

## **Due diligence management policy for responsible mineral resources supply chain**

Fully recognizing that the mining, trading, processing, and exporting of the minerals in the conflict-affected and high-risk areas may have a significant negative impact and realizing that companies have an obligation to respect human rights and never have any negative impact on society. CATL is committed to adopting the *China Responsible Mineral Supply Chain Due Diligence Management Guide* (hereinafter referred to as *China Guidance*) which was issued by China Chamber of Commerce of Metals, Minerals & Chemicals Importers and Exporters (CCCME) and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (Third Edition) (hereinafter referred to as *OECD Guidance*) which was issued by Organization for Economic Cooperation and Development (OECD), and *Dodd-Frank Wall Street Reform and Consumer Protection Act* (hereinafter referred to as *Dodd-Frank Act*) regulating the Tin, Tantalum, and Tungsten and Gold (hereinafter referred to as "3TG") Minerals in Conflict Areas. The applicable is tungsten, tin, tantalum, gold, nickel, cobalt, manganese, lithium, graphite, mica, copper, aluminum, and other mineral supply chains of CATL, its subsidiaries, and holding companies. We incorporate this two Guidance into contracts or agreements with mineral resource suppliers. CATL will widely promote this policy and endeavor to implement this policy in the mineral resources supply chain in accordance with the *China Guidance* and *OECD Guidance*.

### **Regarding serious abuses associated with the extraction, transport or trade of minerals**

While sourcing from, or operating in high-risk areas, CATL will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:

1. The worst forms of child labor; (In the International Labor Organization C182 - Worst Forms of Child Labor Convention, 1999 (No. 182), the worst form of

child labor is defined in Chapter 3, wherein the sub-clause (d) defines one of the form, that is work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children);

2. Any forms of torture, cruel, inhuman and degrading treatment.
3. Any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
4. Other gross human rights violations and abuses such as widespread sexual violence;
5. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

### **Regarding risk management of serious abuses**

CATL will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses.

### **Regarding direct or indirect support to non-state armed groups**

CATL will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. "Direct or indirect support" to non-state armed groups through the extraction, transport, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

1. illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or
2. illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
3. illegally tax or extort intermediaries, export companies or international traders.

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## **Regarding risk management of direct or indirect support to non-state armed groups**

CATL will immediately suspend or discontinue engagement with upstream suppliers where CATL identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups.

## **Regarding public or private security forces**

1. CATL agree to eliminate, in accordance with the following rules of risk management of public or private security forces, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.
2. CATL recognize that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
3. Where CATL or any company in our supply chain contract public or private security forces, CATL commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, CATL will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.
4. CATL will support efforts, or take steps, to engage with central or local authorities, international organizations and civil society organizations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.

5. CATL will support efforts, or take steps, to engage with local authorities, international organizations and civil society organizations to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

### **Regarding risk management of public or private security forces**

In accordance with the specific position of the company in the supply chain, CATL will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as defined in paragraphs 1 of regarding public or private security force, where we identify that such a reasonable risk exists. In such cases, CATL will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan. Where CATL identify a reasonable risk of activities inconsistent with paragraphs 4 and 5 of regarding public or private security force, we will respond in the same vein.

### **Regarding bribery and fraudulent misrepresentation of the origin of minerals**

CATL will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

### **Regarding money laundering**

CATL will support efforts, or take steps, to contribute to the effective elimination of money laundering where CATL identify a reasonable risk of money-laundering

resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

### **Regarding the payment of taxes, fees and royalties due to governments**

CATL will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, CATL commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

### **Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments**

In accordance with the specific position of the company in the supply chain, CATL commit to engage with suppliers, central or local governmental authorities, international organizations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measureable steps taken in reasonable timescales. CATL will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

### **Regarding occupational health and safety**

When purchasing or producing, CATL neither benefit, assist, or facilitate any party providing the life-threatening occupational environment for any of its direct and/or indirect employees and/or anyone at its production site, nor purchase from or in

any manner engage the party providing the same.

### **Regarding risk management on occupational health and safety**

CATL will immediately suspend or discontinue engagement with upstream suppliers if we reasonably believe that the upstream supplier provides the life-threatening occupational environment for any of its direct and/or indirect employees and/or anyone at its production site, purchase from or in any manner engage any party providing the same.

### **Regarding child labor**

When purchasing or producing, CATL neither employ the child labor under the minimum age as specified by the applicable law and regulations of the host country, nor benefit, assist, or facilitate the aforesaid employment, nor purchase from or in any manner engage any party employing the same. If there is no applicable law and regulations in the host country relating to the minimum age, it shall be 16 years.

### **Regarding risk management of child labor**

CATL will immediately suspend or discontinue engagement with upstream suppliers if we reasonably believe that the upstream supplier employ the child labor under the minimum age, purchase from or in any manner engage any party employing the same.

### **Regarding land rights, emissions and artisanal operators**

CATL will not engage in or tolerate extracting resources or otherwise benefiting from land where the free, prior and informed consent of local communities and indigenous peoples has not been obtained, including those for which the extractor holds a legal title, lease, concession, or license. CATL will not engage in or tolerate extracting resources or otherwise benefiting from mining operations where the



culture and heritage of local communities and indigenous peoples have not been respected and protected, or where traditional cultures of local peoples have been harmed.

CATL will not engage in or tolerate extracting resources or otherwise benefiting where a legal title, lease, concession, or license has been illegally obtained or violates national law. CATL will ensure avoiding major adverse impacts and gross violation of local laws and regulations regarding ambient soil, air, and water conditions, including manufacturing, trading, and using chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence, or potential for irreversible ecological impacts, and/or releasing arsenic and mercury emissions.

CATL commit to regularly assess and mitigate the adverse impacts on soil, air, and water by the mining operation, consider ambient soil, air, and water conditions, and apply technically and financially feasible pollution prevention principles and techniques that are best suited to avoid, minimize, and control pollution, monitor emissions and discharges of all possible pollutants according to the relevant laws and regulations of host countries, follow up and remedy pollution issues in a timely manner, and clearly record and make public the results, as well as employ emissions control and reduction strategies.

CATL agree to ensure and surpass applicable legal requirements with regard to chemicals and toxic substances, avoid manufacturing, trading, and using chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence, or potential for irreversible ecological impacts, including rigorously suppressing arsenic and mercury emissions and managing cyanide according to the highest international standards and ensure that hazardous wastes are handled, stored, transported, treated, and disposed according to laws and regulations and in a way that eliminates leaks, spills, or other releases to the environment.

CATL will prohibit extracting resources from World Heritage properties or legally

protected areas, thereby providing a threat to the outstanding universal value for which these properties are protected.

CATL will pay specific attention to risks of forced labour, child labour, unsafe working conditions, uncontrolled use of hazardous substances and other significant environmental impacts with regard to sourcing from artisanal and small-scale producers and work together and seek a productive relationship with artisanal and small-scale operators in the extraction area.

### **Regarding risk management of land rights, emissions and artisanal operators**

In accordance with the specific position of the company in the supply chain, CATL will immediately devise, adopt and implement a risk management plan with suppliers and other stakeholders to prevent or mitigate the risk of infringing land rights, causing major adverse environmental impacts, or specific risks regarding artisanal and small-scale operators, where CATL identify that such a reasonable risk exists.