

2022 Responsible Minerals Due Diligence Report

1. About Lishen Battery

Tianjin Lishen Battery Joint-Stock Co., Ltd. ("Lishen Battery"), founded on 25 December 1997, is a state-holding national hi-tech firm with registered capital of RMB1,930,000,000. Being a first lithium-ion battery R&D company and manufacturer in China and 25 years experience in lithium-ion battery R&D and manufacture, Lishen Battery is capable of production of 15GWh lithium-ion battery a year, enabling Lishen lithium-ion battery's share to lead in international hi-end market.

Lishen Battery was positioned an international high-end supporting, technology and quality firm at very beginning of incorporation. It has become an internationally first class and domestically leading professional lithium-ion battery manufacturer after 25 years of development, from nothing to something and from a small firm to a large enterprise. As of June 30, 2022, Lishen Battery (including its affiliates) has applied for 2,905 patents in total, including 803 invention patents, 2,070 utility model patents and 13 design patents. Totally 2164 patents are authorized. The national lithium-ion power battery engineering technology research center, a sole one in China's lithium battery sector, UL eyewitness test laboratory, the first one on China's battery sector, the national recognized enterprise technology center and the postdoctoral research mobile workstation enable Lishen Battery to be a leading technology enterprise in Tianjin, an academician expert workstation in Tianjin and a battery team leader among central government owned enterprises Electric Vehicle Industry Alliance.

Lishen Battery upholds the business philosophy of "Technology and Quality, International First-Class, Green Energy and Benefiting Mankind" and is pledged to providing customers with integrated power solution. It is a pioneer and leader among new energy sectors in China. Lishen Battery products are in five series: round (cylindrical) battery, square battery, power battery, polymer battery and super capacitors. The application of the products cover three major sectors, i.e., "Power, Consumption, Energy Storage".

Being benefited from booming development of battery sectors, Lishen Battery has established battery factories in Tianjin, Qingdao, Suzhou and other places. These factories are in bulk production. Being "national team" among lithium battery sectors, Lishen Battery, under the leadership of China Chengtong, launched, in the latest development, the construction of Wuxi base and Chuzhou base which are planned for annual production of 120GWh. In the future, Lishen Battery will continue to play the sector leading role, shoulder the responsibilities, provide first-class energy solution, serve low-carbon life, help build a smart society, practice national new energy strategy and become a leader in lithium battery industry chain and green energy solution provider in all-application direction. Meanwhile, Lishen Battery will actively explore international market and accelerate the pace of contacting hi-end vehicle manufacturers there by using the branches established in Germany and the United States.

2. Responsible Minerals Due Diligence Management Policy

Lishen Battery developed this “Responsible Minerals Due Diligence Management Policy” in attempt to avoid the use of conflict minerals which may directly or indirectly finance or benefit armed groups and/or of those conflict minerals which are involved in other serious human rights violations in high-risk and conflict-affected areas. This policy is fully in line with the third edition of the OECD Guidelines for Responsible Supply Chain Due Diligence on Minerals from conflict-affected and high-risk regions (OECD Guidelines). It covers all risks identified in Appendix II to OECD Guidelines and applies globally. Lishen Battery undertakes to address any Appendix II risks once they are identified. This policy has been widely publicized to stakeholders (suppliers, customers, employees, etc.). It is available at Lishen Battery website www.lishen.com.cn.

3. Responsible Minerals Due Diligence Management System

3.1 Management structure

Lishen Battery abides by its commitment to responsible mineral due diligence and has developed internal due diligence processes in the following aspects:

The head of Supply Chain Management Dept. and the head of Quality Management Dept. are responsible for overseeing the development and implementation of the due diligence plan and risk management.

The head of Quality Management Dept. was appointed to coordinate with relevant departments (including R&D, Supply Chain Management Dept., Quality Management Dept., Marketing Center, etc.) to ensure that these departments strictly perform their duties, carry out due diligence activities and report any warning signs and potential risks so identified.

3.2 Internal control process

Lishen Battery updates its due diligence management process annually in light of actual operation, which is always in line with OECD guidelines. Lishen Battery has forwarded the latest Responsible Minerals Due Diligence Policy and Procurement Requirements to all suppliers and incorporated due diligence requirements into legally binding framework agreements with direct suppliers. In course of due diligence of raw material suppliers, Lishen Battery has advocated the requirements of "Due Diligence Guidelines for Responsible Supply Chains for Minerals from Conflict-Affected and High Risk Areas" to all suppliers, and the suppliers in supply chain have been reminded and urged to operate legally and not handle any conflict raw materials or those of unknown origin.

The official website of Lishen Battery announces complaint channels like whistle-blowing phone and email, collecting complaint and/or grievance. No complaint, grievance or whistle-blowing in connection with responsible mineral due diligence was received in 2022.

3.3 Record-keeping system

Lishen Battery requires all record in connection with responsible mineral due diligence management is kept for five years, correctly used and maintained.

4. Risk identification and assessment

Lishen Battery, in line with to the requirements of Lishen Battery's "Responsible Minerals Due Management Procedure", at the beginning of each year, forwards CMRT, CRT and risk warning signal self-assessment form to suppliers in previous year, requiring them to complete the form and revert according to their actual situations. Lishen Battery supplier management departments are required to review suppliers' feedback, the United Nations sanctions list and relevant media report. These suppliers will be required to correct any inconsistency, error or incomplete information when detected.

5. Reduce risk (only for high risk procurement)

In response to assessed high risk supply chain, Lishen Battery requires supply chain management departments to take the following risk link measures promptly for risk control:

Report high risk supply chain assessment result to senior management, state high risk supply chain related information, fact and potential risk;

Develop and implement risk management plan according to Lishen Battery's supply chain risk management strategy. Develop and take effective mitigation measures specific to existing risks and negotiate and agree with suppliers and affected stakeholders. Risk reduction strategies include the following: continuation of trading entire course of managing measurable risk, temporary suspension of trading amid risk reduction, termination of cooperation with suppliers when reduction of risk is infeasible or unacceptable;

Continuously monitor risks and re-assess risks when they change

No high risk procurement occurred in Lishen Battery in 2022.

6. Independent audit by a third party

Lishen Battery conducted responsible minerals due diligence on its 2022 suppliers and reviewed the due diligence results.

Lishen Battery was subject to on-site review by RCS, a third party, on due diligence from 1 to 2 March, 2022. Lishen Battery developed a detailed improvement plan for some of the issues raised and gradually improved the work.

In good faith, the change to mining, transportation, smelting/refining of raw materials in the supply chain, if any, should be notified to Lishen Battery promptly so that any impact

or risk related to mining conditions and conflict or high risk area supplier relationship is identified, prevented or reduced, building Lishen Battery's open and transparent supply chain due diligence management system.

Tianjin Lishen Battery Joint-Stock Co., Ltd.

07 February 2022