8th) Care Event

On March 8th, 2022, Leapmotor held a series of themed activities to show our care for female employees on International Women’s Day. We organized a variety of artistic DIY activities such as flower arrangement, miniature plant landscaping, and scented candle making, to offer our sincere blessings to female employees and ensure that they could spend a fulfilling, enjoyable, and meaningful holiday.



### Case

#### Health Hiking, Green and Low-Carbon

Since 2021, Leapmotor has organized a series of “Leapmotor Technology-Healthy Living” themed hiking events, inviting employees and their families to get out of the office and connect with nature, promoting green lifestyles and experiencing the joy of hiking.

During the reporting period, we have held a total of **2** healthy hiking events with the participation of more than **300** employees and their families.



We always pay attention to the demands of our employees and listen to their voices, establishing a mix of online and offline communication channels. We have established a 24/7 employee psychological care hotline and hold representative employee meetings on a regular basis to solicit feedback. To promote a harmonious and interactive work environment for new employees, we have organized a series of activities such as employee forums, onboarding experience surveys, and suggestion collections.





# 06

## Social Responsibility with Contribution to Community

Leapmotor understands that a secure and stable supply chain is the foundation for building a new development pattern for the Company, and is committed to working with partners to jointly build a sustainable supply chain system. At the same time, we focus on areas such as public welfare, charity, and community development, actively practice the spirit of volunteer service, promote the implementation of public welfare projects, use responsibility to benefit the people's livelihood, give back to society, and continuously output social value.

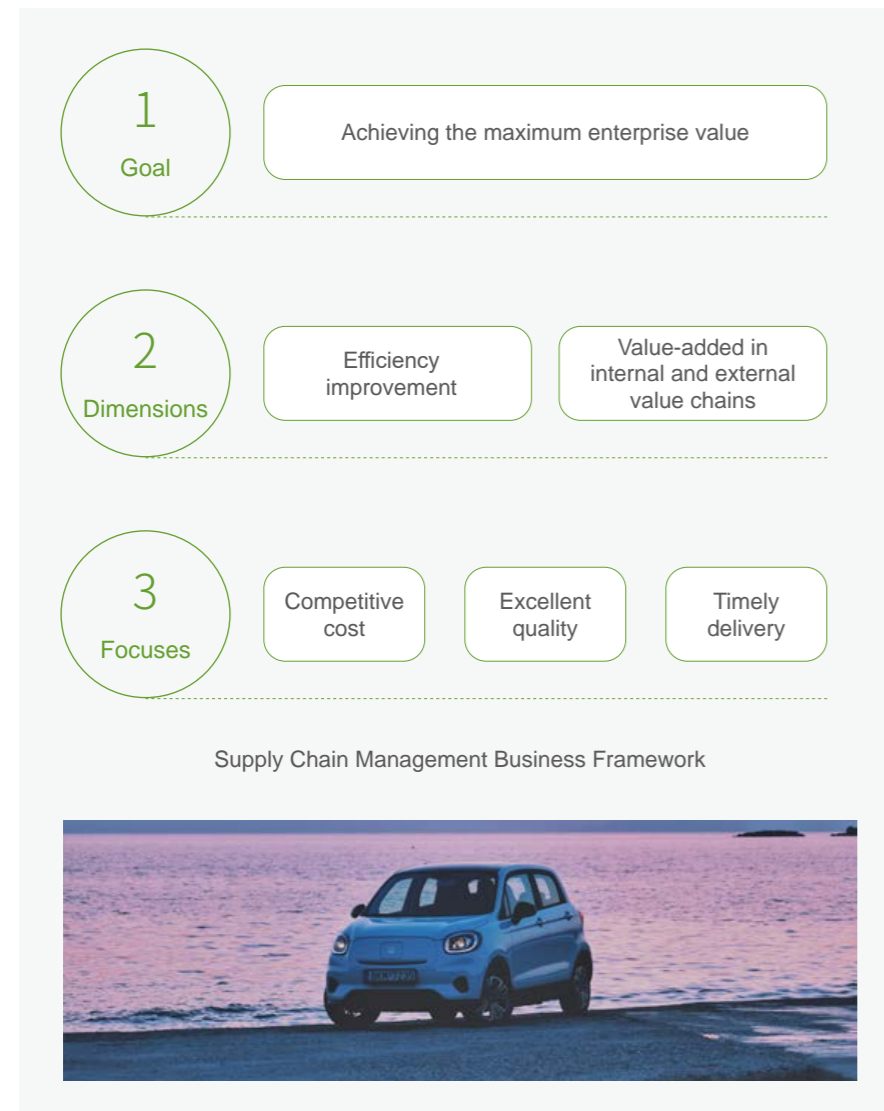
This chapter responds to the UN Sustainable Development Goals (SDGs)





## 6.1 Sustainable Supply Chain Development

Leapmotor is committed to maintaining a stable and secure supply chain, and building a foundation for high-quality and sustainable development of the supply chain. We carry out supply chain management around the “1 Goal, 2 Dimensions, and 3 Focuses”, including daily work in supplier management, project procurement, quality management, resource guarantee, cost improvement, and system construction. We aim to create an agile, reliable, value-added, and win-win supply chain for Leapmotor.



### 6.1.1 Supply Chain Compliance

Leapmotor strictly complies with the *Law of the People's Republic of China on Invitation and Submission of Bids*, the *Regulation on the Implementation of the Bidding Law of the People's Republic of China*, and other related regulations. Combining with actual situations, we have established a set of management systems covering the entire process of supplier access, assessment, elimination, and other processes. In our daily work, we follow the process system to ensure that our supply chain management meets regulatory requirements in the operating locations.

Leapmotor's Supplier Management System Construction

Management Process	Internal Regulations
<b>Access</b>	<ul style="list-style-type: none"> <li>• <i>Supplier Access and Designated Development Procedures</i></li> <li>• <i>Management Measures for Supplier Access Review</i></li> <li>• .....</li> </ul>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>• <i>Management Measures for Supplier Daily Assessment</i></li> <li>• <i>Supplier Classification Management and Strategy Process</i></li> <li>• .....</li> </ul>
<b>Elimination</b>	<ul style="list-style-type: none"> <li>• <i>Management Standards for Supplier Elimination</i></li> <li>• .....</li> </ul>

### 6.1.2 Supply Chain Quality Management

Leapmotor imposes strict requirements on suppliers in terms of supplier access, product design and development, parts production and supply, and after-sales support. With full lifecycle quality management, we ensure the quality, reliability, and safety of Leapmotor's products from the raw material procurement end. Our supplier quality management process covers 49 business contents, including 39 product development management and 10 mass production quality management, to ensure that our supply chain has excellent quality, cost leadership, and timely delivery.



<sup>27</sup> SQE: Supplier Quality Engineer

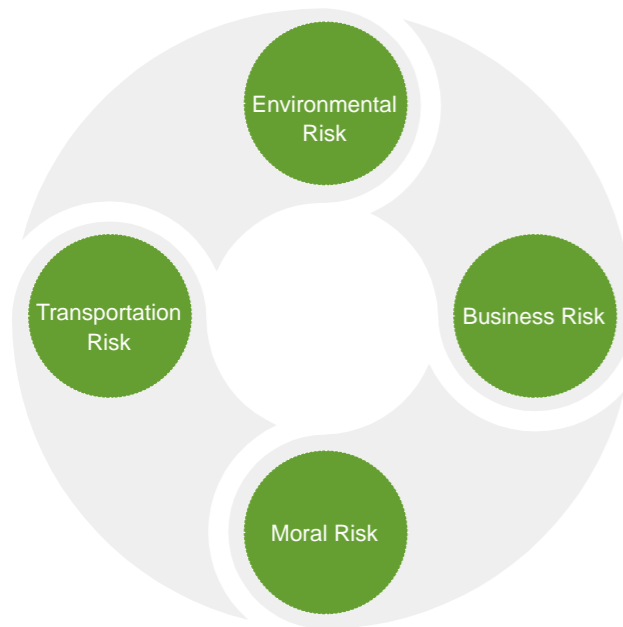
<sup>28</sup> APQP: Advanced Product Quality Planning and Control Plan

<sup>29</sup> PPAP: Production Part Approval Process



### 6.1.3 Sustainable Supply Chain

Leapmotor considers environmental protection and compliance as important criteria in supplier selection during their production and operation processes, in order to identify and mitigate risks at each stage. We require our suppliers to comply with national and local laws, regulations, and standards in environmental management, occupational safety, and health. When providing products, our suppliers should strive to use environmentally-friendly materials that are low-carbon, resource-saving, and recyclable, to minimize any adverse impact on the environment.



Risk Categories of Leapmotor's Supply Chain

#### Before Supplier Appointment

- To conduct supplier compliance investigation, collect relevant qualification certificates such as supplier business license, environmental and system certifications, and confirm supplier financial status, production and operation situation.
- To sign Clean and Self-Discipline Agreement with all suppliers, continuously promote the concept of "Sunshine Project" to suppliers, and make anti-corruption a primary condition for friendly cooperation.
- For suppliers of products that have an impact on the environment, they are required to pass the local government's environmental impact assessment certification and obtain third-party environmental certification.

#### During Simultaneous Supplier Development

- The selection of raw materials must comply with national laws and regulations regarding prohibited and restricted substances.
- If the supplier belongs to an enterprise with special requirements for safety and environmental management, the supplier should comply with such special requirements, especially the relevant provisions of laws and regulations such as the Regulations on the Safety Management of Hazardous Chemicals, and provide Leapmotor with relevant certificates such as production permits for hazardous chemicals, packaging, and containers.

#### Supplier Transportation and Logistics

- Collaborative parts suppliers have invested in and built supporting factories around Jinhua Base to reduce long-distance transportation costs. Currently, 23 suppliers have settled in the area.
- To sign Safety Management Agreement with suppliers to urge them to avoid safety accidents during production and transportation processes.
- To encourage suppliers to use recyclable packaging.

Measures to Respond to Sustainable Supply Chain Risks

### 6.1.4 Supply Chain Empowerment

Leapmotor is committed to growing together with its partners and establishing a stable supply chain system. We timely understand supplier needs and feedback through on-site communication, exchange meetings, satisfaction surveys, etc., and effectively improve based on reasonable suggestions and problem-solving methods proposed by suppliers, implementing the concept of mutual benefit and win-win with suppliers.

#### Case

##### Supplier Empowerment

We consistently carry out supplier quality empowerment activities, identifying target suppliers based on their supply situation, performance evaluation, second-party audits, and after-sales markets, and promoting suppliers to formulate quality improvement plans and measures, forming special teams to review the effectiveness of the improvement. During the reporting period, we regularly invited relevant supplier teams to the Company for quality special exchanges, and empowered a total of 55 suppliers, continuously improving their capabilities and establishing a stable supply chain system.

#### Case

##### Excellent Partners in Deep Chain Integration

Leapmotor awards excellent supplier medals based on different dimensions such as product quality and development innovation. We have formed strategic partnerships with outstanding component suppliers in the industry, encouraging them to establish long-term and stable cooperation by building factories around Leapmotor's Base. Currently, there are 23 suppliers who have set up factories in Jinhua.



As of the end of the reporting period, there have been a total of 646 suppliers for Leapmotor, and the number of suppliers by region is as follows:

	Indicator	Unit	Number
The Number of Suppliers by Region	China	Company	643
	Overseas	Company	3



## 6.2 Philanthropy

Leapmotor remembers its public welfare mission, actively practices social responsibility, and assists public welfare undertakings in environmental protection, caring for others, and other aspects, striving to build a caring enterprise.

During the reporting period

Leapmotor's cumulative public welfare investment reached RMB

**450,000**

it has cumulatively mobilized more than

**3,000** times

of participation in public welfare activities

### 6.2.1 Public Welfare Activities

#### Case

#### Alxa Charity Forest Project

Leapmotor and Alxa Malan Lake Foundation are jointly launching a charity forest project. For every Leapmotor Energy Cup purchased, customers will receive a customized badge and certificate, as well as planting a tree by Malan Lake. We promote the event through Leapmotor's official Weibo, WeChat public account, and App homepage, telling the story to attract users' attention to the significance of charitable activities. Currently, Leapmotor users have subscribed to 3,400 Energy Cups and continue to increase. We will complete the planting according to weather conditions and contribute to desert ecological restoration with Leapmotor's efforts.



### 6.2.2 Car Club Events

#### Case

#### Veteran Care Activities

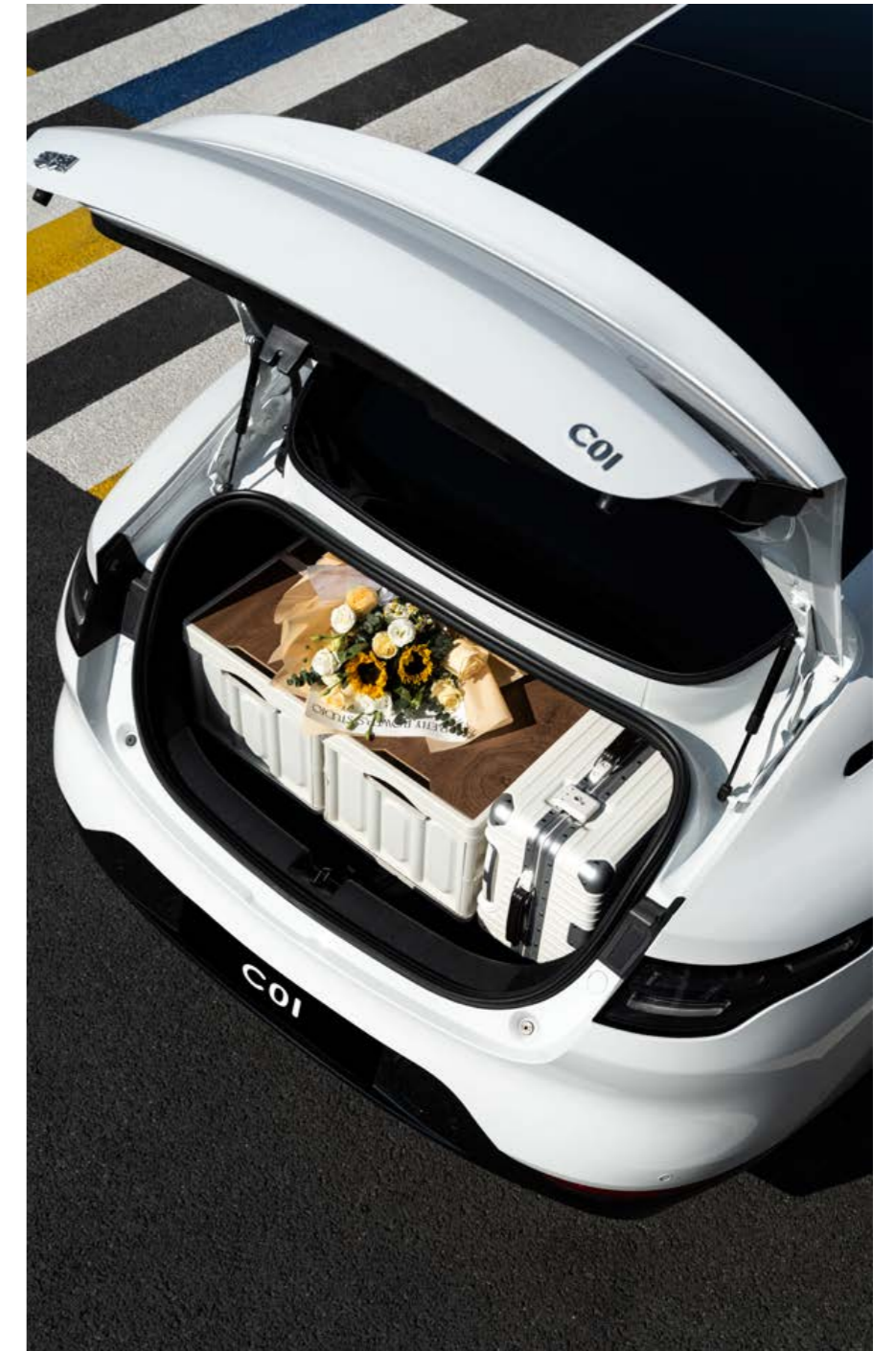
The Liuzhou Car Club has organized a visit to elderly retired soldiers to support the development of charity with acts of kindness. The visit demonstrates the spirit of Leapmotor's Car Clubs' willingness to take on social responsibilities and selfless dedication to public welfare.



#### Case

#### Leapmotor Car Club Environmental Protection Charity Activities

The Beijing Car Club has integrated public welfare and environmental protection into every Car Club activity, organizing multiple events to clean up environmental garbage. Through practical actions, they combined green travel with environmental charity, actively participate in ecological and environmental protection volunteer services, and actively practiced a green and low-carbon lifestyle.





## Appendix 1: Index of ESG Reporting Guide of the HKEX

Environmental		
<b>A1: Emissions</b>		
General Disclosure	Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.  Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations.  Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.  Hazardous wastes are those defined by national regulations.	Environmental Protection with Green Mission
Key Performance A1.1	The types of emissions and respective emissions data.	Environmental Protection with Green Mission
Key Performance A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection with Green Mission
Key Performance A1.3	Total hazardous waste (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Protection with Green Mission
Key Performance A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection with Green Mission
Key Performance A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection with Green Mission
Key Performance A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection with Green Mission
<b>A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.</i>	Environmental Protection with Green Mission
Key Performance A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection with Green Mission
Key Performance A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection with Green Mission

Key Performance A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection with Green Mission
Key Performance A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection with Green Mission
Key Performance A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection with Green Mission
<b>A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection with Green Mission
Key Performance A3.1	Description of the significant impact of business activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection with Green Mission
<b>A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection with Green Mission
Key Performance A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection with Green Mission
Social		
<b>B1: Employment</b>		
General Disclosure	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Great Workplace with Talent Protection
Key Performance B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Great Workplace with Talent Protection
Key Performance B1.2	Employee turnover rate by gender, age group and geographical region.	Great Workplace with Talent Protection
<b>B2: Health and Safety</b>		



General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Great Workplace with Talent Protection
Key Performance B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Great Workplace with Talent Protection
Key Performance B2.2	Lost days due to work injury.	Great Workplace with Talent Protection
Key Performance B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Great Workplace with Talent Protection
<b>B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training, which may include internal and external courses paid for by the employer.</i>	Great Workplace with Talent Protection
Key Performance B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Great Workplace with Talent Protection
Key Performance B3.2	The average training hours completed per employee by gender and employee category.	Great Workplace with Talent Protection
<b>B4: Labour Standards</b>		
General Disclosure	Information relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Great Workplace with Talent Protection
Key Performance B4.1	Description of measures to review employment practices to avoid child and forced labour.	Great Workplace with Talent Protection
Key Performance B4.2	Description of steps taken to eliminate such practices when discovered.	Great Workplace with Talent Protection
<b>B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social Responsibility with Contribution to Community
Key Performance B5.1	Number of suppliers by geographical region.	Social Responsibility with Contribution to Community
Key Performance B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social Responsibility with Contribution to Community
Key Performance B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social Responsibility with Contribution to Community

About Leapmotor	Sustainable Development with Prudence	Innovation-Driven Development with Craftsmanship	Customer-First Strategy with Service Improvement	Environmental Protection with Green Mission	Great Workplace with Talent Protection	Social Responsibility with Contribution to Community	Appendix
Key Performance B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.				Social Responsibility with Contribution to Community		
<b>B6: Product Responsibility</b>							
General Disclosure	Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.				Customer-First Strategy with Service Improvement Innovation-Driven Development with Craftsmanship		
Key Performance B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.				Innovation-Driven Development with Craftsmanship		
Key Performance B6.2	Number of products and service related complaints received and how they are dealt with.				Customer-First Strategy with Service Improvement		
Key Performance B6.3	Description of practices relating to observing and protecting intellectual property rights.				Innovation-Driven Development with Craftsmanship		
Key Performance B6.4	Description of quality assurance process and recall procedures.				Innovation-Driven Development with Craftsmanship		
Key Performance B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.				Customer-First Strategy with Service Improvement		
<b>B7: Anti-corruption</b>							
General Disclosure	Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.				Sustainable Development with Prudence		
Key Performance B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.				Sustainable Development with Prudence		
Key Performance B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.				Sustainable Development with Prudence		
Key Performance B7.3	Description of anti-corruption training provided to directors and staff.				Sustainable Development with Prudence		
<b>B8: Community Investment</b>							
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.				Social Responsibility with Contribution to Community		
Key Performance B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).				Social Responsibility with Contribution to Community		
Key Performance B8.2	Resources contributed (e.g. money or time) to the focus area.				Social Responsibility with Contribution to Community		



## Appendix 2: ESG Key Data

### Environmental Performance

Indicator	Unit	Data of 2022
<b>Use of Resource</b>		
Total Water Consumption (Municipal Water Supply)	tonne	903,776
Water Consumption Density	tonne / 10,000 RMB Revenue	0.73
Total Amount of Packaging Materials Used	tonne	122.48
Packaging Material Usage Density	tonne / 10,000 RMB Revenue	0.0001
<b>Use of Energy</b>		
<b>Direct Energy Use</b>		
Natural Gas	m <sup>3</sup>	5,156,569
Self-Consumption of Self-Generated Renewable Energy	MWh	10,673.9
Direct Energy Use Density	MWh / 10,000 RMB Revenue	0.0536
<b>Indirect Energy Use</b>		
Total Purchased Electricity	MWh	7,729.46
Indirect Energy Use Density	MWh / 10,000 RMB Revenue	0.0062
<b>Waste Emissions</b>		
<b>Hazardous Waste</b>		
Total Amount of Hazardous Waste	tonne	1,262.62
Discharge Density of Hazardous Waste	tonne / 10,000 RMB Revenue	0.0010
<b>Non-Hazardous Waste</b>		
Total Amount of Non-Hazardous Waste	tonne	12,228.25
Discharge Density of Non-Hazardous Waste	tonne / 10,000 RMB Revenue	0.0099
<b>Waste Gas Emissions</b>		
Sulfur Oxide (SO <sub>x</sub> )	tonne	0.6
Nitrogen Oxide (NO <sub>x</sub> )	tonne	8.83

VOC	tonne	9.07
Total Waste Gas Emissions	tonne	18.50
Waste Gas Emissions Density	tonne / 10,000 RMB Revenue	0.00001
<b>Wastewater Discharge</b>		
Total Wastewater Discharge	tonne	105,625
Wastewater Discharge Density	tonne / 10,000 RMB Revenue	0.09
Ammonia Nitrogen	tonne	0.98
Total Phosphorus	tonne	0.03
COD	tonne	16.37
<b>Greenhouse Gas Emissions</b>		
Scope 1	tCO <sub>2</sub> e	11,149.48
Scope 2	tCO <sub>2</sub> e	4,408.11
Total Greenhouse Gas Emissions	tCO <sub>2</sub> e	15,557.59
Greenhouse Gas Emissions Intensity	tCO <sub>2</sub> e / 10,000 RMB Revenue	0.01

### Social Performance

Indicator	Unit	Data of 2022
<b>Headcount and Distribution of Employees</b>		
Headcount of Full-Time Employees	Person	8,336

By Gender	Female	Person	1,545
	Male	Person	6,791
By Age	30 or Below	Person	4,777
	31-50	Person	3,538
	Above 50	Person	21
By Function	Manufacturing	Person	4,193
	R&D	Person	2,195
	Sales and Marketing	Person	1,345
	Supply Chain Management	Person	249
	General and Administration	Person	354
Headcount of Special Employees	Employees with Disabilities	Person	73
	Ethnic Minority Employees	Person	752
<b>Staff Turnover Rate</b>			
Total Staff Turnover Rate		%	23.0
By Gender	Male	%	23.6
	Female	%	20.2
By Age	30 or Below	%	25.2
	31-50	%	20.1
	Above 50	%	11.1
By Geographical Region	Mainland China	%	23.0
	Hong Kong, Macao and Taiwan	%	0
	Overseas	%	0



Employee Training and Development			
Total Number of Trained Employees		Person	7,571
Total Training Hours for Employees		Hour	120,526
Training Ratio by Gender	Female Staff Training Ratio	%	18.29
	Male Staff Training Ratio	%	81.71
Training Ratio by Employee Category	Training Ratio of Regular Employees	%	94.63
	Training Ratio of General Management Employees	%	4.02
	Training Ratio of Mid-level Management Employees	%	1.17
Average Training Hours by Gender	Average Training Hours of Male Employees	Hour	18.8
	Average Training Hours of Female Employees	Hour	20.5
	Average Training Hours of Regular Employees	Hour	18.9
Average Training Hours by Employee Category	Average Training Hours of General Management Employees	Hour	20.7
	Average Training Hours of Mid-level Management Employees	Hour	26.3
	Average Training Hours of Senior Management Employees	Hour	34.8
Employee Health and Safety			
Work-Related Injury Losses	Number of Fatalities Caused by Work-Related Injuries during the reporting period	Person	1
	Rate of Work-Related Fatalities Occurred During the Reporting Period	%	0.01
Physical Examination	Number of Workdays Lost Due to Work-Related Injuries	Day	273.5
	Employee Physical Examination Coverage Rate	%	100.0
Health and Safety Training	Number of Health and Safety Training Sessions	Session	137
	Employee Coverage Rate for Health and Safety Training	%	100.0
	Total Hours of Health and Safety Training	Hour	31,584

Supplier Management			
The Number of Suppliers by Region	China	Company	643
	Overseas	Company	3
	Total	Company	646
Proportion of Suppliers Who Have Signed the Integrity Agreement		%	100.0
Product and Customer Service			
Rate of Completion for Follow-Up on After-Sales Issues		%	100
Rate of Customer Satisfaction		%	96
Public Welfare and Charity			
Investment Funds for Public Welfare and Charity		RMB	450,000
Intellectual Property Rights			
Number of Invention Patent Applications		Item	785
Number of Utility Model Patent Applications		Item	958
Number of Design Patent Applications		Item	152
Total Number of Patent Applications		Item	1,895
Total Number of New Patent Applications during the Reporting Period		Item	629
Total Number of Granted Patents		Item	1,285
Total Number of Registered Trademarks		Piece	334
Total Number of Copyright Registrations		Piece	18
Copyright of Fine Arts Works		Item	7
Product Quality and Innovation			
IATF 16949 and ISO 9001 Quality Management System Certifications		Item	4

Product Research and Development		
R&D Staff	Person	2,195
R&D Investment	RMB 100 Million	14.1

## Governance Performance

Indicator	Unit	Data of 2022
Anti-Corruption		
Number of Anti-Corruption Training Sessions for Directors, Supervisors, and Senior Executives	Session	2
Number of Integrity Training Sessions for All Staff	Session	7
Report Processing Rate	%	100
Number of Concluded Corruption Litigation Cases	Item	0



