





















## Report on supply chain due diligence

This is the first public release of CATL’s report on the sustainable development of cobalt supply chain. CATL has recognized that releasing the report is the basic responsibility of all stakeholders on the upstream and downstream of the cobalt supply chain. We welcome your feedback, and encourage all the partners to work together to improve the transparency and sustainability of the cobalt supply chain. Unswerving policies and a clear communication mechanism and third party due diligence audit program are the key point for CATL’s transparency in the cobalt supply chain. As a key downstream company, CATL will set itself as an example and focus on strengthening the cooperation with suppliers or other third parties, improve the transparency of the cobalt supply chain, strengthening communication with suppliers and provide capacity building for suppliers. We will make our best effort to avoid risk of child labor other human right abuses and mitigate if any risks identified, and that there is no risk of child labor, occupational health and environmental pollution on our cobalt supply chain.

CATL established a supply chain management project for sustainable development in 2018. The progress of the project is as follows:

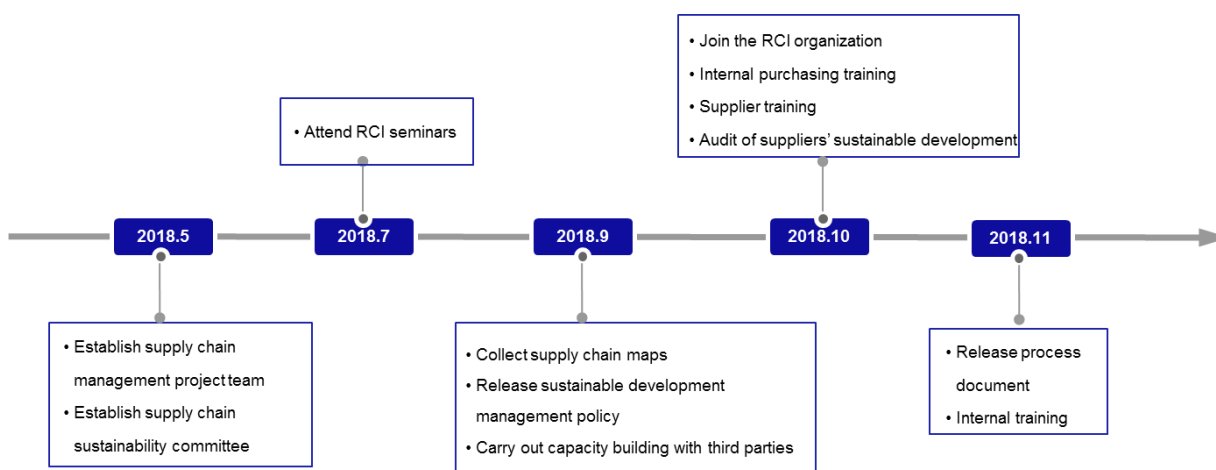


Figure 1 Progress of the supply chain management project for sustainable development

CATL will establish a risk indicator library for the risks identified on the supply chain, classify the risks based on the supply chain map information and develop corresponding solutions, and it has completed 3 rounds of seminars with first-tire suppliers, during which 43 suppliers have participated in the discussion how to

ensure the responsible purchasing. As most domestic companies have limited understanding of the construction of sustainable development system, CATL will continue to strengthen capacity building for suppliers, and require suppliers to complete capacity building for their suppliers. For the traceability of raw materials of its products, CATL is now using MES system to trace incoming materials. At the same time, it is actively cooperating with upstream and downstream enterprises in the supply chain to build a traceability system to ensure that the raw materials of its products can be traced back to the source.

CATL is working hard to slow down global warming. In our supply chain, we are collecting and analyzing carbon emissions data, promoting suppliers to establish a sound energy management system and carbon emission management system, and working together with our suppliers to promote the use of renewable energy and improve the process so as to reduce carbon emissions on the supply chain. All of these will help create a green ecological environment.

CATL has been represented at the 13th responsible Mineral Supply chain Forum, held by the Organization for Economic Cooperation and Development (OECD) in Paris, France, from 26th 23 to April 2019, to have further in-depth communication and consultation with the upstream and downstream companies of the international cobalt supply chain and various stakeholders on the risks and recommendations. Through RCI Coordination, the Chinese delegation held bilateral conversations with representatives of the Congolese Ministry of Mines, and held consultations on governance and control.



Figure 2 Photo by the Chinese delegation with representatives of the Congolese Ministry of Mines (CATL, right)

This report is a progress report on the cobalt supply chain, to improve the transparency and sustainability of the entire supply chain, CATL is also investigating and analyzing the supply chain of nickel, manganese, lithium, graphite through independent third party audit program. CATL plans to release progress status of other mineral supply chain in the next year' s sustainability report.