

CATL

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CATL

2019

Corporate Social Responsibility Report

Contemporary Amperex Technology Co., Limited



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About this Report

This Report is the second one of Corporate Social Responsibility (hereinafter referred to as "CSR") Report of Contemporary Amperex Technology Co., Limited ("CATL" or "the Company" hereinafter). This Report is published along with the 2019 Annual Report of the Company.

This Report was reviewed and approved at the 14th meeting of the 2nd Board of Directors held on April 23, 2020.

Reporting Period

The reporting period starts from January 1, 2019 to December 31, 2019. To increase the comparability and completeness of this Report, some of the information is retrospective to previous years.

Scope of this Report

This Report covers CATL, its subsidiaries and branches.

Basis of Preparation

This Report is made with reference to the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*, the *Memorandum No. 10 on the ChiNext Board Information Disclosure Business: Periodic Report Disclosure*, the *GRI Standards*, the *Sustainable Development Goals* set by the United Nations, taking account of the situation of the Company.

Data Source and Reliability Assurance

The financial data in this Report are based on the audited financial statements of the Company, and other data are provided by relevant departments of the Company. Unless otherwise provided, the currency involved in this Report is RMB.

Report Publishing

This Report is published once a year in the form of a printed version and an electronic version. The electronic version can be downloaded from the website of Contemporary Amperex Technology Co., Limited (<https://www.catlbattery.com/>). This Report is furnished in both Chinese and English. In the event of any discrepancies in the two versions, the Chinese version shall prevail.

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Corporate Culture

Mission

Innovate to enable customers achievements, power your life

Vision

Rooted in Chinese culture while embracing the global culture
Strive to be a global premier innovative technology corporation
Deliver excellent contribution to new energy resolution for mankind

Provide a platform of pursuing the spiritual and material well-being for employees

Provide a platform for striving



Refine

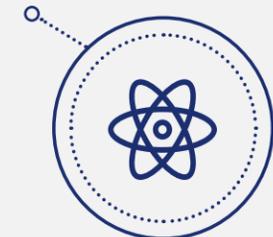


Enable

Core Values



Strive



Innovate

Message from Chairman



Chairman of CATL

Founded in 2011, CATL is celebrating the 9th anniversary. Looking back to the history of company development, CATL has always been aiming at “delivering excellent contribution to the new energy industry for all mankind” and viewing sustainable development as one of the strategic objectives of the Company.

Due to global climate change, environmental protection has become a major issue of concern. Facing the deterioration of the living environment, people are eager for and calling for change. Over the years, CATL has been constantly making innovation while providing users with reliable power battery and energy storage solutions. By using the method of life cycle assessment, the Company comprehensively assesses the energy consumption, environmental impact, and economic benefit of products in various aspects such as R&D, design, production and manufacturing, logistics, and transportation as well as recycling and reuses to pursue the perfect balance of economic growth, environmental impact, and social responsibility.

As a member of the new energy industry supply chain, CATL is well aware of the impacts that sustainable development management of enterprises will bring to the growth of the global new energy industry and deeply understands that sustainable development is the “golden key” to address global issues. CATL proactively responds to 17 Sustainable Development Goals outlined by the United Nations, upholds the core value of “Refine, Enable, Strive, Innovate”, aligns itself with the new energy security strategy of “4 revolutions and 1 cooperation”, strives to become “genuine partner of new energy career” and “practitioners of green life”, and contributes to the development of new energy industry.

As the core component of the new energy vehicles, the power battery prevents the environmental impacts caused by the exhaust emissions of the traditional vehicle with the engine running and boosts the success of energy production and consumer revolution. Therefore, CATL is considerably committed to reducing the energy consumption and environmental impacts of the power battery during production and manufacturing by vigorously saving energy and reducing emissions in each manufacturing plant as well as promoting the establishment and operation of solar photovoltaic power generation facilities.

In addition, CATL is also devoted to serving customers with outstanding energy storage products and seeking the technological innovation of echelon utilization to achieve the efficient use of renewable energy. These products are conducive to the structural adjustment of global energy and the establishment of a clean, low-carbon, safe, and efficient energy system.

As an A-shares listed company in China and a global new energy company, CATL vigorously undertakes its social responsibility amid its growth. Currently, CATL has made some achievements in environmental protection, energy conservation and emissions reduction, commercial promotion, labor and human rights, philanthropy and targeted poverty alleviation, such as the deployment in the industry supply chain of waste battery recycling, offering high-quality jobs as a result of the stable economic benefits, adhering to the “people-oriented” culture to fully protect the health, welfare and growth of employees, regularly organizing various philanthropic campaigns, and carrying out projects on targeted poverty alleviation. Achieving sustainable development goals is a systematic long-term task and thus necessitates the joint efforts of all members of the Company. CATL, an aspiration-driven company, is willing to work with like-minded customers, suppliers, and partners to stimulate the success of the new energy revolution and enjoy the bright future together.

Overview of CATL

Contemporary Amperex Technology Co., Limited (abbreviated as CATL, stock code: 300750) was founded in 2011 and successfully listed on Shenzhen Stock Exchange's ChiNext Board on June 11, 2018.



Global sales of Li-ion battery in 2019 were up to

40.96 GWh



Annual sales achieves

Global Top 1

for three continuous years



Global market share increased from 23.4% to

27.87%



Company Profile



Product Introduction



Global Deployment



Company Structure and Governance



Economic Performance



CATL and Stakeholders

Company Profile



Founded in
2011



Headquartered at
Ningde, Fujian, China



A globally leading
provider of power
battery systems



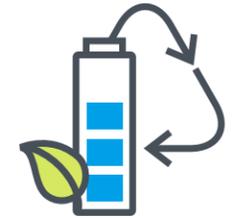
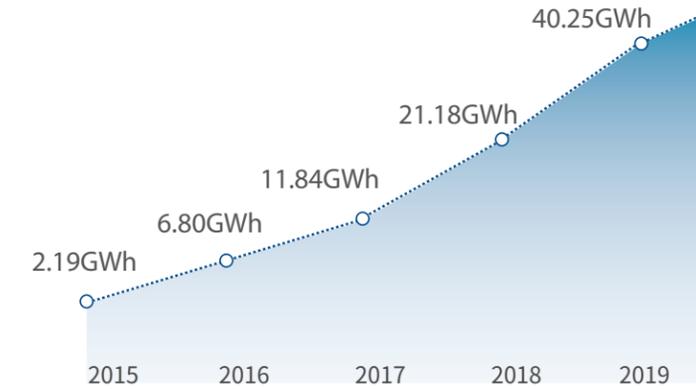
Unicorn in the
Li-ion battery
industry



Successfully listed
on Shenzhen Stock
Exchange's ChiNext
Board on June 11, 2018

CATL is a globally leading provider of electric power battery systems that focuses on R&D, production, and sales of electric power batteries for new energy vehicles and energy storage battery systems and offers first-class solutions for global new energy applications. In 2019, the Company sold up to 40.96 GWh of Li-ion batteries across the world, including 40.25 GWh of the power battery systems. It has continued to be the top seller of power batteries with a rise of global market share from 23.4% to 27.87%

“Three-peat” in sales of CATL electric power battery systems in 2019



History

Contemporary Amperex Technology Co., Limited was founded

2011

Established Qinghai production plant and began the mass production of lithium iron phosphate (LFP) batteries; started strategic cooperation with Yutong, the world's largest bus manufacturer

2013

Transformed to a joint-stock limited company; acquired Guangdong Brup Recycling Technology Co., Ltd., and started the development in battery recycling and regenerating industrial chains

2015

Started the strategic partnership with BMW Group and became its key supplier in EV battery

2012

Established Contemporary Amperex Technology GmbH; established Beijing Lithium Contemporary Amperex Technology Limited

2014

Undertook the R&D of new energy vehicles and smart grid for the National Key R&D Schemes of the 13th Five-Year Plan; established CATL Academician Expert Workstation; established Jiangsu Contemporary Amperex Technology Limited

2016

Established subsidiaries in France, the United States, Canada, and Japan; established a joint venture with SAIC Motor Group

2017

Listed on the Shenzhen Stock Exchange; established Contemporary Amperex Technology Thuringia GmbH and commenced the establishment of the first overseas production plant in Germany; established a joint venture with Dongfeng Motor and GAC Group.

2018

Established a joint venture with Geely Auto and FAW Group; established Sichuan Contemporary Amperex Technology Limited and built the local new energy industrial base in Yibin.

2019

Product Introduction

The Company has core technology advantages and capability of sustainable innovation in key areas of the industry chain such as battery materials, battery system and battery recycling, and shapes a comprehensive and sophisticated R&D, production and sales service system. The Company's main products include the power battery system, energy storage system, and Li-ion battery materials, as described below:

Power battery System

CATL's power battery system consists of cells, modules, and battery packs with a wide application in electric passenger vehicles, electric commercial vehicles, and other vehicles utilizing new energy, as well as non-road mobile machinery. In line with the field of application and customer requirements, the Company designs the tailored product solution through customization or joint R&D to meet the different demands of customers for product performance.



Equipping green transportation network with the power battery system.



Energy Storage System

CATL's energy storage system includes cells, modules, packs, and battery racks. The products are used in the fields of power generation, power transmission and distribution, and power consumption, covering power generation integrating storage facilities for large-scale solar or wind power generation, energy storage for industrial enterprises, energy storage for commercial buildings and data centers, energy storage and charging stations, backup batteries for communication base stations, and family energy storage.



Energy storage project in Delingha

Offering solutions for the storage of clean energy.



Li-ion Battery Materials

The Company processes, purifies and synthesizes the valuable metals such as nickel, cobalt, manganese, and lithium from the wasted Li-ion batteries to produce the ternary precursor for Li-ion battery materials, so as to recycle and reuse metal resources mentioned above. The Company also processes and produces the precursor and positive electrode materials through outsourcing materials.

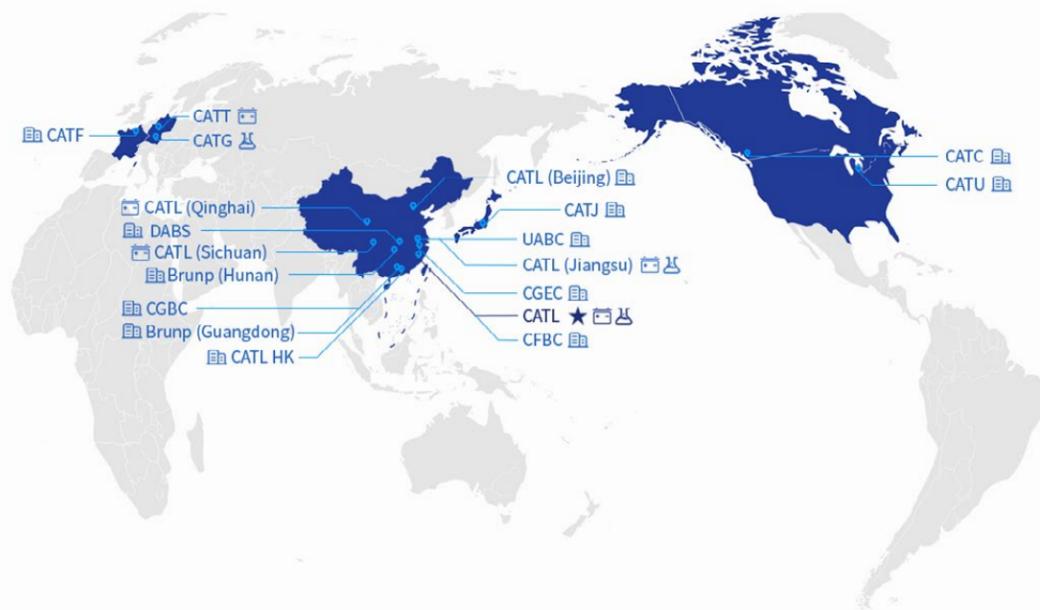
List of honors and awards addressed to CATL in 2019



	Awards	Issued by
June	Pilot Enterprises for the Application of Intellectual Property Rights in Industrial Enterprises	Office of Ministry of Industry and Information Technology
July	Global New Energy Vehicle Innovation and Technology	Society of Automotive Engineering
August	Certificate of the 2 nd Term Executive Director of Fujian Chamber of Commerce for Private Enterprises	Fujian Chamber of Commerce for Private Enterprises
	China Top 500 Private Enterprises 2019 (ranked the 291 st in Business List and the 169 th in Manufacturing List)	All-China Federation of Industry and Commerce
September	21 th CIIF Technology Innovation Awards	China International Industrial Fair
	Intelligent Manufacturing Benchmark Enterprise (the First Batch)	Ministry of Industry and Information Technology
October	First Prize of Science and Technology Progress of Fujian Science and Technology Award 2018	Fujian Provincial People's Government, Fujian Provincial Department of Science and Technology
	2019 China Automobile Industry Science and Technology Progress Award (Top Prize)	China Society of Automotive Engineers
November	2019 China Automotive Parts Industry Award-Powertrain Class	Auto Business Review and China Society of Automotive Engineers
December	Ranked the 7 th on the World's Best Employers 2019 (the highest ranking among Chinese enterprises)	Forbes

Global Deployment

As of the end of 2019, the Company has 26,775 employees. Headquartered in Ningde, Fujian, China, the Company established subsidiaries in Beijing, Jiangsu, Qinghai, and Sichuan Province as well as in Munich, Paris, Yokohama, Detroit, Vancouver. In addition, the Company owns and operates battery manufacturing plants in Fujian, Jiangsu, Qinghai, and Sichuan Provinces. The first overseas factory is located in Erfurt, Germany, which is currently under construction.



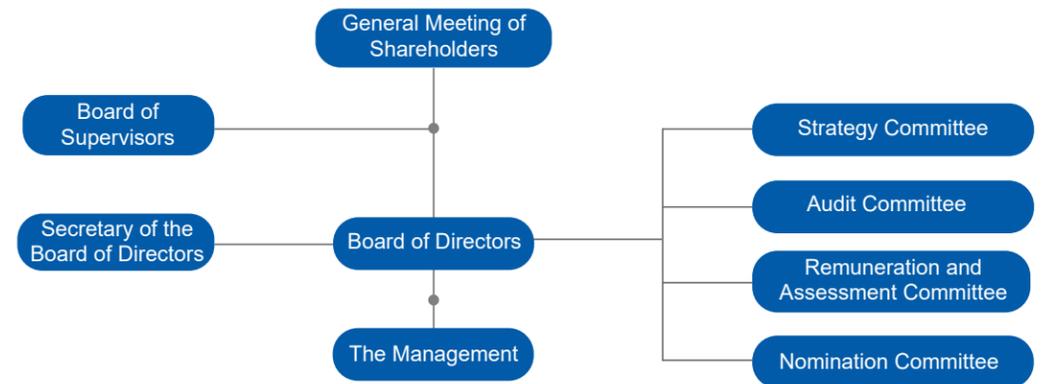
★ Headquarters 🏢 R&D Center 🏭 Manufacturing Facility 🏢 Other Major Subsidiary

Company Structure and Governance

Company Structure

In 2019, in strict accordance with laws, rules, and regulatory documents including the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, and *Code of Corporate Governance for Listed Companies*, the Company proactively promoted the establishment of the internal control system, constantly improved the corporate governance structure, framed and strengthened the internal control regulations of the Company. The Company built a sound, clear and effective organizational structure and corporate governance structure composed of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Management, and developed a set of corporate governance mechanism featuring well-defined rights and responsibilities, standardized operation as well as balances, providing a powerful system assurance for the standardized operation of the Company, and effectively contributing to the fair and scientific decision making.

As of the end of the reporting period, the corporate governance of the Company was in line with the requirements of the *Code of Corporate Governance for Listed Companies* and *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*. The governance structure is as follows:



About Directors and Board of Directors

Board of Directors of the Company consists of 9 directors, including 3 independent directors. The number and composition of board members conform to rules and requirements of laws, regulations, and the *Articles of Association*. Directors of the Company carry out works, attend the Board of Directors and General Meeting of Shareholders and perform their duties in accordance with the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange* and *Rules of Procedures for Board of Directors*. Independent Directors perform their duties independently, attend the Board of Directors meetings and General Meeting of Shareholders and voice their own opinions on associate transactions, external guarantee and other affairs concerning the interests of minority investors according to the *Articles of Association* and *Rules of Procedures for Independent Directors*, thus making the Company operate in a standardized manner.

The Board of Directors of the Company set up Strategy Committee, Audit Committee, Remuneration and Assessment Committee, and Nomination Committee in accordance with the *Code of Corporate Governance for Listed Companies*. These specific committees carry out their duties in strict accordance with relevant laws, regulations, and rules of procedures for specific committees, providing strongly complementary information for scientific decisions made by the Board of Directors.

During the reporting period, the Company held 10 Board of Directors meetings. The convening and holding of the meeting, voting procedures and resolutions were all in compliance with the *Articles of Association*.

About Supervisors and Board of Supervisors

The Board of Supervisors is composed of 3 supervisors, including 1 employees' representatives. The number and composition of the Board of Supervisors conform to the rules and requirements of the *Articles of Association*.

During the reporting period, the Company held 7 Board of Supervisors meetings. The convening and holding of the meeting, voting procedures and resolutions are all in compliance with the *Articles of Association* and *Rules of Procedures for the Board of Supervisors*. The Board of Supervisors strictly followed the laws and regulations including the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Code of Corporate Governance for Listed Companies* as well as *Articles of Association* and *Rules of Procedures for the Board of Supervisors*, strictly complied the duties legally, and attended the Board of Directors meeting and the general meeting of shareholders to supervise the operation activities, significant matters, financial position and performance of directors and senior managers for the interests of the Company and the due rights and benefits of shareholders.

The Operation Management

The management performs their duties in accordance with the *Articles of Association* and *Rules of Procedures for General Managers*, faithfully implements every decision made by the Board of Directors and the General Meeting of Shareholders, proactively stimulates business growth and ensures sustainable, sound and stable development of the Company.

About Shareholders and the General Meeting of Shareholders

In strict accordance with the *Company Law of the People's Republic of China*, the *Articles of Association* and *Discussion Rules for General Meeting of Shareholders*, the Company convenes and holds the General Meeting of Shareholders, ensuring all shareholders are treated equally to safeguard minority shareholders' rights.

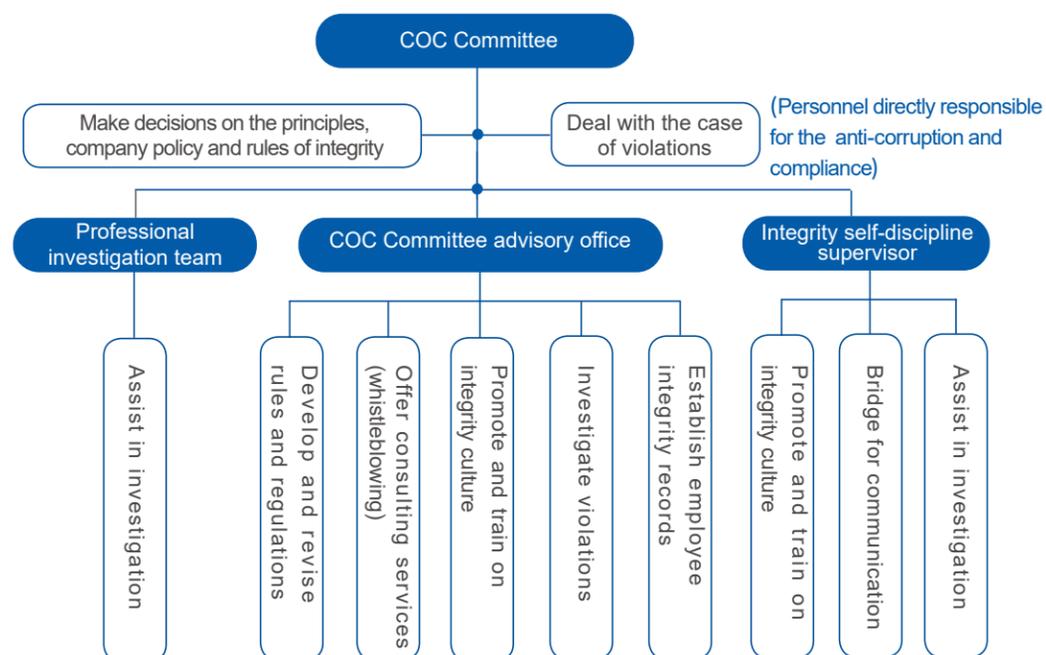
During the reporting period, the Company held 3 General Meetings of Shareholders in total under the request of the Board of Directors. The convening and holding of the meeting, voting procedures and resolutions conformed to regulations of relevant laws and the *Articles of Association*. The qualifications of the attendees and voting results were lawful and valid. The Company has neither bypassed General Meeting of Shareholders in terms of significant issues nor implemented significant issues before approval by the General Meeting of Shareholders. The Company did not violate the *Rules for General Meeting of Shareholders of Listed Company*.

Controlling shareholders exercise their rights as investors through the General Meeting of Shareholders and did not bypass the General Meeting of Shareholders to directly or indirectly interfere in the Company's decision-making and business activities. The Company and its controlling shareholders segregate their personnel, assets and financial affairs, establish independent organizations and business, conduct independent accounting, and assume their respective obligations and risks. During the reporting period, no funds of the listed Company were appropriated by its controlling shareholders and no guarantee was made by the Company for its shareholders and subsidiaries.

Anti-Corruption and Compliance

CATL pays much attention to fostering a culture of anti-corruption and compliance. It established a Code of Conduct (COC) Committee where senior managers of CATL serve as members of the Committee and the president is appointed by and directly report to the Chairman.

Tiered structure and functions of COC Committee



Early in 2019, CATL joined the "China Enterprises Anti-Fraud Alliance (CEAFA)" and was voted as "member of the board of directors" in September. Puxun Guo, President of the COC Committee, gave a speech on behalf of the newly-included members of the board of directors at the CEAFA Annual Meeting 2019. The company's work of creating integrity culture was appreciated by the CEAFA. The staff of the COC advisory office has participated in 5 CEAFA meetings, learned the advanced experience from CEAFA members, enhanced their professionalism and thus constantly strengthened the integrity building of the Company. CATL also established an effective connecting mechanism with local polices, procuratorates, and courts, and a "Service Center for Private Enterprises" was set up by Ningde procuratorates, giving a strong warning against fraud-related behaviors.



President of the COC Committee gave a speech on behalf of the newly-included members of the board of directors at the CEAFA Annual Meeting 2019



Member of CEAFA board of directors

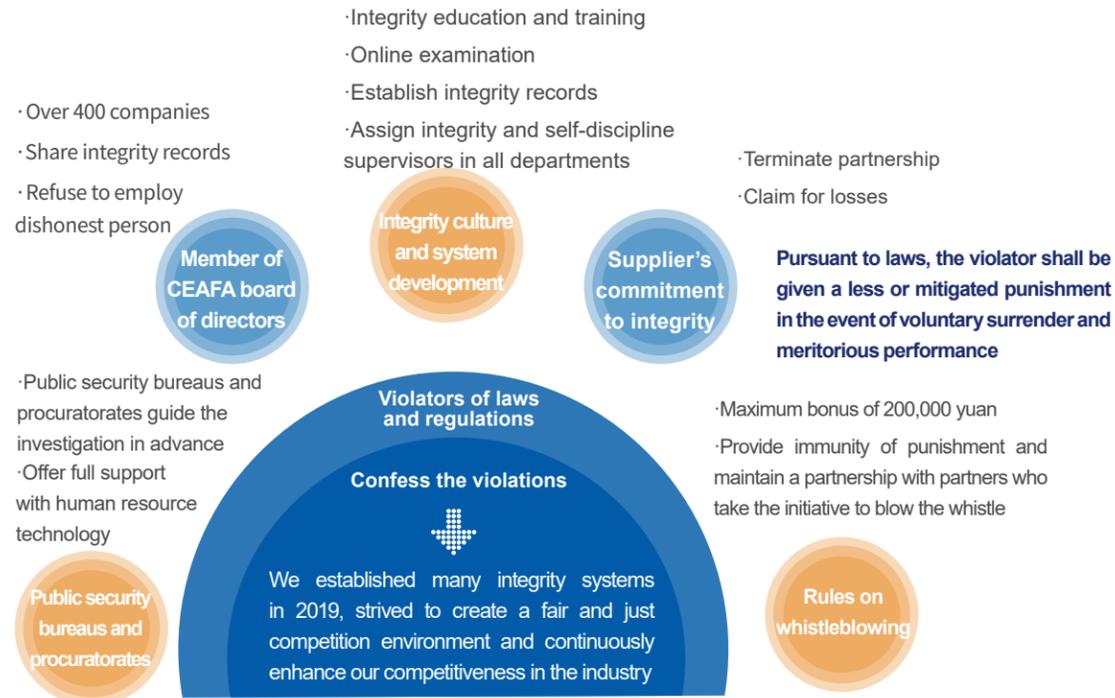
The COC Committee adheres to the working principle of combining the inspection and prevention with prevention as the priority while offering the service principal of care and protection. Through regular publicity and education on integrity, it calls on all employees to keep in mind the mission of "you & me, for integrity" and constantly improves rules and regulations. The Committee also appoints supervisors for integrity and self-discipline among all divisions (including branches and subsidiaries) and establishes integrity records for significant employees.

In 2019, the COC Committee specifically organized more than 10 pieces of training on integrity for about a thousand trainees at all levels and held "month for integrity" activities annually to increase the integrity and self-discipline awareness of employees. According to the specific needs of the Company, the COC Committee redrafted or revised rules and regulations, such as the *Code of Conduct*, *Regulations on Integrity and Self-Discipline*, *Rules for Gifts and Cash*, *Regulations on Whistleblowing*, *Notice of Confession*, and *Evaluations for Excellent Integrity and Self-Discipline Supervisors*.



Training courses on integrity

CATL persists in legal and compliant operations and vigorously investigates the improper contacts between employees and business partners as well as commercial bribery with punishments. In order to effectively avoid commercial bribery, CATL has revised the *CATL's Regulations on Employees Receiving Gifts and Cash*, which stipulates that employees of the Company shall not receive any gifts and cash, and any unfair competition is resolutely prohibited. The Company strives for a fair and transparent business environment for win-win cooperation and builds a new partnership featuring "closeness and integrity". CATL executes the *Code of Conduct for Suppliers*, *Supplier's Commitment to Integrity* and other related agreements with suppliers to create an open and transparent competition environment for suppliers, promote the rules regarding the reward for suppliers and employees reporting violations of laws and regulations, and regulate the integrity and self-discipline of suppliers and employees in the business.



Zero tolerance towards corruption

Every case must be investigated

Every wrongdoing must be inspected

No violator is missing

Employees will be punished if they receive gift and cash

Suppliers will be penalized if they offer gift and cash

Give incentives to honest suppliers

Increase our order to the honest suppliers

Economic Performance

In 2019, the Company earned a total operating revenue of 45,788,020,600 RMB, which represents a topline growth of 54.63% over the year 2018. This translates to a net profit of 456,307,400 RMB attributable to shareholders of the listed company with a year-on-year increase of 34.64%. The main business operations of the Company are as follows:

1. Power battery system: in 2019, the Company earned a revenue of 38,583,525,700 RMB in power battery sales, representing a rise of 57.38% compared with the previous year. During the reporting period, the Company has been gradually increasing the production capacity, with the sales volume of 40.25GWh, bringing an increase of 90.04% over the previous year. The market share was increased further.

2. Energy storage system: in 2019, the Company earned revenue of 610,082,400 RMB in energy storage system sales, representing a rise of 221.95% compared with the previous year. The early market deployment and promotion of energy storage begin to yield results.

3. Li-ion battery materials: in 2019, the Company earned a revenue of 4,305,172,800 RMB in Li-ion battery materials with an increase of 11.51% over the previous year. The Company further invested in Li-ion battery material recycling and production by launching the construction project of cathode material industrial park in Funding, Ningde.

In 2019, the Company earned a total operating revenue of **45,788,020,600** RMB

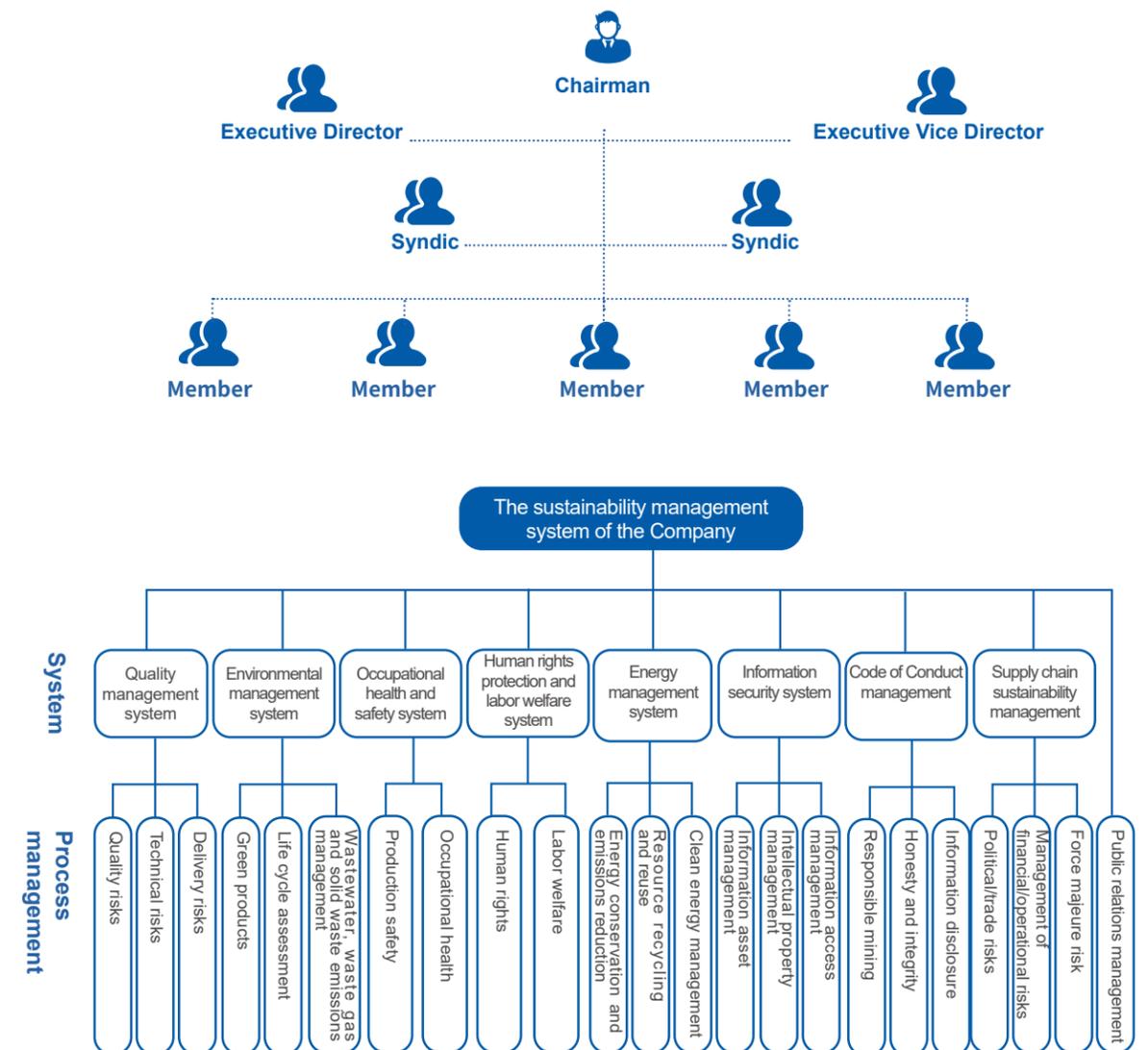
A topline growth of **54.63%** over 2018

Net profit of **456,307,400** RMB

CATL and Stakeholders

In the year 2018, CATL established the Sustainable Development Management Committee with several senior managers as members to create a good practice from the top down, where the senior managers take the lead so as to ensure the process and implementation of sustainable development in the Company. The Company always adheres to the principle of "harmonious and win-win development, innovation-driven achievements, integrity-based operations, and green and recycling solutions". Being socially responsible, the Company safeguards the employee rights, human rights, occupational health and safety in the Company and the supply chain, caters to customers and social stakeholders through innovation, ceaselessly ensures product security, information security, financial security, operation safety and prevention of political risks and force majeure while eliminates risks of honesty, morality, and integrity in the enterprise and its supply chain to make the Company operate safely, and pays constant attention to environmental protection, renewable energy use, energy conservation, emissions reduction, resource recycling in the Company and its supply chain, promoting a green and circular economy. At the end of 2019, CATL added the section relating to sustainability to its official website to increase the disclosure of the sustainable development of the Company, so that the stakeholders can read and supervise.

At the same time, CATL vigorously implements the *United Nations Sustainable Development Goals (SDGs)*, continues to strengthen communications with shareholders, builds a sustainable ecological supply chain system, and fulfills its part to deliver a better sustainable life to the society.



Stakeholder Expectation and Response



Stakeholders	Government and supervisory authority	Customers	Investors	Employees	Suppliers	Environment	Society
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Issues of concern	<ul style="list-style-type: none"> Compliant operation Economic performance Job opportunities Emissions reduction 	<ul style="list-style-type: none"> R&D capacity Quality, safety and environmental protection performance Customer service After-sales service and product recall Supply chain sustainability 	<ul style="list-style-type: none"> Returns on investment Business information disclosure Embezzlement and corruption 	<ul style="list-style-type: none"> Welfare and promotion Occupational health and safety Professional training and career planning Equality in race, culture and gender 	<ul style="list-style-type: none"> The standardized and open procurement process Fair and just procurement Develop together 	<ul style="list-style-type: none"> Reduce pollutant discharge Energy use Environmental information disclosure Product life cycle management 	<ul style="list-style-type: none"> Philanthropy Volunteer service
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Our Response	<ul style="list-style-type: none"> Pay tax and comply with the applicable laws Strictly abide by national emission standards The Company's management diligently and responsibly strives to improve business performances for the benefit of society Establish companies and factories in various cities to create employment opportunities 	<ul style="list-style-type: none"> Strong R&D team In 2019, the Company served over 20 customers with more than 50 projects and sustainability has been recognized by customers The mission of the Company is to constantly improve the management system, pursue leadership in products, strengthen the quality of service, quickly respond to customer demands, and exceed customer expectations The seven-star service system covers 198 cities and provides customers with an excellent after-sales experience Established the Sustainability Management Committee and added the Sustainability section to the official website at the end of 2019 	<ul style="list-style-type: none"> Disclose information in strict accordance with the requirements of information disclosure of listed companies and internal rules Listening to the opinions and advice of investors in various ways, fully communicate with investors and accept their supervision Establish and improve rules and regulations, and appoint integrity and self-discipline supervisors in each department (branches and subsidiaries), set up integrity records for significant employees, and carry out regular integrity promotion and education for all employees 	<ul style="list-style-type: none"> Offer decent welfare and transparent promotion channels Provide a safe, compliant, humanized office, regular physical health examination, and health record for all employees, and counselling on psychological health with the care for the physical and mental well-being of employees Carry out diversified training courses to help employees hone their skills and enhance their competitiveness The Company pledges not to discriminate against or unfairly treat employees on the basis of race, religion, gender, national origin, age, marital status, disability, and sexual orientation in terms of employment, salary, training opportunities and promotions; it also explicitly prohibits child labor Establish a Mutual Aid Association for employees with financial hardship to help them and their families get through the difficulties 	<ul style="list-style-type: none"> Complete collection and transparent disclosure of mineral supply chain map for over 30 projects Revise the Regulations on Employees Receiving Gifts and Cash in CATL to effectively avoid commercial bribery. All employees and suppliers sign the <i>Commitment of Integrity</i>; resolutely crackdown on corruption and create a fair and just culture for procurement Regularly train suppliers to help them improve their capacity in sustainable development management, motivate suppliers to improve their business model to ensure their products and services meeting requirements of sustainable development from the source Offer supply chain financial services to mitigate the financial pressure on suppliers with hardship and provide financing solutions 	<ul style="list-style-type: none"> The Company's products are based on the recycling of electric cells and module materials. Impacts of products on the environment during its life cycle are nearly zero through implementing efficient packaging and intelligent control, and achieve the friendly circle of business growth and environmental development Implement 137 energy conservation and emissions reduction measures in 2019 Complete life cycle assessment projects for many products As key national polluter, honestly disclose the details of pollutant discharges 	<ul style="list-style-type: none"> Targeted poverty alleviation: the Company invested a total of 471,994,400 RMB in poverty alleviation, aided 56 financially difficult students, and offered 1,888 jobs for employees from poverty-stricken areas CATL volunteer service team organized 109 aid activities in 2019 Organized Sustainable Development Month activities to cultivate environmentally-friendly and low-carbon awareness and lifestyle of employees
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Responsible Supply Chain



As of the end of 2019, the number of vehicles on the road equipped with CATL batteries reached **1.07** million



As of December 31, 2019, the Company had **5,364** R&D technicians



Service agents **282**



Released due diligence rules for responsible mineral supply chains in 2019



Product Development



Responsible Sourcing



Packaging, Transportation, and Storage



Quality Control System



Customer and Consumer Protection

Product Development



The Company attaches great importance to the R&D of products and processes. It has established a complete R&D system covering product R&D, engineering design, test and verification, process manufacturing, and other fields. As it set up the "Fujian Academician Expert Workstation" and "Postdoctoral Workstation", the Company boasts a National Engineering Research Center of Electrochemical Energy Storage Technology, a Provincial Key Laboratory of Li-ion Battery Enterprise and a Test and Verification Center certified by China National Accreditation Service (CNAS) for Conformity Assessment, developing competitive edges in R&D and technology.

Over the past three years, CATL has invested 6% to 9% of the turnover in the R&D and emphasized the security as the lifeline either during R&D or mass production. At the same time, the Company and its subsidiaries have obtained certifications of IATF16949 and ISO9001.

The Company follows standards of IATF16949 and ISO9001 to mobilize all employees to participate in the whole process under the all-round system and establishes a complete security system ranging from product design, cell manufacturing, system integration, BMS management, after-sales service, and waste recycling.

After deeply studying the mechanism and evolution process of the thermal runaway in batteries, the Company reconstructs the temperature field and velocity field of batteries with thermal runaway as well as the multi-level thermal runaway protection system of the battery system, which prevents the potential bodily injury due to spreading of fire from one unit to entire system as a result of the thermal runaway of batteries.



5,364

R&D technicians

143

Ph.D. technicians

1,943

Technicians with a master's degree

2,369

Domestic patents

115

Foreign patents

In 2019, CATL actively participated in the formulation of domestic and international industrial standards, promoted the implementation of the tasks and requirements of the "National High-Tech Industry Standardization Pilot Project of Li-ion Battery". The Company co-developed the officially-released *GB 51377-2019 Design Standards for Li-ion Battery Plants*, *ISO 6469-1:2019 Electric Vehicles-Safety Specification Part 1: Onboard Energy Storage* and other 6 standards and contributed to the revision of the *Electric Vehicle Safety Global Technical Regulation (GTR 20)* and the *Model Regulations on the Transport of Dangerous Goods of United Nations* and other international regulations.

As of December 31, 2019, the Company had 5,364 R&D technicians, including 143 with doctor's degree and 1,943 with master's degree. The overall size and strength of the R&D team are industry-leading. The complete R&D system and strong R&D team stimulate the continuous growth of the R&D technology of the Company.

As of December 31, 2019, the Company and its subsidiaries had obtained a total of 2,369 domestic patents and 115 foreign patents. Following the policy of "better and more intellectual property protection" and *Guidance of the Incentive for Enterprise Intellectual Property*, the Company focuses on "key technology-centered patent deployment" and further enhances the process of intellectual property. The Company values R&D investment and R&D innovation. It remains innovation-oriented to the overall performance and quality of products, emphasizes the protection and utilization of R&D achievements and related intellectual property rights, and endeavors to apply its intellectual property rights in practice.

Responsible Sourcing

Responsible Sourcing of Minerals Supply Chain

CATL is one of the world's leading manufacturers of Li-ion batteries. Since raw materials of the battery include nickel, cobalt, manganese, lithium, graphite and other minerals, the Company is fully aware of risks of child labor, human rights abuse, occupational health and safety problems, environmental damage and other risks in the process of mining, trading, processing, and export of minerals.

According to the requirements of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains*, the Company issued *Due Diligence Rules for Responsible Mineral Supply Chains* and established the Supply Chain Sustainability Management Committee under the Corporate Sustainability Management Committee. These measures are aiming to deepen partnership with the supply chain, increase its transparency of mineral supply chain and avoid misconducts of child labor, human rights violations, health and environmental risks in the supply chain.

CATL requires suppliers in the mineral supply chain to sign the *Responsible Mineral Commitment* and include it in their procurement contracts or agreements. In 2019, the Company carried out the responsible mineral due diligence on the anode/cathode materials suppliers. At present, it has completed the due diligence audit on more than 10 primary and secondary mineral supply chains, followed up and implemented supplier-targeted rectification measures and completed the disclosure of its supply chain map.

As a member of RCI ("the Responsible Cobalt Initiative"), CATL actively attends the theme activity of responsible mineral supply chain organized by OECD. In April 2019, the director of the CATL Sustainability Management Committee, as a part of the Chinese delegation, participated in the OECD-led responsible mineral conference and exchange views on topics with other attendees. The Company vigorously advocates responsible mineral management. Currently, the Company has completed 3 seminars with 43 suppliers for the purpose of deeper cooperation to reduce the risk brought by the upstream mineral supply chain. At the same time, it also organized responsible mineral due diligence management training for its suppliers, required them to establish a responsible mineral due diligence management system and regularly reported the progress of responsible mineral due diligence management on the open platform.

CATL has established a communication and grievance mechanism for responsible mineral management and published the communication channels on the official website. Meanwhile, it promises to set an example, enhances the transparency of the mineral supply chain through strengthening the cooperation with relevant parties, regularly reports the progress of responsible mineral management, and implements responsible sourcing of mineral supply chain.



OECD responsible mineral conference

The Company takes initiatives to advocate responsible mineral due diligence management and has completed

3 seminars

43

suppliers participated

CATL organized training and seminars on sustainable development system for

21

upstream suppliers of raw materials

Implement Corporate Social Responsibility (CSR) Management of Supply Chain

CATL applies the concept of sustainability management, implements the requirements of CSR during supply chain management and pays close attention to such dimensions as environmental protection, employee welfare and human rights, child labor, occupational health and safety, and business ethics in the supply chain. The Company incorporates CSR requirements into the audit standard for new suppliers, signs contracts and agreements with suppliers which covers CSR-based code of conduct. It also incorporates CSR requirements into the annual audit and evaluation of suppliers, includes CSR requirements as the mandatory section in the annual training to suppliers, promotes suppliers to establish a sustainable development management system and ensures effective implementation of CSR management in the supply chain.

In August 2019, CATL organized training and seminars on sustainable development systems for 21 upstream suppliers of main raw materials to discuss sustainable development, enabling suppliers to better understand the sustainable development requirements of the Company and how enterprises should implement sustainable development management.



Training and seminars

Fair and Just Culture for Procurement

When selecting suppliers, CATL strictly follows the system and process requirements of *IATF16949*, *ISO9001*, *ISO14001*, *ISO45001* and *VDA6.3*, audits and assess suppliers by multiple parties, and determines whether they can enter into the Company's supply chain system based on their audit results. The Company use the online tendering and nomination system to issues its tenders and nominate the supplier. The data is confidential before opening the tender, while nomination of supplier is based on a comprehensive evaluation in quality, technology, expenses, logistics and other aspects, so as to ensure the fairness in supplier selection. CATL promotes integrity culture in the supply chain. All employees and suppliers sign the *Commitment of Integrity* to create an open and transparent competitive environment for suppliers and ensure the fairness of the supply chain in CATL.

Packaging, Transportation, and Storage

CATL has taken measures to manage the waste of packaging from suppliers and the transportation process to promote the harmonious development of the enterprise and society.



Paperless packaging

In April 2019, to reduce the use of disposable cartons and avoid excessive packaging, Departments of the Company began to advocate and implement the paperless packaging for suppliers' materials. As of December 31, 2019, the proportion of paperless packaging has risen from 5% in 2018 to 25%, which reduces the contamination of paper scraps on product quality, mitigates the pollution of packaging wastes on the environment and avoids the leakage of pollutants.



Standardized packaging

The standardized packaging is designed for automated logistics and devices to reduce unnecessary distribution and transportation. In addition, the standardized packaging does not only facilitates multi-layer transportation and increases the loading rate of materials but also improves the utilization rate of storage area and reduces the storage cost with the multilayered stack.

Quality Control System

CATL always adheres to the policy of "sedulous pursuit to exceed customer expectations with perfect quality", practices quality assurance and prevention of quality problems, and vigorously advocates overall quality management. By introducing and implementing the standards and specifications of *ISO9001:2015* and *IATF16949:2016* quality management system, the Company has established a complete and effective quality management system inside the organization and boasted a Test and Verification Center certified by China National Accreditation Service (CNAS) for Conformity Assessment. At the stage of product development, the Company fully identifies customer demands and strictly follows the development process of products to conduct samples benchmarking and verify them with special customer requirements before the product release. During the production and operation, the Company strictly implements job-specific operation standards and quality assessment systems, and continuously improves the quality management system through annual internal audit, external audit and management review to ensure the complete and effective operation of the Company's quality management system.

In terms of product security management, the Company vigorously promotes the development of product safety system, conscientiously implements product safety standardization, establishes the company-level reliability and security testing standards for cells, modules, and battery packs, establishes the reliability and security testing process of battery products, so as to provides practical and reliable security for the effective operation of product safety design.



2019 Year-end review meeting of safe production

In addition, the Company offers the position of professional product safety engineer with the European Certified Safety Professional (CSP) certification. The safety engineer reviews and identifies the problems affecting product safety in the process of product design, production, transportation, maintenance and recycling while formulating and carrying out strict standards for each product. Each batch of products must be approved by the quality managers before shipping and transporting. Apart from the self-inspection of products, the Company also sends products to the third-party testing agency for benchmarking.



Customer and Consumer Protection

In 2019, CATL was widely recognized by customers and thus awarded various honors, such as the “Excellent Supplier of the Year 2019” by Dongfeng Motor, the “Technical Innovation Gold Award for Excellent Supplier of the Year 2019” by Foton Motor, the “Excellent Supplier Award of the Year 2019” by Chang’an Automobile, and the “Outstanding Supplier Award of the Year 2019” by SAIC Yuejin. Being customer-oriented, CATL strives to create the maximum value for its customers with extraordinary products and services, and pursue win-win collaboration. It protects the rights of its customers and consumers and improves customer satisfaction, particularly through the following:

Information Protection

CATL has established an information security management system led by the president of the Company, and by adhering to the “risk-focused, precaution-based, awareness-guided, technology and management-combined, and everyone-involved” information security principles, it has built a comprehensive system for information security and protection. So far, CATL and its subsidiaries have been certified to *ISO/IEC 27001:2013*, the standard for an information security management system. At the beginning of the collaboration with its customer, CATL always executes a *Confidentiality Agreement* with them, to make sure that all business secrets, copyrights, patents, and other rights coming to their knowledge during business cooperation are protected.

Meanwhile, all of CATL’s personnel in the marketing and sales departments who have direct contact with customers are required to sign an *Integrity Agreement*, which clearly stipulates that the CATL employees concerned shall not disclose, reveal or otherwise make known the business secrets of its customers to any third parties, so as to protect the interests of CATL customers.

In March 2019, CATL’s headquarter in Ningde successfully passed the TISAX, the European automotive industry’s information security assessment and got the label-information with Very High Protection level, making it one of the first batch of companies in China that had passed the assessment, followed by CATL wholly-owned subsidiary in Munich, Germany in August 2019. The TISAX certification demonstrates that CATL has satisfied the highest protection requirements in the European motordom regarding the availability, integrity, and confidentiality of key information assets, including data. Under such a premise, CATL is confident that it can better safeguard the customers’ information and create greater value for customers.

TISAX Award Ceremony, granted “Information with Very High Protection Level”



Ensure Customer Satisfaction

Holding fast to the service concept of “results orientation and quick service”, CATL provides one-stop solutions and world-class after-sale services for its customers. As of the end of 2019, the number of CATL batteries-powered vehicles on the road reached 1.07 million across 459 cities, with the travel mileage amounting to 46.1 billion kilometers (by estimate).



“Customer-centered” thematic workshop



Seven-star after-sale service

In addition, CATL collects customer’s feedback through multiple channels to learn about customers’ needs and feelings. For example, it has formulated *Customer Satisfaction Management Procedures* and *Customer Service Level Commitment Memo* and put in place customer complaints hotlines and mails with designated operators. It carries out domestic and international customer satisfaction surveys once or twice a year. Highly appreciating the customer feedback, CATL further optimizes its internal management and business procedures and makes speedy improvements, so as to cater to customer needs and promote customer satisfaction.

Cases

CATL not only provides its customers with power batteries but also assists them to develop an ethical raw materials supply chain. In 2019, CATL applied block-chain technology to assist Volvo Cars in the traceability of the cobalt supply chain and improve the transparency of the cobalt supply chain. The successful pilot project helped Volvo Cars received the 2019 RBA Compass Award.



Environmental Management



Total costs in environment protection in 2019
14.5563 million



Photovoltaic power generated in 2019
13.88 million kWh



Energy conservation & emissions reduction in total in 2019
137 schemes



Establishment and Implementation of Environmental Management System



Construction and Operation of Pollution Prevention Facilities



Energy Management



Environmental Permits



Environmental Self-Monitoring Plan



Contingency Plan for Environmental Incident

Establishment and Implementation of Environmental Management System

As for environmental management, Ningde Base, Jiangsu Base, and Qinghai Base all build environmental management systems in accordance with the standard of *ISO14001* except for CATL (Pingnan). To better establish and implement the environmental management system, every manufacturing facility of the Company conducts both internal audits and external audits every year, where the external audit is conducted by SGS. Meanwhile, they set up a series of the environment protection system in accordance with relevant standards, including the environmental management manual, and management procedures documentation on the discharge of wastewater, waste gases, and solid wastes, identify the environmental factors within the Company scope and develop specific control measures while specifying rules and requirements of each environmental management tasks, thus improving the environment, preventing pollution and leveraging resources. Every department undertakes its duties in environmental protection while the Occupational Health and Safety Department supervises and assesses the performance of each department to actively implement the environmental protection policies.

In 2019, Ningde Base was listed as a key source of pollutant discharges by the local environmental authority. The main pollutant discharges are listed below.

Name of major and specific pollutants	COD	Ammonia nitrogen	Nitrogen oxide	Sulfur dioxide
Emission mode	Discontinuous emission	Discontinuous emission	Discontinuous emission	Discontinuous emission
Number of outlets	2	2	22	22
Distribution of outlets	CATL factories along the east and west of ChiJian Lake	CATL factories along the east and west of ChiJian Lake	CATL factories along the east and west of ChiJian Lake	CATL factories along the east and west of ChiJian Lake
Concentration	34.00 mg/L	3.13 mg/L	65.33 mg/m ³	6.00 mg/m ³
Emission standards	150 mg/L, the standard of indirect emission amount in Table 2 of the <i>Emission Standard of Pollutants for Battery Industry (GB 30484-2013)</i>	30 mg/L, the standard of indirect emission amount in Table 2 of the <i>Emission Standard of Pollutants for Battery Industry (GB 30484-2013)</i>	200 mg/m ³ , the standard of indirect emission amount in Table 2 of the <i>Emission Standard of Air Pollutants for Boiler (GB13271-2014)</i>	50 mg/m ³ , the standard of indirect emission amount in Table 2 of the <i>Emission Standard of Air Pollutants for Boiler (GB13271-2014)</i>
Total emissions	5.39 ton / year	0.72 ton / year	58.21 ton / year	5.34 ton / year
Approved emissions	14.80 ton / year	1.98 ton / year	106.14 ton / year	12.29 ton / year
Excessive emissions	None	None	None	None

Construction and Operation of Pollution Prevention Facilities

For wastewater, Ningde Base, Jiangsu Base, Pingnan Base, and Qinghai Base are equipped with industrial wastewater treatment stations and domestic wastewater treatment systems. The industrial wastewater, canteen wastewater and other domestic wastewater are classified, collected and disposed, which are assuredly discharging up-to-the-standard wastewater by diverting rainwater and sewage, separate different wastewater, divide wastewater with different quality and dispose wastewater at the end of pipes to ensure wastewater emission is compliant. During the reporting period, all kinds of wastewater treatment facilities were in good operation accompanying with complete records, and the wastewater were discharged in accordance with the standard.

In 2019, Ningde Base, Jiangsu Base, Pingnan Base and Qinghai Base consumed 4,134,734 tons of water in total. The water (nearly 210,000 tons) generated from steam is collected by the Company, for heating the offices in winter as an alternative to gas heating, which does not only achieve the recycling of water but also reduces energy waste. To reduce the pollution of the ecosystem and water, CATL (Jiangsu) has adopted a special wastewater treatment process. After water recycling (nearly 25,000 tons can be recycled each year), the remaining wastewater is distilled, and zero liquid discharge has been realized with such treatment process.

Regarding air emissions, considering the efficiency of air emissions treatment, operation cost and other factors, the Company equips with NMP recycling machine, activated carbon absorbers, centralized dedusting device, oil mist filters, and other air emissions treatment devices to ensure that all kinds of air emissions conform to the standards of emission after treatment. In addition, the Company proactively responds to the plan on "defending the blue sky" initiated by Qinghai Province and equips a rotary recovery device for the waste NMP produced in the powder coating ovens process with the largest emissions. The recycling rate is up to 99.5%. Since it was put into operation, the average concentration of non-methane hydrocarbon along the factory boundary has been 0.161mg/m³ and 0.513mg/m³, considerably lower than the standard limit.

In terms of noise, the Company deals with it by utilizing low-noise equipment. According to the different type of noise generated from different equipment, the Company took different noise control measures, namely, vibration isolation and installation of the muffler, acoustic sound enclosures/indoor sound insulation as well as noise-blocking plants around the factories and high noise workshop. The noise at the factory boundary conforms to the *Emission Standard for Industrial Enterprises Noise at Boundary(GB12348-2008)*.

When it comes to solid waste, Ningde Base, Jiangsu Base, Pingnan Base, and Qinghai Base separated temporary warehouse for domestic waste, general industrial solid waste, and hazardous waste. Among them, temporary warehouse for the general industrial solid waste and hazardous waste was constructed in accordance with the requirements of the *Standard for Pollution Control On Hazardous Waste Storage (GB18597-2001)* and the *Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites (GB18599-2001)* to classify and temporarily store the general industrial solid waste and hazardous waste. Domestic wastes are collected at garbage station, and then cleaned and transported in time by sanitation workers with the manner of spill prevention and odor control; the general industrial solid waste is classified, collected and properly stored at the temporary house before recycled and disposed of by the third-party recycler. Hazardous wastes are managed and controlled more strictly. Hazardous wastes are stored and transported by personnel with qualifications for hazardous waste operation and disposed of by enterprises with qualifications for hazardous waste disposal to make it harmless.



Note: Due to the increase of sales and expansion of factory, the total pollution discharges have been reasonably rising.

Energy Management

The Company has established and run the energy management system based on the ISO50001 standard. Ningde Base conducts internal audits and external audits annually by a third-party certification agency SGS on a regular basis. At the same time, in accordance with the system, the Company has established a series of procedure documents and systems such as the energy management manual of CATL Ningde outlining the rules and requirements of various management tasks, identification of opportunities for energy conservation and requirements on implement the energy management plan. In 2019, CATL actively promoted the energy management implementation plan, continued to reduce energy consumption, and carried out 137 measures of energy conservation and emission control.

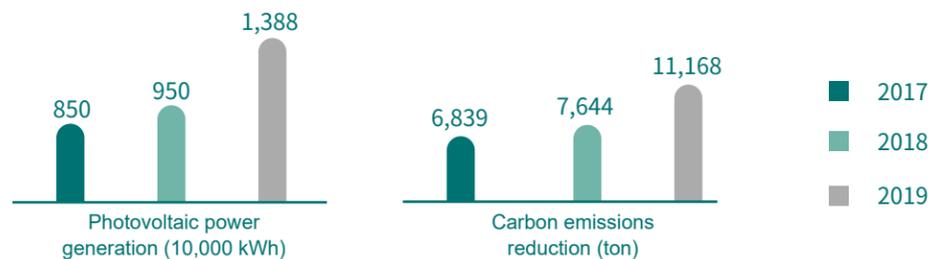
For the monitoring of carbon emissions, CATL has established the ISO 14064 Greenhouse Gas Inventory Verification System to conduct internal verification, which is certified by the invited third-party certification agency SGS.

In light of clean energy, CATL and its suppliers jointly build photovoltaic power generation equipment to supply power for production, R&D, and office space. Since 2019, the Company has signed the direct power purchase agreements with nuclear electric power suppliers to significantly reduce greenhouse gas emissions generated in the production, R&D, and office space.

137
Energy conservation and emissions reduction schemes implemented

66
Technology-based energy conservation schemes

71
Management-driven energy conservation schemes



Contingency Plan for Environmental Incident



Certifications

In order to further improve the Company's capacity to prevent and respond to environmental incidents so as to effectively avoid and reduce consequent pollution hazards and impacts, under relevant laws and regulations and the requirements of environmental departments at all levels, except for the CATL (Pingnan) which has not yet been put into production, Ningde Base, Jiangsu Base, and Qinghai Base all have developed the *Emergency Response to Environment Incidents*, whereas the Emergency Response of Ningde Base and Jiangsu Base has been registered with the filing numbers of 350901-2019-002-M and 320481-2020-427-L respectively. The new contingency plan of CATL (Qinghai) is being updated.

During the reporting period, CATL and its subsidiaries had no environment incidents, no environment-related disputes and no administrative penalty for environmental protection in any manner.



2019 Excellent Contributors to World Environment Day (5 June)



Excellent Business Partner in the 2nd national survey on sources of pollutions in Dongqiao Development Zone in 2019

Environmental Permits

Pursuant to the *Environmental Impact Assessment Law*, and *Regulations on Environmental Management of Construction Project*, in 2019, all projects of Ningde Base, Jiangsu Base, Pingnan Base, and Qinghai Base conduct the environmental impact assessment as it simultaneously designed, constructed and operated the environment protection facilities in line with the main constructions. The Company also carried out audits at the request of competent departments and obtain approval on environmental impact assessment and discharge permits as required.

Environmental Self-Monitoring Plan

Under relevant laws and regulations and the requirements of environmental departments at all levels on self-monitoring and information disclosure, except for the CATL (Pingnan) which has not yet been put into production, Ningde Base, Jiangsu Base, and Qinghai Base, all engage qualified third-party inspection agencies to carry out self-inspection, including inspection relating to wastewater, exhaust gas, noise, and other pollutants. The inspection items and frequency are consistent with requirements of relevant documents and the relevant emission standards are satisfied as per the outcome of the inspection.





Labor and Human Rights



Employee's health record coverage reached **100%**



Aid given to employees needing assistance **171** times



Open training courses organized **34** times

 Employee and Cultural Diversity

 Employee Development and Care

 Protecting Employees' Health and Safety

 Gender Equality

Employee and Cultural Diversity

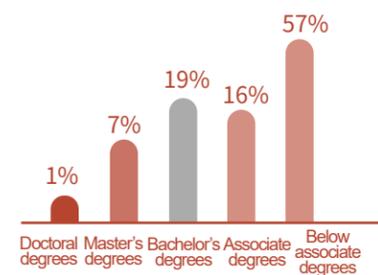
In strict compliance with the *Labor Law of the People's Republic of China* and other applicable domestic and foreign laws and regulations having jurisdiction over CATL's entity, CATL adheres to an impartial, fair and open recruitment policy, integrated with the Company's internal standards and talent selection and induction management system. The Company strictly prohibits the employment and use of child labor, and it upholds that every job seeker and every employee has equal rights for job opportunities regardless of their race, nationality or gender.

Under ever-changing market circumstances, the Company strives to build up the competitiveness of its employees and place a multi-channel, full-coverage, and highly flexible talent introduction mechanism. Rooted in China yet with a global vision, the Company not only brings in outstanding Chinese graduates but also welcomes the talents of various fields across the world. The Company respects everyone's experience, ideas, and ways of thinking and boosts mutual communication between employees from different cultures. Meanwhile, following the rules on human rights under the code of conduct of the Responsible Business Alliance (RBA), the Company holds dear the employees' freedom of association and aims to create a diversified while inclusive working environment.

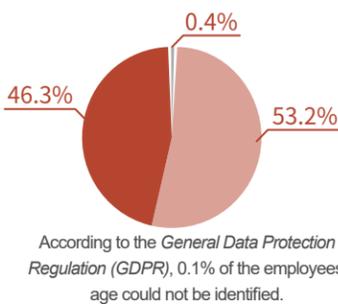
Rank	Name	Country/Territory
1	Alphabet	United States
2	Microsoft	United States
3	Red Hat	United States
4	Apple	United States
5	SAP	Germany
6	Costco Wholesale	United States
7	Contemporary Amperex Technology	China
8	Cisco Systems	United States
9	Neste	Finland
10	Amazon	United States
11	IBM	United States

CATL takes place in the World's Best Employers 2019 List of Forbes, ranking the 7th in the world and the 1st in China.

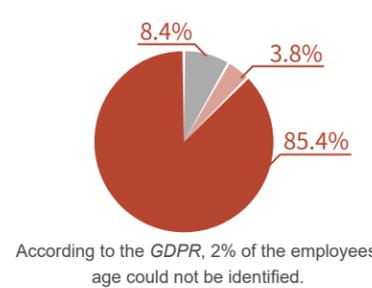
Employees' educational background



CATL employees' age distribution



CATL management's age distribution



■ Under 30 years old ■ 30-50 years old ■ Above 50 years old

Employee's Voice

Koothrappali: from India to China

Last year, I came to CATL from India and I'm responsible of software development. My Indian colleagues envied me a lot, because CATL, being a young company though, jumped to the top in the industry within only a few years, which is remarkable. This is a fast-growing company that offers a lot of opportunities. What I really admire is that my colleagues here are smart yet hard-working, and they are determined to fulfill their daily goals. This is quite different from the companies I worked in before. In such an atmosphere, everyone learns fast and grows fast. Taking myself for example, I even have learned how to speak Chinese in recent months. Compared with my hometown, the environment, food, and life here are different, but the Company and my warm and friendly colleagues help me adapt to them very soon.



Employee Development and Care

In order to improve the employees' personal abilities and meet the increasingly diversified business demands, CATL has developed a variety of classified and practice-focused training programs and goals, which have combined internal and external training and on-the-job practice. In addition, incorporating qualification authentication such as expertise certification, the Company has gradually opened career development channels for each professional orientation through a "qualification system" to ensure that the employees' competitiveness for their jobs is boosted and their skills are constantly enhanced. Meanwhile, the Company has also established an endogenous growth mechanism that focuses on cultivating talent in practice and carried out promotion qualifications management and wage adjustment according to position level along with the agile incentive system, with the view of promoting the employees' career development and unleashing their potentials.



34
Open training courses



5
Types of courses (on technical skill, management skill, common skill, authentication courses, and new staff training)



2,800
Participants



New recruits training in 2019



Open training



Reading club



Flower arrangement class

Furthermore, as CATL customers continue to rise across the globe, the Company has also put in place an overseas dispatch system based on its practical business to send outstanding technical talents to overseas factories and R&D offices from China and access the talents to multicultural platforms in the world.

At the same time, CATL sticks to boosting the employee's sense of belonging and happiness by offering them a favorable benefits package and continuously improving salary and insurance, perks, paid holidays, and long-term incentives, accompanied by various entertaining activities such as birthday party, team building and recreation and sports to improve employee satisfaction.

Moreover, CATL always cares about the health and life of its employees and their families and continues to provide financial aid to employees needing assistance. In 2015, the CATL Mutual Aid Association was officially established. After joining the association, the employee pays 1 RMB to the association on a monthly basis and the Company adds 4 RMB for each employee, contributing together to the Mutual Aid Fund. The fund is used for the employees, or their spouses, children, and parents suffering from injuries, diseases, or disasters. In this way, the fund gives aid to the employee in need, mitigates their financial burden, and provides security for the living of them and their families. As of December 31, 2019, the Mutual Aid Association had assisted its employees for 171 times with a total amount of 2 million RMB.



Company celebrate the employee's birthday with birthday cards and cakes

Opening day for employees' family members



Conducting free public show



Group wedding



Outdoor recreation



Outdoor karaoke party

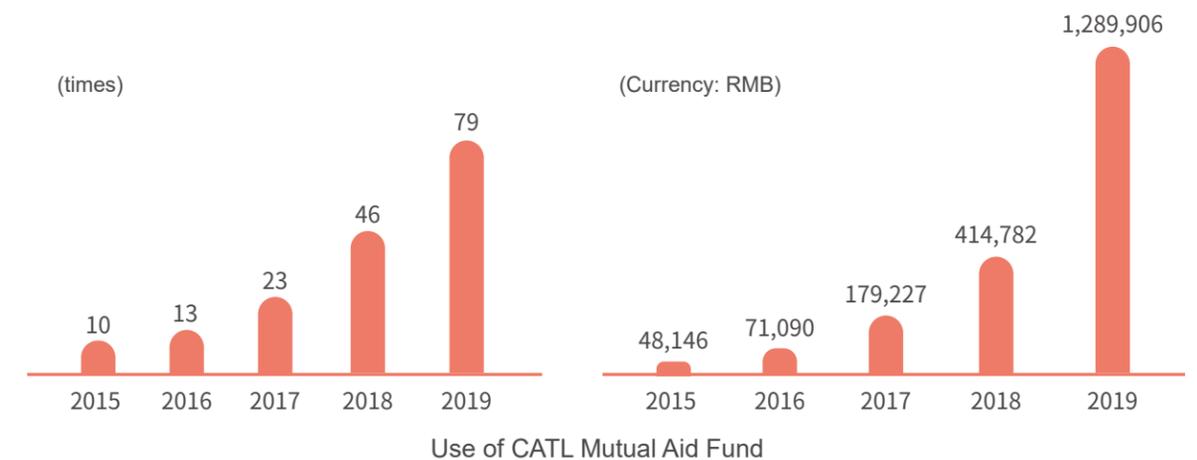


Kindergarten for employees' children



Theme activity

Aid given to the employees for **171** times Total amount of **2** million RMB



Protecting Employee's Health and Safety

Valuing the employee's health and safety, CATL offers employees the benefits package consisting of the pre-employment medical exam, annual check-up, and psychological counseling. As of December 31, 2019, the coverage of health record of employees had reached 100%. In September 2019, the Company held the second Psychology Carnival themed "New Energy Harbor" applying psychology to activities and games and also inviting psychological consultants to answer questions on the spot, which received over 2,000 participants and a satisfaction rate of 98.58%.



The Second Psychology Carnival of "New Energy Harbor"

Employee's health record coverage:

100%

"New Energy Harbor" activity satisfaction rate:

98.58%

In terms of safety management, the Company has established emergency response procedures to address product safety incidents so as to ensure those product quality failures and quality-caused accidents, occupational health and safety incidents, business accidents, environmental incidents, and other emergencies are dealt with timely and appropriately. In 2019, the Company organized 117 safety drills, and 114 training courses on product safety, occupational health, environmental protection, and risk identification, a total of 596 training hours, which greatly improves the employee's awareness of safety incident and capability of handling an emergency. Throughout 2019, no major production safety incidents occurred in CATL.



Fire and electric shock caused by misoperation

Cutting power in emergencies



Calling the Monitoring Center

Emergency response team rescues the injured person

Safety drills organized

117 times

Training courses on product safety, occupational health, environmental protection, and risk identification:

114

Total training hours:

596

Fire drill

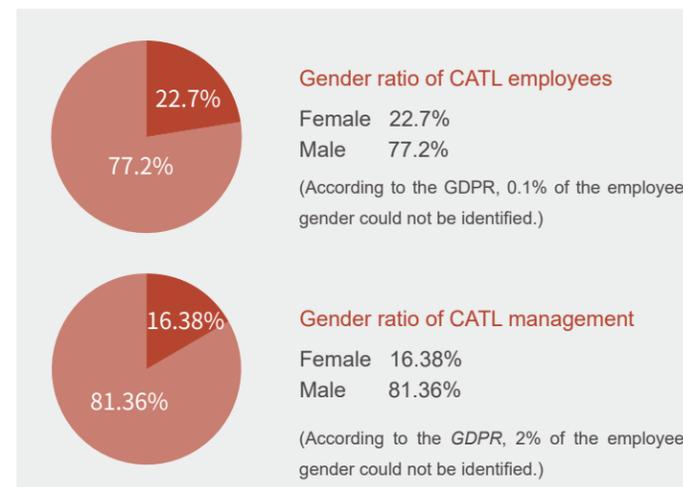
With a view to nurturing a positive culture of safety which everyone plays a part, the EHS Department of CATL (Qinghai) motivated its employees at the production line to participate in the "Hands Up on Safety Issues" activity in July 2019 to collect useful suggestions on enhancing safety, coupled with appraisal and award, which effectively improved the employee's participation and safety awareness.



Fire safety training at factory warehouse

Gender Equality

In strict compliance with applicable national laws, CATL has announced a series of measures to protect female employees, forbidding any gender discrimination on the matter of employment and promotion, encouraging female employees to develop career goals, creating an equal work environment, and boosting the Company's cohesion and competitiveness. Furthermore, the Company has especially prepared the "lactation room" to provide a comfortable and safe space for the female employees in the nursing period.



Lactation room in CATL's main office building

Major Events of Corporate Social Responsibility



Organize volunteer activities

106 times



Total investment in poverty alleviation in 2019

471,994,400 RMB



Poverty alleviation jobs offered

1,888



CATL Volunteer Service Team



Targeted Poverty Alleviation



Sustainable Development Month

CATL Volunteer Service Team

Founded in August 2017, CATL Volunteer Service Team organized 106 times of volunteer activities in 2019, which were joined by nearly 8,480 people, including extending loving care to orphanages and nursing homes, volunteer hairdressers, environmental enhancement, traffic dispersion, promoting a civilized lifestyle, etc.



Traffic dispersion CATL volunteers Volunteer hairdresser Extending loving care to orphanages

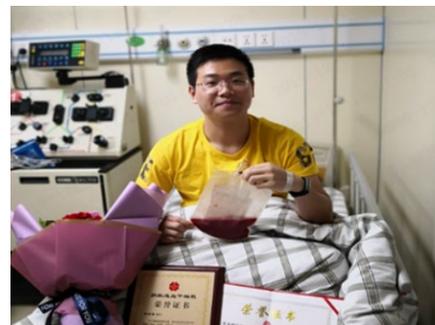


Environmental enhancement activity Extending loving care to the nursing home



CATL Volunteer Service Team

Meanwhile, CATL actively motivates its employees to take part in philanthropic activities. In October 2019, Youqiang Zhang, a CATL engineer, was told by Ningde Red Cross Society that his blood sample was tested compatible with a 7-year-old patient with leukemia, then passed the physical exam at the end of November. After receiving the requests of the Red Cross, CATL paid great attention and provided Youqiang Zhang with paid leave.



Volunteer activities organized

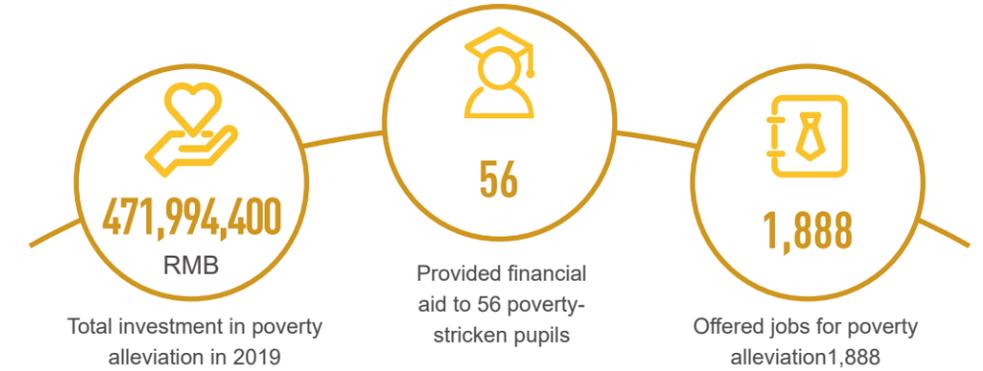
106 times

Participants

8,480

Targeted Poverty Alleviation

CATL is keen on contributing to nationally targeted poverty alleviation undertakings, constantly motivates the poverty-stricken areas to develop through building industrial projects so as to remove poverty. Moreover, CATL endeavors to contribute to the poverty alleviation work by creating job opportunities providing scholarships for poor students and offering support to the disabled, the elderly, and the sick to contribute to the targeted poverty alleviation in an affordable manner.



In order to help Xiadang Township, Shouning County, Ningde and Kangtuo Village, Huotong Town, Jiaocheng District of Ningde to develop local specialty tea industry and shake off poverty for the long run, CATL commenced targeted support, helping **500** mu tea plantations in Xiadang Township and **seven** registered poor households in Kengtuo Village in renovating **35** mu tea plantations, provided financial aid amounting to **63,000** RMB in 2019.

Moreover, CATL has also purchased fine tea from Shouning Dream Countryside Agriculture Integrated Development Co., Ltd. as a souvenir for supplier conference and new-year gift for its employees to promote the local specialty tea industry.



"Countryside taste" tea of CATL for reducing poverty through industrial development

In 2019, CATL provided financial aid totaling **126,000** RMB to **56** poverty-stricken pupils.

In 2019, CATL donated **28,312** RMB of goods to nursing homes.

As of December 31, 2019, CATL (Qinghai) had completed a fixed asset investment of **17,23,041,400** RMB (including fixed asset investment of **276,548,600** RMB in 2019) and created **896** jobs; CATL (Pingnan) had completed a fixed asset investment of **431,231,900** RMB (including fixed asset investment of **193,228,500** RMB in 2019) and created **167** jobs.

In June 2019, CATL donated **2** million RMB to the Red Cross Society of Pingnan County.



Signing ceremony for poverty alleviation

In 2019, CATL actively supported the employment of the poor by offering **825** jobs.

Sustainable Development Month

In an effort to practice the sustainable development concept of “Harmonious and Mutual Benefit, Innovative Achievements, Integrity Management, and Green Cycle” through a top-down approach, CATL held its first Sustainable Development Month in November 2019 and the Launching Ceremony for the Sustainable Development Month on November 4, 2019, attended by dozens of its senior managers and members of the CATL Sustainability Management Committee. The original purpose of the Sustainable Development Month was to awaken and raise the employees’ environmental consciousness and engage everyone in environmental protection and low carbon work habits and lifestyles by starting with little things so as to make greater contributions to society and the environment day by day.



Seminar on sustainable development to share the data, historical events, and real cases with the audience.



The sustainable development working group set up a signature wall for publicity of the Month, which aroused enthusiasm among the staff and was filled with names in just one week.



Knowledge contests on garbage sorting and environmental protection aimed to acquaint the staff with such knowledge through online competitions, which were respectively joined by 889 and 1,906 contestants.

Number of contestants in knowledge contest on garbage sorting:

889

Number of contestants in knowledge contest on environmental protection:

1,906



The sustainable development working group organized seminars in the information security and occupational health divisions to acquaint the staff with their daily work and the impacts of sustainable development. In addition, it invited experts from ECO to give the Life Circle Assessment (LCA) course, with the aim to more accurately and more efficiently assess the energy consumption and emissions in work and production.



Posters for the Sustainable Development Month



Gift distribution

Conclusion and Prospect

Over recent years, environmental problems have become more severe. Climate change, water pollution, and destructed ecological balance are threatening human life and development. Against the backdrop, sustainable development has become the pursuit of every enterprise that actively takes on social and environmental responsibilities. In CATL, we call on every CATL member to devote to sustainable development, and we hope our new energy products can make greater contributions to the world step by step.

In 2019, acting on the United Nation's 17 SDGs, CATL organized many publicity and public benefit activities relating to the SDGs, including the Sustainable Development Month, volunteering, caring student, and targeted poverty alleviation. In terms of environmental management, CATL adopted scientific methods and advanced facilities for pollution control, striving to reduce the impacts on the ecological environment to the lowest level while seeking its own development, concerning energy consumption, CATL uses recyclable resources and clean energy to reduce greenhouse gas emissions, energy consumption and costs, and to promote green development. As for labors, CATL insisted on prioritizing employees by offering employees with favorable benefits, creating safe and diversified working conditions for the employees and caring about employees and their families. Meanwhile, as a frequenter to meetings and forums organized by international and industrial organizations, CATL keeps up with the latest news and development trends in sustainable development management, and taking continuous self-inspection to refine the works on sustainable development management.

Rooted in China yet with a global vision, CATL has been recognized by many top automobile manufacturers in the world, and it boasts a global deployment. Since 2018, CATL's overseas customers including BMW, Volvo, Daimler, and VW have raised requirements on the corporate sustainability and the supply chain sustainability, and have audited on the issues of responsible sourcing, energy consumption, greenhouse gas emissions and so on. In order to consistently guarantee high-quality products and services for customers. The Company takes into consideration the risks in ensuring supply chain sustainability, and sets up a corporate sustainable development management program, which adopts systematic methods for risk control and problem-solving, aimed at achieving the customers and easing their pressure in managing upstream mineral supply chains. Therefore, CATL has been widely recognized by its customers regarding corporate sustainability.

To spread the concept of sustainable development among upstream supply chains tier by tier, CATL has conducted corporate social responsibility training for suppliers and commenced the audit on suppliers in the supply chain. Through mineral supply chain retrospect, CATL has made the mineral supply chain more transparent and has pushed suppliers to establish a sustainable management system.

As CATL continues to grow, its subsidiaries are also setting up the Sustainability Management Committee in

2020 to carry out the concept of sustainability and guarantee sustainable operation. Committed to becoming a first-class dynamic and responsible company for the benefit of mankind, CATL has been determined in heeding the call of Chinese green development strategy. The road is long and the burden is heavy though, CATL will stick to its mission and original aspirations and contribute its part to the society, environment, and mankind through constant exploration.



Advice and Feedback

Dear readers,

Thanks for your attention on the CATL Corporate Social Responsibility Report 2019. Your advice and feedback on this Report are highly valued and will be important reference for us to improve our performance of social responsibility. We sincerely invite you to join us and build a better society with us. We appreciate if you could give your feedback via post, email or telephone. Thanks again!

Name: _____ Name of Organization: _____

Contact Number: _____ Email: _____

Report Evaluation Form	5 points Completely satisfied	4 points Very satisfied	3 points Moderately satisfied	2 points Slightly satisfied	1 point Not at all satisfied
Is this Report organized logically?					
Has this Report reflected the performance indicators you want to know?					
Are you clearly aware of CATL's social responsibility concept and practices after reading this Report?					
Do you think this Report is easy to understand?					
Do you think the content and typography of this Report are well arranged?					
Could you please give your overall evaluation of this Report?					

Your advice on *CATL Corporate Social Responsibility Report 2019*:

Your advice on CATL's work concerning sustainable development:

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