



2023 ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT

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





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About This Report

This is the second Environmental, Social, and Governance Report (hereinafter referred to as the “ESG Report”) published by Zhejiang Leapmotor Technology Co., Ltd. It discloses Leapmotor’s ESG and sustainability strategies, policies, practices, and performance in 2023.

Compilation basis

The report is prepared by mainly referring to *the Environmental, Social, and Governance Reporting Guide* (hereinafter referred to as the “*ESG Reporting Guide*”) of APPENDIX C2 of the *Main Board Listing Rules* of the Hong Kong Exchanges and Clearing Limited (hereinafter referred to as the “HKEX”) and *GRI Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB). This report responds to and complies with the ESG Reporting Guide’s reporting principles of materiality, quantitative, and consistency. It also refers to mainstream ESG rating indices such as MSCI¹, and combines the issues and disclosures of the *United Nations Sustainable Development Goals (SDGs)* and the *General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)* issued by the International Sustainability Standards Board based on the current development stage of the Company and its ESG reality.

Reporting period

This is an annual report covering the period from January 1, 2023 to December 31, 2023 (i.e. during the reporting period), with some content dating back to previous years or referring to coming years.

Reporting scope

This report defines the organizational scope based on the principle of materiality. Unless otherwise stated, this report covers Zhejiang Leapmotor Technology Co., Ltd. and its subsidiaries, consistent with its annual report’s disclosure scope.



Sources of information

Unless otherwise specified, the information and data disclosed in this report are from the official documents, statistical reports, financial reports, or relevant public documents of our company. The Company assures that the report is free of false records or misleading statements, and is responsible for the content’s authenticity, accuracy, and completeness.

Reference

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

Confirmation and approval

The report was approved on April 29, 2024 by the Board of Directors after the confirmation by the management.

Disclaimer

Some of the contents of this report, including plans and targets for future development, are forward-looking. This part of the content is based on the current expectations of management, which 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 there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail. And if you to have a paper version of it or share your suggestions and opinions with us, please contact us in the following ways.

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E-mail: ir@leapmotor.com

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

¹ MSCI: Morgan Stanley Capital International.

Statement of the Board of Directors

Leapmotor is fully aware of the importance of sound corporate governance and risk management processes, including ESG management, which is crucial to the Company's sustainable development. According to the requirements of the ESG Reporting Guide of the SEHK, the Company has established a feasible ESG system and structure to tighten the supervision of the Board of Directors over ESG issues, thereby promoting long-term and stable corporate development based on sound governance.

ESG management

- The Board of Directors is Leapmotor's highest responsible body for the management and public disclosure of ESG-related issues of the Company. It is in charge of reviewing the risks and materiality of ESG-related issues, ESG strategy and objectives, and public disclosure of ESG-related issues, as well as monitoring and reviewing ESG-related policies, management, performance, goals and progress, and significant negative events.
- The Board of Directors has a nomination and ESG committee, with the Chairman serving as the chairman of the committee. The Committee is in charge of conducting research and risk assessment on ESG-related issues, formulating and monitoring the implementation of the Company's vision, objectives, strategy and structure in relation to ESG issues, making recommendations for improvement, and reporting to members of the Board.

ESG risk management

- Leapmotor values the significant impact that ESG risks may have on the Company. Based on industry ESG risks, regulatory requirements, and macro policies, we update the ESG issues base annually. In addition, significant assessments of ESG issues are conducted through stakeholder research, expert evaluations, and board discussions.
- The Board of Directors actively participates in stakeholder communication, identifies ESG issues, analyzes and prioritizes the importance of ESG issues, in order to clarify the focus of the Company's ESG risk management work.

ESG goal management

- The Company's Nomination and ESG Committee is in charge of developing ESG work objectives, and submitting them to the Board of Directors for consideration and approval. The Company's Board of Directors reviews progress toward meeting ESG targets on a regular basis and makes recommendations on the next steps.



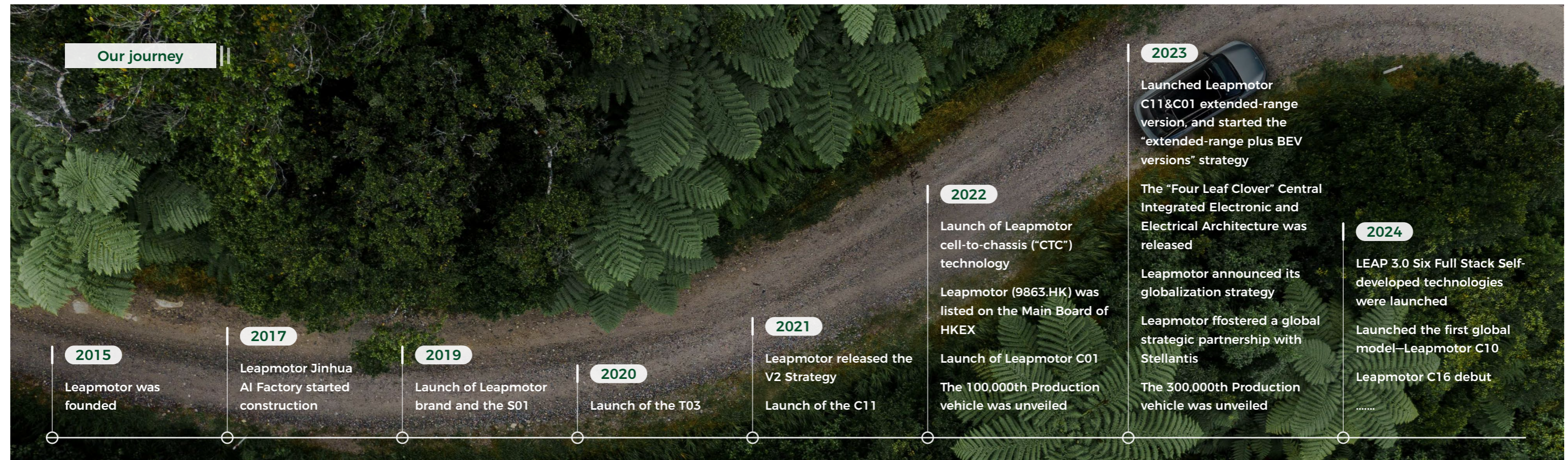
About Leapmotor

Company Profile

Leapmotor, headquartered in Hangzhou, was founded in 2015. Its businesses cover vehicle design, research and manufacturing, intelligent driving, electric control and development of battery systems and cloud computing-based Internet of Vehicles solutions. As a tech firm, Leapmotor is committed to the Full-Suite R&D to develop software and hardware for core vehicle components, especially intelligent power system, smart cockpit system and smart driving system. The Company is the only new smart electric vehicle enterprise that boasts Full-Suite R&D capacities and the highest vertical integration.

Following a customer-centered value system, Leapmotor is committed to providing products and services beyond expectations. By the end of the reporting period, we had mass-produced a series of core products including T03 (An Ultra-Safe Five-Door Pure EV), C11 (A Smart, Prestige e-SUV), C11 Super Extended Range (Intelligent Long Range Five-Seat SUV), C01 (Deluxe High-Tech Electric Sedan), C01 Super Extended Range and C10 as "a more ideal home for young people". In 2023, we delivered a total of 144,155 electric vehicles.

Brand vision	Become a respected world-class intelligent EV company
Brand mission	Maximize the value for the mobility and life of users
Brand values	User-centered, honest, responsible, efficient and innovative



ESG Highlights 2023

ESG recognitio

- **AA** Rate by MSCI ESG Ratings
- 2023 Wind's ESG **Top 100 Best ESG Practices** for Listed companies

Value-guided Governance

- Our Board of Directors has 9 directors, including **3 non-executive directors (including 2 foreign directors) and 3 independent non-executive directors (including 1 female director)**
- **Zero** corruption-related investigations and cases
- **100%** Operating sites accepted internal audit /risk assessment for business ethics issues
- Passed **ISO 27001 Information Security Management System** and **ISO 27701 Privacy Security Management System**
- **0** Information security incident
- **0** User privacy leakage
- Leapmotor became **a member of the 3S-Lab** established by the China Academy of Information and Communications Technology

Pursuit of Innovation-Driven Excellence

- **1,761** Granted patents in total, **476** New granted patents
- Adhere to the “**full-suite R&D**” strategy and release the LEAP3.0 technical architecture covering a number of **industry initiatives and leading technologies**
- Leapmotor’s Integrated Cell-to-Chassis (CTC) Technology and Navigation Assist Pilot (NAP) included into **the first batch of pilots for regulatory automotive safety sandbox** by the Quality Development Bureau of the State Administration for Market Regulation (SAMR)
- **Zero** product recalls
- **156** service training sessions conducted, with a total of **1,956** persons

Collective Growth with Diversity and Inclusion

- **983** from ethnic minority groups and **53** with disability
- Over **200,000** hours for employee training, averaging **26.35** hours of training per employee
- Passed the supervision and audit of ISO 45001 occupational health and safety management system
- **0** Major safety accidents
- Employees have received health and safety training for more than **15,000** hours

Green Mission with Zero Carbon

- Add **17 MW** of installed photovoltaic capacity, and achieve the planning goal ahead of schedule
- The annual photovoltaic generated power of **11.1556 GWh**
- Jinhua AI Factory awarded the title of **Jinhua City “Green Factory”**
- Established **the working group on carbon emission reduction of products**
- **No** administrative penalties related to environmental or ecological problems
- Passed **ISO 50001 energy management system certification**
- Employees receive **100%** training on environmental protection and health and safety

Joint Contribution to a Shared Future

- **100%** Signing rate of the *Integrity Self-Discipline Agreement* among suppliers
- **100%** Review coverage of regular raw material quality for Tier-1 suppliers
- **383** Supplier quality training sessions conducted, **1,850** hours trained
- More than **6,000** people were encouraged to participate in environmental protection

Honors

Leapmotor won the CTC Global Technology Pioneer Award

The 14th New Energy Vehicle International Forum 2023

Leapmotor CTC Technology won the 2023 Special Contribution to Promoting China's Die Casting Technology Award

China Association of Productivity Promotion Centers & Foundry
Institution of Chinese Mechanical Engineering Society

Leapmotor oil-cooled electric drive won the 2023 "Chinese Heart" Top 10 New Energy Vehicle Power System Award

The 8th China Automotive Power Technology Conference

No.1 for Leapmotor T03 in the small BEV segment of China New Energy Vehicle Initial Quality Study (NEV-IQS)

J.D.POWER

The International CMF Design Award 2023 for Leapmotor C10 The Golden Award of 2024 French Design Award for Leapmotor C10

CMF Design Award
French Design Award

C-EVFI All Five Star Index for Leapmotor C11

China Merchants Testing Vehicle Technology Research
Institute

The "2023 China 10 Best Chassis" award for Leapmotor C01 The 2023 China Top 10 Vehicle Body Award and the Best Structure Individual Award for Leapmotor C10

Chinese Automotive Technology and Research Center(CATARC)

C-AHI All Five Star Index for Leapmotor C11

CAERI

Leapmotor won the honor of "A Provincial Pilot Enterprise for the Integrated Development of Advanced Manufacturing and Modern Services"

Zhejiang Provincial Development and Reform Commission

Leapmotor was selected as an Enterprise Technology Center of Zhejiang

Economy and Information Technology Department of Zhejiang

"2023 Outstanding HR Management" Award for Best Employers

51Job

King's Ark - The Most Talent-Cherished Employer

BOSS Zhipin

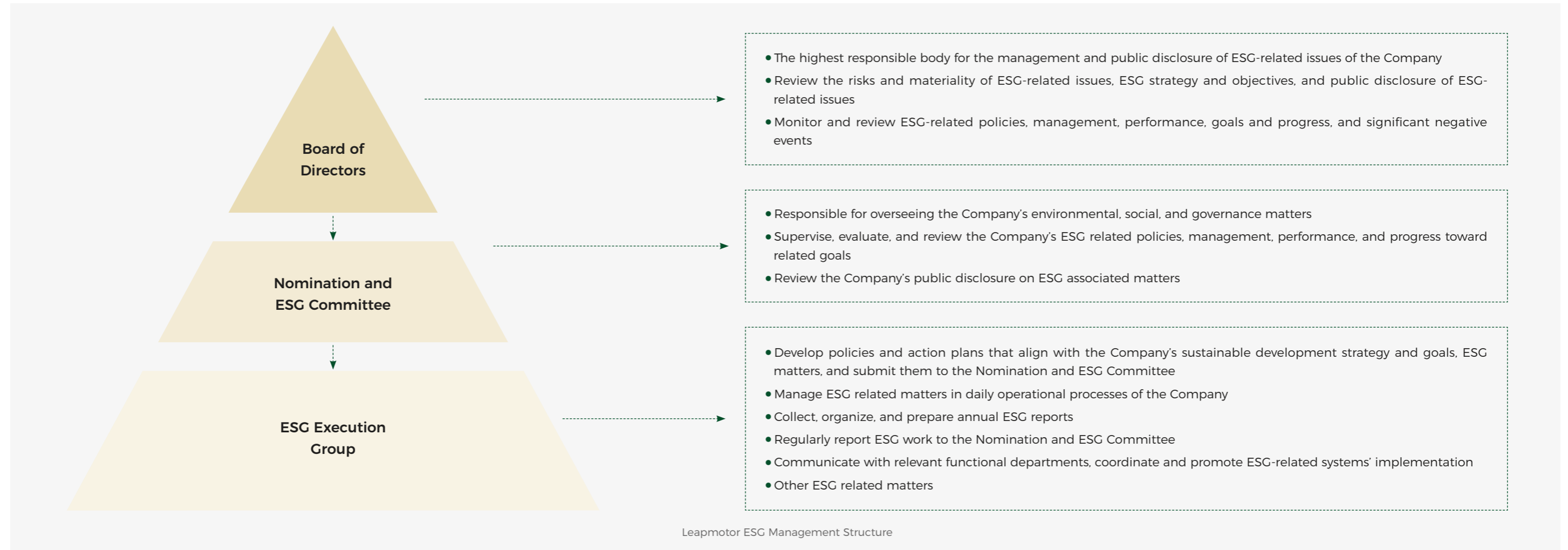
Refining ESG Management

Sustainable development is Leapmotor’s strong driver for long-term operation. The Company continuously optimizes ESG governance structure and conducts stakeholder communication to understand their needs and expectations, striving to create long-term values for all parties.

ESG Governance

ESG framework

Leapmotor has established a three-tier governance structure consisting of a Board of Directors, Nomination and Environmental, Social, and Corporate Governance (ESG) Committee, and the ESG Execution Group. The structure has clarified and coordinated responsibilities at all levels, advancing the sustainability governance and improving the sustainability performance across the board.

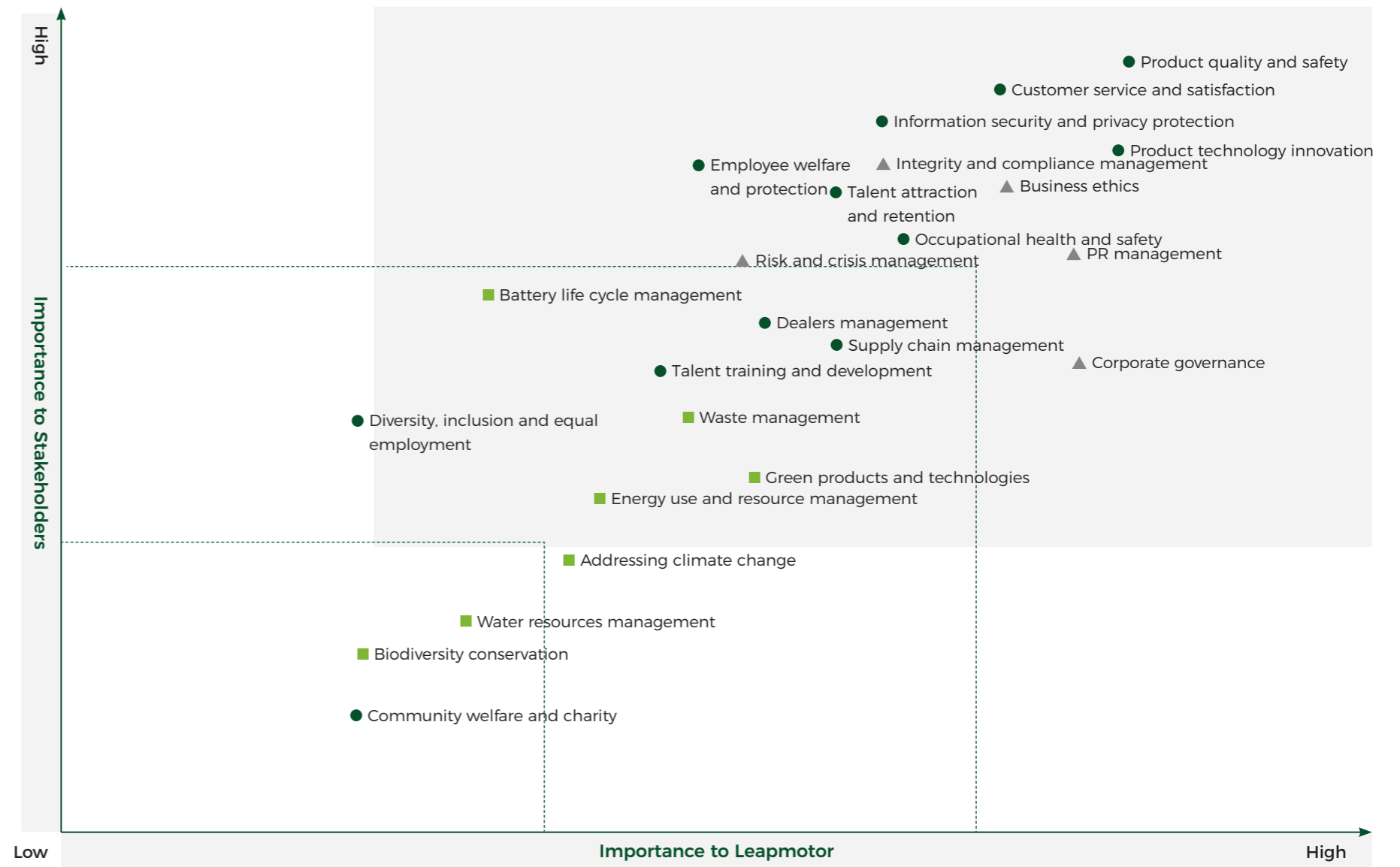


Materiality analysis

Leapmotor collects and understands stakeholders' opinions and needs through a three-step approach featuring "benchmarking and identification - questionnaire survey- analysis". Once identified, major ESG topics will be disclosed in the Company's ESG reports. Besides, we continue to improve our sustainability management on the basis of the identified topics.

Our materiality analysis mainly includes the following steps:

Benchmarking and identification	We conclude 24 ESG topics of the year that are most relevant to our business activities and most concerned by stakeholders based on previous material topic lists and in the combination of domestic and foreign policy trends, enterprise development plans, ESG disclosure standards, ESG rating requirements in capital markets and counterpart benchmarking.
Questionnaire survey	By means of anonymous online questionnaire survey, we collect feedbacks from the management, employees, investors, users, suppliers and other stakeholders as one of the basis for screening material topics.
Analysis	We conduct a material assessment of 24 ESG topics in accordance with the Company's development plans. We then draw up an ESG materiality matrix to prioritize ESG topics on the basis of their significance to Leapmotor and to stakeholders respectively, and give key disclosure of relevant topics in the report.



Matrix of Materiality of Leapmotor

- Environmental issues
- Social issues
- ▲ Governance issues

Stakeholder Communication

Leapmotor values stakeholder engagement, and proactively discloses various information about the Company's production, operation, and sustainable development. At the same time, we continuously innovate in and diversify our interaction methods, listen to and adopt the expectations and demands of stakeholders, and respond with practical actions. Together with all parties, we work to create a better future.

Stakeholders	Government and Regulatory agencies	Shareholders and Investors	Users	Employees	Suppliers	Environment	Industry associations	Media	Communities
Issues Concerned	<ul style="list-style-type: none"> • Compliance operation • Paying taxes according to the law • Business ethics • Safety and environmental protection • Employee rights and benefits • Product quality and safety 	<ul style="list-style-type: none"> • Business performance • Information transparency • Business ethics • Corporate governance • Risk management 	<ul style="list-style-type: none"> • Product quality and safety • Customer service and satisfaction • Information security and privacy protection 	<ul style="list-style-type: none"> • Legitimate rights and interests • Compensation and benefits • Occupational health and safety • Training and development • Diversity and equal opportunities 	<ul style="list-style-type: none"> • Business Integrity • Mutual benefits • Supply chain management • Dealer management 	<ul style="list-style-type: none"> • Energy use and management • Water resource management • Emission management • Green products 	<ul style="list-style-type: none"> • Intellectual property management • Product quality and innovation • Mutual benefits 	<ul style="list-style-type: none"> • Compliance operation • Information transparency • Responsible marketing • Information security and privacy protection • Charity 	<ul style="list-style-type: none"> • Community investment • Charity
Communication Forms	<ul style="list-style-type: none"> • Information disclosure • Supervision and inspection • Information reporting • Government-enterprise conference 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Periodic reports and announcements • Roadshows and counter-roadshows • Earnings release • Instant communication 	<ul style="list-style-type: none"> • Interaction with new media • New product launch • "Chief Criticism Officer" seminar • User satisfaction survey • Market research • User's complaints and treatment • Leapmotor club community 	<ul style="list-style-type: none"> • Staff congress • Staff seminar • Staff satisfaction survey • Regular research and feedback • Online and offline training and publicity activities • Employee care activities 	<ul style="list-style-type: none"> • Supplier audit and evaluation • Supplier contracts and agreements • Supplier training • Supplier assessment 	<ul style="list-style-type: none"> • New energy vehicle technology R&D • Promotion of environmental protection philosophy • Environmental data disclosure 	<ul style="list-style-type: none"> • Industry technology exchange • Project cooperation 	<ul style="list-style-type: none"> • Press conference • Media conference and interview • Media experience activities 	<ul style="list-style-type: none"> • Engaging in the community activities • Social charity activities



Value-guided Governance

“Business with integrity, responsibility as a priority” is Leapmotor’s long-standing management idea. We have formulated rigorous governance standards to constrain the behaviors of the Company and its employees. Committed to building an open and transparent market where fair competition wins, we are dedicated to creating sustainability values for both shareholders and the society by means of science-based decision-making, standard management and compliant operation.

Contribution to SDGs

5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
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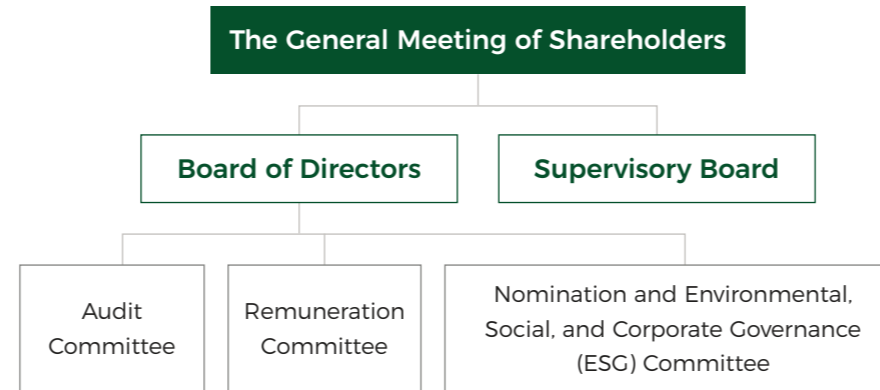
1.1 Standardizing Corporate Governance

Leapmotor believes that a positive corporate governance is essential to creating sustainable values. To this end, based on “responsibility as a priority,” we continuously establish and improve our internal governance structure, optimize the risk control system, and safeguard data and privacy security in a responsible manner to promote high-quality development.

1.1.1 Governance structure

In compliance with such laws as the *Company Law of the People’s Republic of China* and Hong Kong Stock Exchange’s *Main Board Listing Rules* and *Corporate Governance Code*, Leapmotor is committed to building a highly-efficient and well-supervised governance structure. The General Meeting of Shareholders is the highest governance authority within the Company and exercises its power entitled to relevant laws and the *Articles of Association*. The General Meeting of Shareholders elects the members of Board of Directors. As the Company’s operating decision-making body, the Board reports to the General Meeting of Shareholders and implements its resolutions. The Supervisory Board 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. It supervises and inspects the Company’s business activities, financial status, directors’ and senior management’s performance of duties, and reports to the General Meeting of Shareholders.

The Company has established the Audit Committee, the Remuneration Committee, and the Nomination and Environmental, Social, and Corporate Governance (ESG) Committee under the Board of Directors, and has clarified their respective responsibilities. They are obliged to follow business ethics standards while conducting compliant operations, protect the interests of shareholders and guarantee the stable operation of the Company. The Company has also set up independent non-executive directors to further protect the rights and interests of small and medium investors.



We believe that diversification helps enterprises to remain competitive and promote sustainable development. The Working Rules of the Nomination and Environmental, Social, and Corporate Governance (ESG) Committee stipulates that the Company should review the structure, number, composition and diversity of the Board of Directors each year, including but not limited to gender, age, cultural and educational backgrounds, professional experience, skills, knowledge and service term, etc. As of the end of the reporting period, the Board consists of 9 members, including 3 non-executive directors (including 2 foreign directors) and 3 independent non-executive directors (including 1 female director).. The Board members are experienced in such fields as automobile, science and technology, communication and finance, which embodies the Company’s proposition of more independent and diverse composition of the Board.



1.1.2 Risk management

Leapmotor attaches great importance to risk management and internal control, and regards them as the core of operation and management. Therefore in accordance with such regulations as the *Rules for Listing Securities of HKEX* and *Articles of Association*, based on company realities we have formulated the Risk Management System. Under this system, risks are managed through closed-loop processes, including information collection, risk assessment, strategy formulation, risk response, and follow-up supervision. Meanwhile, we have established a three-firewall risk management structure, which is continuously improved and embedded in every aspect of our business. We strive for more rational, standard and effective risk management work.

Firewall I

Involves various business and functional departments and they are responsible for implementing basic risk control processes and measures, and timely identifying and controlling relevant risks.

Firewall II

Involves such risk management bodies as the financial, legal, quality, and process management departments. They are responsible for designing, implementing and supervising risk control systems based on risk perception and acceptance levels to ensure an effective risk management structure is in place within the Company.

Firewall III

Involves the Internal Audit and Supervision Department. It is responsible for building a closed-loop risk management system through audit and case investigation, as well as conducting analysis and independent assessment of whether the Company’s risk control efforts are enough and effective.

1.2 Consolidating Compliance Foundation

Leapmotor is committed to fostering a high-standard corporate culture synthesizing business ethics and compliance principles. By refining management, improving systems and standardizing operations, we aim to guide the behaviors of our employees, managers and partners and contribute to the long-term development of the Company.



1.2.1 Compliant operations

To meet the regulatory requirements in global markets, we continuously strengthen the compliance risk management under the PDCA model and investigate and manage such risks resulting from R&D, supply chain, production, and sales to ring the alarm bell before they happen. In the meantime, we promote compliance operations, including export control, anti-unfair competition, anti-monopoly, intellectual property rights protection, privacy protection, and data compliance. We review, supervise and optimize our compliance processes on a regular basis after assessing their rationality. We are making every effort to establish compliance policies, implement process control, cultivate compliance culture and build a high wall against compliance risks.

We continue to construct the legal compliance system from top to bottom and establish and improve systems, processes and guidelines to promote the implementation of relevant requirements in different business areas. We have embedded compliance control requirements into business processes, and established a firewall with the support of information tools. We continuously carry out publicity and training sessions to integrate the compliance philosophy into our culture and to raise awareness among all employees.

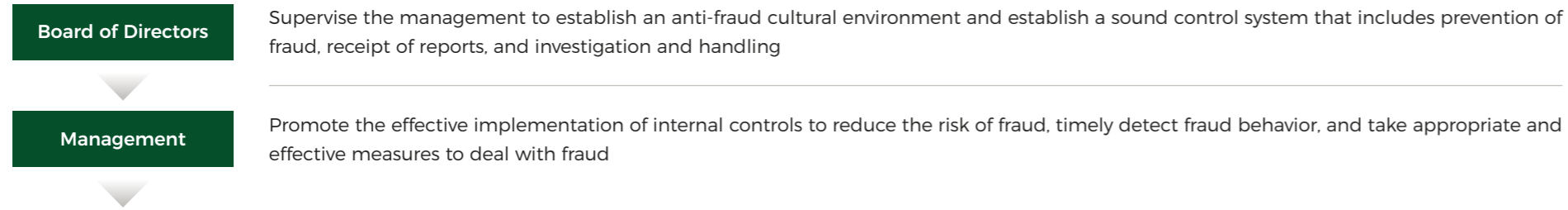


In June 2023, Leapmotor conducted a thematic compliance training to foster an integrity atmosphere and boost sunshine projects

1.2.2 Business ethics

Integrity and honesty are the cornerstone of Leapmotor’s operation. Leapmotor gives priority to business ethics. By means of system construction, training publicity and special audits, the Company endeavors to foster a culture of integrity across the board. To this end, Leapmotor has formulated and put in place the *Anti-Fraud and Whistleblowing Management System*, which clarifies such details as the prevention and control, reporting and rewarding, investigation and handling of fraud behaviors, making sure the system is well-implemented. We prohibit bribery and corruption, and strictly implement the Gift Management Measure and Gift Handover Management Measure to ensure our operations align with business ethics. As a member of Trust and Integrity Enterprise Alliance, Leapmotor vigorously keeps up with the latest laws and regulations and cases to learn to prevent compliance risks, and exchange heated topics with industry partners, in pursuit of an environment of integrity and compliance.

The Company has unveiled reporting channels in the tender announcement and requires all partners to sign the *Integrity Self-Discipline Agreement*. Integrity letters are sent to our partners on occasion for major festivals. QR codes for reporting channels are also put up at manufacturing bases. Everything we do is for the purpose of building a supervision network and a supply chain of integrity. In 2023, all of our suppliers signed the Integrity Self-Discipline Agreement.



Subsidiaries and Heads of Departments	Internal Audit Department	Legal Department	HR Department
Responsible for promoting the anti-fraud policy within the Company/department, and establishing corresponding prevention and control mechanisms; Responsible for handling fraudulent matters and implementing corrective measures	Responsible for the formulation and revision of anti-fraud related systems, assisting management in establishing sound anti-fraud mechanisms, organizing and carrying out anti-fraud publicity work, managing reporting channels such as hotlines and emails, organizing investigations into fraud cases and issuing special reports, and following up on the handling of fraud incidents and the implementation of corrective measures.	Responsible for reviewing the evidence materials transferred by the Internal Audit Department, providing legal expertise, transferring fraud cases that meet the conditions for filing to judicial authorities, and being responsible for representing the Company in filing legal lawsuits against the persons involved in the case. Whoever gets involved in illegal cases shall be investigated for legal responsibility to make up for the Company’s economic losses and safeguard its legitimate rights.	Based on the investigation conclusions, responsible for defining the level of disciplinary action and specific measures in accordance with regulations such as <i>Measures for Employee Reward and Punishment Management</i> , implementing corresponding disciplinary action, and recording the employee’s disciplinary action in their personnel file.

Leapmotor Anti-Fraud System



Monitoring and reporting

To improve the monitoring and reporting of business ethics issues, we continuously build complaint and reporting systems, make public a full range of reporting channels, including but not limited to telephone, e-mail, letter and in-person conversation, which are announced on our official website, WeChat official account and tender announcement. The Company encourages real-name reporting and bears no tolerance for malicious reporting or false accusations. We strictly implement the reporting and complaint handling process and whistleblower protection mechanism. For instance, we adopt rigorous confidentiality measures to protect whistleblower information and reporting materials. For those who illegally disclose such information or attempt to take revenge, we impose such punishments as warning, demotion or dismissal judging by the nature of their actions. Those who violate the law shall be transferred to judicial organs.

We vigorously conduct business ethics self-examinations and self-corrections, set up inConduct special audits for key risk business links, and establish self-examination feedback mailboxes and encourage employees to reflect themselves, fostering a clean atmosphere within the Company. During the reporting period, Leapmotor received 15 reports on the violation of professional ethics, with a 100% handling rate of 100%, of which 5 were related to corruption. Though the fraudulent behaviors in these reports had a relatively small impact on the Company's operations, the 5 employees involved were strictly punished. Leapmotor did not take any corruption-related lawsuits, and its internal audit rate for business ethics issues and risk assessment rate at operating sites all reached 100%.

Leapmotor Reporting Channels for Business Ethics Problems



Reporting E-mail

wbjb@leapmotor.com



Reporting Tel

+86-18100188687

Business ethics training

The Company conducts regular business ethics training for all employees, including the board of directors and senior managers, covering Anti-corruption, Leapmotor value promotion, Employee Handbook and code of conduct, etc., aiming to enhance employees' anti-fraud awareness. In 2023, the Company continued to strengthen the management's awareness of compliance, and rolled out anti-fraud training across the board. We revised the Anti-fraud Rules in Chapter 12 of the Leapmotor Employee Handbook and added new anti-fraud training content for newcomers to communicate the compliance idea and build a compliance culture.

▶▶ 2023

47 Trainings on business ethics of employees

100% Training coverage

2 Trainings on business ethics for directors and management



1.3 Ensuring Data Security

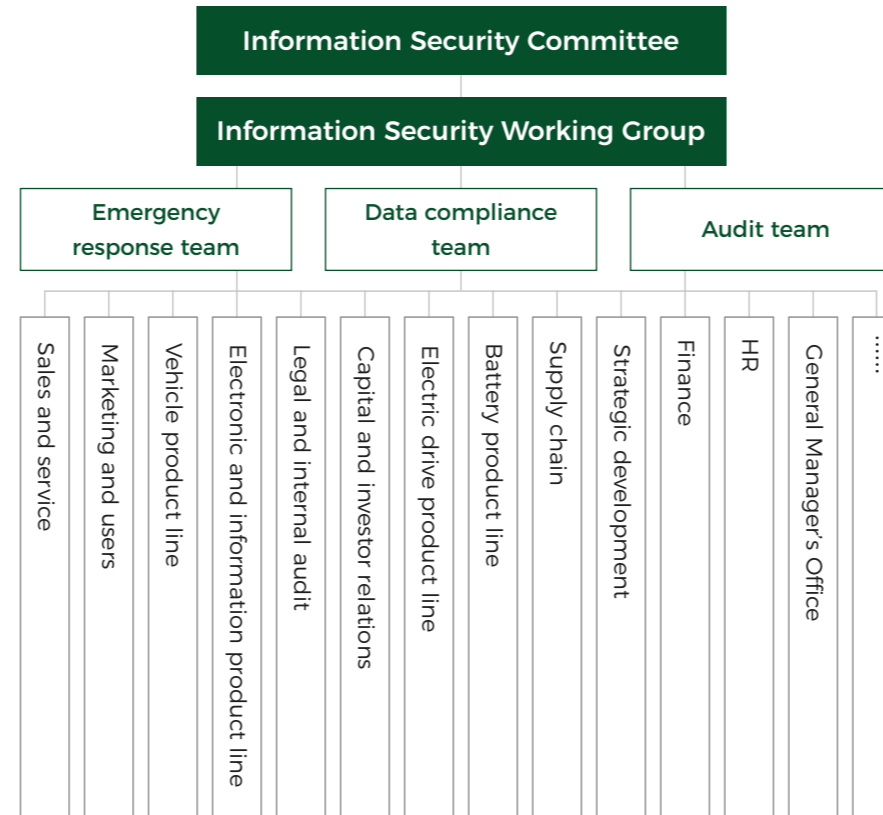
Leapmotor is committed to ensuring information and privacy security to improve user experience. We have established a sound internal system and information security management framework, and continuously improve the process management of safe operations, thus comprehensively protected the information and privacy of the Company, employees, users and partners.

1.3.1 Information security

Committed to the principle of "implementing management responsibilities, controlling security risks, ensuring business operations and protecting user privacy", Leapmotor has set information security management goals and formulated such systems as the *Network Security Management Measures*, *Information System Security Vulnerability Management Procedures* and *Network Security Emergency Response Measures*. Meanwhile, we have formed a full-time professional technical management department responsible for the construction of the Company's information security system, guaranteeing information security from multiple aspects including management, technology and personnel.

The Company has established the Information Security Committee, composed of senior leaders and heads of level-one departments. The Committee is responsible for conducting the information security management comprehensively, approving information security systems and strategies and supervising and guiding information security working groups and relevant departments. Under the Information Security Committee is the Information Security Working Group responsible for the Company's routine information security management and decision-making on major issues. The working group consists of three special supporting teams including the emergency response team, data compliance team and audit team. The team members are from key management departments such as product lines, information security, legal affairs, personnel and administration departments, working to ensure the Company's network and information security in all respects.

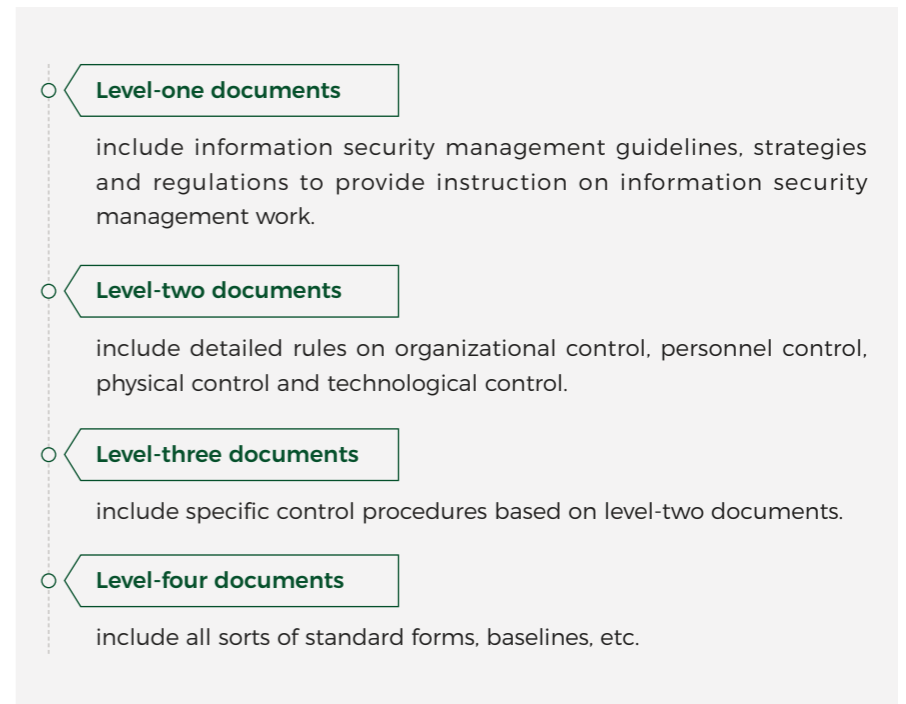
We strictly abide by such laws as the *Civil Code of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, *Personal Information Protection Law of*



Leapmotor Information Security Committee Framework



the People's Republic of China and Several Provisions on the Management of Automobile Data Security (for Trial Implementation), etc. In accordance with relevant requirements for management systems, we have built a complete information security management system and documentation system following the principles of confidentiality, integrity, availability and classification. In addition, we have formulated the *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*, in a bid to keep potential information and privacy risks at bay through well-rounded policies and procedures. In 2023, the Company optimized more than 10 information security management systems, with 7 certified in the Information Security Level Protection Assessment. During the reporting period, there was no information security incident in the Leapmotor.



Leapmotor Four-level Information Security Management System

Case

Leapmotor becomes a co-construction unit of the Automobile Working Group of the Database Application and Innovation Laboratory

Leapmotor has been dedicated to data governance for years. In 2023, the Company's data governance team's innovative research on intelligently connected vehicle data governance passed the review by the expert group of the Cloud Computing and Big Data Research Institute of China Academy of Information and Communications Technology. As a result, the Company became one of the first batch of co-construction enterprises of the Automobile Working Group of the Database Application and Innovation Laboratory. Given this platform, Leapmotor will cooperate with industry partners to leverage its professional edge in the application of intelligently networked vehicle databases, apply more products to industry scenarios, and resolve the problems faced by the industry, thus boosting the integrated development of the big data economy and the smart vehicle industry.

Case

Rolling out user sensitive data security drill to improve emergency response capacity

To ensure user data security, we have standardized our data security management procedures to keep data leakage at bay. In July 2023, Leapmotor organized a user sensitive data monitoring and emergency response drill. The drill was conducted by means of desktop deduction and on-spot operation, during which participants acted as internal personnel to send out a large amount of sensitive data, which was identified and warned by the monitoring platform. Then the staff at the safety operation center intercepted, handled or recovered the data according to the emergency operation manual. The drill was a testament to the effectiveness of Leapmotor's measures for data security monitoring, control and emergency response. After the drill, we held an assessment and review meeting to further ensure user data security and zero leakage risk.



Leapmotor has established a sound information security training system integrating five types of information security training courses for different employee groups, improving their security awareness and management ability. In 2023, Leapmotor organized five special training sessions on information security for all employees, with 5,833 total training hours and 100% coverage rate.



Newcomer information security awareness training

We have incorporated information security awareness training into the mandatory courses for employees to help them better interpret common scenarios, learn about basic concepts and information security risks in work, and form sensitive awareness and correct cognition, good habits

Product information security development training

We provide security development technology training in relation to architecture design and software coding for product designers, and architecture developers, and interpret commonly seen security loopholes

Employee information security awareness training series

Highlighting employee information security awareness, we provide such training as on password security, social engineering, sensitive information protection, commercial secret protection and ransomware prevention, etc.

Factory production line control and security management training

We are interpreting production line control equipment cases to throw light on the procedures for safe operation and maintenance, emergency response, and common security defense technologies for common industrial control equipment

Cybersecurity emergency response training

To prevent network information security emergencies on all fronts, the Company has carried out training on the preparation of emergency plans, the development of emergency drills and emergency response procedures to provide clear guidance on emergency operations including response and treatment processes for core businesses and corresponding summary and review measures

Leapmotor Information Security Training System

Case

Leapmotor carry out training on data security and compliance management

In July, 2023, Leapmotor held a seminar on automobile data safety and compliance, and invited external data safety and compliance experts to carry out data safety laws and regulations interpretation and policy learning, data compliance governance practice sharing, new technology exploration and practice, control and landing measures and other related training for data management and data processing personnel such as marketing operation, product, technology development, intelligent algorithm, data operation and information security, so as to comprehensively improve the data safety awareness and compliance ability of professionals.



Leapmotor carry out training on data security and compliance management

2023

“Leapmotor Zero-trust SASE Safety Integration Project” was awarded as an excellent case of the 2023 Safety Guardian Program.

Leapmotor became a member of the 3S-Lab established by China Academy of Information and Communications Technology.

1.3.2 Privacy protection

Highlighting user privacy security, Leapmotor has passed ISO 27001 Information Security Management Systems and ISO 27701 Privacy Information Management certification. The Company's core internal systems have all passed the Level-three Information Security Level Protection Certification. We require the Company and parties involved to establish data security standards and protection measures applicable in the lifecycle of our products covering user acknowledge, consent, collection, use, processing and destruction, in accordance with the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China and Privacy Policy, and signed confidentiality agreements with stakeholders. To ensure such standards are implemented, we roll out external audit, third-party evaluation and internal testing. We shall not disclose such information in any form to any third party unless the law requires us to do so or with the consent of users. We endeavor to prevent the leakage, abuse or loss of such personal information.

To ensure the legal and compliant use of user data and privacy, Leapmotor has formulated the Data Security Risk Assessment and Management Measure. The Business Department, Technology Development Department, Legal Department and Information Security Department work together on conducting data security risk and user privacy assessment covering 34 categories including smart promotion, lead retention, e-mail, aggregated payment, service map, activity risk control and community, integrating a multiple of data processing and use scenarios. In 2023, the Company conducted 390 data risk assessments, striving to minimize user data security risks and ensure legal and compliant business operations.

In response to user demand for privacy protection, we have set up exclusive feedback hotlines and mailboxes in Leapmotor APP and Leapmotor.com, and have formed response teams to meet users' needs in a timely manner. We guarantee that user information collected by Leapmotor APP is 100% safe and

legally compliant. In accordance with such laws as the E-Commerce Law of the People's Republic of China, Data Security Law of the People's Republic of China and Personal Information Protection Law of the People's Republic of China, we have clearly stipulated the preservation time of users private information. In the meantime, we formulated a multiple of management systems including the Information Security Incident Management Measures, Information Security Incident Management Procedures and Personal Information Security Impact Assessment Measures, and nailed down the handling procedures for different levels of security incidents. We continuously tighten compliance management including supervision, internal control and audit, strengthen cooperation with Zhejiang Branch of the National Computer Network Emergency Response Technical Team/Coordination Center of China (CNCERT/CC), and conduct regular inspection and rectification of Leapmotor APP's personal private information protection policy. During the reporting period, Leapmotor saw zero user privacy leakage incidents.



Information Desensitization

- Such information as user cellphone number, email, ID, business license and driver's license are desensitized at APP operation backstage.

New Functions

- A dynamic user information double-list function is added to demonstrate information more clearly.

Compliance Improvement

- Sensitive fields containing user information in SDK² are eliminated to meet compliance requirements.

Process Enhancement

- The authority management and approval processes required for checking and exporting user information have been tightened.

Leapmotor User Privacy Protection Highlights



Leapmotor passes ISO 27001 and ISO 27701

² SDK: Software Development Kit.

Pursuit of Innovation- Driven Excellence

Leapmotor firmly believes that high-quality products and continuous innovation are the cornerstones of corporate development. The Company adheres to the innovation-driven strategy, and continuously enhances the independent R&D of core technologies. We strive to improve product quality by delving into user needs and offering users a full-process experience that exceeds their expectations with continuous innovation and excellent products.

Contribution to SDGs

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



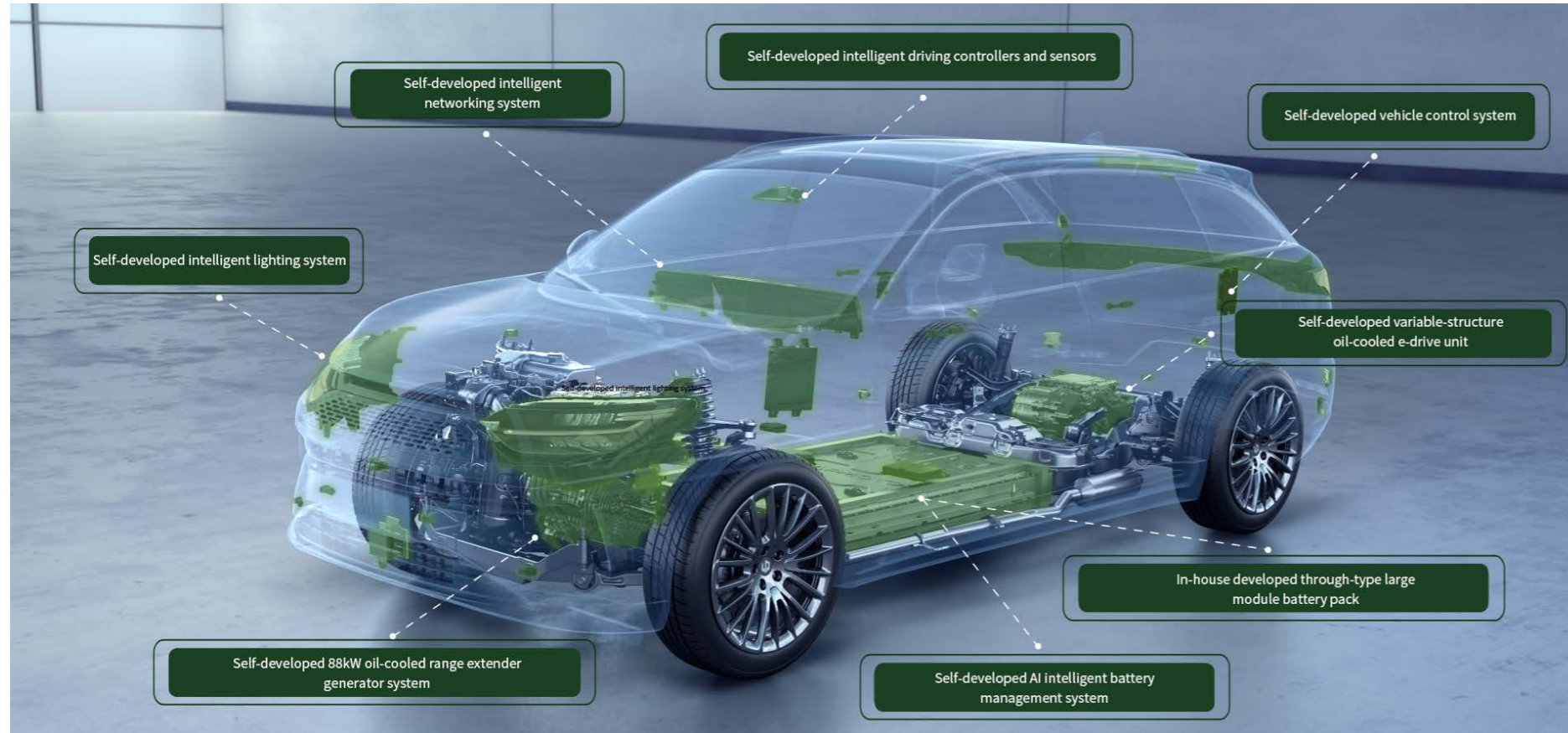
2.1 Technological Innovation

Innovation is the inexhaustible driving force for the sustainable development of Leapmotor. The Company unwaveringly explores and practices independent innovation, establishes a professional R&D team, promotes the protection of intellectual property rights, creates an innovation environment for all employees and also facilitates industry cooperation, so that technological advance could really serve the needs of social development and benefit more people.

2.1.1 Strategic R&D Layout

Sticking to “full-suite R&D” of core parts of intelligent electric vehicles, the Company has continuously promoted the independent development and manufacturing of software and hardware such as vehicle architecture, electronic and electrical architecture, smart cockpit system, intelligent driving system, battery and electric drive system, while taking environmental

protection and sustainability into full consideration and integrating ESG across every process. Leapmotor has launched its self-developed LEAP 3.0 technology architecture, with a central integrated electronic and electrical architecture as its core, based on the stability and differentiated innovation of its R&D team since its establishment.



▶▶ 2023

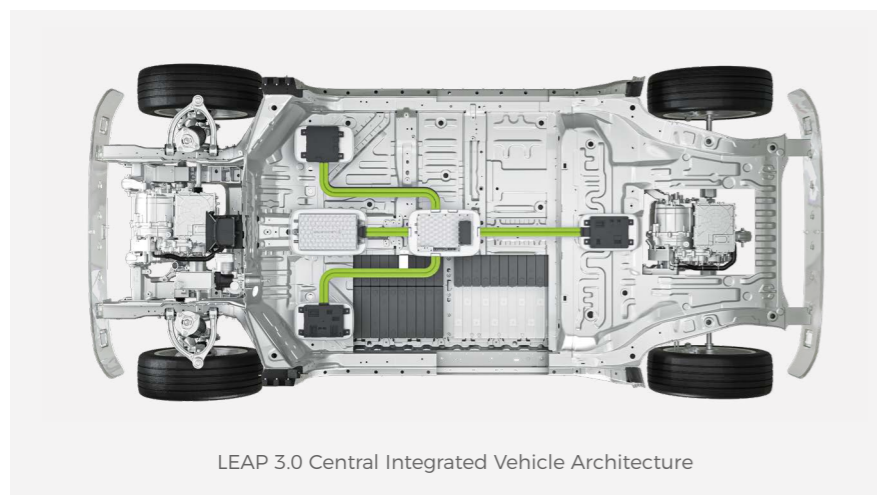
In order to accelerate the pace of technological innovation and improve the product quality and safety, Leapmotor’s Integrated Cell-to-Chassis (CTC) Technology and Navigation Assist Pilot (NAP) were included into the first batch of pilots for the regulatory automotive safety sandbox by the Quality Development Bureau of the State Administration for Market Regulation (SAMR), committed to providing users with more intelligent and reliable products

Leapmotor obtained the “Smart Car Digital Transformation Excellence Award” from the IACCS2023 /Automotive CIO Review Board

Leapmotor was awarded the “2023 Outstanding Digitization Case (Team) of the National Automotive Industry” from the China Corporate Digitization Alliance

Self-developed new energy vehicle architecture

To enhance the layout of vehicle architecture, Leapmotor has, based on its full-suite R&D strategy, achieved a part commonality rate of 88% in its self-developed global vehicle architecture, which is the highest in the industry. Each model, ranging from A0-C class, is integrated with intelligence, comfort, and safety to meet the diversified needs of users. In 2023, Leapmotor completed the LEAP3.0 vehicle architecture, which is dedicated to pursuing lightweight while improving part commonality. The development cycle of platform models has been reduced by 25%, and the overall investment by 40%, which is conducive to effectively saving development resources and enhancing the efficiency of vehicle R&D and application. We also explore innovative applications of new materials, new processes, and new structures, and the vehicle performance has been enhanced due to the increased proportion of high-performance materials such as high-strength steel and hot-formed steel etc. The application rate of high-performance materials in the Leapmotor C10 reaches 73.6%. Leapmotor improves vehicle lightweight through the increased proportion of aluminum alloy and the use of advanced lightweight technologies. Leapmotor will continue to bring users the best driving experience with five-star C-NCAP/E-NCAP safety standards and extremely lightweight, pursuing the ultimate utilization and exploring diversified scenarios for storage to create a more spacious and comfortable living space for users.



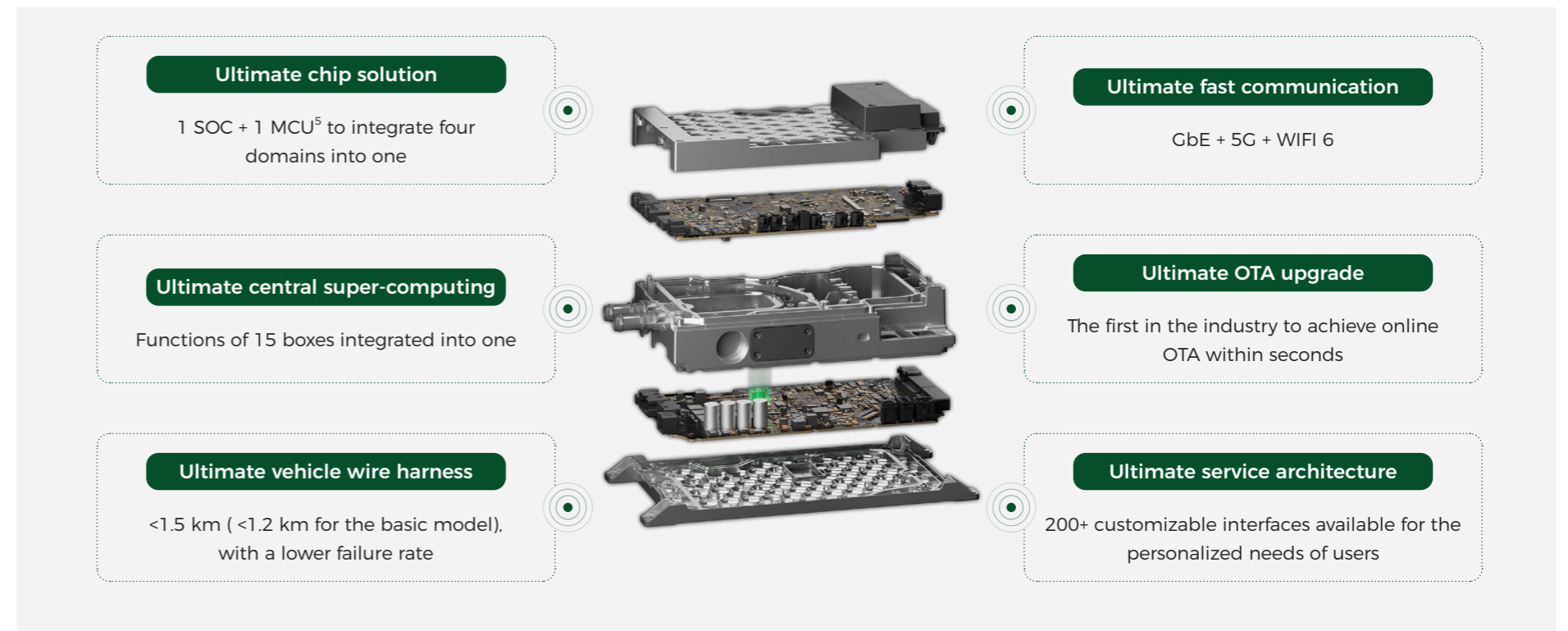
LEAP 3.0 Central Integrated Vehicle Architecture

Self-developed electronic and electrical architecture

The electronic and electrical (E/E) architecture underpins the development of intelligent and connected car, which determines the upper limit of a car's intelligent performance. Devoted to in-depth development of core technologies, Leapmotor has adopted SOA³ development mode to design the Four-Leaf Clover Central Integrated Electronic and Electrical Architecture, which realizes the sharing of hardware computing power and modular commonality by reconstructing the power supply, function, and communication, etc. Its information architecture features safety protection, high bandwidth and low latency, which provides a strong guarantee for the continuous improvement of the safety performance of intelligent automobiles.

The central super-computing platform of Leapmotor's Four-Leaf Clover Central Integrated Electronic and Electrical Architecture (Four-Leaf Clover Architecture) integrates the cockpit system, intelligent driving system, power domain and body domain, utilizing high computing power to enable efficient collaboration among the key components of EVs. The OTA⁴ rate of the vehicle reaches 96%, with seamless upgrades. The platform can also ensure a short development cycle and fast software updates, which helps to further reduce product development costs and improve the efficiency of architecture restructuring.

Leapmotor's Four-Leaf Clover Central Integrated Electronic and Electrical Architecture raises the upper limit of intelligent performance of automobiles



³ SOA: Service-oriented Architecture.

⁴ OTA: Over-the-Air Technology.

⁵ MCU: Micro Control Unit.

Self-developed smart cockpit system

With the smart cockpit design concept of “fun, easy to use, and smooth”, Leapmotor leverages the Four-Leaf Clover Architecture and adopts the industry-leading Qualcomm Snapdragon 8295 chip to create a full-dimension smart cockpit featuring deep integration, high performance, the use of IoT and intelligent evolution. The cockpit is able to complete upgrades within 8 seconds (7 seconds for environment detection and 1 for system switching), achieving seamless online OTA updates. It creates a more natural, unified, and smooth interaction experience and a more intelligent mobile home for users.

We have fully optimized the UI of our independently developed interactive system to realize immersive interaction, intelligent desktop, and simplified operation experience, such as all-round vehicle control, real-time Gaussian Blur, immersive audiovisual experience, live wallpapers, tech voice image, and dynamic icons. In addition, the new interactive system has more functions and is available for USB installation. The new-generation voice system of the smart cockpit has natural perception, smart interaction, and proactive

learning capabilities. With scenario-based non-wake full-time response, it provides a more user-friendly voice experience such as whole vehicle wake-up, fuzzy matching, multi-intent understanding, autonomous learning, vehicle knowledge explanation and 6 kinds of 24K tone, bringing users the ultimate intelligent driving experience.

In the era of software-defined automobile, the in-car audio system is deeply integrated with the display system, the lighting system, the voice system, and the identity system, etc. In 2023, we independently developed the in-car audio system LEAP Sound, with 12 independent speakers, 3 woofers and high-performance DSP⁶ power amplifier to achieve the best sound field layout. Besides, we also independently developed sound field algorithms and the dynamic enhancement technology. We plan to open the Sound Master later for more users to customize their exclusive sound effects.



⁶ DSP: Digital Signal Processing.

⁷ NAC: Navigation Assist Cruise.

Self-developed intelligent driving system

In terms of intelligent driving design, to ensure users' safe and comfortable driving experience, we fully consider China's complex road conditions and driving habits of Chinese, providing users with functions covering active safety and driving and parking assistance, such as Automatic Emergency Braking (AEB), Lane Centering Control (LCC), Auto Parking Assist (APA), and Navigation Assist Pilot (NAP), etc. Equipped with 30 high-performance sensing elements and a high computing power module, Leapmotor supports urban NAC⁷/highway NAP scenario experience and is escalated to L3 level intelligent driving capability. We have successfully developed a multi-modal BEV perception model, which integrates the three sensors of multiple images, millimeter-wave radars, and laser radars to recognize and optimize road/air traffic signs and road topological structures into precise road models. Its accuracy is twice higher than that of single-modal models, enabling easier pass through complex intersections. At the same time, the Company launched the first single-chip, three-in-one integrated system, which can provide real-time information for passengers and drivers to ensure safe and comfortable travel. In August 2023, the Company's feature-level fusion algorithm based on the Edge-aware Lift-splat-shot (EA-LSS) framework had been on the top of the public dataset scenes for six consecutive months.

Our newly released the LEAP 3.0 intelligent driving system. Through vertical integration of resources and self-developed key technologies such as smart driving domain controllers and system software, a platform-based intelligent driving solution has been created, achieving the advanced intelligent driving assistance.

Case The First Navigation Assist Cruise

To promote the development and application of advanced driving assistance, Leapmotor launched the first ever Navigation Assist Cruise (NAC). Integrated with the full-time longitudinal driver assistance system of standard navigation maps, NAC is able to start, stop and adjust the speed all on its own based on perception information such as road conditions, traffic lights, zebra crossings, lane curvature, and obstacles, so that users don't need to frequently take over the vehicle when using Adaptive Cruise Control (ACC), greatly relieving the pressure of autonomous driving and improving users' travel experience.

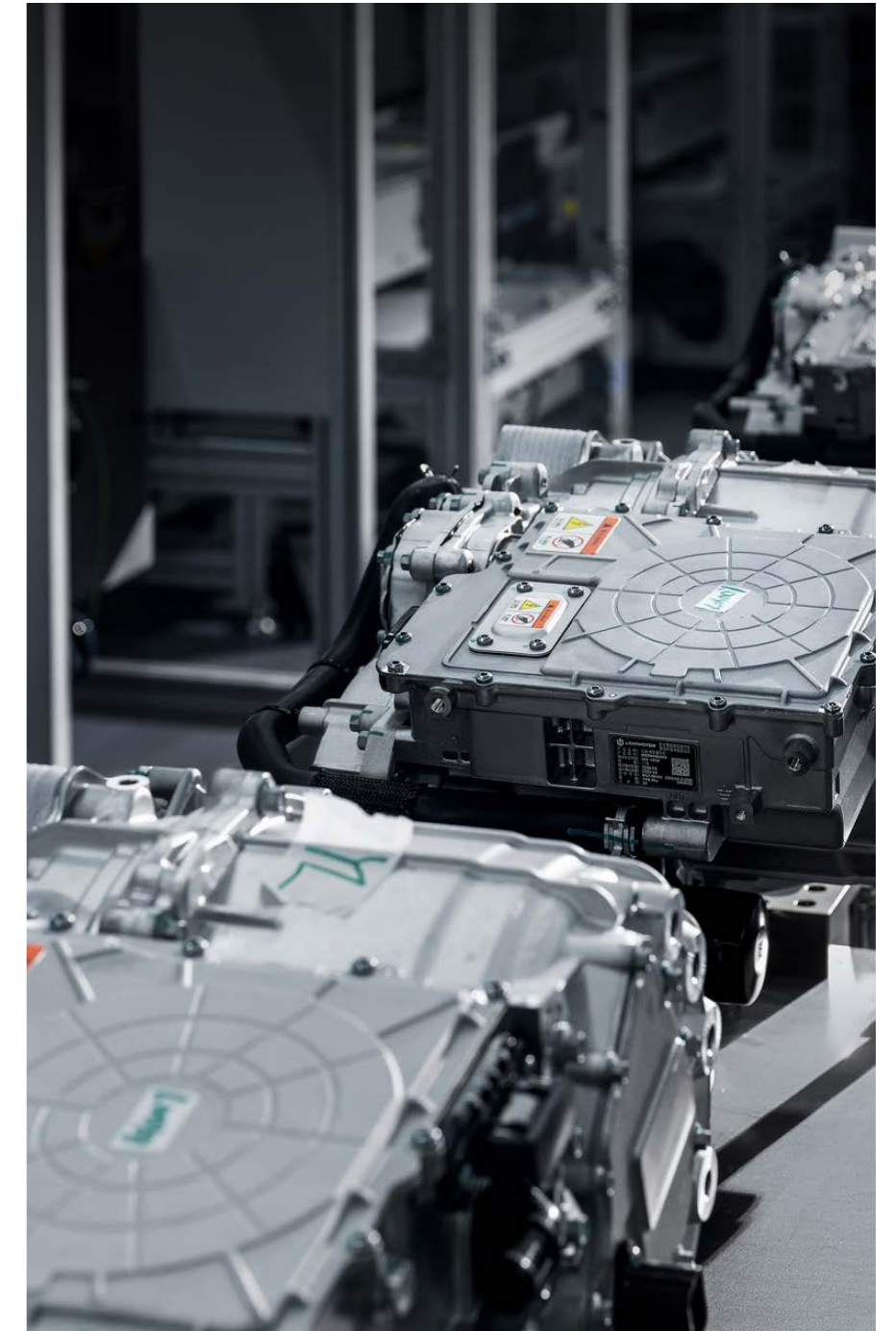
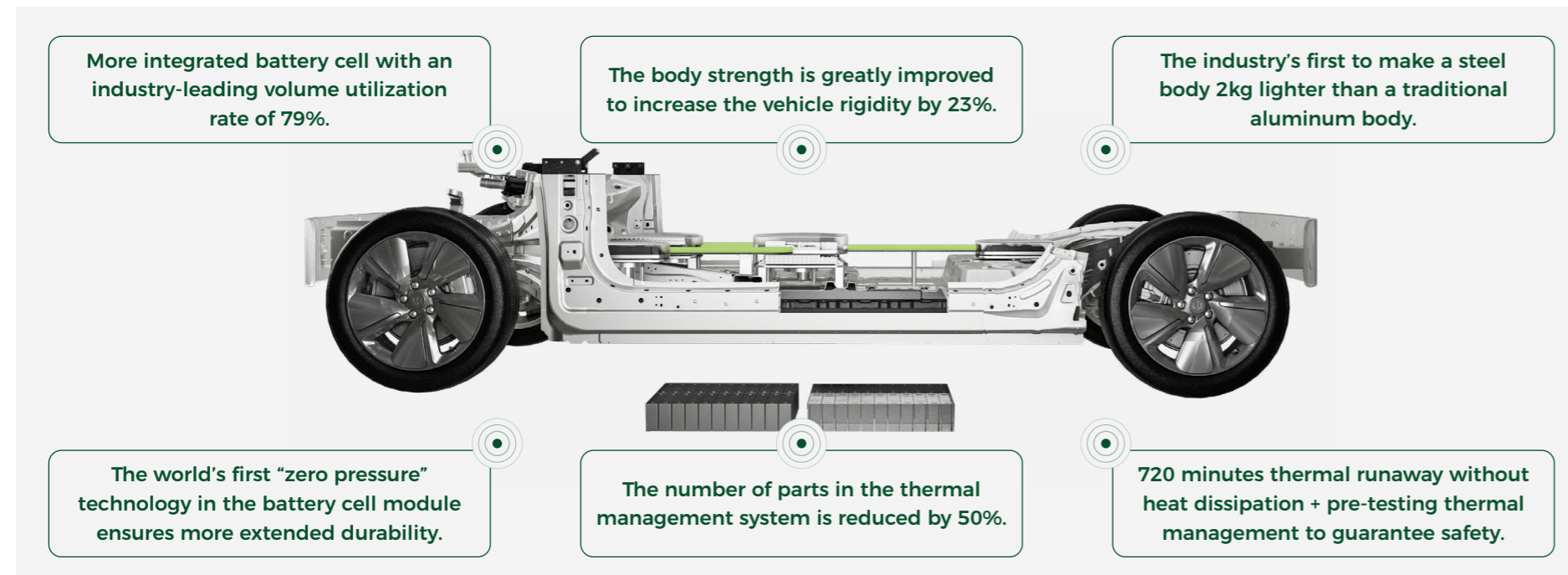
Self-developed battery system

After the world's first mass production of CTC[®] technology, Leapmotor has upgraded it to CTC2.0. The original "zero pressure" technology dramatically enhances the durability of batteries. In contrast, the AI BMS big data intelligent battery management system provides advanced early warning and extends the battery life. The innovative pre-testing of intelligent thermal management improves the battery's heat dissipation performance by 16% and it has passed more than 30 battery safety tests higher than national standards, making the battery safer and more durable. After eight years of full-suite independent research and production, the Company had 405 battery patents by the end of 2023, including 191 invention patents, and has delivered over 300,000 sets of battery systems, which was a testament to its industry-leading R&D capability.

Self-developed electric drive system

The electric drive, as the "heart" of a vehicle, determines its driving power, vehicle range, comfort experience, and active safety. Leapmotor owns the world's only team with experiences in the development and mass production of multi-in-one and three-in-one electric drive technologies, oil-cooling systems, water-cooling systems and range extenders. They updated three generations of electric drive technologies within eight years. The new intelligent oil-cooled electric drive platform under Leapmotor's LEAP 3.0 is the world's first high-efficiency electric drive platform compatible with medium and high voltage. It brings high-performance, quiet, durable, intelligent, and reliable power experience with its small size yet technical solid features. The comprehensive efficiency of the electric drive system reaches up to 92%, with a design life of over 600,000 kilometers. The noise of this electric drive is reduced to a world-leading level of 78 decibels, 5-9 decibels lower than that of similar systems. By 2023, Leapmotor had a total of 424 electric drive patents, including 201 invention patents.

| CTC 2.0 cell-to-chassis technology |



[®] CTC: Cell to Chassis.

2.1.2 Environment for Innovation

Leapmotor strives to create an environment for innovation with strong cohesion and high output, and sticks to an efficient and high-productivity R&D strategy. We keep developing the R&D team and optimizing R&D platforms to form sustainable innovation capabilities and drive the sound and sustainable development of the Company through innovation.

Construction of innovation platforms

The Company has a senior management team with diversified backgrounds in complex technology, automobile, information technology, and financial industries, with a complete R&D structure covering multiple fields and departments. Since its establishment, the heads of the Company's six core technology modules remain unchanged. They lead the R&D team to explore the innovative application of technologies such as IoT, AI, and big data, and

several industry-first and leading technologies have been released. They promote the commercialization of R&D results and have built an experienced, outstanding, efficient, and stable R&D team to provide infinite possibilities for technological innovation. By 2023, the number of R&D personnel reached 2,929, accounting for over 31% of the total.

To encourage technological innovation, the Company has established a complete incentive mechanism. We carry out regular "Instant Reward" evaluations and count and distribute patent rewards every year. 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, so as to enhance employees' ability and motivation for independent innovation and improve the Company's creation, utilization, and protection of patents.

Leapmotor's Incentive Mechanism for Innovation

Patent rewards

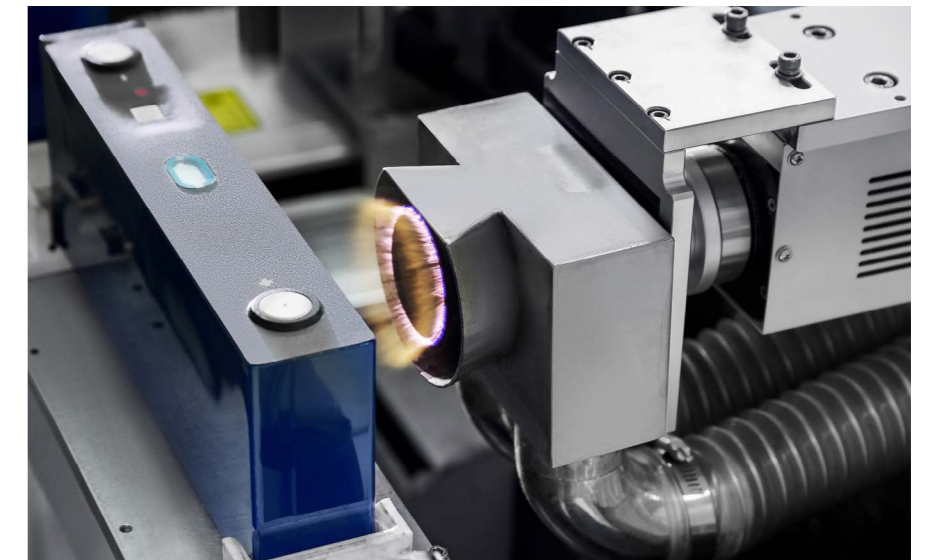
- Bonuses for domestic invention patents, utility model patents, and design patents are awarded after the patent announcement is issued by the China National Intellectual Property Administration.
- Bonuses for overseas invention patents are awarded after the patent is granted in the first country or region.
- If the patent is signed by two or more inventors /designers, the bonus will be awarded according to the inventor /design reward allocation declaration agreed upon by inventors/designers.

Patent commercialization rewards

- For granted patents that are implemented and have generated positive economic benefits, the Company may give certain rewards to the inventors/designers based on actual situations.

Construction of innovation platforms

As important "incubators" for innovation, we place a high priority on investing in R&D platforms. We have comprehensive vehicle and component R&D facilities, and we have established vehicle-related laboratories and equipment, such as a four-wheel drive hub environmental simulation laboratory for vehicles and K&C⁹ 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. We also have R&D facilities, such as electric drive laboratories and trial production centers, to ensure the advancement and reliability of our electric drive products. In addition, to guarantee the competitiveness and safety of our battery products and improve our battery testing and verification capabilities, we have established battery component laboratories and a battery testing and verification center. In 2023, Leapmotor's battery testing and verification center obtained the CNAS Laboratory Accreditation Certificate from the China National Accreditation Service for Conformity Assessment (CNAS). As the first CNAS accredited laboratory, it can achieve mutual recognition of reference measurement results around the globe.



⁹ K&C: Kinematics and Compliance.

2.1.3 Industrial cooperation

Leapmotor actively carries out innovative cooperation with research institutions, industry associations, and leading companies, and participates in the formulation of industry standards. By leveraging the strength in our respective fields, we achieve mutual benefits and promote industrial transformation and upgrading.

The Company maintains good partnerships with the China Society of Automotive Engineers , China Association of Automobile Manufacturers , China EV100, the government of Zhejiang Province and the local government of Jinhua. We actively participate in the industry's technological and strategic seminars to follow the latest technological and industrial trends and seize opportunities for technological development. In 2023, the Company reached cooperation with the China Automotive Strategy and Policy Research Center on "key automotive policy consultation". On the basis of research on automotive industry policies, we continue to strengthen cooperation in overseas policies, data security, and other fields to accelerate the technological upgrading of the industry.

We collaborate with universities and research institutions to conduct research activities on cutting-edge scientific issues and key technological breakthroughs in the field of NEV. We integrate the strength of research institutions in technology and talent with Leapmotor's industry and product experience to

achieve the common development of both technologies and the industry. In 2023, Leapmotor carried out research on Transformer-based perception and decision-making integrated end-to-end large-scale model in collaboration with Hangzhou Dianzi University; Leapmotor also promoted the key safety technology for vehicle-grid integration with Hangzhou City University, providing more human-like and quick-response decision making and planning algorithms through data training models such as a large amount of driving behavior, vehicle dynamics, and traffic environment perception data.

The Company pays great attention to sharing its own experience and fully leveraging its strength in the NEV field to participate in the formulation of industry standards and the standardization of power batteries. In 2023, the Company led the formulation of two group standards with the Zhejiang Automobile Engineering Society, namely *Test Method for Vehicle Power Battery Liquid Cooling System and Test* and *Evaluation Method for Vehicle Power System Condensation*, putting forward higher requirements for battery testing related technologies. The Company also participated in the formulation of the group standard *Specification for Carbon Footprint Assessment of Electric Vehicles* led by the Zhejiang Association of Automobile Manufacturers , contributing to the national carbon peak and carbon neutrality goals.

Case

Strengthening government-enterprise cooperation to enhance the development of the NEV industry

Leapmotor takes cooperation with governments as an essential part of boosting its development and the NEV industry. The Company participated in the third Jinhua Development Conference organized by the Jinhua Municipal Government, jointly launched the Jinhua New Energy and New Energy Vehicle Industry Summit with the Jinhua Development Zone (JDZ), and hosted the Jinhua NEV Industry Development Conference and the Leapmotor 2023 Global Partners Conference in collaboration with the Jinhua Municipal Government. At the same time, we actively implemented the Action Plan for the Development of Zhejiang 415X Advanced Manufacturing Industry Cluster, built a global NEV advanced manufacturing base, and participated in the development of the JDZ's Zhejiang particular NEV industrial cluster collaboration area.



2.1.4 IPR protection

Believing that protecting IPR is protecting innovation, the Company attaches great importance to the protection of IPR of independent innovative achievements, and respects the legitimate rights and interests of third-party intellectual property. We have formulated the *Measures for Intellectual Property Management of Leapmotor* and the *Intellectual Property Management Manual of Leapmotor* by 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*, and the *Copyright Law of the People's Republic of China*, etc. so as to improve the IPR protection system and the IPR quality and risk management system. We have obtained the intellectual property management system certificate issued by the Zhonggui Certification.

To enhance IPR protection, we have carried out training on intellectual property exploration and layout, patent quality management, and patent risk management of R&D activities, etc., to strengthen all employees' awareness of IPR protection, as well as the professional capabilities of R&D personnel in patent layout protection, patent quality management, and patent risk management. In 2023, The company has conducted 10 intellectual property training sessions.

Case

Key project - High-value patent portfolio in Hangzhou

In 2023, Leapmotor conducted patent mapping in electric drive and control technologies, with 96 related invention patents applied and 21 PCT¹⁰ patents obtained during the project implementation, thus building a patent pool for electric drive and control technologies. By the end of 2023, 63 patents had been commercialized to significantly improve the performance of electric drives and enhance the competitiveness of our vehicle models.

▶▶ 2023

Leapmotor awarded Patent Demonstration Enterprise in Hangzhou in 2023

Leapmotor selected into the list of Key Trademarks under Protection in Hangzhou in 2023

476 new granted patents

1,761 granted patents in total patents



Leapmotor has obtained GB/T 29490-2013 Intellectual Property Management System Certification



¹⁰ PCT: Patent Cooperation Treaty.

2.2 Forging Excellent Quality

Oriented by user value, Leapmotor aims to provide high-quality products and services. Committed to lifecycle product quality management, Leapmotor has established strict product quality and safety standards and systems. We also work to enhance product quality and safety management and awareness of quality services, hoping to create products and services that provide users with comfort, assurance, and trust.

2.2.1 Quality management system

While following quality-related laws and regulations, Leapmotor has fully implemented the requirements of the IATF 16949 and ISO 9001 quality management systems to strive for the achievement of strategic quality goals, that is, "Building a Quality Benchmark for New Energy Vehicles with Zero Defects in Quality and Zero Customer Complaints". We use PDCA cycle and risk-based thinking to plan and construct quality management systems, and expand them across the entire production and operation chain. Timely adjustments and updates of management are carried out for different business scenarios in order to cope with various quality challenges encountered by the Company in different development stages and operational processes.

We have established an efficient and reasonable quality management system with responsibilities clearly defined at each level, which monitors how the duties are delivered. By 2023, the Company has established 63 new quality management system documents at different levels and revised 61 quality documents covering various processes including operations and objectives management, marketing, manufacturing, new product R&D, market services, supplier management, delivery, and non-conforming product control, etc., which further improved the applicability of system documents.

2.2.2 Full-life cycle quality management

Leapmotor adheres to the quality principle of "creating high-value products with the best cost-performance ratio to provide users with an unparalleled driving experience". The Company plans quality objectives annually according to the *Measures for Quality Objectives Management* and breaks down the quality objectives step by step, distributing the objectives to the primary responsible departments to ensure the objectives implementation. The Company has established Total Quality Management (TQM) for the entire product life cycle, covering design and development, procurement, production and manufacturing, and sales and service to fine divisions in the entire quality management process. In terms of quality management, the Company has established six sub-processes including R&D quality management, supplier quality management, incoming quality control, manufacturing quality management, vehicle inspection management, and after-sales quality management to maximize the control over product quality risks. In 2023, Leapmotor did not experience any product recall incidents.

The Company prioritizes continuous product quality improvement and reduction in failure rates. To achieve these goals, we conduct dedicated research and implement quality improvement initiatives for areas with optimization potential in each of its models. In 2023, the case of "Reducing the front brake abnormal noise rate of C11 model" won the third prize of Zhejiang Excellent QC Achievement, the Professional Achievement Award of Zhejiang Intelligent Automobile Industry Multi-dimensional Quality Achievement Exchange Conference, and the second prize of the 8th Asia Symposium on Quality Function Deployment and Innovation Case Competition.

▶▶ 2023

All quality safety complaints were properly handled.



R&D quality management

Leapmotor incorporates quality management and safety development concepts in the product design and development phase. We follow relevant system documents such as the *IPD Vehicle Product Development Manual*, the *Product Safety Management Procedures*, the *Vehicle Trial Production Management Procedures*, the *Historical Issue Avoidance Procedures* and the *Project Quality Improvement Management Procedures* to ensure the quality control of development and design. We set technical specification requirements for product safety and reliability and organize process quality testing and verification. By quality testing and verification of parts, systems, and vehicles, we can detect and rectify quality issues to ensure that the product design meets quality requirements that the maturity and quality of products at launch meet customer needs while we are striving to exceed customer expectations.

Supplier quality management

Leapmotor is promoting lifecycle quality management for automobile parts from multiple dimensions such as selection and admission, design and development, production and supply, and after-sales support. We ensure the quality of various materials through independent research and production, vertical integration of the industrial chain, and close partnerships with suppliers. We strictly regulate the processes of supplier admission, APQP¹¹, PPAP¹², changes, risk control, type testing, second-party audits, and quality issue management, etc., in accordance with the *Supplier Quality Management Manual*, so as to further standardize the control of each step of procurement and ensure the product quality in the supply chain. For more details, please refer to the “5.1 Building Sustainable Supply Chains” section.

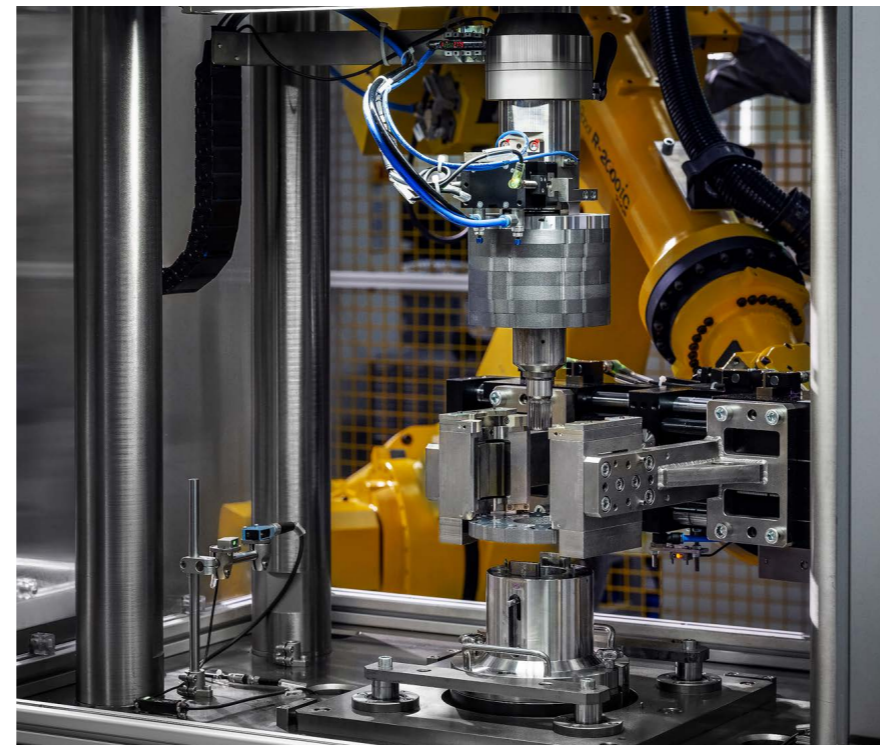
Incoming quality control

Leapmotor carries out strict incoming quality control, and constantly improves relevant systems. Incoming quality control involves inspection task management, non-conforming product disposal, sampling plan management, part performance test management, incoming quality control, and report confirmation, inspection guide management, part test management and measuring instrument management, etc. The aim is to continuously improve inspection capabilities to ensure that the quality of incoming materials meets the established requirement to further guarantee scheduled production and 100% quality compliance of our products.

¹¹ APQP: Advanced Product Quality Planning.

Manufacturing quality management

Leapmotor continues to enhance the quality management requirements in the vehicle manufacturing process. The Company strictly controls the process quality in accordance with the *Production Process Management Measures*, the *Equipment Management Procedures*, the *Power Facility Management Procedures*, the *Manufacturing Process Inspection and Management Procedures*, the *Vehicle Inspection and Management Procedures*, the *Vehicle Confirmation and Inspection Management Procedures*, the *Monitoring and Measuring Equipment Control Procedures* and the *Error Prevention Management Procedures*. We have established multi-level standard documents covering procedures, management measures, and on-site process guides, etc. We carry out routine and phased inspections, and for identified issues, we conduct quick responses, non-conforming product reviews, internal process issue responsibility management, and on-site supervision to achieve closed-loop settlement and promote standard operation. In the meantime, we enhance production line automation and increase product test coverage to ensure delivery quality.



¹² PPAP: Production Part Approval Process.

Vehicle inspection management

Leapmotor has set up a designated department responsible for the final quality inspection before vehicles are off the assembly line. To ensure quality consistency, the vehicle quality inspection includes five professional lines, namely, CP7¹³ inspection line, functional test line, road test track, rain test line, and CP8 inspection line. Covering more than 40 processes and over 2,600 items, the inspection ensures that vehicles leaving the factory comply with regulations and product standards, thus guaranteeing the quality and performance of Leapmotor products.

After-sales quality management

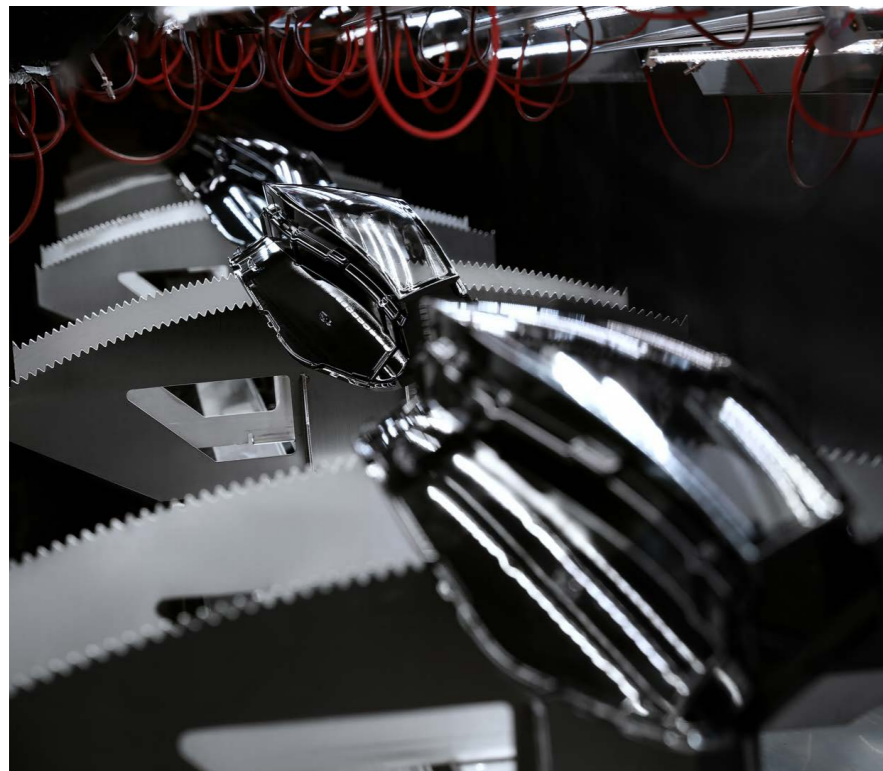
Leapmotor has not only built a full-channel quality information collection system that covers customers in the market, but also established an entire lifecycle rapid response system. In accordance with the *Market Quality Entity Rapid Response Management Standard* and the *Improvement Procedures for Market Quality Problems*, we follow the approach of “rapid control, rapid responses and rapid measures” to drive and facilitate the proposal of rapid market disposal plans in design, manufacturing, supply chain, service and other aspects, and make rapid analyses and improvement of quality problems. Simultaneously through the big data platform, we carry out real-time monitoring of vehicle quality, take precise and proactive measures, and actively provide our services and care to enhance the best driving experience of our customers.

Leapmotor strictly abides by the Regulation on the Administration of Recall of Defective Auto Products and relevant regulations of government authorities as well as different countries where our products are sold. The Company has formulated the Market Recall Management Specification to outline the distinct processes for voluntary and mandatory recalls. The Company also regularly gathers and analyzes market information to publish a monthly recall report for relevant professional departments to conduct benchmark analysis and avoid similar problems. Meanwhile, Leapmotor has standardized mechanisms for rapid response to market issues, and we handle complaints in a timely manner according to the *Complaint Handling and Management Procedures* to avoid any personal injuries and property losses to users caused by product quality. We have established a quality complaint model based on customer surveys, and sorted out existing issues to formulate specific improvement measures and enhance user satisfaction.

¹³ CPx: Check Point x.

2.2.3 3E quality system

We boast independent R&D and production capabilities for core 3E parts and components, and we have obtained the IATF16949 and ISO 9001 Quality Management System Certification. A comprehensive 3E quality management system has been established per relevant requirements, covering key areas such as the R&D, supply chain, production, manufacturing, and marketing of electric drive, battery, and electronic products. We have improved the 3E product development process and promoted standardized manufacturing. We take a series of quality management measures such as system reviews, process reviews, and product reviews, and regularly conduct product quality assessments and improvement to timely identify and solve quality issues. Besides, we continuously improve product design and manufacturing quality to ensure the safety, reliability, and advancement of our products.



Quality and safety management measures for 3E system by Leapmotor

A team of rapid response to market issues

- We have established a team of rapid response to market issues, which is composed of market quality personnel, product engineers, after-sales service personnel, and senior management. The team immediately catches negative information and formulates response plans quickly, while relevant functional departments cooperate with it at any time for proper handling.

Comprehensive analysis and resolution of quality and safety issues

- We analyze faulty parts based on the market fault analysis process, including fault information collection, faulty parts identification, fault reproduction, fault cause analysis, formulation of solutions, and implementation and verification of solutions, etc.
- We fully analyze and resolve faulty parts issues in the market, and prevent them within the Company.

Experiences and lessons database

- We have compiled an experience and lessons database for historical market faults, and collected fault analysis models for various types of market faults specifications, in order to make rapid response to market issues.

Optimization of the 3E quality system

Battery product line

The Company has set up a sound quality management mechanism in the modules of parts quality management, process quality management, and market quality management. The management specifications have been improved for product safety and reliability at the R&D stage, and the overseas after-sales service management processes have been standardized, in order to further enhance the quality management system.

Automotive electronic product line

28 system documents including the *Cybersecurity R&D Management Measures* were formulated; 43 system documents including the *DFMEA¹⁴ Management Measures* were optimized; and the quality management system and processes were further improved.

Electric drive product line

Actions to standardize product quality and safety in the market mainly include rapid response to quality issues, customer reassurance and service, faulty parts analysis, etc. By optimizing the quality performance in the market, we strive to further improve product quality and safety management.

¹⁴ DFMEA: Design Failure Mode and Effects Analysis.

2.2.4 Quality culture

Leapmotor has established a complete employee quality training system to provide targeted quality education for employees in different positions and stages. We launch various safety culture activities such as daily training, Quality Month, skills competitions, and quality improvement to enhance overall quality awareness and create an atmosphere for employees to focus on quality and pursue excellence.

The Company develops various quality training courses to cultivate talents in quality management. Also, the Company introduces external professional forces to empower the team with quality awareness and management capabilities, laying a solid foundation for quality management. In 2023, the

Company developed 15 internal quality courses, and implemented 11 courses. Six external quality training sessions were introduced, covering various aspects such as factory quality assurance requirements, Leapmotor odour assessor training, and IAFT 16949:2016 internal auditor training, etc.

We plan and hold monthly quality meetings in the Company to report and make decisions on relevant quality issues that are progressing slowly or have significant market risks, and urge responsible departments to make rapid response, analysis and improvement, with the concept of "quick control, quick action, and quick countermeasures". In 2023, the Company held 5 monthly quality meetings to deliberate on 42 topics.

Type of training	Content of quality training
New employee onboarding training	Onboarding training includes occupational norms and fundamental technical knowledge, allowing employees to recognize the significance of product quality and develop quality awareness.
Job rotation training	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.
Professional skills training	Leapmotor conducts professional skills training or adopts methods such as mentorship to cultivate professional talents and further drive product quality improvement by advancing professional skills.
Management personnel training	Leapmotor improves the efficiency and quality management capabilities of management personnel through targeted training programs

Quality Month



- We promoted quality culture and quality practices by raising quality awareness, organizing quality system knowledge competition, interpreting quality policy and goals and pushing the Quality Month desktop.
- 1,780 employees participated on the event day.

Quality improvement campaigns



- QC teams are established to carry out various quality improvement campaigns.
- 8,642 improvement proposals received.

Quality skills competition



- The scope covered eight departments ranging from manufacturing quality, incoming inspection, vehicle inspection, and logistics, etc., and the project included 10 skills such as fitter operations and spot welding operations, etc.
- 726 employees participated in the competition, with 30 individual awards and 1 team award presented.

2.2.5 Driving safety guarantee

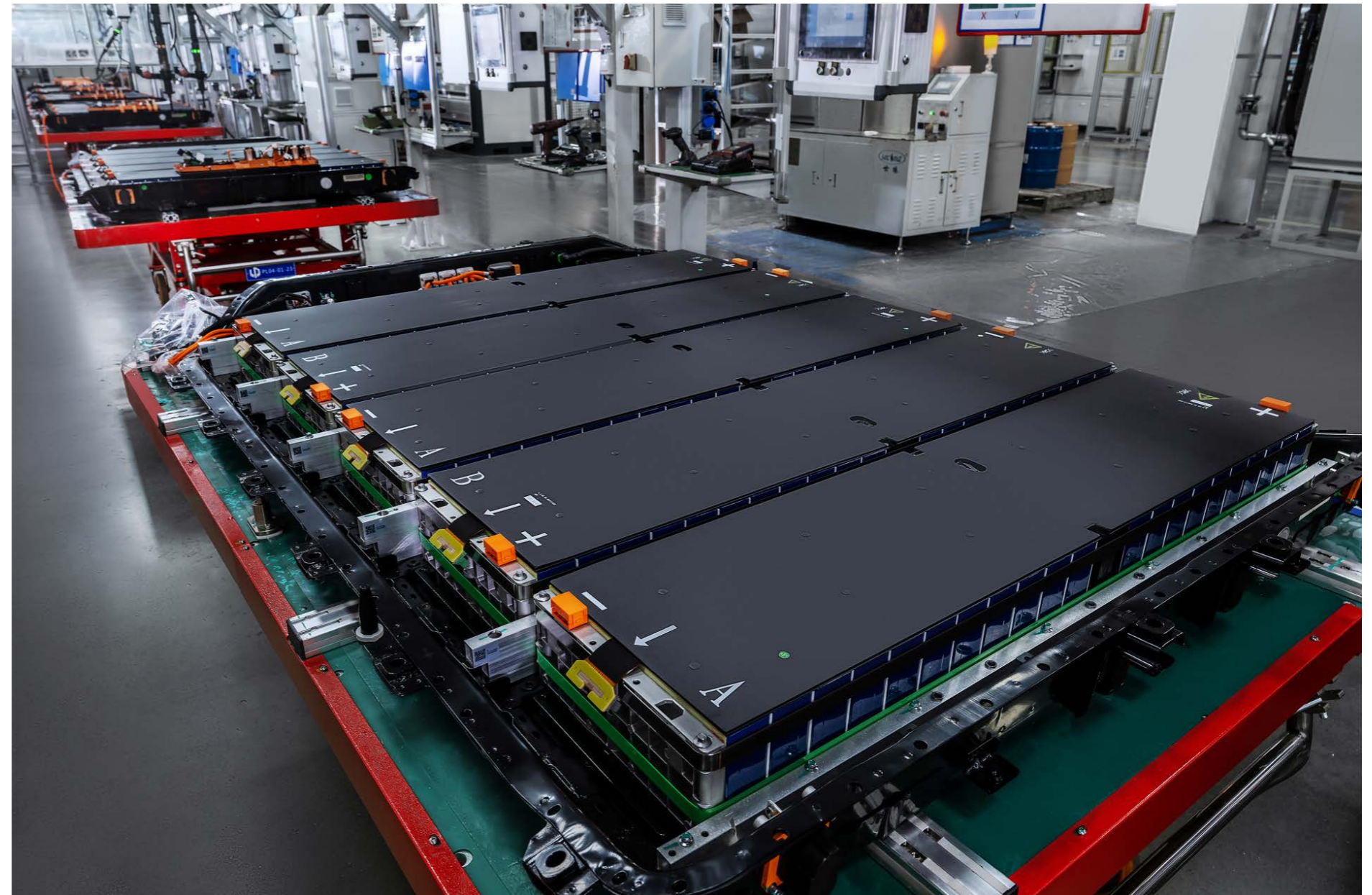
Leapmotor always prioritizes the safety of its users, following the development standards of five-star C-NCAP¹⁵, C-IASI¹⁶ GGGG, and E-NCAP¹⁷. The Company constantly improves vehicle safety technology and selects safe and environmentally friendly materials to enhance overall vehicle safety comprehensively. The interior and exterior design fully embodies our humanistic care and safety awareness. Thus, we lead the industry in protecting passengers and pedestrians, offering users a safe and healthy travel experience.

Battery safety

Battery safety is at the heart of new energy vehicle safety, and its safety performance has a decisive impact on the safety of vehicles. In 2023, the Company established a multi-level NP¹⁸ safety reinforcement project to continuously optimize the safety matching of cars and power batteries in product design, validation, production and other stages. We have further improved and enriched the evaluation mechanism for battery system thermal protection, from dimensions of battery system severity, electric cell diffusion controllability, and verification pass rate, etc. We have also clarified safety boundaries and optimized safety protection measures and dimensions to enhance battery safety.

In terms of battery safety management, the Company has developed the first big data AI intelligent battery management system. The system is able to predict the future state of the battery and extend the battery's life through real-time online monitoring of the vehicle's BMS¹⁹ and cloud big data based AI learning.

In terms of chassis battery technology, the Company's self-developed CTC technology applies a double bone annular beam structure body combined with a battery tray structure installed in Leapmotor vehicles, which effectively improves the battery's impact resistance and lowers 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. In 2023, CTC 2.0 technology was upgraded again in safety, as Leapmotor's innovative "zero pressure" technology significantly enhanced the safety and durability of batteries.



¹⁵ C-NCAP: China-New Car Assessment Programme.

¹⁶ C-IASI: China Insurance Automotive Safety Index.

¹⁷ E-NCAP: European New Car Assessment Programme.

¹⁸ NP: Network Processor.

¹⁹ BMS: Battery management system.

Vehicle body safety

Leapmotor values the stability of its vehicle structure, employing superior high-strength materials on various models to provide a safety guarantee to users with a high-strength armor body.

While carefully selecting materials, we also conduct refined structural design, such as dual force transmission path design and high-stiffness cage-type body structure, 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 the restraint system parameters and comprehensive safety configurations.



In March 2024, Leapmotor C11 obtained the C-NCAP Five-Star Safety Certification.

Safety of intelligent driving

Leapmotor's self-developed autonomous driving system is equipped with several autonomous driving functions, such as automatic emergency braking, forward vehicle distance detection, forward collision warning, etc. 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. Leapmotor C11 introduced the Navigation Assist Pilot (NAP) via the first OTA in 2024 to realize point-to-point automatic driving on the highway, making it safer and more relaxing for users to drive there.

For advanced functions like NAP, we will have operation instructions pop-ups to users through the Leapmotor APP before they activate and use them for the first time. Users must read and learn online before activation to ensure that they genuinely master these functions.

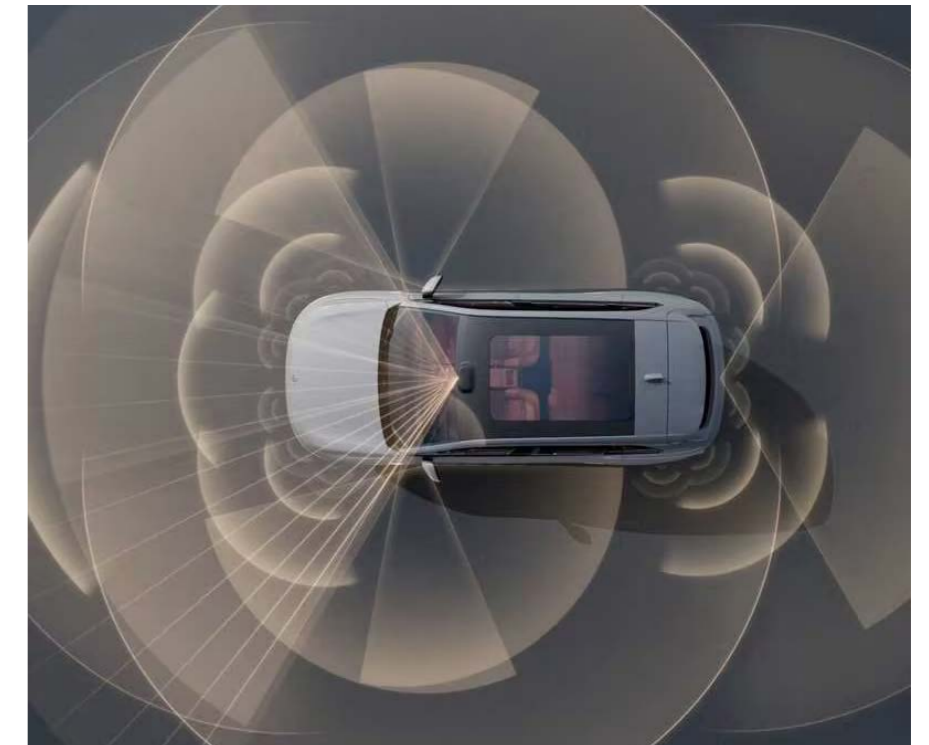
Case

A global model with improved vehicle safety

In September 2023, Leapmotor's first global model C10 was unveiled at the IAA Mobility, or Munich Motor Show, in Germany. Designed by five-star C-NCAP/E-NCAP safety standards, C10 has a high-strength cage-type structure with 73.6% high-performance materials. The 2,000 Mpa submarine-grade high-strength steel is used in 7 key areas and the torsional rigidity reaches 42,500N·m°. At the same time, giant airbags, ultra-long side curtain airbags, active, safe and intelligent driving, double safety brakes, and protection of exterior pedestrian are combined to ensure to the most significant extent possible the safety of persons inside and outside the vehicle. Besides, the interior design uses bio-grade foam materials, environmentally-friendly and odorless soundproof cotton, and baby chewable cover fabrics to make it suitable for babies with greatly improved vehicle safety.



Leapmotor C10 won the Top Ten Carbody 2023 and the Best Structure Award.



Healthy in-car space

Committed to creating a healthy and relaxing “third space” for users, the Company adopts various measures to control the in-car air quality in the development, design, and production stages of all models.

During the development stage, we have set up the Materials and Environmental Protection Department. While selecting materials, we prioritize materials with low odor and low volatility to lay the foundation for good in-car air quality. We also conduct multiple rounds of strict verification on the vehicle in scenarios including not only the normal temperature mode stipulated by the national standard, but also the high temperature mode and air conditioning mode, in order to ensure that the vehicle meets health and environmental protection requirements in different scenarios.

During the mass production stage, we regularly conduct odor inspections on the vehicle and components to ensure consistent in-car air quality. In addition, we have established an odor evaluation team to control odors perceived by users in the first place, ensuring that delivered vehicles can provide users with a good odor experience.

▶▶ 2023

The Leapmotor C10 model awarded the title of Zero Formaldehyde Car by CATARC INFO



Case

Leapmotor C11 wins a full five-star C-AHI²⁰ rating

In October 2023, the CAERI Index Management Center released the China-Automotive Health Index (C-AHI) evaluation results of the third batch of models. Leapmotor C11 (500 Comfort 2023) obtained a full five-star rating in four tests (in-car volatile organic compounds and odor intensity, vehicle electromagnetic radiation, in-car particulate matter, and in-car allergen risks). In particular, Leapmotor C11 achieved a perfect score on the vehicle electromagnetic radiation test. Leapmotor C11 has undergone strict human electromagnetic protection design and verification at both the vehicle and part levels. Positive development and design were carried out especially for high-voltage and large-current modules and modules in close contact with occupants. We utilized high-performance shielding and isolation technology, wide-band filtering, and system-level ground straps, as well as the state-of-the-art Narda Safety Test Solutions from Germany to build a comprehensive evaluation system for human electromagnetic protection at both vehicle and part levels, ensuring that consumers are protected from electromagnetic radiation hazards.

Eco-friendly organic silicone fabrics for seats

The seats utilize baby-bitable organic silicon fabrics, with the materials used in the surface coating the same as those used for baby pacifiers. It can provide all-round protection for babies as it is antibacterial, skin-friendly, flame-retardant, durable, stain-resistant, and easy-to-clean.

Wide application of new technologies

The main and secondary instrument assembly uses water-based eco-friendly adhesive coating technology, the sound insulation cotton is ultrasonically welded instead of glued, and special baking and deodorization process, etc., also combined with low-pressure injection molding and unibody design, greatly reduces the use of adhesive and VOC emissions as well.

Eco-friendly and healthy materials for the vehicle

The application of low-odor pure PET sound-absorbing cotton, bio-based foam materials for seats, eco-friendly polyolefin damping pads for the vehicle, and widely used low-volatile eco-friendly materials effectively suppress the emissions of volatile organic compounds inside the car, with the VOC level of the vehicle far exceeding the national standard.

Health and air quality management

Equipped with the AQS air quality management system, the vehicle always pays attention to the respiratory health of drivers and passengers. Automatically identifying air quality, it can actively defend against external polluted air from entering through adaptive adjustment of the air conditioning and efficient filtration of CN95 filter element, thus quickly purifying the cockpit air.

²⁰ C-AHI: China-Automobile Health Index.

2.3 Beyond Customers' Expectations

Being user-oriented, Leapmotor continues to enhance its user service ability, actively conducts community activities, and practices responsible marketing. Leapmotor is devoted to providing users with the highest quality, most reliable, and most comfortable service experiences.

2.3.1 Optimize customer services

As providing high-quality service experiences is a critical factor in improving user satisfaction and loyalty, we always center on user demands to establish a complete marketing and after-sales service system, in an effort to provide the best and the sincerest service to every user to enhance user satisfaction.

Customer service philosophy

From the users' perspective, we adhere to the service philosophy of "reassurance, trust, and convenience". Based on technology, we research on and meet the needs of users at different stages and scenarios through targeted content operations and experience-oriented product design, aiming to provide users with reassuring and intelligent services throughout the vehicle's lifecycle and create a warm brand value.

Standard services

In order to be even closer to users' lives, we have built a user-centered marketing system and adopted a brand new "direct-sale stores + city partners" business model to provide quality services to users. For stores, We have established standardized systems such as the *Leapmotor Service Process Standard* and the *Leapmotor Car Wash Service Execution Standard*. Besides, we keep enhancing the standardization of stores' service ability by strictly controlling process execution, conducting unannounced and online random inspections, publishing and promoting the cloud inspection standards among stores, optimizing the position system for dynamic management, and organizing special trainings, etc. In 2023, there were 156 service training sessions conducted for Leapmotor, with a total of 1,956 trainings throughout the year.

Dealers management

To manage its dealers, the Company provides on-the-job training and training on sales skills and sales management for outlet managers to ensure they master brand, product and related knowledge of Leapmotor through written tests and interviews. We have been constantly optimizing digital operation management tools of marketing services and promoting the comprehensive upgrading of terminal sales business, delivery business, service business and other processes through big data analysis, to further improve the efficiency of our customer services. In 2023, we issued the *Authorization and Certification Process for Leapmotor's Overseas Dealer Partners*, clarifying the screening and assessment of overseas dealers. This further strengthened our assessment of their qualifications and service capabilities in efficient cooperation, ensuring high-quality service experience for our overseas customers. In 2023, Leapmotor carried out 7 sessions of dealer training, with a total of 3,454 hours and 100% participation of dealers.



Case

Carrying out "Leapmotor Sales Navigator Yan'an Training Camp" series of activities to improve service quality

In 2023, Leapmotor launched the 4th "Leapmotor Sales Navigator Yan'an Training Camp" elite class. We carried out themed discussions on store retail management, sales process manuals, store efficiency improvement, and remote guidance of outstanding store managers, and invited nearly a hundred outstanding store managers and sales champions nationwide to exchange experiences in sales, management, and services. A retail expert team was established to provide advice for retail management and assist in improving the capabilities of the retail management team to build an even better service team in an all-round manner.



Three outstanding store managers awarded by the activity

After-sales service

We pay attention to user feedback, according to the IATF 16949 Automotive Quality Management System 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. And set up a variety of communication channels including 400 hotline, car owner App, etc., to provide users with 7×24 services. Besides, we have set the service standards of "Three Quicks and Two Savings" to upgrade user experience in maintenance, charging, spare parts, and rescue, etc., offering users the once-for-all after-sales service.

Three quicks Quick repair quick response quick supply

Two savings time-saving worry-saving

▶▶ 2023

100% Processing rate of after-sales issues

99.51% Closed-loop rate of user feedback for Leapmotor's official accounts

1,130,000 times Services provided by 400 customer service representatives

166,000 5 -star ratings from satisfied

We have set up an active warning process for potential vehicle failures to identify vehicle failures in advance and alert users to risks in a timely manner. The process covers such as the life warning of each component, the function failure warning of each component, the abnormal warning of vehicle status, and the battery status warning.

In 2023, we mainly revised the *Management Procedures for Overseas After-sales Quality Issues and the Guide for the Operation Quality Management of After-sales Spare Parts Service Providers* to improve the quality control for overseas users, ensure the effective operation of spare parts warehouses, and finally enhance the after-sales service experience for overseas users.

The Company formulates and implements the *Complaint Handling Management Procedure* and communicates efficiently among various business departments to ensure that user complaints are responded to quickly and properly handled. We have launched a full range of customer service channels such as Leapmotor APP, leapmotor.com, Leapmotor WeChat Mini-Program, Leapmotor WeChat Official Account, Leapmotor Online Store and 400 customer service hotlines, etc. Furthermore, to improve our problem-solving capabilities, we have implemented measures such as "one specialty with multiple skills", "all-round experts", "upgrading customer complaint management", and "transferring core staff to direct-sale stores", aiming to improve the closed-loop rate of handling customer complaint within 72 hours.



Customer satisfaction

Leapmotor always pays attention to customer satisfaction and endeavors to build a "1+N+X" full-touch customer experience operation system integrating NPS²¹, particular metrics and real-time metrics that measure the whole life-cycle customer experience at test drive, product delivery, after-sales service, vehicle use and other links. By doing so, we ensure timely and accurate positioning of experience feedback on relevant core customer touch points and thus continue to optimize our products and services, so as to bring them the best customer experience.

In 2023, based on special investigations on delivery, service and other aspects, we conducted more timely investigations on specific problems in our customers' car experience to learn from their suggestions and needs and put forward targeted solutions to improve customer satisfaction. For overseas export markets, we have formulated overseas outlet building standards and customer satisfaction management guidelines to guide agents have in making return customer visits, laying a foundation for improving the satisfaction of overseas customers.



²¹ NPS: Net Promoter Score.

▶▶ 2023

782 points of J.D. Power New Energy Vehicle Customer Experience Value Index (NEX-CXVI)

Customer satisfaction throughout the year scored **96**.



2.3.2 Responsible marketing

While strictly following the laws and regulations such as the *Advertising Law of the People's Republic of China* and the *Anti Unfair Competition Law of the People's Republic of China*, Leapmotor collaborates with its various departments to manage the quality of marketing content. The decision-making process and mechanisms have been set for media communication plans, content, and channels to avoid false or misleading commercial propaganda, and to ensure the delivery of accurate information to users. We have established a standard training system for the sales team to ensure fair

marketing throughout the entire process from sales to delivery and timely response to detected issues and doubts.

Based on our online store, we expand the philosophy of sustainable development beyond using cars. We have developed eco-friendly themed goods and encouraged users to buy high-quality peripherals goods with energy points on our online store, providing convenience to users' lives, promoting the eco-friendly philosophy, and also sharing the healthy and green lifestyle with users.



Case

Covey the concept of sustainability and promote sustainable consumption

Leapmotor focuses on guiding customers to value and implement the concept of sustainable consumption. With the use of environmentally friendly fabrics, the Company customizes backpacks featuring environmental protection, waterproof, light weight and brand characteristics. At the development stage of this product, we conducted research on customer needs of different car models, matched diversified scenarios in design, and invited car owners to participate in the co-creation of product color, style, and shooting, so as to enhance a sense of participation among our customers. Moreover, we promote the concept of environmental protection in a holistic manner through means such as online shopping malls, community publicity and WeChat sharing to enhance the awareness of sustainable development among a wider group of people.



Eco-friendly Backpack Co-designed with Users

2.3.3 User community

The Company is committed to building an interactive and three-dimensional user community. We do this by establishing the club certification and operation system and launching an exclusive online channel on the APP to provide users with a platform for mutual learning, exchange, and growth. We collect user feedback and suggestions to get to know real-time market demands and changes, guide product improvements and market strategy adjustments, and enhance user engagement and sense of belonging. We want to take users to experience a more affluent auto culture while bringing more innovative ideas and market opportunities to the Company.

We continue to enhance user experience by establishing a management process for user off-line activities, standardizing the execution process of off-line activities, improving the efficiency and controllability of the execution of off-line user activities, and further safeguarding the safety of user activities and the satisfaction of off-line activity experience.



Leapmotor user's activity



The Engineer Day for Female Car Owners

The Engineer Day for Female Car Owners was organized to provide women with an exchange platform in the fields of technology and automobile



The Super Welcome Ceremony

The Super Welcome Ceremony was organized for Leapmotor owners to jointly create a warm and harmonious Leapmotor family



Self-drive tour for Leapmotor owners

Leapmotor organizes the Beijing Leapmotor Club's self-drive tour to Wulan Butong, to enhance its connection with customers and brand stickiness and thereby improve customer satisfaction



Early summer fun tour

Leapmotor holds the early summer fun tour for Leapmotor fans to bring coolness to them in such a hot summer

Green Mission with Zero Carbon

As a promoter of sustainable lifestyles and a guardian of ecological environments, Leapmotor follows the concept of green development to implement carbon reduction actions throughout the entire product life cycle. The Company always focuses on the R&D and application of clean technologies, efficiently promotes green and low-carbon production methods, and actively explores and practices the organic integration of ecological protection and industrial development, promoting the green and sustainable development of the automotive industry and writing a chapter on Leapmotor for a beautiful China.

Contribution to SDGs



3.1 Addressing Climate Change

We have worked with our partners to actively respond to the opportunities and challenges of climate change by exploring green and low-carbon development paths and participating in, contributing to, and leading the achievement of China's 30-60 Decarbonization Goal. Referring to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we have identified and dealt with climate-related risks and positively disclosed our working results to the public.

3.1.1 Climate risk identification

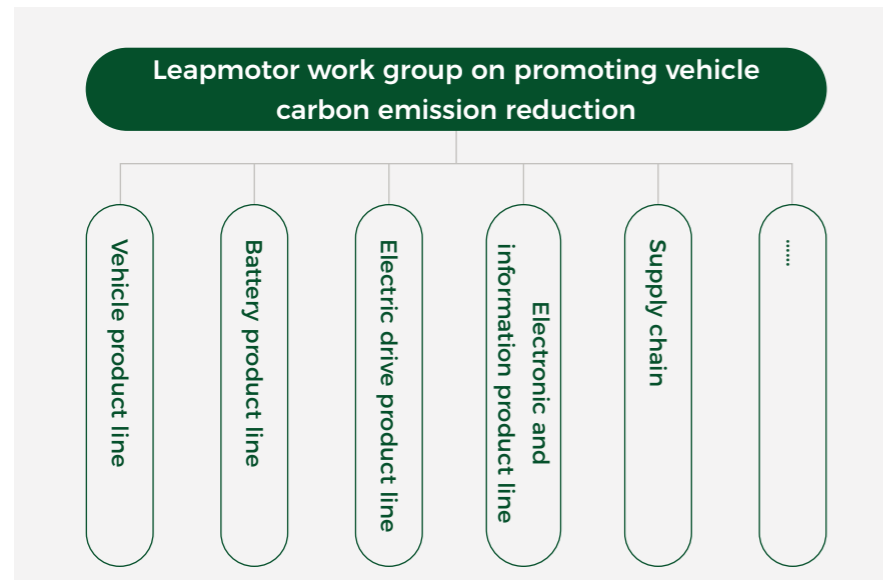
We keep our eyes on and deeply analyze policies such as carbon footprint standards and regulations at home and abroad. With proactive prediction of potential external changes, we essentially send essential risk information to relevant internal departments promptly and assist them in preparing risk response strategies and plans in advance. Meanwhile, starting from our own, we comprehensively identify, analyze, and evaluate climate change-related risks, and prepare response measures.

Risks and Countermeasures of Climate Change at Leapmotor

Climate Change Risks	Description of Climate Change Risks	Countermeasures
Entity Risks	Acute Risks	Extreme weather, such as typhoons, floods, and droughts, can cause damage to business assets.
	Chronic Risks	Average global temperatures are rising, leading to increased demand for cooling and higher operating costs for businesses.
	Policy and Legal Risks	With tougher policing of the environment by the government and regulatory authorities, there is an increased obligation for businesses to report more rigorously on greenhouse gas emissions.
Transition Risks	Technical Risks	The transition toward low-carbon emitting technology demands more investments in manufacturing equipment, production processes, and R&D, thereby putting businesses under more significant economic pressure.
	Market Risks	Climate change may impact 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.
	Reputation Risks	Stakeholders in business are becoming increasingly concerned about sustainability and climate change issues. Companies need to lead by example in promoting low-carbon transition; otherwise, the company's reputation may be tarnished.

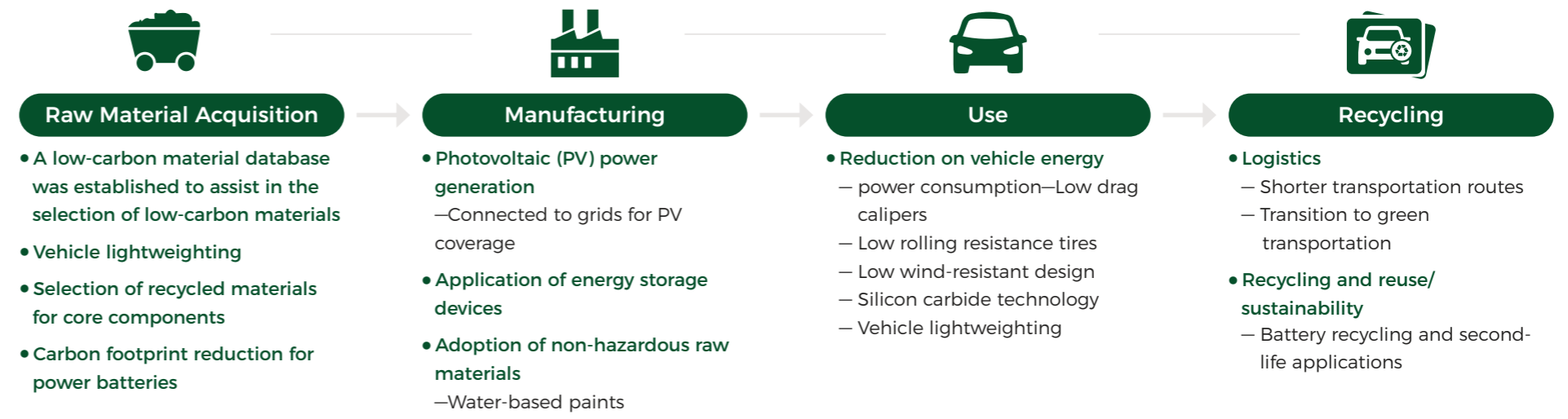
3.1.2 Climate Risk Response

We established a working group on carbon emission reduction projects for vehicle products, specifically responsible for key related projects. By identifying the primary sources of vehicle carbon emissions, we look for points of carbon reduction, and formulate practical and feasible carbon reduction plans to promote the implementation of specific work.



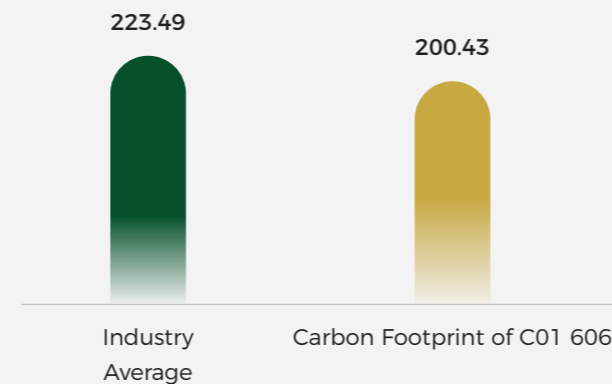
Lifecycle carbon emissions management

Leapmotor is unremittingly dedicated to energy conservation and emission reduction by focusing on optimizing production processes, boosting energy efficiency, and reducing the carbon footprint of our products. Pursuing carbon emissions management throughout the entire product life cycle, we continuously seek decarbonization solutions for our automotive products throughout the entire life cycle, spanning from product design, material selection, manufacturing, logistics, and product use to disposal and recycling. We embrace and act on decarbonization by identifying key factors affecting vehicle carbon emissions throughout the life cycle, and charting pathways for vehicle carbon reduction accordingly.

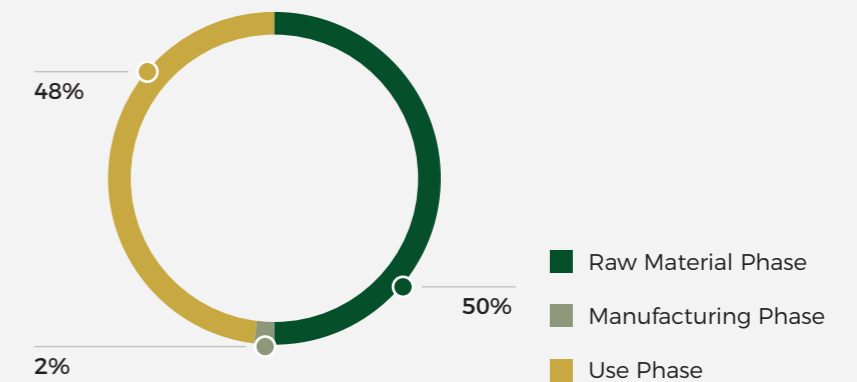


A carbon accounting model has been developed as we seek to measure the carbon footprints of our automotive products on an ongoing basis, identify critical factors that affect the vehicle carbon emissions throughout the life cycle, and chart pathways for vehicle carbon reduction accordingly. In 2023, we completed the carbon accounting for our vehicles including T03, C01, and C11. The carbon footprint of the Leapmotor C01 606 Smart Edition was 200.43 gCO₂e/km, which was 23.06 gCO₂e/km lower than that of its counterparts in the industry.²²

C01 Carbon Footprint



Proportion of C01 Carbon Emissions



²² Data Source: China Automotive Industry Chain Carbon Publicity Platform: <http://en.auto-cpp.com/>

Green design

Leapmotor is unrelentingly dedicated to offering low-carbon products to our customers. We fully integrate low-carbon, green, and sustainable design into the development system of vehicle, electric drive, and battery products to minimize the impact of products on the environment. Simultaneously, we actively carry out related research projects to explore environmental potential and enhance the green value of products.



Leapmotor Green Design of Vehicle, Electric Drive, and Battery Products

Vehicle products

Low-carbon materials preferred

We vigorously promote the application of recycled and green materials. Committed to the carbon-efficient development of our new products, we demand the use of the certain proportion of recycled materials for key components to turn low-carbon design into reality.

Product weight reduction

We actively promote the vehicle's lightweight, and continuously increase 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.

Product energy management

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.

Product thermal management

We are committed to reducing energy consumption and increasing driving range and we fully consider the thermal management system's environmental benefits in product design.

Electric drive products

Product weight reduction

By simplifying components, we achieve a lightweight design in product architecture. We utilize virtual simulation results for lean design to reduce materials usage during the design process.

Product energy management

Significantly improving the average CLTC²³ efficiency of electric drives can enhance the vehicle's range and energy efficiency and reduce carbon emissions.

Product noise-controlling design

The NVH 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

Product integration

Systematic optimization integrates batteries with lower bodies of vehicles and chassis (i.e. CTC technology). We streamline component data and simplify product design and production processes to improve space utilization, systematic specific energy, and lightweight coefficient.

Product intelligence

We improve energy efficiency throughout the entire life cycle of batteries by utilizing predictive energy management technology, cloud platform warning mechanisms, and battery value and residual value management in the full life cycle.

²³ CLTC: China Light-duty Vehicle Test Cycle.

Case

Applying new materials to craft eco-friendly seats

Leapmotor embraces the strategy of green material selection. Based on a model we develop for analysis, we are empowered to pinpoint materials and processes featuring high energy consumption and high carbon emissions, and thus encourage advancements and improvements. In terms of product appearance design, we focus on exploiting materials with a low carbon footprint, and selecting and maximizing the utilization of recyclable, low-carbon and eco-friendly materials to reduce the overall carbon emissions of the vehicle. We are also strengthening technological reserves by collaborating with mainstream material suppliers both at home and abroad to advance strategic cooperation and deepen our pool of low-carbon materials and technologies. This lays a solid foundation for low-carbon design. Additionally, upholding the philosophy of low-carbon and eco-friendly development, we continue to develop vehicle-related goods made from eco-friendly and renewable materials, which further inspiring a wider group of people such as our users to live a sustainable lifestyle.

The Leapmotor C10 features eco-friendly seats made from bio-based soy foams, which not only elevate the seats' high resilience and low hysteresis, but also significantly enhance the seat comfort. The bio-based soy foam is made from of the plant-derived polyether, an adequate substitution for petroleum-derived polyether, which helps reduce by 60% for both energy consumption and carbon emissions during the manufacturing phase.



Bio-Based Soy Foams



Green procurement

We have developed a low-carbon database to identify key components and materials for vehicles and evaluate core suppliers' carbon emission control abilities in the supply chain. Data on carbon emissions of key components are collected and incorporated into the database with hierarchical management. During procurement, we have gradually improved our related strategies, optimized related processes, and given priority to low-carbon raw materials and processes in product and process design. In 2023, we identified over 20 types of key components and materials and evaluated over 60 suppliers on their carbon emission control abilities.

Leveraging our driving role as a vehicle company, we collaborate with high-quality suppliers that meet requirements to promote the application of advanced low-carbon technologies in product design and manufacturing processes, assisting in building a sustainable supply chain. In 2023, we joined hands with more than 10 raw material enterprises with leading low-carbon technologies to develop and reserve low-carbon and recycling material resources, supporting low-carbon material selection for vehicle models.

Green manufacturing

We focus on implementing the concept of energy conservation and consumption reduction during production. By optimizing workshop production processes, improving process equipment, and enhancing automation levels, we continuously optimize high energy-consuming process links and deploy photovoltaic power generation facilities to build a clean, low-carbon, safe, and efficient energy system. Meanwhile, we promote the deeper integration of digital technologies into production and manufacturing scenarios, establishing a digital energy management system for precise energy management and higher energy efficiency. For effective exploitation and utilization of clean energy, we have installed photovoltaic (PV) equipment on the roof of our factory. In 2023, our newly installed PV capacity was 17 MW, with 11.1556 GWh of PV power generated in total for the year. (Since the PV systems are connected to grids for power generation in 2024, we have attained the expected goal of increasing installed PV capacity for energy conservation ahead of schedule.)

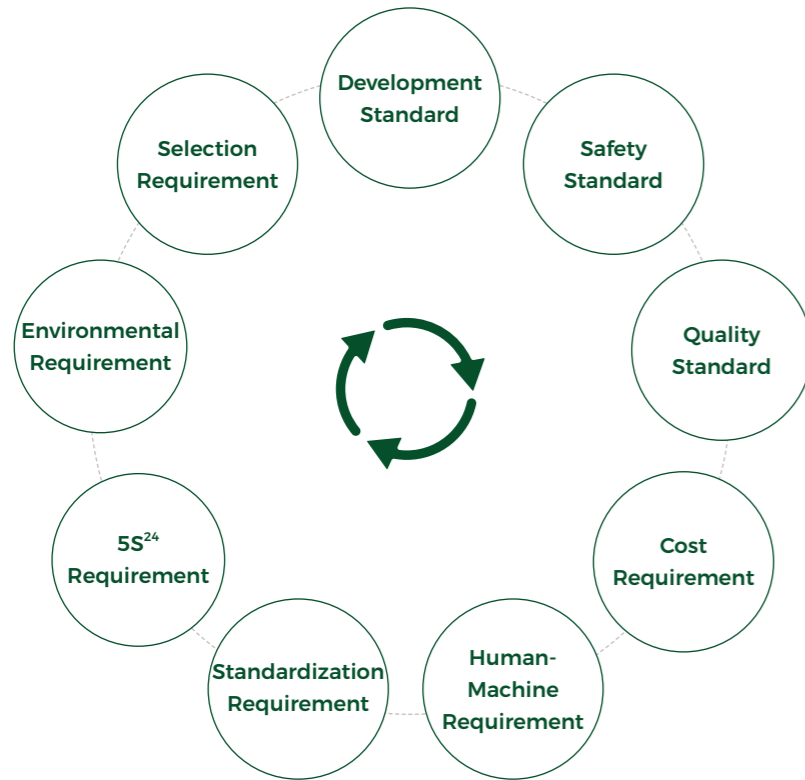
Statistics of Greenhouse Gas Emissions at Leapmotor

Indicator	Unit	
Scope 1 GHG emissions	tCO ₂ e	8,453.30
Scope 2 GHG emissions	tCO ₂ e	49,119.50
Total Greenhouse Gas Emissions	tCO ₂ e	57,572.80
GHG emission Density	tCO ₂ e/10,000 RMB Revenue	0.03



Green packaging and logistics

We steadily improve the construction of a low-carbon logistics system and take multiple measures to reduce carbon emissions in logistics. During packaging, we continue to promote the use of renewable packaging materials, establish systems such as the *General Packaging Technical Specification*. Based on the nine requirements or standards, we have set specifications for packaging types and materials used.



We replace paper packaging with recyclable material boxes, effectively reducing the investment in disposable cartons and wooden boxes. In logistics, we maximize the reduction of product carbon footprint by optimizing transportation routes, using more environmentally-friendly transportation tools (diesel trucks to electric trucks), and developing multimodal transportation. In 2023, we improved 25 suppliers, completed the improvement of recyclable packaging of 101 types of components, reduced the use of around 40,000 cartons, and utilized 5,154 tonnes of renewable materials for packaging in total.

Battery recycling

Leapmotor recycles end-of-life batteries in strict accordance with relevant national regulations. We have entered into battery recycling agreements with whitelisted companies that meet the *Regulations on the Comprehensive Utilization of Retired Power Batteries from NEVs*. The battery recycling companies are mandated to separate all materials in the entire battery pack by category, and passivate the separated materials for reuse. Throughout the recycling process, material waste and environmental pollution are prohibited.

Our battery recycling initiative is underpinned by a comprehensive set of management processes that bring together cross-functional teams from product development, procurement, technology, and quality departments.

In the product design, we give full consideration to the recyclability of components and materials, and employ a design philosophy for ease of recycling to ensure effective management of waste batteries generated at the production, testing, and market ends. Furthermore, our proactive research and application of second-life battery echelon utilization technology have led to the successful echelon utilization of second-life battery pack, presenting an innovative avenue for battery recycling and reuse. Besides, specific recycling channels and necessary information are available to consumers via the user manual. All these endeavors are geared towards practicing green operations throughout the entire lifecycle, and effectively promoting resource recycling and environmental protection.



²⁴ 5S: SEIRISEITON, SEISO, SEIKETSU, SHITSUKE. It's aim to ensure safety, improve efficiency, reduce costs, ensure quality, make the working environment clean and orderly, and make prevention the main cause of poor quality and failures.

3.2 Implementing Green Production

Leapmotor is well aware that green production is an important means to solve environmental, resource, and carbon emissions problems, an effective way to achieve industrial green development, and also an inevitable choice for enterprises to actively shoulder social responsibilities. Therefore, we continuously improve our environmental management system, optimize energy and resource utilization methods, and focus on improving waste management levels, so as to ensure that the operation not only meets environmental standards but also positively contributes to resource conservation and waste reduction.

3.2.1 Environmental management system

We strictly comply with laws, regulations, and standards such as the *Environmental Protection Law*, the *Atmospheric Pollution Prevention and Control Law*, and the *Water Pollution Prevention and Control Law*. We also keep improving our environmental management system, clarify the division of responsibilities among departments, and fully implement environmental protection measures. We systematically identify and assess potential environmental hazards in the production and operation processes, including exhaust gases, wastewater, solid waste, and noise. Based on the assessment results, effective countermeasures are taken, such as maintaining and replacing equipment that may cause leaks or noises, which aim to eliminate environmental hazards or mitigate the impacts at the source. Leapmotor was obtained ISO 14001 environmental management system certification. We have performed environmental risk assessments in all the operating sites. In 2023, the Company was not subjected to any administrative penalties related to environmental or ecological issues.

In 2023, we improved our environmental management system and issued documents such as the Control Process for Automotive Hazardous Substances and Recycling Rates and the Compliance Strategy for Abandoned Vehicle Recycling to standardize the management of hazardous substance recycling.

▶▶ 2023

Leapmotor Jinhua AI factory was awarded the title of Jinhua City "Green Factory".

We continuously strengthen risk control in production. Referring to the requirements of the ISO14001 environmental management system, we identify risks and opportunities and develop response measures for 29 internal and external environmental risks and opportunities, including exhaust gases, wastewater, noise, hazardous waste, hazardous chemicals, fire safety, energy consumption, product life cycle management, and surrounding soil pollution. Based on the actual corporate situation, in 2022, we have established environmental protection goals in four aspects, that is energy conservation, water conservation, emission reduction, and waste reduction.

We regularly engage third-party testing agencies in environmental audits to ensure compliance with environmental factors such as exhaust gases, wastewater, soil, and noise. Simultaneously, feasible emergency response plans are formulated, and regular emergency training and drills are conducted to ensure readiness to implement scientific and effective controls in the event of environmental emergencies. In 2023, we organized a variety of environmental training sessions on topics such as green and low-carbon production management, environmental protection and safety, and energy conservation, with 100% of employees receiving training on environmental protection as well as safety and health.



3.2.2 Resource Management

Material management

At Leapmotor, sustainable material management is considered a vital part of efforts in environment protection and resource conservation. Through approaches such as product lightweighting, equipment upgrading, and replacing materials with eco-friendly alternatives, we proactively utilize recyclable materials for packaging, and continuously increase the variety and proportion of recyclable materials used.

In automotive styling design, we have adopted a paperless mode from the very beginning of the creativity process. We have employed advanced methods such as VR²⁵ digital review to promote the styling work. Additionally, in order to

reduce pollution and waste, we reduce and merge the number of models, and use 3D printing technology instead of sample production.

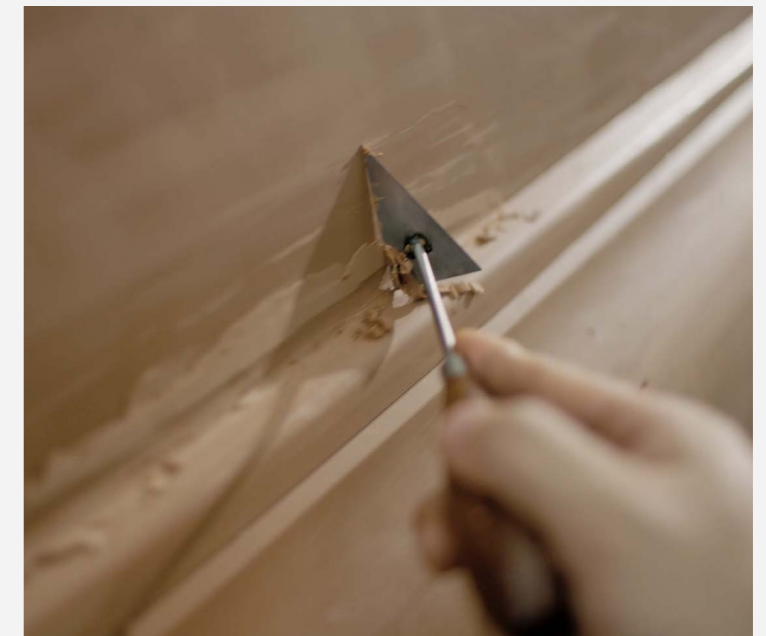
In designing our new car models, we have taken into full consideration the model positioning and user needs, and incorporated sustainability elements by extensively utilizing eco-friendly materials such as organic silicone leather and plant-based fillers in the interiors. In the production process, we have opted for high-gloss black injection and molding without the need for spray coating to reduce the paint consumption and circumvent the low recyclability associated with painted parts, which further minimizes material waste.



Case

Promoting the recycling and secondary use of clay

Clay is an essential material for making three-dimensional models in the automobile development and styling process. We insist on utilizing 100% sulfur-free clay and recycling the clay after the first round of use. This can boost clay utilization, and save about 1/3 of the clay. Simultaneously, we have acquired advanced clay recycling equipment, and mandated that our professionals rigorously execute the model recycling process, which includes preliminary sifting, sorting, and quality-based classification of the clay. In doing so, the recycled clay can fully meet the molding requirements for making new models.



²⁵ VR: Virtual Reality.

Water resource management

Recognizing the significance of water resources on the environment and local communities, Leapmotor is committed to protecting water resources, and ensuring that our production activities do not exacerbate water scarcity. When choosing the site as our production base, we perform environmental evaluations. During the evaluation, water resource condition at the potential operational site is an important consideration, and we make a point not to set up factories in areas with water stress. Currently, none of the regions where our production bases are located have experienced water shortages or water safety incidents.

We keep improving our water conservation management mechanism, formulate water-saving plans, and actively introduce advanced water recycling equipment. We also strengthen the daily maintenance and management of industrial and domestic water equipment, strictly inspect leakage and spillage, and track the rectification of any problems found. Simultaneously, regular water balance testing is conducted, which aims to assess water use efficiency, pinpoint water-wasting activities, and effectively catalyze water-saving technology transformations. In 2021, the Company was awarded the title of "Water-Saving Enterprise in Zhejiang Province". Regarding water consumption in the production process, water-saving appliances were applied in the design and construction of the Jinhua AI Factory. In 2023, we attained the Water Conservation Goal set in 2022 ahead of schedule, which was attributed to water-saving measures such as pipeline leak detection and cooling tower water make-up.

In our daily operations, we proactively implement a raft of water-saving initiatives. Advanced water reuse technology for reclaimed water is introduced to maximize the utilization of water resources. Throughout the water consumption processes, a progressively larger quantity of necessary water metering instruments are deployed, with 98% of the water-consuming appliances equipped with water metering instruments. This aims to improve

the accuracy of water consumption measurement. To achieve this, daily water consumption in each area is recorded, and this data is compiled and reported on a monthly basis to ensure timely oversight of water usage in production and operations and to encourage continuous improvements. Additionally, we place a strong emphasis on water conservation publicity. To heighten our employees' awareness of water conservation, a series of measures have been taken, such as educational training on water-saving practices and using water-saving signage.

| Statistics of Water Consumption at Leapmotor |

Indicator	Unit	Year of 2023
Total Water Consumption	ton	906,285
Water Consumption Density	ton/ 10,000 RMB of Revenue	0.54



3.2.3 Energy Use

Leapmotor is certified to ISO 50001 Energy Management System (EnMS), and has developed and refined internal policies such as the Leapmotor Energy Management System in accordance with relevant energy management requirements. We have improved energy management practices at all levels, clarified standards and regulations for energy use, and strengthened energy audits. Besides, we have established a three-tiered energy management network encompassing “factory – workshop – team” and an effective incentive mechanism, which is dedicated to reducing energy consumption in production and operations. Simultaneously, we have organized specialized training sessions on energy knowledge and carbon footprint life cycle assessment (LCA) for energy management personnel from energy-consuming departments. A total of 80 person-hours received the training. These training sessions aim to bolster staff expertise, skills critical, and awareness of decarbonization by promoting and acting on national policies and requirements, key points of workshop energy use, daily energy

Statistics of Energy Use at Leapmotor

Indicator	Unit	Data of 2023
Direct Energy Use		
Natural Gas	m ³	3,909,575
Self-Consumption of Self-Generated Renewable Energy	MWh	10,226.20
Direct Energy Use Density	MWh / 10,000 RMB Revenue	0.03
Indirect Energy Use		
Purchased Electricity	MWh	85,106.58
Indirect Energy Use Density	MWh / 10,000 RMB Revenue	0.05
Total Energy Consumption	MWh	134,060.93

control essentials, and required energy-saving behaviors in the workplace. Furthermore, we regularly conduct energy audits to supervise and manage energy consumption for better energy efficiency. Besides, we organize energy-saving conferences, and initiate energy cost-reduction projects to drive the effective implementation of various energy-saving measures.

During production, we have established an intelligent energy consumption statistics platform to enable systematic and comprehensive statistics and analysis of energy data, promoting refined management. Through the platform, we deeply explore and practice efficient energy utilization methods to achieve the dual goals of energy conservation and emission reduction as well as production efficiency improvement. For example, by using statistics to analyze the electricity consumption of auxiliary production equipment, we adjust electricity loads through peak-load shifting and other measures. By optimizing the control of heating and ventilation equipment in the production area, we have achieved centralized control of the heating and ventilation system in entire factories, and start and stop the equipment based on actual production needs to avoid energy waste.

Part of Energy Conservation and Efficiency Enhancement Projects and Key Measures at Leapmotor

Energy Conservation and Efficiency Enhancement Project	Key Measure
Adding Water Temperature Sensors to Cooling Towers Using Circulating Water	<ul style="list-style-type: none"> We add water temperature sensors to automatically start fans in cooling towers according to target temperatures and reduce unnecessary machine operation. In 2023, approximately 150 MWh of electricity was saved, with about 88 tCO₂e of carbon emissions reduced.
Adding Frequency Converters to Chilled Water Pumps of Chillers	<ul style="list-style-type: none"> Due to non-synchronous production between vehicle and core EV systems and electronic components, we use renovation to further reduce energy consumption, active power demand, and carbon emissions from electricity. In 2023, approximately 176 MWh of electricity was saved, with about 100 tCO₂e of carbon emissions reduced.
Recycling RTO ²⁶ Waste Heat in Painting Workshops	<ul style="list-style-type: none"> The composite-tube heat reclaimer, with its excellent thermal conductivity and isothermal properties, is capable of recovering waste heat from flue gas for double-layer vacuum turbulent heat transfer. It is utilized to heat up the return water into the coating workshop, which allows for over 90% of overall heat exchange efficiency, about 300,000 m³ of natural gas savings per year, and about 640 tCO₂e of carbon emissions reduction per year.
Replacing LED Lights	<ul style="list-style-type: none"> We replace LED lights in damp working environments to increase their lifespans and reduce energy consumption.

Case

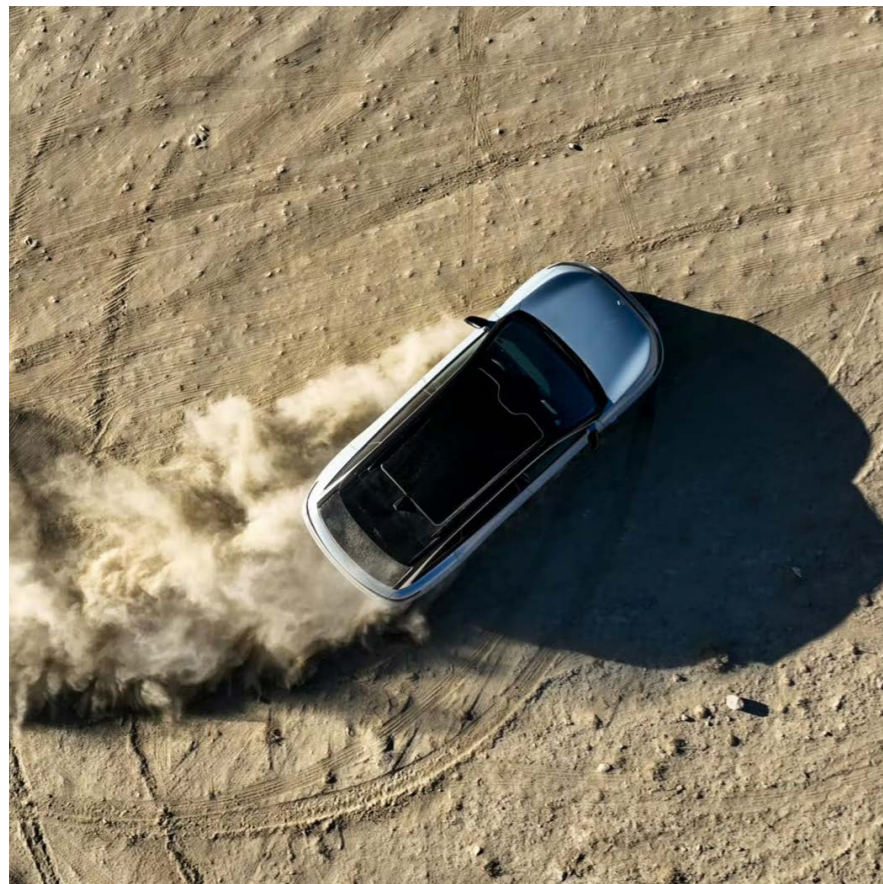
Launching the injection and molding production line of Jinhua Dark Factory to effectively improve energy efficiency

In 2023, Leapmotor Jinhua Dark Factory launched the injection and molding production line and many highly automated equipment was officially put into operation. In automated production workshops, key processes are mainly completed by intelligent robots or automation equipment according to software system instructions, greatly improving production efficiency. Meanwhile, product yield has been significantly improved due to the reduction of human interference. Besides, through precise control of operating time and power of equipment, the production line can reduce the operation of non-essential equipment to effectively improve energy efficiency.

²⁶ RTO: Regenerative Thermal Oxidizer.

3.2.4 Waste Management

Leapmotor has attached great importance to waste management. According to the Environmental Protection Law, the Law on Prevention and Control of Environmental Pollution by Solid Waste, and other relevant laws and regulations, it has formulated systems such as Solid Waste Management System, Environmental Three Wastes Discharge Management System and Hazardous Chemicals Safety Management System, and standardized and controlled the whole process of waste collection, classification, storage, treatment and recycling while reducing waste at the source, so as to ensure the compliance of waste disposal. During the reporting period, we further improved waste management measures, including strengthening the recycling



of solid waste and expanding the scope of hazardous waste management, and the waste control was more systematic and comprehensive.

We are committed to saving resources and reducing the generation of waste from the source. For example, the robot is used to automatically spray the inner and outer surfaces of the car body. Its modular design can realize rapid color change, reduce paint loss and cleaning agent consumption, and thus reduce the generation of paint residue. For recyclable garbage such as paper cartons, we will collect and weigh the garbage in a unified way and keep the records. Jinhua AI Factory has won the title of "Waste-free Factory" in Zhejiang Province.

In order to ensure the compliance management and discharge of wastes, we have made a self-monitoring plan and entrusted a third-party unit with corresponding qualifications to regularly carry out on-site manual monitoring of pollutant factors. These monitoring data need to be strictly analyzed and audited by a third-party laboratory to ensure that they are accurate and meet relevant standards, and then we will include the relevant data in the sewage discharge implementation report to ensure that the discharge behavior meets the regulatory requirements.

Hazardous waste

Hazardous waste generated from our production and operations is identified, sorted and stored in a dedicated hazardous waste warehouse for safekeeping, and is regularly cleaned and disposed of by qualified companies we entrust. For the purpose of maintaining an effective and traceable hazardous waste management system, periodic reviews on the waste management logs across all departments are carried out. This proactive approach allows for the immediate identification and correction of any issues, ensuring that hazardous waste is managed appropriately. By leveraging the "Solid Waste All-in-One Service" platform (an online government service platform in Zhejiang), we are able to exhaustively monitor and dispose hazardous waste within our facilities, achieving the goal of a 100% waste disposal rate within our facilities.

To bolster awareness of chemical safety and minimize environmental risks, Leapmotor has taken the following measures. In accordance with laws and regulations such as the Regulations on the Safety Management of Hazardous Chemicals and the Catalog of Hazardous Chemicals in China (2022 Updated

Edition) , we have differentiated and defined the physical, health, and environmental hazards of chemicals, and collated and updated our List of (Hazardous) Chemicals for Control. We also post chemical safety labels in a clear and conspicuous manner, and offer Material Safety Data Sheets (MSDS) . Our facilities are furnished with up-to-code explosion-proof cabinets for chemical storage, and chemical safety administrators are placed in charge of the hazardous waste warehouse. The exterior packaging of chemicals is deemed hazardous waste and requires being processed into non-hazardous waste. Additionally, to effectively regulate hazardous chemicals, training sessions on foundational chemical management are organized, covering classification identification, MSDS & labeling, storage requirements, safe use and disposal.

Case

Improving waste management for lower cost and better efficiency

Leapmotor is always looking to streamline the workflow to pinpoint the sources of hazardous waste and seek out solutions. According to data analysis, we discovered that excessive leftovers in adhesive buckets had brought about considerable wastage of adhesives on the production line, increasing hazardous waste disposal. To ameliorate this, we analyzed and identified the main drivers and adopted a series of technical approaches. We respectively recycled residual adhesives at the bottom of welding and coating buckets, and the collected waste adhesives were repurposed for secondary use. This effectively cut down internal losses, decreased the incidents of waste glue, and increased the reuse efficiency. It was expected to save RMB 360,000 annually for the costs of hazardous waste disposal. Through these measures, we not only optimized hazardous waste management, but also further slashed costs, achieving cost reduction and efficiency improvement simultaneously.

Non-hazardous waste

In terms of non-hazardous waste generated during production and manufacturing, we adopt responsible management methods such as classification management and recycling. We minimize the negative impact of waste on the environment. We periodically collate the list, documenting and analyzing the occurrence of different types of waste for early identification and immediate response. Moreover, several measures are taken such as cherry-picking service providers, on-site vehicle verification, documentation, and inspection to ensure that the disposal process of non-hazardous waste complies with relevant laws and standards.

Statistics of Waste Emission at Leapmotor

Indicator	Unit	Year of 2023
Hazardous Waste		
Total Amount of Hazardous Waste	tonne	1,364
Discharge Density of Hazardous Waste	tonne /10,000 RMB Revenue	0.0008
Total Amount of Hazardous Waste Recycled	tonne	11.25
Non-Hazardous Waste		
Total Amount of Non-Hazardous Waste	tonne	42,997.40
Discharge Density of Non-Hazardous Waste	tonne /10,000 RMB Revenue	0.03

Wastewater and waste gas management

We are active in regulating the discharge of waste gases and wastewater. Distinctly recognizing the chemical oxygen demand (COD), ammonia nitrogen, total phosphorus, and volatile organic compounds (VOCs) as primary pollutants, we have taken tailored treatment measures rigorously. We utilize low-VOC water-based paints and two-component, high-solids clear coats for strict control at the source. In the production process, closed collection systems are set up, and liquid VOCs are meticulously added in confined and enclosed spaces. Simultaneously, We have introduced cutting-edge pollution control equipment to ensure compliance with waste gas emissions. Regarding the waste gas generated by coating, we adopt advanced zeolite rotary+RTO technology to treat the waste gas from equipment such as the kiln and the circulating air in the paint booth, and the purification efficiency can reach 99%.

In the realm of wastewater treatment, we discharge the wastewater in strict accordance with the Pollutant Discharge Permit, and conduct real-time online monitoring and periodic third-party audits of the processed wastewater to ensure compliant discharge. In the pre-treatment, a novel eco-friendly membrane technology is adopted, with no phosphating slag generated, which can significantly reduce the content of phosphates in the system and concurrently decrease the discharge of solid waste and heavy metals.



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

Indicator	Unit	Year of 2023
Waste Gas Emissions		
Sulfur Oxide (SO _x)	tonne	0.37
Nitrogen Oxide (NO _x)	tonne	8.65
VOC	tonne	2.33
Total Waste Gas Emissions	tonne	11.35
Waste Gas Emissions Density	tonne /10,000 RMB Revenue	0.000007
Wastewater Discharge		
Ammonia Nitrogen	tonne	0.52
Total Phosphorus	tonne	0.08
COD	tonne	6.77
Total Wastewater Discharge	tonne	223,890
Wastewater Discharge Density	tonne /10,000 RMB Revenue	0.13

3.3 Practicing Low-Carbon Operation

Leapmotor not only values energy conservation and emission reduction in production but also integrates the concept of sustainable development into daily operations. We vigorously promote paperless offices to reduce energy consumption and environmental pollution in printing, copying, and other processes. Meanwhile, we actively encourage employees to travel in green and low-carbon ways such as public transportation, cycling, or walking to reduce carbon emissions. To further enhance the environmental awareness of our employees, we also regularly carry out environmental protection publicity and training activities such as Water-saving Week , Earth Hour, etc., creating an environmentally friendly working and living atmosphere for all employees.

Promoting a “paperless” office

We promote the digital upgrade of administrative services. Processes of services such as office supplies borrowing, meal voucher collection, and office facility maintenance, are streamlined through digitalization online to improve processing efficiency.

Advocating for green travel

We provide shuttle buses for employees and facilities such as electric vehicle charging stations, electric scooter charging stations, and shared bicycles in the parking lot to use, guiding green travel.

Reducing household waste

We have posted slogans and signs about the “empty plate” campaign in the cafeteria to encourage employees to reduce food waste and separately dispose of kitchen waste from household waste and recyclables.

Implementing “energy conservation and consumption reduction”

We regularly inspect office spaces and meeting rooms and strengthen the management of electrical equipment and lighting fixtures. Priority has been given to reusing old office furniture to reduce asset waste. We also encourage employees to walk during commuting and peak hours instead of taking elevators to reduce elevator energy consumption, and provide electric vehicles to ensure business reception and other official use.





Collective Growth with Diversity and Inclusion

A high-quality talent pool can drive a company's innovation, efficiency and sustainable development. Guided by the principle of "growing together with employees", Leapmotor has consistently enhanced the guarantee mechanism for employee rights and benefits and improved the talent training system. We also create a healthy and safe professional environment, provide our employees with sincere care and welfare and take them as essential partners to move forward hand in hand and share a win-win future.

Contribution to SDGs

3 GOOD HEALTH AND WELL-BEING 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 
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4.1 Protecting Employee Rights and Interests

Leapmotor creates a respectful, inclusive, diverse, and positive work environment for its employees, provides competitive compensation and benefits as well as a broad platform for career development, committed to building a sustainable talent development team.

4.1.1 Equal employment

Leapmotor strictly abides by relevant laws and regulations such as *the Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* and follows a fair, just and non-discriminatory employment policy. We make our commitment to provide all candidates with equal work opportunities in recruitment in accordance with the law and steadfastly oppose any form of discrimination, harassment or misconduct based on gender, age, race, religion, nationality, marital status, mental and physical disability or other legally protected status, aiming to shape an equal, inclusive and diverse workplace environment. We have 9,314 employees, 86 interns, 7 workers dispatched and 3 staff who are rehired after retirement.



“Hangzhou Best Employer in 2023” by Zhilian Zhaopin

“Best Employer of 2023 Outstanding Human Resource Management Award” by 51job

“Employer with Most Love for Talents of 2023 King’s Ark” by BOSS Zhipin

“2023 Best Industry Workforce Management Practice” by Beisen

“Zhejiang Outstanding Employer in 2023” by Liepin

▶▶ 2023

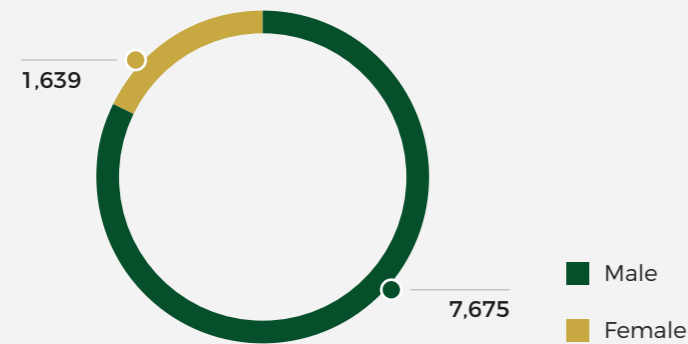
9,314 Formal employees, including **983** from ethnic minority groups and **53** with disability

15% of Female senior executives

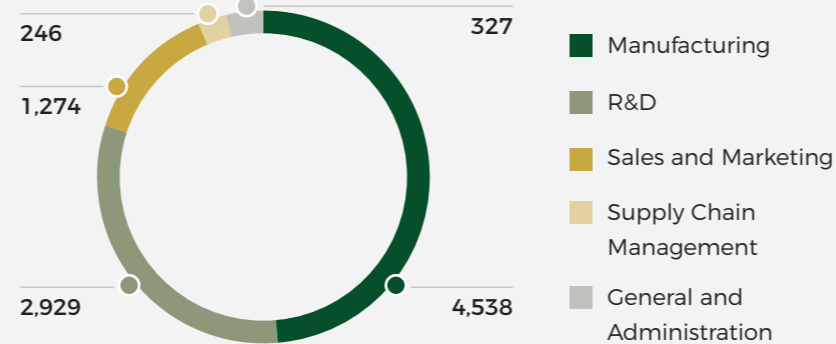


Headcount and Distribution of Employees

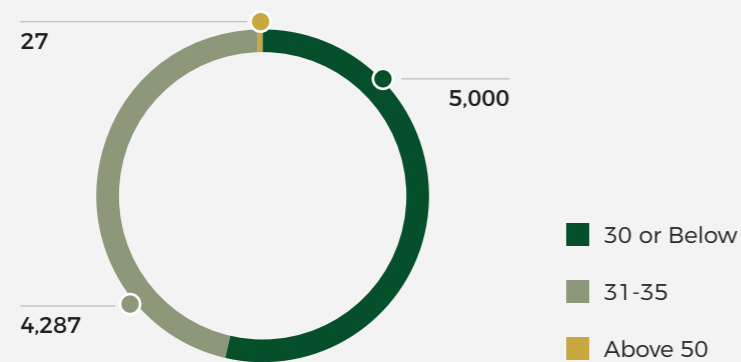
By Gender (person)



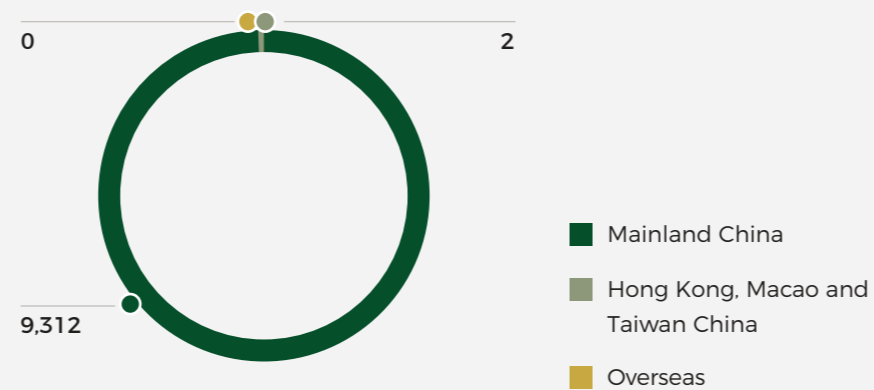
By Function (person)



By Age (person)



By Region (person)



Staff Turnover Rate

Indicator	Unit	2023
Total Staff Turnover Rate	%	20.70
<hr/>		
By Gender	Female	21.23
	Male	20.55
<hr/>		
By Age	30 or Below	22.46
	31-50	18.68
	Above 50	3.70
<hr/>		
By Region	Mainland China	20.70
	Hong Kong, Macao and Taiwan China	0
	Overseas	0

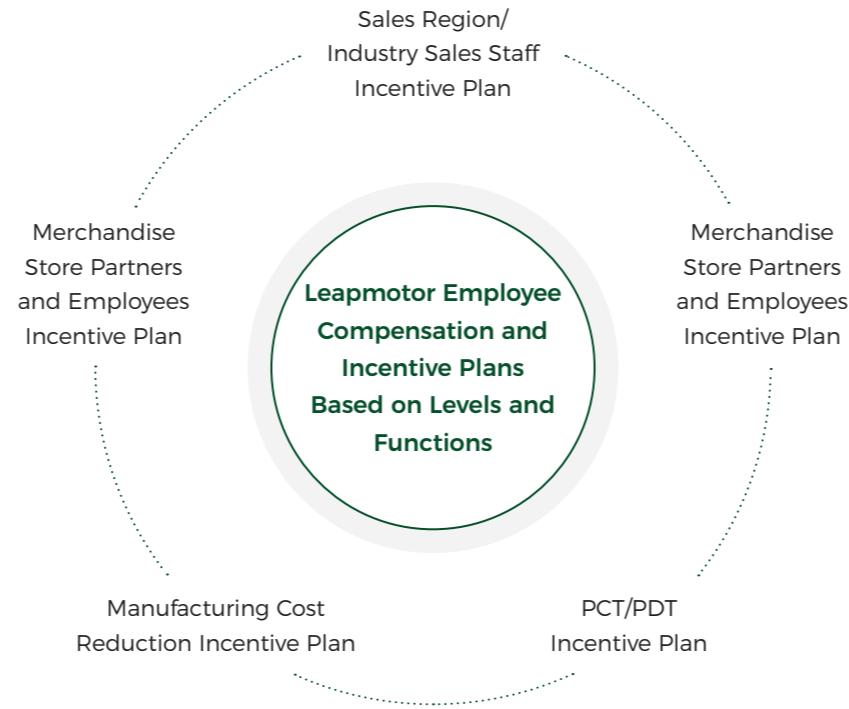
4.1.2 Compliant employment management

We practice legal and compliant employment policies and strictly follow the *Law of the People's Republic of China* and other relevant laws to respect and safeguard the rights and interests of our employees, and the labor contract signing rate is 100%. To constantly enhance its meticulous management of recruitment and employment processes, the Company sets up the minimum age of employment in accordance with the laws and regulations and checks the original ID card or relevant identity certificates issued by public security organs. We steadfastly oppose illegal employment practices and strictly prohibit child labor and forced labor use. Two communication channels, offline HRBP²⁷ and an online HR hotline, have been set up so that employees can easily complain about relevant situations. Leapmotor has had no incidents of child labor or forced labor since its establishment.

4.1.3 Compensation and incentive system

We are committed to providing employees with a compensation, incentive and benefits system that is fair internally and competitive externally, we provide basic wages higher than the local minimum wage standards set by the nation for employees. and also launch a stock-based reward plan that covers different types and levels of employees to enhance their motivation, creativity, and loyalty, and share the Company's development achievements with them.

Adhering to the principle of equal pay for equal work, we continuously optimize our compensation system design and performance evaluation to ensure fair and rational salary distribution. We conduct performance evaluations of all employees at least twice a year to ensure fairness and reasonableness in the distribution of compensation, constructing harmonious labor relations. In 2023, we innovated in the application of a "salary distribution" model to empower business departments with the power to develop flexible incentive plans for key projects and combine business characteristics to realize independent management and self-restraint, thus fully unleashing the creative vitality of business departments.



4.1.4 Democratic management

With constant focus on the demands of our employees, we fully leverage the role of the labor union as a bridge to organize employee representatives to discuss and make decisions on matters related to employee interests such as benefits, activities, assistance, etc. We actively listen to the voices of employees and fully respect their democratic rights, and has signed a collective contract with all employees on matters such as labor compensation, working hours, and labor safety and health, with a coverage rate of 100%. In 2023, we conducted an employee satisfaction survey, in which 2,897 people participated, covering a wide range of dimensions, including consensus and recognition of corporate culture and goals, processes and work contents, direct supervisors and colleagues, compensation and incentives, and training & development. We opened up to employee suggestions and have formulated improvement measures with gradual implementation. These initiatives have continuously enhanced the cohesion and competitiveness of the Company.

▶▶ 2023

More than **30** employee forums were held

100% Labor union membership rate of employees



²⁷ HRBP: Human Resource Business Partner.

4.2 Promoting Employee Development

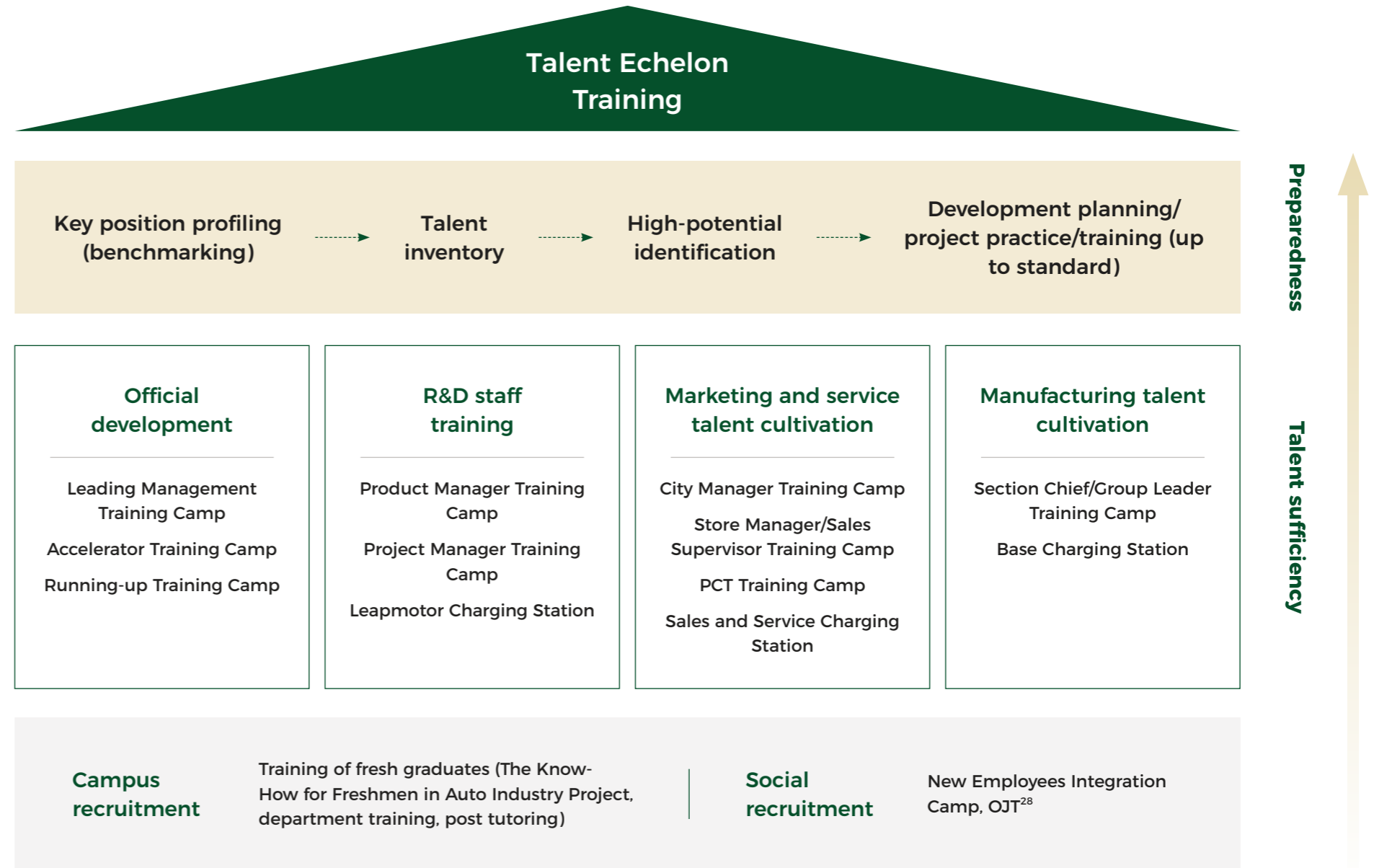
Talents are the primary resource for enterprise development. Leapmotor continuously expands the room to grow for its employees, improves their education and training system, and improves their career development channels, providing strong support for them to make more extraordinary achievements on their career paths.

4.2.1 Employee training and education

We have established a sound employee training and development system that emphasizes the combination of training and practical application to help employees grow rapidly. Training is effectively carried out according to our self-developed training policies such as the *Leapmotor Training Management Measures*, the *Sequence S Training Management Measures*, the *Management Rules for Internal Lecturers*, and the *Management Rules for External Lecturers*. We provide diversified training courses on management skills, professional skills, and new employees for different business lines and employee groups, fully promoting the high-quality development of the talent team.

▶▶ 2023

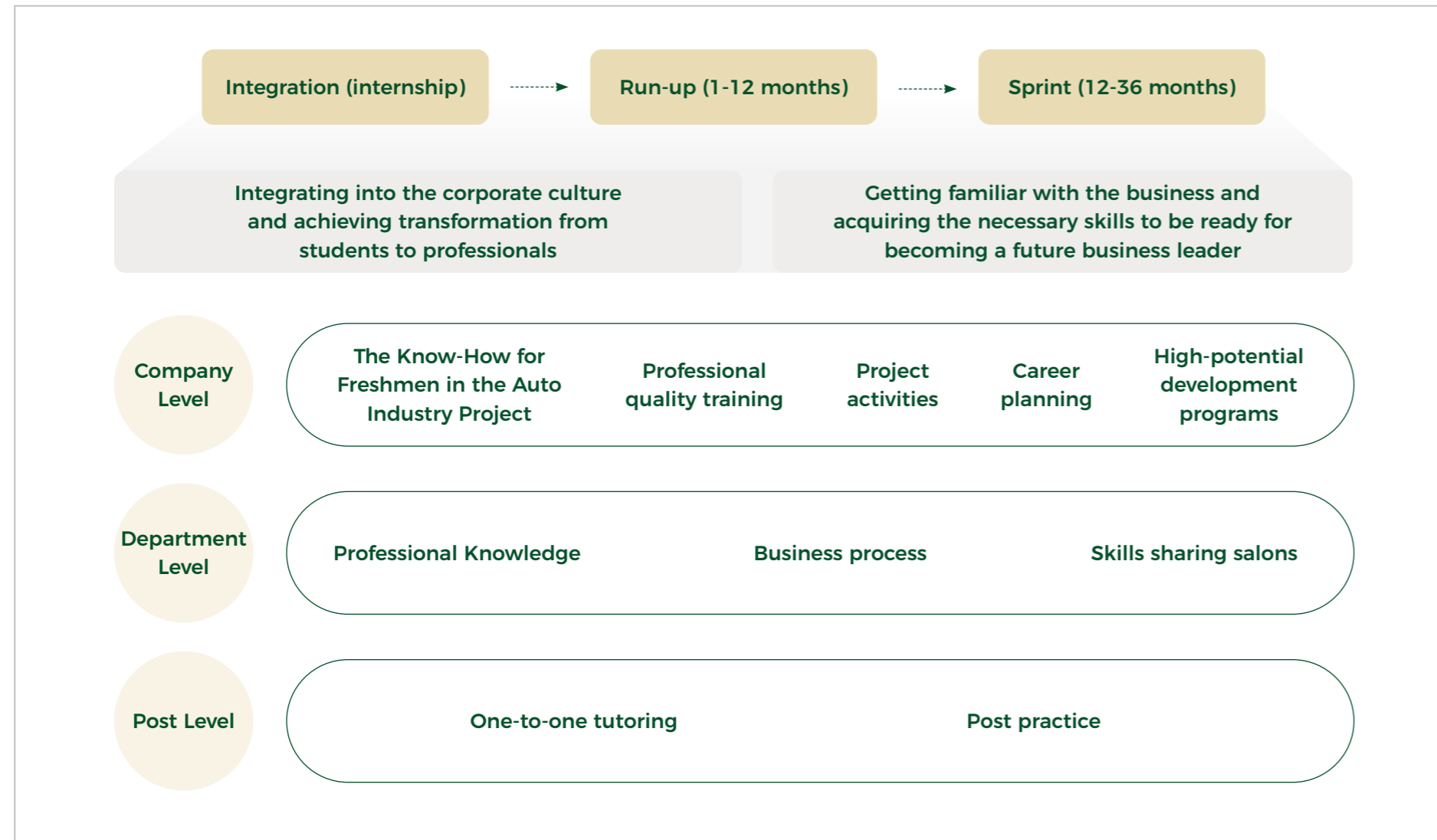
- 68** Company-level training courses added
- 7,666** Employees participated in training programs
- 201,970** Training hours in total
- 100%** of Employees receiving regular performance and career development evaluation
- 100%** of Employees receiving vocational or skills-related training



Leapmotor's talent echelon training system

²⁸ OJT: On the Job Training.

Leapmotor has opened a series of training courses to help new employees quickly understand our corporate culture, successfully integrate into the organization and fulfill their job responsibilities. Among them, the Know-How for Freshmen in Auto Industry Project, a special training system for new graduates, aims to help those through campus recruitment fully adapt to their working environment and intensity and succeed in changing their roles as soon as possible.



The Know-How for Freshmen in Auto Industry Project, a training system for new graduates in Leapmotor

Case

From zero to one, keep running

We have launched the Know-How for Freshmen in Auto Industry Project for new graduates who are considered as a continuous source of endogenous talents for Leapmotor's future. Through cultural integration, professional quality training, specialized training, project activities and job rotation, we endeavor to help our new employees integrate into our corporate culture, acquire the necessary skills for their jobs, and achieve successful transformation from students to professionals, so as to truly realize the accelerated growth of their career potentials on the workplace track!



The Know-How for Freshmen in Auto Industry Project for New Graduates

| Employee Training and Development |

	Indicator	Unit	2023
Training Ratio by Gender	Female Staff Training Ratio	%	77.43
	Male Staff Training Ratio	%	83.36
Training Ratio by Employee Category	Training Ratio of Regular Employees	%	83.49
	Training Ratio of Mid-level Management Employees	%	59.09
	Training Ratio of Senior Management Employees	%	61.54
Average Training Hours by Employee Gender	Average Training Hours of Female Employees	Hour	24.26
	Average Training Hours of Male Employees	Hour	23.78
Average Training Hours by Employee Category	Average Training Hours of Regular Employees	Hour	24.58
	Average Training Hours of Mid-level Management Employees	Hour	25.52
	Average Training Hours of Senior Management Employees	Hour	8.88

4.2.2 Employee career development

We have established precise “management + professional” dual advancement channels, providing employees with career development paths. In 2023, we continuously optimized our job development system, and released documents on dual advancement channels for each system as well as qualification standards for 32 positions in 14 sequences. We also drew a talent development map, and developed proper management policies of advancement for different types of employees such as management, marketing, R&D, and design. In doing so, we have further balanced the development of all employees and the retention of excellent talents.



Leapmotors' Run-Up Management Training Camp

4.3 Safeguarding Employee Health

Putting employee health and safety first all the time, Leapmotor continuously optimizes the work safety management system, strengthens occupational health and safety protection, and creates a favorable environment for work safety. We strive to nurture a healthy, safe, and comfortable workplace for our employees.

4.3.1 Management system of work safety

Leapmotor strictly adheres to the work safety principle of "safety first, prevention foremost, and comprehensive management" and implements management systems such as the *Work Safety Responsibility System*, the *Work Safety Inspection and Hidden Trouble Rectification Management System*, the *Work Safety Education and Training Management System* and the *Safety Management System for Stakeholders* to constantly improve its management system for work safety. We also carry out special safety inspections, pre-holiday safety inspections, weekly safety site reviews, and daily safety to maintain sound work orders, implement safety precautionary measures, eliminate unsafe human behaviors and unsafe conditions of objects, and prevent work safety accidents.

▶▶ 2023

Passed the supervision and audit certifications of ISO 4500 occupational health and safety management system and ISO 14001 environmental management systems

Based on the responsibility system for work safety, the Company has set up the Occupational Health, Safety and Environment Committee and made it clear that staff in charge of production and front-line production employees are all responsible for work safety. Our factories have thoroughly implemented a three-tiered safety monitoring system at the factory, department, and team levels. Our own safety management experience and health and safety policies are also applicable to the stakeholders. We have constantly optimized the work safety education and training system and comprehensively enhanced our employees' awareness and capabilities of safety protection from multiple dimensions, including factory-level, department-level, and team-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.

▶▶ 2023

0 Major safety accidents

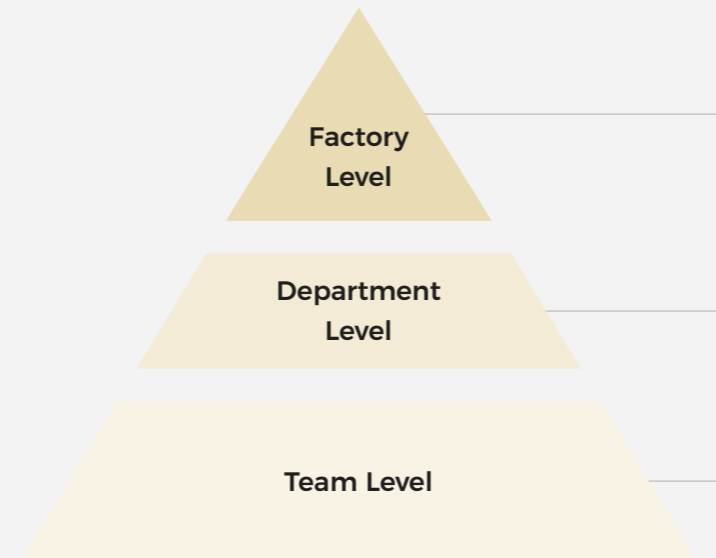
0 Work-related fatality

100% of Employees health and safety risk assessment at operation sites

100% Coverage rate of operation sites by the Occupational Health, Safety and Environment Committee

100% of Employees participating in health and safety training

15,132 Training hours in total



Including safety education on labor laws and regulations, general safety technology, basic knowledge of occupational health and safety culture, the company's safety policies and regulations, as well as safety accident case analysis.

Including 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.

Including safety education on job safety operating procedures, typical accident cases, performance and correct usage methods of labor protection equipment/tools, fire escape, etc.

New Employee Three-Level Safety Education System

4.3.2 Occupational health and safety

In compliance with the laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases*, Leapmotor has established an environment, health and safety (EHS) management system based on the GB/T 45001-2020, *Occupational Health and Safety Management Systems-requirements with Guidance for Use*. In 2023, we formulated documents like the *Hazard Identification and Risk Evaluation Form*, the *Environmental Factors Identification and Evaluation Table* and the *Table of ISO45001-2018 Occupational Health and Safety Management System Risk and Opportunity Identification and Evaluation and Response Measures*, revised the *Leapmotor EHS Management Manual*, and updated 44 documents on the EHS system. We carried out weekly on-site safety device inspections and rectification of problematic items to ensure the standardization of the Company's occupational health and safety(OHS) management and the implementation of effective preventive and protective measures to eliminate sources of danger. All these efforts help us minimize OHS risks. In 2023, our EHS managers inspected a total of 5,927 hidden problems, with 100% closure rate of rectification of hidden problems.

We provide our employees with personal labor protection equipment and guidance for correct and standardized use in compliant operations, with focuses on the health management and maintenance of equipment, so as to protect them from hazardous materials, noise and other sources of danger. We have developed an annual safety training plan and revised emergency plans such as the *Comprehensive Emergency Response and Rescue Plan for Work Safety Accidents* and the *Work Plan for Typhoon Prevention, Flood Prevention, and Rain, Snow and Freezing Prevention at Jinhua Plant*. We carried out more than 40 times of annual emergency drills for high-temperature heatstroke, chemical leakage, mechanical injury, electrocution, and fire extinguishing and escape in 2023. By doing so, we helped employees understand and master basic emergency practical knowledge, and effectively improved their ability to deal with emergencies and first-aid skills, achieving the goal of "everyone cares safety, and everyone is capable of emergency response".

We have set clear targets for occupational health and safety and environmental control. We make a monthly EHS assessment for each department, the result of which is incorporated into our monthly performance assessment to guarantee the achievement of annual targets for occupational health and safety and environmental control. In 2023 at Leapmotor, there were no occupational diseases or major work safety accidents, no environmental pollution accidents, and no administrative penalties imposed by relevant governmental departments.

▶▶ 2023

100% Coverage rate of employee physical examinations

60+ Safety-related training, Fire Protection Month, and Work Safety Month activities for employees, **20,000+** Participants
100% Coverage rate of employee participation

Leapmotor awarded Jinhua City "Healthy Enterprise"

Case

Deepening safety training to build a line of strong defense

In June 2023, Leapmotor Jinhua AI Factory launched Work Safety Month activities with the theme of "Being Aware of Safety, Being Capable of Emergency Response". We enabled employees to know hazardous factors in their positions through Kiken Yochi training (KYT) (hazard, prediction, and training) training, an award-winning quiz on hidden danger knowledge named "Fault-Finding Experts", etc. At the same time, we organized all departments to develop on-site temporary disposal plans based on the characteristics of their workplaces and hired external safety management experts to offer special training, further enhancing participants' awareness and professional ability of emergency response.



Work Safety Month activities themed with "Being Aware of Safety, Being Capable of Emergency Response"

Case

Fire protection activities to prevent fire

In November 2023, Leapmotor organized a series of "Fire Promotion and Education" activities to provide training and education on relevant laws and regulations on fire protection, common causes and remedies for fires, inspection and use of firefighting facilities, etc. We helped employees apply the knowledge and practice skills of fire protection to further deepen their understanding and mastery of fire protection by inviting different departments to shoot promotional videos on Fire Protection Month, popularizing basic safety knowledge and requirements of fire protection, and conducting activities such as fire protection knowledge competitions, fire protection skills competitions, and fire drills.



Organized Fire Protection and Education Series activities

4.4 Caring for Employee Life

Leapmotor puts a high value on employee care. We continuously upgrade our welfare and care activities, pay close attention to the needs of female employees, and enhance employees' well-being in multiple aspects, aiming to make every employee keep their mind on their work and live happily.

Employee benefits

We have established a sound employee welfare system in compliance with social insurance obligations (including pension insurance, medical insurance, unemployment insurance, work injury insurance, and maternity insurance). We also provide extra benefits such as birthday gifts, employee commercial insurance, additional annual leave, annual health checkups, and long-term contribution souvenirs, to enhance employees' sense of happiness. We have set up a flexible work mechanism so that employees who hurt their legs due to accidents, suffer from pregnancy discomfort, or have other special reasons can work from home. This approach helps employees cope with atypical situations in work and life and meet more diverse work needs. We endeavor to help our employees strike a balance between work and life and offer parental leave according to law. In 2023, a total of 303 employees took their parental leave.

Employee care

To safeguard the mental health of our employees, through a 7x24 employee mental health hotline, we offer a series of psychological lectures to help employees regulate their emotions and relieve work and life stress. For employees on extended sick leave, we pay sick leave wages higher than local minimum wage standards under the *Provisions on Medical Treatment Period of The Workers Suffering from Illness or Non-Work-Related Injuries*. We also assist in applying for assistance funds for employees in difficulties and achieve targeted one-on-one assistance.

For female employees, we organize International Women's Day activities, carry out health lectures for them, and provide prenatal check-up leave, maternity leave, breastfeeding leave, and maternity benefits for them. A "Mommy Room" has been set up to provide a private, comfortable, and safe resting place for pregnant and lactating females. To protect the rights and interests of female employees on maternity leave, in addition to paying the national maternity allowance, we pay an extra basic salary every month to ensure their living expenses, comprehensively enhancing the care for female employees.



Leapmotor's Labor Union conducts "Cool Summer" employee care activities during high-temperature periods to send coolness and care to front-line employees.



Leapmotor holds a series of themed activities to show our care for female employees on International Women's Day.



Leapmotor provides free medical service activities for employees as a guardian of our health.

Employee activities

We are committed to creating a cohesive culture by organizing various activities to enrich the leisure life of employees, allowing them to feel the care and warmth of the Company in their spare time.

Case

Reuniting employees with their families

In December 2023, Leapmotor held a Family Day event on the occasion of its eighth anniversary, welcoming more than 150 families from all over the world. By organizing the "Ability Checking for Little Engineers" game, visiting factories in bases, and other activities, we enabled every child in families to better understand the Company and their parents' work. We promoted emotional communication between the Company, employees, and family members.



Family Day activity



The "Leapmotor Healthy Living" themed hiking activity, which involves over 700 employees and their families, promotes employees' practice of healthy lifestyles.



Employee friendship activity creates a relaxed and happy social platform for single and youth of the right age.

Joint Contribution to a Shared Future

Leapmotor considers suppliers the most essential partners in its development and jointly explores more sustainable cooperation models. With sincerity and responsibility, we are dedicated to building a user community starting with cars, engaging ourselves in public welfare activities, sharing development fruits with users and communities, and working with all parties to create a better future.

Contribution to SDGs



5.1 Building Sustainable Supply Chains

Believing that a safe and stable supply chain is the foundation for the Company's long-term and rapid development, Leapmotor continues to improve the supplier management system and strengthen supplier access, evaluation and sustainability management, empowering suppliers while building a sustainable supply chain.

5.1.1 Supply chain management system and regulations

Leapmotor keeps improving its supply chain management system, establishes efficient two-way communication channels with suppliers, and pays constant attention to suppliers' ESG performance in the hope of building a sustainable supply chain with an open, honest, and cooperative attitude. Besides, the Company complies with the Civil Code of the People's Republic of China and the Law of the People's Republic of China on Invitation and Submission of Bids. Internal management systems have been formulated, such as the General Regulations of Procurement, the Letter of Commitment to Integrity and Self-discipline, and the Supplier Quality Management Manual, etc. Effective management processes have also been set up across every step from supplier sourcing, access and process management, auditing and evaluation, performance evaluation to communication, etc., to realize the closed-loop management of the whole supply chain.



▶▶ 2023

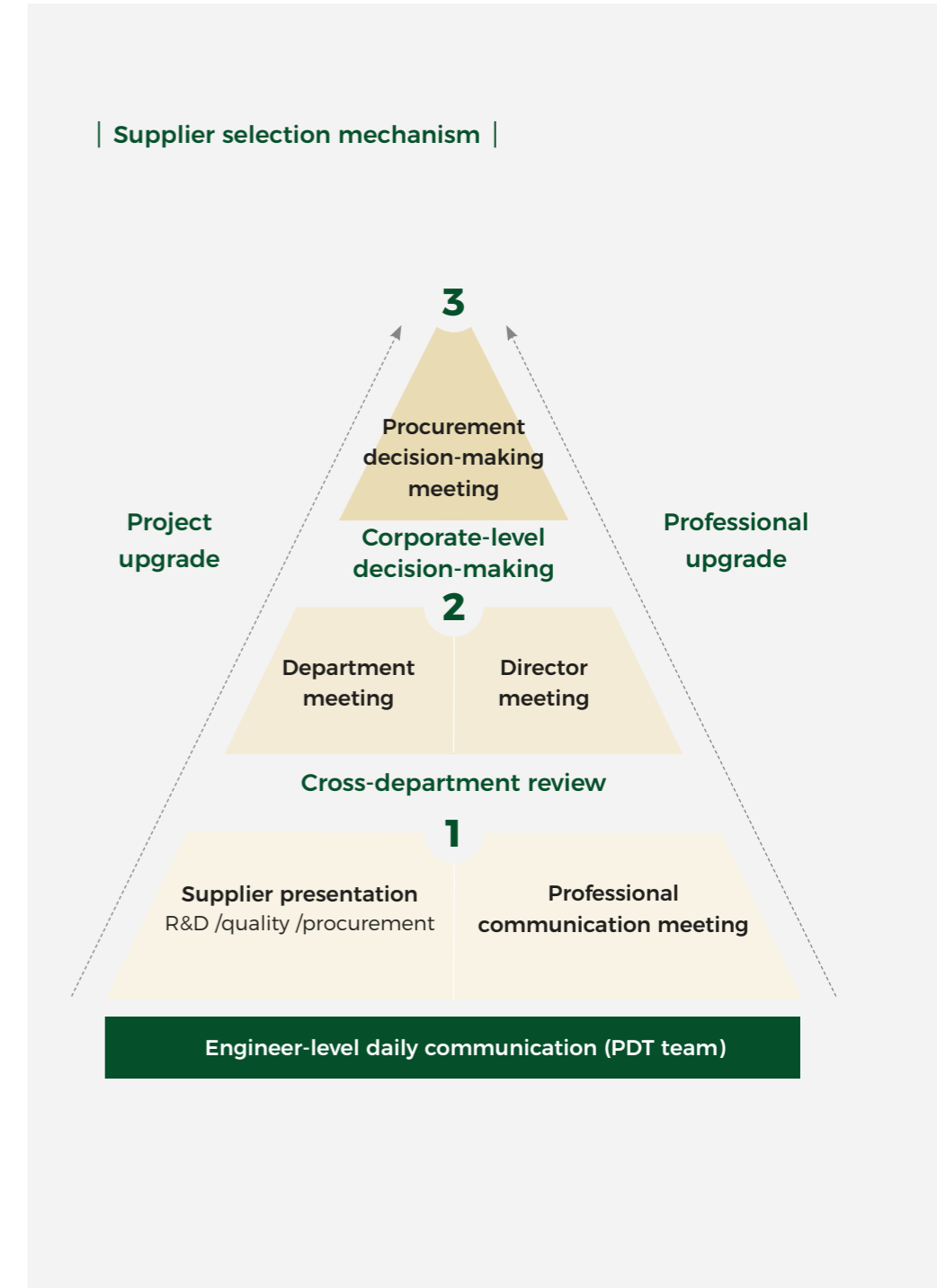
554 Suppliers in total, all from China

5.1.2 Supplier access and evaluation

Leapmotor has established the *Supplier Designated Management Program* to ensure that admitted parts suppliers meet Leapmotor's quality requirement. We require our suppliers to strictly abide by regulations on safeguarding the occupational health and safety of employees, ensuring environmental compliance and enhancing quality and safety. Suppliers are required to obtain the IATF 16949 Quality Management System Certification so that their standard business operations and the quality of their products can be guaranteed. In addition, suppliers with special requirements for the environment are also required to pass the ISO14001 Environmental Management Systems Certification, and suppliers involved in cybersecurity and software updates are needed to pass the R155\R156 System Certification. Focusing on supplier risk management, the Company inquires about and manages public information on suppliers' business ethics and credit risks through the commercial query platform TianYanCha.

The *Management Measures for Supplier Access Review* is compiled to standardize supplier access and technical qualifying process further. The access reviews focus on the dimensions of supplier quality system, personnel capability and training, new product development, process management, quality confirmation, sub-supplier management, quality improvement, etc. According to the review results, suppliers are then classified into four grades A, B, C, and D. They are urged to rectify, if any, the non-conformities found in reviews until these non-conformities are closed. The Procurement Committee determines the supplier selection process to ensure fairness and impartiality.

To improve the efficiency of supplier management and realize supplier classification, the Company has formulated the *Classified Supplier Management Strategy and Process*, which identifies key suppliers from their categories and strategies, and evaluates the strategies of key suppliers through the dimensions of internal and external industry analysis, resource distribution, industry production capacity, application of new technologies, materials and processes, and cost management, etc., so as to realize the differentiated lifecycle supplier management in Leapmotor and ensure the supply, cost reduction and new project development as well.



5.1.3 Sustainable supplier management

Leapmotor requires suppliers to meet the requirements of laws, regulations and standards on environmental management, occupational safety, health and human rights in the countries and regions where they are located, and minimize adverse impacts on the environment, the social, environmental and other sustainability requirements are included in the *General Regulations of Procurement* signed between the Company and our suppliers. We encourage suppliers to take the initiative to provide their plans of implementing environmental management systems and plans or progress of getting certified by environmental management systems, etc. Priority will be given to suppliers that have obtained environmental management system certification, regarding our new project development opportunities and the current share of product supply.

In addition, we sign the *Clean and Self-discipline Agreement* with all suppliers, continuously promote the concept of the "Sunshine Project" to suppliers, and make anti-corruption a primary condition for friendly cooperation. In order to prevent potential corruption risks in supply procurement and to ensure fair, transparent and compliant procurement, we carry out integrity education for supply chain personnel to further enhance their awareness of integrity and compliance and promote mutual trust and cooperation with suppliers.

By 2023, 100% of our key suppliers accepted on-site audits, 100% of our purchasing personnel received sustainable procurement training covering business ethics, product quality and other topics, and 100% of assessed suppliers participated in our improvement actions or capacity building.

▶▶ 2023

2 Supplier compliance training sessions were conducted,
2,051 Participants from suppliers

100% Review coverage of regular raw material quality for Tier-1 suppliers

100% Signing rate of the Integrity Self-Discipline Agreement among suppliers

100% Signing rate of contracts that included CSR clauses among key supplier



Integrity training organized for the supply chain

Supplier sustainability review

We have integrated the sustainability philosophy into daily supplier management, conducted CSR risk analysis, and prioritized the selection of environmentally and socially friendly suppliers. We conduct second-party supplier reviews online and offline, which take into account sustainability factors such as business ethics, compliance management, work safety, product quality, occupational health, and carbon emissions. While responding to China's carbon peak and carbon neutrality strategy, we also strive to meet European standards and conduct carbon management firstly for parts with a more significant proportion of impact, hoping to further facilitate global environmental governance and contribute to the realization of the SDGs.

Supplier risk management

The supplier review team carries out special risk assessments on the supply chain module. It assesses the risk level of various processes such as organization management, procurement demands and plans, procurement preparation and execution, price and cost management, contract signing and execution, supplier management, acceptance and payment, etc., from the dimensions of risk likelihood and impact level, so that critical risks can be identified and corresponding responses can be made to effectively improve the ESG risk response capability of the supply chain.

5.1.4 Supplier empowerment

Supplier capability training

In order to ensure the quality of parts, Leapmotor regularly organizes the ability to improve the training of purchasers and suppliers, covering integrity and compliance, product quality, green safety and other responsibility issues. We hold APQP kick-off meetings and production quality campaigns during the project development stage. During the mass production and after-sales stages, personnel in the factory are offered training on safety management systems and problem handling processes, etc., and suppliers are invited to hold after-sales maintenance training for Leapmotor engineers and participate in other exchange activities. Based on the training results, we guide the subsequent improvement for suppliers. For suppliers with poor performance in supply situations, performance evaluations, second-party audits, and after-sales markets, the Company has set up a special team to regularly invite them for quality special exchanges and help them formulate quality improvement plans and measures, thus continuously improving their capabilities.



Leapmotor conducts safety and management system training for suppliers' supporting staff in the factory.

▶▶ 2023

383 Supplier quality training sessions conducted, **1,850** Hours trained, **302** Suppliers covered d by the training, **2,511** Participants in total



Supplier exchange and cooperation

Supplier partnership is an integral part of the Company’s sustainable development. To achieve win-win cooperation, we attach importance to close communication with our suppliers and create a stable, high-quality supply chain based on mutual trust with our suppliers. Every year, we organize supplier conferences and supplier exchange activities to review the fruit of our cooperation, share best practices, and jointly seek opportunities for improvement and innovation. On such platforms, we not only share our values and expectations, but also receive feedback and suggestions from our suppliers, to create a more transparent partnership of mutual trust and jointly improve the quality of Leapmotor’s products and services.

In addition, to promote the localized procurement of core parts and components, the Company gives priority to local suppliers, mainly in terms of key parts, wearing parts, jettisoned parts, and new projects. We strive to enhance quality further and optimize costs while meeting the localized requirements of projects.

We are also committed to creating more opportunities for diversified enterprises in the procurement of products and services. With an open and inclusive mindset and on an equal footing, we provide cooperation, training or other incentives to enterprises held by diversified groups such as women, ethnic minorities, and people with disabilities.

Case

Leapmotor 2023 Global Partner Conference

In December, 2023, we held the Leapmotor 2023 Global Partner Conference themed “Build Momentum Worldwide, Win Together in the Future” where more than 800 global partners of Leapmotor in China and abroad were invited to discuss opportunities for future cooperation. At the conference, Leapmotor awarded 46 outstanding suppliers with prizes such as the Leapmotor Development Award, the Leapmotor Quality Award, the Leapmotor Delivery Award, the Leapmotor Value Award, the Leapmotor Annual Innovation Award, and the Excellent Partner Award in recognition of their contributions to Leapmotor from different aspects.



Leapmotor 2023 Global Partner Conference



Case

Localized supply of both system and parts

After achieving independent development and manufacturing of the “three-electricity” system (battery system, electric drive system and electric control system), in 2023, Leapmotor introduced suppliers of car bodies chassis, electric equipment, and interiors and exterior components, etc. to build plants in the Jinhua AI Factory, so as to further reduce the risk of delayed delivery caused by long-distance purchasing. We improved the local supply chain and avoided the carbon emissions generated by long-distance logistics, which helped reduce the full life cycle carbon emissions of our products and contribute to building a sustainable supply chain.



Rendering of the Jinhua AI Factory

5.2 Engaging in Community Development

Focusing on charity and community building, Leapmotor actively practices social responsibility, and launches activities on environmental protection, and caring for Leapmotor fans, striving to build a warm enterprise. Relying on the Company's business advantages, we strive to encourage more groups to participate in community activities. In 2023, more than 6,000 people were encouraged to participate in environmental protection, contributing our due share to sustainability.

5.2.1 Charity activities

Leapmotor actively engages in charity causes. We have launched the tree-planting volunteer activity as a practical action to care for society and nature. We also call on our employees and society to shoulder the responsibility of sustainable development and guard the beautiful earth.

5.2.2 User Kindness

While keeping close contact with users and fans across China, Leapmotor continues expanding Leapmotor Club activities for public welfare and environmental protection, etc. to build a fan ecosystem.

Alxa Public Welfare Forest

Leapmotor and the Alxa Malan Lake Ecological Foundation have jointly carried out the public welfare forest project for three consecutive years. For every Leapmotor energy cup a user purchases, a customized badge and certificate will be given to the user while a tree will be planted in Malan Lake. A total of RMB 100,000 has been invested in the project as public welfare funds. Through sand control and forest protection, we contributed to the ecological restoration of the desert.



Case

Tree-planting activity with Leapmotor fans

In December 2023, Leapmotor and Leapmotor fans participated in the "Guardians of Green Guangdong" tree-planting activity with the theme of "Planting for Decarbonization Goals and Ushering in a Green Future". We planted saplings under the guidance of technicians and finished every step, from straightening, earthing up, and compacting to watering in an orderly manner. "We are very glad to participate in this parent-child tree-planting activity, so that children can have close contact with nature, understand the value and significance of tree-planting, and contribute to environmental protection" Leapmotor fans said.



Appendix

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[ESG Key Data](#)

[Reader Feedback Sheet](#)



HKEX ESG Reporting Guide Content Index

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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.	P41, P47-P52
A1.1 The types of emissions and respective emissions data.	P51-P52, P76
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).	P45, P76
A1: Emissions	
A1.3 Total hazardous waste (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P52, P76
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P52, P76
A1.5 Description of emissions target(s) set and steps taken to achieve them.	P51-P52
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.	P51-P52

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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).	P50, P76
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P49, P76
A2: Use of Resources	
A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P50
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.	P49
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P46, P76
General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	P47
A3: The Environment and Natural Resources	
A3.1 Description of the significant impact of business activities on the environment and natural resources and the actions taken to manage them.	P41-P46

Environmental, Social and Governance Indicators	Page
General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P41
A4: Climate Change	
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.	P41-P46
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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.	P55, P57, P60, P63-P64
B1: Employment	
B1.1 Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	P56, P77
B1.2 Employee turnover rate by gender, age group and geographical region.	P56, P77
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.	P62
B2: Health and Safety	

Environmental, Social and Governance Indicators		Page
B2: Health and Safety	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P61, P78
	B2.2 Lost days due to work injury.	P62
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P61-P62
Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P58-P59
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P60, P77
	B3.2 The average training hours completed per employee by gender and employee category.	P60, P77
B4: Labour Standards	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.	P57
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P57
	B4.2 Description of steps taken to eliminate such practices when discovered.	P57

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B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	P66-P67
	B5.1 Number of suppliers by geographical region.	P66, P78
	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.	P66
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P67
B6: Product Responsibility	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P67
	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.	P38
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P28
	B6.2 Number of products and service related complaints received and how they are dealt with.	P36
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P27

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B6: Product Responsibility	B6.4 Description of quality assurance process and recall procedures.	P28-P30
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P19
B7: Anti-corruption	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	P14
	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.	P15
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P14-P15
	B7.3 Description of anti-corruption training provided to directors and staff.	P15, P78
B8: Community Investment	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.	P65, P70
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	P70
	B8.2 Resources contributed (e.g. money or time) to the focus area.	P70

GRI Content Index

Statement of use	Leapmotor has reported in accordance with the GRI Standards for the period from 1st January 2023 to 31st December 2023.
GRI 1 used	GRI 1: Foundation 2021

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	2-3 Reporting period, frequency and contact point	P3
	2-4 Restatements of information	P3
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	2-11 Chair of the highest governance body	P12
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	2-13 Delegation of responsibility for managing impacts	P8

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	2-15 Conflicts of interest	P14
	2-16 Communication of critical concerns	P9
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	2-20 Process to determine remuneration	P57
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	2-23 Policy commitments	P14, P55
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	205-1 Operations assessed for risks related to corruption	P15
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	P15, P78
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GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P15
	301-1 Materials used by weight or volume	P46, P76
	301-2 Recycled input materials used	P46
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	P46
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	305-2 Energy indirect (Scope 2) GHG emissions	P45, P76
	305-4 GHG emissions intensity	P45, P76
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	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	P52, P76
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	306-3 Waste generated	P52
	306-4 Waste diverted from disposal	P51-P52
	306-5 Waste directed to disposal	P51-P52
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P66
	308-2 Negative environmental impacts in the supply chain and actions taken	P66-67

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P56
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P63-P64
	401-3 Parental leave	P63
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P61
	403-2 Hazard identification, risk assessment, and incident investigation	P61
	403-3 Occupational health services	P62
	403-4 Worker participation, consultation, and communication on occupational health and safety	P62
	403-5 Worker training on occupational health and safety	P62, P78
	403-6 Promotion of worker health	P61-P62
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P61-P62
	403-8 Workers covered by an occupational health and safety management system	P61
	403-9 Work-related injuries	P61, P77
	403-10 Work-related ill health	P62
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P60, P77
	404-2 Programs for upgrading employee skills and transition assistance programs	P58-P59
	404-3 Percentage of employees receiving regular performance and career development reviews	P58

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P55-P56
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P55
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P67
	414-2 Negative social impacts in the supply chain and actions taken	P67
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	P32-P34
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P28
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	P38
	417-3 Incidents of non-compliance concerning marketing communications	P38
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P19

ESG Key Data

Environmental Performance

Indicator	Unit	Data of 2023
Greenhouse Gas Emissions¹		
Scope 1 GHG emissions ²	tCO ₂ e	8,453.30
Scope 2 GHG emissions ³	tCO ₂ e	49,119.50
Total GHG emissions	tCO ₂ e	57,572.80
GHG emission Density	tonne / 10,000 RMB Revenue	0.03
Use of Resource		
Consumption (Municipal Water Supply)	tonne	906,285
Water Consumption Density	tonne / 10,000 RMB Revenue	0.54
Total Amount of Packaging Materials Used	tonne	145.45
Packaging Material Usage Density	tonne / 10,000 RMB Revenue	0.000087
Use of Energy		
Direct Energy Use		
Natural Gas	m ³	3,909,575
Self-Consumption of Self-Generated Renewable Energy	MWh	10,226.20
Direct Energy Use Density	MWh / 10,000 RMB Revenue	0.03
Indirect Energy Use		
Total Purchased Electricity	MWh	85,106.58
Indirect Energy Use Density	MWh / 10,000 RMB Revenue	0.05
Total Energy Consumption	MWh	134,060.93

Indicator	Unit	Data of 2023
Waste Emissions		
Hazardous Waste		
Total Amount of Hazardous Waste	tonne	1,364
Discharge Density of Hazardous Waste	tonne / 10,000 RMB Revenue	0.0008
Total Amount of Hazardous Waste Recycled	tonne	11.25
Non-Hazardous Waste⁴		
Total Amount of Non-Hazardous Waste	tonne	42,997.40
Discharge Density of Non-Hazardous Waste	tonne / 10,000 RMB Revenue	0.03
Waste Gas Emissions		
Sulfur Oxide (SO _x)	tonne	0.37
Nitrogen Oxide (NO _x)	tonne	8.65
VOC ⁵	tonne	2.33
Total Waste Gas Emissions	tonne	11.35
Waste Gas Emissions Density	tonne / 10,000 RMB Revenue	0.000007
Wastewater Discharge		
Ammonia Nitrogen	tonne	0.52
Total Phosphorus	tonne	0.08
COD ⁶	tonne	6.77
Total Wastewater Discharge ⁷	tonne	223,890
Wastewater Discharge Density	tonne / 10,000 RMB Revenue	0.13

Social Performance

Indicator		Unit	Data of 2023
Headcount and Distribution of Employees			
Headcount of Full-Time Employees		Person	9,314
By Gender	Female	Person	1,639
	Male	Person	7,675
By Age	30 or Below	Person	5,000
	31-50	Person	4,287
	Above 50	Person	27
By Function	Manufacturing	Person	4,538
	R&D	Person	2,929
	Sales and Marketing	Person	1,274
	Supply Chain Management	Person	246
By Category	General and Administration	Person	327
	Full Time	Person	9,314
	Intern	Person	85
	Outsourcing	Person	7
By Region	Re-employed after Retirement	Person	3
	Mainland China	Person	9,312
	Hong Kong, Macao and Taiwan China	Person	2
Headcount of Special Employees	Overseas	Person	0
	Ethnic Minority Employees	Person	983
	Employees with Disabilities	Person	53
Staff Turnover Rate			
Total Staff Turnover Rate		%	20.70
By Gender	Female	%	21.23
	Male	%	20.55
By Age	30 or Below	%	22.46
	31-50	%	18.68
	Above 50	%	3.70

Indicator		Unit	Data of 2023
By Region	Mainland China	%	20.70
	Hong Kong, Macao and Taiwan China	%	0
	Overseas	%	0
Employee Training and Development			
Total Number of Trained Employees		Person	7,666
Total Training Hours for Employees		Hour	201,970
Training Ratio by Gender	Female Staff Training Ratio	%	77.43
	Male Staff Training Ratio	%	83.36
Training Ratio by Rank	Training Ratio of Regular Employees	%	83.49
	Training Ratio of Mid-level Management Employees	%	59.09
	Training Ratio of Senior Management Employees	%	61.54
Average Training Hours by Gender	Average Training Hours of Female Employees	Hour	24.26
	Average Training Hours of Male Employees	Hour	23.78
Average Training Hours by Rank	Average Training Hours of Regular Employees	Hour	24.58
	Average Training Hours of Mid-level Management Employees	Hour	25.52
	Average Training Hours of Senior Management Employees	Hour	8.88
Employee Health and Safety			
Work-Related Injury Losses	Number of Fatalities Caused by Work-Related Injuries	Person	0
	Rate of Work-Related Fatalities Occurred	%	0
Physical Examination	Number of Workdays Lost Due to Work-Related Injuries	Day	530.50
	Employee Physical Examination Coverage Rate	%	100

	Indicator	Unit	Data of 2023
Health and Safety Training	Number of Health and Safety Training Sessions	Person	4,440
	Total Hours of Health and Safety Training	Hour	15,132
Supplier Management			
The Number of Suppliers by Region	China	Company	554
	Overseas	Company	0
	Total	Company	554
Proportion of Suppliers Who Have Signed the Integrity Agreement		%	100
Product and Customer Service			
Rate of Completion for Follow-Up on After-Sales Issues		%	100
Rate of Customer Satisfaction		Point	96
Number of Service Training Session		Session	5
Number of Participants In Service Training		people	1,956
Public Welfare and Charity			
Number of people driven by environmental public welfare activities		Person	Over 6000
Intellectual Property Rights			
Number of Newly Authorized Patents		Item	476
Cumulative Number of Issued patents		Item	1,761
Training on the Protection of Intellectual Property Rights		Session	10
Information security			
Number of Information Security Training Session		Session	5
Total hours of Information Security Training		Hour	5,833
Coverage of Information Security Training		%	100
Number of information leakage incidents		Item	0
Product Research and Development			
R&D Staff		Person	2,929
R&D Investment		RMB 100 Million	19.2

Governance Performance

	Indicator	Unit	Data of 2023
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	47
Report Processing Rate		%	100
Number of Concluded Corruption Litigation Cases		Item	0
Internal audit or risk assessment for business ethics issues at operating sites		%	100

Notes

1. Compared to 2022, the statistical scope for greenhouse gas (GHG) emissions in 2023 has been further broadened to include the new production lines such as batteries, electronics, and electric drives. Leapmotor is under rapid growth and has completed the construction of multiple production lines, which led to an increase in GHG emissions for 2023 compared to 2022. Leapmotor conducts a carbon audit each year through the Low-Carbon Development Integrated Management Platform of Zhejiang Province, disclosing the GHG emissions and submitting the data to relevant national departments for review and supervision. Meanwhile, the data is subject to third-party audits to ensure its authenticity and validity.

2. Scope 1 Greenhouse Gas Emissions refer to the emissions from the direct energy use such as natural gas, and are measured according to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Machinery Manufacturing Enterprises (Trial)*.

3. Scope 2 Greenhouse Gas Emissions refer to emissions from purchased electricity, and are measured based on the recommended approaches stated in the *Notice on Doing a Good Job in the Reporting and Verification of Greenhouse Gas Emissions in Key Industries and Enterprises from 2023 to 2025* (Huan Ban Qi Hou Han [2023] No. 332) issued by the Office of the Ministry of Ecology and Environment. The Scope 2 Greenhouse Gas Emissions of Leapmotor in 2022 were altered to 44,081.10 tCO₂e since there was an error in the data of the total purchased electricity in 2022 (7,729.46 MWh corrected to 77,294.60 MWh).

4. There is an increase in the data of non-hazardous waste for 2023, since the scope of statistics was broadened to cover more categories compared to 2022, such as 3E products (batteries, electric motors, electronic control units), steel, storage batteries, aluminum materials, and electronic products.

5. In 2023, Leapmotor saw a dramatic decline in VOC emissions compared to 2022 for its better performance in waste gas purification, which was achieved through measures such as updating zeolite rotors, replacing filters, and cleaning waste gas pipes.

6. There was a dramatic decline in the COD data for 2023 because it was measured based on the concentration under Discharge Limits, which was consistent with the calculation methods for the environmental impact assessment and the pollution rights trading.

7. There is an increase in the data of wastewater discharge for 2023, since the scope of statistics was further broadened to cover the industrial wastewater and domestic sewage from new production lines such as batteries, electronics, and electric drives.

Reader Feedback Sheet

Dear readers,

Thank you for reading the *Leapmotor Environmental, Social and Governance Report 2023*. We sincerely hope that you can evaluate this report and provide your valuable comments to help us continue to improve the report. Thank you again!

Your evaluation on this report: (Please tick ✓)

Item	Very Good	Good	Fair	Poor	Very Poor
Do you think this report highlights the important environmental, social and governance information of Leapmotor?					
Do you think the structure of this report is reasonable?					
Whether the report disclose the performance indicators that you would like to know about?					
Do you have a clear understanding of the ESG concept and practice of Leapmotor through the report?					
Do you think the content arrangement and format design of this report are reasonable?					
Your overall evaluation of the report?					

What else do you think needs to be disclose that is not presented in this report?

What other suggestions do you have for our ESG governance or ESG reporting improvement in the future?

Please send your feedback to: ir@leapmotor.com. Thank you very much for your suggestions and comments.



2023 Environmental, Social, and Governance Report