

**2024**

Environmental, Social  
and Governance (ESG) Report



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## Interactive User Guide

# ABOUT THE REPORT

## Basis for Report

This report was prepared according to Annex C2 of the *Main Board Listing Rules* by The Stock Exchange of Hong Kong Limited ("HKEX") – *Environmental, Social and Governance Reporting Guide*, and by referring to the *IFRS Sustainability Disclosure Standards* (ISSB), the *United Nations 2030 Sustainable Development Goals (SDGs)*, the *Sustainability Reporting Standards* by the Global Reporting Initiative (GRI Standards), and the *Guidance on Implementing Climate Information disclosure under ESG Framework* 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, 2024 to December 31, 2024 (hereinafter the "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, third-party audit report and public materials of the Company. The Company invited the independent third-party to verify the data contained in this report, to ensure accuracy and reliability of data. 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".

## Disclaimer

This report may contain predictive information, including but not limited to future finance, operation, product series and new technologies. The actual results may largely deviate from the predictive information due to many uncertain factors in practice. Therefore, this report is for reference only and does not constitute any form of investment advice or commitment. The Company may modify the information above without a prior notice.

## 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.

## Contacts

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## A LETTER FROM THE CHAIRMAN

In 2024, CALB achieved synergistic growth across business scale, technological capabilities and profitability. While continuing to deeply embed ESG principles into our strategic planning, we have propelled sustainable development through green innovation and responsible leadership.

Technological innovation is unwaveringly deemed as the core driving force within CALB, in 2024, we made significant progress in material R&D, battery technology, advanced manufacturing and life-cycle management. We were awarded the “National Science and Technology Progress Award” in recognition of our pioneering research and application of critical energy storage technologies. Through continuous breakthroughs in “hard technology” areas-spanning materials, structures, systems, manufacturing, and recycling, we empowered green mobility and low-carbon lifestyles. Meanwhile, we leverage the “soft power” of digital technology as an accelerator for zero-carbon economy transition. By synergizing “hard technology” with “soft power”, we developed the “Energy+” strategy to promote efficient utilization and storage of renewable energy, delivering transformative innovations to advance net-zero goals.

Our product innovation is deeply rooted in addressing customer needs. In 2024, we launched our groundbreaking battery products-“UP”, “ZHIYUAN”, “ZHIJIU” and “WUJIE”-delivering comprehensive advancements in energy density, safety, longevity, ultra-fast charging, and

all-climate adaptability. With industry-leading product competitiveness, exceptional quality and service, we made new breakthroughs in various fields including passenger vehicles, energy storage, commercial vehicles, marine transportation, urban air mobility. Monthly product shipments surpassed 10GWh, marking dual leaps in market penetration and ecosystem development. Through diversified strategic deployment, we are building a closed-loop new energy ecosystem, driving continuous innovation in the industry while fostering a healthier and more sustainable sector.

we have been complying with the national strategy of “carbon peaking and carbon neutrality” faithfully and the global sustainable development goal. In 2024, we actively built and improved its carbon management work system, defining clear carbon targets, and building a life-cycle carbon management mechanism. All bases obtained ISO14064 certification and we were awarded the “Carbon Footprint Label Certification of the First Batch of Pilot Products” in Jiangsu Province. At the same time, we strengthened collaboration with strategic clients and suppliers to build a green and responsible supply chain ecosystem. Through joint efforts in carbon emission reduction, circular materials utilization, and supply chain traceability, we actively participated in industry-leading initiatives such as the Global Battery Alliance’s Battery Passport pilot program. These efforts position CALB as an exemplary leader in driving the industry’s transition toward green, low-carbon, and sustainable development.



Chairman

刘静瑜

we are always committed to practicing responsible enterprise. In 2024, we continued to recruit and cultivate talents, provided employees with all-round care and support from medical care, food, housing and travel to holiday care, physical and mental health and family care. We actively utilized its technological strengths to share R&D resources and advance industry-academia-research collaboration, fostering youth-driven innovation, supporting educational advancement, and enhancing technology commercialization efficiency. We have also joined forces with philanthropic foundations to actively engage in biodiversity conservation initiatives. Furthermore, we organized employee volunteer programs

focused on assisting underserved communities, while continuously contributing to social welfare through sustained philanthropic initiatives.

We firmly believe that the renewable energy industry serves not only as a pivotal engine for economic growth but also as a critical pathway to harmonize human progress with ecological balance. CALB stands ready to collaborate with partners from all over the world to safeguard our nature through innovation and create a sustainable future with strong sense of responsibilities!

## 2024 ESG HIGHLIGHTS

### Environment

- **Carbon neutrality in core operation** by 2030
- **Carbon neutrality in value chain** by 2040
- The Company's total batteries installed of PV power generation that had been put into operation reached **45MW**, a YoY increase of **262.90%**
- The Company's hazardous waste density decreased by **73.68%** YoY, and non-hazardous waste density decreased by **19.28%** YoY
- Energy consumption intensity decreased by **28.37%** YoY
- Wuhan Base passed the energy management system certification, and was awarded with the honorable title of national **"Green Factory"**
- Wuhan Base was awarded with the title of **"Wuhan 'Zero Waste Factory' Demonstration Unit"**

### Society

- **0** recall actively initiated due to product quality or safety and health problems
- **100%** resolution rate of complaints against product and/or service
- **100%** coverage of ESG on-site audits for key material suppliers
- Number of the Company's total patents (including patents under application): **4,542**
- R&D investment was RMB**1,417.61** million, with a YoY increase of **42.91%**, accounting for **5.11%** of the operating income
- **94.1%** satisfaction index of employee
- **3,150,835** hrs of annual training accumulatively, **21.12** hrs of training per capita
- Within the reporting period, the Company did **not have any work safety accident**

### Governance

- The Company's yearly operating income was RMB**27,751.53** million, the net profit was RMB**843.63** million, and the net profit increase rate was **93.0%**
- Proportion of females in the Board of Directors: **37.5%**
- The annual internal control evaluation covered all in-service bases
- Training on commercial ethics and compliance: **37,977** person/times
- There had been not any information security incident, such as data spill or breach of privacy protection, happening to the Company.



# ABOUT CALB

## Company Profile

CALB is a high-tech enterprise specializing in the research and development and application of new energy technologies and products. As Battery Expert, we aim to build a comprehensive energy operation system, to provide complete product solutions and full life-cycle management for the new energy application market, 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 workstation, 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 continues to improve outstanding product power to serve the market, fulfil customers' sanctification and realize win-win cooperation with ecological partners.

At present, CALB has completed an all-round layout in domestic by setting up industrial bases in Changzhou, Xiamen, Chengdu, Wuhan, Hefei, Meishan and Jiangmen. At the same time, CALB has set up bases in Europe and ASEAN, vigorously expanding the layout all over the world to become a global leading enterprise with large-scale intelligent manufacturing capabilities!

With the vision of "achieving greatness through win-win cooperation, and benefiting mankind for a better world", CALB is devoted to leading innovation and technology in the field of new energy. We will continuous to develop the healthy ecology of the new energy industry, and work towards the achievement of the "carbon peaking and carbon neutrality goals" and the new energy vehicle strategy, and fulfil our responsibility for energy security and the sustainable development!



## Industrial Layout

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, humanoid robot 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 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 exponential growth in performance



Centered on key strengths including safety, longevity, efficiency, and integration, CALB offers comprehensive energy storage integration services to meet diverse needs. Applications range from power generation through wind and solar energy storage to grid-side peak shaving, user-side load shifting, standby power, and residential energy storage. As an early participant in national energy storage demonstration projects, CALB has deployed its products widely, including in offshore islands, remote plateaus, and high-altitude regions. This expansion has led to exponential growth in CALB's energy storage business, with bulk deliveries to numerous strategic clients. CALB now leads the industry in total batteries installed for energy storage projects.

### 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 – Comprehensively improve 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, humanoid robot, mine vehicles and rail traffic, and takes the lead in applying its products to land, at sea and air fields.

## CALB Battery Expert

### Headquarters

Changzhou China

### 5 R&D Centers

Changzhou, Shanghai, Shenzhen, Chengdu, Europe

### 9 Industrial Bases

Changzhou, Xiamen, Chengdu, Meishan, Wuhan, Hefei, Jiangmen, Europe, ASEAN

36+

Passenger Vehicle Brand

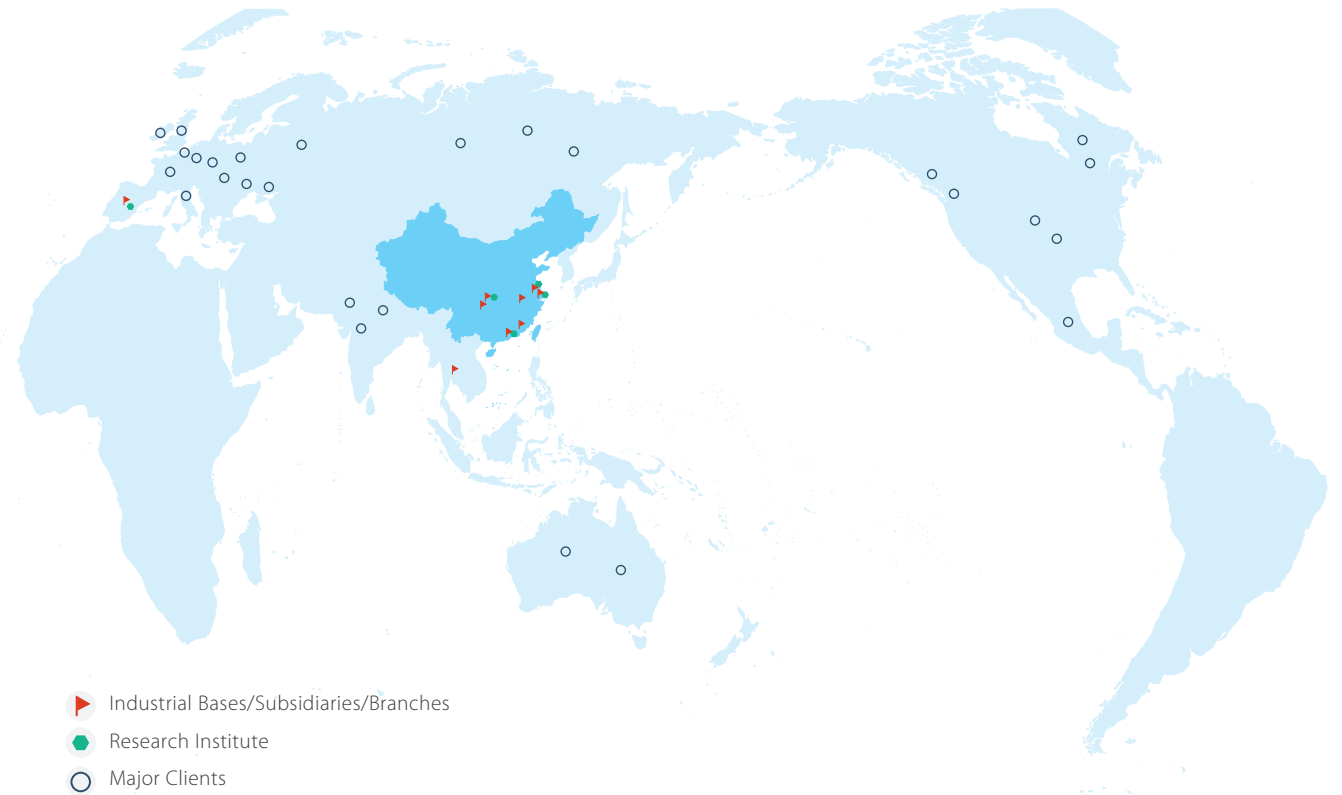
200+

Vehicle Model Application

2,000,000+

Supporting Vehicles

4 Municipalities 328 Prefectural-level Division





## Honorary Awards

<b>National Science and Technology Progress Second Award</b> State Council	<b>China Patent Excellence Award</b> China National Intellectual Property Administration	<b>2023 Jiangsu Science &amp; Technology First Award</b> Jiangsu Provincial People's Government	<b>2023 Jiangsu Science &amp; Technology Second Award</b> Jiangsu Provincial People's Government
<b>Energy Storage Industry Power Storage Station System Pioneering Enterprise Contribution Award</b> CESC China International Energy Storage Conference Committee	<b>The 38<sup>th</sup> in China's Top 200 Enterprises in Light Industry in Terms of Competitiveness, and the 5th in Top 100 Enterprises in Terms of Technical Strengths</b> China National Light Industry Council	<b>2024 Industrial Five-star Enterprise Award</b> Changzhou Municipal Committee Office	<b>2024 Top 100 Tax Payment Enterprise Award</b> Changzhou Municipal Committee Office
<b>The Chairman Jingyu Liu was Awarded as Industrial Star Entrepreneur</b> Changzhou Municipal Committee Office	<b>Remote Science &amp; Technology Award</b> Geely Farizon	<b>Excellent Innovation Award</b> Zhizi Automobile	<b>Strategical Cooperation Award</b> GAC
<b>"Pengyi" Cup Quality Golden Award</b> Xiaopeng Motors	<b>Excellent Supplier</b> Changan Automobile	<b>Good Quality Award</b> Leapmotor	<b>Global Strategical Partner Award</b> Sungrow
<b>Best Partner Award</b> Dongfeng Motor	<b>Guangdong May Day Labor Award</b> Guangdong Federation of Trade Union	<b>2024 Annual Responsible Technology Company</b> Social Responsibility Conference	<b>The Chairman Jingyu Liu Was Granted the Title of "2024 Responsible Person"</b> Social Responsibility Conference

■ Full Name of Award

■ Issuing Authority

# ESG MANAGEMENT

By taking ESG as the core for realizing sustainable and high-quality development, the Company upgrades the ESG governance framework and operation mechanism continuously, and joins hands with the stakeholders to create higher values for both the markets and clients, and to make greater contributions to industrial and economic development, energy security and better future of our mankind.

## ESG Governance

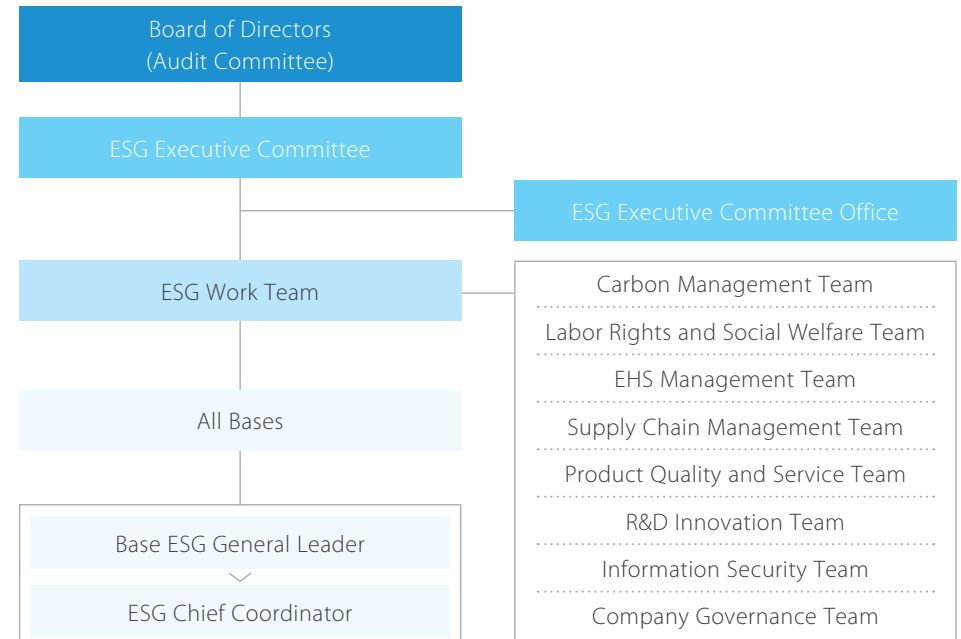
The Company has built the 3-level linked organizational structure system, i.e. "governance layer-management layer-executives layer", to ensure the effectiveness of the Company's sustainable development management. In 2024, with focus on sustainable development, the Company improved the ESG organizational structure and running mechanism, further refined the labor division and personnel allocation of professional work team, and reviewed the responsibilities and members of all organizations by identifying and evaluating the material issues and capability construction; it also further clarified the running mechanism of ESG organization, to ensure in-depth integration between the ESG strategies and overall strategies.

**Board of directors:** Fully take charge of the ESG supervision as the Company's highest responsible body for ESG management. The Audit Committee under the Board of Directors is responsible for reviewing the Company's ESG-related policies and strategic objectives and ESG reports, supervising the realization of 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.

**ESG Executive Committee:** Make decisions on the Company's ESG-related policies, strategies and objectives of core topics, major ESG risk controls; review the disclosure of ESG reports. It is composed of the Company's top management.

**ESG Work Team:** Under the management of ESG Executive Committee, it includes the heads of main business departments and core business backbones in the Group and all bases, who serve as team leader and members, in order to effectively promote and execute the ESG work of all departments, and promote the planning and operation of Company's ESG management-related matters.

**All bases:** Construct the ESG management system of bases, effectively execute the planning of ESG work teams, and continuously respond to the demands of internal/external stakeholders.



## 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 for downstream customers. In 2024, the ESG training covered 34,041 person/times accumulatively.



In 2024, the ESG training covered  
**34,041** person/  
times accumulatively.

### 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 concepts and actions.

### special ESG training

The Company lays special emphasis on the ESG capability construction of the Board of Directors and top management team. Within the reporting period, the coverage rate of ESG training for executives was 100%, and the Company invited industrial experts to offer trainings on the *Carbon Management* to the Company's executives and core managers, and organized professional personnel such as ESG Work Team, to offer specific trainings such as system authentication of ISO14064\ISO14067.

### Participation in client ESG training

Within the reporting period, the Company participated in 17 ESG trainings by the power and energy storage clients. By participating in ESG training and guidance of downstream clients, the Company further strengthens the coordination of supply chain, promotes the sustainable development of whole industry chain, and creates more and higher values for realizing the Company's ESG objectives.



## Board of Directors' Statement

CALB applies the ESG concept into its 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.

In 2024, the Company reviewed the ESG strategies and objectives, optimized the ESG governance architecture and running mechanism, evaluated the issues with dual importance, identified the ESG risks and opportunities, researched and formulated the objectives and implementation routes of carbon neutrality.

This report elaborates the progress and effectiveness of CALB's ESG work in 2024. The Board of Directors is held liable for the truthfulness, accuracy and completeness of the contents contained herein. The Company hereby undertakes that it will, as always, promote the Company's continuous improvement in ESG field, create long-term values for stakeholders, and make contributions to the global sustainable development.

## ESG Strategy

Within the reporting period, on the basis of systematic analysis on the appeals of stakeholders, industry trends and regulatory requirements, the Company fully identified the risks and opportunities of important issues, re-constructed the objectives and outlines of ESG strategy, and formulated key actions, to realize overall coordination of business strategies.

Strategic Objectives	Strategic Outline
Green & Low-carbon	<ul style="list-style-type: none"> <li>Integrate the environmental protection concept into product life-cycle management, insist on green design, low-carbon manufacturing and recycling, promote the coordinated carbon reduction of the whole supply chain, and realize carbon neutrality objectives</li> </ul>
Ecological Harmony	<ul style="list-style-type: none"> <li>Stick to integrity-based development, respect the employees, focus on their rights, interest and development, promote the supply chain sustainability, implement the responsibilities of public welfare, and forge a healthy ecology of new energy industry in partnership with the stakeholders.</li> </ul>
Empowering the World	<ul style="list-style-type: none"> <li>Focus on continuous innovation, forge the top-grade technologies and products, and assist in reaching the realization of double-carbon objectives worldwide, to make contribution to energy security and sustainable development of our mankind.</li> </ul>

## Stakeholder Participation

With focus on the stakeholders' involvement, the Company establishes a systematic and standard management mechanism of stakeholders on the principle of openness and transparency, and fully identifies and manages by classification the stakeholders, including shareholders, employees, clients, suppliers, communities and regulatory bodies, etc. The Company has established normalized communication and response mechanism, and

collected the opinions and suggestions from the stakeholders by regular ESG symposium and forums; regularly summarized and analysed the stakeholders' appeals and expectations of environment, society and governance, in order to fully understand their concerns. For example, the stakeholders focus on the carbon reduction objectives and green supply chain management in terms of environment; employee welfare, community development and

product safety in terms of society; transparency and compliance in terms of governance. The Company can integrate all these feedbacks in sustainable development management, constantly optimize the ESG strategies and action plans, keep consistency with the expectations of stakeholders, and strive to realize higher sustainable development.

Stakeholders	Customers	Shareholders	Employees	Government and regulatory bodies	Suppliers	Community and Public	Industry/Standard Association
<b>Needs and Expectations</b>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Supply chain sustainability</li> <li>Circular economy</li> <li>Product R&amp;D and innovation</li> <li>Customer service management</li> <li>Respond to climate change</li> <li>Digital intelligence</li> <li>IPRs protection</li> <li>ESG management</li> <li>Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Economic performance</li> <li>Commercial ethics and compliance</li> <li>ESG management</li> </ul>	<ul style="list-style-type: none"> <li>Employee care</li> <li>Employee diversity and inclusiveness</li> <li>Employee rights and interests protection</li> <li>Occupational health and safety (OHS)</li> <li>Career development and training</li> <li>Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Commercial ethics and compliance</li> <li>Environment management</li> <li>Energy management</li> <li>Occupational health and safety (OHS)</li> <li>ESG management</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain sustainability</li> <li>Product quality and safety</li> <li>Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Community participation</li> <li>Circular economy</li> <li>Water resource management</li> <li>Pollution and waste management</li> <li>Ecosystem and biodiversity protection</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Product R&amp;D and innovation</li> </ul>
<b>Communication Channels and Ways</b>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Exhibition</li> <li>Social media</li> <li>Customer research and audit</li> <li>Daily communication conference</li> <li>Partner conference</li> <li>Customer service hotline</li> <li>Company's official website</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Information disclosure</li> <li>Investor relations activities</li> <li>Partner conference</li> </ul>	<ul style="list-style-type: none"> <li>Employee questionnaire</li> <li>Employee exchange meeting</li> <li>Internal communication platform</li> <li>Workers' congress</li> <li>Employee training</li> <li>Employee activities</li> </ul>	<ul style="list-style-type: none"> <li>Government meetings</li> <li>Supervision and inspection</li> <li>Visits/Survey</li> <li>Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication conference</li> <li>Supplier audit and evaluation</li> <li>Partner conference</li> </ul>	<ul style="list-style-type: none"> <li>Public welfare activities</li> <li>Environmental protection measures</li> <li>Social media</li> <li>Company's official website</li> <li>Volunteer project</li> </ul>	<ul style="list-style-type: none"> <li>Industry information exchange</li> <li>Participation in industry standard formulation</li> </ul>

## Evaluation of Material Issues

The evaluation on material issues can help the Company precisely identify and manage the influences, risks and opportunities of material issues, and prioritize them in disclosing the annual ESG report. In 2024, the Company updated the evaluation method based on the latest international disclosure standard and implemented dual-importance evaluation for the first time, i.e. identifying the importance of material issues based on financial importance and influence importance; constructed the matrix of material issues, and clarified the importance degree and sequence of all issues.

### Evaluation Procedure of Material Issues

#### Issue Identification

- Identify the relevant influences, risks and opportunities of issues, and establish issue library.

#### Evaluation of Issue Importance

- Evaluate influence importance
- Evaluate financial importance.
- Integrate the results of influence and financial importance.

#### Confirmation and Reporting of Material Issues

- ESG Executive Committee reviews and confirms the analysis results.
- Implement targeted disclosure and practice based on analysis results.





## Step 1 Issue identification

Identify the issues with financial importance or influence importance based on the Company's internal activities and business relationship, external objective environment, the main stakeholders under influence, and by considering the industry characteristics, industry development stages, and the Company's business modes and value chains; meanwhile, identify the material issues and establish issue library by reviewing the Company's relevant supervision policies, rules, industry standards, development trends and peer analysis.

2024 Issue Library			
Issue Scope	Issue		Descriptions of Issue Change
Environment (7)	<ul style="list-style-type: none"> <li>Respond to climate change</li> <li>Energy management</li> <li>Environment management</li> </ul>	<ul style="list-style-type: none"> <li>Circular economy</li> <li>Pollution and waste management</li> <li>Water resource management</li> <li>Ecosystem and biodiversity protection</li> </ul>	<ul style="list-style-type: none"> <li>Statement adjustment: Adjust "Climate change" as "Respond to climate change"</li> <li>Expand the connotation of issues: Adjust "Waste management" as "Pollution and waste management", and "Recycling" as "Circular economy".</li> <li>Add "Environment management": Promote the low-carbon transformation on the premise of meeting supervision and compliance requirements to improve the Company's sustainable competitiveness and long-term value.</li> <li>Add the issue of "Ecosystem and biodiversity protection", to indicate the Company's forward thinking in ecological protection field.</li> </ul>
Society (11)	<ul style="list-style-type: none"> <li>Product R&amp;D and innovation</li> <li>IPRs protection</li> <li>Customer service management</li> <li>Employee care</li> <li>Employee diversity and inclusiveness</li> <li>Community participation</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Supply chain sustainability</li> <li>Employee rights and interests protection</li> <li>Occupational health and safety (OHS)</li> <li>Career development and training</li> </ul>	<ul style="list-style-type: none"> <li>Statement adjustment: Adjust "Welfare and security" as "Employee rights and interests protection".</li> </ul>
Governance (6)	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Digital intelligence</li> <li>Commercial ethics and compliance</li> </ul>	<ul style="list-style-type: none"> <li>ESG management</li> <li>Economic performance</li> <li>Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Add "ESG management" issue. By integrating environment, society and governance objective into the core business, the Company can identify the long-term growth opportunity, and satisfy the needs of all stakeholders by virtue of ESG management.</li> <li>Add "Digital intelligence" issue. As the Company's core powerful tool to realize environment sustainability, governance effectiveness promotion and transparency, the digital intelligence can drive the optimization of energy efficiency and data transparency governance.</li> <li>Adjust "Commercial ethics" as "Commercial ethics and compliance", "Privacy of stakeholders" as "Information security and privacy protection" to expand the connotation of the issues.</li> </ul>

## Step 2 Evaluation of issue importance

On the basis of the characteristics of industry and business, the Company organized its management and internal ESG experts to evaluate the influence importance and financial importance of issues in the issue list in the form of questionnaire:

### Evaluation of influence importance

Identify whether the Company's performance in corresponding issues has actual or potential major influences on economy, society and environment, and carry out evaluation regarding the Company's influence on economy, environment and society and the occurrence possibility of the influence.

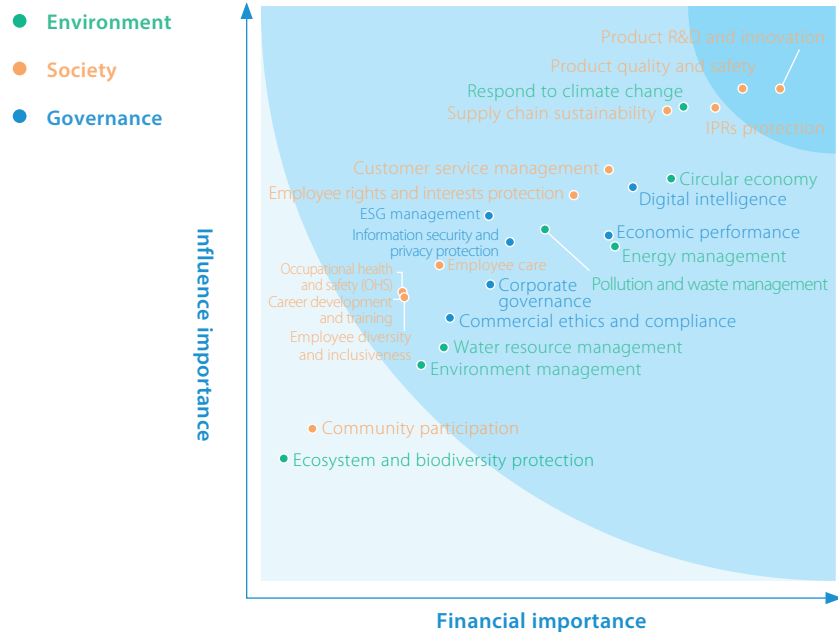
### Evaluation of financial importance

Identify whether the issue exerts short-term, medium-term or long-term major influences on the Company's business mode, business operation, development strategy, financial condition, business performance, cash flow, financing mode and cost, etc. and carry out evaluation regarding the financial influence degree above and the occurrence possibility of the influence.

### Results of dual-importance analysis

Perform quantitative summary and analysis on the evaluation results of influence importance and financial importance, and directly show the identification results of the Company's important issues through matrix graph. The Company has identified 2 major issues and 20 important issues in total.

### Matrix Graph of Important Issues



Dual-importance Degree	Issue	
Major	<ul style="list-style-type: none"> <li>Product R&amp;D and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> </ul>
Important	<ul style="list-style-type: none"> <li>Respond to climate change</li> <li>Supply chain sustainability</li> <li>Digital intelligence</li> <li>Employee rights and interests protection</li> <li>Energy management</li> <li>ESG management</li> <li>Corporate governance</li> <li>Environment management</li> <li>Occupational health and safety (OHS)</li> <li>Career development and training</li> </ul>	<ul style="list-style-type: none"> <li>IPRs protection</li> <li>Circular economy</li> <li>Customer service management</li> <li>Economic performance</li> <li>Pollution and waste management</li> <li>Information security and privacy protection</li> <li>Employee care</li> <li>Commercial ethics and compliance</li> <li>Employee diversity and inclusiveness</li> <li>Water resource management</li> </ul>
General	<ul style="list-style-type: none"> <li>Community participation</li> </ul>	<ul style="list-style-type: none"> <li>Ecosystem and biodiversity protection</li> </ul>

### Step 3 Confirmation and reporting of important issues

The Company performs summarizes and displays the important and major issues from the aspects of affected value chain, stakeholders, risks and opportunities and influence period, and discloses relevant management and actions within the reporting period.

Issue	Affected Value Chain			Stakeholders	Risks and Opportunities		Influence Period <sup>1</sup>
	Upstream of Value Chain	Operation	Downstream of Value Chain		Risks	Opportunities	
Product R&D and innovation	√	√	√	Customers, Industry/Standards Associations	<ul style="list-style-type: none"> <li>Huge financial cost caused by excessive, ahead and untransformed R&amp;D activities.</li> </ul>	<ul style="list-style-type: none"> <li>Keep the advancement of products and technology, which can bring better experience for users, help the Company expand its market share and improve its operation efficiency continuously.</li> </ul>	Medium and long term
Product quality and safety	√	√	√	Customers, supplier, Industry/Standards Associations	<ul style="list-style-type: none"> <li>Quality system or products do not meet customers' requirements.</li> <li>Cost increase due to stricter product requirements and inspections.</li> </ul>	<ul style="list-style-type: none"> <li>Optimize customer experience, improve the Company's reputation and image, and help explore the potential market.</li> </ul>	Long term
Respond to climate change	√	√	√	Customers	<ul style="list-style-type: none"> <li>More manpower and equipment are needed for implementing emission reduction, thus increasing the Group's operation cost; besides, the emission reduction technology and supervision system are unmatue yet, which may increase the uncertainty of emission reduction process and lead to additional costs.</li> </ul>	<ul style="list-style-type: none"> <li>In light of more attention to global climate changes, the actions against climate change can establish good image brand for the Company, thus attracting more customers who focus on emission reduction.</li> </ul>	Medium and long term
IPRs protection	√	√	√	Customers	<ul style="list-style-type: none"> <li>Increase of patent fees due to inefficient patents.</li> <li>Influence on market competitiveness due; to adequate protection of innovation.</li> <li>Influence on product sales due to IPRs risks.</li> </ul>	<ul style="list-style-type: none"> <li>High-quality patents can help the Company achieve leading technical strengths, constantly improve its product competitiveness, expand the market share, improve customer satisfaction, and promote its operation efficiency continuously.</li> </ul>	Long term
Supply chain sustainability	√	√	√	Customers, Supplier	<ul style="list-style-type: none"> <li>The enterprise's operation cost is increased by the setup, management and execution of supply chain sustainability system, which is mainly reflected in manpower and financial cost.</li> </ul>	<ul style="list-style-type: none"> <li>Adapt to latest dynamics of international environment, meet the regulatory requirements and compulsory export requirements, and improve the Company's comprehensive brand influence and competitive bid advantages.</li> </ul>	Long term
Circular economy	√	√	√	Customers, Communities and the Public	<ul style="list-style-type: none"> <li>The product recycling process may increase cost in a short period.</li> <li>Additional of R&amp;D and trial production costs are required if using recycled materials.</li> <li>Overuse of recycled materials can increase the uncertainty of material supply process.</li> </ul>	<ul style="list-style-type: none"> <li>Material recycling can reduce material cost and improve price competitiveness.</li> <li>Circular economy can reduce the carbon emission of materials and accelerate carbon transformation.</li> <li>Reduction of raw material consumption can slow down resource depletion, promote ecological protection and improve enterprise image.</li> </ul>	Long term

<sup>1</sup> Influence period is divided into short period (within 1 year after completion of ESG reporting period), medium period (1 to 5 years after completion of ESG reporting period) and long period (over 5 years after completion of ESG reporting period).

Issue	Affected Value Chain			Stakeholders	Risks and Opportunities		Influence Period <sup>1</sup>
	Upstream of Value Chain	Operation	Downstream of Value Chain		Risks	Opportunities	
Digital intelligent	√	√	√	Customers	<ul style="list-style-type: none"> <li>Import of digital intelligent facilities may increase cost in a short period.</li> </ul>	<ul style="list-style-type: none"> <li>The development and application of digital intelligent technology can improve the R&amp;D and production efficiency and reduce cost continuously.</li> <li>Promote the iteration and development of digital industry technology of the whole industry, supply chain and partners.</li> </ul>	Long term
Customer service management		√	√	Customers	<ul style="list-style-type: none"> <li>Poor service quality, customer information leakage and service delay may occur while serving the customers, thus lowering the customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a favorable customer service system when the customer service of new industry is immature; by giving timely response to customer appeals and providing personalized services, the enterprise can win the trust and respect from customers, thus promoting the long-term cooperation relationship.</li> <li>To address the rivals' product problems and service modes in current market can help the enterprise win secondary sales orders, optimize the service mode and improve the service perception.</li> </ul>	Long term
Employee rights and interests protection	√	√	√	Employees	<ul style="list-style-type: none"> <li>Legal risks: Illegal child labor and slave labor, etc. are illegal.</li> <li>Employee turnover rate may increase as there's no reasonable approach of appealing for employees.</li> </ul>	<ul style="list-style-type: none"> <li>Improve the Company's competitive advantage and social contribution, and realize sustainable development of the Company.</li> </ul>	Long term
Economic performance		√		Shareholders	<ul style="list-style-type: none"> <li>The Company's target financial performance is not reached, which may cause fluctuations of stock price and weaken investors' willingness.</li> </ul>	<ul style="list-style-type: none"> <li>Favorable financial performance can boost the confidence of employees and investors, increase the Company's stock price and promote its sustainable development</li> </ul>	Long term
Energy management		√	√	Governments and Regulatory Bodies	<ul style="list-style-type: none"> <li>The Company's operation cost and compliance risks may increase by accepting the customers' and governments' requirements and objectives for energy management system authentication, energy efficiency and renewable energy use, and implementing the policies of carbon check, compliance and trading.</li> </ul>	<ul style="list-style-type: none"> <li>The government releases supportive policies for energy conservation, technological innovation and financing</li> <li>The Company has a chance to apply for state subsidy on the basis of excellent energy control performance</li> <li>Reduce the Company's carbon footprint, improve its image and enhance the competitiveness</li> </ul>	Medium and long term
Pollution and waste management		√	√	Communities and the Public	<ul style="list-style-type: none"> <li>The discharge concentration of discharged wastewater and exhaust gas fail to meet standards;</li> <li>Regular detection of wastewater and exhaust gas is not implemented in plant;</li> <li>Stricter gas emission standard and upgrading of the existing gas emission facilities may increase the emission and operation cost.</li> </ul>	<ul style="list-style-type: none"> <li>By actively responding to the green development policies, the enterprise can acquire the relevant subsidies and preference, reduce the cost of environment safety management, improve the market competitiveness and establish a favorable enterprise image.</li> </ul>	Medium and long term

Issue	Affected Value Chain			Stakeholders	Risks and Opportunities		Influence Period <sup>1</sup>
	Upstream of Value Chain	Operation	Downstream of Value Chain		Risks	Opportunities	
ESG management	√	√	√	Customers, Shareholders, Governments and Regulators	<ul style="list-style-type: none"> <li>Establishment of ESG management system and architecture may increase the Company's manpower and financial cost; poor management of ESG risks and objectives may cause additional costs.</li> </ul>	<ul style="list-style-type: none"> <li>A favorable ESG running system can reduce the Company's internal operation cost, promote its sustainable economic development, and improve satisfaction of customers and employees, as well as the Company's brand images and reputations.</li> </ul>	Long term
Information security and privacy protection	√	√	√	Customers, Employees, Suppliers	<ul style="list-style-type: none"> <li>While dealing with the information security events such as cyber attacks and data leakage, the Company may be exposed to the risks of compliance with laws and regulations, complaints, lawsuits and claims for compensation from customers, relevant enterprises or individuals, which may cause business suspension, property losses and severe reputation damages of the Company, thus weakening the customers' trust, and causing market share loss or dishonesty of investors.</li> </ul>	<ul style="list-style-type: none"> <li>Information security can effectively promote the users' information security (including cyber security, data security and supply chain security), improve the trust and satisfaction of users, as well as the Company's reputation and competitiveness, thus enabling the Company to acquire larger market shares. Information security, as one of important issues of ESG, can promote the investment from investors and enhance the Company's sustainable development.</li> </ul>	Long term
Corporate governance	√	√	√	Shareholders	<ul style="list-style-type: none"> <li><b>Legal and regulatory risks:</b> When the Company's governance structure does not conform to laws and regulations, such as information disclosure requirements and composition rules of the Board of Directors, the Company may face legal sanctions and heavy fines.</li> <li><b>Decision-making risks:</b> The unreasonable corporate governance may lead to unscientific decision-making process</li> <li><b>Ethical risks of the management:</b> Poor corporate governance may fail to restrain the behaviors of management effectively.</li> <li><b>Conflict risks of stakeholders:</b> Conflicts may occur between the stakeholders such as shareholders, employees and consumers if failing to balance their interest during corporate governance.</li> <li>Risk management and internal supervision: When there's no effective risk management and internal supervision mechanism, the Company may fail to accurately identify, evaluate and handle the potential risks, thus causing cost increase and even compliance risks and affecting the company reputation.</li> </ul>	<ul style="list-style-type: none"> <li><b>Improve company reputation:</b> Good corporate governance can improve the enterprise reputation in market. For example, setup of transparent information disclosure system and fair-trading principle can increase the trust of consumers and investors, and attract more customers and investments.</li> <li><b>Enhance attraction of investors:</b> Good corporate governance is an important factor for the institutional investors and socially responsible investors who focus on long-term investment. The Company can expand the financing channels and reduce the financing cost based on this.</li> <li><b>Optimize internal management:</b> Effective corporate governance can improve the internal management process, enhance the operation and decision-making efficiency, play an active role in risk control and reduce the operation risks.</li> <li><b>Advantage of supply chain integration:</b> For supply chain, the companies with good governance can attract the high-quality suppliers, promote the ESG performance of entire supply chain, acquire more stable supply of raw materials and more favorable cooperation conditions.</li> </ul>	Long term

Issue	Affected Value Chain			Stakeholders	Risks and Opportunities		Influence Period <sup>1</sup>
	Upstream of Value Chain	Operation	Downstream of Value Chain		Risks	Opportunities	
Employee care	√	√	√	Employees,	<ul style="list-style-type: none"> <li>Cost increase: Huge resources and funds are required for implementing employee care project, including better welfare and organization of team construction activities, which may increase the enterprise operation cost.</li> <li>Expectation management: When enterprises fail to satisfy the excessive expectations of employees, the employees may feel disappointed and dissatisfied and affect the working enthusiasm and team atmosphere.</li> </ul>	<ul style="list-style-type: none"> <li>Improve employee satisfaction and loyalty: When enterprise cares about the welfare and development of employees, the employees may feel the attention and supports from company, thus improving their satisfaction and loyalty. This can reduce the employee turnover rate, and lower the cost of recruiting and training new employees.</li> <li>Enhance enterprise culture and team cohesiveness: Through employee care plan, the enterprise can create a positive and mutual caring enterprise culture, which can enhance the teamwork and cooperation between employees, improve the team cohesiveness and form more harmonious team atmosphere.</li> </ul>	Long term
Commercial ethics and compliance	√	√	√	Shareholders, Government and Regulators	<ul style="list-style-type: none"> <li>Improved commercial ethics need complete evaluation mechanism, which may increase the financial and labor cost; while poor commercial ethics may bring risks to corporate governance and operation.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen corporate governance and internal/external control, to enhance the Company's operation management level and risk prevention capability, promote its standard operation and healthy development.</li> </ul>	Long term
Occupational health and safety (OHS)		√	√	Employees, Government and Regulators	<ul style="list-style-type: none"> <li>OHS system has no effective running, which increase the safety risks of operation.</li> <li>Physical examination is not organized for personnel on occupational hazard posts.</li> <li>Occupational hazards and safety accidents occurred.</li> <li>Strengthen the enforcement of laws and regulations (such as hidden dangers of major accidents, special equipment, etc.), which can increase the risks of penalty.</li> </ul>	<ul style="list-style-type: none"> <li>The Company promotes the OHS stably, to effectively prevent safety accidents, reduce the penalties due to violations and losses due to accidents, stabilize the production, provide good conditions for superior quality, and create good brand image externally.</li> </ul>	Long term
Employee diversity and inclusiveness	√	√	√	Employees	<ul style="list-style-type: none"> <li>High employee turnover rate and low working efficiency, which may affect the productivity and profit rate.</li> <li>Complex personnel structure can increase the difficulty of enterprise management, cause high employee turnover rate, low working efficiency and reduce the productivity and profit rate.</li> </ul>	<ul style="list-style-type: none"> <li>Establish fair and diversified enterprise culture atmosphere, improve the competitive advantage and social contribution of enterprise, to realize sustainable development of enterprise.</li> </ul>	Long term



Issue	Affected Value Chain			Stakeholders	Risks and Opportunities		Influence Period <sup>1</sup>
	Upstream of Value Chain	Operation	Downstream of Value Chain		Risks	Opportunities	
Career development and training	√	√	√	Employees	<ul style="list-style-type: none"> <li>Training resources fail to meet the demands and expected effects.</li> <li>Failure to improve occupational skills of employees, lack of effective and fast inheritance of knowledge and excellent experience internally, as a result of which, the employees may fail to timely acquire the latest knowledge achievements, affect the improvement of working efficiency, and fail to complete the personal and corporate objectives.</li> <li>High employee turnover rate and low working efficiency, which may weaken the productivity and profit rate.</li> </ul>	<ul style="list-style-type: none"> <li>Improve the fast inheritance and replication of knowledge and excellent experience, quickly improve the working efficiency, to make contributions for quickly realizing the enterprise operation objectives.</li> <li>The employee capability promotion mechanism and career development channels can have positive influence on reservation of talents.</li> </ul>	Long term
Water resource management		√	√	Communities and the Public	<ul style="list-style-type: none"> <li>Low use efficiency of water resources, high unit consumption, which may affect the declaration of water-saving enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>The corporate governance meets the requirements of water-saving enterprise, and may declare for subsidies &amp; honors; improve water resource utilization rate, and create good brand images externally.</li> </ul>	Short-medium term
Environment management		√	√	Governments and Regulators	<ul style="list-style-type: none"> <li>EMS has ineffective operation, which increases the security risks of operation.</li> <li>Fail to identify the environment-related laws and regulations regularly or completely; fail to convert the articles of applicable laws and regulations into internal management system; non-compliance occurs during operation.</li> <li>Strengthen the enforcement of laws and regulations (such as emission permit policy and environmental protection performance policy etc.), which can increase the risks of penalty.</li> </ul>	<ul style="list-style-type: none"> <li>Lead opportunities with industry standards: The government promotes the formulation of higher safety standard of industry environment. The enterprise that firstly reaches or even exceeds the standard can become industry benchmark, which can help expand the Company's business, attract more high-quality partners and customers, consolidate its position in industry and promote the enterprise development.</li> <li>The Company promotes the environment management system stably, to effectively prevent the safety accident, reduce the penalty of violation and losses due to accident, stabilize the production, offer good condition for superior quality, and create good brand image externally.</li> </ul>	Long term

## Risk and Opportunity Management

The Company brings ESG risk and opportunity management into the Company’s risk management mechanism, to identify, evaluate, monitor and manage the ESG risks and opportunities.

### Identification and Evaluation of ESG Risks and Opportunities

Based on the demands of stakeholders, supervision policies, rules, industry standards, development trends and analysis of the same industry, the Company identifies the material issues, evaluates the possibility, scale and influence term of relevant influences, risks and opportunities. For details, please refer to “Evaluation of ESG Material Issues” in this report.

### Monitoring and Management of ESG Risks and Opportunities

As for the identified important and major ESG risks and opportunities, the Company performs continuous monitoring and management based on PDCA mode, including but not limited to formulation of management mechanism, operation standard, monitoring index and process, as well as specific management measures. The contents in all chapters of issues in this report can be reviewed by the risk and opportunity control mechanism of each material issue.

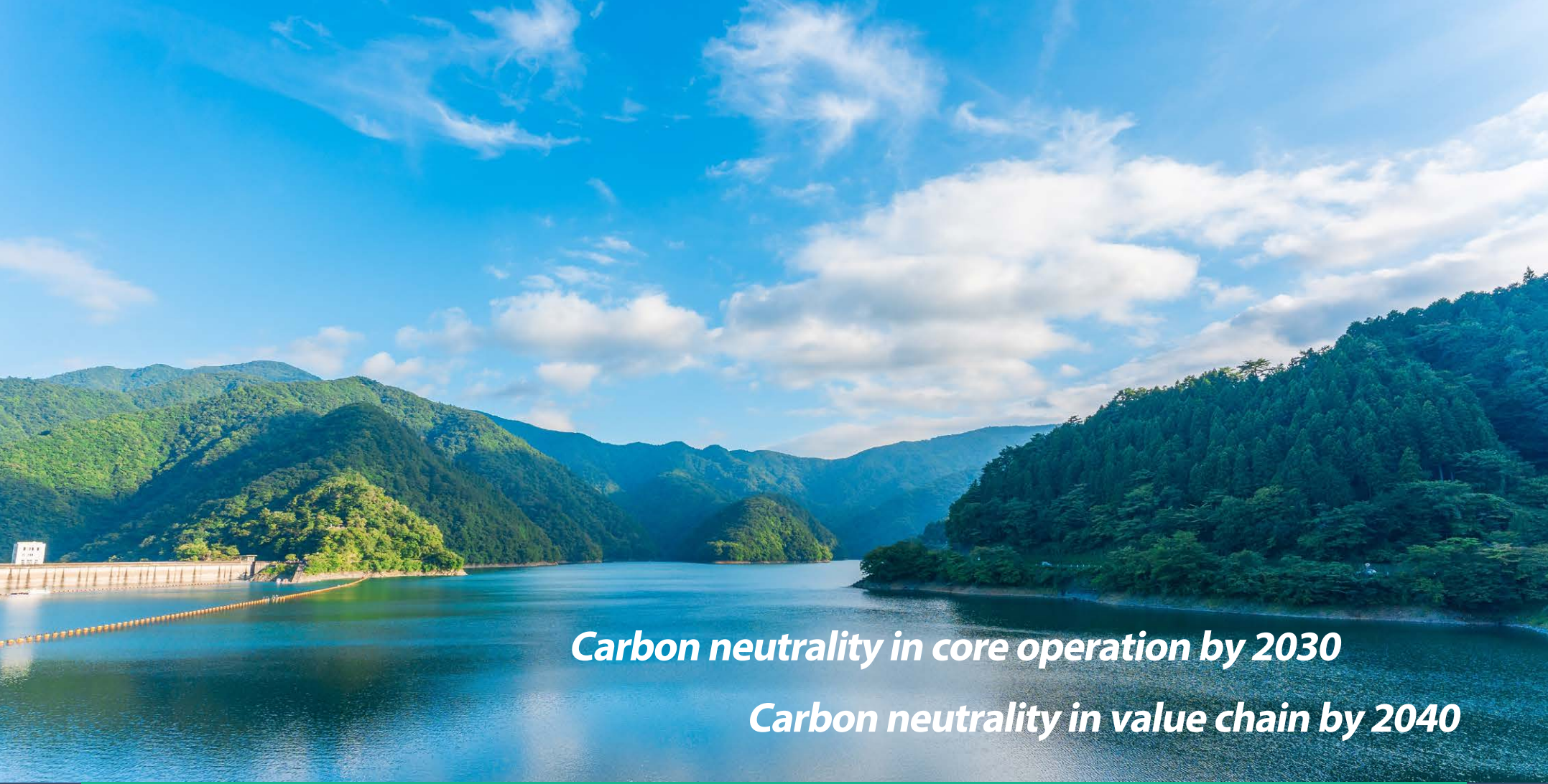
## ESG Indexes and Objectives

The Company has gradually formulated the short and medium-term objectives of ESG within the reporting period, to ensure effective implementation and continuous optimization of ESG strategic objectives; it has constructed the whole-period management system of “Strategic decoding – target decomposition – route planning – dynamic management”, has in-depth integration of sustainable development concept into business operation, to promote the realization of sustainable development with win-win situation of stakeholders.

Issue	Direction	Objective	Objective Type <sup>2</sup>
Respond to climate change	Carbon target	Carbon neutrality in core operation by 2030 Carbon neutrality in value chain by 2040	Long term
Occupational health and safety (OHS)	Working environment with health and safety commitment	100% authentication of ISO45001 health safety system	Medium and long term
		Zero work-related deaths in all production bases	Long term
Water resource management	Water-saving honorary title	All production bases pass authentication of water-saving enterprise in the next 3 years	Medium term
Energy management	Improve management system	100% authentication of ISO50001 energy management system	Medium-long term
	Reduce energy consumption density	Energy consumption density decreases by 46% by 2030 compared with that in 2024	Medium term
Pollution and Waste Management	Reduce waste discharge density	Hazardous waste discharge density decreases by 50% by 2030 compared with that in 2024	Medium term
		Non-hazardous waste discharge density decreases by 30% by 2030 compared with that in 2024	Medium term

<sup>2</sup> Objective type: Categorized into short-term (1 year), medium-term (1-5 years), and long-term (more than 5 years) objectives.

Issue	Direction	Objective	Objective Type <sup>2</sup>
Product quality and safety	Quality management system	Stable operation, 100% authentication of QMS for qualified production base	Medium-long term
	Total quality management	Skilled in business, quality system and tools	Long term
Customer service management	After-sales service	100% closing of customer complaints	Long term
		Timely response to after-sales services	Medium term
	Customer satisfaction	Customer satisfaction not below 90%	Medium term
Product R&D and innovation	R&D and innovation investment	Maintain R&D investment proportion at advanced level in industry	Long term
IPRs protection	Intellectual property management	Continuously strengthen the intellectual property layout in core technical fields, improve the patent quality and technology coverage depth, and construct the independent and controllable intellectual property system. Strengthen the competitive toughness of enterprise in new energy battery industry and promote the high-quality development of industry through global layout and forward-looking intellectual property strategy.	Long term
Supply chain sustainability	Supplier ESG management	100% signing of supplier <i>CSR Agreement</i>	Long term
		100% annual field review to key material suppliers	Short term
		Complete field due diligence audit to Class I and II suppliers of key mineral raw materials	Medium term
	Supply chain tracking management	Establish improved tracking management system	Medium term
	Construction of supply chain capability	Comprehensive improve the sustainable development capability of enterprise and suppliers	Long term
Career development and training	Fast talent cultivation	Offer diversified training resources for employees	Short term
Corporate governance	Pluralism of the Board of Directors	1. Appoint at least one female director 2. At least 1/3 of members in Board of Directors are independent non-executive directors	Long term
	Risk management and internal control	Annual internal control evaluation has covered all bases in service	Short term
Commercial ethics and compliance	Anti-fraud management	Submit frauds through formal channel and 100% complaint handling	Long term
Information security and privacy protection	Information security management	By 2028, complete ISO27001 and Tisax information security management system authentication of all production bases which have stable operation and have authentication qualification	Medium term
	Privacy protection	Zero information security event such as data leakage or violation of privacy protection throughout the year	Long term



***Carbon neutrality in core operation by 2030***

***Carbon neutrality in value chain by 2040***

## Environment

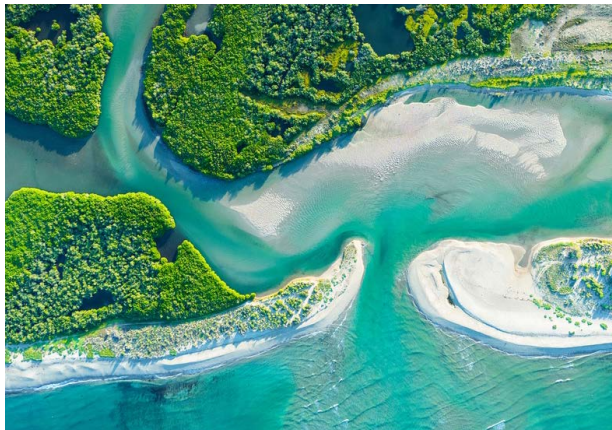
24	Respond to Climate Change
29	Environment Management
30	Resource Management
33	Pollution and Waste Management
35	Circular Economy
35	Ecosystem and Biodiversity Protection





# Respond to Climate Change

The economic and social influences from global climate changes are being increasingly prominent and can't be ignored. Climate change is not just a severe challenge for mankind, but also a core factor that may bring major influences on the operation and financial conditions of enterprise. Under the current conditions, the enterprise should transcend the existing business modes, actively address the climate changes, to ensure that its economic behaviors can bring positive effects on the social and ecological environment. The Company adheres to the long-term commitment of sustainable development, considers climate change as the key and macro factor of strategic vision. By implementing the green and low-carbon business development strategy, the Company not only alleviates the negative influences from climate change, but also promotes the Company's sustainable development and long-term well-being of stakeholders, and forges a stronger and more energetic future economic model. According to *IFRS Sustainability Disclosure Standards* No. 2 (IFRS S2) – Climate Disclosure, we will briefly introduce the Company's work on climate changes in terms of governance, strategy, risk management, index and objective.



# 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 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. For details, please refer to ESG management section.

# Strategy

The Company has established the CALB climate change risk database, to cope with possible influences from climate changes on the Company's operation and financial conditions. This risk database helps companies comprehensively identify potential climate change-related entity risks and transformation risks from the perspectives of supply chain, infrastructure and business operations, and actively adopt mechanisms and measures to mitigate and respond to the impacts of climate change in combination with the company's strategy and ESG strategy. Within the reporting period, we selected proper scenarios ("Green pine scenarios" and "Brown scenarios" recommended by HKEX), analyses the influences from entity risks and transformation risks on the Company's operation and assets under the scenarios above.

Green Pine Scenario	Brown Scenario
<b>Representative concentration path RCP 2.6 of IPCC</b> (Intergovernmental Panel on Climate Change)	Representative concentration path RCP 8.5 of IPCC (Intergovernmental Panel on Climate Change)
<b>Shared social and economic path SSP1 of IPCC</b> (Intergovernmental Panel on Climate Change)	Shared social and economic path SSP 5 of IPCC (Intergovernmental Panel on Climate Change)
<b>Routine business path of IEA (International Energy Agency):</b> <b>SDS (Sustainable development scenario)</b>	Routine business path of IEA (International Energy Agency): SPS (Stated policies scenario)
<b>Ordered path of NGFS (Network for Greening the Financial System)</b>	Greenhouse world of NGFS (Network for Greening the Financial System)

X and Y in table respectively summarize the entity risks and transformation risks identified by the Company within the reporting period. In “Risk Level” column, the risks are divided into high, medium and low by the influence degree; in “Influence Time Limit” column, the risks are divided into short term (within 1 year), medium term (1-10 years) and long term (over 10 years).

Table X: Identification of Entity Risks

Entity Risk Category	Climate Scenario	Risk Description	Risk Level	Business Influence	Financial Influence	Influence Time Limit
Acute risks	Brown scenarios	The domestic production bases spread in 6 provinces and are threatened by extreme weathers at different degrees, such as typhoon, heavy rainfall and snow, flood and heat wave, etc.	High	<ul style="list-style-type: none"> <li>It may cause damage of production infrastructures, depreciation of fixed assets, productivity impairment (production suspension or transport difficulty), labor loss or supply chain interruption, etc.;</li> <li>Some business activities need to suspended while meteorological department issues orange and red alarm;</li> <li>For places where extreme weather occurs frequently, the asset insurance can be reduced, thus affecting the Company’s operation cost and asset stability.</li> </ul>	Cost increase and stranded assets	Short-medium term
Chronic risks	Brown scenarios	Temperature and air humidity increase continuously.	Medium and high	<ul style="list-style-type: none"> <li>Insufficient power supply may damage the production equipment and cause production interruption;</li> <li>Diseases related to high temperature may increase, resulting in productivity weakening or production suspension and labor cost increase.</li> </ul>	Cost increase, stranded assets, income reduction	Short -medium term
		The coastal regions are threatened by floods and permanent flooding along with sea level rising.	Medium and high	<ul style="list-style-type: none"> <li>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. 3. Supply chain disruption, which influences product delivery and manufacturing and increasing operating costs</li> </ul>	Cost increase, stranded assets, income reduction	Short-medium term



Table Y: Transformation

Transformation Risk Category	Climate Scenario	Risk Description	Risk Level	Business Influence	Financial Influence	Influence Time Limit
Policy and legal risks	Green pine scenario	Carbon price increase.	Medium	<ul style="list-style-type: none"> <li>The carbon price may be transferred to the customers in order to maintain the profit level indispensable for normal operation of enterprise, thus leading to product price increase and affecting the market competitiveness of products.</li> </ul>	Cost increase and profitability decrease	Medium-long term
	Green pine scenario	The supervision of carbon emission becomes stricter along with the issuing of new laws, regulations/policies.	Medium	<ul style="list-style-type: none"> <li>The stricter requirements for product carbon footprint may increase the product R&amp;D cost, raw material procurement cost and renewable energy cost; 2. The upstream industry with high energy consumption may also face strict supervision, which may increase the price of multiple basic raw materials, thus increasing the Company's procurement cost.</li> </ul>	Cost increase	Long term
	Green pine scenario	The requirements for climate-related information disclosure are increased constantly along with the issuing of new laws, regulations/policies	Medium	<ul style="list-style-type: none"> <li>The Company may face stricter supervision and data review, which may greatly increase the Company's cost of internal information management and information disclosure; 2. When information disclosure quality fails to meet the requirements, the Company may face economic punishment, enterprise image impairment and risk of dishonesty.</li> </ul>	Cost increase	Long term
Market and technology risks	Green pine scenario	The market has increasing demands for carbon footprint products and services. There are two typical reasons: Firstly, the low-carbon consumption awareness of end consumers (such as NEVs consumers) may increase significantly; secondly, the downstream customers may propose higher low-carbon requirements for the Company's products, to control the greenhouse gas emission of their supply chains.	Medium-low	<ul style="list-style-type: none"> <li>The cost of product R&amp;D, solution development, low-carbon material procurement and green manufacturing may increase.</li> </ul>	Cost increase and profitability decrease	Long term
	Green pine scenario	Constant change of stakeholders' behaviors	Medium	<ul style="list-style-type: none"> <li>With poor carbon reduction awareness, the suppliers may fail to meet the Company's requirements for low-carbon raw materials, slow down the Company's carbon reduction progress, and cause higher carbon price costs of the Company; 2. The investors, customers and suppliers have inconsistent opinions for the Company's carbon reduction progress and development directions.</li> </ul>	Cost increase and profitability decrease	Medium-long term
	Green pine scenario	Increase of procurement cost of low-carbon raw materials.	Medium and low	<ul style="list-style-type: none"> <li>The tense supply of low-carbon raw materials may increase the comprehensive product cost and affect the product production plan.</li> </ul>	Cost increase and profitability decrease	Medium-long period
Reputation risk	Green pine scenario	Changes of preferences of customers and end consumers.	Medium and low	<ul style="list-style-type: none"> <li>The end consumers' low-carbon consumption awareness is awakened gradually, the customers convert such awareness into strict carbon emission requirements, and transfer them to the Company; if failing to meet such requirements, the Company may face product demand decrease and reputation impairment.</li> </ul>	Profitability decrease	Short-medium term
	Green pine scenario	Investors' focus on low-carbon attributes.	Medium and low	<ul style="list-style-type: none"> <li>The investors gradually pay more attention to the green and low-carbon degree and climate risk resilience of investment target, and poor performance may weaken the Company's financing capability and increase its financing cost.</li> </ul>	Cost increase	Short-medium term

We always consider the risks and opportunity as two sides of the same coin, without exception of climate change risks. Therefore, the also identified the accompanied opportunities while implementing risk identification.

Opportunity Type	Opportunity Description	Business Influence	Influence Level	Influence Time Limit	Countermeasures
Market exploration	Promote the development of new industry, such as low-altitude economy.	<ul style="list-style-type: none"> <li>The emerging scenarios such as low-altitude manned vehicles and drone logistics highly depend on the high energy and density power batteries, which are the new growth points of market.</li> </ul>	High	Long term	<ul style="list-style-type: none"> <li>Based on the existing Supreme high-energy flight battery technology, explore the plans of drone logistics battery scenarios, participate in the formulation of safety standards for low-altitude economical batteries, and take the lead in new aviation power market.</li> </ul>
	Promote the transformation of traditional industry, such as shipping.	<ul style="list-style-type: none"> <li>The ocean and inland shipping industry, which uses the power battery, instead of fossil fuel, as the power supply for ships, are the Company's target market.</li> </ul>	High	Long term	<ul style="list-style-type: none"> <li>Lead the transformation of shipping new energy based on the high-safety ship battery technology and 10,000t electric ship demonstration project which pass DVN/CCS authentication.</li> </ul>
	The demands for industrial, commercial and household energy storage boost.	<ul style="list-style-type: none"> <li>The matched energy storage power station is required for the intermittent power supplies, such as PV and wind power, which promotes the expansion of energy storage battery market;</li> <li>Extreme weather and natural disasters may lead to power grid paralysis, the commercial and household users have surged demands for standby power supply, which can promote the sales growth of commercial and household energy storage batteries.</li> </ul>	High	Long term	<ul style="list-style-type: none"> <li>Develop low-cost and long-life energy storage battery products, participate in bidding for grid-level energy storage projects, and enter commercial and household energy storage markets.</li> </ul>
Operation promotion	Improve the Company's internal energy management system, accurately identify the improvement potential of energy efficiency, and indirectly reduce the Company's operating costs.	<ul style="list-style-type: none"> <li>Energy efficiency improvement can reduce production costs and enhance product price competitiveness.</li> </ul>	High	Long term	<ul style="list-style-type: none"> <li>Have overall arrangement of energy saving and carbon reduction, take the lead in using new technologies, new processes and new facilities.</li> </ul>
	Increase the premium of low-carbon brands.	<ul style="list-style-type: none"> <li>Consumers and corporate customers prefer low-carbon footprint batteries, to promote product premium ability.</li> </ul>	High	Long term	<ul style="list-style-type: none"> <li>Strengthen brand promotion and build low-carbon image.</li> </ul>

## Risk Management

The Company has formulated the countermeasures and plans based on the analysis results of climate change risks. Besides, 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 to carry out comprehensive and systematic management.

Risk Type	Risk Category	Risk Description	Countermeasures
Entity risk	Acute risk	The domestic production bases spread in six provinces, and threatened by extreme weather such as typhoon, heavy rainfall, snow, flood and heat wave to varying degrees.	<ul style="list-style-type: none"> <li>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;</li> <li>Make appropriate measures for flood and cold prevention;</li> <li>Strengthen information exchange with the meteorological authorities, pay attention to weather warning, and get prepared for rescue in advance;</li> <li>Increase climate risk-related trainings and improve employees' risk awareness and coping capacity;</li> <li>Incorporate such contents as climate disasters and their influence in the evaluations such as the environmental impact on new, rebuilt and expanded workshops;</li> <li>Plan multiple types of transport ways and material procurement &amp; shipping, so as to ensure the transport and storage in case of typhoons, floods and snowstorms.</li> </ul>
	Chronic risk	Temperature and air humidity increase continuously.	<ul style="list-style-type: none"> <li>Plan appropriate cooling measures;</li> <li>Store electrical power in high temperature period to ensure factory operation;</li> <li>Implement disease prevention measures and improve working environment and conditions, so as to provide employees with a safe and comfortable working environment.</li> </ul>
		The coastal regions are threatened by floods and permanent flooding along with sea level rising.	<ul style="list-style-type: none"> <li>Consider the influence of flood during factory design and construction, to minimize the temporary loss caused by disasters;</li> <li>Develop similar suppliers from different areas to ensure the supply of raw materials.</li> </ul>
Transformation risk	Policy and legal risks	Carbon price increase.	<ul style="list-style-type: none"> <li>Reduce carbon in the entire production and operation process to reduce the carbon tax and operating costs in carbon trading market;</li> <li>Facilitate carbon emission reduction to the fullest by enhancing energy efficiency.</li> </ul>
		The supervision of carbon emission becomes stricter along with the release of new laws, regulations/policies.	<ul style="list-style-type: none"> <li>Track the formulation and update of carbon-related laws, regulations and policies at home and abroad in real time, and launch compliance analysis.</li> </ul>
		The requirements for climate-related information disclosure are increased constantly along with the issuing of new laws, regulations/policies	<ul style="list-style-type: none"> <li>Improve the internal carbon management system, and disclose relevant information as per relevant regulatory rules and policies at home and abroad.</li> </ul>
	Market and technology risks	The market has increasing demands for carbon footprint products and services. There are two typical reasons: Firstly, the low-carbon consumption awareness of end consumers (such as NEVs consumers) may increase significantly; secondly, the downstream customers may propose higher low-carbon requirements for the Company's products, to control the greenhouse gas emission of their supply chains.	<ul style="list-style-type: none"> <li>Develop and provide low-carbon products, services and solutions, to make the Company better satisfy to the market demands.</li> </ul>
		Constant change of stakeholders' behaviors	<ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>Strengthen the communication with the Company's stakeholders so as to unify the opinion and direction and expand the channel of information disclosure.</li> </ul>
		Increase of procurement cost of low-carbon raw materials.	<ul style="list-style-type: none"> <li>Cooperate with upstream suppliers to develop low-carbon raw materials;</li> <li>Promote battery management in the entire life cycle and make layout in battery recycling industry.</li> </ul>
	Reputation risk	Changes of preferences of customers and end consumers.	<ul style="list-style-type: none"> <li>Introduce the Company's measures and actions against climate changes to the stakeholders through the Company's website, enterprise official account, ESG report and other We-Media;</li> </ul>
		Investors' focus on low-carbon attributes.	<ul style="list-style-type: none"> <li>Focus on innovation and R&amp;D continuously, promote the green products and services, and participate in the green and environmental protection initiatives and actions at home and abroad.</li> </ul>

## Metrics and Targets

To address the state's "carbon peaking and carbon neutrality" strategy actively, CALB formally issued its carbon neutrality goal——Carbon neutrality in core operation by 2030, carbon neutrality in value chain by 2040.

To implement its carbon neutrality goal effectively, CALB took greenhouse gas emissions, greenhouse gas emission intensity, etc. as the climate change indicators and took carbon reduction measures continuously from the following 5 aspects, including optimizing the production management system, adopting energy-saving process equipment, introducing digital intelligent tools, improving the use proportion of renewable resources and promoting green office. CALB invited professional third party organization to strictly check the greenhouse gas emissions within the reporting period according to ISO14064 standard and has obtained relevant certificates, the scope of which cover all battery production bases.

As the results say, within the reporting period, the Company's greenhouse gas emissions (Scope 1 and 2) reached 1,149,825.79 t carbon dioxide equivalence due to production expansion, with a YoY increase of 19.86%; furthermore, by taking a series of efficient carbon reduction measures, the Company's greenhouse gas emission intensity dropped to 18.61kg carbon dioxide equivalent/kWh, with a YoY decrease of 19.47%, maintaining the trend of significant decrease since the first disclosure year. Besides, the Company also disclosed the greenhouse gas emissions of Scope 3 within the reporting period for the first time (3,812,842.25 t carbon dioxide equivalence).

Category	Unit	2022	2023	2024
Scope 1	Carbon dioxide equivalence (t)	134,957.01	307,488.75	279,315.86
Scope 2	Carbon dioxide equivalence (t)	450,953.34	651,782.46	870,509.93
Scope 3	Carbon dioxide equivalence (t)	/	/	3,812,842.27
Greenhouse gas emission intensity <sup>3</sup>	Carbon dioxide equivalence/kWh (kg)	28.43	23.11	18.61

### Case

Within the reporting period, the Company's one power cell product won the "Carbon Footprint Label Certification of the First Batch of Pilot Products" in Jiangsu Province and the Company's one energy storage cell product passed ISO 14067 carbon footprint certification.

## Environment Management

The Company takes "zero accident, zero pollution, respect for life and shared development" as its environment, health and safety (EHS) management policy and in accordance with relevant laws and regulations on environmental protection, such as the *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 constantly improved the construction of its environment management system, and established the Environmental Protection Committee; it sets its environmental protection KPI at the beginning of each year and reports the attainment of the goal on a monthly basis. All bases strictly abide by the laws and regulations regarding environmental protection and incorporate environmental protection in their daily business activities. All bases organized the identification, review and management of environmental factors regularly based on schedules. The Group's Environment and Safety Department is responsible for supervision and audit to ensure the environmental factors are identified correctly and the management measures are reasonable and effective. To foster the environment management idea that "everyone is responsible for environmental protection", CALB has set signs and signboards in the plant area and offered special trainings on environmental protection offline and online (knowledge push), in order to improve employees' awareness of environmental protection and professional skills, and ensure the effective running of the environment management system.

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, and pollutants were discharged up to standard; the environment management system of the domestic battery production bases passed audit, complied with the requirements of ISO 14001 and have obtained the corresponding certificate. Certified bases: Changzhou Base, Xiamen Base, Wuhan Base, Chengdu Base, Hefei Base, Meishan Base and Jiangmen Base.

<sup>3</sup> Calculation scope of greenhouse gas emission intensity: Scope 1 and 2.

## Resource Management

CALB has incorporated the concept of “source control, energy conservation and consumption reduction and sustainable development” into production and operation, improved its capacity of energy conservation and emission reduction system management continuously and endeavored to build a green plant with sustainable development.

### Energy Management

According to ISO50001 energy management system standard, CALB has formulated and issued the *Management Manual of Energy Management System*, established relevant internal systems on energy conservation and emission reduction, taken measures for saving energy and improving efficiency of production and manufacturing actively, promoted the use efficiency of energy and intensified the input on renewable energy continuously. In 2024, CALB saw its energy consumption intensity dropped by 28.37% compared with last year.

Within the reporting period, Changzhou Base and Wuhan Base passed GB/T23331-2020/ISO 50001:2018 energy management system certification and were granted the honorable title of national “Green Plant”. The Company plans to finish GB/T23331-2020/ISO 50001:2018 energy management system certification against all bases successively in the upcoming 3 years.

**CALB continued to introduce energy conservation and consumption reduction and renewable energy measures, including:**

1. Carry out energy-saving inspection constantly and explore potential in depth and continuously, and promote the construction of energy management system.
2. Organize relevant teams to diagnose the economic operation of equipment, collect and analyze energy consumption data regularly, share excellent cases, and improve the utilization efficiency of energy and resources.

3. Continuously introduce the latest technologies, processes and equipment to realize energy conservation and consumption reduction. Carrying out special energy saving and emission reduction projects such as the efficient running of boiler, air compressor and ice machine system, efficiency improvement of power system, modification of direct-fired machine, efficient humidity management, lighting optimization, etc.

#### Case

The Company used heat recovery ice machine for heat supply at its Xiamen Base and Jiangmen Base, saving 2.2 million cubic meters of natural gas compared to steam heating.



4. Introduce renewable energy continuously. Within the reporting period, the installed capacity of PV power generation unit that had been put into operation successively by the Company totaled 45MW, with a YoY increase of 262.90% and the annual power generation capacity is expected to reach about 44,524MWh. The installed capacity of the Company's PV power generation unit under construction was 52MW with the expected annual power generation capacity of 44,730MWh. The Company's total planned installed capacity of PV power generation unit is 130WM in the future with the expected annual power generation capacity of 120,859 MWh.



#### Energy consumption in 2022-2024

Indicators	Unit	2022	2023	2024
Total amount of direct energy consumption	MWh	641,013.99	1,384,332.70	1,334,012.05
Total amount of indirect energy consumption	MWh	671,730.44	1,289,917.42	1,613,468.50
Total energy consumption	MWh	1,312,744.43	2,765,280.07	2,947,480.55
Energy consumption intensity	MWh/GWh	63,694.54	66,618.93	47,717.94

## Water Resources Management

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 and through source management and end optimization.

CALB also tests relevant water equipment and water quality regularly to ensure the employees are access to safe drinking water and environment hygiene facilities; formulates hygiene and health plan for employees so as to provide a safer and healthier working environment for all staff.

As of the end of the reporting period, Changzhou Base had obtained the honorable title of “Municipal Water-saving Enterprise”. The Company plans to finish the water-saving enterprise certification of all bases successively in the upcoming 3 years.

Water Resource Consumption in 2022-2024

Indicators	Unit	2022	2023	2024
Total water withdrawal	m <sup>3</sup>	2,080,819.00	4,942,729.32	6,272,399.35
Total water consumption	m <sup>3</sup>	1,975,561.00	4,085,828.67	5,491,219.83
Total water consumption intensity	m <sup>3</sup> /GWh	105,878.78	98,432.54	88,899.55

## Chemical Management

To intensify the safety management of chemicals and ensure employees’ safety, CALB formulated the *Chemical Management Regulations* to ensure that the procurement, as well as transportation, storage and use of chemicals within the Company and discarding comply with the requirements of laws, regulations and standards, and eradicate the accidents of fire, poisoning, corrosion and leakage, thus avoiding causing personal injury and environment damage.

Accident emergency exhausting devices have been set in the chemical storage region to prevent safety and environmental accidents such as fire, explosion, poisoning, corrosion and leakage. CALB has formulated special collection ledgers against all chemicals, which specify the time, personnel and purpose of the collected chemicals. CALB has also formulated management regulations and collection ledgers 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 the *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. Furthermore, the Company provides PPEs for the employees contacting chemicals in work, implements shift change working mechanism and organizes regular special trainings and appraisal for chemicals management and special chemical check to ensure employees’ health and safety, and that the chemicals on site are stored, used and discarded in line with laws and regulations. For the shifts using highly hazardous chemicals, the Company organizes regular emergency drill for chemical leakage, through which, the Company could check the results of routine trainings for employees and employees’ awareness of risk prevention and capacity of coping with emergencies can be improved.

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.

### Green lab:

The Company improves the efficiency of R&D activities continuously and lowers energy consumption. Besides choosing efficient R&D system, digital design, etc., CALB also optimizes the selection and design of R&D equipment, follows up equipment resources, implements dynamic optimization mechanism, etc., in order to lower the energy consumption during R&D constantly and include the energy consumption above into the scope of performance appraisal. The comprehensive energy consumption for key R&D activities in 2024 was saved by about 30%.

### Advocating of low-carbon awareness:

Cultivate employees' awareness of saving via by pushing a series of green office posters on the Intranet regularly.

### Measures for advocating energy-saving:

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.

### Promote information-based office:

Use paperless and virtualized office mode via the construction of modular data centers to improve energy utilization rate and reduce resource consumption. In 2024, the Company saved RMB1,710,000 electricity fees by virtualized office and reduced the emission of 3,629,952kg carbon dioxides; the paperless office helped the Company reduce the use of 48,800,000 pieces of papers and 370,880kg carbon dioxides accumulatively; the modular data center saves the energy of RMB7,950,000 and reduces the emission of 10,429,144.4kg carbon dioxides throughout the whole year. The three measures reduce the emission of 14,429,976.4kg carbon dioxides.

### Posting of water-saving signs:

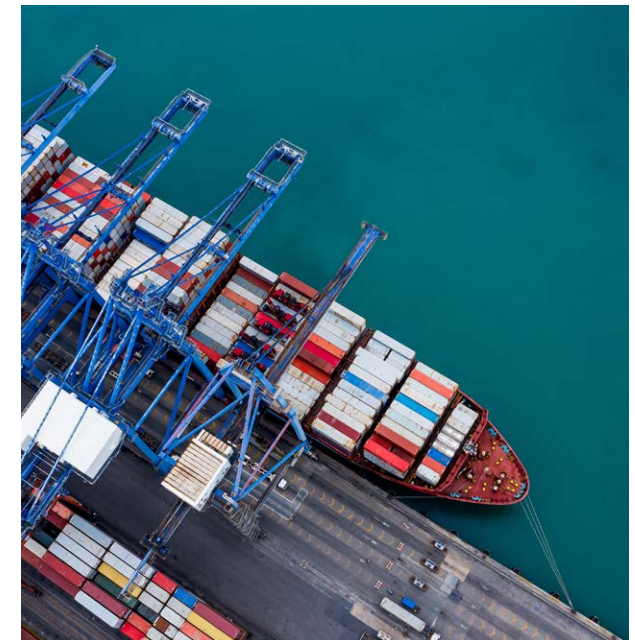
Paste the signs in pantries and toilets to raise staff awareness of water saving.

### Advocating of green traveling:

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.

## Green Logistics

In terms of logistics within the plant, the Company has realized 100% electrification of the forklifts purchased the latest. As for the external logistics, the Company lays special emphasis on optimizing the transport by highway and sea and loading as well as the route, makes the comprehensive full load rate of volume and weight above 98% continuously and shortens the line by over 500,000km; under the guidance of the state's latest policies and market environment, CALB actively carries out relevant planning and pilot of highway transportation and electric heavy truck and assist in realizing the green and low-carbon goal.



# Pollution and Waste Management

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 wastewater, exhaust gas, solid waste and noise. CALB’s plant affairs engineers and environmental protection engineers inspect and maintain environmental protection treatment facilities at regular intervals to ensure normal operation of these 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. Its Wuhan Base obtained the honorable title of the Wuhan ‘Zero Waste Factory’ Demonstration Unit”.

## Exhaust Gas Management

Within CALB, the exhaust gas mainly includes the production exhaust gas generated by running production equipment and boiler combustion exhaust gas generated by running boilers. The Company controls all kinds of pollutants strictly as per relevant national, local and industrial pollutant emission standards. CALB inspects and maintains the exhaust gas treatment facilities and equipment regularly to ensure their favorable running status; at the same time, it entrusted a third-party agency to regularly detect the Company’s exhaust gas emission.

Category of Exhaust Gas	Main Pollutants	Governance Measures
Production exhaust gas	Volatile organic compounds	Waste gas collection + spray + activated carbon filtration
	Sulfur dioxide	
Boiler exhaust gas	Nitrogen oxides	Low-nitrogen combustion
	Particulate matters	

Data of Exhaust Gas Emission in 2022-2024

Indicators	Unit	2022	2023	2024
Emission amount of VOC	t	5.43	14.87	31.88
Sulfur oxides	t	1.27	4.03	7.26
Nitrogen oxides	t	27.53	38.78	71.47
Particulate matters	t	3.27	7.12	4.66
Total emissions of exhaust gas	t	37.5	64.80	115.27

## Wastewater Management

CALB carries out rainwater and sewage diversion 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. CALB has 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.

Data of Wastewater Emission in 2022-2024

Indicators	Unit	2022	2023	2024
Total discharged water	t	105,258	856,901	781,179.52
COD	t	8.41	19.81	28.18
Ammonia nitrogen	t	0.80	0.96	5.06
BOD	t	0.04	1.19	4.75

## 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 to store its wastes and designated special person for the warehousing and ex-warehousing management of 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 variety and features; uses anti-corrosion and anti-seepage grounds and hems and sets facilities for blocking, diversion and collection in order to prevent the leaked substances from being spread to the external environment.

Within the reporting period, CALB entrusted third-party agency that enjoyed the corresponding qualification to dispose 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. The waste recovery rate has risen to 84.72%, the density of hazardous wastes generated dropped to 73.68% compared with that of last year while the density of non-hazardous wastes generated dropped to 19.28% compared with that of last year.

**Data of Waste Emission in 2022-2024**

Indicators	Unit	2022	2023	2024
Total emissions of waste	t	48,534.39	42,294.86	44,269.97
Total recycled amount of waste	t	34,617.20	31,168.28	37,504.77
Waste recovery rate	%	71.33	73.69	84.72
Total amount of hazardous waste	t	9,496.38	7,771.58	2,845.14
Amount of hazardous waste disposed	t	9,496.38	7,771.58	2,845.14
Density of hazardous waste generated	t/kWh	0.0004	0.00019	0.00005
Total amount of non-hazardous waste	t	39,038.01	34,523.28	41,424.83
Density of non-hazardous waste generated	t/kWh	0.002	0.00083	0.00067
Non-recyclable waste	t	4,420.81	3,355.00	3,920.06
Recyclable waste	t	34,617.20	31,168.28	37,504.77

## 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 coat at the pipe knocking position to reduce noise from the source.

The Company invites a third-party test agency to test the level of noise at the factory according to the national standards on a quarterly basis and the value above does not exceed the limit specified.



## Circular Economy

CALB actively implements the fine management in production link to avoid wastes. In 2024, the unit output of waste was reduced to 62%. The recyclable waste materials were regenerated and purified by a professional third-party agency to realize the recovery rate of nickel and cobalt  $\geq 98.5\%$  and that of lithium  $\geq 85\%$ . CALB also establishes the recycling and purification system for some chemical solvents to basically realize self-sufficiency.

With a strong focus on the idea of “green packaging”, the Company makes planning and management of the entire packaging process on the principle of light weight, recycling and degradation. As for product delivery, CALB developed and imported general recyclable packaging and promoted the recycling of wooden/paper package. The total quantity of recyclable packages used throughout the whole year exceeded 12,000t and the proportion of recyclable package in all fields exceeded 80%. In particular, 100% recyclable package has been realized for the passenger vehicle products. The Company also assisted the upstream and downstream partners in optimizing package to co-build the green packaging ecological chain.



The total quantity of recyclable packages used throughout the whole year exceeded

**12000<sub>t</sub>**

The proportion of recyclable package in all fields exceeded

**80%**

**100%** recyclable package has been realized for the passenger vehicle products.

## Ecosystem and Biodiversity Protection

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.

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, 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, 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.

## Join in Ecological Protection Public Welfare Organization

To realize strategic collaboration better, link its advantage in the industry and environmental protection goal and maximize the collaborative effect, CALB joined the One Planet Foundation (OPF, a China-based associated organization of the World Wide Fund for Nature) and Chairman Jingyu Liu serves as the council member of OPF on behalf of the Company. CALB donated supports for the OPF in the environmental protection actions such as biodiversity protection, climate and energy, etc. in the form of financial support, strategic collaboration and resource integration. Chairman Liu, as the council member, also participates in the operation of the OPF, brings forth planning on the use of environmental protection funds; in the future, CALB will make exploration in more environmental protection fields in depth with the OPF and create a better future where humans co-exist with nature harmoniously by protecting biodiversity, lowering ecological footprint and ensuring the sustainable utilization of natural resources.







# Society

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47	Product R&D and Innovation
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## Product Quality and Safety

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 2024, CALB added and updated a total of 32 system documents, and the certification scope of bases such as Meishan has been added to the quality manual. 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, follows the idea of “returning to zero”, 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

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. In February 2024, the Company obtained the “2023 District Director Quality Award of Jintan District”.



### Running of Quality System

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*.

Quality Management System	Certified Bases			Bases to Be Certified in 2025
IATF16949 : 2016	• Changzhou Base • Wuhan Base	• Chengdu Base	• Xiamen Base • Hefei Base	• Meishan Base
ISO9001 : 2015	• Changzhou Base • Wuhan Base • Chengdu Base	• Jiangmen Base • ASEAN Base • Xiamen Base	• Hefei Base • Meishan Base • Changzhou Research Institute	• Sichuan Material Plant
QC080000 : 2017	• Chengdu Base	/		



## Improve the Quality Culture Awareness

To ensure the Company's quality management and business development, all staff shall abide by the quality principle of "eliminating defect, creating value and winning respect", follow the high-quality eliminating-defect criteria, and seek for the craftsmanship of pursuing excellence; implement scientific quality management method, and improve product quality/work quality constantly; update technology to drive quality prevention, support the creation of quality value within the whole life cycle digitally and share value within the whole industry chain; maximize value with high-quality products and services, win the respect of stakeholders such as employees, clients, suppliers, etc. and become a leading new energy enterprise respected by the society and cared by the staff. CALB improves the quality management system and implements quality accountability system. By the full involvement of the staff, and standard management, CALB carries out quality planning, control and improvement, and fosters the cultural atmosphere of constant quality improvement to encourage each employee to participate in improvement and solve problems by pooling the wisdom of all. CALB has established a complete set of multi-dimensional cultural atmosphere of constant improvement based on technological innovation, product quality 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 2024, the Company offered internal and external quality trainings for 55 sessions, 30 quality-related technology key projects, 59 QCC improvement activities, and 3,376 proposal improvement activities. CALB also organized the activities such as the "Company-level Monthly Evaluation of Improvement Star" and participated in the external competitions with excellent QCC projects; obtained the "Client QCC Quality Award and the "Level 2 Technical Achievement Award of Jiangsu Association for Quality Management".



In 2024, the Company offered internal and external quality trainings for

**55** sessions

**30** quality-related technology key projects,

**59** QCC improvement activities,

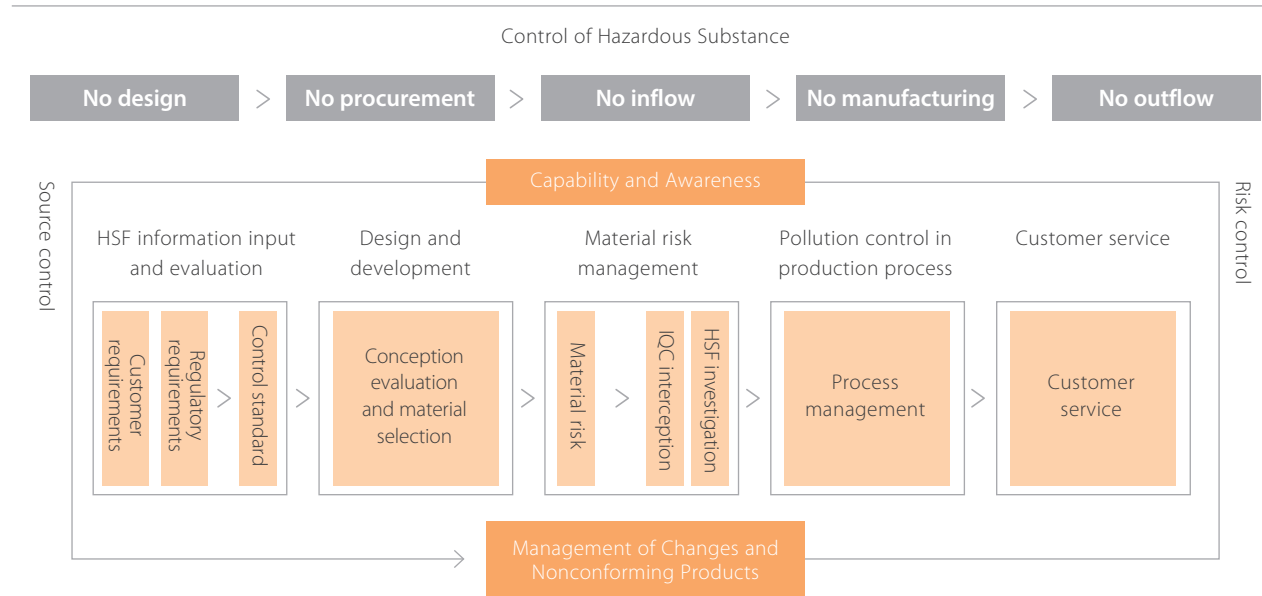
**3376** proposal improvement activities.



## Management of Product Health and Safety

### Management of Hazardous Substances

The Company 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 0107001-2024 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, and establishes IT-orientated business processes for hazardous substances, so as to ensure effective control of hazardous substances in the company.



### Control of Hazardous Substance Whole-process Control of Hazardous Substances in Supply Chain

#### Introduction

- Audit suppliers’ quality management system and environmental protection system; suppliers whose environmental protection system is standard can be included in the resource pool.
- The suppliers involved with chemical production and hazardous waste treatment must have the qualification for hazardous waste treatment.
- Sign the Letter of Commitment for Prohibited Substances and Agreement for Quality Guarantee with suppliers.

#### Supply

- Manage suppliers’ reports on hazardous substances and RoHS reports through online SRM system

#### Performance Appraisal

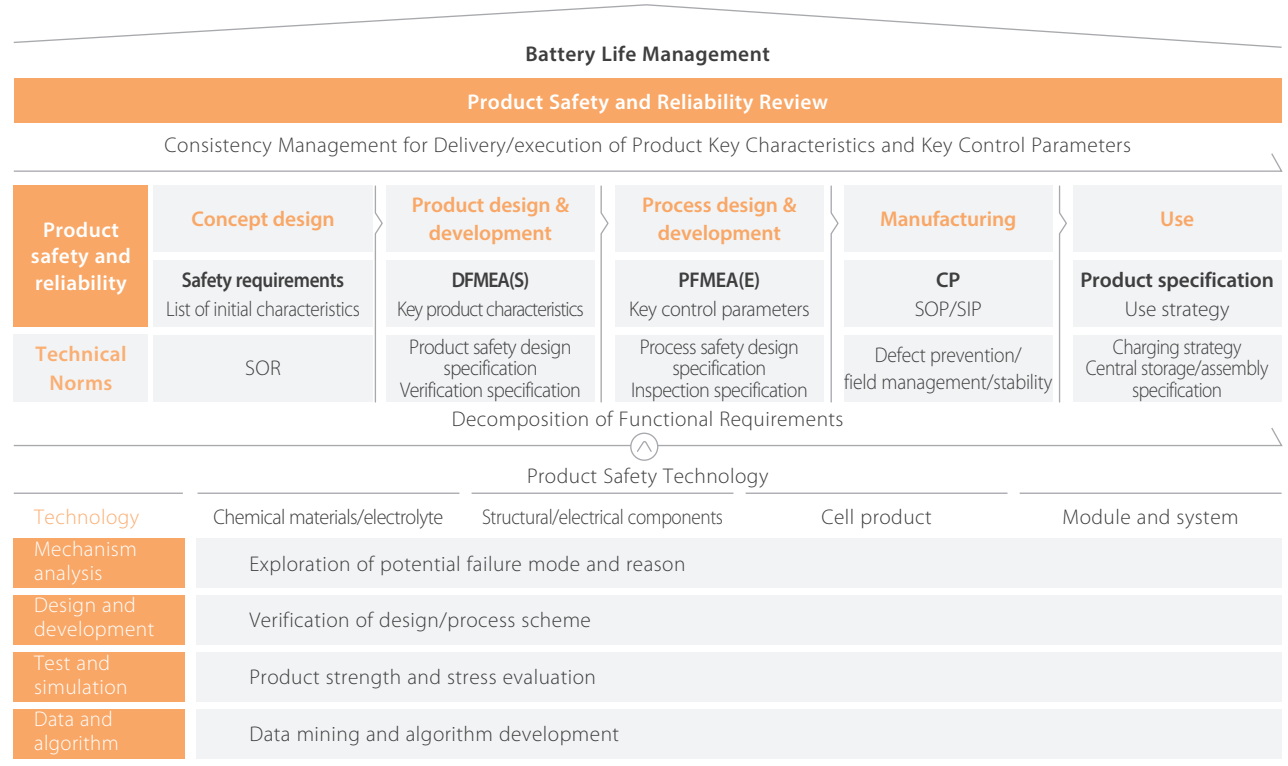
- Strengthen the management of hazardous substance and chemicals for suppliers through annual and irregular audits.
- Incorporate suppliers’ performance in such aspects as the promptness of environmental protection information submission and environmental protection & quality performance into the scope of supplier performance appraisal. Take environment issue as one-vote veto of supplier. ensure management in the entire process so as to guarantee product health and safety.

## Product Safety and Reliability Management

The Company has set up battery life management organization, to identify, eliminate and confirm the potential risks within the whole life cycle of product design and development, manufacturing, delivery and use, to keep the products safe and reliable within the whole life cycle: 1. Perform wide mechanism study, identify the product safety, reliability and risks, including the potential failure modes and mechanisms of product; 2. Confirm the safety and reliability objectives of products in to key action plans during proposal stage of product; 3. Test the functions, safety and reliability, compliance of hazardous substances in different design and development stages based on the objectives of product safety and reliability, and ensure that safety and reliability objective is reached before entering the next stage; 4. Develop the diagnosis equipment and algorithm technology of battery health, to diagnose and analyze the battery manufacturing and use process, in order to timely detect and prevent the potential faults of product.

### Product safety

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 and battery health diagnosis equipment, which can detect products' potential defects and prevent latent faults on a timely basis.



### Product reliability

CALB has also established the reliability work mechanism and reliability model through mechanism study and reliability test & analysis, to perform risk identification, quantitative evaluation to the reliability of parts and system products, and propose improvement measures. It has 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, to realize the reliability objectives and promote the reliability continuously.

### 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 established battery health sampling evaluation and calibration, to evaluate battery health comprehensively and accurately, and constantly improve the max. capacity of battery energy value.

## Product Quality Verification and Nonconforming Product Management

CALB has formulated the quality detection-related policies, to ensure the stability and consistency of product quality, performed preventive detection to the possible quality issues in all steps, to guarantee the product quality in all steps such as cell, module and PACK; performed preventive detection by giving priority to the detection schemes such as mistake proofing, fool proofing and equipment auto detection. All the policies above are implemented to guarantee the product safety and reliability, reduce the product quality accidents, improve the qualification rate and yield, reduce the rejection rate and rework rate; meet the customers' requirements for product quality and improve the customer satisfaction.

### Product Quality Verification

**Incoming inspection:** Control material quality while receiving materials, implement automation in the whole process of system from incoming inspection to warehousing of raw materials; realize auto propose of inspection, auto judgment of inspection items and methods after receiving the raw materials, determine the inspection sample quantity automatically based on the batch size and importance of quality characteristics. Have auto judgment and generate inspection report after inspection is done, to realize information operation of entire process, and ensure online control to the quality of all raw materials.

**Production inspection:** The current or previous process of pack finished product is provided with auto monitoring and judgment from cell slurry preparation to module assembly of cell. Meanwhile, first article patrol inspection, error-proofing verification and boundary detection verification are implemented manually to the equipment parameters, to guarantee the detection capability of manufacturing procedure. Quantity of quality control points in manufacturing procedure: Over 3,600 for unit cell, over 500 for module, and over 1,200 for PACK in total.

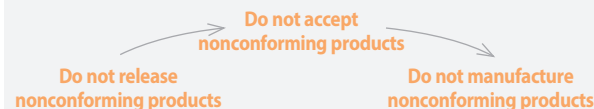
**Finished product inspection:** Upon finishing production, perform inspection of finished products, including overall appearance inspection, dimensions inspection, performance test and many other aspects to ensure that products conform to the design requirements and customer's quality standards.

### Nonconforming Product Management

CALB has formulated *Nonconforming Product Management Procedure*, planned the nonconforming product management, performed closed-loop planning and management to identification, marking, isolation, review, disposal and improvement in terms of defective raw materials, manufacturing process and shipment, realized systematic management to the business flow of different issues in each stage, clarified the responsible person in all stages, and guaranteed effectiveness of handling nonconforming products.

Realize informatization management to the review and handling of nonconforming products. When nonconformity occurs in incoming stage, the LES system and OA system are integrated, to transfer the nonconformity information to OA system automatically for classified review, realize layered management and return the review results to LES system. In manufacturing and finished product inspection stage: PQC will initiate the nonconformity review list in MES, organize relevant personnel to review and analyze the nonconforming products. Take disposal methods, such as rework and scrapping, to the nonconforming products according to review results, and mark the products in MES.

#### Implement "Three Do-nots in Leaving Off" principle in production management:



### 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.

The crisis is reported to the head of the crisis handling team (usually the vice president of the company) within half an hour of the crisis, and the crisis handling procedures are initiated.

**Crisis Management:** The crisis handling team holds a crisis-specific meeting within one hour of the initiation of the crisis handling procedures to organize the preliminary investigation of the cause of the accident and formulate a temporary handling plan.

After the crisis event occurred, the after-sales quality department organized the analysis of the root cause within twenty-four hours, completed the writing of the analysis report within five days, including the root cause analysis, risk assessment, rectification measures, etc., and the responsible department organized the implementation of rectification measures to avoid the problem happening again.

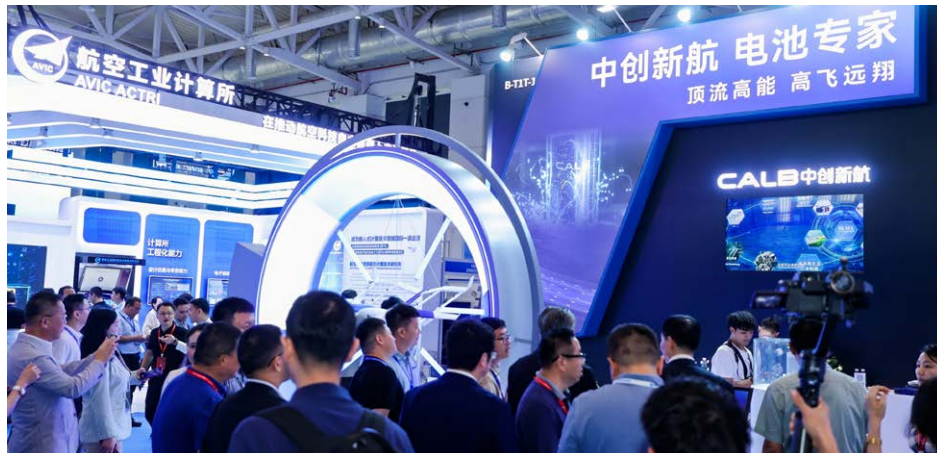
## Customer Service Management

By adhering to the concept of customer orientation, CALB fully understands the feedbacks and demands of customers, devotes itself in constructing firm customer relationship through diversified channels. CALB understands the customers' demands in depth, to provide customized and high-competitiveness product solutions, and establishes the close-distance high-quality service system with win-win situation for car enterprise and battery factories.

### 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. Within the reporting period, the Company's major deviation of marketing is zero.



## Customer Relationship Management

### Customer Satisfaction

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. In 2024, the Company carried out customer follow-up visit for 200 times.

Customer Satisfaction Data in 2022-2024

Indicators	2022	2023	2024
Score of customer satisfaction	94.8	95.3	93.4

### Customer Privacy Management

CALB strictly abides with the confidentiality agreement with customer, clarifies the importance of confidentiality awareness in *Business Seret Management Procedure*, demands the business-related employees to pass the training on information confidentiality, and sign confidentiality agreement with customers and CALB respectively. CALB has taken specific information protection measures for customer data, to avoid information interaction between different projects.



## After-sales Service

To strengthen enterprise core competence, constantly improve customers' satisfaction, loyalty and dependency, the Company founded an independent after-sales department. Meanwhile, the Company has also set up 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.

In terms of 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 to minimize the influences of products on environment through the measures above. 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. In terms of customer complaint handling, CALB has established effective customer complaint handling mechanism, to respond to customer's appeals within 30min, arrive at site within 8h, recover the general faults within 24h, and complete troubleshooting within 72h. 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 monitors 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.

In 2024, CALB received 37 customer complaints, all of which were solved. Based on rapid and professional response, problem analysis and improvement, CALB is highly accepted by customers and awarded as excellent supplier for many times.

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.





## Supply Chain Sustainability

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 co-existence and green and sustainable energy ecology.

### Digital Intelligence Management of Supply Chain

By combining the Company’s business classifications and difference of application fields, the management standards of vehicle-mounted and energy storage raw materials and project raw materials are refined, to further improve the quality and capability management of supplied products, and reduce the management cost at the same time. Within the reporting period, the SRM system optimized the functional modules such as supplier quality and qualification rate analysis, supplier performance management, supplier audit management, supplier prohibited substances, supplier CPK data delivery, supplier 8D report and supply change management. Based on the auto calculation, summary, evaluation and digitalization, the system greatly improves the quality management efficiency of supply chain, precisely detects the problems, and provides the prevention and response solutions, to guarantee stable quality of raw materials.

#### Data analysis and rectification

- 1) Perform online management according to incoming materials from suppliers and online nonconformity;
- 2) SQE performs cause analysis and rectification according to problem spots and 8D logic of suppliers;
- 3) Implement control according to short and long-term measures formulated by suppliers, confirm the effectiveness of measures, complete close-loop management of supplier quality problems.

#### Performance evaluation

- 1) Supplier’s performance assessment shall be carried out comprehensively from 4 dimensions, i.e. technology, quality, delivery and costs. The aforesaid assessment can be further divided into monthly assessment, semester assessment and yearly assessment. Assessment should be performed according to the Supplier Performance Management Measures;
- 2) Give extra support to suppliers with excellent performance;
- 3) For suppliers failing to pass quarterly/annual assessments, suspend the development until they are obsoleted.

#### Closed-loop review

- 1) Formulate the annual review plan for suppliers based on the supplier’s daily performance, importance of supplier’s materials and supplier risk degree;
- 2) Track the completion of plan in real time according to the supplier’s annual review plan, upload the review report and review the rectification of problems;
- 3) Confirm whether the supplier reviews are executed in strict accordance with plan, to ensure that supplier risk can be controlled.

### “Skill inheritance, experience sharing”

Our procurement group continues to implement the monthly *Engineer Forum* which was started since 2023. Within the reporting period, the *Engineer Forum* was held in Q2. 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. In 2024, a total of 7 sessions of forums were held, attracting over 60 participants in each session, or over 400 person/times accumulatively. The session is focused on four themes: Process/process, quality tools/documents/systems, working method and lessons. Two or three themes will be shared in the session per month, to consolidate the knowledge structure of individual, strengthen the individual management capability; improve the overall working efficiency, construct the inherent knowledge base of team, and move in circles, to keep moving forwards on the way of being the best.



overall performance of 2024

**7** sessions of forums were held attracting over **60** participants in each session or over **400** person/times accumulatively

## Management of Supply Chain Sustainability

The Company continuously confirms the social responsibility implementation of suppliers in terms of commercial ethics, environmental protection, human rights and biodiversity. Within the reporting period, the Company fully signs the *CSR Agreement* of main material suppliers, completes the annual field review of key material suppliers, and the coverage rate is 100%.

### Admission review

- For potential suppliers, the Company will make comprehensive evaluation whether they have ESG risks such as commercial ethics, human rights risks, environmental protection and biodiversity based on List of *CSR Review*, *Supplier Survey Report* and *SAQ questionnaire*;
- 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;
- As for ESG red line, the Company will stop developing such supplier immediately;

### Continuous tracking

- Develop ESG annual on-site audit plan for key material suppliers;
- Perform online and on-site carbon emission data accounting and confirmation for key material suppliers based on customer and internal and external certification requirements;
- Cooperate with customers to trace the batch and business flow documents based on the requirements of EU and US regulations;
- Conduct online and on-site responsible mineral due diligence audits to primary and secondary suppliers of critical materials.

## Carbon Management of Supply Chain

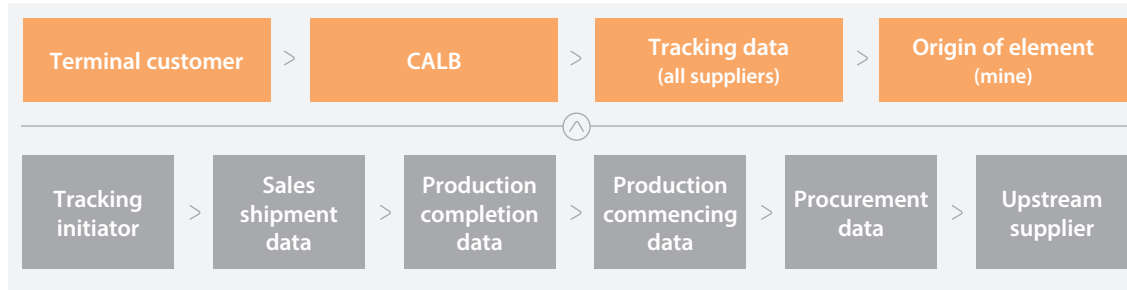
Within the reporting period, the Company investigated the conditions of key raw materials, supplier site, supplier carbon management capability and use conditions of upstream materials; meanwhile, it completes the carbon emission data collection, verification and modeling of 5 kinds of cells and 1 kind of pack products, including carbon emission during upstream transportation. In addition to calculation of real data, the Company promotes the suppliers of upstream key materials to conduct ISO14067 authentication, to provide objective data for formulating the emission reduction objectives and implementation plans. As of the end of 2024, over 30% of material suppliers had passed the third-party authentication.

During follow-up of daily work, the procurement team has established one-on-one sustainable business communication mechanism with all suppliers, to quickly track the implementation of sustainable business section, including carbon emission, recycled materials and tracking.

Within the reporting period, the procurement team has participated in the offline *Carbon Management Meeting*, online *CBAM Background and Data Filling* organized by customers in turns, and actively participated in the specialized training of *Supply Chain Due Diligence Management and Carbon Emission Management* planned by DS (Drive Sustainability China). Besides, the procurement staffs actively participated in the specialized training of *Compliance Evaluation of EU Battery Law* and *Carbon Management* organized by the Company, to assist in realizing the Company's "carbon peaking and carbon neutrality goals" and product export to overseas market.

## Responsible Mine Due Diligence Management of Supply Chain

Within the reporting period, the Company implements whole-process batch tracking in the mass production power project; meanwhile, it tracks the transaction business flow of key raw materials in the energy storage projects, to inspect the possible compliance risks of upstream suppliers on basis of tracking.

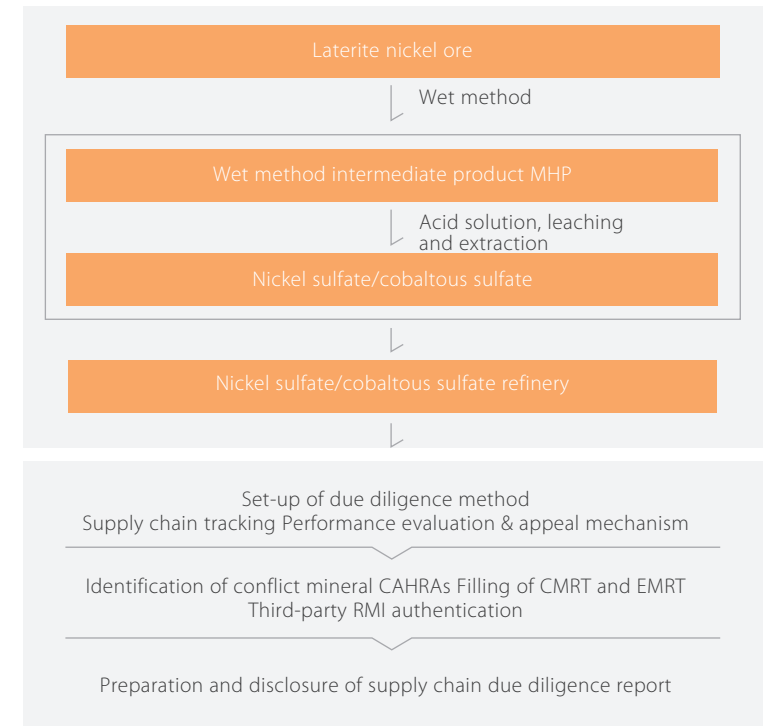


On the basis of *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains*, *OECD Guidance* and *Dodd-Frank Act*, the Company performs risk identification and control to the key mineral such as lithium, nickel, cobalt, graphite and mica involved in the actual procurement process. By evaluating the sustainable development system of suppliers and their upstream comprehensively, we can select the raw material suppliers according to the due diligence procedure.

The Company has formulated the *Administrative Measures for Procurement of Responsible Mineral Procurement* to carry out investigation and risk identification to the mineral supply chains such as lithium, nickel and cobalt; strengthen the control and tracking of minerals, to ensure that the Company's procurement of raw materials is transparent and compliant. The Company has publicized and transferred the due diligence management policy of responsible mineral supply chain to all suppliers, demanded the suppliers to sign on the agreements such as *Guideline for Responsible Mineral Procurement* and master the relevant policies before entering the list of qualified suppliers.

- Perform supply chain tracking and preliminary risk identification through CMRT and EMRT template; meanwhile, set up supply chain map and tracking platform to conduct long-term and effective monitoring;
- Promote the regular due diligence and risk evaluation of supply chain upstream, encourage the partners to participate in third-party review, and give priority to purchasing the raw materials of refining enterprises which pass RMI authentication;
- Investigate the place of origin of nickel/cobalt ore, collect the information of corresponding refining enterprises, such as due diligence policies, risk alarm, relevant consultation and coordination mechanisms.

In addition to the evaluation and review of Level I suppliers, the Company actively reviews the qualification of potential upstream Level 2 mineral suppliers and due diligence investigation of sustainability and compliance. Within the reporting period, the Company and upstream refineries interpreted the EU Battery Law in depth, discussed about the difficulties in the existing two-party and third-party due diligence review; the Company also performed the social liabilities as the advanced battery enterprise in industry. The Company has completed the on-the-spot due diligence investigation to the upstream refineries (nickel sulfate and cobaltous sulfate), to ensure the compliance, transparency and traceability of upstream key minerals.



## Product R&D and Innovation

### Product Innovation

By adhering to the design concepts of “Ultimate balance between energy and resources” and “ultimate balance between energy and safety”, the Company continues to develop advanced technologies on basis of high specific energy, high safety, long service life, high energy efficiency and ultra-fast charging, and launched leading products to maximize the battery value and create value for the green transformation of energy in the whole society.

#### UP Batteries:

The “UP” products are released for the passenger car market, to provide systematic solutions for battery life attenuation at low temperature, super extended range fast charging, super plug-in extreme cost and ultra-high energy density of low-altitude aircraft;

#### ZHIYUAN Batteries:

The “ZHIYUAN” products were released for the commercial field, and launch the products such as heavy-duty battery system, heavy-duty battery system, rail transit battery system and Ultimate electric boat. Ultimate electric ship comes with the industry’s first nano-separation active safety protection technology, and the life of first marine battery system in industry is over 12 years, with unlimited mileage.

#### ZHIJIU Batteries:

Launched the 2<sup>nd</sup> generation 314Ah energy storage battery was released for energy storage, with a cycle life of 15,000 times and “zero attenuation” for the first 1,000 cycles; the 3<sup>rd</sup> generation 392Ah energy storage battery supports the fastest mass production battery and the best solution in the 6.25MWh container solution industry; the special 625+Ah battery cell for energy storage has an energy density over 440Wh/L, which further realizes the power consumption of over 6.8MWh in a 20-foot standard container and greatly improves the return on investment of power station.

### R&D Technology Innovation

By actively arranging the intelligent and digital technologies of batteries, and conducting research around intelligent battery technology, digital design of batteries and intelligent management of batteries, the Company has developed a number of long-life, widely applicable and highly stable battery built-in sensing technologies, and the performance has reached the top level within the industry; constructed a large database of electrolyte, used machine learning tools and molecular dynamics simulation technology to accelerate the development of new and efficient electrolyte additives; the BMS, which was independently developed by the Company, comes with simplified scheme design, optimizes circuit and component selection, and achieves industry-leading SOC accuracy.

Within the reporting period, the Company’s input of R&D expenditure was RMB1,417.61 million, YoY growth of 42.91%, accounting for 5.11% of the operating income.



Within the reporting period the Company’s input of R&D expenditure was

**RMB 1,417.61 million**

YoY growth of **42.9%**

Accounting for **5.11%** of the operating income



## Innovative cooperation

Besides independent R&D and innovation, the Company actively promoted university-industry combination, took the lead in building a national platform, cooperated with high-level universities and industrial partners, planned and implemented a series of joint technological innovation activities, undertook a number of national and regional technical research and industrial transformation tasks, realized the complementarity and synergy of technology and resources, and achieved fruitful results.

### Wide recognition of technical innovation performance

Within the reporting period, the Company, as the leading unit, cooperated with the universities with characteristics and expertise, such as Beijing Institute of Technology, University of Science and Technology of China, Tsinghua University, Northeastern University, to plan and obtain the approval of new national key R&D projects in the field of high specific energy and high safety batteries, reflecting the high recognition of the Company's ability and achievements in Industry-University-Research by the top national science and technology plan. The "Key technology and application of large-scale lithium battery energy storage in new power system", which was jointly implemented by the Company and Huazhong University of Science and Technology won the second prize of National Science and Technology Progress Award; two key technologies of lithium battery, which were tackled by the Company with State Grid Jiangsu Electric Power Co., Ltd. and Jiangsu Senior New Energy Materials Co., Ltd. respectively, were awarded the "First Prize and Second Prize of Jiangsu Science and Technology Award".



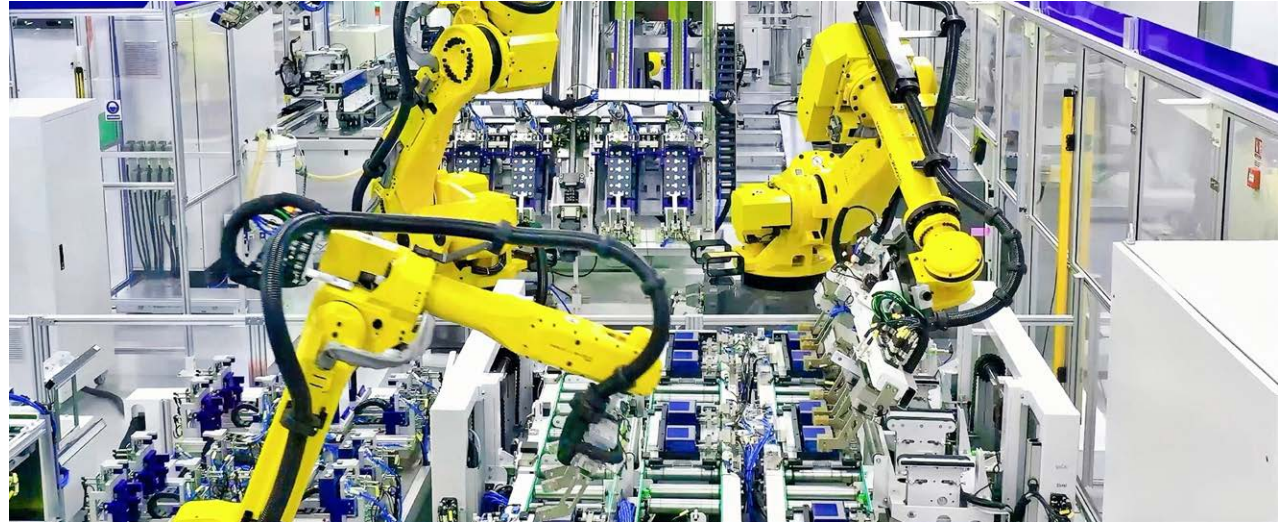
### Continuous Construction of Technological Innovation Platform

The Company actively promoted the establishment of joint R&D platforms with universities and colleges. At present, the platforms such as "Jiangsu Key Laboratory on Efficient Energy Storage Material and Technology" jointly established by the Company and Nanjing University of Aeronautics and Astronautics and "Joint Laboratory on Advanced Battery Material" jointly established by the Company and Southern University of Science and Technology have been running stably. The National Engineering Research Center of Advanced Energy Storage Materials, in which the Company participated, has also entered a new stage of development, and has gradually built an innovative carrier with distinctive characteristics and obvious advantages, integrating scientific research, technology transformation and personnel training. On this basis, the Company and the Yangtze River Delta Physical Research Center, etc. jointly established the "Jiangsu Power and Energy Storage Battery Technology Innovation Center" in 2024, which was supported by the Science and Technology Department of Jiangsu Province, and it is planned to build a national-level technology innovation center. Meanwhile, the Company and a number of high-level colleges and universities are planning a new cooperation platform, which will focus on key battery materials, safety, system integration, operation management and other aspects to carry out joint research, and open up the chain of achievement transformation and talent joint training.



## Digital Intelligence Manufacturing

By adhering to the development concept of “Deep integration between design and manufacturing”, the Company continues to promote high-quality, low-carbon and high-efficiency intelligent manufacturing technology innovation. By implementing manufacturability design and extremely simplified design, the Company fully considered the manufacturing feasibility in the product and process development stage, which significantly improved the production efficiency and green manufacturing level. Meanwhile, the Company vigorously promoted the digital and intelligent transformation of manufacturing process, and used advanced data analysis technology to achieve micron-level control of key processes, increased production efficiency by 50% and reduce energy consumption by 20%.



### Intelligent Manufacturing

The intelligent manufacturing system realizes the intelligence of whole process of battery production: Intelligent closed-loop coating technology realizes micron-scale automatic adjustment of area density and size; high-speed intelligent welding technology realizes multi-axis linkage precise control; the intelligent management system realizes automatic production scheduling. The whole system realizes data interconnection and intelligent decision-making through the industrial IoT platform, builds a self-learning intelligent manufacturing ecology, and significantly improves production efficiency and product quality.

### Green and Low-carbon Manufacturing

Green low-carbon manufacturing system realizes the energy efficiency revolution of battery production: through breakthroughs in both process principle and equipment architecture, the efficiency of cell drying has been increased by 50%, and the formation system has achieved energy saving of 20%, forming a low-carbon solution covering the key processes of battery manufacturing.

### Digitalization Efficiency

The digital transformation promotes the intelligent upgrading of manufacturing: through the acquisition and governance of key process parameters, the use of multimodal sensing network and machine learning algorithms, real-time monitoring of moisture content and automatic adjustment of process parameters, capacity testing efficiency increased by 50%, forming a complete digital manufacturing solution.



## IPRs

The Company follows the IP guidelines of “integration of three elements, empowering innovation, deep cultivation, and escort for development”, insists on the IP high-quality development strategy, has in-depth integration between intellectual property strategy, and adheres to 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.

### IPRs 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, 2024, CALB has 3,531 authorized patents and 1,011 patents under application. 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.

In the field of core battery structural parts, the layout patents cover battery ultra-simplified top cover technology, “Supreme” cylindrical battery technology, One-Stop battery technology, etc., and an all-round patent protection network around core technologies and products has been formed around the world; meanwhile, the overall protection of patent and trademark dual-track drive is adopted for core technology, and the Company’s core competitiveness is improved through the technical advantages brought by IPRs protection, to build an IPRs protection network centered on core technologies and products.

#### 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 29490-2023 Enterprise Intellectual Property Compliance Management System – Requirements*, realizing the management of intellectual property in a “regulated, process-oriented and electronically-procedured” manner.

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

The Company is in the new energy field with fast development. 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 IPRs 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 IPRs protection are permeated to the whole R&D team.

## Wide Recognition of High-quality Intellectual Property

In 2024, CALB won the "Excellence Award" in the 25<sup>th</sup> China Patent Award, the Gold Award in the 7<sup>th</sup> Changzhou Patent Award and the Silver Award in the 2<sup>nd</sup> "Zhongzhilu" Yangtze River Delta High Value Patent Operation Competition, reflecting the Company's outstanding performance in intellectual property work.

## IPRs Promote Industry Development

In August 2024, CALB took the initiative in establishing the China Patent Protection Association Lithium Battery Professional Committee, to build a platform for technical innovation cooperation and IPRs protection of lithium battery industry, help improve the overall level and international competitiveness of China's lithium battery industry, and create a new situation of high-quality development of China's lithium battery industry.

In the future, the Company will adhere to high-quality development strategy of intellectual property rights and escort the Company's global development.



# Employee Rights and Development

## Talent Development

### Talent Strategy

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; effectively guide the work and have implementation of culture. Plan and implement the *Human Resources Development Plan* according to the Company’s “Energy +” development strategy and from the angle of “People orientation”.

### Talent Introduction

By adhering to the principles of fairness, justice and openness, the Company recruits senior management talents from the society according to relevant recruitment regulations and actual needs of the Company’s development, recruits marketing, R&D and manufacturing technical talents from outstanding graduates of undergraduate and above, and continuously introduces high-level talents with master’s degrees and above from Project 985 and 211 colleges and universities to support the Company’s strategic development facing the future.

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.

#### Recruitment Information Release

- The Company releases all recruitment information to the public through major recruitment websites (Hunting.com, 51job.com, etc.) and the Company’s WeChat official account. The information released by the post includes but is not limited to past experience, professional skills, academic qualifications, language, etc. It is not allowed to publish discriminatory information such as gender restrictions and age restrictions.

#### Resume Screening and Interview Arrangement

- All candidates’ resumes are used for internal communication only, and the recruitment HR sends the resume link to the designated mailbox of interviewer for screening through the recruitment system, and it is not allowed to send the candidate’s resume files privately. Interviewers screen suitable candidates according to business needs, and HR arranges online/offline interviews for candidates, and feeds back the results of each stage to the candidates in real time, accepts the fair and just supervision of candidates during recruitment process.

#### Offer issuing

- The recruitment HR negotiates with the candidate who has passed the interview about employment details. After both parties reach an agreement, the recruitment HR collects relevant supporting information, such as background investigation, education certificate, past salary certificate and other information, and sends an employment offer to the candidate after examination and confirmation. The offer must include information such as the candidate’s employment position, work place, salary setting, entry time and required preparation materials.

## Safeguarding of Rights and Interests

### 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; meanwhile, give priority to training the contents related to safeguarding of employee rights and interest in the induction training of new employees.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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:

- ① Special complaint line and mailbox.
- ② 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.
- ③ Send a timely reply to employees' demands through enterprise WeChat.
- ④ Regularly organize and convene the labor union conference, workers' congress and staff and employee symposium to listen to employees' opinions and pay attention to their needs.
- ⑤ 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 know what they think.

## Employee Satisfaction Survey

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 Company's realities, 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 2024, the Company conducted a survey on corporate culture and vision, work objectives and responsibilities, salary and benefits, promotion and development, working relationship and working environment and atmosphere. The survey results showed that the satisfaction indicator of employees was 94.1%.

## Salary and Welfare

The Company practices the core values of sincerity, efficiency and win-win, builds a scientific, reasonable and competitive salary system based on job responsibilities and performance contributions. It constantly improves and optimizes the salary and welfare management system, optimizes the salary standard of ranks, adjusts the salary structure, builds a competitive salary system, and improves the salary adjustment system with external competitiveness, internal fairness and individual balance to further enhance employees' sense of belonging and accomplishment. The company promotes a value-oriented hierarchical and classified incentive system, comprehensively evaluates the degree of achievement of the company and each system, distributes employee bonuses according to the degree of performance contribution, stimulates the potential and creativity of the team and employees, and promotes the stable, healthy and sustainable development of the Company. 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%.

### All-around Welfare Guarantee

#### Welfare allowance

- Provide employees with annual work allowance, transportation allowance and meal allowance.
- Support employees to obtain government talent policy subsidies.
- Holiday activities, compensation activities in case of high temperature and yield increase.
- Provide employees with preferential car purchase benefits for supported models of the Company's products.

#### Medical service

- The Company has set up employee infirmary in Xiamen base and Hefei base; the community infirmary in Changzhou base is under construction, to provide medical services and health consultation for employees in time.

#### Convenience canteen

- Canteen is built near production area of each base, to provide employees with a broader dining environment, 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, such as reduced price of seasonal dishes.

#### Warm accommodation

- Employee dormitory is constructed in production area near each base, to meet the accommodation needs of employees. Rooms are uniformly equipped with furniture, household appliances, 24h hot water and Wifi. Implement security systems such as access control, credit card swiping and full coverage monitoring, to guarantee the safety. A canteen and staff service center will be built in the dormitory area to provide food, haircuts, supermarkets, express delivery and other supporting services, as well as recreational facilities such as gymnasiums, badminton courts, table tennis courts and basketball courts. Besides, it is equipped with above-ground and underground parking lots.

#### Traffic guarantee

- The Company provides shuttle buses for employees for going to/off work and traveling within the park.
- Provide employees with project-based car services such as returning home and returning to work during the Spring Festival, large-scale training and concentrated business trips.
- The Company's factory and dormitory are equipped with special parking spaces and charging piles for NEVs, providing free charging for employees' NEVs.

#### Care of employee children

- Support employees' children to attend school nearby, and apply to the local government for degrees for eligible employees' children every year.
- Organize summer care activities for employees' children, as well as other activities for employees' children such as "Entering CALB Parent-child Day".



## Case

- 1 CALB provides employees with good office environment and welfare facilities, so that employees can “eat with confidence, live comfortably, travel peacefully, live happily and work smoothly”.



- 2 The Company provides care activities for employees’ children every year, including holding summer classes, open days, and June Day activities. Within the reporting period, the Company started a summer care class for the first time, so that children could walk into the CALB, to understand the working environment of their parents, and gain growth and happiness. Meanwhile, the Company solves the worries of employees that their children are unattended during holidays, and provides opportunities for families who can’t take care of their children when they work in different places.



- 3 The 2024 CALB Annual Summary and Commendation Conference was held in succession at various bases of the Company, and the Company’s senior management team and employee representatives from various departments gathered together to review the achievements of the past year and work together to open a new chapter in the Company’s sustainable and healthy development. At the meeting, a group of employee representatives who have made outstanding contributions in various positions boarded the podium of glory.



- 4 During the Labor Day, each base of the Company launched the “May Day Labor Medal” awarding activity, to honor individuals and teams who have made remarkable contributions to the Company’s development by being persistent, focused, striving for perfection, continuously improve and create value, vigorously promote the spirit of model workers and spread upward energy.





## Diversity and Inclusiveness

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. Within the reporting period, the Company's female senior management accounted for 37.50% and female employees accounted for 26.29%.

Through the humanized maternity leave system, the Company helps female employees and their families to achieve a balance between work and family. It provides paid maternity leave, prenatal break, maternity leave and breastfeeding leave for female employees; provides paid paternity leave for male employees to share family responsibilities. The Company's office area at each base is equipped with a loving mother and baby room, with central air conditioning, sofa, disinfection cabinet, refrigerator, microwave oven and drinking water device, to provides a private, safe and warm space for pregnant and lactating mothers.

#### Case

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, such as screening activities for "Cervical cancer and breast cancer", lectures on mental health of female workers, and Women's Day activities.



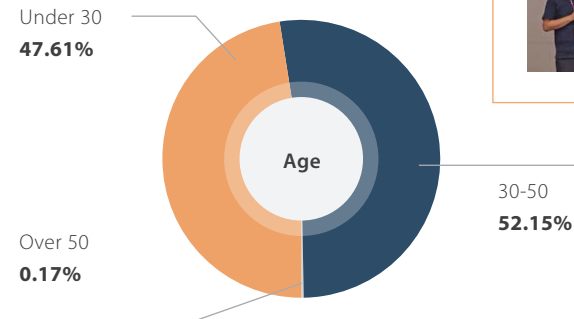
### Ethnic Diversity

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 470 employees of Hui, Tibetan and Bai ethnic minorities, accounting for 4.46% 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 by age (excluding overseas employees, unit:%)



#### Case

The Company provides special catering services for Hui ethnic minority employees, and arranges halal windows in the canteens or supporting areas of each base.



#### Case

The Company promotes the communication between new and old employees by holding sharing meetings and sports activities between new and old employees every year.



## Employee Care

The Company actively advocates the cultural concept of “working pleasantly and living happily”, 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.

The Company’s trade unions have established over 10 associations, covering photography associations, art associations, English lovers associations, Chinese culture associations, sports associations, etc., which have themes every month and activities every week, enriching employees’ amateur cultural life; meanwhile, the Company organize company-level activities through association, to give play to employees’ organizational planning ability and participation.



### Case

During the Spring Festival, the Company’s bases carried out activities for employees who keep in their posts for the New Year, and organized a series of caring activities such as tea party, gift package distribution, lottery and red envelope wall, so employees could enjoy a happy and peaceful Spring Festival at work.



### Case

In traditional festivals (Dragon Boat Festival, Mid-Autumn Festival, New Year’s Day, Spring Festival, etc.), the bases carried out related activities to send holiday blessings to employees; for example, Changzhou Base carried out activities such as making Zongzi on Dragon Boat Festival and making handmade colored ropes; Wuhan Base and Jiangmen Base organized the guess lantern riddles of Mid-Autumn Festival, making moon cakes and making round fans.



### Case

The Company held a series of competitions in various bases in “Five sports of youth, set off together”, such as basketball, football, badminton, table tennis, healthy running around the factory, fun games and other. Team members constantly challenged and surpassed themselves in the sports field, inspired unlimited potential and started a new journey of dreaming with sports.



## Career Development and Training

The Company adheres to the principle of “Building a broad development platform for outstanding talents with dreams, talents and innovation”, takes the goal of meeting the ability needs of business personnel and quickly taking up posts, follows the principle of accurately identifying needs, to quickly allocate resources, organize implementation at different levels and effectively verifying the effect, pay attention to the Company’s annual key work and key groups, and build a perfect three-level talent training system at company level, department level and post level. Within the reporting period, the annual cumulative training duration was 3,150,835.5 hrs, the per capita training duration was 21.12 hrs, and 149,211 person-times of training, with a total training fund up to RMB3,694,200.

The Company has set up a complete training system, determined the training demands every year according to the Company’s strategic objectives, business planning, laws and regulations, employee performance evaluation, ability inventory, etc., and reported them to the management for approval to ensure the accuracy of the training needs. The training system covers employees’ induction training, on-the-job training, academic education, skill appraisal, continuing education, etc., to ensure continuous improvement of employee capability.

In terms of training methods, developing targeted programs according to the purpose of training and the characteristics of participants, including but not limited to on-site lectures by lecturers, self-learning of refined materials, etc. Various ways such as quality development, reading sharing and competition training are combined in the project, to help students grow up and enhance their sense of participation, accomplishment and honor. The “Lithium Knowledge Academy” learning platform has launched in Chengdu base, to provide rich and varied course resources for employees, and realizes the information management of training, and ensures the timely, standardized and effective training.

### Case

In June, 2024, Chengdu Base, Meishan Base and Sichuan Material Plant organized workers’ professional skills competition, focused on the core technology of new energy industry, and set up events such as electrode preparation, battery assembly and performance testing. Through theoretical examination and practical competition, the professional abilities of contestants in precision coating, winding welding, safety specification and troubleshooting were comprehensively assessed, to promote the construction of high-skilled talents, promote the optimization of production technology and improvement of product quality.



### Case

The 2024 fresh graduates joined the Company in July 2024. The Company has planned a three-stage training plan for the fresh graduates, including pre-service training, centralized training and on-the-job training, and helped the fresh graduates to quickly integrate into the company and take up their posts through quality development, sharing and exchange meetings, on-site observation, and one to one apprenticeship.



The Company continuously expanded and improved training resources, and introduced excellent external courses and lecturer resources to meet the higher-level promotion demands of employees. Within the reporting period, the Company trained the managers and key employees at all levels on budget management, quality management, project management, carbon management, etc., and organized post-training seminars, and formed internal optimization and improvement.

CALB has established a sound dual-channel development system, fostered an open, fair, just and caring environment, laid special emphasis on employees’ career planning, provided a struggle platform, development opportunities and promotion channels for employees’ growth, effectively motivate greater potential of employees, and realize win-win of the Company and the employees.

### Case

From July to August, 2024, the Company’s bases organized annual promotion commendation meeting, and a group of promoted employees stepped onto the honorary podium and started a new journey.





## Occupational Health and Safety

By adhering to the “win-win” value, the Company endeavors to realize employees’ dreams, sets clear occupational health and safety objectives for employees, actively identifies potential risks, strives to prevent hazards, continuously optimizes safeguard measures, and steadily raises employees’ awareness, ensures that 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.

All of the Company’s battery production bases have established and improved the OHS management system in accordance with ISO 45001 standards and the group’s management manual, identified safety risks and controlled them. Within the reporting period, the occupational health management systems of domestic battery production bases have passed ISO 45001 authentication. Certified bases: Changzhou Base, Xiamen Base, Wuhan Base, Chengdu Base, Hefei Base, Meishan Base and Jiangmen Base.

### 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. All employees facing occupational hazards pass training and examination, and understand the post risks before work; the Company regularly organizes occupational health checkups for employees in posts with occupational hazards, and develops and imports the physical examination file reporting system on occupational health so as to establish employees’ files on occupational health monitoring, greatly improve the management efficiency and enhance the management accuracy.



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.

For the purpose of improving employees’ occupational health awareness and self-protection ability, the Company set up an “Occupational health bulletin board” at the conspicuous position in each factory to disclose information such as occupational disease prevention and control rules and regulations, emergency plans for occupational disease hazards, and detection results of occupational disease hazards.

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

## Production 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 and Xiazhou Base finished the 3-level standardization construction and certification on safety production.

The Company has established a safety management system covering the all-employee safety production responsibility system, rules and regulations, education and training, hidden danger investigation, major hazard source control, related party management, safety culture construction, double prevention mechanism, occupational disease hazard prevention, emergency management, accident investigation, analysis and supervision. Meanwhile, the Company set up a safety committee to formulate safety-related KPIs at the beginning of each year, and reports the achievement regularly per month.

The Group's Environmental Safety Department regularly conducts a comprehensive review of the EHS construction and operation of each base; meanwhile, it connects each base to establish an EHS technical team to discuss the formulation/update of the Company's environmental, OHS-related management system and technical documents. Each base sets up a full-time safety management department to assist the responsible person of base to promote the safety management of base; each business department sets up safety officers to assist department heads in promoting the implementation and publicity of safety management.

Based on the investigation and management mechanism of potential safety hazards established by the Company, the Company fully identified the hazards, risk points and grades of various departments in 2024, updated the hazards, environmental factors, risk points and grades of all regions and conducted risk evaluation, formulated the risk grading

standards in combination with laws and regulations, determined the control measures to control hazards or OHS risks. The Company has formulated the *Regulations on Accident Management*, carried out accident investigation, analysis and exhibition according to the “Four Do-nots in Leaving Off” principle, improved the emergency mechanism, ensured the closed-loop management of accidents and prevented the reoccurrence of similar accidents.

The Company established the safety management process of construction period, formulated *EHS Management Regulations for Contractors*, and strictly implemented the construction approval system and approval process of dangerous operation according to the specified requirements. The contractors strictly abided by the local laws and regulations on safety, environmental protection, occupational health, fire protection, construction and other related requirements, as well as the Company's safety and environmental requirements. Safety management personnel regularly organized safety inspections to strengthen the safety and controllability of whole construction period.

Within the reporting period, there was not any work safety accident happening to the Company, achieving the “Zero Accident” target.



## Safety Culture

The Company evaluates the requirements from six dimensions, such as required safety knowledge, post risk and protection, safety red line, accident and emergency, safety publicity, and post responsibilities, and implements the requirements from five aspects, such as advocacy, training, assessment, supervision, and improvement, in order to well construct the safety culture. The Company promotes the “Everyone is a safety officer” management system, prepares training plan per year, makes training plans on a regular basis to advance safety education and training in order, carry out three-level occupational health and safety (OHS) 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. Within the reporting period, the Company organized a total of 179 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 318,000 person-times.

In accordance with the laws and regulations such as the *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 14 thousand times, in accordance with the annual emergency drill plan. It actively organizes “occupational health publicity week”, “environment day”, “safety activity month”, “fire control publicity month”, etc. and carried out activities, such as “safety knowledge contest”, “evacuation drill”, and “ERT contest”.



## Community Participation

With the mission of “surpassing commerce, benefiting mankind”, CALB, as a battery expert, empowers a better life for mankind with leading technology and products, actively fulfills its responsibility, becomes an implementer of public welfare and a disseminator of love and dedication, and helps the high-quality and sustainable development of society and economy.

### Advocate Volunteering Activities

The Company sets up volunteer teams in various bases to carry out voluntary services such as environmental protection and blood donation. Within the reporting period, the company’s volunteering service is 1,695 hrs in total.

#### Case

Volunteers from various bases participated in voluntary blood donation activities to relieve the local seasonal blood supply pressure.



#### Case

Volunteers from Chengdu Base participated in volunteer activities themed “Clean Home, We are in Action”.



#### Case

Jiangmen base, government and enterprises jointly carry out voluntary tree planting activities.



## Assist in Developing Science, Technology and Education

For four years in a row, the company strategically supported Formula Student Electric China (FSEC) of China University Students, made positive contributions to promoting the development of NEV technology and cultivating talents in urgent need of innovation in the industry; supported the participating university teams to carry out new energy vehicle technology innovation from training, counseling, financial support and technical support, so as to repay the society and achieve a win-win situation.



## Rural Revitalization

Over the years, the Company has accurately docked with poverty-stricken areas such as Pujiang/Heishui in Sichuan, Yongzhou in Hunan, Uygur/Kizilsu Kirgiz Autonomous Prefecture in Xinjiang, Tianshui in Gansu and Qiandongnan in Guizhou, and carried out work such as helping agriculture, employment counseling and charitable donations to help rural revitalization.

## Care for Vulnerable Groups

The Company continues to care for the education of disadvantaged children, carry out compulsory education activities and donate materials.

### Case

Jiangmen Base carried out charity activities – new energy knowledge popularization activities, donated books, school supplies and sports equipment to children.



### Case

Wuhan Base carried out caring activities for children in children welfare association and brought gifts to children.



## Public Welfare and Charity

As the vice-chairman of the board of directors of Changzhou Charity Federation, the Company donates money every year to help the poor and other charitable causes, helping Changzhou to build a city of love and charity.





# Governance

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PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

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PARTNERSHIPS  
FOR THE GOALS

# Corporate Governance

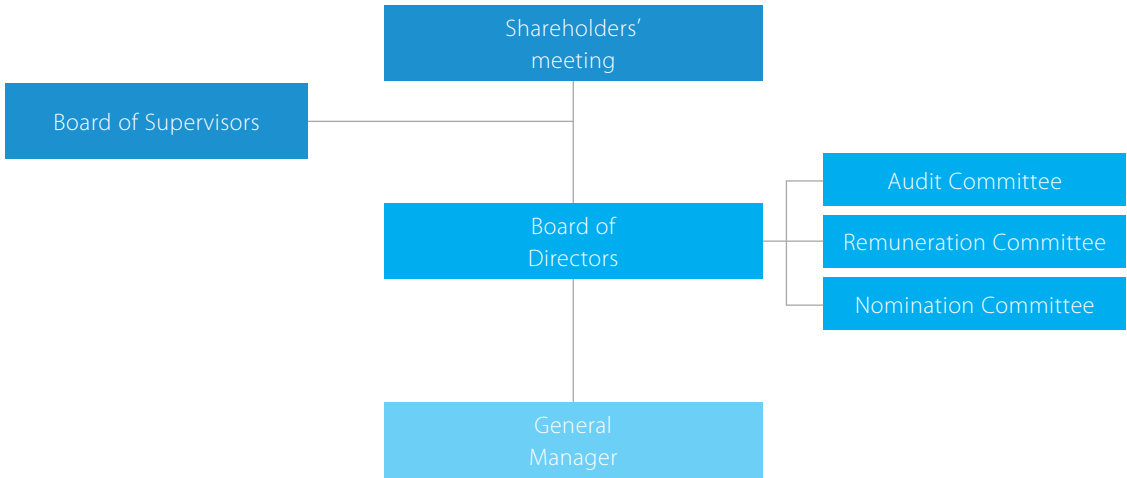
## Governance of Board of Directors

### Composition of Board of Directors

The Company has established the Board of Directors that is composed of 8 directors, including 2 executive directors, 3 non-executive directors and 3 independent non-executive directors. The Company has 1 chairman, who shall be elected and removed by more than half of all directors, with 3-year term of office, and may be re-elected if winning the election.

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



On December 31, 2024, the Company completed the election and appointment of the second board of directors and various special committees.

List of Members of the Second Board of Directors:

Executive director

Ms. Jingyu Liu (President & General Manager)  
Mr. Ying Dai

Non-executive director

Ms. Jing Hu  
Mr. Jiancun Li  
Ms. Jieping Xie

Independent non-executive director

Mr. Guangquan Wu  
Mr. Susheng Wang  
Mr. Zetong Chen

### 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.

In 2024, the Company reviewed and revised the diversity objectives of the Board of Directors: (1) at least one director is female; (2) at least one third of the board members are independent non-executive directors. Within the reporting period, the Company added 2 female non-executive directors after two non-executive directors leave the post based on the diversity objectives of the Board of Directors. The Board of Directors has 3 female directors, accounting for 37.50%.

Indicators		Unit	2024
Pluralism of the Board of Directors	Number of board members	Person	8
	Percentage of female members in board of directors	%	37.50
	Percentage of male members in board of directors	%	62.50
	Percentage of members with professional knowledge (Enterprise Management, legal, financial, audit, risk control, ESG, etc.)	%	100.00

### Remuneration Policy

The executive director receives remuneration in the form of salary and benefits in kind according the identity as an employee, including: Making contributions to the pension plan for the executive director according to the laws of China, and incorporating ESG and achievement of objectives on climate risk integrated into performance evaluation.

Non-executive directors do not receive remuneration from the Group. Independent non-executive directors receive corresponding remuneration in accordance with the relevant provisions of *Director Service Contract*.

### Investor communication

The Company highly values investor relations. Adhering to the “good faith, transparency, compliance, service” principle, it establishes effective communication mechanism, 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 46 provisional announcements and 5 periodical announcements accumulatively; in accordance with the Company Law and the Articles of Association of the Company, the external guarantee, 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 given 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 timeliness of disclosure but also effectively protecting the lawful rights and interests of the Company, investors, and other stakeholders.

### Investor Relations Management

The Company has more active and broader 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 activities, such as strategic meetings, forums and roadshow, to exchange with the investors face to face and know about their needs and opinions, and have targeted communication and response. Within the reporting period, the Company made exchange with the investors 92 times, participated in the investor communication activities for over 370 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, to promote the Company’s high-quality development.



## 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 regular 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. Within the reporting period, by sorting out the Company's major businesses, combining the internal/external environment, the Company updates the risk database and risk control matrix, improves the risk response mechanism continuously.

#### Risk identification

- Collect the internal and external environmental factors, stakeholder needs, etc. related to the Company's risks and risk management extensively and constantly; identify the risks (including ESG risks) that may affect the Company's operation and business.

#### Risk assessment

- In accordance with the risk assessment criteria, make a systematic analysis of the collected risk information; evaluate the influence of risks; determine the value-at-risk and risk level.

#### Risk response and control

- Depending on the self-condition and external environment, surrounding the development strategy, select the suitable basic strategy of risk management and make a risk management solution to prevent, avoid, or reduce risks.

#### Risk monitoring and improvement

- Carry out risk monitoring constantly; assess the rationality of the risk strategy and solution and the effectiveness of their implementation dynamically; find defects and make improvements promptly; keep revising and perfecting the measures of risk management and control based on actual circumstances.

### 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. Within the reporting period, the Company implemented annual internal control evaluation to the production bases now in production, and 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, within the reporting period, the Company carried out the training courses such as *Internal Control Evaluation*.

For more information on corporate governance, please refer to the section of Corporate Governance Report in the Company's *FY 2024 Report*.

# Commercial Ethics and Compliance

## Compliance management

To ensure the Company's business operation is lawful and compliant, the Company regards business as the basis 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.

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

### Contract management:

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.

### Compliance management:

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:

- 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; in which, the compliance before the event mainly includes compliance risk identification of data, manpower, construction project and environmental safety, identifying and judging overseas laws and regulations and providing professional legal solutions by combining the opinions from overseas professional lawyer teams.

### Lawsuit management:

Establish a dispute handling platform; follow 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.

## Compliance Training

Strengthen the compliance awareness of all employees and practice the concept of compliance. The Company has conducted special compliance training for different levels and different posts. Within the reporting period, the Company organized a third-party organization to train key posts on *Conformity Assessment of EU Battery Law*, and conducted four types of special compliance training covering sales management, procurement management, intellectual property management and human resources management for employees on *Trade Secrets and Compliance Training*.

## 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* and *Administrative Measures for Anti-Fraud Management* 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; etc.

**Accountability to the market and  
customer:**

fair competition and anti-monopoly  
measures; etc.

**Violation and reporting:**

Violations and reporting channels

The *Administrative Measures for Anti-Fraud Management* mainly includes the following contents:

**Purpose:**

To standardize the occupational behaviors of all employees in the Company, 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.

**Prevention and control:**

The management sets an example and takes the lead in observing the code of professional ethics of employees with practical examples. Educate the employees in anti-fraud laws and regulations and honesty and morality through multiple trainings.

## 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 ethnics, keeps the reporter information secret strictly, and prohibits all kinds of retaliation specific to the reporter.

The Company's Board Office Risk Control Department sees to accepting and hearing complaints and reporting cases and conducting closed-loop disposal from the links, including whistle-blower registration, investigation, execution, feedback, etc. Within the reporting period, there was not any corruption lawsuit happening to the Company.

### Reporting channel for business ethnics:

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 ethnics to ensure the staff stick to business ethnics. Meanwhile, it builds incorruptible, honest, win-win cooperative relationships with its partners to co-create the healthy business environment.

### Staff:

1. The Company focuses on putting 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;
2. Conduct collective honesty talks with employees at key posts such as procurement, and raise awareness of honesty and self-discipline.

### Case

The employees of Chengdu Base carried out the educational practice activities themed "Breeze honesty to all families, honest heart to the future".



### Partners:

During cooperation with customers and suppliers, synchronously sign the *Honesty and Integrity Agreement* to ensure the two sides and their staff work incorruptibly in compliance with laws and disciplines; avoid improper behaviors.



## Digital Intelligence Management

By adhering to the service concept of serving the market, achieving customers, continuous innovation and benefiting mankind, CALB is committed to building a digital intelligent operation system and benchmarking factory, interconnecting the users with the whole process through information platform technologies such as AI and IoT, realizing the virtual and real integration of people, machines and things, and providing customers with better products and services.

### Digital Intelligence R&D

In the field of R&D, have deep integration of digitalization and ESG, to construct a sustainable innovation system, use digital simulation technology to improve the R&D efficiency of new materials, accelerate the breakthrough of new materials (such as green solid-state batteries), and reduce resource consumption and carbon emissions; in the trial-production stage, use structured technology to predict the arrangement and combination of different materials and different equipment in different bases in advance through digitalization; recommend the optimal trial-production combination, so as to reduce the trial-production times, improve the yield, and reduce waste, and drive the industry to transform to be low-carbon and transparent.

### Digital Intelligence Operation

CALB deeply integrates business processes and financial processes, realizes the management mode of data interoperability and process collaboration, breaks the "data island" of business and finance, and cooperates business activities such as procurement, production and sales with finance with the help of technologies such as ERP, intelligent accounting and RPA, which not only improves efficiency, but also strengthens risk control, and supports the global refined strategic operation of enterprises.

### Digital Intelligence Manufacturing

Based on the industrial Internet platform, CALB applies IoT, AI vision inspection, digital twinning and other technologies to build a smart factory system. Through MES system, it realizes digital control of the whole production process, uses big data analysis to optimize feedback, intelligent production scheduling and predictive maintenance reduce resource waste; apply battery passport management system simultaneously to manage the whole life cycle of batteries, supporting the goal of low-carbon transformation and promoting green and low-carbon manufacturing.

### Digital Intelligence Decision-making

Build the Company's centralized data ability, and support the front-end business through the implementation of intelligent applications driven by digital intelligence. Use the enterprise platform architecture + big data + AI, to realize the insight analysis and monitoring of the whole process of enterprise operation, management and operation, and combine them in the business management process, rules and decision-making framework; form the ability of problem monitoring, business intervention, management improvement, closed-loop and decision support through digital intelligence drive, and realize the special cost reduction and operational efficiency improvement of enterprises through digital intelligence drive.



## Exploration and Practice of Battery Passport

Within the reporting period, the Company launched a self-developed digital management system for battery passports (hereinafter referred to as "Battery Passport System"), which fully aligned with the mandatory requirements of "the Battery Passport" in the EU Battery Act, covering the basic information of manufacturers, battery material composition, performance, durability, recyclability, supply chain due diligence and product carbon footprint, in order to provide reliable product traceability and management tools for customers, users, third-party regulatory agencies, etc., become a unified display window for social responsibility fulfillment and product life cycle management, and at the same time, promote the intelligent management level of its own internal and upstream and downstream industrial chains as a whole, and improve management efficiency and accuracy.

Meanwhile, the Company deeply participated in the international and domestic advanced exploration and practice of battery passport concept, and promoted the development of domestic and international battery passport standards, systems and ecology in the direction of interoperability, mutual recognition and mutual trust:

- In November 2024, the GBA (Global Battery Alliance) officially released the results of pilot project of "Battery Passport" 2024; the battery project in which the company cooperated with Smart was listed among the ten pilot projects released this time.

- The Company, in partnership with CATARC, actively participated in the formulation of domestic power battery product data index disclosure system, and promoted the implementation and release of "China Battery ID Plan". In December, 2024, the Company, as one of the first pilot enterprises, successfully applied for the institutional digital identity of the China battery ID program at the China battery ID achievement conference, and took the lead in generating the battery ID of a certain power battery products.



In the future, the Company will continue to deepen cooperation with domestic and foreign institutions, explore more digital solutions, carry out more standardized local practices, and promote mutual recognition of domestic and foreign battery passport data standards and systems.

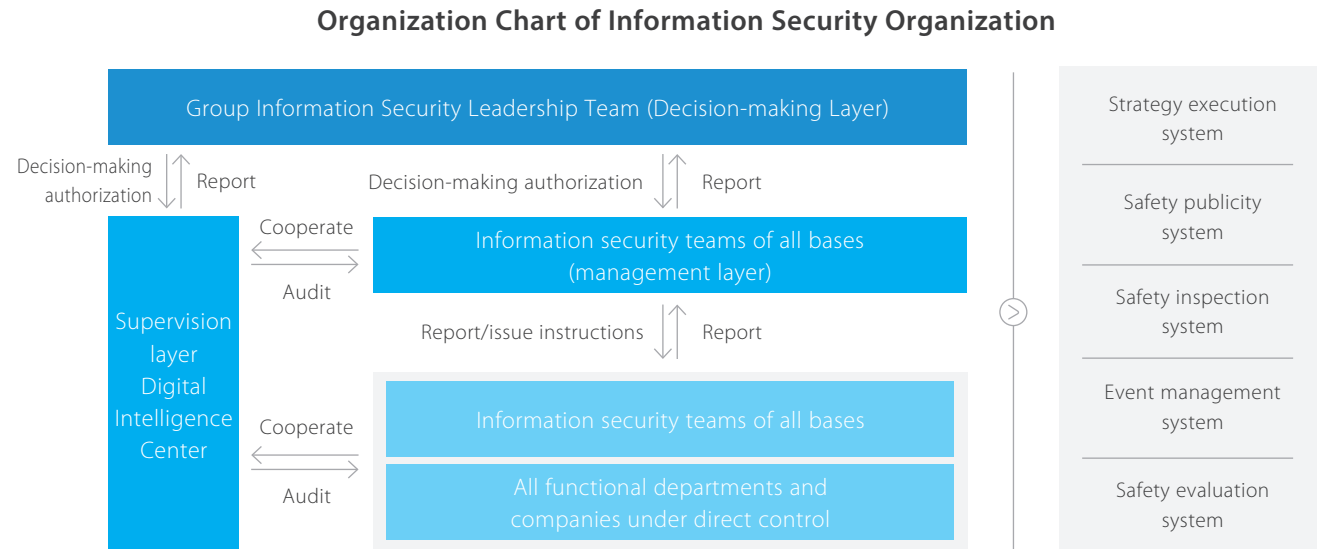
# Information Security and Privacy Protection

## 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.

As of the end of reporting period, the Company maintains the effectiveness of TISAX (Trusted Information Security Assessment Exchange) report, passes the supervision and review authentication of *ISO27001:2022: Information Security, Cybersecurity and Privacy Protection – Information Security Management Systems – Requirements*, and acquired the supervision and review authentication of *Information and Industrial Integration Management System 2.0*. It has been awarded with Industrial Control Information 3-star Enterprise Qualification and Level 2 Protection Authentication Qualification.

### 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 addition to the self-organized information asset identification and security risk assessment activities, the Company also commissioned a third party to conduct risk security assessment on important information assets such as office OA and production MES in 2024, to identify related information security threats and risks, and introduce them into system platforms such as terminal security management, data encryption, data leakage prevention, privilege management, etc. to prevent data from unauthorized access, improper public disclosure, use, modification, damage or loss, and ensure the stable operation of the system and core business.

#### Information security emergency mechanism:

The Company establishes a process of information security incident management. In terms of feedforward control, it establishes a threat intelligence collecting, analyzing, sharing, and linkage mechanism to reinforce and protect business information systems; in terms of in-process control, it optimizes the emergency plans and disposal mechanism for information security incidents and organizes anti-phishing, anti-ransomware, and other special drills to improve insiders' awareness of security and ability of emergency response; in terms of feedback control, it makes a benchmarking analysis of related trade cases and promotes the staff to study information security cases.

##### 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 entry information security training, monthly "Mail – enterprise WeChat push" information security topic promotion, information security program trainings (e.g., anti-fishing E-mail program, supply chain safety program, safety event 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 10 times, realized training for about 43,000 person/times; the training coverage reached 100%, the safety publicity was 12 times, and the assessment passing rate was 100%.



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

**10** times

training covered about

**43,000** person/times

the training coverage reached

**100**%

the safety publicity was

**12** times

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 based on the principle of "legal, legitimate and necessary", 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.

### Privacy Protection Mechanism

Type	Introduction
Data collection	Fully explain the purpose, method and scope of personal information processing before collecting personal information, and promise not to use user information for other undeclared purposes.
Data storage	Comply with relevant national laws, regulations and policy documents to protect personal information from unauthorized access, public disclosure, use, modification, damage or loss. Take reasonable data security protection measures, such as access control, minimizing authorization, using encryption algorithms for encrypted storage, and desensitizing sensitive personal information, to protect personal information and ensure data integrity and confidentiality.
Data transmission	Use strict data protection scheme. Use encryption technology for transmission encryption during data transmission, and desensitize sensitive personal information to provide early warning and emergency treatment for abnormal behavior.
Data sharing	Carry out risk assessment and desensitization for data sharing activities prior to data sharing, define the data protection responsibility of data receiver through the contract to ensure that the risks after data sharing can be controlled.
Data outbound transfer	When personal data have outbound transfer, carry out personal information protection impact assessment according to relevant laws, regulations, policy documents and standards, and take necessary protection measures of data outbound transfer, such as data outbound transfer security assessment and signing contracts of declared data.
Personal rights	Protect individuals' right to know, decide and consult, copy, correct, delete and withdraw their consent, and allow customers to restrict or refuse to handle their personal information. The customer cancels the authorization and prohibits the continued collection and use of personal information.

As of 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.

# ANNEX

## ESG Key Performance Table<sup>i</sup>

Economy						
Disclosure Indicators		Unit	2022	2023	2024	
Revenue		RMB10,000	2,037,494	2,700,589	2,775,153	
Net profit		RMB10,000	69,354	43,716	84,363	
Taxes paid		RMB10,000	40,496	80,488	63,893	
Environmental						
Disclosure Indicators		Unit	2022	2023	2024	
Emissions <sup>ii</sup>	Atmospheric pollutants	Total amount of atmospheric pollutants	t	37.50	64.80	115.27
		VOC Emission amount of VOC	t	5.43	14.87	31.88
		Sulfur oxides	t	1.27	4.03	7.26
		Nitrogen oxides	t	27.53	38.78	71.47
		Particulate matter	t	3.27	7.12	4.66
	Water pollutants	Total discharged water	t	105,258	856,901	781,179.52
		COD	t	8.41	19.81	28.18
		Ammonia nitrogen	t	0.8	0.96	5.06
		BOD	t	0.04	1.19	4.75



Environmental					
Disclosure Indicators		Unit	2022	2023	2024
Greenhouse gas emissions	Scope 1 greenhouse gas emissions <sup>iii</sup>	Carbon dioxide equivalent (t)	134,957.01	307,488.75	279,315.86
	Scope 2 greenhouse gas emissions <sup>iv</sup>	Carbon dioxide equivalent (t)	450,935.34	651,782.46	870,509.93
	Scope 3 greenhouse gas emissions <sup>v</sup>	Carbon dioxide equivalent (t)	/	/	3,812,842.27
	Greenhouse gas emission intensity <sup>vi</sup>	Carbon dioxide equivalent/kWh (kg)	28.43	23.11	18.61
Waste	Total waste discharge	t	48,534.39	42,294.86	44,269.97
	Total waste recycling	t	34,617.20	31,168.28	37,504.77
	Waste recovery rate	%	71.33	73.69	84.72
Hazardous waste <sup>vii</sup>	Total hazardous waste	t	9,496.38	7,771.58	2,845.14
	Total hazardous waste disposed	t	9,496.38	7,771.58	2,845.14
	Hazardous waste per unit product	t/kWh	0.0004	0.00019	0.00005
Non-hazardous waste <sup>viii</sup>	Total non-hazardous waste	t	39,038.01	34,523.28	41,424.83
	Non-hazardous waste per unit product	t/kWh	0.002	0.00083	0.00067
	Non-recyclable waste <sup>ix</sup>	t	4,420.81	3,355.00	3,920.06
	Recyclable waste <sup>x</sup>	t	34,617.20	31,168.28	37,504.77

Environmental						
Disclosure Indicators		Unit	2022	2023	2024	
Resource use <sup>xi</sup>	Energy consumption <sup>xii</sup>	Total direct energy consumption	MWh	641,013.99	1,384,332.70	1,334,012.05
		Total indirect energy consumption	MWh	671,730.44	1,289,917.42	1,613,468.50
		Total energy consumption	MWh	1,312,744.43	2,765,280.07	2,947,480.55
		Total consumption of renewable energy	MWh	/	/	229,682.80
		Energy consumption intensity	MWh/GWh	63,694.54	66,618.93	47,717.94
	Water resource consumption <sup>xiii</sup>	Total water withdrawal	m3	2,080,819.00	4,942,729.32	6,272,399.35
		Total water consumption	m3	1,975,561.00	4,085,828.67	5,491,219.83
		Water using intensity per unit product	MWh/GWh	105,878.78	98,432.54	88,899.55
	Packaging materials used	Total usage of packaging materials	t	9,370.90	7,225.00	15,000.00
		Recycled packaging of mass-produced projects	t	4,793.41	7,000.00	12,000.00
		Recycling rate of mass-produced projects	%	51.15	96.89	80.00
Environmental Protection Input	Environmental protection input	Total environmental protection investment	RMB10,000	12,128.34	3,445.09	1,562.93
		Environmental protection training investment	RMB10,000	16.29	6.14	6.00
		Number of environmental protection training people	Person-times	41,718	36,094	40,936

Society						
Disclosure indicators			Unit	2022	2023	2024
Employee Situation <sup>xiv</sup>	Total number of employees	/	Person	7,695	16,962	10,534
	Rate of labor contract signing	/	%	100	100	100
	Number of employees divided by different regions	China region (including Hong Kong, Macao and Taiwan)	Person	7,695	16,961	10,527
		Overseas regions	Person	0	1	7
	Percentage of employees divided by employment types	Regular employees	%	80.36	84.04	97.96
		Probationary employees	%	19.64	15.96	2.04
	Percentage of employees divided by different genders	Number of male employees	%	76.35	74.49	73.65
		Number of female employees	%	23.65	25.51	26.29
	Percentage of employees divided by different ages	Under 30	%	60.10	58.68	47.61
		30 to 50	%	39.70	41.16	52.15
		Over 50	%	0.19	0.15	0.17
	Percentage of employees divided by different levels	Senior management	%	0.10	0.05	0.08
		Middle management	%	0.84	1.95	2.36
		Grassroots employees	%	99.05	98.01	97.56

Society						
Disclosure indicators			Unit	2022	2023	2024
Employee Attrition	Actual number of resigned employees	/	Person	1,717	15,424	6,941
	Attrition rate	/	%	18	48	39.72
Attrition divided by different genders	Actual number of resigned male employees		Person	1,406	11,496	5,259
	Male attrition rate		%	19	48	40.38
	Actual number of resigned female employees		Person	311	3,928	1,682
	Female attrition rate		%	15	48	37.78
	Attrition rate of employees from China region (including Hong Kong, Macao and Taiwan)		%	18	48	39.72
	Attrition rate of overseas employees		%	/	/	0.00
Attrition divided by different levels	Senior management		%	0	0	0.00
	Middle management		%	1	26	8.46
	Grassroots employees		%	18	48	40.23
	Under 30		%	18	51	45.67
Attrition divided by different age groups	30 to 50		%	18	43	33.03
	Over 50		%	6	10	41.94

## Society

### Disclosure indicators

			Unit	2022	2023	2024
Employee Career Development and Training	Person-times of trainees	/	Person-times	138,344	68,109	149,024
	Average number of training hours for employees	Hrs		31	9.28	21.12
	Average number of training hours for male employees	Hrs		31	10.09	21.29
	Average number of training hours for female employees	Hrs		28	6.91	20.53
	Average number of hours each employee spent on training divided by gender and employee type	Average number of training hours for senior management employees	Hrs	12	20	12.25
		Average number of training hours for middle management employees	Hrs	12	9.8	12.12
		Average number of training hours for frontline employees	Hrs	31	9.25	20.72
		Percentage of employees who received training	%	100	100	100
	Percentage of employees divided by gender and employee types (e.g. senior management, middle management) who received training	Percentage of male employees who received training	%	100	100	100
		Percentage of female employees who received training	%	100	100	100
		Percentage of senior management who received training	%	100	100	100
		Percentage of middle management who received training	%	100	100	100
		Percentage of frontline employees who received training	%	100	100	100



Society					
Disclosure indicators		Unit	2022	2023	2024
Staff career planning	Skill training times of employees	Times	670	683	868
	Percentage of employees who receive regular performance and career development assessment	%	100	100	100
Welfare and Security	Percentage of five insurances and one fund covering employees	%	100	100	100
	Employee Satisfaction	%	/	94.30	94.10
Rights and interests protection	Percentage of employees participated in labor union	%	100	100	100
	Number of child labor events occurring in the year	Times	0	0	0
	Number of forced labor events occurring in the year	Times	0	0	0
Employee Diversity and Inclusiveness	Unadjusted average payment difference between men and women	/	0	0	0
	Proportion of executives divided by different genders	Male executives	62.50	62.50	62.50
		Female executives	37.50	37.50	37.50
	Number of ethnic minorities and/or vulnerable groups	/	1,681	848	470

## Society

Disclosure indicators		Unit	2022	2023	2024
Prevention of discrimination and harassment	Number of employees who passed training on preventing discrimination and harassment	Person	9,412	32,386	33,796
	The number of incidents of discrimination and physical, psychological and verbal abuse reported in the workplace	Times	0	0	0
	The affected number of incidents of discrimination and physical, psychological and verbal abuse reported in the workplace	Person	0	0	0
Occupational Health and Safety (OHS)	Contractor work injury rate	Number of work injury accidents	Accident	0	0
		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	RMB10,000	10,084.04	10,494.23
		Times of security inspection	Times	/	2,333
		Coverage percentage of occupational health inspection	%	100.00	100.00

## Society

Disclosure indicators			Unit	2022	2023	2024
Supply Chain Management	Total number of suppliers in the supply chain	/	Supplier	551	599	631
	Number of suppliers divided by region	Chinese mainland suppliers number	Supplier	545	595	626
		Overseas suppliers number	Supplier	6	4	5
	Supplier audited and assessed for environmental or social issues	Frequency of supplier audited and assessed for environmental or social issues	Times/year	2	1	1
		Number of suppliers audited and assessed for environmental or social issues	Supplier	32	29	29
		Percentage of suppliers audited and assessed for environmental or social issues	%	69	100	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	1
		Number of suppliers audited on-site for environmental or social issues	Supplier	6	29	29
		Percentage of suppliers audited on-site for environmental or social issues	%	23	100	100
	Formulate improvement items of social responsibility for suppliers	Number of evaluated or reviewed suppliers who passed improvement action of corporate social responsibility	Supplier	/	/	29
		Percentage of evaluated or reviewed suppliers who passed improvement action of corporate social responsibility	%	/	/	100
	Number of ESG training for suppliers	/	Times/year	3	5	3

Society					
Disclosure indicators		Unit	2022	2023	2024
Coverage rate of ESG training for suppliers	/	%	85	90	85
Number of ESG training for procurement staff	/	Times/year	2	3	3
Coverage rate of ESG training for procurement staff	/	%	93	98	95
Situation of suppliers signing the Supplier Code of Conduct	Number of suppliers signing the Supplier Code of Conduct	Supplier	46	29	29
	Percentage of suppliers signing the Supplier Code of Conduct	%	100	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	29
	Percentage of suppliers signing contracts with environmental, labor and human rights clauses	%	100	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	6
	Percentage of suppliers subject to due diligence for responsible minerals in the supply chain	%	40	100	100

Society					
Disclosure indicators		Unit	2022	2023	2024
R&D and innovation	R&D and innovation investment	RMB10,000	66,476	99,196	141,761
	Number of company authorized patents	Pcs	1,704	3,060	3,531
	Number of company valid patent applications	Pcs	1,043	1,111	1,011
	Number of company valid trademarks	Pcs	70	96	85
Customer service	Number of customer complaints	Complaint	11	38	37
	Customer complaint resolution rate	%	100	100	100
	Proportion of product recall due to safety and health reasons	%	0	0	0
	Customer satisfaction	Point	94.8	95.3	93.4
Social welfare	Amount of external aid and donations	RMB10,000	605	188	192.5
	Volunteering hours	Hrs	/	/	1,695



## Governance

Disclosure Indicators		Unit	2022	2023	2024
Pluralism of the Board of Directors	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	%	25.00	25.00
		Junior college	%	12.50	12.50
	Percentage of directors by gender	Female directors	%	12.50	12.50
		Male directors	%	87.50	87.50
Commercial Ethics and Compliance	Number of corruption lawsuits	Complaint	0	0	0
		Person-times	37,367	35,858	37,977
		%	100	100	100
		%	100	100	100
Information Security and Privacy	Information security training	Number of trainees	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	Times/3 years	3	1
	Number of information security events	Number of recognized information security events throughout the year	Times	0	0

- i Unless otherwise specified in the key performance statement, the statistical caliber of disclosure indicators shall be consistent with that of the annual report. The undisclosed data are represented by "/", for the disclosure range of ESG key performance indicator is expanded and some indicators are not disclosed in the previous year.
- ii Compared with that in 2023, Meishan Base and Jiangmen Base are added in emission disclosure indicator. All domestic battery production bases are covered in this year.
- iii Sources of direct greenhouse gas emission in Scope 1 include natural gas, gasoline, diesel, fire-fighting gases, refrigerants, rust removers, industrial exhaust water and septic tank system.
- iv Sources of greenhouse gas emissions in Scope 2 include electricity.
- v Sources of greenhouse gas emissions in Scope 3 include outsourced goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, wastes generated in operation, business travel, employee commuting, downstream transportation and distribution, and downstream leased assets.
- vi Scope of greenhouse gas emission strength: Scope 1 and 2.
- vii Hazardous wastes include sludge, waste dimethyl carbonate, waste oil, waste chemical packaging, NMP waste liquid, chemical waste liquid, waste activated carbon, etc.
- viii Harmless wastes include waste materials, production wastes and industrial wastes.
- ix Non-recyclable garbage includes industrial garbage.
- x Recyclable garbage includes recyclable production waste and waste materials.
- xi Compared with that in 2023, Meishan Base and Jiangmen Base are added in resource use disclosure indicator. All domestic battery production bases are covered in this year.
- xii Energy consumption includes electricity (grid power, photovoltaic) and natural gas.
- Xiii The Company redefined total water consumption, total water consumption = total withdrawals – total discharges, and for this purpose, corrected the total water consumption data and water consumption per unit of product data for 2022 and 2023.
- xiv In employee disclosure indicator, the percentage statistics of employees divided by gender and age do not contain the overseas employees.

# CONTENT INDEX TABLE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

Environmental		
Disclosure Indicators		Disclosure Position
A1: Emissions		
General disclosure	The emission of exhaust gas and greenhouse gases, the discharge of pollutants into water and land, the generation of hazardous and non-hazardous wastes which lead to (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Environment Management
A1.1	The types of emissions and respective emissions data.	ESG Key Performance Table
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in t) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Respond to Climate Change ESG Key Performance Table
A1.3	Total hazardous waste produced (in t) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollution and Waste Management ESG Key Performance Table
A1.4	Total non-hazardous waste produced (in t) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollution and Waste Management ESG Key Performance Table
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Respond to Climate Change Pollution and Waste Management
A1.6	Descriptions of the method for treating hazardous and non-hazardous wastes as well as the goals of waste reduction and steps taken for realizing these goals.	Pollution and Waste Management

## Environmental

### Disclosure Indicators

### Disclosure Position

#### A2: Use of Resource

General disclosure	Policies for the effective use of resources (including energy, water and other raw materials).	Resource Management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource management ESG Key Performance Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Management ESG Key Performance Table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Management
A2.5	Total packaging material used for finished products (in t) and, if applicable, with reference to per unit produced.	Circular Economy ESG Key Performance Table

#### A3: The Environment and Natural Resources

General disclosure	Policies to reduce the issuer's significant impact on the environment and natural resources.	Ecosystem and Biodiversity Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ecosystem and Biodiversity Protection

#### A4: Climate Change

General disclosure	Policies to identify and address major climate-related issues that have and may have an impact on issuers.	Respond to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Respond to Climate Change

## Society

Disclosure Indicators		Disclosure Position
<b>B1: Employment</b>		
General disclosure	The (a) policies about remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other treatment and benefits: and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee Rights and Development
B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	ESG Key Performance Table
B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Table
<b>B2: Health and Safety</b>		
General disclosure	The (a) policies providing a safe working environment and protecting employees from occupational hazards, and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee Rights and Development
B2.1	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Table
B2.2	Lost days due to work injury.	ESG Key Performance Table
B2.3	Description of the occupational health and safety (OHS) measures adopted and related implementation enforcement and monitoring methods.	Employee Rights and Development ESG Key Performance Table
<b>B3: Development and Training</b>		
General disclosure	Policies on improving employees' knowledge and skills in performing their duties. Description of the training activities.	Employee Rights and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG Key Performance Table
B3.2	The average training hours completed per employee by gender and employee category.	ESG Key Performance Table
<b>B4: Labour Standards</b>		
General disclosure	The (a) policies concerning the prevention of child labor or forced labor: and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee Rights and Development
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employee Rights and Development
B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights and Development



Society		
Disclosure Indicators		Disclosure Position
<b>B5: Supply Chain Management</b>		
General disclosure	Policies on environment and social risks of management supply chain.	Supply Chain Sustainability
B5.1	Number of suppliers by geographical region.	ESG Key Performance Table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Sustainability ESG Key Performance Table
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Sustainability
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Sustainability
<b>B6: Product Responsibility</b>		
General disclosure	The (a) policies on health and safety, advertising, labeling and privacy of products and services provided and remedies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Product Quality and Safety
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality and Safety ESG Key Performance Table
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Quality and Safety ESG Key Performance Table
B6.3	Number of products and service related complaints received and how they are dealt with.	Product R&D and Innovation
B6.4	Description of quality assurance process and recall procedures.	Product Quality and Safety
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Service Management

Society		
Disclosure Indicators		Disclosure Position
<b>B7: Anti-corruption</b>		
General disclosure	The (a) policies on prevention of bribery, extortion, fraud and money laundering; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Commercial Ethics and Compliance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees Within the reporting period and the outcomes of the cases.	ESG Key Performance Table
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Commercial Ethics and Compliance
B7.3	Description of anti-corruption training provided to directors and staff.	ESG Key Performance Table
<b>B8: Community Investment</b>		
General disclosure	The policies on community participation to understand the needs of the community in which it operates and to ensure that its business activities will consider the interests of the community.	Community Participation
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Participation
B8.2	Resources contributed (e.g. money or time) to the focus area.	ESG Key Performance Table

# CONTENT INDEX TABLE OF GRI SUSTAINABILITY REPORTING STANDARDS

<b>Description of Use</b> CALB reported the information cited in this GRI Content Index from January 1 to December 31, 2024 by reference to the GRI standards.					
<b>GRI 1 Used</b> GRI 1 : Foundation 2021					
GRI Standards	Disclosure Items	Disclosure Section	GRI Standards	Disclosure Items	Disclosure Section
GRI 2: General Disclosure 2021	2-1 Details of the organization	Company Profile		2-15 Conflicts of interest	Commercial Ethics and Compliance
	2-2 Entities included in sustainable development reports of the organization	About the Report		2-16 Communication of key issues	ESG Management
	2-3 Reporting period, frequency of reporting and contact person	About the Report		2-17 Knowledge of the top governing body	ESG Management
	2-4 Information restatement	ESG Key Performance Table		2-18 Performance evaluation of top governing body	ESG Management
	2-5 External authentication	Authentication Statement		2-19 Remuneration policy	Corporate Governance
	2-6 Activities, value chains and other business relationships	Industrial Layout Product Quality and Safety Customer Service Management Supply Chain Sustainability		2-20 Procedures for determining remuneration	Corporate Governance
	2-7 Employees	ESG Key Performance Table		2-22 Statement on sustainable development strategies	ESG Management
	2-8 Workers other than employees	ESG Key Performance Table		2-23 Policy commitments	Environment Management Supply Chain Sustainability Employee Rights and Development Commercial Ethics and Compliance
	2-9 Structure and composition of governance	ESG management Corporate Governance		2-24 Integration policy commitments	Environment Society Governance
	2-10 Nomination and selection of supreme governing body	Corporate Governance		2-25 Procedures to remedy negative impacts	ESG Management Respond to Climate Change Product Quality and Safety Customer Service Management Supply Chain Sustainability Employee Rights and Development Corporate Governance Commercial Ethics and Compliance Information Security and Privacy Protection
	2-11 Chairman of the top governing body	Corporate Governance			
	2-12 Regulatory role of top governing body in terms of management impact	ESG Management			
	2-13 Delegation of responsibility for managing impacts	ESG Management Corporate Governance			
	2-14 Role of top governing body in sustainable development reporting	ESG Management			

GRI Standards	Disclosure Items	Disclosure Section
	2-26 Mechanisms for seeking suggestions and raising concerns	ESG Management Employee Rights and Development
	2-27 Compliance with laws and regulations	Environment Management Product Quality and Safety Customer Service Management Supply Chain Sustainability Employee Rights and Development Commercial Ethics and Compliance Information Security and Privacy Protection
	2-28 Membership of associations	Associations and Organizations Joined
	2-29 Involvement methods of stakeholders	ESG Management
	2-30 Involvement methods of stakeholders	ESG Management
GRI 3: Substantive Issues 2021	3-1 Process for identifying material issues	ESG Management
	3-2 List of material issues	ESG Management
	3-3 Management of material issues	ESG Management Environment Society Governance
GRI 201: Economic Performance 2016	201-1 Economic value directly generated and distributed	ESG Key Performance Table
	201-2 Financial impacts and other risks and opportunities from climate change	Respond to Climate Change
	201-3 Set benefit plan obligations and other retirement plans	Employee Rights and Development
GRI 203: Indirect Economic Impact 2016	203-1 Infrastructure investment and support services	Community Participation
	203-2 Significant indirect economic impact	Community Participation

GRI Standards	Disclosure Items	Disclosure Section
GRI 205: Anti-Corruption 2016	205-1 Operational sites where corruption risk assessments have been conducted	Commercial Ethics and Compliance
	205-2 Communication and training on anti-corruption policies and procedures	Commercial Ethics and Compliance ESG Key Performance Table
	205-3 Confirmed incidents of corruption and action taken	Commercial Ethics and Compliance
GRI 206: anti-competitive Conduct 2016	206-1 Lawsuits against anti-competitive conduct, antitrust and anti-monopoly practices	Customer Service Management Commercial Ethics and Compliance
GRI 301: Materials 2016	301-1 Weight or volume of material used	Circular Economy ESG Key Performance Table
	301-2 Recycled feed used	Circular Economy
	301-3 Recycled products and their packaging materials	Circular Economy ESG Key Performance Table
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Resource Management ESG Key Performance Table
	302-2 Energy consumption outside the organization	Resource Management ESG Key Performance Table
	302-3 Energy intensity	Resource Management ESG Key Performance Table
	302-4 Reduce energy consumption	Resource Management ESG Key Performance Table
	302-5 Decline in energy demand for products and services	Resource Management
GRI 303: Water Resources and Sewage 2018	303-1 Interactions between organizations and water as a shared resource	Resource Management
	303-2 Manage the drainage-related impacts	Resource Management
	303-3 Water supplies	Resource Management ESG Key Performance Table

GRI Standards	Disclosure Items	Disclosure Section
	303-4 Drainage	Pollution and waste management ESG Key Performance Table
	303-5 Water consumption	Resource Management ESG Key Performance Table
GRI 304: Biodiversity 2016	304-1 Organize owned, leased, managed operating sites in or near protected areas and areas rich in biodiversity	Ecosystem and Biodiversity Protection
	304-2 Significant impacts of activities, products and services on biodiversity	Ecosystem and Biodiversity Protection
GRI 305: Emissions 2016	305-1 Direct (Scope 1) greenhouse gas emissions	Respond to Climate Change ESG Key Performance Table
	305-2 Energy indirect (Scope 2) greenhouse gas emissions	Respond to Climate Change ESG Key Performance Table
	305-3 Other indirect (Scope 3) greenhouse gas emissions	Respond to Climate Change ESG Key Performance Table
	305-4 Greenhouse gas emission intensity	Respond to Climate Change ESG Key Performance Table
	305-5 Greenhouse gas emission reduction	Respond to Climate Change ESG Key Performance Table
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant gaseous emissions	Pollution and Waste Management ESG Key Performance Table
GRI 306: Waste 2020	306-1 Waste generation and waste-related significant impacts	Pollution and Waste Management
	306-2 Management of waste-related significant impacts	Pollution and Waste Management

GRI Standards	Disclosure Items	Disclosure Section
	306-3 Waste generated	Pollution and Waste Management ESG Key Performance Table
	306-4 Waste transferred from disposal	Pollution and Waste Management ESG Key Performance Table
GRI 308: Environmental Assessment for Suppliers 2016	308-1 New suppliers screened using the environmental assessment dimension	ESG Key Performance Table
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Sustainability ESG Key Performance Table
GRI 401: Employment 2016	401-1 Hire rate of new employees and employee turnover rate	ESG Key Performance Table
	401-2 Benefits offered to full-time employees (excluding temporary or part-time employees)	Employee Rights and Development
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety (OHS) management system	Employee Rights and Development
	403-2 Hazard identification, risk assessment and accident investigation	Employee Rights and Development
	403-3 Occupational health services	Employee Rights and Development
	403-4 Occupational health and safety matters: Participation, consultation and communication of workers	Employee Rights and Development
	403-5 Occupational health and safety training for workers	Employee Rights and Development
	403-6 Promotion of worker health	Employee Rights and Development
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Employee Rights and Development
	403-8 Workers covered by occupational health and safety management system	Employee Rights and Development ESG Key Performance Table

GRI Standards	Disclosure Items	Disclosure Section
	403-9 Work injury	ESG Key Performance Table
	403-10 Work-related health problems	Employee Rights and Development
GRI 404: Training and Education 2016	404-1 Average training hours per employee per year	Employee Rights and Development ESG Key Performance Table
	404-2 Staff skill improvement scheme and transition assistance scheme	Employee Rights and Development
	404-3 Percentage of employees who receive regular performance and career development assessment	ESG Key Performance Table
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governing body and employees	Employee Rights and Development Corporate Governance
	405-2 Ratio of basic wages and remuneration of men and women employees	ESG Key Performance Table
GRI 406: Anti-Discrimination (2016)	406-1 Discrimination incidents and corrective action taken	Employee Rights and Development
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operating sites and suppliers probably facing the risks of freedom of association and the right to collective bargaining	Employee Rights and Development Supply Chain Sustainability
GRI 408: Child Labor (2016)	408-1 Operating sites and suppliers facing the significant risk of child labor incidents	Employee Rights and Development Supply Chain Sustainability
GRI 409: Forced or Compulsory Labor (2016)	409-1 Operating sites and suppliers with significant risk of forced or compulsory labor incidents	Employee Rights and Development Supply Chain Sustainability

GRI Standards	Disclosure Items	Disclosure Section
GRI 413: Local Communities 2016	413-1 Operating sites involving local community and influencing assessment and development plans	ESG Management Community Participation
	413-2 Operating sites with actual or potential significant negative impacts on local communities	Community Participation
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers screened using social criteria	Supply Chain Sustainability ESG Key Performance Table
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Sustainability ESG Key Performance Table
GRI 416: Customer Health and Safety 2016	416-1 Assessment on the health and safety impacts of product and service categories	Product Quality and Safety
	416-2 Violations involving health and safety impacts of products and services	Product Quality and Safety ESG Key Performance Table
GRI 417: Marketing and Logo 2016	417-1 Requirements for information and identification of products and services	Product Quality and Safety
	417-2 Violations involving product and service information and identification	Product Quality and Safety
	417-3 Violations involving marketing communications	Customer Service Management
GRI 418: Customer Privacy 2016	418-1 Confirmed complaints involving violations of customer privacy and loss of customer data	Customer Service Management Information Security and Privacy Protection



## ASSOCIATIONS AND ORGANIZATIONS JOINED

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

S/N	Name of External Agency	Join Time	Member Level
16	Jiangsu Energy Storage Industry Association	2022	Vice President
17	China Energy Storage Alliance	2022	Board Member
18	China Society of Automotive Engineers and Working Committee on Digitalization and Intelligent Manufacturing of Automobile Industry	2022	Member
19	CATARC (2022 "NEV Power Battery Management Policy and Generic Technology Research" Work Team)	2022	Member
20	Carbon Neutrality Committee of China Energy Conservation Association	2022	Member
21	China New Energy Industry Innovation Alliance	2022	Member
22	National Lithium Battery Intelligent Manufacturing Device Standard Work Team	2022	Member
23	China Non-Metallic Minerals Industry Association	2022	Member
24	China Electric Heavy Truck Power Conversion Industry Promotion Alliance	2022	Member
25	China Non-Metallic Minerals Industry Association	2022	Member
26	Corporate Anti-Corruption Alliance	2023	Member
27	China Energy Storage Alliance	2024	Board Member
28	China Society of Automotive Engineers Automotive Supply Chain Innovation Branch	2024	Member
29	CCOIC (China Chamber of International Commerce)	2024	Member
30	CAAM China Automotive Parts CT30 Joint Committee	2024	Member
31	CBIA National Marine Electrical and Electronic Equipment Standard Technical Committee (Standard Wok Team of Ship Energy Storage and Power Battery System of Marine Electrical Sub-technical Committee)	2024	Member
32	Shenzhen New Energy Association	2024	Member

# ABBREVIATIONS

Abbreviation	English Full Name	Chinese Name
GBA	Global Battery Alliance	全球電池聯盟
CCS	China Classification Society	中國船級社
DNV	Det Norske Veritas	挪威船級社
VOC	Volatile Organic Compounds	揮發性有機化合物
COD	Chemical Oxygen Demand	化學需氧量
BOD	Biochemical Oxygen Demand	生物需氧量
QCC	Quality Control Circle	品管圈
HSF	Hazardous Substances Free	無有害物質
EHS	Environment Health Safety	環境健康安全
SQE	Supplier Quality Engineer	供應商質量工程師
SRM	Supplier Relationship Management	供應商關係管理
MES	Manufacturing Execution System	製造執行系統
LES	Logistics Execution System	物流執行系統
PQC	Process Quality Control	過程質量控制

Abbreviation	English Full Name	Chinese Name
CPK	Process Capability Index	制程能力指數
SAQ	Sustainability Assessment Questionnaire	可持續評估問卷
CBAM	Carbon Border Adjustment Mechanism	歐盟碳邊境調節機制
OECD	Organizationfor Economic Co-operation and Development	經濟合作與發展組織
CMRT	Conflict Minerals Reporting Template	衝突礦產報告模板
EMRT	Extended Minerals Reporting Template	擴展衝突礦產報告模板
SOC	State Of Charge	電池的充電狀態
BMS	Battery Management System	電池管理系統
ERT	Emergency Response Team	應急反應小組
OH	Overhang	懸垂
CCD	Charge-Coupled Device	電荷耦合器件
CT	Computed Tomography	計算機斷層掃描
WDD	Weld Defect Detection	焊接缺陷檢測

# AUTHENTICATION STATEMENT



## Independent Assurance Statement

### Introduction

TUV Rheinland (Shanghai) Co., Ltd., a member of TUV Rheinland Group (hereinafter "TUV Rheinland" or "We"), was entrusted by CALB Group Co., Ltd. (hereinafter "CALB" or "the Company") to conduct an independent third-party assurance of CALB's 2024 Environmental, Social and Governance Report (hereinafter, "ESG Report"). The report disclosed CALB's sustainability information for the fiscal year 2024 (January 1, 2024 to December 31, 2024).

### Responsibilities

CALB is not only responsible for the preparation of ESG report and the collection and submission of sustainability information in accordance with applicable reporting standards, but also has the obligation to implement and maintain effective internal control of information and data to support the report compilation process.

TUV Rheinland is a global service provider that provides CSR and sustainability services in more than 65 countries, with experienced and technical expertise in the areas of environment, CSR, sustainability and stakeholder engagement. TUV Rheinland Assurance team follows the TUV Rheinland Global Business Ethics Compliance Policy and Procedures, covering the principles of integrity compliance and conflict of interest. Therefore, our assurance services are based on the principles of independence and impartiality, and we do not participate in the writing and preparation of the report of CALB. It is the duty of TUV Rheinland to carry out independent assurance in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial judgments on ESG reporting.

### Assurance Standard

TUV Rheinland undertook assurance work for the sustainability information disclosed in ESG report of CALB in accordance with the AccountAbility AA1000 Assurance Standard v3 (AA1000AS v3), Type 1 and Moderate level.

### Assurance Objectives

The purpose of the assurance was to provide management of CALB and stakeholders concerned with the company's sustainability information and performance to provide an independent view of the assurance, including assessment of whether the content of the report adhered to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact), and verification of sustainability information disclosure.

### Assurance Criteria

The following assessment criteria were used in undertaking the work:

- Appendix C2 "Environmental, Social and Governance Reporting Code" to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "HKEX")
- GRI Standards of Global Sustainability Standards Board
- Hong Kong Stock Exchange's Implementation Guide on Climate Disclosure under the Environmental, Social and Governance Framework
- International Sustainability Standards Board (ISSB) International Financial Reporting Sustainability Disclosure Standards
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AP AccountAbility Principles, i.e., *Inclusivity, Materiality, Responsiveness, and Impact*

### Methodology

Our assurance activities and procedures include:



- Inquiring management and those personnel responsible for collecting and aggregating sustainability performance information to understand the management processes, systems, and controls for sustainability performance information.
- Reviewing and assessing the availability, adequacy, and relevance of performance information based on sampling principles.
- Applying analysis program to assess the accuracy of the information available for performance data.
- Collecting and examining the supporting evidence of available performance information to assess the extent to which the relevant evidence and information related to the scope of the assurance in the sustainability report supports and adheres to the AA1000AP AccountAbility Principles.
- Reporting assurance observations or recommendations to give the company's management an opportunity to correct errors before the assurance process is completed.

### Limitations

TUV Rheinland planned and executed the verification in accordance with the scope of the assurance agreed upon in order to obtain all the information, evidence and necessary explanations to provide the basis for the conclusion of the assurance in accordance with the moderate level of AA1000AS v3.

The information and performance data relating to the assurance is limited to the disclosure of the contents of this report. Our assurance work did not include financial report and its financial data, as well as other information not related to the topic of sustainability.

### Conclusions

Based on the above assurance procedures and methodology performed and the evidence obtained, we conclude that there are no instances or information that would be contrary to the following statements:

- CALB's 2024 ESG Report and its contents are in adherence to the AA1000AP AccountAbility Principles and align with the information disclosure requirements of Appendix C2 "Environmental, Social and Governance Reporting Code" to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "HKEX") and GRI Standards.
- CALB has implemented processes and systems to collect and aggregate performance information and data related to materiality issues within the reporting boundary, and the company's management practices have also shown that the company conducted double materiality analysis and evaluation of issues.
- The sustainability-related information and performance disclosed in the report have been assessed and supported by documentary evidence.

TUV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on CALB based on this Assurance Statement.

### Adherence to the AA1000AP AccountAbility Principles

#### Inclusivity

The key stakeholders identified by CALB included customers, shareholders, employees, governments and regulators, suppliers, communities and the public, as well as industry and standards associations. Evidence showed that the interaction between CALB and these stakeholders in its business activities is normal. In 2024, the company carried out ESG seminars and internal and external stakeholder questionnaires, covering topics such as response to climate change, energy management, supply chain sustainability, and ESG governance. The results of the survey and analysis could provide a basis for decision-making on the evaluation of double materiality issues and the optimization of the company's ESG strategy and action plan.

#### Materiality

Evidence indicated that in 2024, CALB has implemented a double materiality assessment process. Based on the background of the sustainable development industry, business model and the requirements of the latest international disclosure standards, the company updated the topic database, and combined with the stakeholder questionnaire survey and analysis, to evaluate and rank the importance of these issues from two dimensions: impact materiality and financial materiality, including adopting the opinions of the company's senior executives and ESG-related experts, and finally forming a double materiality issue matrix. The matrix showed the key issues of the year, including those that



are both financial materiality and impact materiality (e.g. product quality and safety, product development and innovation, response to climate change, intellectual property protection, supply chain sustainability, circular economy, etc.). The company's ESG Executive Committee reviewed and confirmed the results of the analysis of the above material issues.

### Responsiveness

The channels of communication between CALB and its key stakeholders are diverse. Evidence indicated that in 2024, the company's communication and interaction with these stakeholder groups included, but are not limited to, customer service hotlines and satisfaction surveys, information disclosure, investor relations activities, employee training, grievances and whistleblowing, government meetings and supervision and inspection, supplier audits and training, social welfare, social media exchanges, and engagement of the development of industry standards.

The report disclosed data on key performance indicators such as greenhouse gas emissions (including Scope 1, 2 and 3 emissions), energy consumption, water resources, pollutants and waste, employee employment, occupational health and safety, supplier management, etc., and these performance figures are historically comparable. In addition, the report disclosed environmental issues and their goals (e.g., certification of water-efficient companies, reduction of energy consumption intensity, etc.) to respond to key concerns of stakeholders. In 2024, the company reviewed its ESG strategy and goals again, optimized its ESG organization and operating mechanism, and formulated carbon neutrality goals and implementation paths.

### Impact

CALB has built a risk database (including ESG risks), and the risk management focuses on the fields of environment and climate, supply chain, occupational health and safety, business ethics and compliance, intellectual property protection (such as taking the lead in building an industry cooperation platform for the use and protection of intellectual property rights), and information security, and combined operation management, compliance management, and internal control systems (including evaluation mechanisms) to assess and control major risks affecting enterprise operations and business, and actively implemented closed-loop management. Evidence showed that in 2024, the company promoted due diligence on conflict minerals in the supply chain and the implementation of the "China Battery ID Plan".

The report disclosed the relevant content of the impact, risk and opportunity analysis of material issues (including climate change, etc.), including the scope of impact, affected stakeholders, and impact cycle. On the topic of addressing climate change, the report disclosed a four-element framework and included a climate change risk database (including physical and transition risks) and climate scenario analysis. Evidence indicated that in 2024, CALB has taken corresponding measures to reduce the impact on the value chain in the areas of supply chain carbon reduction (such as promoting carbon footprint certification of upstream suppliers) and energy conservation and consumption reduction.



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