



2025

**Supply Chain ESG
Due Diligence Report**
(On-site Audit)

April 2026

Xiamen Hithium Energy Storage Technology Co Ltd.

Introduction

This report is an annual summary of the Supply Chain ESG Due Diligence conducted by Hithium, published for the public, customers, and supply chain partners.

In 2025, we further expanded the scope of audit on the basis of 2024, and **completed the on-site audit of 40 core suppliers**, covering key categories such as battery materials, system materials and OEM manufacturers. The audit criteria were benchmarked against internationally recognized ESG standards and regulations, systematically evaluating supplier performance across five key modules: Labor Management, Occupational Health and Safety, Environmental Management, Business Ethics, and Sustainable Procurement.

This report aims to transparently present the core findings, key data, and progress on issues identified during this audit, and to announce the action plan for 2026, which marks a shift from "monitoring" to "empowerment." It reflects our commitment and actions to jointly build a transparent, accountable, and resilient supply chain system together with our supply chain partners.

In this audit, **85% of suppliers achieved a "good" or higher rating, and the compliance rate for zero-tolerance provisions reached 99.2%**, demonstrating a solid foundation in managing baseline risks across the supply chain. However, there remains room for improvement in systematic and forward-looking areas such as Greenhouse Gas Management and Responsible Purchasing.

This English version is a translated copy for reference. In case of inconsistency, the Chinese version shall always prevail.

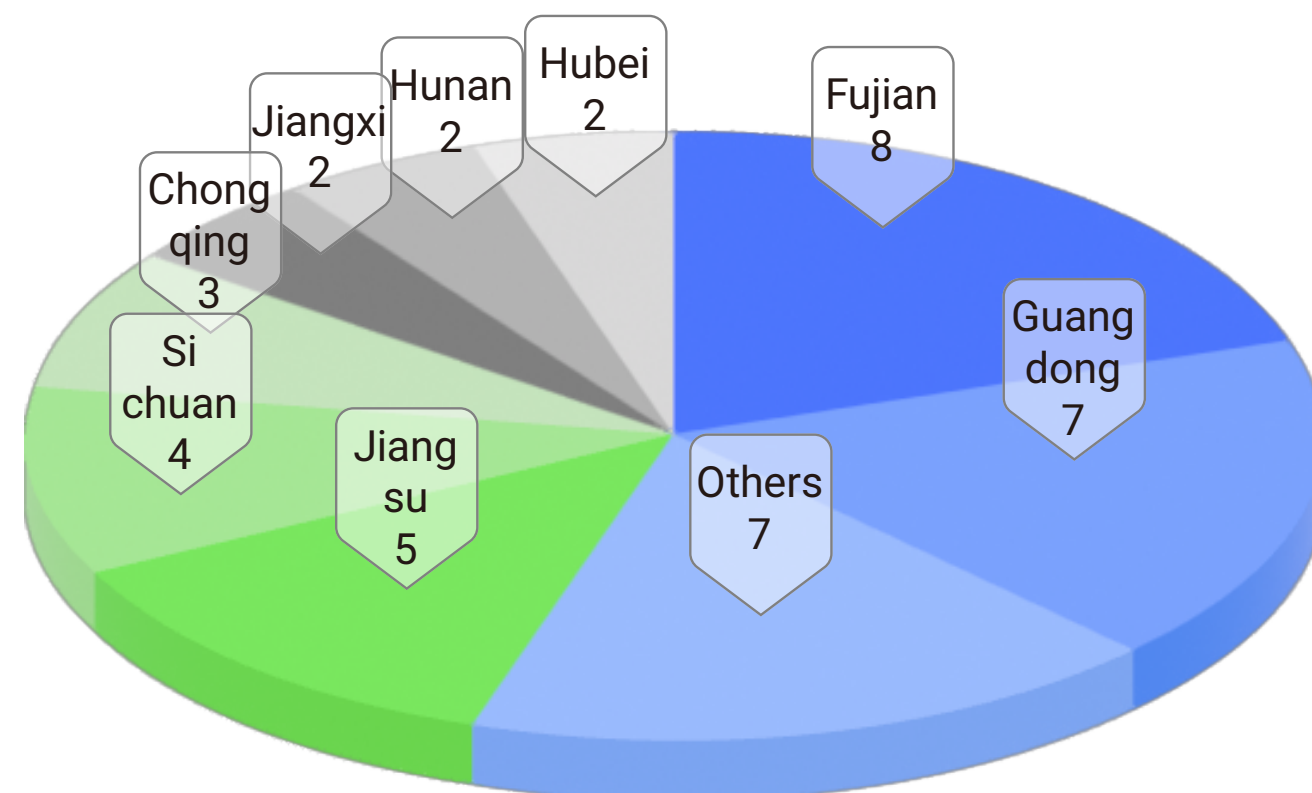


A Overview of Audit

Audit Scope

40 core suppliers, covering cell materials (the four main materials—cathode, anode, electrolyte, and separator—as well as key auxiliary materials such as copper foil and aluminum foil), system materials (structural components for enclosures, electrical components and wiring harnesses, cooling systems, etc.), and OEM manufacturers.

This audit covers suppliers across 15 provinces in China, mainly concentrated in Fujian, Guangdong, Sichuan, Chongqing, and other regions.



* Note: "Others" in the table includes seven provinces and regions—Ningxia, Hebei, Shanghai, Inner Mongolia, Gansu, Hunan, and Zhejiang—each involving one supplier, presented as a combined category.

Audit method

On-site audit, conducted jointly by Hithium ESG team and a third-party auditing organization.

Online audit

In addition to the on-site audit, we conducted ESG assessments for 72 suppliers through online questionnaire. The content of the questionnaires was consistent with the on-site audit checklist. The results served as a supplementary approach to the 2025 supply chain due diligence and are not included in this report.

Audit Criteria

The audit was benchmarked against the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the EU Battery Regulation ((EU) 2023/1542), the OECD Due Diligence Guidance for Responsible Business Conduct, ISO 14001, ISO 45001, ISO 50001, SA8000, the Responsible Business Alliance (RBA) Code of Conduct, and applicable local laws and regulations.

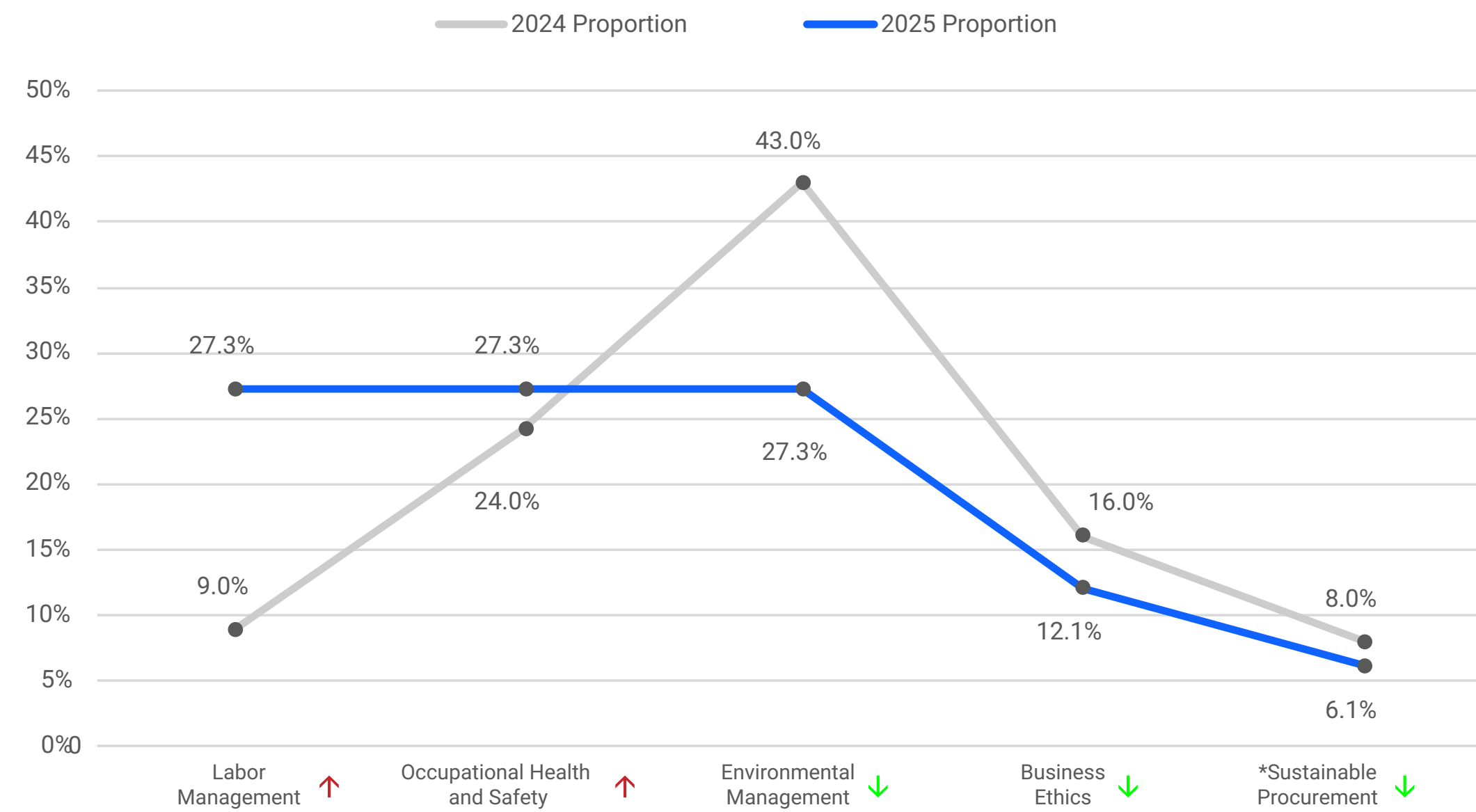
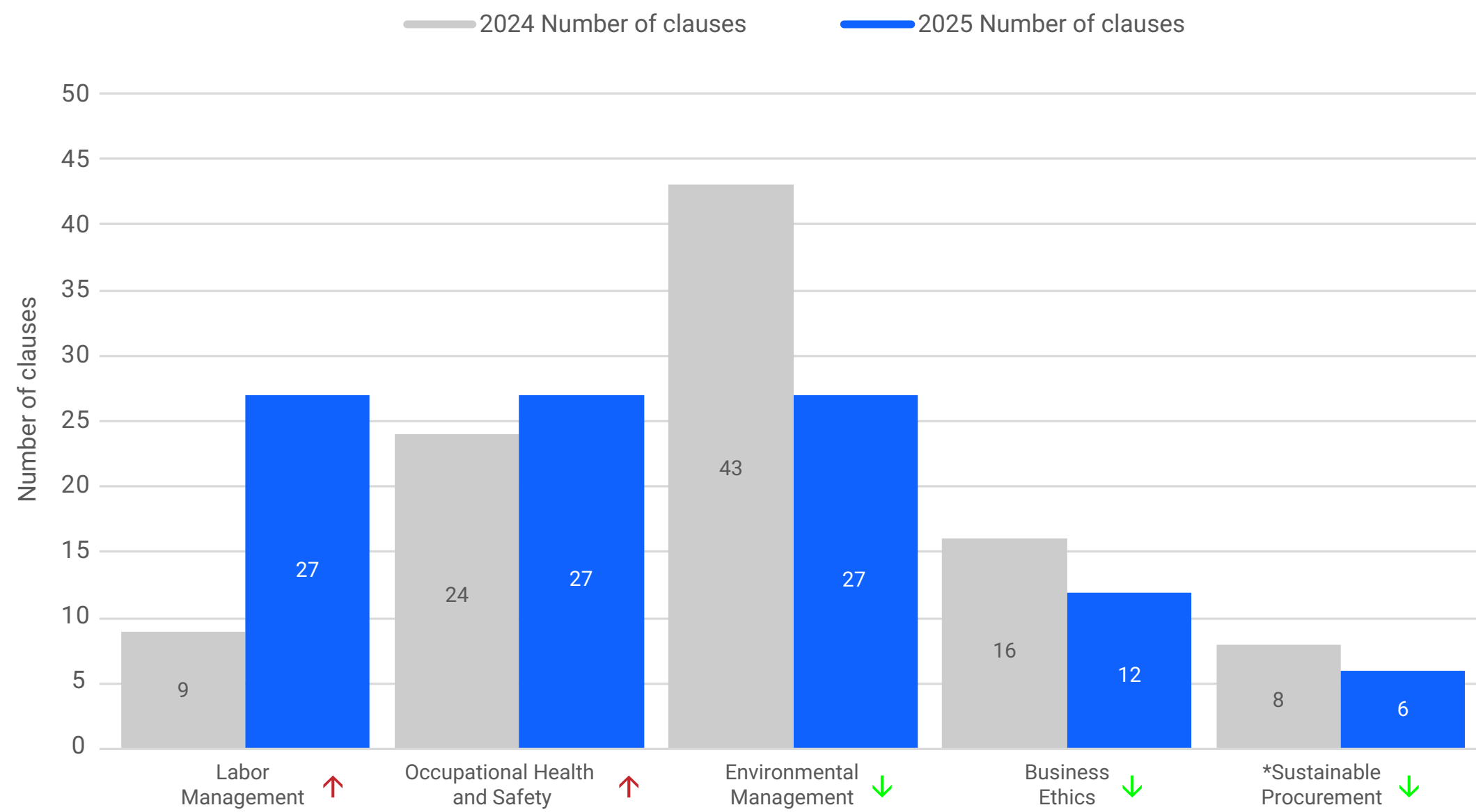
Audit Content

The 2025 audit checklist underwent structural optimization based on the 2024 version. Environmental management criteria were streamlined from 43 to 27 items, while labor management criteria were expanded from 9 to 27 items with greater granularity, resulting in a more balanced distribution across the five modules. Additionally, the audit standards evolved from qualitative assessments toward quantitative descriptions.

A Overview of Audit

Audit Tool Comprehensive Update

The revised checklist maintains the comprehensiveness of the audit while placing greater focus on high-risk areas such as Labor Management and Occupational Health and Safety. This provides a more scientific data foundation for subsequent supplier tiered management and corrective action tracking.



* Note: The Sustainable Procurement module focuses on suppliers' ESG management requirements for their upstream supply chain and does not include responsible minerals content. In 2025, we conducted special audits for selected suppliers involving conflict minerals (tungsten, tin, tantalum, gold) and responsible minerals (copper, aluminum, graphite, lithium, mica, etc.).

B Audit Results and Key Findings

Strengths

Solid Baseline Compliance

The compliance rate for zero-tolerance provisions *** 99.2%**

No major human rights risks such as child labor and forced labor

Highest module Score **88.4**

Solid compliance of environmental protection management

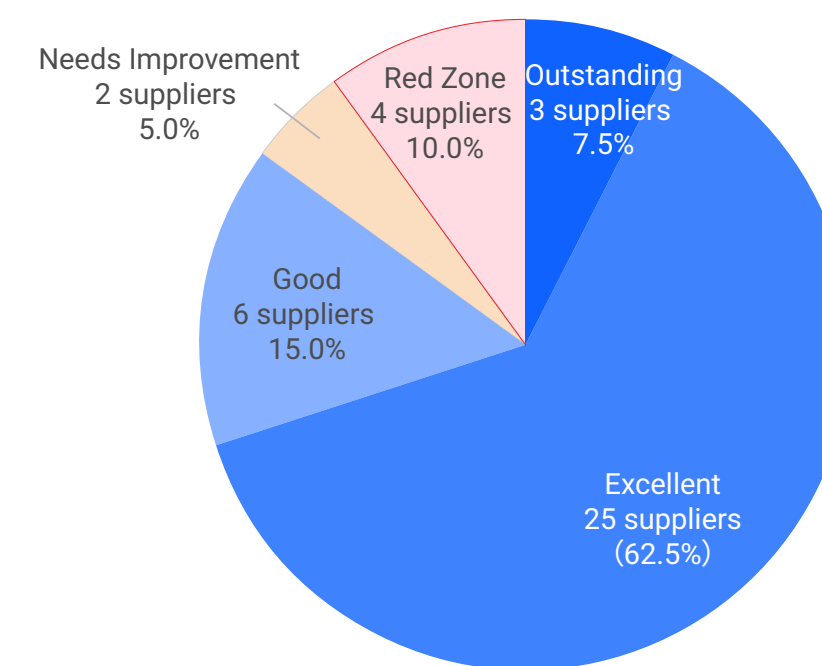
Excellent rate (good and above) **85.0%**

*85% of suppliers reach a good level

* Note: The zero-tolerance provisions compliance rate of 99.2% reflects three suppliers that violated the company's zero-tolerance provisions due to incomplete environmental impact assessment approvals, expired special equipment inspections, and incomplete fire safety approvals. As of the date of this report, all zero-tolerance items have been fully rectified and closed.

* Note: Rating criteria: Outstanding($X \geq 90$), Excellent ($90 > X \geq 80$), Good ($80 > X \geq 70$), Needs Improvement ($70 > X \geq 60$), Red Zone (< 60) with no zero-tolerance non-conformities. Excellent rate: proportion of suppliers rated good and above.

Audit Results Distribution



In this audit, a total of **four suppliers** were placed in the "Red Zone." Among them, **three** were included due to triggering zero-tolerance provisions (related to compliance issues such as environmental impact assessment approvals, special equipment inspections, and fire safety approvals). The **remaining supplier** was placed in the Red Zone due to an overall ESG performance below the passing threshold (below 60 points), coupled with significant compliance risks, failure to meet the requirements of Hithium's Supplier Management Agreement, and delayed corrective action responses. As a result, new project development and procurement have been suspended, and the supplier has been placed on the phase-out plan.

B Audit Results and Key Findings

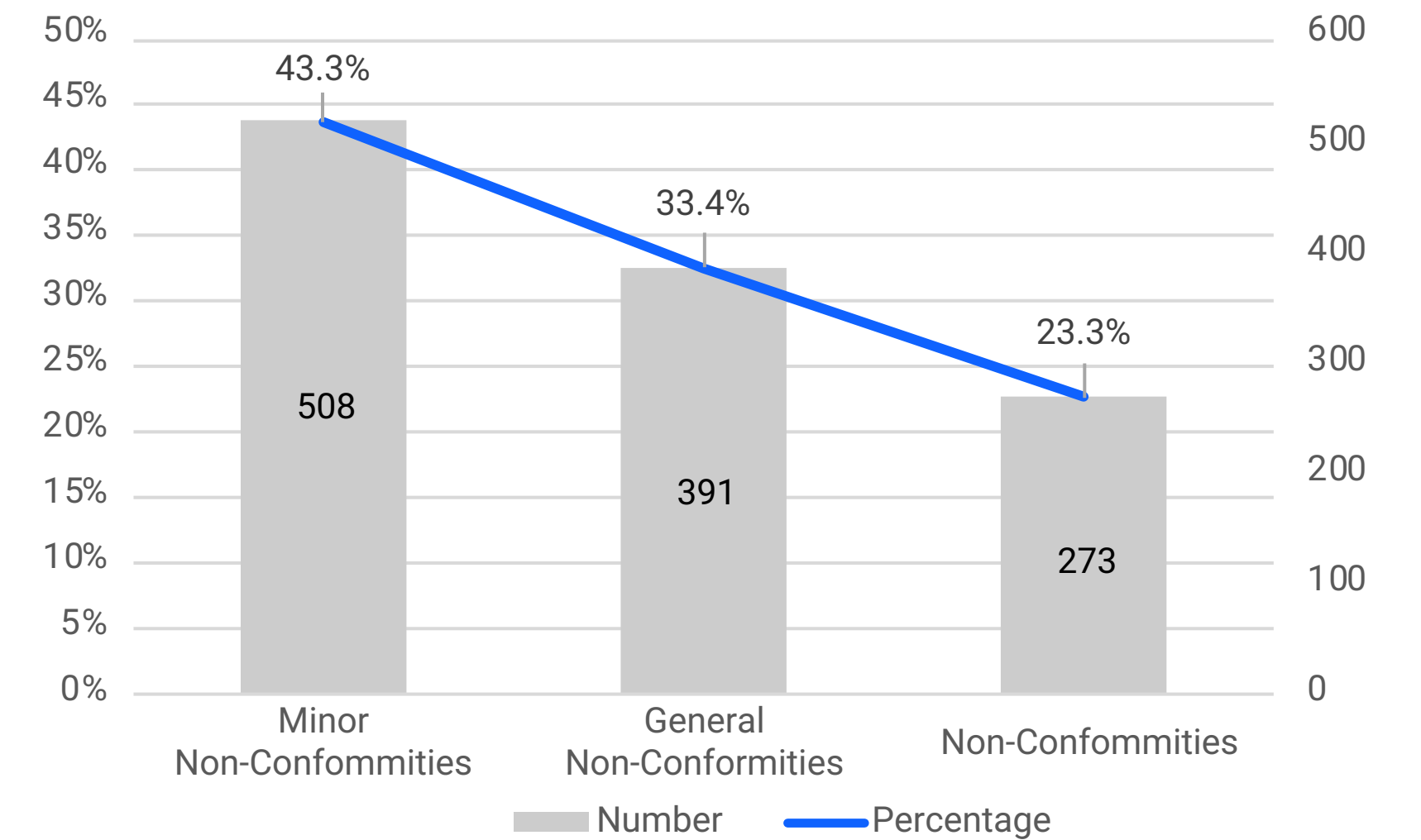
Weaknesses

Weak Forward-Looking Capabilities and Fine-Grained Management

A total of **1,172 issues** and **eight areas** of improvement were identified during the audit. The three areas with the highest concentration of issues were: Occupational Health and Safety Management, Responsible Purchasing, and Fire Safety and Emergency Management. The complete list of the eight areas of improvement and their core issues is as follows:

Serial No.	Module	Core issues	Key data (Key Data (Number of Issues / Compliance Rate))	Core Problem
1	Occupational Health and Safety	Occupational Health and Safety Management	TOP 01 / 68%	Deficiencies in occupational hazard monitoring, medical examinations, and management of personal protective equipment
2	Sustainable Procurement	Responsible Purchasing	TOP 02 / 40%	Failure to establish supplier ESG risk assessment and tiered management mechanism
3	Occupational Health and Safety	Fire and Emergency Management	TOP 03 / 62%	Incomplete fire equipment inspections, blocked evacuation routes, and non-compliant emergency drills
4	Labor Management	Working Hours	TOP 04 / 33%	Room for improvement in the implementation of working hours and leave management
5	Occupational Health and Safety	Chemicals Management	TOP 05 / 56%	Incomplete chemical inventories, non-compliant storage conditions, and inadequate emergency facilities
6	Business Ethics	Prevent Corruption and Bribery	TOP 06 / 56%	Inadequate gift management systems, reporting channels, and integrity training
7	Environmental Management	Greenhouse Gas Management	TOP 08 / 30%	Carbon accounting not conducted or incomplete; no emissions reduction targets established
8	Business Ethics	Fair Competition	TOP 11 / 49%	No specific policies established for anti-monopoly and anti-unfair competition

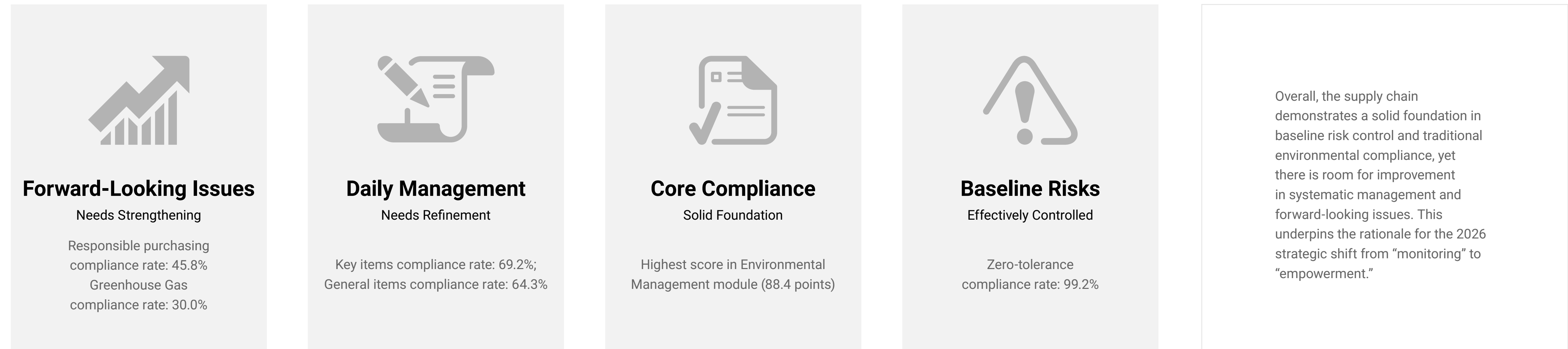
Among the 1,172 identified issues, statistics based on the level of compliance are shown in Chart 3. Among these, **43.3%** were classified as minor non-conformities (such as incomplete records, insufficient training coverage, etc.), reflecting that some suppliers lack systematic and fine-grained ESG management capabilities—characterized as “having policies in place but struggling with implementation.”



Transition

From Compliance-Driven to Systematic Management

Suppliers demonstrate a clear tiered pattern in ESG management:



Core strategy

from supervision to empowerment

The high-frequency issues identified in the 2025 audit, along with the 43.3% of minor non-conformities, reflect suppliers' insufficient management capabilities in these areas. Therefore, in 2026, supply chain ESG management will shift from "compliance monitoring" to "capability empowerment," helping suppliers build their own self-management capabilities.

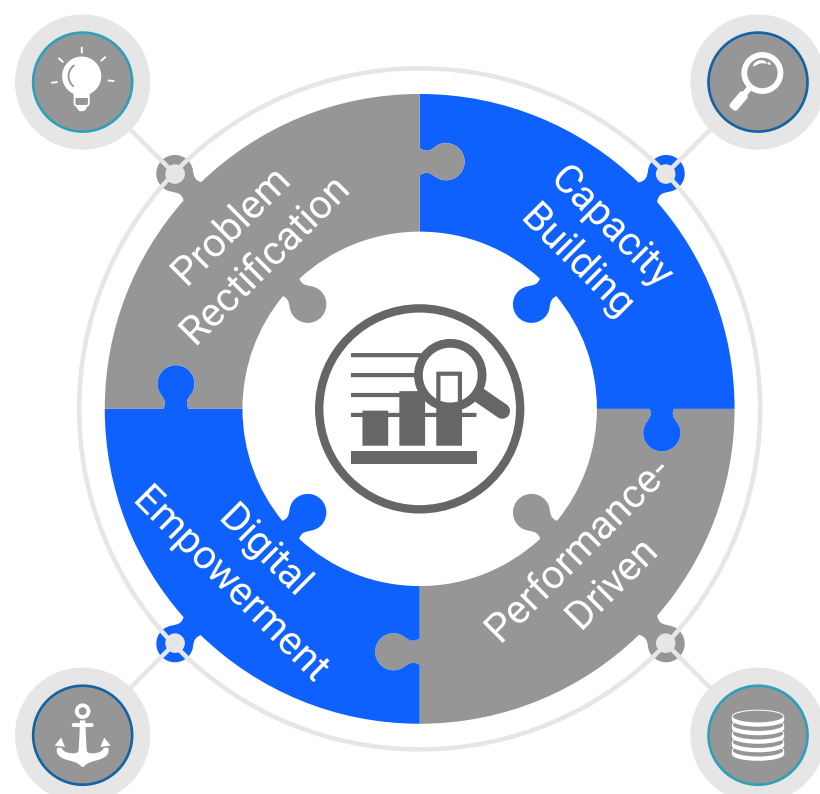
Four directions of action

Problem Rectification >>> **Closed-Loop Management**

Graded rectification of 1,172 issues; one supplier, one file; 100% closure of zero-tolerance and key items by 2026

Build an ESG digital platform (automating archives, rectification, and questionnaires)

Digital Empowerment >>> **Efficiency Enhancement**



Capacity Building >>> **Targeted Improvement**

Conduct training on the eight identified areas of improvement, covering 90% of suppliers

Link ESG performance to business interests; officially launched in 2026

Performance-Driven >>> **Long-Term Incentive**

Key Actions

2026.05-10

Thematic Training

Covering eight topics including greenhouse gas management, Responsible purchasing, labor compliance, and EHS

Coverage

All Class I and II direct material suppliers and OEMs

2026.07-12

Greenhouse Gas Pioneer Program

Select core suppliers to conduct carbon inventories, set emission reduction targets, and complete CDP questionnaires, etc.

Coverage

10-15 core suppliers

2026.07-12

EcoVadis Assessment

Drive core suppliers to complete EcoVadis ratings

Coverage

5 core suppliers

Hithium Supply Chain ESG Management Principles

Transparency

Publicly disclose supply chain ESG performance, and regularly report audit progress and rectification status.

Accountability

Establish a “one supplier, one file” mechanism to ensure issues are fully closed, responsibilities are assigned, and follow-through is ensured.

Resilience

Build a risk-resilient, sustainable, and traceable supply chain system, sharing challenges and growth together with partners.

Conclusion

This report serves as both a summary of Hithium's 2025 Supply Chain ESG Due Diligence and the starting point for our 2026 actions. We will take this audit as an opportunity to systematically enhance supply chain ESG management and build a transparent, accountable, and resilient supply chain system. We firmly believe that a responsible supply chain is the foundation of high-quality products. Hithium will continue to uphold the management principles of transparency, accountability, and resilience to safeguard customer trust and jointly create a green future.