



2023

Environmental, Social
and Governance (ESG) Report

About the Report

Basis for Report

This report is prepared in accordance with Appendix 27 of *Main Board Listing Rules* by The Stock Exchange of Hong Kong Limited ("HKEX") – *Environmental, Social and Governance Reporting Guide*, and also referenced the United Nations 2030 Sustainable Development Goals (SDGs), *Sustainability Reporting Standards* by the Global Reporting Initiative (GRI Standards), and *Guidance on Climate Disclosures Following the TCFD Recommendations* by the HKEX.

Reporting Principles

This report adheres to the materiality, quantitative, balance, and consistency principles of *Environmental, Social and Governance Reporting Guide* by the HKEX:

- (1) **Materiality:** We have conducted identification of stakeholders and material issues, and determined the content and scope of the report based on the results of the identification. The specific identification process and material issues contents can be found in the "Stakeholder Participation" and "ESG Material Issues" sections of this report.
- (2) **Quantitative:** The statistical standards, methods, assumptions and/or calculation tools for the quantitative key performance indicators in this report, as well as the sources of conversion factors, have been explained in the corresponding sections where appropriate.
- (3) **Balance:** This report objectively presents the performance of the Company in ESG aspects to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- (4) **Consistency:** This report uses consistent disclosure and statistical methodologies to allow for meaningful comparison of ESG data over time.

Reporting Period

This report covers the period from January 1, 2023 to December 31, 2023 (hereinafter "reporting period"). In order to enhance the comparability and forward-looking nature of the report, some contents are moderately extended to the previous and subsequent years.

Scope of Report

Unless otherwise stated, this report covers CALB Group Co., Ltd. and its branches and subsidiaries.

Data Sources

The information in this report is sourced from internal statistical data, annual reports and public materials of the Company. The unit for financial records featured in this report is Renminbi (RMB), unless otherwise stated/specified.

Abbreviations

For easy expression and reading, "CALB Group Co., Ltd." in this report is also represented by "CALB", "Company", "the Company", "Group" and "We".

Obtaining the Report

In order to promote green environmental protection, this report is only available in electronic version. You can view or download CALB's ESG report online on CALB's official website (<http://www.calb-tech.com>) or the official website of HKEXnews (<https://www.hkexnews.hk>). This report is available both in Chinese and English, if there is any difference in understanding between the two versions, please refer to the Chinese version.

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A Letter from the Chairman



In 2023, CALB insisted on the "high-quality development" idea according to its "sustainable development" concept, and scaled to a new height successively in many different aspects, including industry ranking, market penetration rate, technology and product power, capacity, production scale and brand influence.

In 2023, we still boasted a fast development speed. For instance, we ranked the top 3 nationwide in terms of installed capacity of power battery and top 4 worldwide in installed capacity of single month. We gave strong support for our strategic customers' launch of full series of vehicle models and made breakthrough on the international market; our energy storage business grew in multiples and we delivered the products to several strategic customers in batch. We realized new growth and formed demonstration effect in the fields such as shipping batteries, batteries for machinery engineering and rail traffic. As for the high nickel/silica batteries for low-altitude travel, we have realized leapfrog improvement in terms of lightweight and safety, besides ensuring the high power and fast charging capacity.

In 2023, on the basis of constant technological innovation, we developed cutting-edge technologies and products, improved our core competitiveness constantly, and satisfied users' needs and created market demands with extreme performance; we launched 6C super-charging large cylindrical batteries successfully, took the lead in realizing volume production and delivery of 314Ah energy storage batteries, and supplied greener and low-carbon products for the market continuously. Thanks to our core product power and excellent services, we won the high recognition and awards from customers.

Chairman

刘静瑜

In 2023, we tackled the opportunities and challenges from global climate change, recognized the energy-saving and emission reduction path, integrated energy conservation and emission reduction into our daily production and operation, and worked together with the upstream and downstream industry chain to promote the calculation of carbon footprint and emission reduction measures. We got involved in the research and pilot of battery passport in depth, constantly promoted the construction of responsible supply chain system, built the supply chain traceability informatization platform and improved the transparency and compliance management of supply chain.

In 2023, we provided a favorable development platform for each employee who had a dream, and dared to innovate and shoulder responsibilities, promoted organization efficiency innovation constantly by breaking through thinking limit, improved employees remuneration incentive system constantly and actively fostered a cultural atmosphere of innovation encouragement, sincerity, openness, and mutual achievements; we stimulated employees' potentials to the maximum so as to facilitate their growth and maximize their life value. We always prioritize corporate social responsibilities both in mind and actions, helped with rural revitalization, focused on education development and organized various forms of charitable activities to create a beautiful home together.

In the future, CALB will make further and greater contributions to the healthy and sustainable development of the industry, high-quality economic development, green and low-carbon development of the society and energy safety and a better future for our mankind!

Board of Directors' Statement

CALB applies the ESG concept into the Company's strategy and daily operation, continuously improves the ESG management mechanism, and always lays special emphasis on product life cycle and sustainable development, so as to create a better future for our mankind in partnership with various stakeholders. As the highest responsible body for ESG management, the Board of Directors has assigned its subordinate Audit Committee as the ESG regulatory department, which is responsible for reviewing the Company's ESG related policies, strategic objectives and ESG reports, supervising the realization of the Company's ESG goals, evaluating and managing ESG-related risks, and reporting to the Board of Directors.

The Company maintains closed communication with relevant stakeholders, complies with external policies and standards and the performances of peers in the industry, identifies and appraises key ESG issues, prioritizes the management and improvement of key issues in the ESG related work, formulates corresponding performance goal and action plan, and ensures continuous follow-up and review.

This report discloses in detail the progress and effectiveness of CALB's ESG work in 2023. The Board of Directors is responsible for the truthfulness, accuracy and completeness of the contents of this report.

2023 ESG Highlights

Innovation and Quality

- Total number of the Company's patents (including patents under application): **4,171**
- **0** recall actively initiated due to product quality or safety and health problems
- **100%** resolution rate of complaints against product and/or service
- **100%** ratio of suppliers signing the *Supplier Code of Conduct*
- **100%** coverage of ESG on-site audits for key material suppliers
- **100%** suppliers undergoing due diligence for responsible mineral supply chains
- **95.3** points for customer satisfaction

Low-Carbon & Environmental Protection and Green Development

- Changzhou Base was rated as "**National Green Factory**"
- Changzhou Base was rated as "Jiangsu **Water-saving Enterprise**"
- **100%** pass rate of ISO14001 Environment Management System Certification for in-service bases
- **No** environmental protection accidents and/or administrative penalty against environmental problems
- **96.89%** rate of recyclable packaging for mass-produced projects, including **100%** recyclable packaging for the passenger vehicles

People-Oriented, Shared Undertakings

- **157,363** hr of annual training accumulatively, **9.28** hr of training per capita
- **94.3%** overall satisfaction index of employee
- **100%** pass rate of ISO45001 Occupation Health Safety (OHS) Management System Certification for in-service bases
- **No** employee suffering from or suspected of suffering from occupational diseases
- Strategic support for the Formula Student Electric China (FSEC) for **3 consecutive years**

Integrity Development and Mutual Benefit

- **Achievement** of the Board of Directors' diversified policy objectives
- **35,858** person-times of anti-corruption trainings
- **No** lawsuit of employee corruption
- **35,738** person-times of information security trainings
- **No** information security events such as data leakage or violation of privacy protection



About CALB

Company Profile

CALB is a high-tech enterprise specializing in the research and development and application of new energy technologies and products, commits to being an energy value creator. We build a comprehensive energy operation system to provide complete product solutions and lifecycle management for the application market of all scenarios of new energy, represented by power and energy storage.

CALB has a continuous leading technological innovation capability. Based on the research platforms including the nationally recognized enterprise technology center and post-doctoral research station, we have been making continuous efforts in material technology innovation, structure technology innovation, manufacturing technology innovation, and eco-healthy development innovation to build a new energy technology innovation platform with global influence. CALB keeps building outstanding product power to serve the market, fulfill customers' satisfaction and realize win-win cooperation with ecological partners.

At present, the Company has established multiple industrial bases in places such as Changzhou, Xiamen, Chengdu, Wuhan, Hefei, Meishan, Jiangmen and others, completing a comprehensive domestic industrial layout. Additionally, European and ASEAN industrial bases have been established, vigorously expanding overseas industrial layout, and building an internationally leading enterprise with the large-scale intelligent manufacturing strength!

With the mission of "Achieving greatness through win-win cooperation, benefit mankind for a better world", CALB is committed to pioneering innovation and technological leadership in the field of new energy, continuously shaping a healthy ecology of the new energy industry, and doing its utmost to take up responsibility for implementing the "carbon peaking and carbon neutrality goals" and the national strategy of new energy vehicles, and to contribute to a harmonious, coexistent, green and sustainable energy ecology and a better future for mankind.



Industrial Layout

CALB's headquarters is situated in Changzhou City, Jiangsu Province. Presently, CALB has established five major R&D centers globally in Changzhou, Shenzhen, Shanghai, Chengdu, and Europe. Furthermore, nine industrial bases have been constructed in Changzhou, Xiamen, Chengdu, Wuhan, Hefei, Meishan, Jiangmen, Europe, and ASEAN. In the future, the Company will expedite the implementation of its internationalization strategy to sustain long-term, healthy, and rapid growth.

The Company is mainly specialized in the development, production, sales and market application development of new energy batteries, battery management system, related integrated products and battery materials. The Company targets at 5 fields, which are new energy passenger vehicles, commercial vehicles, energy storage, ship market, flight power and other emerging markets.



Passenger vehicle market

- Support the launch of all-series car models for key clients

By taking the "high-energy density, high safety, long service life, fast recharging/high power, all weather conditions" as the core product competitiveness, the Company could satisfy the requirements of car models of the premium brands' main engine plants comprehensively, and fully covers electric and hybrid electric cars. CALB has established in-depth cooperation with leading passenger vehicle enterprises at home and abroad, supports the launch of all-series car models for key clients and takes the lead in the industry in terms of development and delivery of mass-production products.



Commercial vehicle market

- Comprehensively satisfy the car models for various application scenarios

By taking "long service life, high-energy density, high safety, all weather conditions, standardization and strong expandability" as the core product competitiveness, CALB has made its products cover such fields as electric buses, shuttle buses, logistics vehicles and engineering engineering machinery, etc. Vehicles have been applied to different scenarios, such as places with high temperature and humidity, remote plateau and Alpine region with low pressure. Multiple vehicles that have been delivered, including electric buses and passenger vehicles, run steadily in over 100 cities worldwide.



Energy storage market

- Achieve multiple growth in performance

By taking "high safety, long service life, high economic efficiency, high integration" as the core product competitiveness, CALB could provide customers with the energy storage integration services satisfying various needs, such as wind and solar energy storage for generation side, peak and frequency modulation for grid side, peak-load shifting for user side, standby power and household energy saving. As the Company undertaking the country's first batch of energy storage demonstration projects, CALB's energy storage products delivered in batch have been extensively applied in multiple scenarios such as offshore islands, remote plateau, Alpine region with low pressure, etc. The company's energy storage business grew in multiples and delivered the products to several strategic customers in batch.



Ship market

- Diverse product solutions

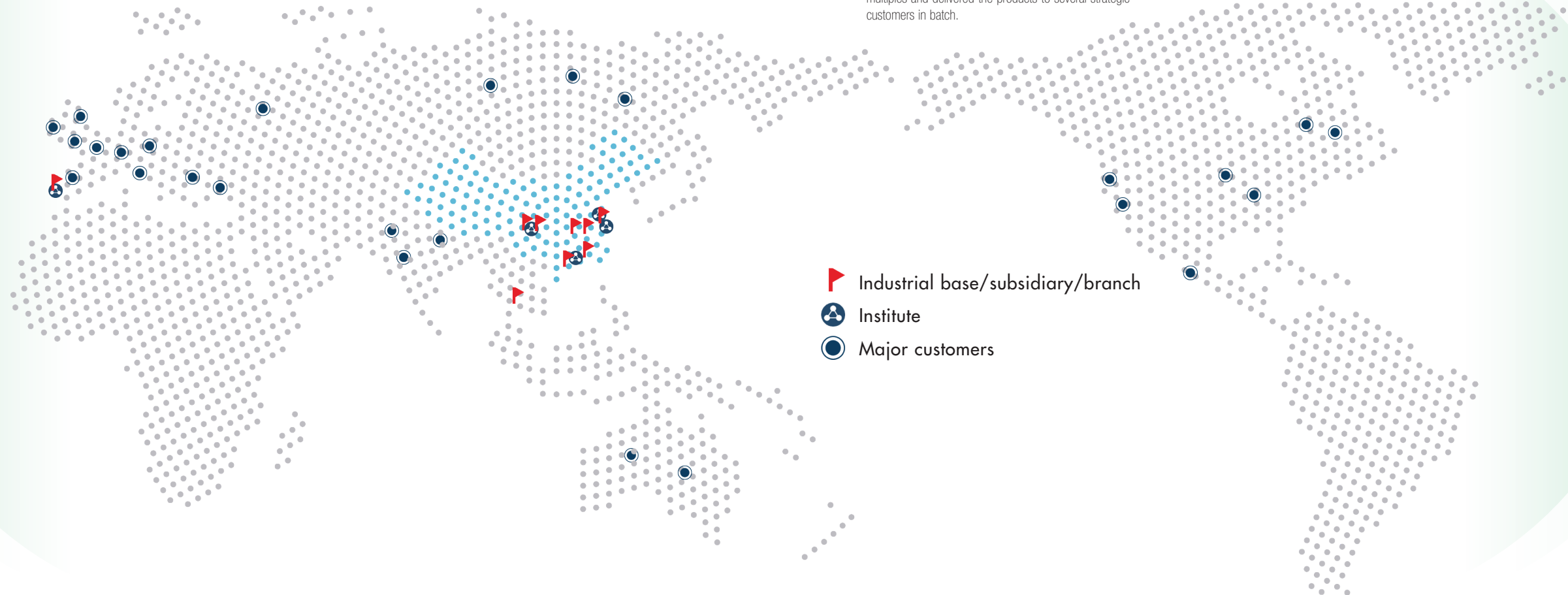
By taking "high power, long endurance, high safety, long service life, high cost efficiency" as the core product competitiveness, CALB can provide diverse product solutions for such fields as standby ship power supply and power system. The Company has passed the CCS Certification of China Classification Society; DNV Certification based on the system designed independently by the Chinese team (also the first one in China), in succession, realizing the full application coverage for global electric ship market. At present, over 1,000 ships around the world have equipped with the Company's battery.



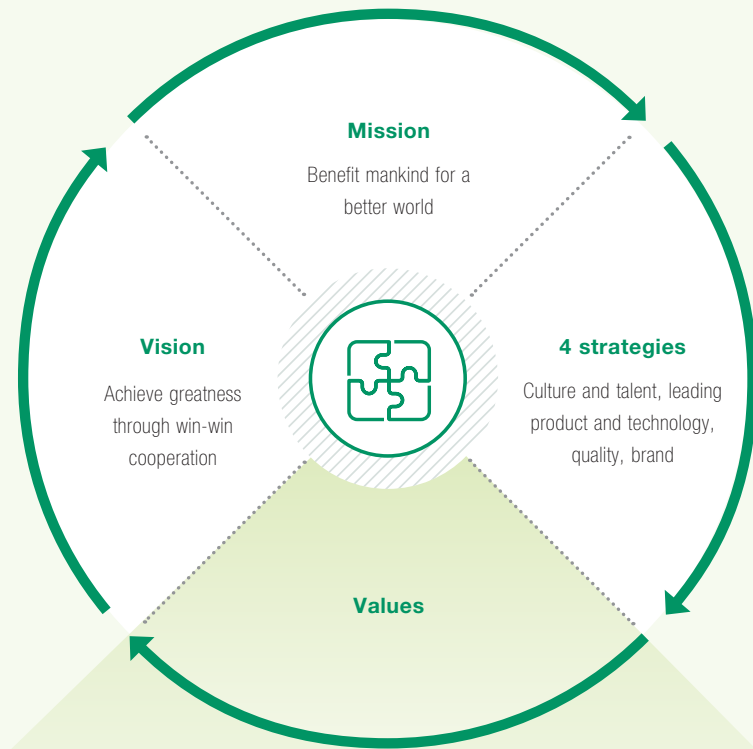
Flight power and other emerging markets

- Utmost improvement of performance index

By taking "high-energy density, high magnification, high safety, long service life" as the core product competitiveness, CALB could provide flexible product customization solutions for emerging markets such as flight power, mine vehicles and rail traffic, and takes the lead in applying its products to land, at sea and air fields.



Corporate Culture



- | Trust | Efficient | Win-Win |
|--|--|--|
| <ul style="list-style-type: none"> ● Sunny, open and sharing ● Respect others, cultivate talents, provide development platforms for employees with ambition and abilities ● Fair, open and just mechanism, pooling the wisdom and efforts of everyone | <ul style="list-style-type: none"> ● Clear objective, high coordination and maximum integral value ● Dare to undertake responsibility, substance over form ● Simplify complicated things, eliminate all unnecessary processes | <ul style="list-style-type: none"> ● Win-win with employees and help them to realize their dreams, work pleasantly and live happily ● Win-win with customers and help them achieve success ● Win-win with shareholders and create value for them ● Win-win with all partners ● Fulfill corporate social responsibilities faithfully |

Honorary Awards for 2023

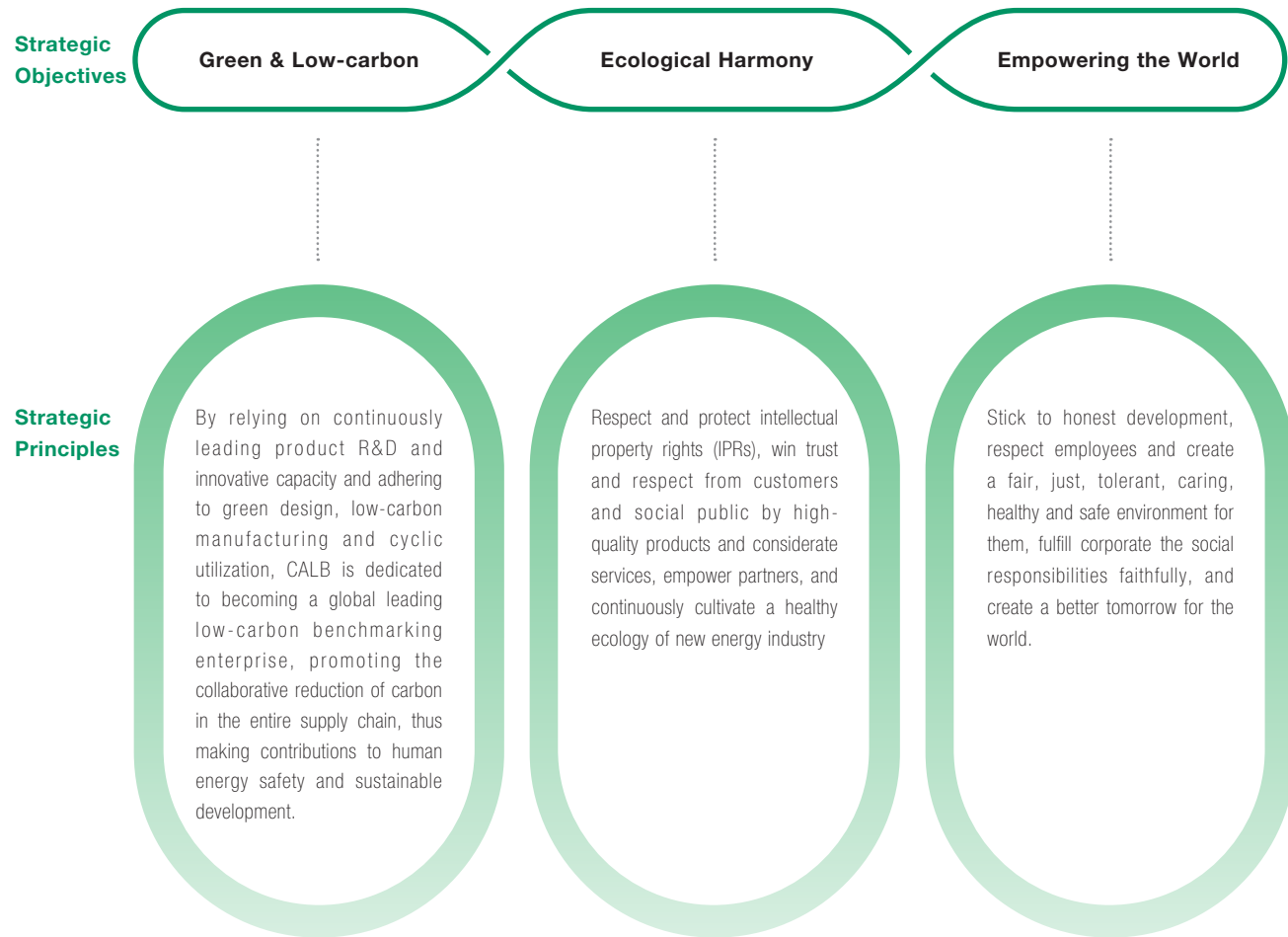
No.	Issuing Authority	Full Name of Award
1	National Development and Reform Commission	National Enterprise Technology Center
2	Ministry of Industry and Information Technology of the People's Republic of China	National Demonstration Factory of Intelligent Manufacturing
3	Ministry of Industry and Information Technology of the People's Republic of China	National Green Factory
4	China Enterprise Confederation and China Enterprise Directors Association	China's Top 500 Manufacturing Enterprises
5	China Enterprise Confederation and China Enterprise Directors Association	China's Top 100 Large Innovation Enterprises
6	China National Light Industry Council	China's Top 200 Enterprises in Light Industry
7	China National Light Industry Council	China's Top 100 Technology Enterprises in Light Industry
8	World Power Battery Conference	Top 15 Enterprises with Outstanding Contributions to Global Industry
9	Jiangsu Provincial People's Government	Water Saving Enterprise
10	Jiangsu Federation of Industry and Commerce	Jiangsu's Top 100 Private Manufacturing Enterprises
11	Automobile Industry Office of Jiangsu Province	Certificate of Excellent Innovative Technology and Product in Jiangsu (One-stop Battery)
12	AION	Top 10 Partner Award
13	TBEA	Excellent Supplier Award
14	EPROPULSION	Excellent Strategic Partner Award
15	SUNGROW	Innovation Breakthrough Award
16	GEELY AUTO	Innovative Award for the Best Product
17	Xiaopeng Motors	Excellent Supplier Award
18	Xiaopeng Motors	Gold Medal for Quality-Golden Wing Award
19	LEAPMOTOR	High Quality Award
20	CHANGAN AUTO	New Energy Contribution Award
21	DFPV	Quality Contribution Award
22	BAW	Development Contribution Award
23	FARIZON AUTO	Quality Contribution Award
24	FAW Jiefang	Lantu Leading Award
25	EcoVadis	Silver Medal for Corporate Social Responsibility
26	SUNGROW	ESG Best Practice Award
27	CSR Cloud	Responsibility Benniu Award- Award for Pioneering ESG Governance

ESG Management

Following the concept of sustainable development, CALB has formulated ESG strategic objectives, gives active response to what stakeholders concern, continuously improves the ESG management system and operational mechanism, and further improves its ESG management level.

ESG Strategy

By following the ESG strategic objectives of "green & low-carbon, ecological harmony and empowering the world", the Company actively responds to the UN's Sustainable Development Goals (SDGs) while achieving its own sustainable development, and integrates the key ESG topics into its own ESG management so as to promote global sustainable development.

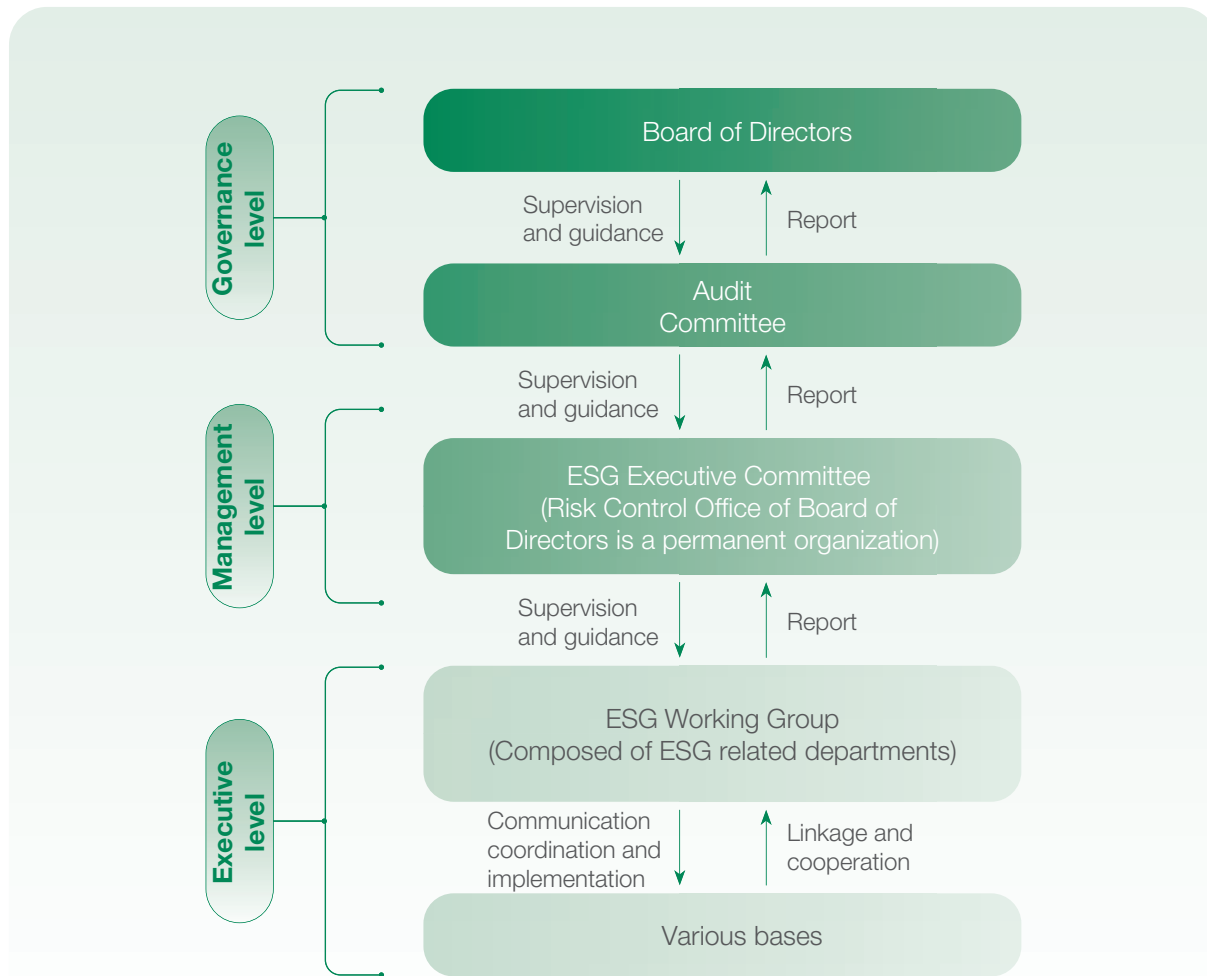


Objective and Actions for Sustainable Development

 <p>1 NO POVERTY</p> <p>Continuously promote the employment in economically backward areas, and eliminate poverty</p>	 <p>2 ZERO HUNGER</p> <p>Actively take part in the cause of public welfare charity</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Organize occupational health examinations for employees, and establish occupational health monitoring files for them</p>
 <p>4 QUALITY EDUCATION</p> <p>Continuously focus on the education development of adolescents and Formula Student Electric China (FSEC)</p>	 <p>5 GENDER EQUALITY</p> <p>Promote gender equality actively, and construct a fair and tolerant working environment so as to protect women's rights and interests</p>	 <p>6 CLEAN WATER AND SANITATION</p> <p>Adhere to the service concept of "enabling employees to eat at ease, live comfortably, commute pleasantly, live happily and work satisfactorily"</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Use green energy</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Safeguard employees' rights and interests, and continuously perfect salary welfare system</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Exert the advantage of main line, lead the industry and make innovation constantly</p>
 <p>10 REDUCED INEQUALITIES</p> <p>Introduce talents of different trades, and give them equal chances for training and development</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Take action actively in aspects such as green factories, green office and green logistics, and continuously enhance the management ability of energy-saving and emission reduction system</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Dedicated to supplying superior, reliable and safe products to customers</p>
 <p>13 CLIMATE ACTION</p> <p>Identify risks and chances of climate change, and ensure low-carbon running</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Co-build self-disciplined, honest and win-win partnership with partners, and build a healthy commercial environment jointly</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Integrate the concept of sustainable development into supply chain management, and join hands with supply chain partners to make contributions to a harmonious, green and sustainable energy ecology continuously</p>

ESG Management System

In accordance with international standards such as *RBA Code of Conduct*, *SA8000: 2014 International Standard by Social Accountability* and *ISO26000 Guidance on Social Responsibility*, the Company has established the ESG management system in accordance with its real situations, formulated *ESG Management Guide*, and constructed the organizational structure system in the form of three-level linkage, i.e. "governance layer-management layer-executives layer", which provides powerful organizational guarantee for boosting the Company's ESG management continuously.



Governance Level: The Board of Directors is the highest responsible body for ESG management, and its subordinate Audit Committee is responsible for reviewing the Company's ESG-related policies and strategic objectives and ESG reports, supervising the Company's ESG objectives, assessing and managing ESG-related risks, and reporting to the Board of Directors; the Audit Committee is composed of 3 independent non-executive directors.

Management Level: Under the guidance of the Audit Committee, the ESG Executive Committee is responsible for organizing, coordinating and promoting various ESG work. The ESG Executive Committee is composed of the Company's senior leaders, and the CEO Office and Risk Control of Board of Directors is the permanent institution of the ESG Executive Committee.

Execution Level: ESG work group and each manufacturing base are responsible for specific ESG work, such as the setting and implementation of ESG-related goal, communication with stakeholders, etc.

Stakeholder Communication

The Company attaches great importance to the participation of stakeholders, identifies the Company's stakeholders by establishing an effective stakeholder management mechanism and builds a normal communication channel for them; understands their needs and expectation on the Company's ESG, and formulate corresponding special measures for improvement.

Stakeholders	Needs and Expectations	Communication Channels and Ways
Customers	<ul style="list-style-type: none"> Product quality and safety Relevant party privacy Intellectual property protection Product R&D and innovation Customer service management Climate change 	<ul style="list-style-type: none"> Customer satisfaction survey Exhibition Social media Customer research and audit Daily communication conference Partner conference Customer service hotline Company official website
Shareholders	<ul style="list-style-type: none"> Corporate governance Economic performance Information disclosure 	<ul style="list-style-type: none"> Shareholder conference Information disclosure Investor relations activities Partner conference
Employees	<ul style="list-style-type: none"> Employee care Employee diversity and compatibility Welfare and security Occupational health and safety Career development and training 	<ul style="list-style-type: none"> Employee questionnaire Employee exchange meeting Internal communication platform Employee representative conference Employee training Employee activities
Government and regulators	<ul style="list-style-type: none"> Business ethics Energy management 	<ul style="list-style-type: none"> Government meetings Supervision and inspection Visits/Research Partner conference
Suppliers	<ul style="list-style-type: none"> Supply chain sustainable development 	<ul style="list-style-type: none"> Daily communication conference Supplier audit and evaluation Partner conference
Community and Public	<ul style="list-style-type: none"> Community participation Recycling Water resource management Waste management 	<ul style="list-style-type: none"> Public welfare activities Environmental protection measures Social media Company official website
Industry/Standard Association	<ul style="list-style-type: none"> Product quality and security Product R&D and innovation 	<ul style="list-style-type: none"> Industry information exchange Participate in industry standard setting

Evaluation of Material Issues

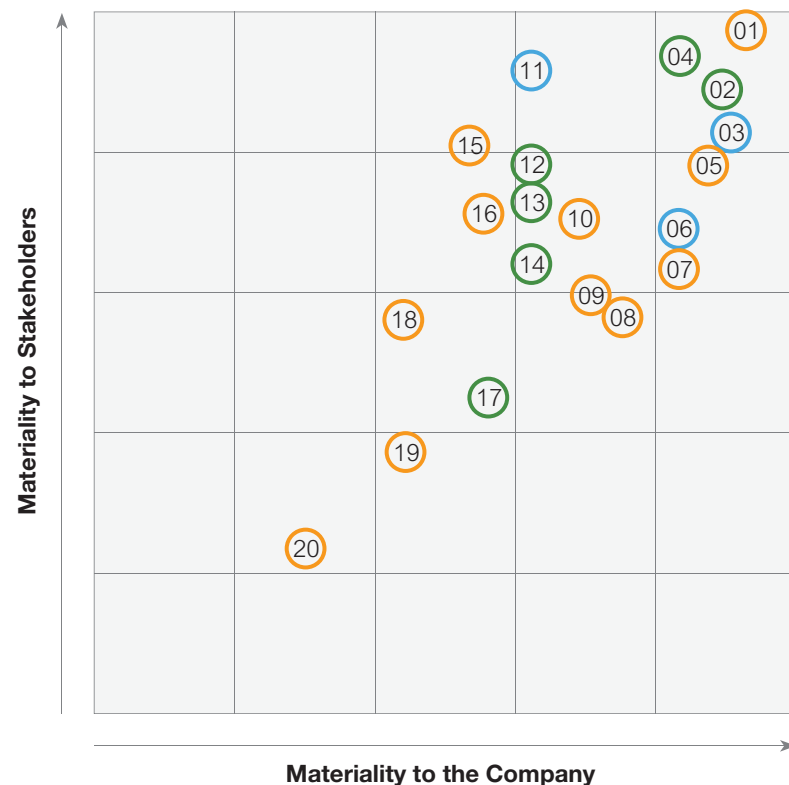
On the basis of evaluating the Company's material issues last year, the Company adjusts the identification and evaluation of ESG material issues dynamically by taking into consideration the national macro-policies, the focus of capital market, the relevant standards of sustainable development report, the benchmarking analysis on excellent peers, and the focus of stakeholders.



Descriptions on the Adjustment of Material Issues for 2023

Material Issues for 2022	Material Issues for 2023	Descriptions of Adjustment
Greenhouse gas emission	Climate change	Statement adjustment by referring to the requirements of the Guidance on Climate Information Disclosure Following the TCFD Suggestions from the Stock Exchange.
Energy consumption and renewable energy	Energy management	Statement adjustment by underlining the overall energy management system and system construction.
Use of recycled materials	Recycling	Statement adjustment by responding to issues such as product recovery, use of recycled materials and packaging.
Employee equality and diversity	Employee diversity and tolerance	Statement adjustment by better responding to the disclosure requirements for employee diversity by the Stock Exchange.
Customer satisfaction management	Customer service management	Statement adjustment by responding to issues such as customer satisfaction, after-sales services and complaint management.

Matrix of Material Issues



No.	Issues	No.	Issues
1	Product Quality and Safety	11	Business Ethics
2	Climate Change	12	Recycling
3	Economic Performance	13	Water Resource Management
4	Product Research and Innovation	14	Energy Management
5	Employee Care	15	Customer Service Management
6	Corporate Governance	16	Occupational Health and Safety
7	Intellectual Property Protection	17	Waste Management
8	Employee Diversity and Compatibility	18	Supply Chain Sustainable Development
9	Welfare and Security	19	Career Development and Training
10	Privacy of Stakeholders	20	Community Participation

○ Environment ○ Social ○ Governance

Construction of ESG Capacities

The implementation of ESG requires the full involvement of all staff. To cultivate the awareness of ESG among all employees and increase their knowledge and understanding of ESG, the Company offered ESG trainings of all levels and classifications, and actively participated in ESG-related trainings and guidance to downstream customers:

ESG basic training

The Company offers the training of ESG Basic Knowledge to new employees every month, so that each of them can understand the Company's ESG concept and action.

ESG special training

Within the reporting period, the Company offered the trainings, including ESG Management targeting at the management as well as TCFD Enforcement, ESG Management Practice and Scenario Analysis on Climate Change targeting at ESG professional groups.

ESG training for downstream customers

Within the reporting period, the Company participated in ESG-related trainings for 14 sessions, which were organized by the power and energy storage customers.



Innovation and Quality

22 Topic: Innovative Products Provide Customers with Green Solutions

24 R&D Management

27 Green Manufacturing

28 Product Quality

32 Supply Chain Management

37 Customer Service



Topic: Innovative Products Provide Customers with Green Solutions

As a world's leading new energy technology enterprise, CALB has made efforts in exploring, innovating the new energy field and takes the lead in this sector in terms of technology. Adhering to the concepts of "ultimate balance of energy and resources" and "ultimate balance of energy and safety", the Company pursues the high-energy density and stable safety performance of power battery continuously, has launched more competitive products, such as ternary system and phosphate products, and attaches great importance to the application scenarios such as power energy storage (new energy generation side and power grid side), energy storage for industrial and commercial purposes and user energy storage; it endeavors to contribute to the realization of goal of "carbon peak and neutralization" and NEV strategies, and actively practices its duty for energy safety and sustainable development of mankind!

Power Products

High-voltage Batteries with High-energy Density

With the soaring of NEV production and sales volume worldwide, the resources such as lithium, cobalt and nickel become scarcer than before. Since the launch of G1 4.3V Ni5 series products in 2018, CALB has been dedicated to the development of high-voltage system products. By taking advantage of technological innovation for such aspects as material prescription, battery design and manufacturing technique, the Company could consume fewer resources of high-value element under the premise of the same amount of energy and energy density, and develop and apply high-energy density products with safer performance and longer service life.

To satisfy the intrinsic safety needs of ultra-high energy batteries, the Company has developed the ultra-high energy density semi-solid batteries, which absorb the advantages of new liquid safe electrolyte and solid safety technology. With the energy density over 400Wh/kg, the product has a cycle life of nearly 1,000 times, realizing the extreme balance of energy, performance and safety and facilitating the exploration of emerging markets such as electric aviation and eVTOL.

The maximum energy density of single high-voltage nickel battery can reach 280Wh/kg at present. Featuring higher safety and a longer service life, it has been widely used in various high-end brand car models and its shipment ranks among the top all over the world. The Company also launched high ferromanganese lithium batteries, which are developed based on the phosphate system and One-Stop manufacturing concept, and compared with lithium iron phosphate batteries (LFP batteries), increase the energy density by above 10% and reduce 15% of the total lithium consumed. The product provides an optimal solution to satisfy the requirements for ultra-high cost performance in terms of performance and cost of economic market.

High-power PHEV Batteries

To further enhance the popularity of NEVs, the Company has launched special high-power products, which are exclusively for the fields of PHEVs and EREVs, and support 80km-400km+ configurations of various pure electricity endurance. Applicable to high power and all-climate scenarios, the product can realize outstanding performance by virtue of advanced technologies, such as high-power formula system and pulse self-heating, including abundant power, excellent low-temperature performance, peak power output≥15P, low-temperature fast heating (6℃/min) and improvement of low-temperature capacity retention ratio by 10%; it can satisfy the application needs of PHEVs and EREVs. More than 150,000 sets of products were applied to different vehicles in 2023, ranking among the top in the industry.

Ultra-fast charging batteries

To satisfy end users' higher recharging needs of NEVs, the Company has developed high-magnification fast charging batteries featured by high cost performance, high multiplying power and fast charging speed for medium and high-end passenger vehicle market. CALB's 3C/4C fast charging ternary and 3C fast charging lithium iron batteries have been extensively applied to various medium and high-end brand car models. The Company is also about to realize mass production of 5C fast charging and lithium iron batteries. The Company's "supreme" cylinder battery launched in 2023 reduces the structural internal resistance by 50% and increases the space utilization by 3% through a great deal of structural innovations. In addition, thanks to the advanced design of chemical system, the product can realize the cell energy density of 300Wh/kg, and support the charging multiplying power of 6C at maximum, and realize 80% of the full charging volume in just 8min, providing extreme recharging experience for users.

Energy Storage Products

As a kind of equipment system that transforms electric energy into the energy of other forms and stores energy, the energy storage station is mainly used for regulating the peak of power grid, balancing power load, and improving the efficiency and reliability of power grid operation. It plays a key role in electric system, such as balancing the demand and supply for power grid, improving the flexibility and stability of electric power system operation, and promoting the development and use of renewables such as wind and light. The energy storage station can effectively reduce carbon emission, help realize green and low-carbon development, and cater the needs of global climate change. "Energy storage + renewable energy power generation" can accelerate the realization of the goal of "carbon peak and neutralization".

On the basis of the application needs of energy storage scenarios, CALB has developed the energy storage systems that can satisfy different magnification needs, and can supply the whole series of products for energy storage station, ranging from cell components to the complete energy storage battery system.



Based on the C173F280 energy storage battery, the self-developed air cooling and heat dissipation duct and pipelines, the Company has developed 2 kinds of air-cooled energy storage containers, i.e. 5MWh30HC/6.58MWh40HC, both of which can improve the cooling efficiency significantly and reduce the costs of the air-cooled energy storage system with high charge-discharge efficiency, long service life and high safety. The products also take the lead nationwide in terms of energy storage per unit area.



Based on C173F280 energy storage battery, the Company has developed 2 kinds of liquid-cooled energy storage containers, i.e. 3.35MWh20HC/6.7MWh37HC by virtue of "sheet metal welding + stamping liquid cold plate bonding" technique. The use of the container-level effective fire control and extinction scheme and system simplification MIR group technology can further prolong the service life of energy storage containers and reduce system costs.



Based on C173F314 energy storage battery, the Company has developed the 5MWh20HC standard container by virtue of "rolled section+stamping liquid cooling plate SPR" technique. Designed with 20HC standard marine container and with IP55 protection, the product is applicable to outdoor severe environment. Featuring high integration and convenient installation and shipment, the system is designed with PACK-level detection and prevention and can put out fire precisely with high safety and reliability. With side-door opening and 4P combined cabinet design, the product can improve the space utilization for over 25%, and use fewer serial connection parts, thus reducing the costs dramatically.



Based on C685F650-OS energy storage specific battery, the Company has developed the 5MWh20HC standard container by virtue of "extruded section assembly + stamping liquid cooling plate SPR" technique. Following the extra-large packaging and simple design concept as well as the open PACK design of structure innovation and process innovation, the product reduces the quantity of battery clusters, the circulation degree among clusters as well as the quantity of wiring harnesses, pipelines and connectors by 50% respectively and improves the system efficiency by 1.1%. The application of thermoelectricity isolation technique helps reduce the risk of high-voltage short circuits upon occurrence of thermal runaway and improves system safety. The optimized liquid cooling channel can improve the liquid cooling velocity comprehensively, as well as the heat management efficiency and make the container-hierarchy temperature difference within 2℃. The container is also designed with the firefighting system of perfluorohexane pipeline network, active fire safety strategy and smart pre-warning to improve the running safety of the system.

R&D Management

R&D Strength

"Innovation" has been deeply rooted in the mind of CALB. By taking independent R&D and technological innovation as the very foundation, the Company actively encourages innovation, tries to foster the scientific research and innovation atmosphere of "openness, sharing, seeking for truth, innovation", brings forth launch mechanism and platform and stimulates employees' innovation enthusiasm fully. CALB has established a professional and efficient R&D team with profound technical strength and its products cover product development, research on basic technologies and manufacturing engineering development. Meanwhile, the Company has established a talent team, which consists of the experts for major national S&T review projects, provincial academic and technology leaders, overseas doctoral (postdoctoral) talents, provincial high-level talents, entrepreneurship and innovation talents, top-notch young talents, entrepreneurship and innovation doctors, leading municipal-level talents, outstanding youths, excellent experts and leading innovative talents, guaranteeing the Company's continuous innovation and development in terms of talents.

The Company has innovated material technology, structure technology, system technology and manufacturing technology continuously, which, as a result, reflects CALB's efficient, systematic and powerful underlying technological innovative ability. CALB has proposed the core concept on innovative development of "extreme balance between energy and resources as well as energy and safety, high integration of design and manufacturing", and established a set of industry-leading and extremely efficient R&D system. By relying on its powerful R&D team and ability, the Company constantly achieves technological breakthroughs in the field of lithium battery technology and innovation, which makes the Company maintain a leading role in product competence, and lays a solid foundation for realizing the capacity of large-scale intelligent manufacturing. In 2023, the Company's input of R&D expenditure was RMB991,960.

Besides independent R&D and innovation, the Company actively promotes university-industry combination, and realizes the complementation and collaboration in technology and resources in partnership with the domestic prestigious colleges and universities and R&D institutions.



the Company's input of R&D expenditure was **RMB991,960**

01

For instance, CALB establishes in-depth cooperation with the team of academician Mingguo Ouyang from Tsinghua University on the safety series technology for power battery and next-generation solid state battery, and both parties have reached strategic cooperation in the battery safety field.

02

CALB co-builds "Jiangsu Key Laboratory on Efficient Energy Storage Material and Technology" with Nanjing University of Aeronautics and Astronautics, which is one of the three recombined pilot laboratories in Jiangsu Province. By using the physical operational mode and exploring the new mode of university-enterprise co-construction innovative platform, this laboratory is aimed at serving as an innovative platform integrating scientific research platform, industrial technology R&D and integration, talent cultivation, achievement transformation, etc. with distinct features and obvious advantages.

03

With focus on the development of next-generation electrolyte technology with highly efficient interface repair capability, the "School of Innovation and Entrepreneurship of South University of Science and Technology-CALB Joint Laboratory on Advanced Battery Material" co-established with South University of Science and Technology is dedicated to making material breakthroughs on new solvents and additives in the electrolyte field by high-throughput experimental mode based on the repaid evaluation system on the electrode/electrolyte interface, which can help the next-generation battery products gain competitive advantages, and guide and promote the development of the upstream field.

04

In addition, the Company carries out multi-layered in-depth cooperation with colleges and universities such as Southeast University, Jiangsu University and Changzhou University by the modes of horizontal topics, entrusted development, cooperative development, etc.

Intellectual Property Management

By following the high-quality development strategy on intellectual property (IP), and deeply integrating it with the Company's strategy of "Leading Product & Technology", the Company makes full use of IP to secure the free operation of the Company's global business. In terms of the IP management, we adhere to the IP guidelines of "integration of three elements, empowering innovation, deep cultivation, and escort for development". And we also persist in the working mode of "protection of R&D achievements" and "IP risk prevention and control". Taking high-quality patent layout as the core, we adopt a protection strategy for core technology with patents and trademarks as the driving force. And through the technical advantages brought by IP protection, the Company improves its core competitiveness, constructs a brand with sustainable innovation, and also provides strong support for the global market development of the Company.

Intellectual Property Protection System

High-quality R&D Achievements Protection

Based on the CALB's long-term technological accumulation and continuous investment in technological innovation, we have conducted a comprehensive high-quality patent layout for innovative achievements.

On the one hand, for leading technologies and products, CALB formulates a protection strategy for leading technologies and products, which starts from several points and gradually expands to cover upstream and downstream design and all kinds of variations in physical products, achieving comprehensive patent coverage for innovative achievements and gradually forming a patent portfolio layout network around the Company's leading technology and product advantages.

On the other hand, CALB has built a defensive patent layout network based on its technology and the market trend. Through the protection of high-quality research and development achievements, the Company enhances its control over product-related technologies, improves its ability to resist intellectual property risks, and ensures a sustained competitive advantage in the market.

Through the above comprehensive, systematic and effective patent mining and layout, as of December 31, 2023, CALB has a total of 4,171 patents, of which 3,060 are authorized patents and 1,111 are pending applications. The patent layout covers various technical fields such as battery materials, battery structure, system integration, electrical circuits, battery management system, manufacturing process equipment, and battery recycling and regeneration, covering the entire battery industry chain.

At the same time, CALB implements a mechanism with its patents and trademarks as the driving forces. Currently, nearly 30 trademarks have been applied for core technologies and products, fully protecting technological innovation achievements and building an intellectual property protection network centered on core technologies and products.



as of December 31, 2023, CALB has a total of **4,171** patents

Efficient Intellectual Property Management System

As the national advantage enterprise on intellectual property, CALB has established an efficient intellectual property management system and has been certified by the *National Standard GB/T 29490-2013 Enterprise Intellectual Property Management Specification*, realizing the management of intellectual property in a "regulated, process-oriented and electronically-procedure" manner. Meanwhile, CALB started the assessment work in 2023 on the international standard for *Innovation Management – Guidance for Intellectual Property Management (ISO56005)*, so as to further enhance and optimize the management work of intellectual property.

CALB utilizes IP-easy intellectual property management platform to fully digitalize and manage the whole life cycle of the Company's patents, software copyrights, and know-how, etc. on the Internet. In addition, it also performs graded and classified management following patent application, systematically reviews authorized cases for authorization, and creates an intellectual property resource pool.

Furthermore, CALB has set up systems for intellectual property management, review, and reward to regulate the work related to intellectual property management. CALB has established a sound invention and creation reward system to motivate employees to invent and innovate.

Intellectual Property Compliance Review System

We protect our own intellectual property rights while respecting the intellectual property rights of others while actively maintaining a fair, just and reasonable market environment. We actively carry out the intellectual property risk reduction of products and technologies, and implement intellectual property compliance review throughout the entire production and operation process. Through the perfect product life cycle intellectual property compliance review tracking mechanism, we ensure that intellectual property compliance review is completed from product conception, design, trial production to mass production. At the same time, the Company carries out marketing IP compliance review and recognition, optimizes supplier access IP examination mechanism, realizes effective management of employee trade secrets and intellectual property ownership, and ensures that intellectual property compliance review is fully controllable.

All-Staff Intellectual Property Action Plan

CALB's intellectual property work has achieved inter-departmental collaboration around the two main themes of "protection of research and development achievements" and "intellectual property compliance review", jointly protecting innovation and intellectual property rights. In order to enable all employees to participate in the work of intellectual property rights better, the Company has established a matrix-type intellectual property training system to cultivate the intellectual property rights development ability and awareness of all employees, targeting different business objects.



- On the one hand, CALB has formed an intellectual property team composed of lawyers, patent agents, and highly-educated composite elites with engineering and legal backgrounds by means of multi-dimensional approaches such as course training, experience sharing, and practical practice, which has the experience of intellectual property practice and risk resolution, and provides protection for the Company's rapid global development.
- On the other hand, CALB carries out IP knowledge popularization, business-related IP ability training and practical training to a variety of objects, such as R&D, procurement, marketing, etc., in order to introduce and popularize the knowledge of intellectual property rights and enhance the intellectual property awareness and business abilities of all employees, thus forming a culture of intellectual property protection. In particular, a CPM (Chief Patent Manager) special training system is established for R&D personnel. After the practical training in the Intellectual Property Department, the R&D personnel return to their positions, and the awareness and ability of intellectual property protection are permeated to the whole R&D team.

Industry Leading

In 2023, by virtue of the Company's many years' accumulation in fields of electrochemical technology, energy storage technology, and security management technology in product life cycle, the Company was equipped with industry-leading absolute security technology and total solutions. The System Integration of National Energy Electrochemistry Energy Storage and Innovative Platform on Security R&D, jointly built by CALB as the lead and 8 others in the relevant field composed of advantage universities, key enterprises and third-party organizations, was successfully listed into the first batch of "Horse Race Striving Ahead" national energy R&D innovative platform in the "14th Five-year Planning" period. By focusing on the topic of system integration and security on electrochemistry energy storage, this platform is intended to, pulled by the country, guide the industry of electrochemistry energy storage to the right path of respecting products' essential safety and performance, so as to boost the safe and sustainable high-quality development of the national industry of electrochemistry energy storage.

Green Manufacturing

Based on its own new energy industry attributes, CALB fully considers the national dual carbon strategy and global energy transformation trend, and looks into the future for research and development. At the level of manufacturing innovation, we pursue the high integration of design and manufacturing, and integrate ultra-simplified manufacturing, extreme manufacturing, intelligent manufacturing and green low-carbon manufacturing, and guide the high-quality development of the new energy industry by green & low-carbon practice.

Intelligent Manufacturing 01

In the field of lithium battery intelligent manufacturing, the Company reasonably makes use of Industry 4.0 Big Data and AI technology, such as big data capacity forecast and the function for process failure prediction correction to reduce energy consumption by 30% and totally eradicate the delivery of defective parts. The application of digital simulation technique can realize the accurate prediction and efficient verification & optimization of manufacturing technique, reducing the overall error deviation rate below 12.5% and improving the efficiency by 35%. The machine visual inspection technology can be used for online real-time monitoring and automatic identification to the production process, which forms the industry visual technology standards and follows the basic requirements for lithium battery safety, besides eliminating the delivery of defective parts. Meanwhile, the Company has introduced the closed-loop control system for overall inspection, which realizes self-adjustment, self-correction and delivery of no defective parts. Thanks to the above, the production line can realize high self-adaptation and is flexibly adjusted based on the specific technological needs, which improves the production efficiency and product quality.

Ultra-simplified Manufacturing 02

CALB has integrated design & manufacturing with the ultra-simplified development concept deeply and solves problems of product realization from the essential aspect. Starting from product realization, the Company realizes ultra-simplified design to products, and then boosts the simplification of manufacturing process, so as to realize ultra-simplified procedure and extreme process. The ultra-simplification concept has also applied to the manufacturing equipment, which contributes to the improvement of efficiency and reduction of equipment complexity and the cost of enterprise fix-assets investment.

With the continuous development of battery technology, the demand for battery volume, volume, fast charging speed, recyclability, product consistency, safety and costs, etc. has become higher and batteries are developed with a larger volume. The One-Stop series core battery manufacturing equipment, which was independently developed and designed by CALB, realizes ultra-simplified manufacturing technology, with such features as high integration and simplified assembly of process equipment through research on key process technology. Based on One-Stop manufacturing concept, the Company takes the initiative in launching the cell in-situ ultra-simplified packaging technique and the cell in-situ preservation group technology, which simplifies the process by more than 30% and improves manufacturing efficiency by over 25% respectively.

Extreme Manufacturing 03

With extreme process, high-speed equipment and high-precision control, the Company controls the manufacturing process the best. On the one hand, the Company fully exerts the technological level through high-precision and high-reliability equipment and supports the scaled manufacturing of next-generation products; on the other hand, the Company develops ultra-high speed manufacturing production line so as to realize extreme stability.

Higher requirements have been proposed for battery design, material fluctuation and production line manufacturing efficiency constantly along with the rapid development of lithium-ion power battery industry. Therefore, electrode extreme manufacturing and high-efficiency production line ability become the required technologies. By taking advantage of high-efficiency pulping technology, ultra-wide high-speed coating & slitting integration technology and ultra-wide roll slitting integration technology, CALB can realize the stable mass production of ultra-wide multi-scroll extreme electrodes, enhancing the production line yield of conforming products by over 3%, speed by over 20%, and single-line capacity by over 50% respectively. Thanks to the innovation and iteration of process equipment, CALB has realized the design and high-speed and stable volume production of ultra-thick electrodes and gradient electrodes, which further supports the continuous enhancement of fast-charging products with high-energy density.

Green & Low-carbon Manufacturing 04

The Company actively implements the development concept of "ecology first, green & low-carbon", vigorously develops and manufactures new-generation energy-saving and cost-reducing technology and strives for its application and promotion, such as twin-screw efficient slurring technology, new-generation electromagnetic conductivity heating technology, ultra-volume core drying technology, high-space utilization stack injection technology, helium waste recycling technology, tandem formation technology and water-cooling constant volume technology. By reducing consumption through technology, controlling consumption through management and recycling wastes, CALB reduces energy consumption of the whole line greatly and energy consumption of equipment by over 10%.



Product Quality

CALB firmly upholds the quality principle of "eliminating defect, creating value and winning respect" and the policy of product quality management in the entire life cycle so as to finally supply high-quality and reliable products to customers.

Quality Management System

By adhering to the idea of "satisfying customers' needs and expectations", the Company has established an all-round quality management system, which covers the whole process from design to after-sales services, and formulated system documents such as the *Quality Manual and Target Performance Management Procedure*. In 2023, CALB prepared a total of 12 system documents, and included the new bases such as Jiangmen Base, Chengdu Base and Emei Base into the management scope of system documents. By scientific quality management models, CALB ensures the full-chain product quality control throughout the product life cycle. The Company also breaks down the quality goal of "eliminating defects" into hierarchical levels by taking advanced technology and data analysis as the foundation and information systems as the support so as to ensure product quality and drive the efficient running of the product management process.

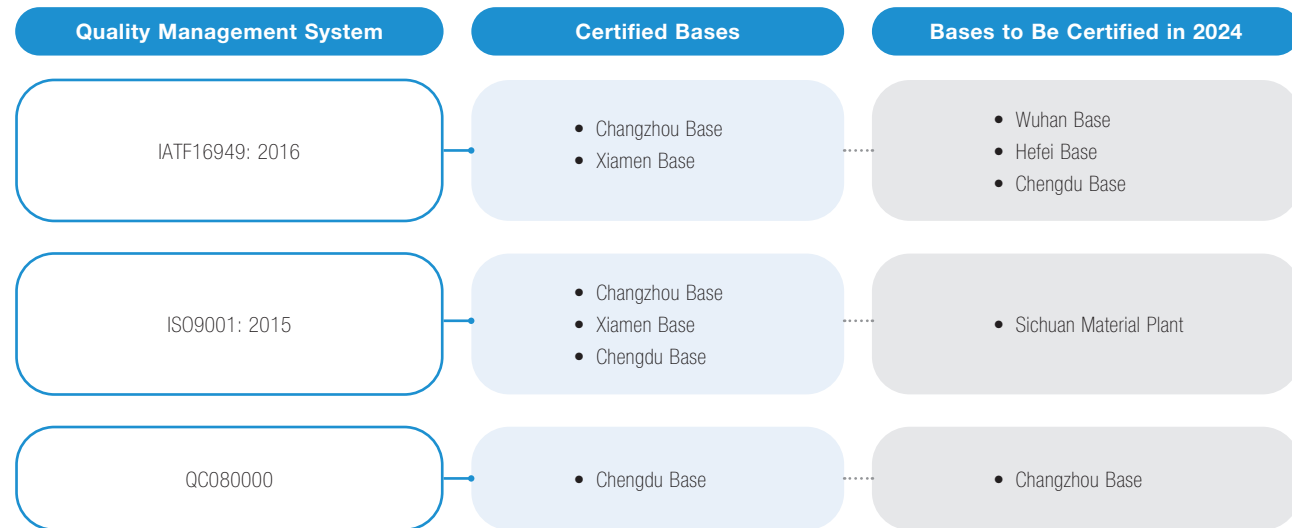
On the basis of the industry's characteristics, the Company attaches great importance to quality management innovation, and makes reform on standardization continuously. CALB has established the management process standard and enterprise technical standard, both of which comply with the industry requirements and typically reflect the Company's characteristics.

Excellence Performance Management

In 2023, the Company introduced the management mode of excellent performance according to *GB/Z 19579-2012 Guidelines for the Criteria of Performance Excellence* and *GB/T 19580-2012 Criteria for Performance Excellence*, so as to guide the organization to strengthen its strategy implementation capability, improve products, service and quality, help the organization with management improvement and innovation, improve the organization's total performance and management level comprehensively, and boost the organization's long-term success. Through evaluating the organization's self-maturity, the Company confirmed its gap with benchmarking enterprises, and incorporated the concept and evaluation index of performance excellence with the realities of the Company's overall quality management, so as to realize constant improvement and pursuit of excellence.

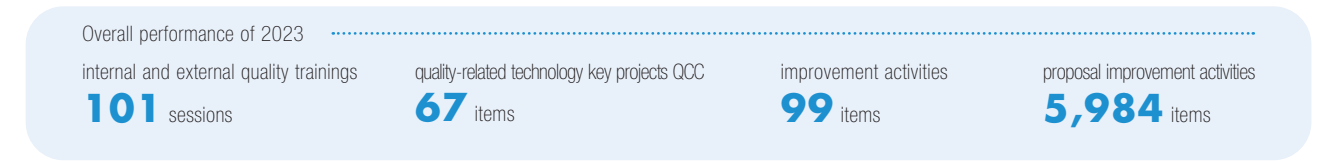
External System Certification

The Company strictly abides by relevant laws and regulations, such as *The Product Quality Law of the People's Republic of China*, and passes the quality system certification according to the criteria such as ISO9001: 2015 and IATF16949: 2016 and the requirements of the Company's *Quality Manual*.



Improve the Quality Culture Awareness

To implement the quality accountability system, the Company encourages each employee to participate in the improvement of quality planning, control and improvement and to pool the wisdom of all to solve problems, through full involvement and standard management and by cultivating the culture atmosphere of continuous quality improvement. CALB has established a complete set of multi-dimensional cultural atmosphere of constant improvement based on technological innovation, product quality improvement, lean production improvement, safety management guarantee and upgrade of quality system, so as to improve product quality, customer satisfaction and the organization's performance and lower the Company's costs, injecting vitality to and driving its sustainable development. In 2023, the Company offered internal and external quality trainings for 101 sessions, 67 quality-related technology key projects, 99 QCC improvement activities, and 5,984 proposal improvement activities, and organized activities such as the "Company-level Monthly Evaluation of Improvement Star" and the "Annual QC Review Competition". The Company also received many external awards and honors in succession, such as the "6 Sigma Achievement Award" by China Association for Quality, "Award for Technological Innovation Achievement" and the "Excellent Organization Advancement Enterprise" by Jiangsu Association for Quality Management.

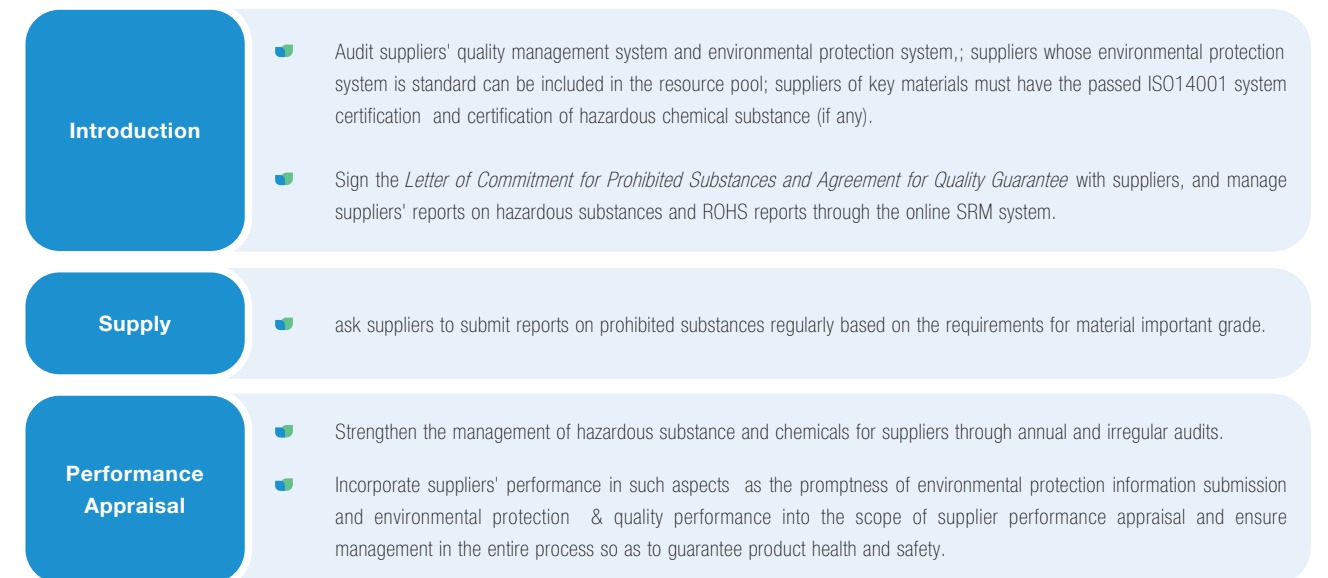


Management of Product Health and Safety

Management of Hazardous Substances

Within the reporting period, the Company introduced the QC080000 Management System in its Chengdu Base successfully, controlled every link strictly under the HSF general principle of "Green Production, Sustainable Development" and on the principle of "no design, no procurement, no inflow, no manufacturing and no outflow", finally established the management and control system of hazardous substance guided by the *Process Management Procedure for Hazardous Substance*, and supported by the enterprise standard *Q/CALB 0107001-2023 Requirements for Prohibited and Restricted Substances*, and a series of documents on the hazardous substance management system, and incorporated the management of harmful substances into the entire process of development of product and new materials and product realization. By focusing on product development and realization, the Company laid special emphasis on the source and risk control, ensures closed-loop management from the recognition, breakdown and transfer of customers' requirements and the requirements of laws and regulations, establishment of control standards, acceptance, identification and change of compliance with the requirements for products' harmful substances, as well as the management of nonconforming products, so as to ensure the realization of the Company's goal of product health and safety.

Control Process for Hazardous Substance in Supply Chain



Product Safety and Reliability Management

Product safety

Safety serves as the top property of products. The Company has set up the Product Safety Department, which is responsible for confirming the identification and elimination of potential safety risks in the whole life cycle of product design and development, manufacturing and delivery for use. By studying the product safety mechanism in depth, and developing the advanced safety representation and evaluation technology, the Company can realize effective safety design to products and carry out comprehensive test verification. CALB has also developed intelligent big data algorithm, which can detect products' potential defects and prevent latent faults on a timely basis.

Product reliability

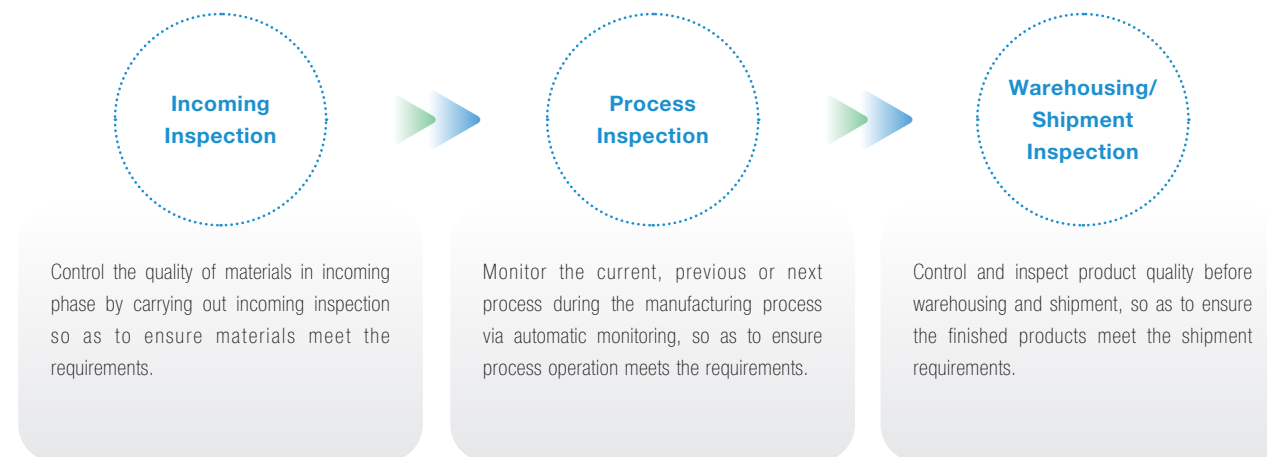
The Company has established the product reliability organization, which participates in the entire process of product design and development so as to guarantee the attainment of reliability objectives and improve reliability performance constantly. CALB has also established the reliability work mechanism and reliability model through mechanism study and reliability test & analysis, independently developed the software system on reliability prediction, and realized standardization management and modeled application for reliability data in product R&D, manufacturing, operation & maintenance.

Battery health management

CALB has integrated the failure features, mechanism model, scenario data, defect characteristics, etc. in processes of battery design and R&D, manufacturing, operation management, after-sales maintenance, and realize quantitative analysis, prediction and management to product reliability. CALB has also developed the test method for battery health diagnosis and test and the diagnosis arithmetic driven by data to evaluate battery health comprehensively and accurately.

Product Quality Inspection and Management of Unqualified Products

With comprehensive product inspection ability, the Company can carry out preventive inspection to every link where product quality problems may occur, so as to ensure product quality. To carry out preventive test, schemes such as error and fooling prevention and equipment automatic inspection schemes have been prioritized in such links as cell, module and PACK.



The Company has formulated the *Management Procedure for Unqualified Products*, made planning on the management to unqualified products in such phases pilot test and volume production, conducted closed-loop planning management to generation recognition, identification, isolation, review, disposal and improvement from dimensions such as nonconforming raw material, improper processing and nonconforming shipment, managed the business flow with different problems in each phase systematically, and defined responsible person in each link, so as to ensure the efficiency of unqualified product disposal.

Product Recall Management

In response to product recall and quality and safety issues, CALB has formulated relevant procedures and documents, and has prepared different response processes for different projects. In case of any accidents related to product quality and safety, procedures for handling major crises in the Company are followed. Within the reporting period, there is 0 recall event initiated by the Company due to product quality or safety and health.

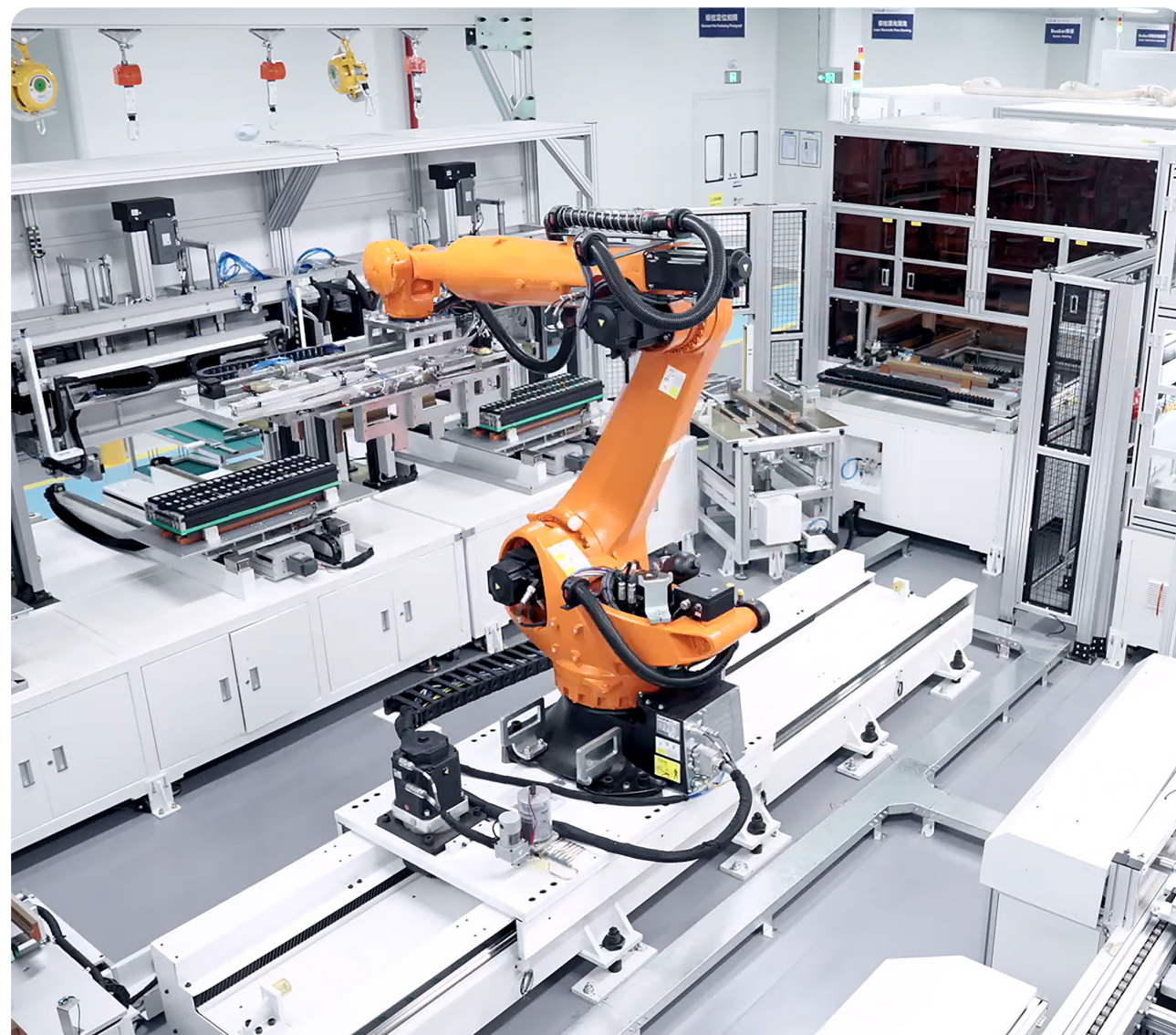


Supply Chain Management

"Duty as the Source, Innovation as the Success". CALB practices the supply chain policy of "fairness, mutual trust, win-win, taking social responsibility and leading green development", integrates the concept of sustainable development into the supply chain management, and joins hands with supply chain partners to contribute continuous power to a harmonious, coexistent, green and sustainable energy ecology.

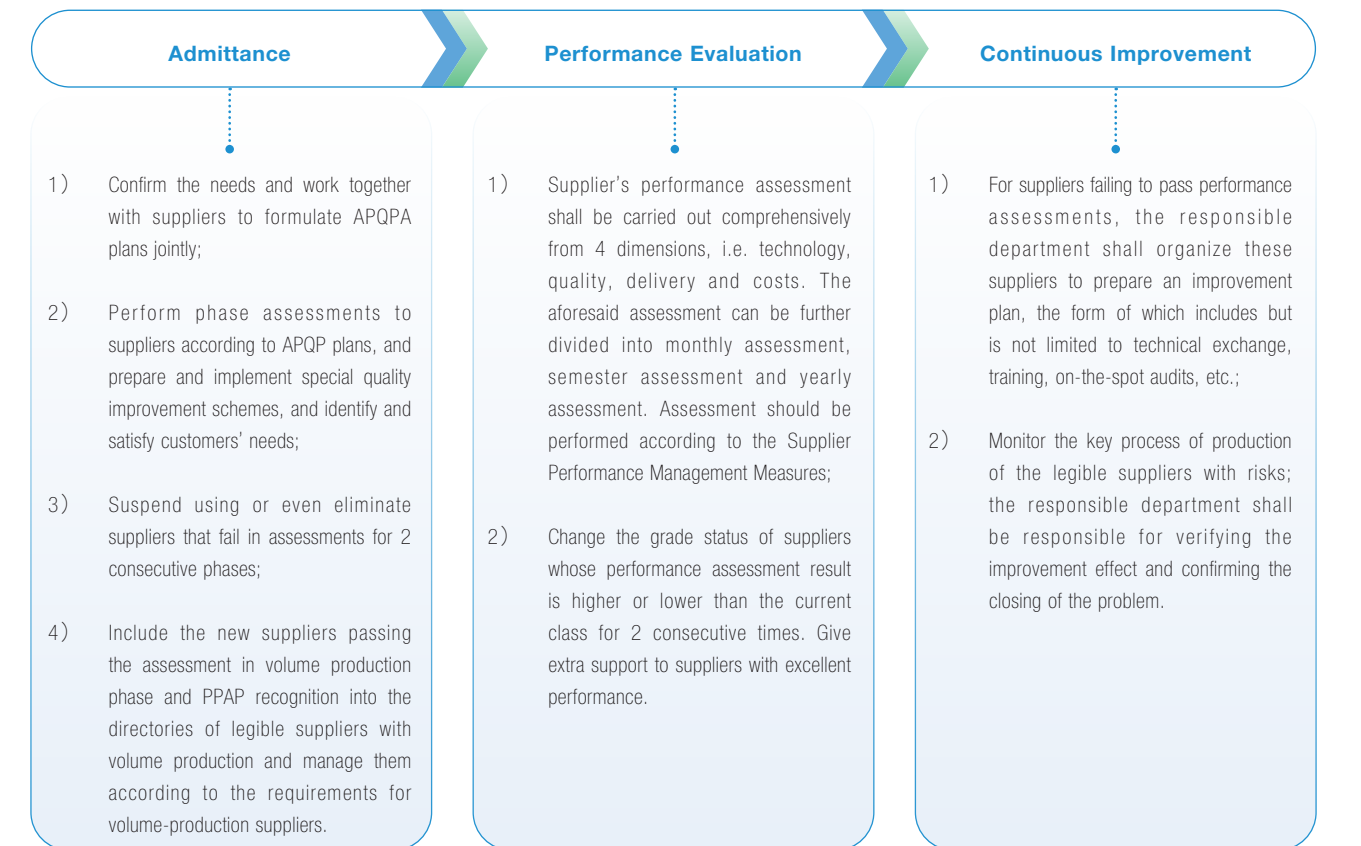
Information Management of Supply Chain to Forge Efficient Operation System

According to the Company's *Supplier Management Procedure*, the Company classifies its suppliers into three categories: production-related material suppliers, non-production material suppliers and equipment suppliers. Suppliers supplying main parts and critical parts influencing battery performance in the production-related material suppliers are Class A suppliers while the rest are Class B suppliers. As of the end of the reporting period, the Company had nearly 600 suppliers, most of which were domestic ones. With the promotion of construction of the Company's European factories, the Company has promoted and planned the localized production and delivery of about 20 suppliers in more than 10 kinds of materials in Europe, so as to ensure that the supply chain is localized as much as possible. The localization coverage rate of materials in mass production of European factories is expected to reach more than 70%.



Digital Supply Chain

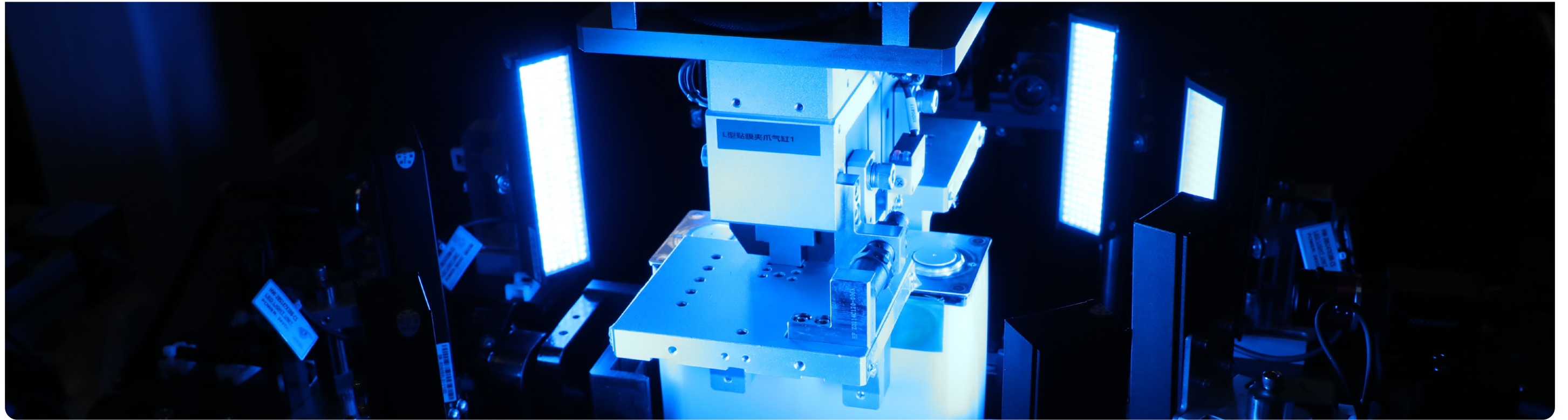
Based on its business classification and the difference in application fields, CALB has formulated the differentiated standards on supplier management for vehicle-mounted and energy storage raw materials, and project raw materials, and intensified the management of suppliers' quality competence. The Company's SRM system platform effectively reduces management costs by information transfer and management to suppliers' online platforms. Within the reporting period, the Company added several function models such as analysis on suppliers' qualified rate, suppliers' performance management, suppliers' review management and supplier change management. The system supports automatic calculation, summary and grading; the digitalization of quality improves the management efficiency of supply chain quality significantly, and finds problems accurately so as to make prevention and response schemes in advance, thus guaranteeing the stability of raw material quality.



Skill Inheritance

Our procurement group implements the monthly *Engineer Forum*, which is focused on 5 topics, i.e. interpretation of the latest laws, regulations and policies, product standards, special technique, operating methods and lessons learned. The engineers share their own typical cases in supplier management based on their specialties, deliver a speech, exchange their opinions, share experience, learn mutually and realize self-improvement, so as to boost the group's overall work efficiency and effect. Within the reporting period, a total of 9 sessions of forums were held, attracting over 600 participants. The coverage rate of procurement staff reached 98%.

Within the reporting period holding forums for **9** sessions attracting over **600** participants The coverage rate of procurement staff reached **98%**



Refine ESG Management Rules, and Improve the Carbon Management Traceability Chain

The Company treats all suppliers with procurement concepts of fairness, justness and openness, and has signed the *Integrity Co-construction Agreement* with all suppliers. Meanwhile, it requires internal procurement staff to be honest and sign the *Sunshine Procurement Commitment Letter*, and remains zero-tolerant to the illegal behaviors to create a healthy business environment for suppliers.

The Company has reached the following consensus with its suppliers on human rights and environmental issues highlighted in ESG: 1. Suppliers are prohibited to employ child labor, or force or coerce employees to work. Suppliers shall respect all employees' freedom of association; 2. Suppliers shall prioritize renewable energy as much as possible, and track and record greenhouse gas emissions to minimize greenhouse gas emissions and ultimately achieve the goal of carbon neutrality. The Company signed *ESG Agreement* with its suppliers: The signature ratio of *ESG Agreement* by key material suppliers had reached 100%, and on-site audits were carried out against key material about 30 suppliers with a coverage rate of 100%.

ESG Management Requirements for Supply Chain

Before adding suppliers, the Company evaluates if the suppliers have any ESG risk through assessing such aspects as business ethics, human rights, environmental protection and investigation on sustainable procurement:

- 1) Evaluation instruments:
 - a. Review stage: Supplier survey report and SAQ questionnaire;
 - b. Admission stage: Audit List of Supplier ESG and ESG Agreement;
- 2) As for the problems confirmed through audit, suppliers shall prepare a corrective plan and finish rectification within the time limit to form a closed loop;
- 3) As for ESG red line, the Company will stop developing such supplier immediately;
- 4) Before admitting a supplier, the Company will sign *ESG Agreement* with such supplier, and propose the requirements of annual ESG onsite audit against key material suppliers.

Supply Chain Carbon Footprint

According to the carbon management requirements of end customer, to give response to the national strategic goals of the carbon peaking and carbon neutrality, CALB has set the green and low-carbon objective for upstream supply chain: "Reduce carbon of the supply chain by 10% per year, and organize carbon management related training for suppliers at least once every year". Within the reporting period, the Company organized special training of carbon footprint for upstream suppliers for many sessions, which involved nearly 50 suppliers with the training coverage of 90%. The Company finished the collection of onsite data and carbon emission calculation to all key materials based on multiple cells and pack products. Besides onsite data calculation, the Company also encouraged the upstream key material suppliers to pass ISO 14067 certification, to provide objective data support for formulating emission reduction objectives and implementing plans. As of the end of the reporting period, multiple suppliers had passed the certification.

Supply Chain Traceability

In 2023, CALB set up a supply chain traceability platform, built a special group by highlighting the theme of "Supply Chain Traceability", organized suppliers to carry out rounds of online and offline trainings and helped suppliers build the traceability system, so as to solve the limited resources and news of upstream materials. As of the end of the reporting period, the Company had finished tracing multiple suppliers in cell main materials. In particular, the traceability from domestic Level 1 suppliers to domestic mine end Level 4 suppliers were finished for key materials and the corresponding supply chain mapping was formed. CALB realized data monitoring and management from the whole vehicle to the material mine end supply chain, ensured the compliance and met the traceability requirements of end customers.



CALB has set the green and low-carbon objective for upstream supply chain

Reduce carbon of the supply chain by **10%**

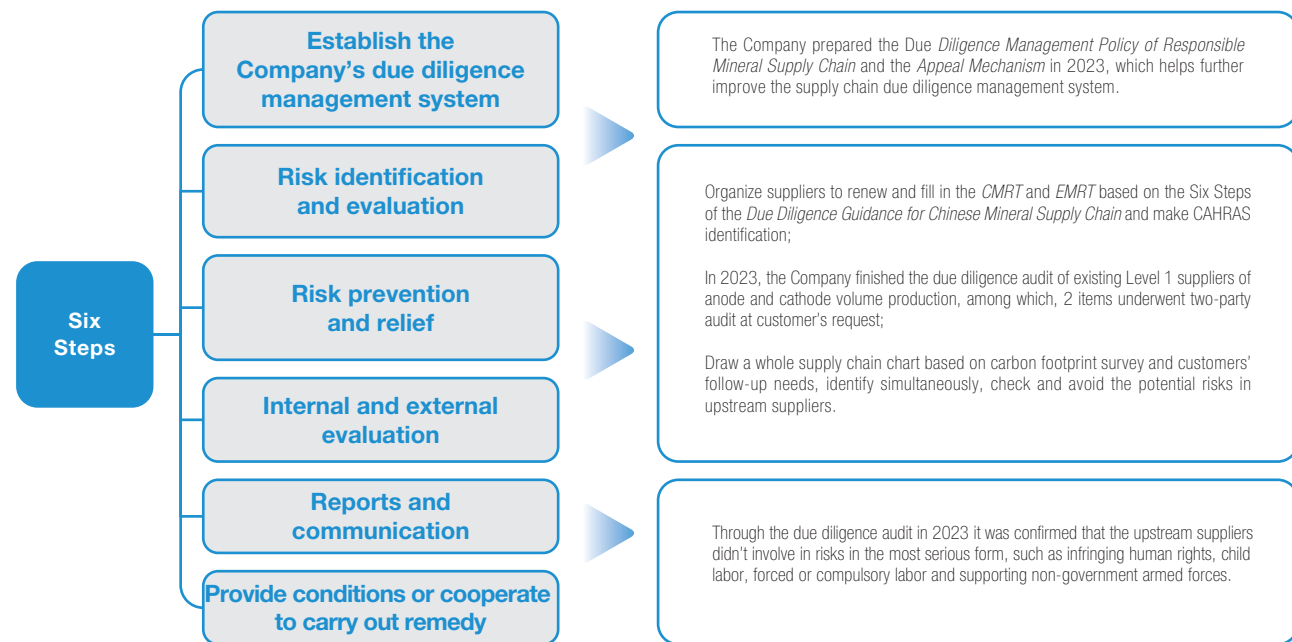


Within the reporting period, the Company organized special training of carbon footprint for upstream suppliers for many sessions

which involved nearly **50** suppliers with the training coverage of **90%**

Undertake Responsibility and Boost the Enhancement of Management Ability on Industry Responsible Mine

Based on the industry's development background and the EU's requirements above, the Company attaches great importance to the risk of significant adverse effect that may exist in the mining, trading, dealing and exporting of mineral resources in conflict-affected and high-risk regions, and has fully recognized enterprises' obligations of respecting human rights, not claiming conflicts, or exerting negative influence to the environment and society. The Company undertakes to adopt and fully publicize relevant policies of the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains* issued by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCIMC), *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (the third version) (shortened as *OECD Guidance*) issued by Organization for Economic Co-operation and Development (OECD), and the management regulations in conflict areas on minerals of tungsten, tin, tantalum and gold (shortened as 3TG) in *Dodd-Frank Wall Street Reform and Consumer Protection Act* (shortened as *Dodd-Frank Act*) and incorporate it into the management of supply chain. The key of the Company's due diligence management policy on responsible mineral supply chains lies in working together with suppliers to promote reform. CALB follows the entire due diligence investigation procedures in choosing raw material suppliers, with a view to assessing supplier's performance in sustainable development field comprehensively.



CALB actively participates in responsible mineral-related activities in the industry and fulfils corporate social responsibility as a leading battery company in the industry. In March of 2023, the Company was elected as the decision-making member of the Responsible. Critical Mineral Initiative (RCI) in the industry meeting held in Kunming. The Company signed the *Proposal for the Joint Action on Promoting High-quality Development of Key Mineral Supply Chain* with over 30 upstream and downstream enterprises of mineral supply chain. All of the enterprises undertook to make joint efforts for creating a responsible, resilient and sustainable key mineral supply chain.



In September of 2023, the Company participated in the 2nd International Forum on Sustainable Mineral Supply Chain held in Chengdu, during which, the Company studied and discussed the difficult issues of the compliance management of mineral supply chain:

Impact on local community environment and personnel caused by mineral exploitation;

Complaint consultation mechanism for international organizations to challenge negative domestic reports.

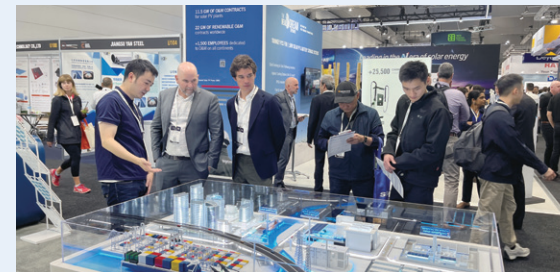
Customer Service

Responsible Marketing

The Company is dedicated to maintaining a marketing environment with fair competition, protecting customers' rights and interests and supplying superior products and service. In the marketing and brand publicity activities, the Company always adheres to the honest, transparent and responsible attitude, and strictly obeys the domestic laws and rules such as the *Anti-unfair Competition Law and Advertising Law* as well as the relevant international regulations such as *Anti-trust Act*. Within the reporting period, the Company carried out special training on laws and rules concerning sales, copyright, etc. to marketing, brand operation personnel, etc., and established the assessment mechanism on the compliance of publicity materials, so as to effectively prevent the compliance risk of marketing publicity.

Case

On October 25-26 (Beijing time), All-Energy, the global well-known energy storage exhibition, was held grandly in Melbourne, Australia. CALB participated in the exhibition with its several core products and solutions on energy storage application scenarios, such as large-scale electric power, industry and commerce, household storage and shipping products and solutions.



Case

On September 12-14 (local time), RE+2023, the global top exhibition on energy solutions, was held grandly in Las Vegas, the US. CALB participated in the exhibition with its brand new energy storage cell and system solutions, which raised extensive attention from industry users and experts as well as media.



Customer Satisfaction Management

The Company has formulated the complete *Management Procedure on Customer Satisfaction* and carries out satisfaction research to customers for every 6 months to fully know customers' needs and expectations; CALB attaches great importance to the information on customers' satisfaction with products, services, etc., analyzes the deficiency in various customer-related work seriously based on the feedback from customers, actively proposes improvement schemes and promotes their implementation, so as to enhance the level of customer satisfaction.

To better grasp the information about customers' satisfaction with products and services, constantly improve the quality of products and services, and strengthen customer satisfaction, the Company has established the customer follow-up visit mechanism, listens to customers' ideas and exchanges with them on a monthly/quarterly basis based on project requirements from aspects such as big data docking, reports of market quality performance, cooperation and exchange on after-sales service and customer relationship maintenance; collects, reviews, makes deep analysis on customers' appeal and suggestions, carries out special rectification, and makes sure the improvement effect in next satisfaction research. The Company can enhance its brand influence by constantly improving its management ability on core quality in aspects such as product R&D, manufacturing, process control and customer service. Within the reporting period, the Company carried out customer follow-up visit for 45 times.

Customer Satisfaction Data for 2021-2023

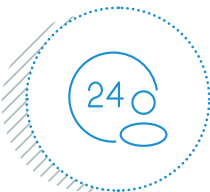
Index	2021	2022	2023
Score of customer satisfaction	88.95	94.8	95.3

After-sales Service

To strengthen enterprise core competence, constantly improve customers' satisfaction, loyalty and dependency, the Company founded an independent after-sales department, which consists of over 50 well-experienced technical support engineers and over 30 technical experts. Meanwhile, the Company has also set up over 70 service outlets worldwide quickly based on marketing vehicle distribution and fault rate, all of which have clear function, rich experience, fully-equipped instrument. On the basis of the after-sales service concept of "Leading Technology, Reliable Quality, Satisfied Customers", the Company makes every effort to establish a domestic leading after-sales service system in order to best serve customers.

Customer Service

The Company has prepared many mechanism documents such as *Warranty Management Procedures and Management Procedures on Customer Service*, and specified the process of warranty service in the product life cycle in a standard manner. CALB formulates standard after-sales service schemes according to different market fields on the basis of identifying relevant laws and regulations and the requirements for warranty by such stakeholders as customers fully. Besides the basic "three guarantees", the Company can also provide services of different forms, such as technology consulting, technology training, on-site follow-up support, active inspection of products, complaint claim, customer follow-up visit and product recycling. Meanwhile, the Company also provides customers with multiple kinds of paid services, such as warranty renewal, procedure updating, equipment lease, sales of products and services, and informs the price explicitly before providing services to ensure public and reasonable charging.



Fast response

With the service hotline of 400-164-9588 available in 24hr, our customer service engineers can provide swift consultations on technical support and solutions.



Intimate service

Provide intimate services such as remote guidance, docking by specially-assigned personnel, on-site service, patrol inspection service, resident service, plant resident service, technical support and regular communication.



Professional guidance

Provide customers with technical guidance such as guidance on battery installation, basic knowledge of lithium battery, power supply application, judgment and troubleshooting of common faults, cautions on safety operation, and provide relevant guidance documents on the use and maintenance of power supply system.



A large number of outlets

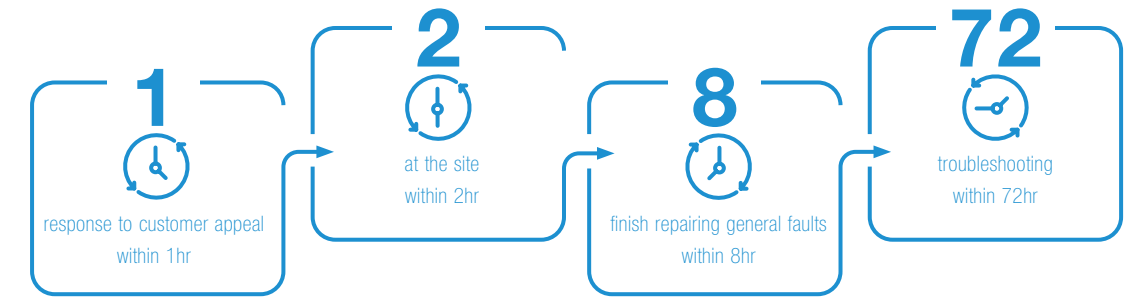
The Company has established service outlets in over 50 regions nationwide and multiple spare parts warehouses in regions such as Northeast China, North China, Central China, South China and Southwest China; it has also established 14 third-party service networks overseas covering 14 countries in Europe, North America and Asia.



Achieve customer success

With the objective of "Customer Satisfaction", the Company endeavors to create value for customers and help them achieve success by technology-leading, excellent-quality and safe-reliable products and intimate services.

Customer Complaint Treatment



Thanks to its effective customer complaint treatment mechanism, the Company can give a response to customer appeal within 1hr, designate its technicians to arrive at the site within 2hr, finish repairing general faults within 8hr, and troubleshooting within 72hr. Its specially-assigned persons are responsible for organizing the responsible department to conduct objective analysis and effective rectification, and improving the closed-loop management procedure on customer complaint problems. To avoid the reoccurrence of problems, the Company has set up a special horizontal development team, which finishes the horizontal development among the production lines of plants with historical lessons, and monitor and supervises the effective implementation of horizontal development. The Company's function group is responsible for preparing the list of preventing historical problems, boosting the completion of design association and optimal close-loop of development end, and improving the quality of products constantly. Within the reporting period, the Company received 38 customer complaints, all of which were treated (100%).

Index	2021	2022	2023
Number of customer complaints	9	11	38
Resolution rate of customer complaint	100%	100%	100%

Thanks to its fast and professional response, and problem analysis and solving ability, the Company has won customers' high acknowledgement and many prizes such as "New Energy Contribution Award", "Best Partner" and "Best Service Award" from its strategic customers. In 2022, the Company won 7-star (excellent) authentication on the completeness of CZTCS after-sales service system, which is still valid. In the future, the Company will further increase its input in the construction of after-sales service system, information construction of intelligent service and network layout of global service, so as to bring customers excellent experiences and set a typical example nationwide in terms of advanced services.



Low-Carbon & Environmental Protection and Green Development

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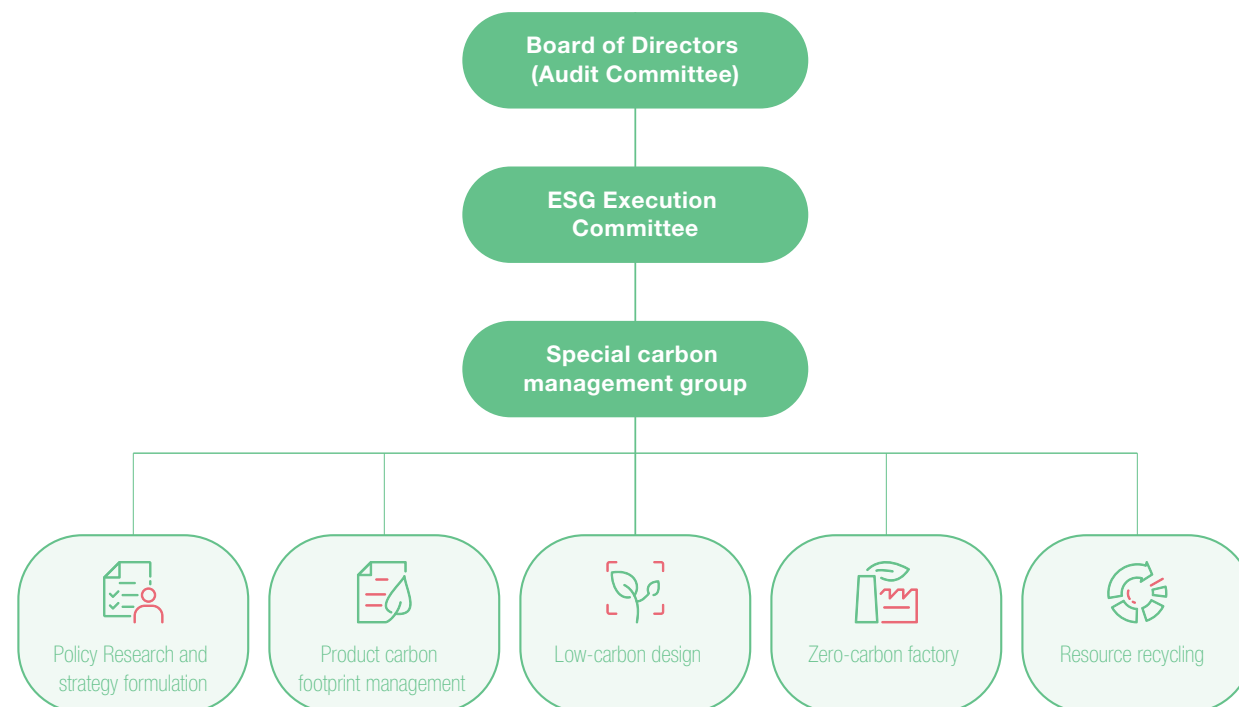
55 Recycling



Topic: Address the Climate Change

Climate Change Governance

The Company has established the process and mechanism on climate-related risk management from the governance layer to executive layer, to fully include the climate-related risks and opportunities into the Company's strategic decision-making and risk management. The Board of Directors, as the highest supervision and decision-making body for responding to climate change, has established Audit Committee, which is responsible for reviewing the strategies, action plans and key policies for responding to climate change, evaluating climate-related risk and opportunities, and supervising the implementation of climate change-related work and resource allocation, etc. The ESG Executive Commission under the Audit Committee helps the Audit Committee to perform the routine supervision work for tackling climate change, communicate with stakeholders regularly to know their expectations and opinions on climate change, analyse the industry tendency and influence on climate change, comply with the peer's performance for tackling climate change, identify and evaluate climate-related risks and opportunities. The special carbon management group is responsible for executing the specific work on climate change and regularly reviewing the work progress related with climate change, including following up and interpreting the low-carbon laws and policies at home and abroad, planning climate neutrality strategy, formulating objectives, work implementation planning and management indicator system on carbon neutrality, boosting the action of energy conservation and carbon reduction for the Company as well as the supply chain, and constantly reducing the carbon footprint in product life cycle and realizing carbon objectives.



Climate Change Strategy

The Company identified the climate change related risks and opportunities comprehensively. By the analysis on internal and external environment factors and the feedback from stakeholders, etc., the Company underlined the physical risks that may be caused by the failure in tackling climate change, and the transformation risks that probably occur due to social and economic changes in the implementation of work for tackling on climate change, and further evaluated the level¹ and time limit² of the influence of climate change related risks and opportunities on the Company to formulate countermeasures:

Category	Description	Business Influence	Influence Level	Influence Time Limit	Countermeasures
Physical risk	Acute risk Higher possibility of flood and snow disaster caused by typhoons, hails and heavy rainfall.	1. Possible influence, including damage of manufacturing infrastructure, devaluation of fixed assets, decline of capacity (halt production or transportation difficulty), loss of labor or disruption of supply chain, etc.; 2. The orange and red alerts from meteorological authorities may lead to suspension of some business activities.	High	Short-medium term	1. Establish a risk emergency group to cope with risks; carry out risk evaluation regularly, and establish prevention plans based on the historical data on natural disasters at the site of the manufacturing bases; 2. Make appropriate measures for flood and cold prevention; 3. Strengthen information exchange with the meteorological authorities, pay attention to weather warning, and get prepared for rescue in advance; 4. Increase climate risk-related trainings and improve employees' risk awareness and coping capacity; 5. Incorporate such contents as climate disasters and their influence in the evaluations such as the environmental impact on new, rebuilt and expanded workshops; 6. Plan multiple types of transport ways and material procurement & shipping, so as to ensure the transport and storage in case of typhoons, floods and snowstorms.
	Higher possibility of loss under constant heat and dryness weather conditions.	1. Short supply of electrical energy leads to higher loss on production equipment and production suspension; 2. The increase of morbidity related to high temperature leads to the reduction or even suspension of production.	Medium to high	Short-medium term	1. Plan appropriate cooling measures; 2. Store electrical power in high temperature period to ensure factory operation; 3. Implement disease prevention measures and improve working environment and conditions, so as to provide employees with a safe and comfortable working environment.
	Chronic risk Higher possibility of direct and indirect losses caused by the rise of sea level (such as flood).	1. Operation sites along the coastal areas may be affected, which have to move or change their structures, thus increasing capital expenditure; 2. The flooding of transport ports and damage of transportation may lead to the failure in making delivery punctually/supply chain disruption, which influences product delivery and manufacturing and increasing operating costs.	Medium to high	Short-medium term	1. Consider the influence of flood during factory design and construction, to minimize the temporary loss caused by disasters; 2. Develop similar suppliers from different areas to ensure the supply of raw materials.

¹ Based on the possibility and influence degree of risks and opportunities, the influence level can be divided into three kinds from high to low: high, middle, low

² Based on the time range influencing the Company by risks and opportunities, the influence time is divided into three kinds: short term (0-1y), middle term (1-10y) and long term (over 10y).

Category	Description	Business Influence	Influence Level	Influence Time Limit	Countermeasures
Policy and legal risk	Carbon price increase.	Increase the cost of carbon emission trading.	Medium	Medium-long term	1. Reduce carbon in the entire production and operation process to reduce the carbon tax and operating costs in carbon trading market; 2. Facilitate carbon emission reduction to the fullest by enhancing energy efficiency.
	Intensified implementation of the latest carbon-related laws/systems.	1. The compliance of purchased raw material leads to the increase of costs; 2. The government may further strengthen the supervision to high energy-consuming industries, which may indirectly increase the price of basic raw material, thus increasing the procurement cost.	Medium	Long term	Develop carbon emission reduction measures in the whole value chain by complying with the latest carbon regulations at home and abroad in real time.
	Higher requirements for emission report.	1. Increase of costs for internal information management and corresponding requirements for carbon disclosure; 2. Risk of dishonesty caused by the evaluation of capital market on carbon management ability	Medium	Long term	Improve the internal carbon management system, and disclose relevant information as per relevant regulatory rules and policies at home and abroad.
	Increase of demands on the product codes with carbon footprint and carbon emission reduction.	1. New requirements for products increase the R&D costs; 2. Increase of raw material costs; 3. Increase of the costs of renewable energy sources used for manufacturing; 4. The failure to satisfy the requirement of emission reduction leads to the decrease of orders, competitiveness and revenues.	Medium	Long term	1. Actively respond to stakeholders' requirements, and strengthen the communication on current situation and plans of carbon reduction. 2. Develop low-carbon products conforming to relevant product codes.
	Increase of demands on low-emission products and services.	Increase of technology R&D and operating costs expenditure for low-emission products.	Medium to low	Long term	Develop and supply low-carbon products, service and solutions to make the Company adapt to market needs better.
Market and technical risk	Constant change of stakeholders' behaviors	1. Increase of costs on customer communication in preliminary stage; the Company has to help customers solve key points of problems and improve communication efficiency. Customers may propose higher requirements on carbon reduction to the Company based on the stricter policies. 2. The suppliers with insufficient carbon reduction awareness may not satisfy the Company's requirements for the raw materials of carbon-reduction products, exerting unfavorable influence on the Company's carbon reduction layout. 3. Investors, customers and suppliers hold different ideas on the Company's carbon reduction system construction or development direction.	Medium	Medium-long term	1. Make in-depth analysis on market requirements and the development tendency, satisfy customers' demands on products and seek for their support and help in carbon reduction; 2. Encourage and support suppliers to make transformation on low carbon, and work together on the development of low-carbon materials; offer trainings for suppliers, bring forth requirements for carbon reduction to Level 1 core suppliers, and encourage other suppliers to reduce carbon emission; 3. Strengthen the communication with the Company's stakeholders so as to unify the opinion and direction and expand the channel of information disclosure.
	Increase of procurement cost of low-carbon raw materials.	Insufficient supply of low-carbon materials and increase of comprehensive product cost, which may influence product production plans and reduce the Company's profitability.	Medium to low	Medium-long term	1. Cooperate on the R&D of low-carbon materials; optimize fuel requirements, and develop and use low-carbon fuel or energy; 2. Promote battery management in the entire life cycle and make layout in battery recycling industry.
	Change of customers' preference.	1. Consumers pay more attention on enterprise low-carbon transformation and the use of green energy. If their needs cannot be met, the Company may receive fewer orders and suffer reputation damage; 2. Consumers' preference on low-carbon and eco-friendly products may improve the cost of raw materials and manufacturing process.	Medium to low	Short-medium term	1. Strengthen the Company's layout in carbon reduction and actively boost the construction on carbon management system; 2. Make timely disclosure on strategic planning, objectives, actions and performance on tackling climate change.
Reputational risk					

Category	Description	Business Influence	Influence Level	Influence Time Limit	Countermeasures
Opportunities	Energy optimization and fuel.	The transformation of energy-using structure reduces the influence on climate and increases the confidence of the capital market/investment organizations/shareholders on the Company.	Low	Short-medium term	Optimize energy structure and electrical transformation continuously and maintain a leading status in the industry.
	Increase of demands on EV/ESS technology.	The development of batteries for electric vehicles and renewable energies boosts the increase of ESS requirements and revenues.	Medium to high	Medium term	Expand production capacity and customer demand, so as to satisfy the increasing demand.
	Increase of battery-based new invention applications.	1. Customers' recognition contributes to the increase of product demand and revenues; 2. Promote the low-carbon development of means of transport in the society, and accelerate market process of electrification.	Medium to high	Medium-long term	Accelerate the development of new energy emerging markets, encourage suppliers to make innovation, increase the number of patents, intensify industry cooperation and supply more products and service in line with market and customer demand.
	Increase of sales opportunities of carbon credit generated in internal/external business points.	Expand market areas and increase sales.	Medium	Medium term	Understand the carbon credit market and increase related business and business personnel.

Management on Climate Change Risks

On the basis of the risk evaluation results, the Company incorporates the climate risk into its overall risk management system, and works together with multiple departments such as Environmental & Safety Department, strategic brands and manufacturing base in daily operation to carry out comprehensive and systematic management based on the Company's response strategy for climate risks.

Indexes and Objectives of Climate Change




The Company's main indexes related with climate change are as below:

Category	Unit	2022	2023
Scope 1	Carbon dioxide equivalence (t)	134,957.01	307,488.75
Scope 2	Carbon dioxide equivalence (t)	450,953.34	651,782.46
Total emission amount	Carbon dioxide equivalence (t)	585,910.35	959,271.21
Emission intensity of greenhouse gas	Carbon dioxide equivalence/kWh (kg)	28.43	23.11



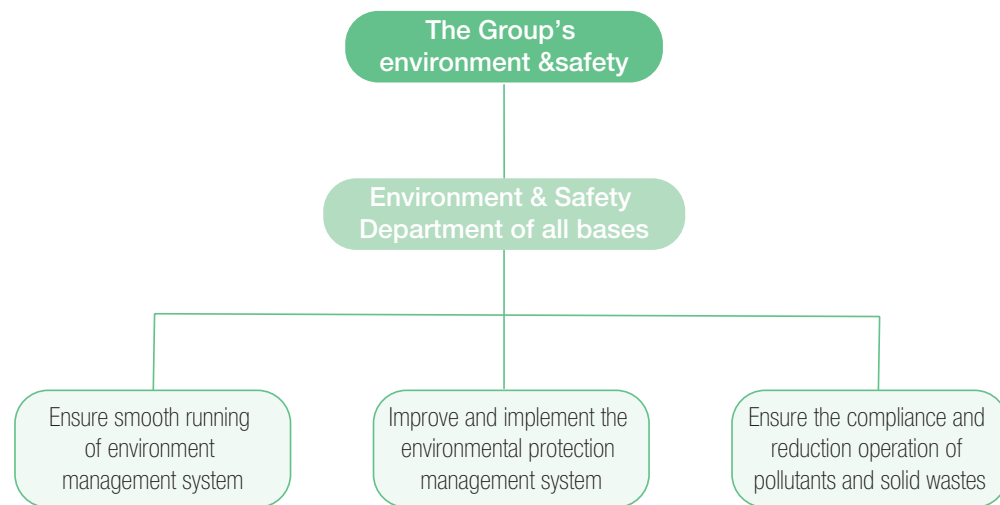
Environment Management

The Company takes "zero accident, zero pollution, respect for life and shared development" as its environment and occupational health and safety (EOHS) management policy and in accordance with relevant laws and regulations on environmental protection, such as Environmental Protection Law of the People's Republic of China, Ecological Environment Standard Management Measures, has formulated and issued the Management Manual of Environmental and Occupational Health and Safety, which serves as the programmatic document of CALB's environmental management system. It promotes the standardization and normalization of the environmental protection management system from various aspects such as mechanisms, policies, process management, supervision and inspection; CALB has established and issued its environmental management objective and performance. Within the reporting period, no environmental pollution accident occurred to the Company, whose various environmental protection facilities continued to operate effectively, standardized management system for hazardous wastes operated well, pollutants were discharged up to standard, and no administrative penalty was imposed due to environmental problems.

-  All bases conductes identification, evaluation and management of environmental factors.
-  The Group's Environmental Safety Department supervised and reviewed to ensure that the environmental factors are identified correctly and the management measures are reasonable and effective.
-  To build the environmental management concept of "everyone is responsible for environmental protection", CALB has set up signs and placards in the factory, and organized environmental protection training both offline and online (knowledge promotion) to improve employees' awareness of environmental protection.

All bases establish and improve the environmental management system according to the requirements of ISO14001 standard, identify and control environmental management risks. At present, Changzhou Base, Xiamen Base, Wuhan Base, Chengdu Base and Hefei Base that have been put into operation have passed ISO14001 environmental management system certification.

The Company's environment management architecture



Resources Management

Adhering to the concept of "source control, energy conservation and consumption reduction and sustainable development", CALB has actively taken actions in green factories, green offices, green logistics, etc., and continuously improved the management capability of energy conservation and emission reduction system. CALB has formulated the Management Measures for Energy Conservation and Consumption Reduction to ensure the efficient operation of the CALB's energy and resource management.

Management of Water Resources

With focus on reducing the waste of water resources, CALB has taken practical measures to reduce the consumption of water resources, and effectively reduced unnecessary consumption of water resource and improved the utilization efficiency of water resources by formulating water saving targets and various water saving systems, innovating water saving equipment and water resource reuse technologies. In 2023, Changzhou Base passed the certification of water-saving enterprise in Jiangsu Province.

Case

CALB recycled production wastewater by taking measures. For instance, it recycles production wastewater, which is sent back to cleaning or cooling towers after process treatment.

Technological process flow of production wastewater treatment:

Total Consumption and Intensity of Water Resources in 2022-2023³

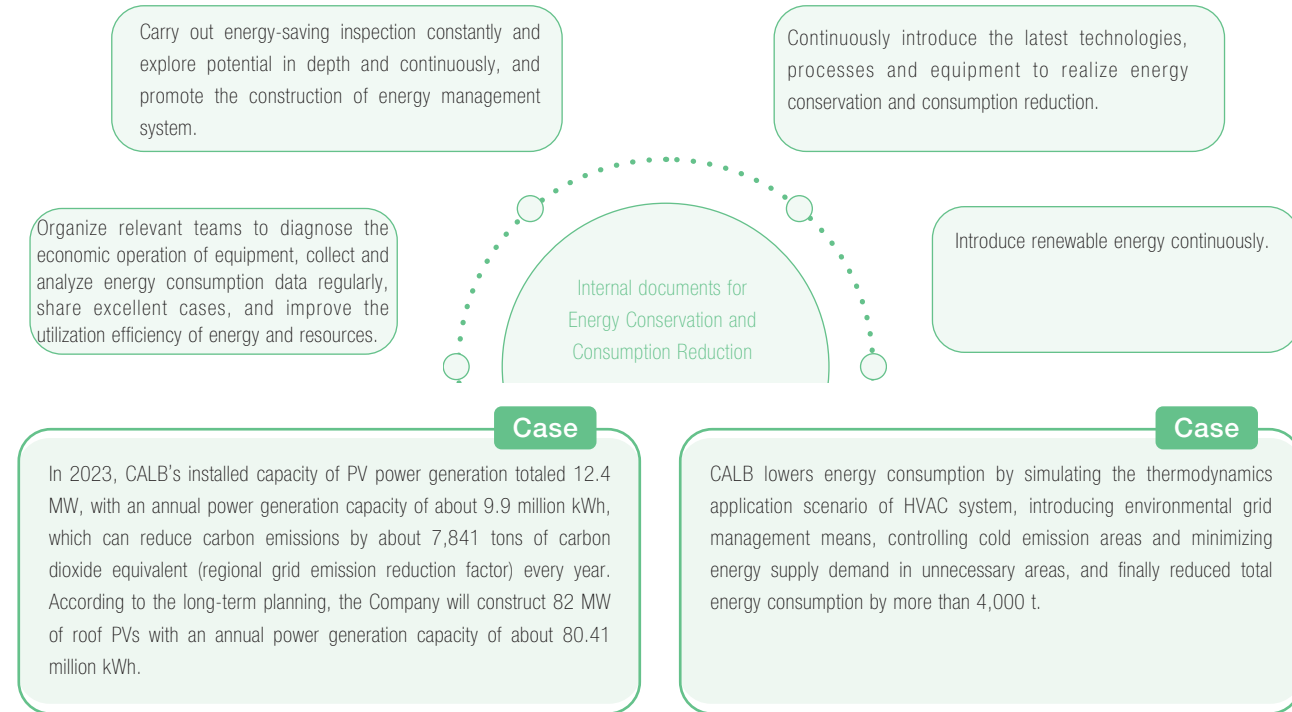
Indicators	Unit	2022	2023
Total water consumption	m ³	2,080,819.00	4,942,729.32
Total water consumption intensity	m ³ /GWh	100,967.13	119,076.31

³ The statistical caliber of total water resource consumption: The statistical scope for 2022 is Changzhou Base and Xiamen Base while that for 2023 is Changzhou Base, Xiamen Base, Chengdu Base, Wuhan Base and Hefei Base. Affected by the output in production speed and output increase stage of the new bases, the water consumption intensity has increased compared to the previous year.

Energy Management

CALB was committed to constructing a sustainable green factory by setting an energy conservation target of "reducing comprehensive energy consumption by 10% every year by 2025" and breaking down the target into small goals and implementing them in all aspects of production and operation. Within the reporting period, CALB passed the GB/T23331-2020/ISO 50001: 2018 energy management system certification, and Changzhou Base was awarded the title of "Green Factory" at the national level.

CALB has established an internal energy conservation and consumption reduction related system by referring to the environmental management system and energy management system of battery industry. Within the reporting period, CALB continued to introduce energy conservation and consumption reduction and renewable energy measures, reducing comprehensive energy consumption by 19% compared with the previous year. Specific measures are as follows:



Total Energy Consumption and Intensity in 2022-2023⁴

Indicators	Unit	2022	2023
Total amount of direct energy consumption	MWh	641,013.99	1,384,332.70
Total amount of indirect energy consumption	MWh	671,730.44	1,289,917.42
Total energy consumption	MWh	1,312,744.43	2,765,280.07
Energy consumption intensity	MWh/GWh	63,694.54	66,618.93

⁴ The statistical caliber of total energy consumption: The statistical scope for 2022 is Changzhou Base and Xiamen Base while that for 2023 is Changzhou Base, Xiamen Base, Chengdu Base, Wuhan Base and Hefei Base. Affected by the output in production speed and output increase stage of the new bases, the energy consumption intensity has increased compared to the previous year.

Chemical Management

To intensify the safety management of chemicals, CALB formulated the *Chemical Management Regulations* to ensure that the procurement, transportation, storage and use of chemicals comply with the requirements of laws, regulations and standards, and eradicate safety and environmental protection accidents such as fire, explosion, poisoning, corrosion and leakage. In the Company, all chemicals are collected according to ledger, which contains the specific collection time, personnel and purpose. Special management regulations and collection ledgers are formulated for the storage and collection of hazardous chemicals, according to which, double locks and persons are required and the responsible person must be defined. For chemicals stored in gas cylinders, the Company has formulated *Code for Management of Storage and Use of Gas Cylinders*, which specifies the storage, use and recovery of gas cylinders. All chemical management documents and MSDS of CALB are posted in the chemical storage and use area. At the same time, CALB organizes special training and assessment on chemical management and special inspection of chemicals at regular intervals to ensure legal compliance with chemical storage and use on site.

Within the reporting period, CALB did not have any chemical loss or theft incident, or any safety and environmental protection incident caused by improper storage and use of chemicals.

Green Office

CALB practices the concept of green and low carbon, and is committed to creating low-carbon office scenarios, lending a new trend of green and low-carbon office environment protection, so as to contribute to the sustainable development of society and a better tomorrow for mankind.

Four posters are shown, each with a title and a brief description:

- 打印先“预览”** (Print First "Preview"): 感谢您节约用纸 (Thank you for saving paper). Cultivate employees' awareness of saving via by pushing a series of green office posters on the Intranet regularly.
- 共享办公用品** (Share Office Supplies): 低碳环保办公 (Low-carbon and environmentally friendly office). Post energy-saving slogans next to air conditioners and light switches, and indicate the optimal air conditioning temperature and light-off tips. Offer energy-saving awareness training for employees and property management personnel at the same time, so as to control air conditioning temperature and lighting as appropriate, save energy and reduce emissions.
- 节能降耗** (Energy Saving and Cost Reduction): 让世界多一点绿色 (Let the world have a little more green). Encourage employees to go to/off work by preferring walk or riding; provide shuttle bus and free charging services for new energy vehicles for employees, and offer new energy vehicle parking spaces, which account for 14% of the total spaces.
- 低碳出行** (Low-carbon Travel): 为您点赞 (Give you a thumbs up). Use paperless and virtualized office mode via the construction of modular data centers to reduce resource consumption.

Case

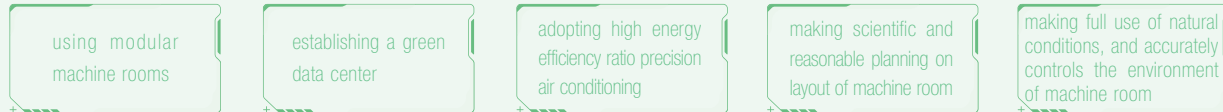
In 2023, CALB realized its goal of energy conservation and emission reduction by virtue of the desktop virtualization projects (Total number of virtual desktops: 8,750 points), in which the annual power consumption of thin clients (login terminals of virtual desktops) dropped from 2,890,350 kWh to 1,112,258 kWh compared with traditional PCs, and the power consumption declined by over 60%. The annual accumulated balance of electricity charges was RMB1,350,000 (RMB below) and the annual accumulated reduction of carbon dioxide emissions was 1,772,757.7 kg. In addition, multiple servers were integrated through virtualization technique, which also contributes to the significant reduction of CO₂ emissions.

Case

To advocate the low-carbon office concept and improve office efficiency, CALB is committed to promoting paperless office. It spot checks and approves various business processes through information systems, thus reducing management costs and printing costs dramatically. Since its promotion in 2022, a total of 20,000 types of documents have been promoted online, reducing paper printing by about 8,600,000 times, printed paper by 13,640,000, and carbon dioxide emissions by 103,664 kg.

Case

The Company uses modular machine rooms and establishes a green data center. It adopts high energy efficiency ratio precision air conditioning, makes scientific and reasonable planning on layout of machine room, makes full use of natural conditions, and accurately controls the environment of machine room. Compared with the traditional machine room, the modular room is designed with sealed channels to isolate cold and hot airflow; the chilled water line air conditioner provides nearby cooling and heating services, thus saving energy consumption by more than 25% and energy consumption by RMB7.95 million, and reducing carbon dioxide emissions by 10,429,144.4 kg in the period from January to December 2023. In the future, CALB will continue to build and optimize sustainable green data centers to improve energy efficiency.



Green Logistics

In terms of factory logistics

CALB adopts highly automated and intelligent logistics system, based on which, unmanned logistics transfer can be realized in factories. At the same time, the new factory has realized 100% use of electric loading and unloading forklifts.

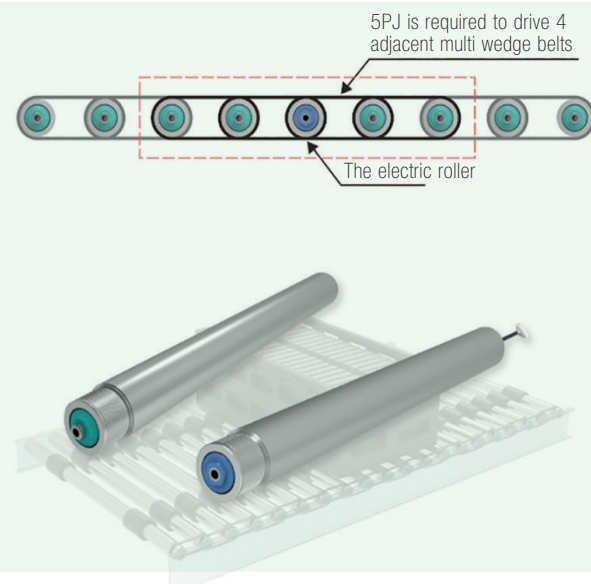


As for external logistics

CALB focuses on optimizing highway and sea loading to achieve a comprehensive full load rate of volume and weight of more than 97%. In addition, it is also planning to implement heavy truck electrification to help realize the goal of sustainable low carbon.

Case

CALB took the initiative in applying the electric roller drive with high load and low energy consumption to one warehouse logistics automation project, to replace the traditional motor drive scheme. With low power consumption level, the electric roller is designed with intelligent control algorithm to adjust the running power according to the actual load condition, and reduce the consumption of no-load power. It can save more than 100 tons of carbon emission per year compared with the traditional motor drive scheme.



Management of Pollution and Wastes

CALB strictly abides by relevant national, local and industrial laws, regulations and standards, and carries out pollution and waste management. It has formulated the *Management Regulations of Three Wastes and Noise* against the pollution and waste generated during the operation to ensure the efficient and orderly management of waste water, waste gas, solid waste and noise. CALB's operation and maintenance engineers inspect and maintain environmental protection treatment facilities at regular intervals to ensure normal operation of facilities and emission of pollutants up to standard. According to the emission permit requirements, the Company entrusts a qualified third-party agency to test the pollutant emission of CALB and submit regular implementation reports.

Within the reporting period, CALB did not discharge pollutants in violation of the standard or dispose wastes by going against the requirements.

Management of Waste Gas

Within CALB, the waste gas mainly includes the production exhaust gas generated by running production equipment and boiler combustion exhaust gas generated by running production boilers. The Company controls all kinds of pollutants strictly as per relevant national, local and industrial pollutant emission standards. CALB has set online exhaust gas monitoring equipment at the main exhaust gas emission ports to monitor the exhaust gas emission in real time, and entrusted a third-party agency to regularly detect exhaust gas emission.

Exhaust Gas Type	Major Pollutants	Control Measures
Production waste gas	Volatile organic compounds	Waste gas collection + spray + activated carbon filtration
	Particulate matter	Exhaust gas collection + bag filter
Boiler exhaust gas	Sulfur dioxide	Low-nitrogen combustion
	Nitrogen oxides	
	Particulate matter	



Wastewater Management

On the basis of the specific variety of products in each base, the Company adopts different wastewater treatment processes to treat the production wastewater, which, once treated, can be reused for cleaning equipment in the production process. CALB has installed online wastewater facilities at the main sewage discharge outlets to monitor the discharge of pollutants in real time, and entrusted third-party agencies to regularly detect wastewater and rainwater pollutants to ensure that all kinds of pollutants were discharged up to standard. Execution reports are also prepared and announced to the public.

Waste Management

According to the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and Pollution Control Standard for Hazardous Waste Storage and other relevant laws and regulations, CALB has established temporary storage rooms respectively for general solid wastes and hazardous wastes. According to the National Hazardous Waste Management Directory, CALB has classified the solid wastes generated, formulated the Classification List of Solid Wastes, and classified and stored hazardous wastes according to their features.

According to the requirements for 2023 performance goal, during the reporting period, CALB entrusted third-party agency that enjoyed the corresponding qualification to dispose and treat the general solid waste and hazardous waste, with a compliance disposal rate of 100%. CALB supervised and managed the whole process of hazardous waste ranging from generation-temporary storage to transportation, and the standardized management system of hazardous waste operated well.

Within the reporting period, CALB took the following measures to reduce waste generation continuously:

Improve production processes, such as using thinner copper foil for cathode to reduce recyclable waste

Large-scale mass production to reduce scrap of raw materials due to frequent startup and shutdown of machines and change of models

Recycle the suppliers' packaging such as plastic pallets, NMP empty drums, etc. instead of discarding them, thus reducing the output of waste packaging dramatically

Remove cathode sludge and anode cleaning solution from the scope of hazardous wastes through identification, and control the amount of wastes to greatly reduce hazardous waste output

Noise Management

CALB's noise mainly comes from the operation of equipment and power facilities in workshop. CALB installs its production equipment in the production workshop, and the power facilities such as boilers in special structures. Equipment and facilities are of low-noise type, foundation shock absorbers are set and silencers are installed. Noise reduction measures such as integral sound insulation cover and wall sound insulation are adopted for relevant structures. Meanwhile, the Company maintains equipment and facilities regularly to avoid abnormal noise. For the purpose of reducing pipe noise, CALB places sound insulation cotton at the pipe knocking position to reduce noise from the source.

Pollution and Waste Data in 2022-2023⁵

	Indicators	Unit	2022	2023
Waste gas	Emission amount of VOC	tons	5.43	14.87
	Sulfur oxides	tons	1.27	4.03
	Nitrogen oxides	tons	27.53	38.78
	Particulate matter	tons	3.27	7.12
Waste water	Total wastewater discharge	tons	105,258	856,901
	COD	tons	8.41	19.81
	Ammonia nitrogen	tons	0.80	0.96
	BOD	tons	0.04	1.19
Waste	Total waste discharge	tons	48,534.39	42,294.86
	Total waste recycling	tons	34,617.20	31,168.28
	Total hazardous waste	tons	9,496.38	7,771.58
	Total hazardous waste disposed	tons	9,496.38	7,771.58
	Hazardous waste per unit product	tons/kWh	0.0004	0.0002
	Total harmless waste	tons	39,038.01	34,523.28
	Harmless waste per unit product	tons/kWh	0.002	0.001
	Non-recyclable waste	tons	4,420.81	3,355.00
Recyclable waste	tons	34,617.20	31,168.28	

⁵ Statistical caliber for pollution and waste: The statistical scope for 2022 is Changzhou Base and Xiamen Base while that for 2023 is Changzhou Base, Xiamen Base, Chengdu Base, Wuhan Base and Hefei Base.

Biodiversity

CALB strictly abides by the *Environmental Protection Law of the People's Republic of China* and the *Convention on Biological Diversity* of the United Nations, and tries its best to minimize the impact of production project design, planning, construction and operation on biodiversity and ecosystems, and promote harmonious coexistence between man and nature. The site selection of each base is reasonable and harmonious with the surrounding environment. The environmental impact assessment report of each production project has been disclosed and filed by the government.



in project design and planning stage

Since the Company's Chengdu Base is very close to Chengdu Longquan Mountain Urban Forest Park, the Company held special discussions in project design and planning stage together with Longquanyi District People's Government, Planning and Natural Resources Bureau of Longquanyi District, Housing and Construction Administration Bureau of Longquanyi District, Chengdu the Management Committee of Longquan Mountain Urban Forest Park, etc. to clarify site selection of the project and reduce the impact of project construction and operation on biodiversity in the region. Other sites are not located in or near nature reserves and ecological reserves.



During the acceptance phase of each project

During the acceptance phase of each project, CALB actively carries out environmental protection acceptance and environmental management system certification, and adopts effective environmental protection measures to ensure stable emission of pollutants in line with the standards and minimize the impact on the environment nearby. As at the end of the reporting period, no significant impact on biodiversity was found from the construction and operation activities of projects of CALB.



Recycling

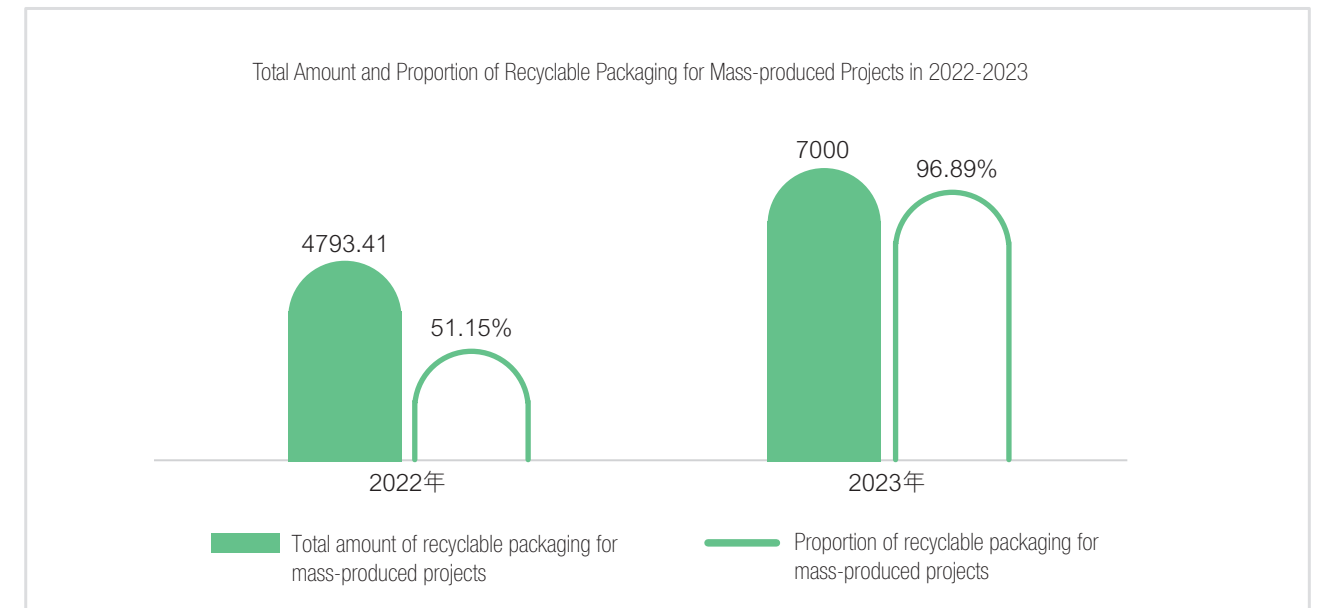
Recycling of Materials

The installed capacity of power battery soars at present but discarded battery will exert significant damage on the environment if not treated properly after the service life expires. At the same time, the EU has released relevant laws and regulations to put forward specific requirements for battery recycling and recycling metal utilization of lithium.

For the purpose of environmental protection, compliance, etc., CALB has taken actions actively, such as establishing a special battery recycling technology team, developing a short process material recycling process, and building a desorption recycling experimental line. At present, physical desorption operation has been carried out to realize the recycling capacity in the factory and recycle most of the defective electrode materials and waste production materials. The Company has also developed the in-situ repair technology of electrode materials innovatively. The repaired materials are very much similar to new materials in terms of performance, and have the conditions to replace new materials, so as to maximize the utilization of waste materials. In addition, CALB has established a win-win relationship with its strategic partners in recycling so that both parties assume the producer extension responsibility and recycle resources together.

Recycling of Packaging

Based on its requirements for product planning and packaging standards and the industry's logistics requirements, the Company strengthens and promotes green recycling packaging continuously through optimal logistics planning focused on packaging size line⁶. On the one hand, the Company realizes the circular packaging scheme shared by several packaging projects or even within the industry through size chain promotion, so as to reduce the number of packaging inputs and avoid environmental problems caused by excessive packaging investment; on the other hand, ferrous utensils and degradable plastics such as EPP materials are preferred for recyclable packages, to reduce environmental impact. In 2023, the consumption of recyclable packaging for mass-produced projects reached 7,000 tons, and the proportion of recyclable packaging for mass-produced projects was 96.89%, among which 100% recycling packaging was realized for passenger cars.



⁶ Recyclable packaging: Refers to packaging materials that are reused for more than 5 times/piece, such as metals, plastics (including PE/EPP/EPE), and wooden products

People-Oriented and Common Cause

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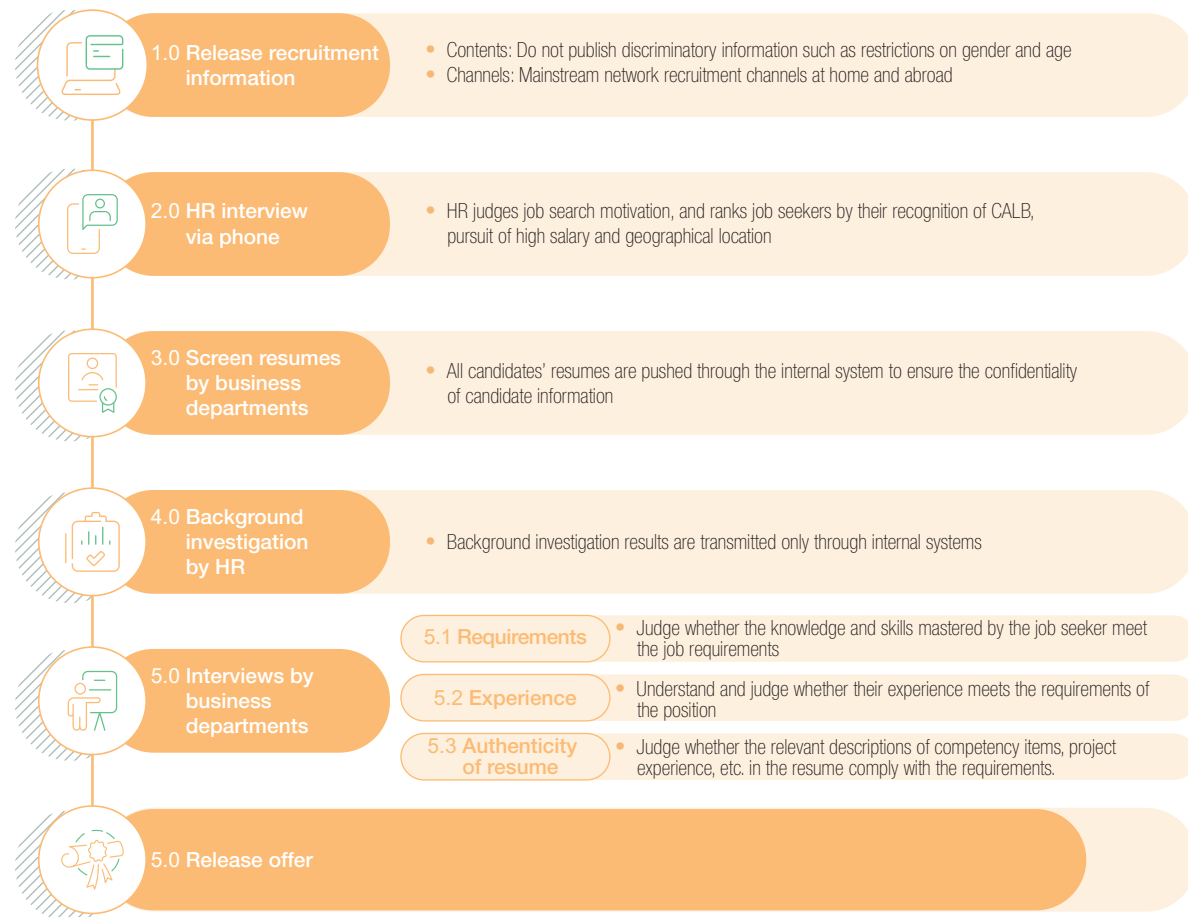


Talent Development

Talent Introduction

CALB prioritizes the "culture and talent strategy" among its four development strategies, always adheres to the talent policy of "respecting and cultivating employees, and providing a development platform for ambitious and capable employees", and gradually makes its cultural concepts and core values deeply root in the mind of its employees, who reflect the concepts and values by behaviours. According to the business strategy "driven by power and energy storage" and the regional strategy of "domestic and overseas dual cycles", the Company has planned the *Human Resources Development Plan* and the annual Human Resources Work Plan, to support the Company's future strategic development on the principle of justice, fairness and openness. As of the end of the reporting period, the total number of employees of CALB was 16,962.

CALB has established an efficient recruitment management platform to realize recruitment networking, visualization and process, and ensure that the recruitment information is transparent, fair and easy to obtain; the recruitment implementation process is controllable and the information can be queried; the recruitment evaluation mechanism is sound and the feedback is effective.



Safeguarding of Rights and Interests

CALB strictly abides by the labor-related laws and regulations of China and other countries where it has established its operation site, such as the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, *Special Rules on the Labor Protection of Female Employees*, *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, *Trade Union Law of the People's Republic of China*. In addition, CALB emphasizes the protection of employees' rights and interests in the Code of Conduct for Employees and relevant human resources management systems:

- Prohibition of child labor employment**: In accordance with laws, CALB has formulated the Measures for the Administration of Child Labor and Juvenile Labor, which explicitly prohibits the employment of child labor and protects juvenile workers lawfully.
- Free choice of employment**: All employees voluntarily sign or terminate employment relationship with CALB, which cannot detain employees' identity documents and collect deposit from employees, and shall protect the rights and interests of employees to choose jobs freely according to laws.
- Working hours**: CALB has formulated Attendance Management Measures and Holiday Management Measures according to laws; respects employees' personal freedom and vacation rights, and prohibits forced labor. CALB provides employees with annual leave, sick leave, maternity/paternity leave, breastfeeding leave, marriage leave, funeral leave and other holiday benefits in strict accordance with national regulations.
- Human treatment**: CALB makes every effort to avoid harsh and inhumane behavior such as violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, illegal body check, body search of opposite sex, public humiliation or verbal abuse against employees.
- Prohibition of discrimination**: CALB avoids any possible discrimination and harassment, and does not discriminate employees whatever their gender, age, race, nationality, religious belief and other social or personal factors.
- Freedom of association**: CALB respects the rights of all employees to voluntarily set up and join labor union, to engage in collective negotiation and peaceful assembly, and to refuse to participate in such activities. Within the reporting period, 100% of the Company's employees joined the labor union.

CALB has formulated the *Management Measures of Employee Complaint*, set up various communication and complaint channels to encourage employees to make complaints through such channels in time in case of any improper or unfair treatment such as discrimination and harassment, and protected complaining employees from retaliation. Within the reporting period, the Company did not involve any child labor or forced labor incidents, and no discrimination or harassment incidents.

Communication and complaint channels:

- Special complaint line and mailbox.
- Set up the employees' wish wall in the living area (canteen and dormitory) and other densely-populated area, and arrange special personnel to collect employees' wishes and send them a reply regularly.
- Send a timely reply to employees' demands through enterprise WeChat.
- Regularly organize and convene the labor union conference, conference of congress of workers and staff and employee symposium to listen to employees' opinions and pay attention to their needs.
- Managers from different departments and at different levels communicate with employees from time to time according to their performance and ideological dynamics, so as to timely what they think.

Diversity and Inclusion

CALB firmly believes that talent diversity drives the Company's continuous innovation and development. CALB does not discriminate employees whatever their gender, age, nationality, religious belief and other social or personal factors in any link such as talent introduction, salary and welfare, training and development.

Gender and sexual diversity

CALB has established the Women Workers' Committee of the Labor Union to actively promote gender equality and create a fair and inclusive working environment for safeguarding women's rights and interests. As of the end of the reporting period, the Company's female employees accounted for 26%, a 4% higher than that of the previous year. At the same time, CALB attaches importance to the labor safety protection of female employees, pays attention to their physical and mental health, carries out various care activities for them and creates good atmosphere of caring for and underlining the protection of female employees, and effectively safeguards their rights and interests.

Case

Care activities for female employees

On March 8 (International Women's Day), the Company's all bases carried out the activity of "Presenting A Gift to the Female Employees", such as providing female employees with courses regarding etiquette makeup, yoga, female health, etc., and presenting them flowers and gifts; on Mother's Day, CALB also presented flowers and exquisite desserts for female employees. Through these special activities, CALB tries to convey festival blessings and actively creates a festival atmosphere where women are fully respected and the healthy development of women's careers is promoted.



Case

Baby care room

In each base, CALB has set up baby care rooms in several office buildings. The well-furnished rooms include central air conditioning, sofa, disinfection cabinet, refrigerator, microwave oven and drinking water device, providing a private, safe and warm space for pregnant and breastfeeding female employees.



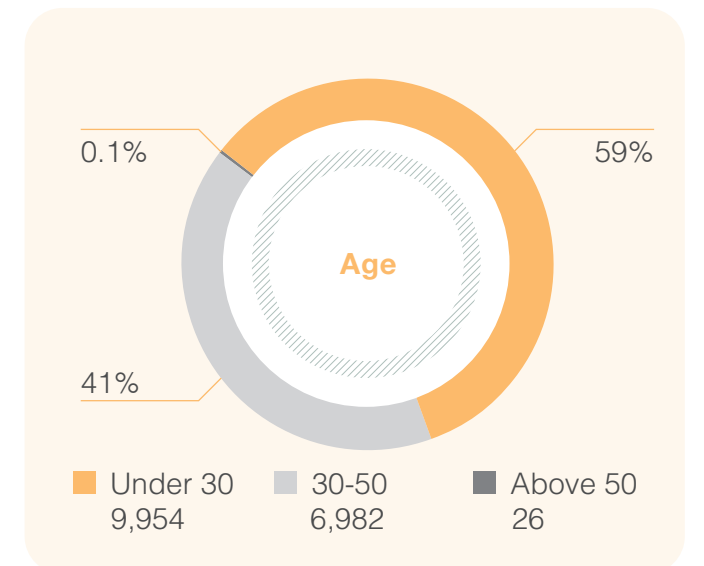
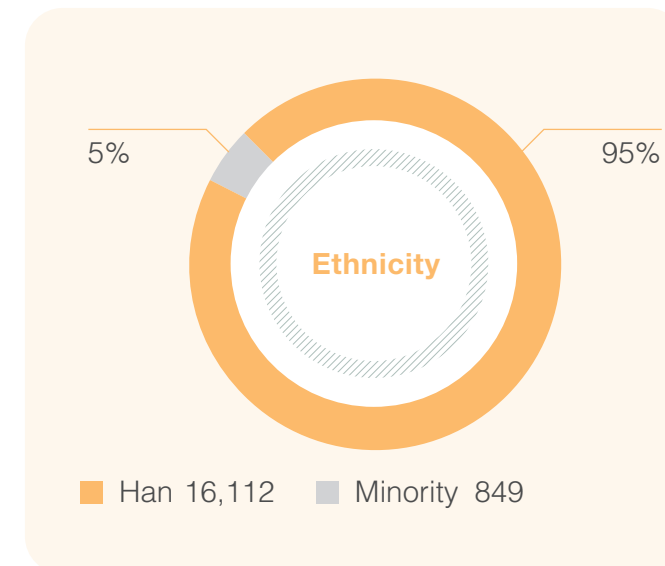
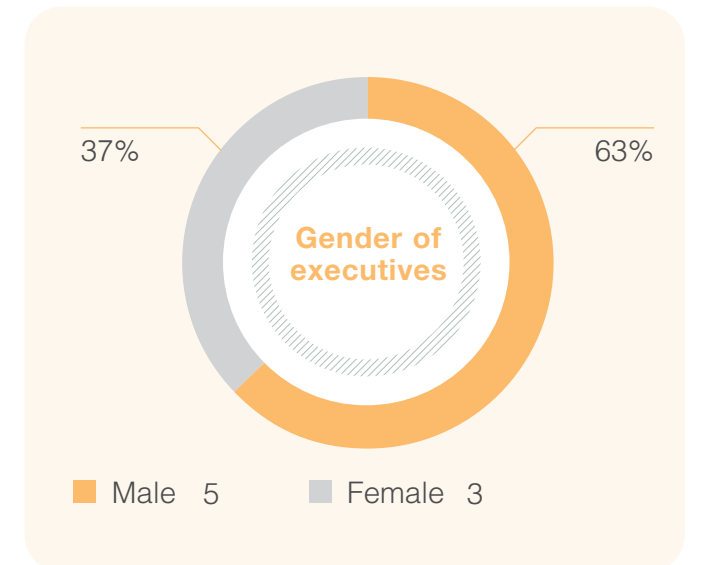
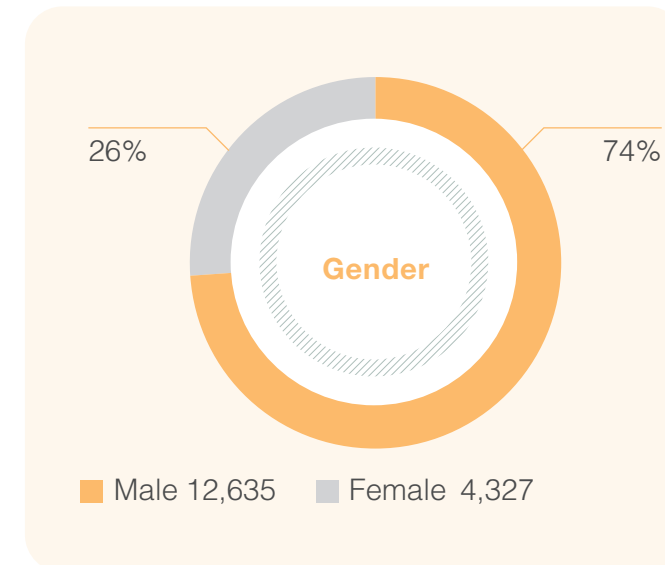
Ethnic diversity

CALB actively practices the concept of national unity and ethnic integration, respects the customs and habits of ethnic minorities, and creates an enterprise atmosphere of equality, unity, mutual assistance and harmony. As of the end of the reporting period, CALB had a total of 849 employees of Tibetan, Bai and Buyi ethnic minorities, accounting for 5% of the total employees.

Age diversity

Age diversity and inclusiveness is beneficial to the career development of employees. Young employees can learn experience and wisdom from senior ones, who, on the contrary, can also gain new ideas and perspectives from younger employees.

* Employees divided according to types⁷ (unit: person)



⁷ Statistics exclude some information of employees not from China mainland.

Career Development

CALB makes efficient planning according to its strategy and business theme to facilitate transactions: Building an efficient organization, improving employees' capabilities, stimulating their working passion, and promoting their career development.

CALB has built a complete training system on the principle of accurately identifying training needs, rapidly allocating training resources, organizing trainings in layers and effectively verifying training effects and on the premise of concerning annual key contents and key groups by focusing on clear division of responsibilities, systematic curriculum content, rich training forms and sound evaluation mechanism, in order to satisfy the capacity needs of business staff and ensure they can work efficiently within the shortest time. Within the reporting period, the accumulative annual training time was 157,363 hours, the per capita training time was 9.28 hours, the total number of trainings was 1,462, the training person-time was 68,109, and the total training expenditure was RMB3.7783 million.

Training system	A 3-level training system (company level, department level and post level). CALB's strategic planning, talent development strategy, laws and regulations, etc. have driven the operation of the Company-level training system. The department-level training system is aimed to achieve the common ability improvement needs of the Company-level strategic objectives and departments. The post-level training focuses on individual performance evaluation and ability inventory to improve employees' personal ability.
Training contents	Employees' induction training, career training, on-the-job training, academic education, skill appraisal, continuing education, etc.
Training forms	In addition to classroom teaching, CALB has adopted various methods such as quality development, reading sharing and competition replacing practice to facilitate employees' further development. By taking advantage of information means, such as learning platform, SAP and on-the-job management system, the Company tries to realize information management of training and ensure the standardization and effectiveness of training.
Training management	Standardize and manage the whole process through research for training demand, formulation of training plan, implementation of training project and evaluation of training effects, etc.

CALB has established a sound dual-channel development system, fostered an open, fair, just and caring environment, laid special emphasis on employees' career planning, respected and cultivated employees, and provided systematic training programs and resource support for their rapid growth; provided a struggle platform, development opportunities and promotion channels for employees' growth, so as to realize win-win of the Company and the employees. CALB has established a fair and open promotion platform for employees, comprehensively evaluated and analysed their promotion space, competency, performance and values, and analysed their comprehensive ability and potential.



Within the reporting period

accumulative annual training time
157,363 Hrs

per capita training time
9.28 Hrs

total number of trainings
1,462 sessions

training cover
68,109 person-times

total training expenditure
3.7783 million RMB

Care for Employees

Remuneration and Welfare

The Company has established and continuously improved its remuneration & welfare management system. It actively establishes the remuneration & welfare system where "salary and bonus are determined respectively based on post and contribution" and consideration is taken for external competitiveness and internal fairness. The Company pays social insurance premiums for employees per month in strict accordance with relevant national regulations with the coverage rate of employees' social insurance reaching 100%. The Company has also established the salary adjustment system which is competitive externally, fair internally and balances individuals' salary to best stimulate the potentials of both teams and individuals. On the basis of the employees' specific category, the Company has established the layered and classified performance reward system so as to distribute bonus to employees based on their contributions. CALB optimizes and promotes talent incentive plan continuously and further improves employees' sense of belong, achievement and honor.

Furthermore, the Company provides employees subsidies, such as annual contribution subsidy, traffic subsidy, meal subsidy and subsidy for government talent policy as well as free shuttle bus and accommodation services.

Following the idea of "caring and respecting employees", the Company tries to stimulate and mobilize employees' working enthusiasm by a way combining material and spiritual award so that employees could fully show and exert their talents in an open and equal environment, thus maximizing their working passion.

Case

Annual Summary and Commendation Ceremony for 2023

On January 20, 2024, CALB's annual summary and commendation ceremony for 2023 was held in Changzhou. At the ceremony, the Company granted awards to a batch of employee representatives who made outstanding contributions in their own posts.



Employee Care

The Company actively advocates the cultural concept of "working pleasantly and living happily", focuses on employees' physical and psychological health, holds various kinds of entertainment activities to enrich their leisure life and strengthen their senses of belonging, honor and achievement, so as to stimulate their fullest potential and boost their win-win development with the Company.

Case

Activities of Welcoming the Spring Festival

On the occasion of the upcoming Spring Festival, the Company's all bases organized a series of activities for welcoming the Spring Festival, including garden parties, writing Spring Festival scrolls and lucky draws, in order to foster the joyful and peaceful festive atmosphere.



Sports Fun

During the period from April to May in 2023, the Company's all bases held "Sports Fun" competitions, such as basketball, football, badminton and tug-of-war. The players sweated willingly on the sports field, harvesting not only honor but also friendship.

Family Time of "Going Ahead with 'Lithium' in Colorful Summer" Activity

During the summer vacation, the 2nd family time of open-day "Going Ahead with 'Lithium' in Colorful Summer" activity was held, during which, children paid a visit to CALB to know about the working environment of their father and mother. The children also explored the mystery of new energy together.



Special Event for the Chinese Valentine's Day

On the occasion of the Chinese Valentine's Day, the Company organized collection activities themed by "Love Declaration", and held the themed fellowship activity themed by "Special Event for the Chinese Valentine's Day".

Case

Fun at the Market

In September 2023, the Company's all bases held the 1st dormitory culture activity themed by "Fun at the Market". The handmade freshly grounded coffee lingering with deep fragrance, self-made flowers with romantic atmosphere, groceries full of absolute cultural charm, etc. fully enriched employees' leisure life.

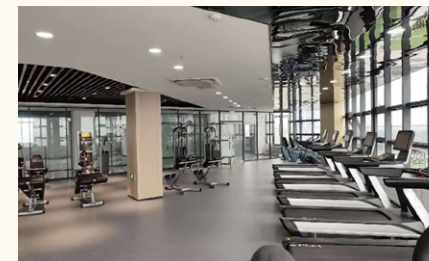


Administrative Service

The Company's administrative service team has always been working to serve as the all-around "steward" for employees. Adhering to the service concept of "enabling employees to eat at ease, live comfortably, commute pleasantly, live happily and work satisfactorily", the team provides employees with heartwarming and efficient superior service in basic necessities of life.

Warm Dormitories

Each base builds their own employee dormitories near the factory. The rooms are uniformly equipped with furniture, home appliances and 24h hot water. Security measures such as swiping-card access control guarantee their safety. Ground and underground garages are also available in dormitory areas. The employees' dining hall and service center cover a total area of 20,000 m². Services for life, such as delicious food, hairdressing, supermarkets and express delivery, and leisure entertainment facilities, such as gyms, courts of badminton, table tennis and basketball, are also available there.



Convenient Dining Halls

Each base's dining hall provides employees with a broader and more elegant dining environment, so as to satisfy their more diversified dining demands. The convenience supermarket within the dining hall satisfies employees' needs. The dining hall updates on a monthly and quarterly basis, and serves special food in important festivals and seasons, during which special activity plans are also prepared.



Shuttle bus

The Company provides shuttle buses for employees for going to/off work and traveling within the park. Besides, CALB provides vehicle services for employees for their return to home and post during the spring festival.



Employee Satisfaction

To learn employees' ideological and working status in time, facilitate analysis and improvement and promote the Company's sustainable development, the Company investigated employees' satisfaction by issuing them questionnaire. On the basis of employees' feedbacks and by considering the improvement items recognized by the Company through analysis, the Company determines the improvement direction of various work in the future comprehensively, defines the departments responsible for rectification and organizes effective rectification in order to improve employees' satisfaction continuously. In 2023, the Company issued a total of 1,000 questionnaires on employee satisfaction and collected 1,000 of them with a collection rate of 100%. Of the respondents, the non-frontline employees account for 66% while frontline employees account for 34%. The employees recognize the Company's values and believe their work is of value and significant. The employees also believe the Company has explicit and motivating promotion mechanism and channel, and provides learning opportunities and development space. According to the investigation results, within the reporting period, the employees' satisfaction indicator was 94.3%.

Occupational Health and Safety

Adhering to the "win-win" value, the Company endeavors to realize employees' dreams, ensures they work pleasantly and live happily, pays attention to their physical and psychological health, and creates a safe, healthy working and living environment for them.

During the reporting period, the Company's Changzhou Base, Xiamen Base, Wuhan Base, Chengdu Base and Hefei Base, which had been put into use all passed ISO45001 Occupation Health Safety (OHS) Management System Certification. Pursuant to the requirements of ISO45001 Occupation Health Safety (OHS) Management System, the Company's bases under construction actively established their own OHS management system, and planned to apply for certification after completion and production.

Occupation Health Management System

By following relevant national laws and regulations such as the *Occupational Disease Prevention and Control Law of the People's Republic of China*, the Company formulated the *Management Provisions on Occupational Health*. Under the guidance of the Company's Safety Production Committee, the Company prevents the risk of occupational disease and constantly promotes the construction of its occupation health management system by norms and mechanisms, scientific management, daily protection, training and education.

The Company's Comprehensive Support Department collects employees' opinions and suggestions on basic necessities of life, working environment, labor protection, etc. at all times by virtue of the opinion collection system, and holds meetings irregularly. The Company's labor union coordinates relevant resources and carries out closed-loop management.

Occupational Health Protection

The Company constantly identifies the occupational hazardous factors in each post, declares occupational hazard items regularly, monitors posts generating occupational hazard in the factory area by entrusting the occupational hazard test agency that enjoys the corresponding qualification and irregularly monitors the noise in workplace. The Company also provides sufficient PPEs for employees in the posts that generate occupational hazard and urge them to receive and wear these PPEs properly; regularly organizes occupational health checkups for employees in posts with occupational hazard, and develops and uses the physical examination file reporting system on occupational health so as to establish employees' files on occupational health monitoring.

In line with the standard for employees' production environment, the Company has introduced occupational protective equipment and facilities, such as dust remover and silencer, installed safety protection devices, including safety light curtain, safety door and protection plate. The Company also implements the "Six Files" management requirement on occupational health strictly to safeguard employees' health and safety. In particular, CALB allocates instruments such as medicine cabinets in such sites as production workshop, so as to provide employees with basic emergency resources.

Within the reporting period, none of the Company's bases had the cases of occupational disease or suspected occupational disease.

Case

Free Clinic Activities

The clinic for employees in Xiamen Base provides 24hr free inquiry services. Employees can receive blood pressure and blood oxygen test free of charge in the clinic, which also carries out free clinic activities irregularly.



Production Safety

Safety Management

In line with relevant national laws and regulations such as the *Safety Production Law of the People's Republic of China*, the Company has established the sound management system on production safety. The Company always implements the safety production policy of "zero accident, zero pollution, respect for life and shared development" and sticks to the working principle that "safety is a key issue of industry management, business management, as well as production and operation management", and carries out the construction of safety standardization faithfully. Within the reporting period, Changzhou Base finished the 3-level standardization construction and certification on safety production.

Within the reporting period, the Company released the *Notice of CALB Group Co., Ltd. on Organizational Structure Setup of EHS and Safety Production Committee and Assignment of Relevant Responsible Persons*. The Safety Production Committee, as the top leadership group, is responsible for safety production, and consists of a director acted by the Company's supreme responsible person and members who are the responsible persons for each base. The Group's Environmental Safety Department and safety management departments in each base shall establish the Office of Safety Production Committee, which is responsible for promoting the implementation of the Safety Production Committee's specific work.

The Group's Environmental Safety Department conducts comprehensive reviews upon the EHS construction and operation conditions on a regular basis. Meanwhile, it also pulls each base into setting up an EHS technical team in order for discussion about preparation and updating of the Company's management systems and technical documents relevant to environmental and occupational health and safety. Each base's division of safety management sees to the Company's safety management work. Each business division sets up a safety officer who answers for the division's safety management and propaganda work.

The Company conducted a comprehensive identification upon the sources of danger and points and levels of risk hidden in each division at the beginning of 2023 and combed and updated the sources of danger, environmental factor, and points and levels of risk existing in the region of change, as the site circumstances such as change may require, during the reporting period. The Company prepares the *Regulations on Accident Management* and follows the "Four Do-nots in Leaving Off" principle to carry out accident investigation, analysis, and horizontal scaling work. During the reporting period, there was not any work safety accident happening to the Company, achieving the "Zero Accident" target. For the year 2023, the Company's DIFR (disabling incident frequency rate) every million man-hours (that is, number of work-related accidents/all million man-hours of the year) is 0.69 per million man-hours.



Safety Culture

Every year, based on extensive publicity of the safety knowledge, the Company collects training needs and makes training plans on a regular basis to advance safety education and training in order, carry out three-level occupational health and safety training as well as special safety education and training, conscientiously implement the pre-job safety training system, improve the staff's safety skills, standardize the staff's safe operations, and build up their awareness of safety in work. During the reporting period, the Company organized a total of more than 100 special EHS trainings, and the trainees covered all levels, including workers at the production line, shift leaders, department heads, middle and top management, etc., adding up to 300,000 person-times.

In accordance with the laws and regulations such as *Guidelines for Enterprises on the Development of Emergency Response Plan for Work Place Accidents*, the Company prepares the Emergency Response Plan for Work Place Accidents and Emergency Response Plan for Abrupt Environmental Pollution Accidents and finishes archival filing at the government sector. In the meantime, the Company prepares and hands out the Site Emergency Disposal Card and Emergency Disposal Scheme to each region of production, as the actual production may require, and carries out the shift-level, workshop-level, and factory-level emergency drills, adding up to more than 15 thousand times, in accordance with the annual emergency drill plan.

The Company prepares the *Regulations on Contractor Management* to stipulate the related party operation requirement as well as content and frequency of safety training. In 2023, the Company carried out a total of more than 50 special contractor trainings, and the trainees approximately reached more than 20,000 person-times. Meanwhile, the Company also opened the online approval procedure in order for digitalized supervision and management of the contractors' high-risk operations

In 2023, the Company put the "Everyone is a safety officer." requirement into practice, developed an empowerment and assessment mechanism specific to the safety officers at all levels, and organized staff study and assessment. In the meantime, it also carried out safety officer ability assessments and performance evaluations specific to the management at all levels to enhance the staff's safety ability.

The Company organized the "occupational health publicity week", "environment day", "safety activity month", "fire control publicity month", etc. and carried out activities, such as "hidden danger search", "safety knowledge contest", "evacuation drill", and "ERT contest". The participants added up to 100,000 person-times.

Case

In 2023, the Company's all in-service bases in Changzhou, Wuhan, Chengdu, etc. cooperated with the local authorities and fire agencies to carry out the large-scale fire emergency evacuation drill activity for the purpose of enhancing the staff's emergency evacuation ability.



within the reporting period

The company organized EHS professional trainings over **100** sessions

accumulative training **30** thousand person-times

the annual emergency drill plan **15** thousand times

special contractor trainings over **50** sessions

Care for the Society

CALB has incorporated "fulfilling social responsibility" into its core values and is actively practicing social responsibility, fulfilling its due role as a large enterprise, promoting the employment of the economically backward area; making constant input in caring for the youth and education development, giving active response to social needs, participating in community services, developing diverse public charity activities and giving feedback to the society with actions.

Rural Revitalization

By actively responding to the call of rural revitalization, the Company has co-established the university-enterprise cooperation order class with several vocational colleges from remote areas, such as Guizhou, Gansu, Sichuan and Yinchuan so as to deliver intern employees and thus promote employment. Within the reporting period, the Company introduced over 800 intern students.

Contributions to Education

The youths stand for the future of a country and the hope of the whole nation. The Company gives continuous concerns on the education and development of the youth; under the leadership of "carbon peak and carbon neutrality", CALB penetrates the green and low-carbon idea into the youth's daily life through environment education. By offering all-dimensional services for Formula Student Electric China (FSEC), such as continuous sponsorship, training, technical tutoring, site support and publicity, the Company tries to make the new generation of talents understand and even join in the new energy undertakings, injecting more energy and creative thinking for promoting the sustainable development of new energy industry.

Within the reporting period, the Company organized many activities for the local primary school students, such as the "Arbor Day" activity, science publicity activity on power battery and energy storage products, public new energy courses in campus, etc. In particular, CALB has sponsored FSEC for consecutive 3 years.

Case

"Arbor Day" Activity

On the occasion of the 45th National Arbor Day, Changzhou Base and Xiamen Base developed the Arbor Day activity themed by "building green Li-ion Battery idea, innovating 'future'" on March 10, 2023 in partnership with the local primary schools respectively. During the activity, CALB employees introduced the history of the Arbor Day, shared their understandings on tree planting, methods of caring trees, etc. and advocated the primary school students to make their own contributions to environmental protection.



Case

Contribute to Formula Student Electric China (FSEC)

November 7-12, 2023 saw the holding of the Formula Student Electric China (FSEC), during which, the Company witnessed the glorious moment together with the racing drivers. FSEC is a non-profit social public welfare event, which is aimed to cultivate the innovation ability and fighting spirit of the new generation.



Public Welfare

Besides its further development, CALB also lays emphasis on the public welfare undertakings actively; it gives a timely response to social needs, contributes to the development of local communities and promotes community co-building. Within the reporting period, the Company organized many public welfare activities, such as caring women, and caring local primary and middle school students and donated a total of 4,166 physical objects accumulatively.

Case

Voluntary blood donation activity to relieve insufficient blood supply needs

In August 2023, the Company organized the employees from Changzhou Head Office to participate in the voluntary blood donation activity so as to relieve the local seasonable blood supply pressure effectively.



Case

Organize welfare activities for caring girls

On March 8, 2023, the Group and all bases organized donation activities, during which, products for female and over 1,000 books were donated to the primary and middle school female students in remote areas, such as Xinjiang, Gansu, Sichuan and Guizhou.



Case

Caring local students

On the occasion of the International Children's Day (June 1), Xiamen Base and Hefei Base donated many materials for the underprivileged children from Neicuo Town Kuanyu Primary School and Shuangshi Middle School in Xiamen City as well as Xiatang Town Experimental School in Changfeng County, Hefei City respectively, such as books, school supplies and sports apparatuses.



Integrity Development and Mutual Benefit

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Corporate Governance

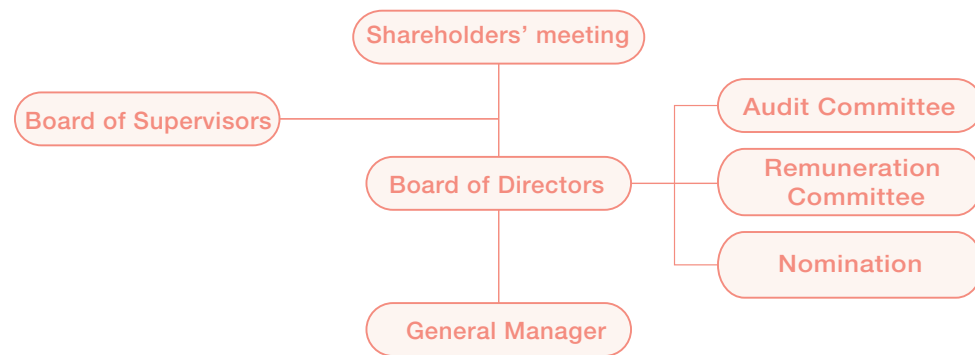
Governance of Board of Directors

The Company sets up the Board of Directors, which is dedicated to maintaining high-level enterprise governance, and has formulated and implemented favorable conventional measures on enterprise control, to comply with laws and regulatory provisions on management architecture, internal monitoring, risk management and information disclosure, and thus ensuring effective transparency and accountability and safeguarding the interests of all shareholders. The Board of Directors is composed of 8 directors, including 2 executive directors, 3 non-executive directors and 3 independent non-executive directors. The directors shall be elected or changed by the general meeting of shareholders, and take office for 3 years, and can be reappointed upon expiration of term of office. However, the independent director cannot take office continuously for over 6 years (except otherwise specified in relevant laws, regulations and the requirements of the exchange where the Company's stocks are listed on the term of office of independent directors).

Executive director	Ms. Jingyu Liu (President & Chairman) Mr. Ying Dai
Non-executive director	Mr. Sheng Zhou Mr. Guoqing Zhang Mr. Yunxiang Li
Independent non-executive director	Mr. Guangquan Wu Mr. Susheng Wang Mr. Zetong Chen

In accordance with the relevant laws and regulations of China, organizational bylaws, and listing rules, the board of directors delegates several duties to multiple full-time committees: auditing committee, compensation committee, and nominations committee. Each committee sees to performing the corporate governance duty stipulated in the Code on Corporate Governance Practices.

Architecture of the Corporate Governance



Pluralism of the Board of Directors

The Company has implemented the board's diversity policy to improve the effectiveness of the board of directors. In accordance with that policy, the Company's nominations committee would consider multiple factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, and length of service, when selecting candidates for the board of directors, striving to achieve the diversity of the board of directors. The nominations committee reviews the board's diversity policy and profile at least once a year to ensure the constant effectiveness and, when necessary, makes any required modification or suggests any related modification to the board of directors for deliberation and approval.

The nominations committee has suggested the board of directors as follows about the measurable goals of implementing the board's diversity policy and nominations policy: (1) at least 80% of the board members have a background of college or university education; (2) at least 80% of the board members have relevant working experience in China; (3) at least one director is female; and (4) at least one third of the board members are independent non-executive directors. Within the reporting period, all goals given in the board's diversity policy were achieved.

Up to the end of the reporting period, the information on the board members is detailed below.

Class		Number	Percentage	
Experience	Number of board members who have professional knowledge (of business management, legal affairs, financial affairs, auditing, risk control, ESG, etc.)	8	100%	
	Age	40-49 years old	3	37.5%
		50-59 years old	4	50%
60 or more years old		1	12.5%	
Education background	The master's or above degree	5	62.5%	
	University degree	2	25%	
	College degree	1	12.5%	
Gender	Female director	1	12.5%	
	Male director	7	87.5%	

The Company's compensation committee sees to developing the overall compensation policy and architecture involving the directors and senior management and, in accordance with the corporate policy and goals (including ESG goal and climate risk management goal) established by the board of directors, reviewing and approving the suggestions about compensation for senior management, to ensure the objectivity and transparency of compensation decision-making.

Investor communication

The Company highly values investor relations. Adhering to the "good faith, transparency, compliance, service" principle, it keeps strengthening interactive exchange with the investors to effectively communicate the Company's strategic planning, industrial development, performance, and other conditions, promptly answer the concerned problems and doubts of the investors, and do everything to protect the lawful rights and interests of investors.

Information Disclosure

The Company conducts the disclosure work promptly, accurately, completely in strict accordance with the relevant laws and regulations. Within the reporting period, the Company published 32 provisional announcements and 5 periodical announcements accumulatively; specific to the related events, such as articles of association, related party transactions, and material contracts, that need be submitted to the Company's general meeting of shareholders, board of directors, supervisory board, etc. for deliberation, made public the above-mentioned information by the stated media, means, etc. in the given time, improving the Company's transparency of disclosure; and made reports to the securities regulatory authority, as required, not only to ensure the accuracy and fairness of disclosure but also effectively protecting the lawful rights and interests of the Company, investors, and other stakeholders.

Investor Relations Management

The Company strengthens two-way communication and exchange with the investors by many ways, including roadshow, investigation, online and offline meetings, media interview, telephone, e-mail, etc. and actively participates in various activities, such as strategic meetings and forums, to exchange with the investors face to face and know about their needs and opinions. Within the reporting period, the Company made exchange with the investors 112 times, actively answered the concerned problems of investors, and get good praises from the investors. In the meantime, it provided the information requested by the investors, by means of the established special column and hotline for investor relations, for convenience of query and question-answering at any time, active in passing the Company's business condition and investment value to the outside investors.

Case

Media openness day

On November 21, 2023, the Media Openness Day activity of CALB was successfully held at the headquarters. The representatives of more than twenty mainstream media went into CALB and together witnessed the Company's updated progress and achievements in technical innovation, scaled manufacture, productivity construction, IP distribution, etc. The Company's senior management and department heads made communication and exchange with the media about their concerns.



Risk management and internal control

The Company establishes an organizational system of risk management and internal control and defines power and responsibility and level-to-level administration. The board of directors is the agency of maximum accountability to the Company's risk management and internal control operations, and it has an Audit Committee that sees to supervising the effectiveness of the Company's risk management and internal control. The management sees to developing an appropriate, effective system of risk management and internal control and reporting the effectiveness of that system to the board of directors and its Audit Committee on a yearly basis. Each business division is the unit of primary accountability to risk management and internal control and sees to implementing specific risk management and control work.

Under the direction of the Audit Committee and management, the division of risk management carries out the supervision and evaluation work upon the effectiveness of risk management and internal control system, identifies each business division's shortage or imperfectness existing in internal control, raises improvement suggestions, confirms improvement plans with relevant departments, and follows up and pushes plan implementation.

Risk Management

The Company prepares the Risk Management Procedure to clearly define the objective and process of risk management, carries out risk assessment regularly, keeps perfecting the risk database (including ESG risks), and conducts daily management and control. Meanwhile, the Company focuses on management and control of major risks. During the reporting period, the Company identifies ten types of major risk events (including material lawsuit, customer credit, IP, trade secret, etc.) and conducts major risk management by establishing emergency plans and developing risk management and control measures, which effectively enhances the Company's abilities to prevent risks and respond to emergencies and ensures each business of the Company develops sustainably, stably, rapidly.



Internal Control

In accordance with the *Basic Standard for Enterprise Internal Control and Supporting Guidelines for Internal Control of Enterprises* promulgated by the five ministries and commissions of the People's Republic of China, the Company prepares the *Administrative Measures for Supervision and Evaluation of Internal Control* to clearly define the procedure of supervising and evaluating internal control, defect criteria, etc. Every year, the division of risk management determines the specific content of internal control supervision and evaluation, surrounding the Company's internal environment, risk assessment, control activities, information and communication, internal supervision, and other elements, and then supervises and evaluates the design and operation conditions of internal control. During the reporting period, there was not any material defect found in internal control.

To improve the staff's awareness of risk management and effectively implement the risk management mechanism, during the reporting period, the Company carried out the training courses, such as *Fundamentals of Risk Management and Internal Control* and *Internal Control Evaluation*.

For more information on corporate governance, please refer to the section of Corporate Governance Report in the Company's *FY 2023 Report*.

Business Ethics and Compliance Management

Compliance management

To ensure the Company's business operation is lawful and compliant, the Company regards business divisions as the primary responsible departments to obtain and study the updated laws and regulations, regulatory provisions, and industry standards at home and abroad and update the related internal systems accordingly in a timely manner. At the same time, the Company organizes the laws and regulations identification and compliance assessment work once half a year to assess the condition of implementation by each business division and the compliance with laws and regulations and effectively reduce compliance risks.

During the reporting period, the Company roundly ensured the efficient and compliant business operation, surrounding contract management, compliance management, and lawsuit management.

<p>Contract management</p>	<p>Establish a contract management platform; comb the types of contracts and form standard contract terms; pay close attention to material contracts in priority to manage and control contract risks from the source.</p>
<p>Compliance management</p>	<p>Considering its need to develop business, specific to trade secret and overseas compliance, the Company carries out the compliance programs, goes deep into business, and actively identifies and prevents compliance risks:</p> <ul style="list-style-type: none"> Trade secret compliance program: Make trade secret protection routinized, process-oriented, and automatic by means of institutional norms and technical norms. In the specific link of trade secret management and control, carry out round management and control from management of personnel, classified information, classified areas, foreign exchange and from training, examination, improvement, etc. Overseas compliance program: Focus on the compliance before the event, prevention during the event, control after the event; give a professional law solution.
<p>Lawsuit management</p>	<p>Establish a dispute handling platform; add the Administrative Measures for Significant Litigation Management to standardize the procedure of dispute handling; replay the details of dispute in a timely manner; keep perfecting internal management.</p>

Compliance Training

To strengthen the staff's awareness of compliance and practice the compliance idea, the Company sets up general and special compliance trainings specific to the management, new employees, and key employees as well as a special column for compliance in the enterprise WeChat in order for regular publicity of compliance. During the reporting period, the Company carried out the *Compliance Risks* training specific to the management, *Trade Secrets and Compliance Training* specific to new employees, five special compliance trainings (covering sales management, purchase management, construction management, copyright management, and HR management) specific to key business.



Business ethics

The Company strictly observes the anti-fraud, anti-bribery, anti-money laundering, anti-monopoly laws and regulations of the PRC and other regions and countries where overseas businesses are operated, such as the *Civil Code of the People's Republic of China*, *Company Law of the People's Republic of China*, *Anti-Money Laundering Law of the People's Republic of China*, and *Anti-monopoly Law of the People's Republic of China*. Foreign regulations are internalized. Taking "Integrity Development and Mutual Benefit" as its business ethics policy, the Company establishes the *Employee Code of Conduct* to appoint the benchmark of staff behavior and establish and maintain high ethical standards.

The Company's *Employee Code of Conduct* mainly includes:

- Staff's individual responsibility: values fulfillment; incorruption; secrecy; efficient work
- Responsibility for the Company: use of assets; information security; disclosure; records retention; conflicts of interest and their avoidance; human rights; quality culture; EHS; etc.
- Accountability to the market and customer: fair competition and anti-monopoly measures; quality of products and services

Reporting and Investigation

To strictly standardize the staff's professional behavior, urge the staff to strictly observe the relevant laws, industry norms and standards, professional ethics, and corporate bylaws, create a good atmosphere of being incorruptible, diligent, and dedicated, prevent the behaviors that may harm the interests of the Company and staff, the Company establishes the *Administrative Measures for Anti-Fraud Management* to clearly define the system of reporting and investigation, sets up a special reporting channel for business ethics, keeps the reporter information secret strictly, and prohibits all kinds of retaliation specific to the reporter.

The Company's department of legal affairs sees to accepting and hearing complaints and reporting cases and conducting closed-loop disposal from the links, including case registration, investigation, execution, feedback, etc. During the reporting period, there was not any corruption lawsuit happening to the Company.

Reporting channel for business ethics:
 Address: Board Office Risk Control, No. 1 Jiangdong Avenue, Changzhou City 213200, Jiangsu Province
 TEL: 0519-68903688 to 664090
 E-mail: jijianjubaoxinxiang@calb-tech.com

Cultural Construction

The Company pays high attention to the cultural construction of business ethics to ensure the staff stick to business ethics and have corresponding competency. Meanwhile, it builds incorruptible, honest, win-win cooperative relationships with its partners to co-create the healthy business environment.

<p>Staff</p>	<p>The Company puts the Employee Code of Conduct training into the new employee training system and puts anti-fraud requirements into the Compliance Training specific to the management. During the reporting period, the business ethics training cover the board of directors, management, and grass-roots staff. To be specific, the Company offered trainings on anti-corruption and anti-fraud for all staff, including the management, for 35,858 person-times.</p>
<p>Partners</p>	<p>During cooperation with customers and suppliers, ensure the two sides and their staff work incorruptibly in compliance with laws and disciplines; avoid all kinds of improper behaviors; synchronously sign the Honesty and Integrity Agreement. Besides, the Company passes the business ethics related requirements to the supplier of key materials and requests it to sign the ESG Agreement. For more details, please refer to the "supply chain management" section.</p>

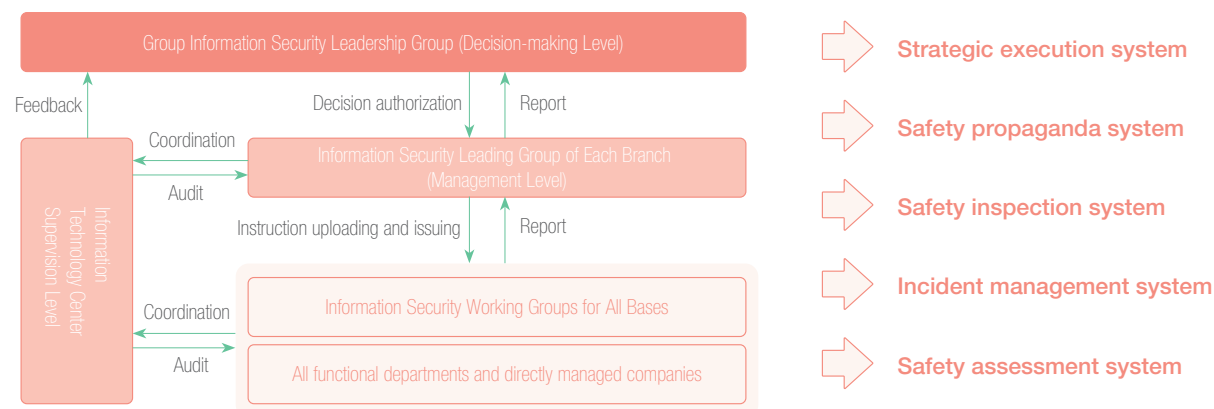
Information Security

Information security management

In accordance with the *Data Security Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, *General Data Protection Regulation (GDPR)* of the European Union, and other national and regional laws and regulations, as well as ISO27001: 2022: Information security, cybersecurity and privacy protection – Information security management systems – Requirements, the Company establishes an information security management system, sets up an information security leading group centered on the Company's supreme leadership, and ensures the information assets and customer data security to the maximum through classified data management and strict policy implementation surrounding the "abide by laws and regulations; ensure information security; protect the interests of the Company and customers; win customer trust; fulfill social responsibility and obligation" information security policy.

During the reporting period, the Company passed the TISAX (Trusted Information Security Assessment Exchange) recertification assessment with high marks and passed the international standard *ISO27001: 2022: Information security, cybersecurity and privacy protection – Information security management systems – Requirements* as well as *Information and Industrial Integration Management System 2.0* qualification certification.

Information Security Organization Chart



System construction

Taking information assets as the protected object, information security risk management as the means, and the physical security, operational security, network security, data security, personnel security, privacy compliance, etc. into account, the Company establishes the *Procedure of Security Zone Management*, *Procedure of Information-based Terminal Management*, *Procedure of Network Security Management*, *Procedure of Information Security Incident Management*, *Procedure of Access Control*, etc. to perfect the strategies and operational process of information security management and support realization of the information security strategic objectives. On that basis, it also takes a series of technical measures to ensure these management requirements can be effectively implemented.

Supervisory mechanism

In accordance with the information security management requirements, the Company establishes a perfect internal auditing system for information security and carries out an overall data security compliance assessment. In 2023, the Company organized information assets identification and security risk assessment activities, assessed and evaluated the risk and security of important information assets, such as office OA system and production MES system, by introducing a third party, identified related information security threats and risks, and took effective security measures for reinforcement and protection, to ensure stable system operation and data security.

Information security related emergency response mechanism

The Company establishes a process of information security incident management.



Security incident reporting path	Discoverer of the incident or weakness → information security officer of the department (responsible or obliged to study and judge the incident preliminarily) → Information Security Department → information security leading group
Reporting channel	①Public mailbox; ②Operation and maintenance telephone; ③Enterprise WeChat, telephone, or direct reporting in offline communication.

Training Publicity

The Company establishes an information security training promotion mechanism, and keeps carrying out multiple forms of information security promotion activities to improve the staff's awareness of information security. The training content includes, but is not limited to, new employee-oriented information security training, awareness promotion via e-mail and poster, information security program trainings (e.g., anti-fishing e-mail program, virus protection program, HR security program, physical security program, etc.). The "information security, the duty of everyone" has been a consensus among the whole staff of CALB. Till the end of the reporting period, the Company had carried out trainings and promotion activities 27 times; the training coverage reached 100%, and the assessment passing rate was 100%.

Privacy protection

The Company puts protecting the personal information and privacy security of staff and customers in the first place all along, strictly abides by the applicable laws and regulations, such as *Personal Information Protection Law of the People's Republic of China* and the EU's GDPR, prepares and publishes personal privacy protection strategies to clearly define the purpose, scope, and method of collecting, saving, and using the personal information of staff and customers, and informs related parties of how to use and protect their personal information. The Company promises it will take necessary technical and organizational measures to ensure the personal information provided by users are in a secure and controlled environment and prevent unauthorized access, use or disclosure, illegal change, and data loss. Moreover, it will try to take any other means and extra technical measures to protect the personal data provided by users from loss, misuse, change, and unauthorized access.

Till the end of the reporting period, there had been not any information security incident, such as data spill or breach of privacy protection, happening to the Company.

Till the end of the reporting period the Company had carried out trainings and promotion activities **27** times

the training coverage reached **100%**

the assessment passing rate was **100%**

Annex

ESG Key Performance Table 2023⁸

Economy						
Disclosure Indicators	Unit	2022 Year	2023 Year	Remark		
Revenue	RMB10,000	2,037,494	2,700,589			
Net profit	RMB10,000	69,354	43,716			
Taxes paid	RMB10,000	40,496	80,488			
Environmental						
Disclosure Indicators	Unit	2022 Year	2023 Year	Remark		
Emissions ⁹	Atmospheric pollutants	Emission amount of VOC	ton	5.43	14.87	Note: ⁹ Compared with the previous year (Changzhou Base and Xiamen Base), Wuhan Base, Chengdu Base and Hefei Base were newly added for emission disclosure indicators. ¹⁰ Sources of direct greenhouse gas emission in Scope 1 include natural gas, gasoline, diesel, fire-fighting gases, refrigerants and rust removers. ¹¹ Sources of greenhouse gas emissions in Scope 2 include electricity. ¹² Solid waste includes waste materials, scrapped batteries, industrial waste and hazardous wastes. ¹³ Non-hazardous waste includes waste materials, discarded batteries and industrial wastes. ¹⁴ Non-recyclable waste includes production waste and construction waste. ¹⁵ Recyclable garbage includes recyclable production waste and waste materials.
		Sulfur oxides	ton	1.27	4.03	
		Nitrogen oxides	ton	27.53	38.78	
		Particulate matter	ton	3.27	7.12	
	Water pollutants	Total wastewater discharge	ton	105,258	856,901	
		COD	ton	8.41	19.81	
		Ammonia nitrogen	ton	0.80	0.96	
		BOD	ton	0.04	1.19	
	Greenhouse gas emissions	Scope 1 greenhouse gas emissions ¹⁰	Carbon dioxide equivalent (t)	134,957.01	307,488.75	
		Scope 2 greenhouse gas emissions ¹¹	Carbon dioxide equivalent (t)	450,935.34	651,782.46	
		Total emissions	Carbon dioxide equivalent (t)	585,910.35	959,271.21	
		Greenhouse gas emission intensity	Carbon dioxide equivalent/kWh (kg)	28.43	23.11	
	Solid waste ¹²	Total waste discharge	ton	48,534.39	42,294.86	
		Total waste recycling	ton	34,617.20	31,168.28	
	Hazardous waste	Total hazardous waste	ton	9,496.38	7,771.58	
		Total hazardous waste disposed	ton	9,496.38	7,771.58	
Hazardous waste per unit product		t/kWh	0.0004	0.0002		
Harmless waste ¹³	Total harmless waste	ton	39,038.01	34,523.28		
	Harmless waste per unit product	t/kWh	0.002	0.001		
	Non-recyclable waste ¹⁴	ton	4,420.81	3,355.00		
	Recyclable waste ¹⁵	ton	34,617.20	31,168.28		

⁸ Unless otherwise specified in the key performance statement, the statistical caliber of disclosure indicators shall be consistent with that of the annual report.

Environmental						
Disclosure Indicators	Unit	2022 Year	2023 Year	Remark		
Resource Use ¹⁶	Energy consumption ¹⁷	Total direct energy consumption	MWh	641,013.99	1,384,332.70	Note: ¹⁶ Compared with the previous year (Changzhou base and Xiamen base), Wuhan Base, Chengdu Base and Hefei Base were added for energy consumption and water resource consumption; the statistical range of packaging materials used is consistent with that of the annual report. ¹⁷ Energy types include electricity and natural gas, petrol/diesel for the vehicles owned by the Company, backup power of diesel generator, etc. Energy consumption is less than 1% of the threshold so it is not included.
		Total indirect energy consumption	MWh	671,730.44	1,289,917.42	
		Total energy consumption	MWh	1,312,744.43	2,765,280.07	
		Energy consumption intensity	MWh/GWh	63,694.54	66,618.93	
	Water resource consumption	Total water consumption	m ³	2,080,819.00	4,942,729.32	
		Water using intensity per unit product	m ³ /GWh	100,967.13	119,076.31	
Total use of packaging materials	Total usage of packaging materials	ton	9,370.90	7,225.00		
	Recycled packaging of mass-produced projects	ton	4,793.41	7,000.00		
	Recycling rate of mass-produced projects	%	51.15	96.89		
Environmental Protection Input ¹⁸	Environmental protection investment	Total environmental protection investment	RMB10,000	12,128.34	3,445.09	Note: ¹⁸ Compared with the previous year (Changzhou base and Xiamen base), Wuhan Base, Chengdu Base and Hefei Base were added.
		Environmental protection training investment	RMB10,000	16.29	6.14	
	Number of environmental protection training people	Person-times	41,718	36,094		
Society						
Disclosure indicators	Unit	2022	2023	Remarks		
Employee Situation	Total number of employees	/	Person	7,695	16,962	
	Rate of labor contract signing	/	%	100	100	
	Number of employees divided by different regions	The mainland of China	Person	7,695	16,961	
		Others regions	Person	0	1	
	Number of employees divided by different genders	Number of male employees	Person	5,875	12,635	
		Number of female employees	Person	1,820	4,327	
	Number of employees divided by different employment types	Regular employees	Person	6,184	14,255	
		Probationary employees	Person	1,511	2,707	
	Number of employees by ages	Under 30	Person	4,625	9,954	
		30 to 50	Person	3,055	6,982	
		Over 50	Person	15	26	
	Number of employees divided by different ages	Senior management	Person	8	8	
Middle management		Person	65	330		
Grassroots employees		Person	7,622	16,624		
Number of employees divided by different levels	Male executives	Person	5	5		
	Female executives	Person	3	3		

Society						
Disclosure indicators		Unit	2022	2023	Remarks	
Employee Attrition	Actual number of resigned employees	/	Person	1,717	15,424	
	Attrition rate	/	%	18	48	
	Attrition divided by different genders	Actual number of resigned male employees		Person	1,406	11,496
		Male attrition rate		%	19	48
		Actual number of resigned female employees		Person	311	3,928
		Female attrition rate		%	15	48
	Attrition divided by different regions	Attrition rate of employees from China mainland		%	18	48
	Attrition divided by different levels	Senior management		%	0	0
		Middle management		%	1	26
		Frontline employees		%	18	48
	Attrition divided by different age groups	Under 30		%	18	51
		30 to 50		%	18	43
		Over 50		%	6	10
Employee Training	Percentage of employees divided by gender and employee types (e.g. senior management, middle management) who received training	Number of employees who received training	Person-times	138,344	68,109	
		Percentage of employees who received training	%	100	100	
		Number of male employees who received training	Person-times	108,834	56,095	
		Number of female employees who received training	Person-times	29,510	12,014	
		Number of senior management who received training	Person-times	132	160	
		Number of middle management who received training	Person-times	180	7,341	
		Number of frontline employees who received training	Person-times	138,032	60,608	
	Average number of hours each employee spent on training divided by gender and employee type	Average number of training hours for employees	Hrs	31	9.28	
		Average number of training hours for male employees	Hrs	31	10.09	
		Average number of training hours for female employees	Hrs	28	6.91	
		Average number of training hours for senior management employees	Hrs	12	20.00	
		Average number of training hours for middle management employees	Hrs	12	9.80	
		Average number of training hours for frontline employees	Hrs	31	9.25	

Society						
Disclosure indicators		Unit	2022	2023	Remarks	
Employee rights and interests protection	Percentage of five insurances and one fund covering employees	%	100	100		
		Number of child labor events occurring in the year	Times	0	0	
	Number of forced labor events occurring in the year	Times	0	0		
		Number of employees from minority and/or vulnerable groups	Person	1,681	848	
	Employee diversity	Number of executives from minority and/or vulnerable groups	Person	1	1	
		The number of incidents of discrimination and physical, psychological and verbal abuse reported in the workplace	Times	0	0	
The affected number of incidents of discrimination and physical, psychological and verbal abuse reported in the workplace		Person	0	0		
Health and Safety ¹⁹	Contractor work injury rate	Number of work injury accidents	Accident	0	0	Note: ¹⁹ Compared with the previous year (Changzhou Base and Xiamen Base), Wuhan Base, Chengdu Base and Hefei Base were added for health and safety disclosure indicators.
		Rate of work injury accidents per million hours worked	%	0	0	
	The number and rate of fatalities due to work	Rate of fatal injuries due to work injuries	Person	0	0	
		Death rate due to work injuries-total	%	0	0	
	Number of workdays lost due to work injuries	Number of workdays lost due to work injuries-total	Day	218.00	785.86	
	Rate of occupational injury accidents	Number of injury accidents	Accident	9	35	
		Rate of injury accidents per million hours worked	%	0.92	0.69	
	Health and safety inspection methods	Expenditure on maintenance of production equipment and production safety	RMB100,0000	10,084.04	10,494.23	

Society						
Disclosure indicators		Unit	2022	2023	Remarks	
Supply Chain Management	Total number of suppliers in the supply chain	/	Supplier	551	599	
	Number of suppliers divided by region	Chinese mainland suppliers number	Supplier	545	595	
		Overseas suppliers number	Supplier	6	4	
	Supplier audited and assessed for environmental or social issues	Frequency of supplier audited and assessed for environmental or social issues	Times/year	2	1	
		Number of suppliers audited and assessed for environmental or social issues	Supplier	32	29	
		Percentage of suppliers audited and assessed for environmental or social issues	%	69	100	
	Suppliers audited on-site for environmental or social issues	Frequency of suppliers audited on-site for environmental or social issues	Times/year	1	1	
		Number of suppliers audited on-site for environmental or social issues	Supplier	6	29	
		Percentage of suppliers audited on-site for environmental or social issues	%	23	100	
	Number of ESG training for suppliers	/	Times/year	3	5	
	Coverage rate of ESG training for suppliers	/	%	85	90	
	Number of ESG training for procurement staff	/	Times/year	2	3	
	Coverage rate of ESG training for procurement staff	/	%	93	98	
	Situation of suppliers signing the Supplier Code of Conduct	Number of suppliers signing the Supplier Code of Conduct	Supplier	46	29	
		Percentage of suppliers signing the Supplier Code of Conduct	%	100	100	
	Contracts with environmental, labor and human rights clauses	Number of suppliers signing contracts with environmental, labor and human rights clauses	Supplier	46	29	
		Percentage of suppliers signing contracts with environmental, labor and human rights clauses	%	100	100	
	Due diligence for responsible minerals in the supply chain	Number of suppliers subject to due diligence for responsible minerals in the supply chain	Supplier	2	6	
Percentage of suppliers subject to due diligence for responsible minerals in the supply chain		%	40	100		

Society						
Disclosure indicators		Unit	2022	2023	Remarks	
R&D and innovation	R&D and innovation investment	RMB10,000	66,476	99,196		
	Number of company authorized patents	Pcs	1,704	3,060		
	Number of company valid patent applications	Pcs	1,043	1,111		
	Number of company valid trademarks	Pcs	70	96		
Customer service	Number of customer complaints	Complaint	11	38		
	Customer complaint resolution rate	%	100	100		
	Proportion of product recall due to safety and health reasons	%	0	0		
	Customer satisfaction	Point	94.8	95.3		
Social welfare	Amount of external aid and donations	RMB10,000	605	188		
Governance						
Disclosure Indicators		Unit	2022	2023	Remarks	
Board Diversity	Percentage of directors with relevant working experience in China	Board members with professional knowledge (corporate management, legal, financial, audit, risk control, ESG, etc.)	%	100	100	
	Percentage of directors by educational background	Master's degree and above	%	62.50	62.50	
		Bachelor's degree	%	25	25	
		Junior college	%	12.50	12.50	
	Number of directors by gender	Female directors	Person	1	1	
Male directors		Person	7	7		
Anti-corruption	Number of corruption-related complaints received	Complaint	0	0		
	Number of anti-corruption training provided to employees	Person-times	37,367	35,858		
	Percentage of board members participating in anti-corruption training	%	100	100		
Information Security	Information security training	Number of employees who received training	Person-times	54,093	35,738	
	Suppliers subject to information security due diligence	Scope of supplier signing confidentiality agreement	%	100	100	
		Frequency of information security due diligence conducted for suppliers	Year/times	3	1	
Number of information security events	Number of recognized information security events occurred throughout the year	Times	0	0		

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Associations and Organizations Joined

S/N	Name of External Agency	Join Time	Member Level
1	China Society of Automotive Engineers	2020	Member Organization
2	Electric Vehicle Industry Technology Innovation Strategic Alliance of China Society of Automotive Engineers	2019	President Organization
3	China Association of Automobile Manufactures	2022	Member
4	China Automotive Research and Technology Center Standardization Institute (Member of Power Battery Standard Research Working Group for Electric Vehicles)	2020	Member
5	China Chemical and Physical Power Sources Industry Association Power Battery Application Sub-Association and Expert Committee	2020	Vice President
6	China Battery Industry Association	2021	Member Organization
7	China Chemical and Physical Power Sources Industry Association Energy Storage Sub-Association	2021	Member
8	Jiangsu Province Power and Energy Storage Battery Industry Innovation Alliance	2019	President
9	Jiangsu Province Energy Storage Materials and Components Industry Technology Innovation Strategic Alliance	2018	Vice President
10	Jiangsu Province Energy Storage Industry Association	2022	Vice President
11	Society of Automotive Engineers of Jiang Su	2018	Member
12	Chengdu City Green Intelligent Network Automobile Industry Ecology Alliance	2021	Member Organization
13	Xiamen City New Energy Battery Comprehensive Recycling and Utilization Industry Association	2020	Vice Chairman Organization
14	Xiamen City New Materials Industry Association	2021	Vice Chairman Organization
15	Responsible Cobalt Initiative (RCI)	2021	Decision-making Member Organization
16	Corporate Anti-Corruption Alliance	2023	Member

Feedback Form

Dear Stakeholders,

We sincerely appreciate you for taking the time to read the 2023 Environmental, Social and Governance Report of CALB in spite of your busy schedule. To promote in-depth communication and exchange with stakeholders and jointly push forward social sustainable development, we sincerely invite you to put forward valuable opinions and suggestions, and feedback to us through any of the following means:

Address: No. 1 Jiangdong Avenue, Jintan District, Changzhou, Jiangsu Province

Telephone: 0519-68903688

Email: ESG@calb-tech.com

Option	Please mark ✓ in the according position	Remark
Overall assessment of this report.	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General <input type="checkbox"/> Relatively poor <input type="checkbox"/> Very poor	
This report comprehensively and accurately reflects the major impacts of the Company on the economy, environment and society.	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General <input type="checkbox"/> Relatively poor <input type="checkbox"/> Very poor	
The response and disclosure of issues of concern to stakeholders in this report.	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General <input type="checkbox"/> Relatively poor <input type="checkbox"/> Very poor	
The information, indicators and data disclosed in this report are clear, accurate and complete.	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General <input type="checkbox"/> Relatively poor <input type="checkbox"/> Very poor	
The readability of this report, i.e. the logical main line, content design, language and format design of the report.	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General <input type="checkbox"/> Relatively poor <input type="checkbox"/> Very poor	
Other open questions		
What other information do you want to know?		
What suggestions do you have for our future reports?		

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