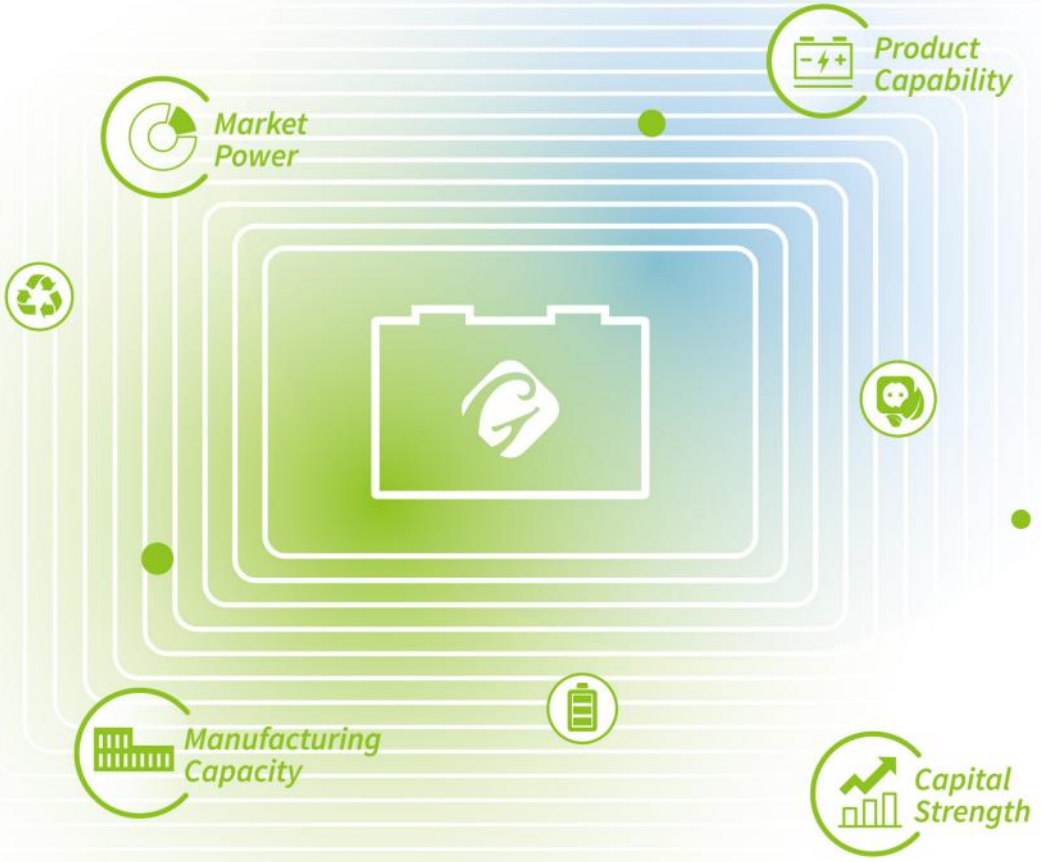
2022 国轩高科年度ESG报告

Gotion High-Tech ESG Report

让绿色能源服务人类

Make Green Energy Accessible And Sustainable



国轩高科
GOTION HIGH-TECH

Chairman's Message

Pooling Strength to Strive Forward Creating Values Together

In this snowy, festive season, we fareweled the year of the tiger, and usher in that of the rabbit. Looking back on our history, we have gathered extensive talented minds, focusing on emerging industries and exploring breakthroughs in innovation. As China strides towards the "dual carbon" goal, we stick to green development and achieved glorious results, despite the challenges and difficulties we faced. We have grabbed two RMB 10 billion orders and improved our technologies to a new level, with a brand new layout for our globalization strategy. Three factors are behind our success: the guidelines from General Secretary Xi Jinping have navigated us along the path, encouraging us to develop brick-and-mortar businesses in the private sector; the joint efforts of our employees have made pragmatic innovation and overcame various barriers, supporting us to improve quality and efficiency for further progress; the trust and support from our global partners have bolstered us and with mutual assistance and help, we will advance side by side to a bright future. For us, 2022 was not only a year of challenges and barriers but also of fruitful achievements and glorious chapters:

In 2022, we rode on the momentum and saw a harvest in our domestic businesses. With continuous efforts in expanding and explorations, we realized a dramatic rise in performance. On the one hand, we acquire new customers with the product-centered concept; on the other hand, we keep reinforcing our foundation with the quality-focused concept. Our manufacturing, combining the management concept of Volkswagen, has made great achievements; our technology, which gives birth to affordable quality products, has won recognition in the market; our capital strength, after Gotion High-Tech GDR was listed overseas, has shown its value. None of the above achievements can be made without our employees' creative minds and customers' strong support. I appreciate everything you've created for Gotion.

In 2022, we also turned to another page of globalization with a new layout. It was in June 2022 that we scaled up our businesses to the Western market, exporting our products and winning a swarm of international customers. Many of our products were launched overseas, such as passenger vehicles, commercial vehicles, and energy storage and solutions. It was in July 2022 that the China Securities Regulatory Commission supported us to make Gotion High-Tech GDR listed on the SIX Swiss Exchange, Switzerland. By doing so, we realized the globalization of capital and had an explicit vision of international economic circulation to step forward with a globalized layout. It was in August 2022 that we were selected as a supplier of designated standard cells for Volkswagen. Moreover, we cooperated with auto manufacturers in North America, Tata AutoComp, and VinFast with a globalized layout, thus promoting our technologies in the global markets. With a market share, we will become a future leader by going global. I appreciate every effort you've made for Gotion's globalization.

In 2022, our R&D capability grew to a new level with a pragmatic way of creation. With persistence in innovation, we realized mass production with low-temperature lithium iron materials. Also, we made breakthroughs in high-nickel ternary materials. The technology for 230Wh/kg lithium iron cells was developed, and 400Wh/kg ternary technology has shown its early form. We were selected as a supplier of both designated standard cells for Volkswagen. PACK product technology made another achievement as the two R&D teams home and abroad grew stronger in technology and contribute more to our results. We are bolstered by technologies, driven forward by innovation, and identified by our products. I appreciate every effort you've made for Gotion's technological progress.

In 2022, we made breakthroughs in manufacturing capability for a broader horizon. We have implemented our plan to reach the 100 GWh capacity as the factories in Nanjing (phase IV), Tongcheng (phase I), Yichun (phase I), and Liuzhou (phase I) were completed and started operation. To carry out our next plan for another 100 GWh capacity, we also kicked off the projects in Hefei Xinzhan High-tech Industrial Development Zone (phase II), Tongcheng (phase II), and Yichun (II). The team matters most for our manufacturing sites. We've selected from the best and hired excellent management personnel, and built a company performance evaluation system to steadily drive forward the base construction and facilitate R&D results. Our manufacturing is product-centered, talent-oriented, and quality-focused, which has laid a solid foundation for our future development. I appreciate every effort you've made for Gotion's manufacturing progress.

Nevertheless, imperfection lies in everything. Only by making practical moves can we see the distance between us and our goal. Only by learning from others' advantages to cover our shortages can we become an established, strong company.

First, we should make persistent efforts to improve market strength. Adhering to the customer-first concept, we can only carry out cooperation in both international and domestic markets and reach global customers by expanding new markets, building new platforms, and creating new patterns. With such a long way to go, we will resist slackening thoughts and make up our minds to travel far and wide. We can only push Gotion forward to become a leading player on the global stage with determination, confidence, tirelessness, and continuous endeavor for building better market power.

Second, we should be pragmatic and pioneering to improve product strength. As the saying goes, constant dropping wears away a stone. To virtually understand a product, we need to live with integrity and choose the right path; to achieve product excellence, we need to keep calm and studious; to overcome difficulties, we need to resist laziness, stale thoughts, and the eager for quick success and being in a rut, with motivation to always learn from others and break records.

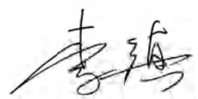
Third, we should pursue excellence and perfection to improve product strength. The customer-first concept is the “force multiplier” of our growth. Good manufacturing requires building an excellent team. Only with the team's excellence can we make an outstanding company. Only with a pursuit of excellence can an outstanding company build quality products. With the management concept of Volkswagen, a century-old established enterprise, we made an outstanding company. The German brand's advanced management, solid foundation in managing, and strict standards of quality control are exactly what we need to learn. We should improve the system, build a team, strive for excellence, and create perfect products, so as to continue to develop.

Fourth, we should work hard to achieve the best results to improve capital strength. Earlier, the strategic capital team committed to striving for a doubled market value and two RMB 10 billion financing successes in 2023. To realize capital appreciation, it is necessary to strengthen strategic guidance, give full play to resource advantages, optimize capital management, improve profitability, standardize investment processes, enhance insights, and improve the investment system. We should also ensure that investment can be made with ROI and risks can be controlled, so as to achieve stable and long-term development.

We shall break the tide to go against the flow and accelerate what we are doing to fulfill the tough tasks on our shoulders. Looking forward to the new year, we should pool strength to strive forward and create values together. Creating value for society, customers, stakeholders, and employees is at the very heart of a company; it works as a cornerstone for success, a foundation for standing, a necessity for development, and the driving force for growth.

Dear colleagues, we have a clear picture of how to succeed as we usher in a new year with set goals and directions. As long as we stay fearless for difficulties, keep our ambitions in mind, and grow stronger after each failure, along with our solid foundation and rich experience accumulated, we will surely embrace a brighter future with more success to come.

I sincerely wish you all to be healthy and enjoy your work. May you achieve your ambitions in 2023 and experience more moments of achievement. Best wishes!



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About Gotion High-Tech

About the Company

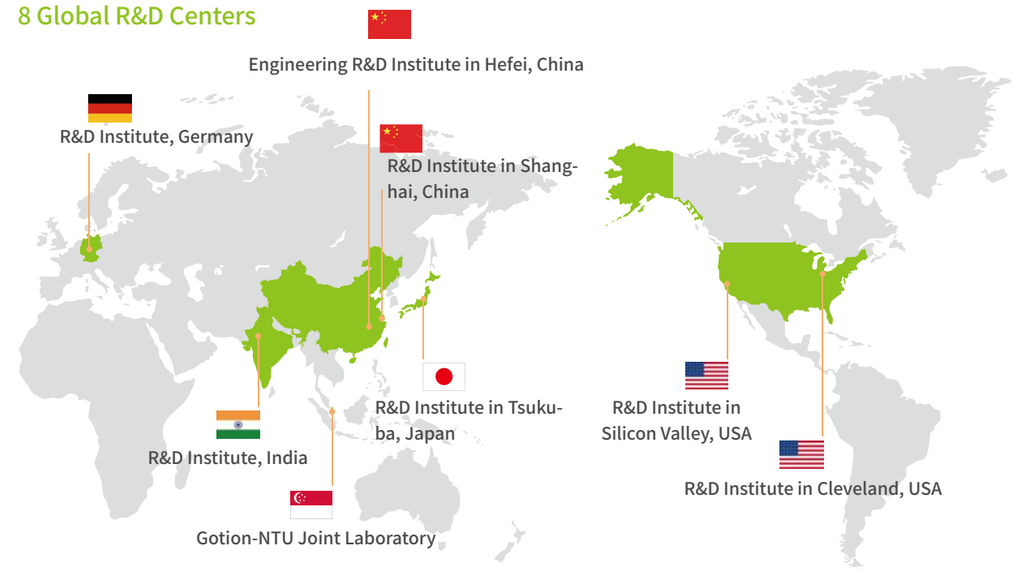
Company Profile

Established in May 2006, Gotion High-Tech Co., Ltd. (hereinafter referred to as "Gotion High-Tech") is headquartered in Baohe District, Hefei City, China. As the earliest private enterprise in the power battery industry to enter the capital market, Gotion High-Tech was listed in May 2015 (stock code: 002074). Specializing in power batteries for new energy vehicles (NEVs), energy storage applications, power transmission, and distribution equipment, and so on, it has developed an independent and mature R&D, procurement, production, and sales system. The Company has established eight R&D centers in Hefei (China), Shanghai (China), Silicon Valley (the United States), Cleveland (the United States), Gottingen (Germany), Tsukuba (Japan), Pune (India), and Nanyang Technological University (Singapore). Ten battery production bases have been established in Hefei (Hefei Xinzhan High-tech Industrial Development Zone, Economic and Technological Development Area, and Lujiang County), Nanjing, Nantong, Qingdao, Tangshan, Liuzhou, Tongcheng, Yichun, and other places, and overseas production bases have been set up in Germany, India, Vietnam, the United States, and other countries.

The Company is one of the first enterprises engaged in the independent R&D, production, and sales of lithium-ion batteries for NEVs in China. Its main products are lithium iron phosphate (LFP) and battery cells, ternary materials and battery cells, power battery packs, battery management systems, and energy storage battery packs. The products are widely used in NEVs, such as pure electric passenger vehicles, commercial vehicles, special vehicles and light vehicles, providing systematic solutions for energy storage power plant, communication base stations, and more. The Company has successively passed ISO 9001 and other three-system certifications and IATF 16949 quality system certification; its Testing and Validation Center was accredited by CNAS National Laboratory and its energy storage lab was awarded the Witnessed Manufacturer' s Testing for Certification (WMTC). Its products have passed many domestic and international certifications.

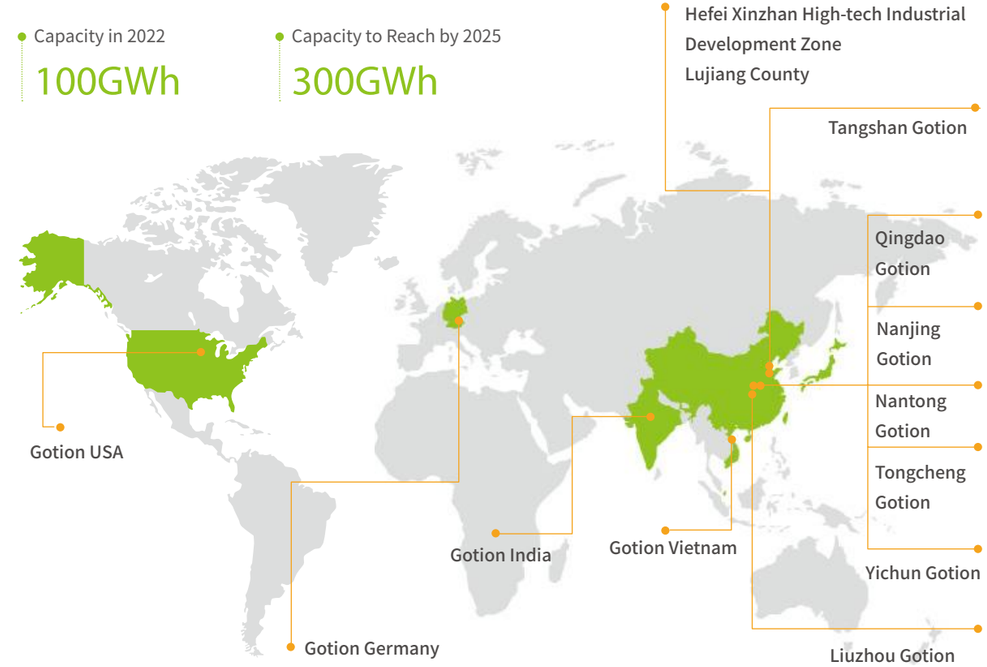
The Company has successively won many honorary titles: Key High-tech Enterprise Under the National Torch Program, Lithium-ion Battery Full Industrial Chain Application Development Unit, National Enterprise Technology Center, the unit undertaking three national "863" major projects, "National Intellectual Property Demonstration Enterprise," National Intellectual Property Advantageous Enterprise, National Green Factory, Chinese Famous Trademark, and so on. It is also home to a National Postdoctoral Scientific Research Station and a Provincial Academician Scientific Research Station. Gotion High-Tech is one of the top companies in the global market of new energy lithium-ion batteries in terms of its comprehensive strengths.

8 Global R&D Centers



14 Major Production Bases in the World

- Capacity in 2022
  100GWh
- Capacity to Reach by 2025
  300GWh



Existing Product System

NEV Power Battery Business

The products mainly include lithium iron phosphate (LFP), ternary materials, cells, power battery packs, and battery management systems, among others. Our products are widely used in NEVs such as pure electric commercial vehicles, passenger vehicles, express delivery vehicles, and hybrid electric vehicles.

Energy Storage Business

The main products include centralized battery modules and battery clusters, standard container-based energy storage systems, industrial and commercial energy storage systems, as well as household energy storage systems. We provide customers with efficient, reliable, and customized energy storage power system solutions.

Power Transmission and Distribution Equipment Business

The main products include high-voltage electrical appliances, high- and low-voltage complete switchgear, electrical digital equipment, intelligent equipment for the power distribution network, serial mutual inductors, transformers, circuit breakers, integrated charging piles, on-board chargers, and energy storage cabinets, which are widely used in such fields as thermal power, hydropower, nuclear power, wind power, metallurgy, and railway.

Product Application Fields

Passenger vehicles
LFP is favored by the market while ternary batteries are in need of breakthroughs in the high-end-vehicle market

Commercial vehicles
Owing to its absolute advantage, LFP occupies a large proportion of the market

Special vehicles
The installed capacity ranks top in the domestic market in recent years

Low-speed vehicles
Due to the cost-effective, safe, convenient, and fast performance, our products boast broad market prospects

Standard containerized ESS system
The design of the ESS system is to reduce the cost and maintain the grid stability

Highly integrated industrial and commercial liquid-cooled energy storage system
Widely used in various application scenarios, such as urban parks, communities, and low-voltage courts

Power bank
An important solution for the integration of distributed storage and charging in cities

Residential energy storage system
Widely used in ordinary households, small commercial districts, offices, and other application scenarios

Two-wheeler
An environmental solution for light travel

Vessel
The LFP20100140A-27AH product is granted the Quality Management System Certification by the China Classification Society

Global Branches

The Company currently has ten battery production bases in China, including Hefei (Hefei Xinzhan High-tech Industrial Development Zone, Economic and Technological Development Area, and Lujiang County), Nanjing, Qingdao, Tangshan, Nantong, Liuzhou, Yichun, and Tongcheng. In addition, it has established global centers for R&D, production, and materials in the United States, Germany, Japan, Singapore, India, Vietnam, Argentina, Indonesia and so on.

Talent Advantages

As of late December, the Company has a total of 19,564 employees, of which 6,267 are R&D technicians, accounting for 32.03% of the total workforce. Its investment in R&D took () % of the revenue and the investment in R&D reached RMB () in 2022. Its workforce includes more than 600 overseas R&D personnel and over 130 employees with a doctoral degree, among which 20-30 are titled innovative talent of provincial level or above.

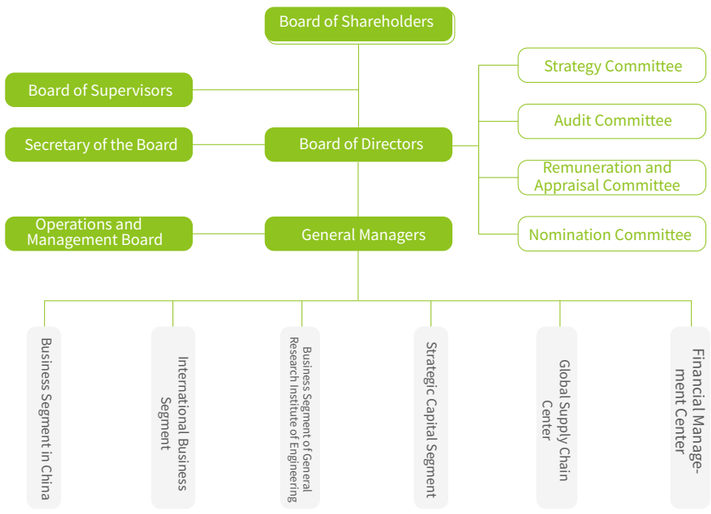
By the end of December 2022, it has applied for 6,344 patents, including 2,836 invention patents (including 201 foreign patents), 3,101 patents for utility models, and 407 for appearance designs; a total of 4,274 patents have been obtained, including 1,121 invention patents (including 72 foreign patents), 2,767 patents for utility models and 386 for appearance designs. The Company employees have published 256 research papers, 23 SCI papers, and 147 papers on core publications with 142 registered items of software copyright. Gotion High-Tech has presided over and participated in the formulation of 61 standards, including two international standards, 23 national standards, 12 industry standards, seven local standards, and 17 association standards.

Corporate Governance

Overview

Strictly following the requirements of relevant laws, regulations, and normative documents, such as the Securities Law of the People's Republic of China, the Company Law of the People's Republic of China, the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board, and the Code of Corporate Governance of Listed Companies, Gotion High-Tech established a scientific and reasonable organizational governance structure. Moreover, it has formulated more than 30 corporate governance-related systems, including the Rules of Procedure for the Audit Committee of the Board of Directors, the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors, the Rules of Procedure for the Strategy Committee of the Board of Directors, the Rules of Procedure for the General Meeting of Shareholders, the Rules of Procedure for the Board of Supervisors, and the Articles of Association of Gotion High-Tech Co., Ltd. By making continuous improvements in the corporate governance structure of legal persons, the Company ensures that all of its business activities are rule-based. Gotion High-Tech has established a reasonable, complete, and effective management framework, with the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Management having a clear separation of powers and responsibilities and mutual checks and balances. During the reporting period, the Board of Directors, the Board of Supervisors, and the Management conscientiously performed their duties and continuously improved their governance capabilities to achieve high-quality development of the Company while creating sound added value for shareholders.

Organizational Structure



Members of Gotion High-Tech Economic and Management Committee:

1. CEO: Mr. Li Zhen

2. Vice President (China Business Segment): Mr. Wang Qisui

3. Vice President (Segment of General Research Institute of Engineering): Mr. Cai Yi

4. Vice President (Gotion Global): Mr. Li Chen

5. Vice President (Strategic Capital Segment): Mr. Sun Aiming

6. CFO (Financial Management Segment): Mr. Zhang Yifei

7. CPO (Global Supply Chain Platform): Mr. Ralf Lorenz

Operation of the "Three Boards"

The Board of Directors consists of nine directors, including four independent directors; the Board of Supervisors consists of three supervisors, including one employee representative supervisor. In 2022, under the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors, and the Rules of Procedure of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the General Meeting of Shareholders operated strictly in accordance with the relevant regulations. A total of six meetings of the Board of Directors, seven meetings of the Board of Supervisors, and two Shareholders' Meetings were held during the reporting period to deal with matters such as periodic reports, external investments, external guarantees, and director election. The processes and resolutions of these meetings were all legal and valid.

In order to avoid the conflict of interest mechanism, a special committee for strategy, audit, nomination, remuneration, and assessment is set up under the Board of Directors. The special committee is responsible to the Board of Directors for performing its duties in accordance with the Articles of Association and the authorization of the Board of Directors. The proposal of the special committee is submitted to the Board of Directors for deliberation and decision. The Board of Directors shall be responsible for the General Meeting of Shareholders and execute its resolutions; the directors shall strictly implement and urge the senior executives to carry out the resolutions of the General Meeting of Shareholders, the Board of Directors, and other relevant resolution makers. The directors and senior executives of the listed company shall not concurrently serve as supervisors, and the Board of Supervisors shall perform its duties independently and effectively. The supervisors shall focus on the behaviors of directors and senior executives of the listed company in abiding by laws and regulations and performing their duties in the organization, supervise the implementation of the special committee of the Board of Directors, and check whether the members of the special committees perform duties in accordance with the rules of procedure of their committee. Directors and senior executives shall truthfully provide the supervisor with relevant information and materials and shall not hinder the supervisor from exercising corresponding duties. The Board of Supervisors shall focus on the legality and compliance of the directors and senior executives in fulfilling their duties and exercising powers stipulated in the Articles of Association, and safeguard the legitimate rights and interests of the listed company and its shareholders.

According to the Company Law of the People's Republic of China, the Articles of Association, and other relevant regulations, the ninth Board of Directors of the Company will consist of nine directors, including five non-independent directors and four independent ones. After being nominated by the shareholders and the Board of Directors of the Company and reviewed by the Nomination Committee of the Board of Directors, Gotion High-Tech held the 21st meeting of the eighth Board of Directors on December 20, 2022. At the meeting, they reviewed and approved the Proposal on the Change of the Board of Directors and the Election of Non-Independent Directors of the Ninth Board of Directors and the Proposal on the Change of the Board of Directors and the Election of Independent Directors of the Ninth Board of Directors. The Board of Directors agreed to nominate Mr. Li Zhen, Mr. Steven Cai, Mr. Zhang Hongli, Mr. Frank Engel, and Ms. Andrea Nahmer as candidates for the non-independent directors of the ninth Board of Directors of the Company; meanwhile, Mr. Sun Zhe, Mr. Qiao Yun, Mr. Qiu Xinping, and Mr. Wang Feng were nominated as candidates for the independent directors of the ninth Board of Directors. Four candidates for independent directors have obtained the qualification certificates for the post; among them, Mr. Wang Feng is an accounting professional.

Organizational Adjustment

By the end of the reporting period, the actual governance of the Company is in compliance with the requirements of the Code of Corporate Governance of Listed Companies and the Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Listed Companies, and there was no change during the reporting period.

Investor Rights and Interests Protection

In order to safeguard the legitimate rights and interests of investors, Gotion High-Tech has formulated the Investor Relations Management, the Information Disclosure Affairs Management System, the Insider Registration and Management System, and the Securities Investment and Derivatives Transaction Management System. In addition, the Secretary of the Board of Directors of the Company is designated to be responsible for information disclosure and investor relations management. With multimedia means, such as digitized and visualized technologies, the Company adopts video and audio links to communicate with investors in a more flexible, diverse, and real-time manner. Combining online and offline communication means, it aims to convey its development strategy and investment value to the market, create a brand image in the capital market and enhance investors' recognition of it.

The means of interactions and communications between the Company and investors include the Company's official website, social media accounts, phone calls, fax, e-mail, and others. Moreover, the network infrastructure platforms like China's investor website (www.investor.org.cn), stock exchanges' websites, and securities registration and clearing institutions' platforms can be leveraged as a way to exchange with investors, combined with various activities, including general meetings of shareholders, investor briefings, analyst meetings and roadshows, acceptance of research as a listed company, and on-site visits.

In 2022, the Company hosted 10 investor strategy meetings and eight investor exchanges (including performance briefings). More than 300 inquiries from investors were replied through the Hudongyi platform (http://irm.cninfo.com.cn), and more than 2,000 phone calls from investors were answered.

Gotion High-Tech provides on-site and online voting options for the General Meeting of Shareholders and protects the rights to know, make decisions on and supervise major matters of the Company of shareholders, especially small and medium-sized shareholders. When discussing significant matters related to the interests of small and medium-sized investors, the Company separately counts the votes of small and medium-sized investors to fully reflect their opinions.

Responsibility 2022 Performance

Rank in 2022 Hurun China Private Companies SDG Readiness 100
39 th

Places up from 2021
29

R&D Investment in 2022
RMB 2.416 billion

Total company headcount
19,564

R&D technicians
6,267

Account for
32.03%

Number of Level I training sessions
628

Total person-time-hours of training
170,400

Year-on-year increase
101.7%

Patents applied
6,344

Patents authorized
4,274

Comprehensive score of customer satisfaction
93.06

Passed the "five-star" service certification by the China Quality Certification Center (CQC) with a score of 98.5
"Five-star" Service Certification

The world's
First zero-carbon cathode material base

9 major subsidiaries promoted 114 energy conservation projects
114

Reduction of greenhouse gas emissions
59,637.4 tons of carbon dioxide equivalent

The energy output of PV power station
3,919 kWh

Carbon dioxide equivalent of greenhouse gas emission reduction
27,572.8 tons of carbon dioxide equivalent

Milestones in 2022

- In January, Gotion obtained the UL 9540 certification from Société Générale de Surveillance (SGS). At the end of November, an overseas energy storage project, with a capacity of 491MWh was delivered successfully
- On February 19, Gotion was selected as a supplier of designated standard electric cores for the Volkswagen
- On March 10, Gotion started to carry out strategic cooperation with Anhui Province Energy Co., Ltd. in the energy storage field
- In April, Gotion signed a strategic agreement with Zhejiang Geely New Energy Commercial Vehicles Group to promote cooperation
- In May, Gotion was the winning bidder of the project of the State Grid Corporation of China's multi-functional and mobile energy storage and charging vehicles. Gotion was responsible for offering liquid cooling boxes and products of the Power Ocean energy storage system
- In late May, the project of Nanjing Gotion with a capacity of 20 GWh and the project of Yichun Gotion, with a capacity of 10 GWh, were both put into operation
- From May 27 to 28, Gotion High-Tech held the 11th Gotion Technology Conference, inviting 15 academicians from all over the world to attend and share their technologies. During the new product release, Gotion High-Tech released 360Wh/kg semi-solid flow batteries with intelligent mobile charging piles offering convenience for charging
- On June 24, Mr. Alberto Fernández, the President of the Argentine Republic, met with Li Zhen, Chairman of Gotion; a cooperation agreement was signed with JEMSE, marking the joint establishment of lithium carbonate production lines to promote the supply chain globalization
- On June 27, the opening ceremony of Gotion Germany took place, marking the start of battery production in Europe
- On July 28, Gotion High-Tech Global Depository Receipts (GDR) was listed on the SIX Swiss Exchange
- On August 8, Phase I of the Tongcheng Gotion, with a battery production capacity of 10GWh, was put into operation
- At the end of August, Phase I of the Wuhai Cathode Material Base, with an annual production capacity of 100,000 tons of anode materials, was put into operation
- On September 27, the battery project of Liuzhou Gotion, with a capacity of 10GWh, was put into operation and the project with a capacity of 20GWh started
- In October, Gotion reached a supply agreement with Borrego, a US energy storage enterprise, and signed a strategic cooperation agreement with SUMEC on cooperation in energy storage and relevant fields
- On October 8, Phase II of the 20GWh battery project of Yichun Gotion started
- On November 4, Li Zhen, Chairman of Gotion, was invited to attend and deliver a speech at the Sino-German Symposium for Representatives of the Economic Sector hosted by Li Keqiang, then Premier of the State Council
- On November 8, Gotion Kehong, with an annual production capacity of 100,000 tons of high-end anode materials, also the first project worthy of RMB 10 billion, was put into operation in Lujiang County, Hefei City
- On November 18, Phase I of the 5GWh Battery Factory in Tỉnh Hà Tĩnh Province, Vietnam started
- At the end of November, Yichun Gotion Mining obtained the mining rights of the Baishuidong and Geshili Mine Areas
- On December 15, Gotion sets up a joint venture with NUOVO PLUS, a subsidiary of Thailand's PTT Group
- In December, Gotion's new products such as 46 Series Cylindrical Cells made their debut at the exhibition held in North America

Honors

- In February, Gotion ranked 15th among the Top 100 Entities with Invention Patents in Anhui Province
- In April, the brand value of Gotion High-Tech reached RMB 68,233 million, up about 20% year on year, according to the evaluation of a third-party organization
- On May 10, Gotion was awarded the 2021 Anhui Quality Brand Demonstration Enterprise
- On May 27, Gotion was selected as the sample of the CSI 300 Index and China Securities Index
- On June 16, Gotion was awarded the "Excellent Power Battery Brand of the Year"
- On July 23, Gotion was awarded the "Global EV & ES Battery Top 12"
- On July 28, Gotion was awarded the "Low-carbon Pioneer of the Year" by Southern Weekly
- On August 6, Li Zhen, Chairman of Gotion, was elected as Vice Chairman of the new Board of Directors of the Hefei Charity Federation
- On August 26, the core technology of 210 Wh/kg batteries was awarded the "2022 Global NEVs Innovative Technology Award"
- In September, Li Zhen, Chairman of Gotion, was awarded the "National Outstanding Entrepreneur" and the "Model of Charity" in Anhui Province
- On September 5, Li Zhen, Chairman of Gotion, was awarded the "Generous Entrepreneur of Hefei", and the Company won the honorable title of "Outstanding Contribution Award for Charity in Hefei"
- On September 23, Gotion was awarded the "National Intellectual Property Demonstration Enterprise"
- On October 14, Gotion's social responsibility report was awarded the "2021 Best Corporate Social Responsibility Report in Anhui Province"
- On October 24, Gotion was awarded the "Annual Energy Storage Industry: Pioneer Enterprise"
- In November, Li Zhen, Chairman of Gotion, won the title of "2022 Anhui Model Worker"
- On November 8, Gotion was awarded the honorable title "2022 Chinese Corporate Social Responsibility: Pioneering Enterprise of Carbon Neutrality"
- On November 20, Gotion was awarded the Enterprise of 2022 Gaogong LED Golden Globe Award
- On November 27, Gotion was selected as the Vice-chairman Unit of the Anhui Industrial Internet Association
- On December 22, Gotion was rated as the Most Influential Enterprise (in Batteries/Equipment) and the Most Innovative Enterprise (in Batteries)
- On December 28, Gotion was awarded the listed company with the greatest development potential by "Jinwutong"
- In December, Gotion won the Outstanding Contribution Award for Listed Companies in Green and Low-carbon Development from the 2022 "GoldenWis" Award of JRJ Navigation China

Li Zhen, Chairman of Gotion, was awarded the "National Outstanding Entrepreneur" title

2022 Chinese Corporate Social Responsibility: Pioneering Enterprise of Carbon Neutrality

Excellent Power Battery Brand of the Year

2022 Low-carbon Pioneer of the Year

Annual Energy Storage Industry: Pioneer Enterprise

Gaogong LED Golden Globe Award.

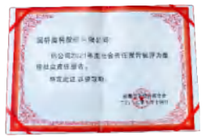
First Prize of 2022 Hefei Quality Brand Story Competition

Certification of 2022 "Global New Energy Vehicles Innovative Technology"

Li Zhen, Chairman of Gotion, won the "Generous Entrepreneur of Hefei"

Global EV & ES Battery Top 12

Best Social Responsibility Report



Most influential power lithium battery

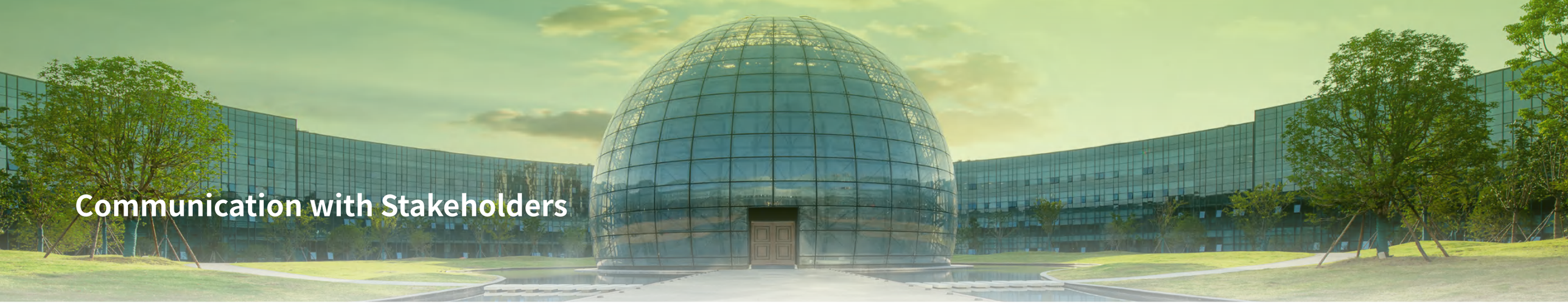
Outstanding Contribution Award for Listed Companies in Green and Low-carbon Development

2022 Excellent Power Battery Brand of the Year

2022 Chinese Corporate Social Responsibility: Pioneering Enterprise of Carbon Neutrality

Social Identity

Association Name	Role
China Automotive Battery Innovation Alliance	Member
China EV 100	Council member
Anhui Federation of Industry and Commerce	Executive Committee Member Unit
Anhui Provincial Industrial Alliance for NEV Power Battery Recycling	Governing unit
Global Council of Huishang	Lifetime governing unit
Anhui Provincial Environmental Protection Federation	Vice-president unit
Qingdao New Energy Vehicle Industry Association	Secretary-general unit
Jiangsu Provincial Industrial Alliance for NEV Power Battery Recycling	Vice-chairman unit
Jiangsu Industrial Innovation Alliance of Power and Energy Storage Battery	Vice-chairman unit
Society of Automotive Engineers of Jiangsu	Council member
High Voltage Switch Branch of China Electrical Appliance Industry Association	Council member
Power Battery Application Branch of China Industrial Association of Power Sources	Member
The Listed Companies Association of Anhui	Governing unit
China New Energy Chamber of Commerce	Member
Jiangsu Electrical Equipment Industrial Association	Member
Carbon Neutrality Committee of China Energy Conservation Association	Member
Anhui Industrial Internet Association	Standing council member
Hefei Association of Quality and Technology Innovation	Member
China Energy Storage Alliance	Council member
Hefei Charity Federation	Vice-president unit
China Association for Public Companies	Standing council member
Hefei Association of Work Safety	Standing council member



Communication with Stakeholders

Stakeholders	Government and regulatory agencies	Stockholders	Suppliers	Partners	Employees	The Public and Community	Media and NGOs
Expectations and Demands	• Being law-abiding, anti-corruption, and honest • BCreating more jobs • Paying taxes in accordance with the law • Promoting sustainable economic development • Fulfilling political responsibility	• Improving the core competitiveness of profitability • Maintaining a good return on investment	• Integrity and credibility • Win-win cooperation • Information security and data protection • Product quality and safety • Workplace safety • Occupational health and safety	• Industrial cooperation and development • R&D innovation • Economic performance	• Protection of rights and interests and employee welfare • Occupational health and safety • Staff training and development channel • Information security and data protection	• Focusing on community development • Building a harmonious society • Making public charity and providing volunteer services	• Building good partnerships • Fair competition • Maintaining positive interaction
Communication and Response	• Institutional investigation • Compliance operation • Policy implementation • Business expansion to create more jobs • Establishment of an intergovernmental cooperation mechanism	• Improvements in the information disclosure system • Robust operation • Improvements in the Board of Directors system • Strict auditing for capital investment • Board of Shareholders • Investor hotline	• Responsible procurement • Anti-bribery businesses • Supply chain quality/safety/responsible management and audit	• Strategic cooperation • Insistence on the principle of fairness, justice, and openness • Interactive communication • Information disclosure	• The signing of labor contracts • Improvements in the salary system • Focus on the healthy development of employees • Improvements in the talent training system • Giving full play to the role of the trade union	• Volunteer services • Exchanges and visits • Support for public welfare and charity • Support for science, education, culture, and health undertakings	• Mutual visits • Keeping regular official correspondences • Policy implementation • Communication and exchanges

Efficient Governance to Consolidate the Foundation of Development

Solid Defence to Improve Risk Control 21

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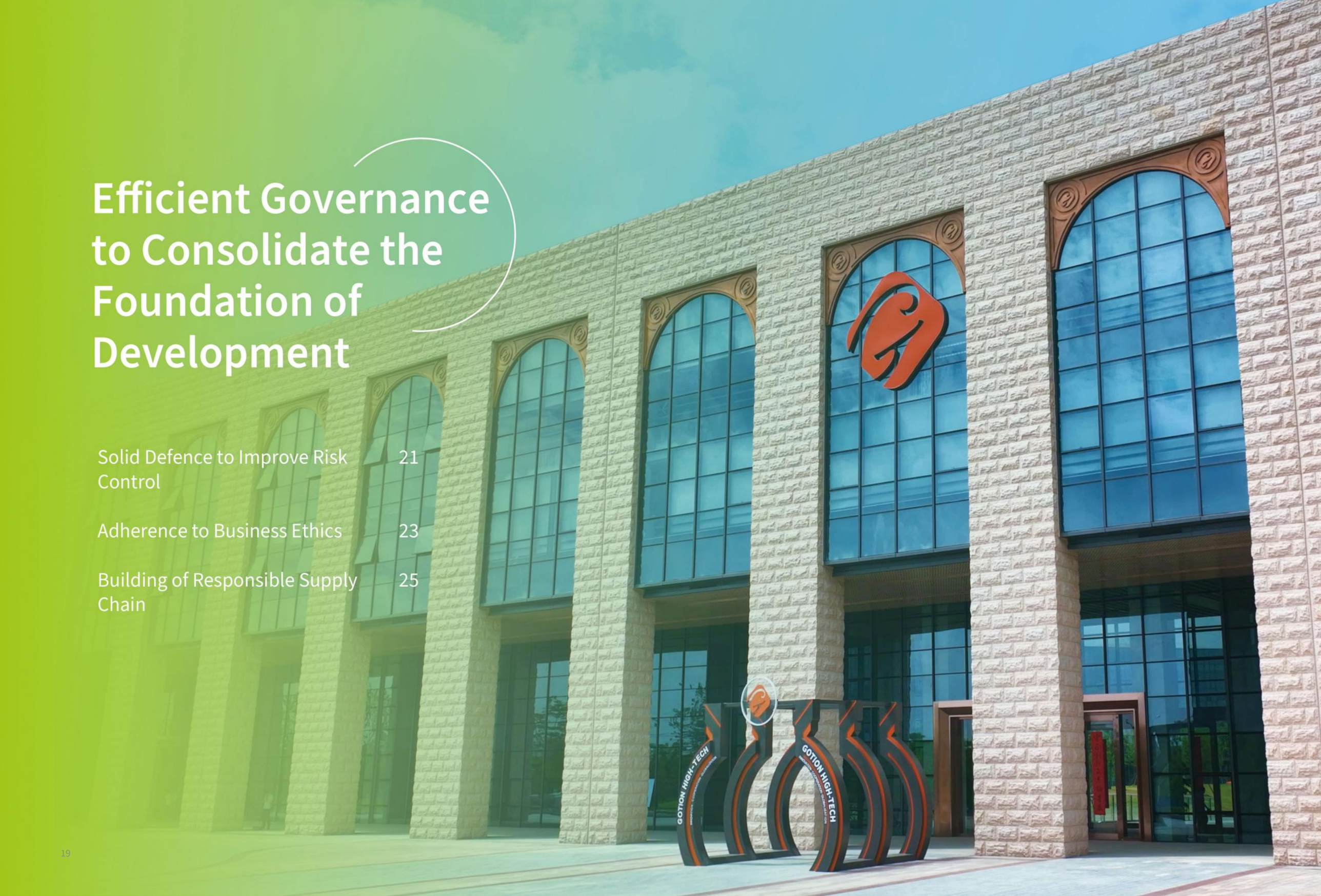
Building of Responsible Supply Chain 25



Solid Defence to Improve Risk Control

During the reporting period, the Company, in accordance with the Criminal Law of the People's Republic of China, the Law of the People's Republic of China Against Unfair Competition, and other laws and regulations, continuously improved the risk management system, promoted the comprehensive risk management, established and improved the Company's internal compliance system, and issued the Code of Conduct, the Management Measures for Reporting of Gotion High-Tech (Edition A1), the Management Measures for Handling Interest Conflict (Edition A0), the Code of Conduct for Business Partners (Edition A0), the Management Measures for External Gifts and Guests Entertaining (Edition A0), the Information Security Management System (Edition A0), and more.

Laws, Regulations, and Policies to be Followed in Building the Compliance System

Category	Names of Laws and Regulations/Policies	Scope of Application	Summary Description
External laws and regulations	Criminal Law of the People's Republic of China		
	Law of the People's Republic of China Against Unfair Competition		
Internal policies	Management Measures for Reporting of Gotion High-Tech (A1 Edition)	It is applicable to all employees, customer groups and suppliers (including potential customer groups and suppliers) of Gotion High-Tech and its wholly-owned subsidiaries	The Management Measures details the definition, guiding principles and responsibilities and authorities of reporting, clarifies the scope and acceptance procedures of reporting, and set up rewards for reporting. The primary goal of the Measures is to strengthen internal supervision and prevent any actions that could be harmful to the interests of the Company or its employees by encouraging employees to actively participate in supervision, so as to ensure timely correction and punishment of violations. The Measures provides clear reporting channels, promotes the reasonable and effective use of the reporting system, and protects the legal rights of whistleblowers, to ensure the standardized implementation of reporting.
	Code of Conduct	All employees of Gotion High-Tech	The Code of Conduct is a set of guidelines that apply to all employees of Gotion High-Tech, regardless of their job type, role, or level within the Company. It is designed to assist employees in adhering to current laws and regulations, as well as offering direction, recommendations and assistance about daily tasks and decision-making. Additionally, it places emphasis on each employee's responsibility to maintain compliance and adhere to ethical business practices. To clearly define compliance obligations for employees, the Code of Conduct is divided into six sections, which include: (1) Introduction; (2) Our Commitment to Contributing to Society; (3) Compliance and Integrity in Business; (4) Adherence to Market Rules; (5) Professional Workplace; (6) Support.
	Management Measures for External Gifts and Guests Entertaining (A0 Edition)	The Management Measures applies to Gotion High-Tech and its wholly-owned subsidiaries. Other joint-stock companies may utilize and implement it as a reference.	The Management Measures stipulates the handling principles, responsibilities, and authorities and relevant specific regulations that employees shall follow when "accepting or giving gifts" and "providing or accepting entertainment" to organizations or individuals outside the Company. The Management Measures aims to strengthen the construction of a clean and honest administration of the Company, ensures the integrity of all employees, and prevents corruption that may occur when handling gifts and entertainment.
	Management Measures for Handling Interest Conflict (A0 Edition)	The Management Measures applies to Gotion High-Tech and its wholly-owned subsidiaries. Other joint-stock companies may utilize and implement it as a reference.	The Management Measures details the purpose of preventing conflicts of interest and the basic principles to be followed in the declaration process of conflicts of interest, defines the types of conflicts of interest that may involve working scenarios of conflicts of interest, and stipulates the declaration process and approval requirements of conflicts of interest management and other corresponding management points. It aims at strengthening the compliance management of the Company, prevents employees from taking advantage of their positions to engage in favoritism and malpractice in the Company's business and damage the Company's interests and reputation, and establishes an effective mechanism for declaration, risk assessment and prevention of conflicts of interest.
	Code of Conduct for Business Partners (A0 Edition)	Gotion High-Tech business partners	This Code sets out the expectations of Gotion High-Tech Co., Ltd. (hereinafter referred to as "Gotion High-Tech") for its business partners, especially suppliers and sales partners, in the way they think and behave in business activities. These requirements are the basis of Gotion High-Tech's partnership with business partners and are based on national and international regulations and practices. (such as the Labor Law of the People's Republic of China, the United Nations Global Compact, national requirements for sustainable development, and international requirements for raw material procurement). The Code is also based on Gotion High-Tech's internal standards and values. (such as Gotion High-Tech's declaration on anti-corruption, environmental protection policy, and code of conduct for employees.)
	Management System of Information Security (A0 Edition)	The System applies to Gotion High-Tech Headquarters and its subsidiary in Hefei Economic and Technological Development Area. Other wholly-owned subsidiaries or holding companies shall implement accordingly. All employees shall notify the cooperating third-party suppliers, site contractors, and company visitors to comply with the requirements of the System	The Management System of Information Security is a first-level document of the information security management system, which stipulates the purpose, scope of application, basic principles, organizational structure, responsibilities and authorities, and basic requirements of information security management. The System is formulated based on the audit opinions of TISAX accreditation review opinions and the findings of information security compliance risk assessment, aiming to further improve Gotion High-Tech's information security management system and reduce the possibility of losses to the Company caused by information security incidents.

Through identification, evaluation, and management, Gotion High-Tech has identified the risk areas that necessitate intensified management, and set up three walls of defense at 1) each business department, 2) the risk management department (compliance department), and 3) the internal control and audit level. Also, it analyzed the risk items from the perspectives of policies, systems, and measures, thus carrying out risk evaluation and formulating countermeasures.

The Company uses internal and external resources to carry out training to continuously improve employees' awareness of risk control. During the reporting period, the Company's compliance department carried out 28 sessions of special training with 2,376 participants and improved the compliance awareness of all employees through compliance briefings, compliance email reminders sent during holidays, and other forms.

During the reporting period, the Company carried out 11 types of publicity activities, including the "Compliance and Audit" theme publicity month activities, quizzes, prize-winning essay solicitation, and interactive games. These activities were integrated with the Company's Code of Conduct for Staff, prevention of commercial corruption, key points of interest conflict risk prevention, and other relevant knowledge, aimed at conveying the knowledge of compliance and audit to employees in an entertaining, comprehensive way, attracting more than 5,000 company employees to participate.

In addition, the Company also established the compliance management mode of subsidiaries, improved the risk control measures in various business areas, and conducted a compliance risk assessment on specific matters such as information security and gift reception. Such matters were included in the regular inspection items of compliance risk management. Those involving the quality, safety, environmental protection, and anti-corruption of subsidiaries were included in the annual compliance assistance of subsidiaries.

Summary of Compliance Training in 2022

S/N	Training Categories	Content	Session	Number of Participants
1	Special compliance training for new employees recruited by Gotion High-Tech	Basic knowledge of compliance	11	1,658
2	Special compliance training for business departments	Targeted teaching of compliance concept in combination with functional characteristics of business departments	4	280
3	Special compliance training for new managers	Standards and order	1	212
4	Internal training for the compliance department	Compliance knowledge and requirements	2	2
5	Training on specific compliance topics	Lectures on key topics of compliance	5	65
6	Special compliance training for subsidiaries	Compliance concepts and requirements	3	109
7	Compliance training for VCIC CEN3 members	Compliance and Integrity	2	50
Total			28	2,376

Employees taking a photo at the Compliance · Audit Theme Publicity Month activity

Fang Jie, Senior Director of the Audit Center, is giving a lecture on audit knowledge

Adherence to Business Ethics

The Compliance Department and the Audit Center supervise the Company's business ethics and anti-corruption acts. The Compliance Department is responsible for anti-corruption and anti-fraud matters. The Audit Center investigates the reported cases transferred by the Compliance Department through the Supervision Office.

The Company has formulated internal policies and systems on business ethics and anti-corruption, such as the Management Measures for Handling Interest Conflict (Edition A0), the Code of Conduct for Business Partners (Edition A0), and the Management Measures for External Gifts and Guests Entertaining (Edition A0). To be specific, the Management Measures for External Gifts and Guests Entertaining (Edition A0) is applicable to all employees of the Company and its wholly-owned subsidiaries. The Code of Conduct for Business Partners (Edition A0) is applicable to the Company's business partners, especially suppliers and sales partners, and is formulated based on national and international regulations and practices as well as Gotion High-Tech's internal standards and values.

Compliance Awareness Workshop

To enhance the Company's internal supervision and prevent any actions that could be harmful to the interests of the Company or its employees, Gotion High-Tech encourages employees to actively participate in supervision and ensure the timely correction and punishment of violations. Also, the Company has formulated the Management Measures for Reporting, which specifies the scope and method of reporting, reporting acceptance procedures, protection of informants, reporting rewards, and so on, making it clear that informants can report in real name or anonymity by phone calls, letters, e-mails, and face-to-face talks. The permanent channels of the reporting system are: Reporting hotline: 0551-62100065; Reporting email: jubao@gotion.com.cn

International Anti-Corruption Day activity at Staff Dining Room

Building of Responsible Supply Chain

Management of Suppliers

The Company has formulated the CSR Management Measures of Supplier Sustainable Development, Supplier Management and Control Procedure, Supplier Review Checklist, and other documents, which have made regulations on suppliers' access, assessment, performance evaluation, withdrawal management, and more. Compliance with social responsibility is considered a necessary condition for supplier access; any supplier without such compliance will be rejected.

Investigation and Evaluation of Suppliers

The Supplier Management Department shall organize relevant departments of procurement, technology, quality, and others to conduct preliminary assessments of suppliers according to the results of their information investigation and communication. Based on ISO14001, ISO45001, SA8000, Responsible Business Alliance (RBA), national environmental protection, safety, fire, occupational health, and labor contract regulations as well as supplier criterion of leading brands, suppliers were strictly reviewed in terms of environmental protection, safety, fireproofing, occupational health, labor ethics, responsible mineral mining, and other aspects. In 2022, a total of 149 suppliers were reviewed. To be specific, 62% of them passed the review at the first review, 26% passed conditionally, and 12% were unqualified. For suppliers that passed the review conditionally or were marked unqualified, reviews were carried out, during which 33 suppliers passed the on-site or online review, and 24 were marked qualified after rectification.

The Company has produced an independent supplier development flow chart & supplier withdrawal approval form to rate the monthly/annual performance of suppliers (graded from A-D) and rate the suppliers according to the supplier performance evaluation management method.

For suppliers whose annual performance evaluation is rated D, the Company will take three measures to optimize them: 1) stop designating it as the project's supplier; 2) gradually cancel its supply eligibility if there is no obvious improvement within half a year; 3) start the development of an alternative supplier. In 2022, the Company eliminated 25 unqualified suppliers.

Number of the Company's suppliers marked qualified during the reporting period

196

Proportion of suppliers in Anhui Province

31%

Proportion outside the province

69%

Proportion of localized procurement in 2022

29%

Grow with Our Suppliers

Adhering to the concept of "achieving by helping others to succeed", the Supplier Quality Department has planned and selected suppliers with in-depth cooperation and a strong willingness to improve from 2020, and started with "site management", "process quality" and "perfection system" to provide multi-dimensional continuous assistance and create a star project of "support and promote suppliers under strategic cooperation with Gotion".

In the past two years, the Company has organized nearly a hundred training sessions, on-site analysis, and lectures on improvement methods, thus enhancing the comprehensive quality and professional skills of the backbone personnel of the suppliers. Meanwhile, it has helped them establish systems for on-site maintenance and quality improvement as a routine.

Number of training sessions held for key personnel of strategic cooperation suppliers

55

Length of training: about

82.5 hours

Number of participation

936 person times

Responsible Mineral Supply Chain

The Company has formulated an accountability system for mineral procurement, and conducted due diligence for its suppliers. All suppliers are required to fill in the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT), and to sign the Conflict Minerals Free Undertaking. The conflict minerals primarily include tin, tantalum, tungsten, gold, and cobalt, among others.

Every year in March, the Company conducts a survey on conflict minerals and supply chain mapping for eligible suppliers. These suppliers are asked to complete and submit the CRT, EMRT, and Supply Chain Mapping Survey Forms. If conflict minerals are found to be involved, the Company will either terminate the development or replace the raw material supplier. The Company requires that suppliers who use and/or procure relevant minerals undergo verification or review by an authoritative third-party organization for due diligence. Currently, there are no suppliers using conflict minerals.

Green Supply Chains

The Company has formulated the management measures for the sustainable development of suppliers and signed the Code of Conduct for Business Partners with them. The Code includes quality, occupational health and safety, environmental protection, business ethics, and other related content.

The Company has formulated an integrity policy and signed an integrity agreement with all of its suppliers and communicated sustainable development-related requirements to them, who, as the Company required, shall combine sustainable development requirements in the annual supplier review and annual evaluation. The Supplier Sustainability Team provides the project, the year, and follow-up sustainable development reviews to the suppliers. By tracking down problems with supplier reviews, it aims to raise suppliers' capability of sustainable development and facilitate their building of a sustainable development management system.

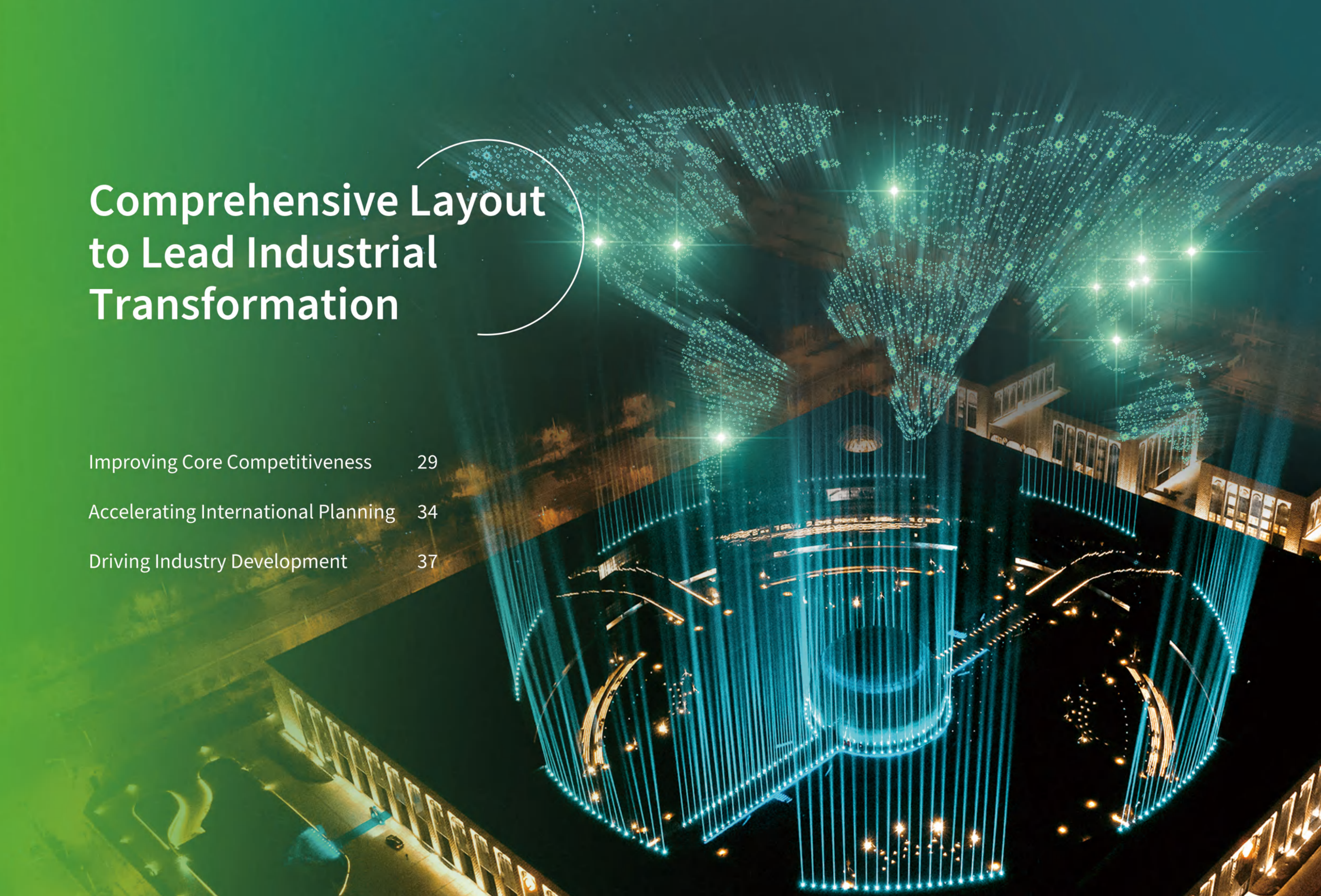
To practice the concept of green and sustainable development, the Company conducted a carbon emission survey of all suppliers in 2022, and 78.5% of suppliers provided their scope I and scope II carbon emission data. Scope 1 emissions cover GHG emissions that occur from fuel combustion activities and physical/chemical production processes that are controlled or owned by an enterprise (e.g., emissions associated with coal-fired power generation and the use of self-owned vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase and use of electricity, steam, heat, or cooling.

To align with its green and low-carbon goal, the Company also offers carbon emission training for its suppliers, with a total of 300 participants.

The Company also offers carbon emission training for its suppliers, with the number of participation

300 person times

Comprehensive Layout to Lead Industrial Transformation



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Improving Core Competitiveness

Industrial Chain Layout

As the earliest Chinese battery enterprise with an upstream layout, Gotion High-Tech has made plans successively in upstream raw materials such as minerals precursor, anode, cathode, copper foil, separator, and electrolyte and battery recycling, Now it has established five materials bases in Lujiang and Feidong (Anhui Province), Yichun (Jiangxi Province), Wuhai (Inner Mongolia), and Jujuy, Argentina, forming a relatively complete four major materials and battery cycle ecosystem, and gradually establishing a vertical layout of the whole industrial chain of "material end-battery endproduct end".

Mr. Alberto Fernández, the President of the Argentine Republic, meets with Li Zhen, Chairman of Gotion

Layout in Materials

The Company launched three lithium carbonate projects, i.e. Yichun Kefeng, Fengxin Gotion and Yifeng Gotion, in Yichun City, Jiangxi Province, with a cumulative capacity of 120,000 tons/year. To win more advantages in the lithium battery industry chain and ensure the stable supply of raw materials from the supply side, Gotion High-Tech has reached a partnership with Jiangte Motor and Qinghai Salt Lake Industry Co., Ltd. to build a stable new energy industry chain system. In addition to the layout of the domestic upstream raw material system, Gotion High-Tech has also signed a strategic cooperation agreement with Argentina enterprise Jujuy Energía y Minería Sociedad del Estado (JEMSE). The two sides jointly established Gotion Jujuy Mining Co., Ltd. and planned to build a battery-grade lithium carbonate production line. The Company further consolidated the global raw material layout strategy.

Gotion High-Tech and Salt Lake Stock sign strategic cooperation agreement

In 2022, Gotion Kehong's 200,000-ton high-end cathode material project was officially put into production. This project is a high-performance LFP cathode material independently developed by Gotion High-Tech with an energy density of ≥ 210 Wh/kg for single cells, which is applied to high-end NEVs and energy storage products.

In 2022, Gotion Kehong's

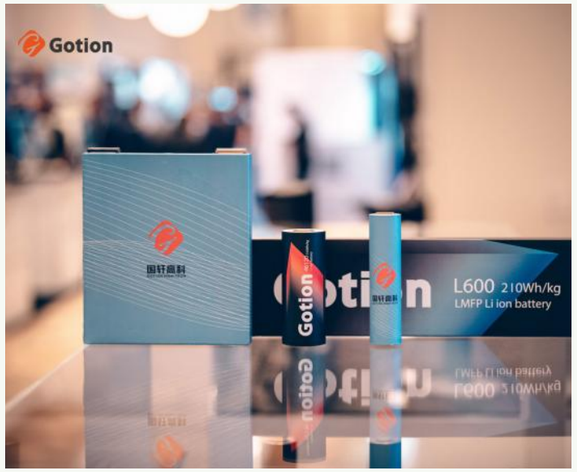
200,000 -ton

high-end cathode material project was officially put into production

The Launching ceremony of Gotion Kehong's 200,000-ton high-end cathode material project

Application of Battery Products

The Company has been deeply engaged in the field of new energy power batteries for more than ten years and has established a portfolio with wide market coverage, covering the fields of vehicles, energy storage, special equipment, and recycling. For the passenger vehicles, Gotion High-Tech's ternary cells were adopted in Chery Tiggo 7 Plus and Jetour Dashing, which were displayed at the Chengdu Motor Show 2022. The 46 series high-power ternary cell products made their debut at the Advanced Automotive Battery Conference in the United States, demonstrating the Company's scientific research strength and innovation achievements.



Gotion High-Tech's battery products captured at an exhibition in the United States

Energy Storage

Gotion High-Tech has made continuous achievements. During the reporting period, it won the bid for Phase I of the Huaibei Wenergy Energy Storage Plant of Wenergy Power. After completion, it will become an LFP energy storage power station on the grid side with the largest single capacity in China. The Company was also the winning bidder of the project of the State Grid Corporation of China's multi-functional and mobile energy storage and charging vehicles. It was responsible for offering liquid cooling boxes and products of the Power Ocean energy storage system. Its LFP-represented energy storage cells gained more market recognition. The Company's supporting 491 MWh overseas large-scale energy storage power station containers were delivered in Nantong before being sent to the overseas market, and it signed a strategic cooperation agreement with Wenergy to jointly develop new energy projects such as photovoltaic and energy storage and wind power and energy storage. Moreover, it made an agreement with SUMEC to carry out all-round cooperation in domestic energy storage project cooperation, overseas energy storage market development, export business cooperation, and other fields. Gotion High-Tech's energy storage lab was awarded the Witnessed Manufacturer' s Testing for Certification (WMTC). The Company ranked fifth in the list of China's top 20 energy storage enterprises rated by YouWon Management Consulting Co., Ltd according to third-party organizations and platforms' information, such as EESA and new media account "365 Energy Storage and Smart Energy.

Gotion High-Tech's energy storage lab receiving the WMTC

Strategic Cooperation Signing Ceremony between Gotion High-Tech and Wenergy

The Company's 491 MWh overseas large-scale energy storage power station containers delivered in Nantong before being sent to the overseas market

Battery Recycling

The Company also has a layout in the field of battery recycling. It implements the concept of green environmental protection profoundly, forming a closed loop in the battery recycling business, and creating a green, low-carbon, efficient, and sustainable ecosystem. In July, 2022, Gotion High-Tech was included in the list of "Global EV & ES Battery Top 12" released by the China Automotive Power Battery Industry Innovation Alliance under the support of the Equipment Industry Development Center of the Ministry of Industry and Information Technology.

Representative of Gotion High-Tech receive the certificate of Global EV & ES Battery Top 12

Key Technological Breakthroughs

The Company attaches great importance to the innovation and development of power battery technology with forward-looking and keen industry insight. During the reporting period, the Company increased its efforts in scientific research and achieved key results. At the Gotion Technology Conference in May, the Company released the 360Wh/kg semi-solid flow battery and announced its industrialization. The capacity of this product is 136Ah, with a weight of 1,341g and an energy density of 360 Wh/kg. It has passed the 30-min hot box test at 180° C, which is higher than the national standard. The battery pack's capacity can reach 160 kW, plus mileage of 1,000 km; its 0-100 km/h acceleration can be 3.9 seconds. In addition, the Company's LFP 210Wh/Kg project was successfully aligned with Jelly Roll to Module (JTM) and started the industrialization. With JTM technology, the Company also launched the Gotion power exchange technology named Leishi, which represented its entry into power exchange and realized the integration of charging, exchange, and storage. The cells using JTM technology are ideal for echelon utilization, thus dubbed "batteries designed for echelon utilization" by Gotion High-Tech.

Gotion semi-solid battery was released at the science and Technology conference

In August 2022, the World New Energy Vehicle Congress was held in Beijing. At the main forum, the results of the Selection of 2022 Global New Energy Vehicles Cutting-edge & Innovative Technologies were announced. The "Key Technology of Phosphate Polyanionic Battery of 210Wh/kg" submitted by Gotion High-Tech stood out and won the 2022 "Global New Energy Vehicles Innovative Technology".

Gotion High-Tech's certification of 2022 "Global New Energy Vehicles Innovative Technology"

R&D and Promotion of Core Products

In 2022, 360Wh/kg semi-solid flow battery was officially released,introducing multiple technologies, such as functional ionic membrane, composite anode, high silicon and pre-lithium, and self-adaptive electrolyte, with a capacity of 136 Ah and an energy density of 360 Wh/kg. It passed all national standard safety tests of GB 38031-2020 and the rigorous hot box test at 180° C. It supports a long endurance of 1,000 km and a service life of 500,000 km for 10 years. Gotion High-Tech will mass-produce semi-solid-state soft packages for mid-to-high-end models at home and abroad, solving the two major concerns of customers for endurance and safety.

Gotion High-Tech's JTM12V module uses integrated module technology to simplify battery materials and the manufacturing process in the production process. It has passed all national standards of GB 38031-2020 safety tests, and its volume is half of that of standard lead-acid batteries, which allows it to perfectly replace lead-acid batteries, solving the problems of chaotic, high-cost, and poor safety and reliability of the lithium battery market for electric two-wheelers. It provides the customer with the perfect solution for lithium batteries for electric two-wheelers.

In April 2022, the 230Wh/kg phosphate battery system was launched, with an energy density of 230Wh/kg, the highest in the industry. It supports 700km endurance of the whole vehicle and does not catch fire in needle penetration tests, while the cost is equivalent to that of traditional LFP batteries. The problem of high-temperature attenuation is solved through cathode material modification, special high-temperature additives, and other technologies; The cycle performance, safety performance, and cost are better than those of the five-series and six-series ternary batteries, which can be used as an alternative upgrade scheme for medium-nickel ternary batteries in the market of medium- and high-end Passenger vehicles.

Gotion High-Tech's Production Workshop

Solutions for Key Problems in Battery Recycling

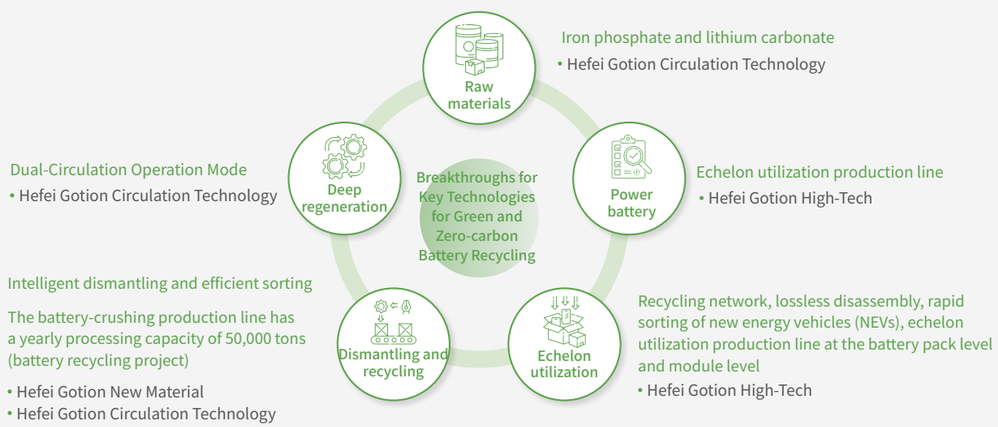
With the rapid development of NEVs industry, power battery recycling has also become an important link in the extension of producer responsibility for automobile products. The production and sales of NEVs have seen a prosperous trend. According to a report titled "Endurance for Resources—Research Report on the Circular Economy Potential of New Energy Vehicle Battery in 2030", jointly issued by the international environmental protection organization Greenpeace and All-China Environment Federation, the number of new energy vehicles (NEVs) currently in use in China has surpassed 4.17 million. As these vehicles typically experience a 20% electricity loss during their 5-8 year service period, they are expected to be retired between 2021 to 2030. This will result in the retirement of 7.05 million tons of power batteries, with a cumulative decommissioned power of 70.8 million kWh. By 2025, the combined capacity of decommissioned power batteries in China is expected to reach 120 million kWh. In 2025 alone, the decommissioned power batteries are expected to reach nearly 40 million kWh. Failing to dispose of the decommissioned batteries may lead to significant space occupation and a considerable waste of remaining electricity. The Company strives to build a closed loop of circular ecology for raw materials and battery products. Leading high-quality circulation through technological breakthroughs, it aims to promote the efficient utilization of resources, foster the green development of the industry, and realize the interaction and symbiosis between humans and nature.

With a focus on building the battery full industrial chain to support China's dual-carbon goals, Gotion High-Tech established Feidong Gotion New Materials Co., Ltd. to specialize in the recycling of front-end raw materials and back-end batteries and echelon utilization of lithium-ion power batteries, thus building a power battery recycling system that is significantly efficient, green, recycling and low-carbon.

Relying on Hefei National Recycling Economy Demonstration Park, Feidong Gotion New Materials Co., Ltd. realizes the full recycling of materials and energy in the industrial park and forms a dual cycle of materials and energy in the park. Meanwhile, it reduces costs and uses the key process and regulation mechanism of the large-scale chemical industry to prepare battery-grade lithium carbonate and iron phosphate to realize efficient extraction of lithium and high-value utilization of iron and phosphorus. Feidong Gotion New Materials Co., Ltd. connected the external circulation of the industry from recycling to production and used the resources of the park to enable its internal circulation of resources and energy.

In battery recycling, completing the intelligent classification and flexible loading of power batteries can make them compatible with retired LFP batteries of multiple specifications, such as square, cylindrical, and soft packs. It has the advantages of accurate positioning, safe cutting, automatic disassembly, and efficient separation, and is compatible with more than 30 types or specifications of batteries, with a disassembly non-destructive rate of 98% or more. The accuracy rate of single battery identification is 98% or more.

In terms of battery recycling, Gotion High-Tech can deal with 50,000 tons of waste batteries and 10,000 tons of scrap pole pieces every year. The comprehensive recycling rate of the whole battery components is over 92%, the separation rate of copper, aluminum, the positive electrode and negative electrode powder is over 99%, the purity of iron phosphate and lithium carbonate products is 99.5% or more, the recycling rate of iron and phosphorus is over 92%, and the recycling rate of lithium is over 92%. Waste disposal can be 100% harmless, excluding some losses in the recycling process. Iron phosphate and lithium carbonate products have reached the battery grade.



Accelerating International Planning

Capital Internationalization

On July 28, 2022, Gotion High-Tech GDR was listed on the SIX Swiss Exchange, setting a number of records. In terms of the total funds raised, Gotion High-Tech GDR is the largest GDR project of the Switzerland Stock Exchange since the implementation of the Regulation of Global Depositary Receipts Between Domestic and Foreign Stock Exchanges, and it has been the largest equity financing project in Switzerland since 2022. It is also the equity financing project with the lowest discount for A-share listed companies in the new energy industry since 2018. As of the end of the reporting period, it is also the only power battery manufacturing enterprise in China that has been listed in Switzerland.

The listing of Gotion High-Tech GDR helps to enhance the Company's international image, expand the global market share of the Company's products, and promote the diversification of shareholder structure. The listing helps introduce high-quality investors worldwide, enrich the shareholder structure, continuously improve corporate governance, and ultimately help the Company contribute to the achievement of the global dual carbon goals.

Gotion High-Tech GDR is listed on the SIX Swiss Exchange

Accelerated International R&D process

Gotion High-Tech has eight R&D centers around the world, including two in Silicon Valley and Cleveland in the United States. In North America, the United States Department of Energy has also put forward indicators on the development of fast charging technology. Gotion High-Tech adopts the 4695 cylindrical battery system to develop super-fast charging electric cores and develops and reserves a number of fast charging-related processes and technologies. It has realized 8-minute recharging and maintained high energy density on this basis, thus occupying and maintaining a leading position in the field of fast-charging electric cores.

In December 2022, Gotion High-Tech made its debut at the Advanced Automotive Battery Conference in the US and showed its R&D strength and innovative achievements to overseas merchants. The energy density of the 46 series cylindrical electric cores exhibited for the first time reaches 310 Wh/Kg, ranking at the leading level in the industry.

The energy density of the 46 series cylindrical electric cores exhibited for the first time reaches

310 Wh/Kg

Overseas merchants learning about Gotion's battery products at the exhibition in North America

In Japan, the Company has set up the advanced materials R&D laboratory at Tsukuba Research Institute and independently completed the research of more than 50 kinds of equipment in 5 categories and relevant technical agreements. In addition, the base of Tsukuba Research Institute was renovated, covering electrical power, equipment air supply and laboratory air exhaust, and passed the acceptance.

Based on the overall strategic planning of the Company's international business sector and the functional orientation of Shanghai Verification Institute, during the reporting period, Shanghai Verification Institute completed the core team building of the Electrical Performance Verification Department, BMS Testing Department and Product Trial Production Department.

International Market Development

As one of the first enterprises engaged in the independent R&D, production and sales of lithium-ion batteries for NEVs in China, the Company has become a leading and rapidly growing new energy solution provider in the world after years of development. Through the cost-advantageous business model penetrating the whole battery industry chain, advanced battery software and hardware technology, and industry-leading R&D strength, the Company has realized strategic cooperation with many customer groups around the world, actively explored the global application market, built battery and material bases around the world, and implemented the international strategic planning.

In 2022, Gotion High-Tech achieved overseas sales of RMB 2.98 billion, realizing the parallel development of overseas passenger vehicles, commercial vehicles and energy storage. In terms of overseas expansion, Gotion High-Tech completed the planning of five overseas bases in Europe, the United States, Argentina, Indonesia and Vietnam, and established a joint venture with NUOVO PLUS, a battery company of the PTT Group in Thailand. The Company reached a supply agreement with Borrego, an energy storage enterprise in the United States, and commenced the first phase of the Tĩnh Hà Tĩnh Battery Factory 5GWh Project in Vietnam. The 5th New Energy Economy Forum and the unveiling ceremony of Gotion Germany were held at the Gottingen Base in Germany, officially launching the "Made in Europe" pace of Gotion batteries.

Gotion High-Tech signs a cooperation agreement with Nuovo Plus, an Energy Solutions Company of PTT Group in Thailand

Gotion High-Tech and VinES cooperate to commence Vietnam's first LFP battery factory

Gotion Gottingen Base in Germany

Driving Industrial Development

Setting Standards and Focusing on Industry Development

As an industry-leading enterprise focusing on technology-driven development and striving to become a leader in the global energy storage industry, Gotion High-Tech has always focused on the development trends of the industry and formulated relevant standards and regulations as a participant or leading enterprise. In 2022, a total of 17 standards are issued, including 38 key standards under research that consist of 4 international standards and 34 national and industrial standards. Additionally, an international standard proposal (thermal management) and 16 national and industrial standard submissions were added. The contents include the Guidelines for Evaluation of Low-carbon Organizations (Published Draft), Test Methods for Conductivity of Electrode Materials of Lithium-ion Batteries, Coating Machine for Pole Pieces of Lithium-ion Batteries, Electrochemical Performance Test of Lithium Iron Phosphate (LFP) and Cycle Life Test Method, and Quantitative Rating of Hazards Caused by Power Batteries.

The formulation and release of standards are an important force to support and lead economic and social development. Gotion High-Tech's achievements in the formulation of industry standards demonstrate the technical level of enterprise standards, which play an important role in promoting the improvement and unification of industry standards and promoting the high-quality development of the industry.

In October 2022, Gotion High-Tech held the 2nd Standards Day and the 53rd World Standards Day themed "Standards Facilitate Scientific and Technological Innovation and Low Carbon Lead Green Development ". Throughout the Company, outstanding groups and individuals who have made significant contributions to standardization work were commended, standardization knowledge was popularized, and the Company's standardization achievements were displayed. The activity improved the standardization awareness of all employees and promoted the standardization of the Company to a new level.

Gotion High-Tech's 2nd Standards and Regulations Day

Attending the Summit Forum and Grasping the Industry Frontier

The Company actively hosts and participates in industry summits and forums, and expresses opinions in various academic exchanges in the industry. During the reporting period, the Company hosted the 11th Science and Technology Conference to build a platform for authoritative exchanges in the industry. At the conference, participants exchanged views on topics and hot topics of common concern in the industry, including 15 academicians from the Chinese Academy of Sciences, the Chinese Academy of Engineering, the National Academy of Sciences of the United States, the Academy of Science of the Royal Society of Canada and the Engineering Academy of Japan, as well as many professors, scholars and well-known experts in the industry from world-class universities.

An academician making a presentation at the 11th Gotion Technology Conference

In September 2022, the G-Tech G-Insight G-Talks was unveiled. Co-sponsored by Gotion High-Tech New Energy Research Center, Gotion School and Hefei Gotion Association for Science and Technology, the platform focuses on professional technology, industry trends and personal growth, aiming to inspire the exchange of innovative ideas and build a bridge of communication between industry research platforms, scientific research institutes, universities and Gotion High-Tech enterprises. The speakers include professors from well-known universities, technical directors of top enterprises in the industrial chain, well-known analysts of consulting institutions and other high-quality experts in the new energy industry. The topics include battery technology, industry outlook, market forecast, policies and regulations, forward-looking technology and other hot topics in the new energy industry. A total of 10 sharing activities were held during the reporting period.

Exchanges in G-Tech G-Insight G-Talks Forum

In addition, Gotion High-Tech also expressed opinions on the China Lithium Industry Conference and the 5th China (Yichun) New Energy (Lithium Battery) Industry Summit, China EV 100 Forum, China New Energy International Expo, the 7th International Summit on Power Battery Applications, the Global Intelligent Vehicle Summit and other industry exchange platforms, discussing the industry development.

Li Zhen, Chairman of Gotion High-Tech, attends China EV 100 Forum

Introducing Young Blood with Diversified Cooperation

During the reporting period, the Company attached great importance to resource integration and further strengthened the establishment of communication platforms among the government, science and technology associations and universities. On October 28, 2022, the Hefei Sub-venue of the Fourth China-Belgium Science and Technology Exchange Symposium was set up at Gotion High-Tech. The two sides conducted in-depth exchanges on new energy technologies and materials. From November 23-25, 2022, the Municipal Committees of CPPCC of Nine Cities to Discuss the Higher-quality Development of the G60 S&T Innovation Valley of Yangtze River Delta activity was held in Jiaxing. Dr. Wang Qisui, President of the China Business Segment of Gotion High-Tech, as a member of the Hefei Municipal Committee of CPPCC, offered suggestions on the theme of Accelerating Green Transformation and Promoting the Development of the New Energy Industry from the perspective of the energy industry development at the conference.

Wang Qisui, President of the China Business Segment of Gotion High-Tech, participates in the Municipal Committees of CPPCC of Nine Cities to Discuss the Higher-quality Development of the G60 S&T Innovation Valley of Yangtze River Delta activity

The Fourth China-Belgium Science and Technology Exchange Symposium

The Company has established a science and technology association to provide diversified cooperation for enterprises and external organizations and institutions. During the reporting period, Gotion High-Tech made use of existing resources to vigorously undertake the National Finals of the 2022 China Innovative Methods Competition and hold the home activities of the 2022 National Science Popularization Day in Anhui Province, so as to actively build platforms for scientific and technological exchanges. The topic of how to realize the engineering application of all-solid-state lithium metal batteries was jointly reviewed and submitted by the Hefei Gotion Association for Science and Technology at the closing ceremony of the 24th Annual Meeting of the China Association for Science and Technology. It was then selected as a company proposing one of the 10 engineering and technical problems that play a key role in engineering technological innovation, fully demonstrating Gotion High-Tech's innovation capability and forward-looking vision.

National Science Popularization Day kicks off at Gotion High-Tech

China Innovative Methods Competition unveils in Gotion High-Tech

The Company has established cooperative relations with well-known universities and research institutions at home and abroad in terms of talents and scientific and technological research and development to further strengthen its innovation capability. In 2022, Gotion High-Tech carried out a series of industry-university-research cooperation. The Company cooperated with the Institute of Advanced Technology of the University of Science and Technology of China, the USTC Institute for Carbon Neutrality, and the Yangtze Delta Region Institute of Tsinghua University, Zhejiang for shared services of high-level talents and experts. It cooperated with the University of Science and Technology of China (USTC), China Academy of Sciences and Hefei University of Technology to tackle technical problems, cooperated with Anhui Jianzhu University, Anhui University of Science and Technology, Hefei University and Hefei Normal University to carry out industry-university-research collaborative education projects and reached comprehensive strategic cooperation with Anhui Vocational and Technical College, Hefei Technology College and Anhui Communications Vocational and Technical College.

Senior battery expert of Gotion High-Tech makes a presentation and exchange at Purdue University in the United States

Gotion High-Tech signing a strategic cooperation framework agreement with Anhui Jianzhu University and unveiling the university-enterprise cooperation base

Students from Anhui Business Vocational College visit the production line of Gotion High-Tech and learn about the production

Gotion High-Tech carries out workshops on industry-university-research cooperation with Anhui University of Finance and Economics

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Focusing on Technology-driven Development

Innovating System Scientifically and Technologically

In 2022, we continued to deepen the innovation-driven development strategy. By strengthening the cultivation of innovative talents and improving the development of innovation systems and mechanisms, we fully mobilized the strength of all parties involved in the industry-university-research cooperation, stimulated the enthusiasm and potential of employees for innovation, and constantly create a new stage of innovation-driven development.

According to scientific research, the Company has set up the Engineering General Research Institute section, including basic research, R&D platform, intelligent manufacturing, product design, scientific and technological innovation center, project management and other branches, with a clear structure and clear division of labor. In 2022, the Engineering General Research Institute of Gotion High-Tech issued the Management Measures for Key R&D Projects of Gotion High-Tech, the Management System for Declaration of Scientific and Technological Projects, the Management Measures for Outreach Cooperation Projects of Gotion High-Tech, the Management Measures for Approval of Energy Storage Projects, the Management Measures for Review of Energy Storage Technical Schemes, the Development Process of Energy Storage Battery Products, the Management Measures for DFMEA of Power Battery Systems, the Management Measures for Project Names and Codes, which clearly stipulated the research project approval, project management, research process of key projects and provided a reference for standard implementation.

Gotion High-Tech has established a world-class verification platform for the whole industry chain, with three major verification platforms for material testing, cell testing and system testing, and two laboratories respectively authorized by Canadian Standards Association (CSA) Group and China National Accreditation Service for Conformity Assessment (CNAS). In addition, it has established four testing bases in Hefei Xinzhan High-tech Industrial Development Zone, Baohe District and Lujiang County of Hefei City, and Jiading District of Shanghai City.

Materials Science

The Company has established a material research institute to carry out research and development, performance improvement, matching research and new chemical system development of new products, such as key anode and cathode materials of batteries and electrolyte separators. Relying on the material pilot test platform and the pilot test verification platform of electric cores, the Company promotes the timely and effective application verification and industrialization transformation of material research and development results.

Battery Technology

The battery research institute has rich experience in developing and mass-producing more than 10 types of aluminum shell cells, mastering advanced technologies such as high specific energy, quick charge, high power, long service life, and low-temperature resistance. It has great ability and experience in resource development for the whole process, including basic R&D, chemical system development, cell structure development, cell design and development, customer connection, security risk analysis, and simulation analysis, ensuring the quantity and quality of the linked output of the cells, from the separate parts to the complete unit.

Product Innovation and Industrial Application

The product engineering institute takes system demand management and integration as its top priority and the structural, electrical, simulation, thermal management parts, and performance development as its core to create a complete battery system technology development platform and develop and reserve a "high-performance and low-cost battery system and intelligent big data cloud platform". It can efficiently cater to the customers' performance and cost demands by integrating electric cores, process, manufacturing, supply chain, cost management, testing, verification, and quality to carry out system product innovation and industrial application to create profits. Besides, it can conduct deep analysis and model output of data usage of the battery system to support after-sales service and realize closed-loop development.

Building a Platform to Strengthen Industry-university-research Cooperation

Adhering to the market demand orientation and based on technological innovation, the Company has cultivated a professional R&D team with rich R&D experience and strong independent innovation capability. The Company has established eight global R&D centers in Hefei (China), Shanghai (China), Silicon Valley (the United States), Cleveland (the United States), Gottingen (Germany), Tsukuba (Japan), Pune (India), and Nanyang Technological University (Singapore). There are 6,267 R&D personnel, accounting for 32.03%. The Company's R&D center has been recognized as the National Center for Enterprise Technology, National and Local Joint Engineering Research Center, National CNAS Certification and Testing Center, Anhui Province Engineering Technology Research Center, Anhui Province Manufacturing Innovation Center, Anhui Province Industrial Design Center, Anhui Province Engineering Laboratory, Anhui Industrial Innovation Center, Anhui Province Key Laboratory, Hefei City Technology Innovation Center. In 2022, the Key Laboratory of Safety and Emergency Technology for New Energy Storage Batteries in the Petroleum and Chemical Industry was approved jointly with Nanjing Tech University. The companies in Hefei, the Economic and Technological Development Area of Hefei, Lujiang County, Qingdao, Tangshan and Nanjing have obtained the national high-tech enterprise certification.

During the reporting period, the Company and Academician Sun Jinhua of USTC carried out a simulation modeling research and application project based on electric cores and the thermal runaway and thermal diffusion of the system; also, the project was participated by two doctoral students in engineering as a study course. The battery material test data analysis system project carried out with Academician Yang Shanlin of the Hefei University of Technology aims at researching and optimizing the problems of scattered storage, tedious processing and imperfect analysis of Gotion battery material R&D experimental data. It has realized and applied unified storage, data calculation, analysis display, and system management of experimental analysis results of battery materials, such as physicochemical analysis, characterization, electrical performance, chemical composition and capacity, and safety. The study results were applied soon after they were found.

Incentive System for Science and Technology Innovation

In order to further stimulate the innovation potential of employees, benchmark the latest international technologies, and provide inspiration for the determination of the Company's technical route and product planning research, Gotion High-Tech issued the Management Measures for Innovation and Creation Projects, and the Association for Science and Technology of the Company, relying on the Standards and Regulations Department of the Science and Technology Innovation Center, collected "golden ideas" and "golden seed" mass entrepreneurship and innovation projects from all employees. In addition, for mass entrepreneurship and innovation projects with breakthrough research results, material and spiritual rewards were combined for incentives and the person in charge of the "golden seed" project that has made major technological innovations and breakthroughs would be promoted to an exceptional position.

In 2022, the Company held two rounds of "Innovation and Creation" project collection and selection activities, set up an incentive system with a special fund of more than RMB 10,000, collected 48 excellent proposals from all employees, successfully approved 12 projects and completed 7 projects, helping the development of the Company from basic research results to technological innovation in a multi-dimensional manner.

The annual R&D investment in 2022 was RMB 2.416 billion, which provides sufficient financial support for various scientific research of the Company. The Company sets up special funds to commend the winners of the annual excellent scientific and technological achievements, patent awards, and monthly proposal improvement awards. The Company also encourages scientific and technological R&D personnel to continue to play their creative enthusiasm and improve their R&D strength to create better scientific and technological achievements.

In 2022, the Company held two rounds of "Innovation and Creation" project collection and selection activities, collecting 48 excellent proposals from all employees

Number of Projects Approved
12

Number of Projects Completed
7

R&D Investment in 2022
RMB **2.416** Billion

During the reporting period, in order to encourage employees to innovate and create, the Company fosters employees to participate in the project application of technological innovation awards, "Five Small" innovation achievement awards (small inventions, small creations, small innovations, small breakthroughs, and small suggestions), and so on. The achievements include the special and first awards of "Five Small" innovation achievement awards for employees in Hefei and the second and third awards of the 8th Employee Technological Innovation Award in Hefei.

Intellectual Property Protection

Gotion High-Tech attaches great importance to intellectual property management and strictly abides by the Intellectual Property Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other national laws and regulations. The Company continues to promote the establishment and improvement of the internal intellectual property management system. On the basis of the standards of the Enterprise Intellectual Property Management Specification, in combination with the actual situation of the Company, the Management Measures for Intellectual Property Rights of Gotion High-Tech (A3 Edition) and the Management Measures for Foreign Patent Applications of Gotion High-Tech have been formulated and strictly implemented to ensure that the intellectual property rights of the Company are protected while avoiding infringement of the intellectual property rights of others. In order to enhance the understanding of R&D personnel and technical managers on intellectual property laws and regulations and consolidate employees' awareness of intellectual property protection, the Company carried out intellectual property training online and offline. During the reporting period, 20 training activities were carried out, with a total of 1,960 person times of participating. As of the end of the reporting period, the Company has passed the national intellectual property standard implementation certification and been approved as a national intellectual property demonstration enterprise, ranking 12th among the Top 100 Entities with Invention Patents in Anhui Province in 2022.

Number of special training carried out during the reporting period	Participation
20	1,960 person times

Training Site of the Intellectual Property Training Activity

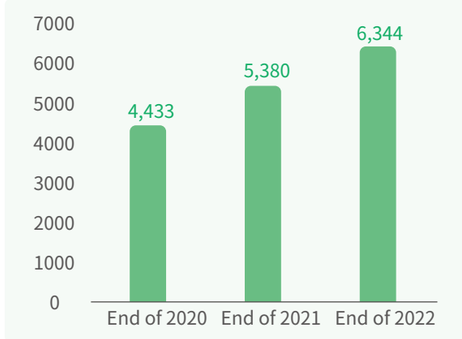
Poster of the Intellectual Property Training Activity

By the end of December 2022

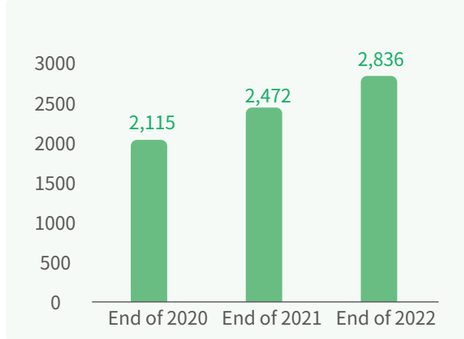
Patents applied	Number of invention patents (including 201 foreign patents)	Patents for utility model	International standards
6,344	2,836	3,101	2

Patents authorized	Number of invention patents (including 72 foreign patents)	Patents for utility model	National standards
4,274	1,121	2,767	23

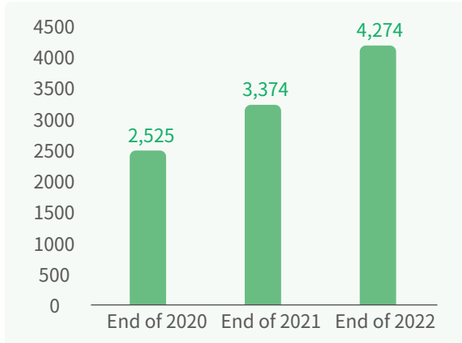
Number of Patents Applied in Recent Three Years



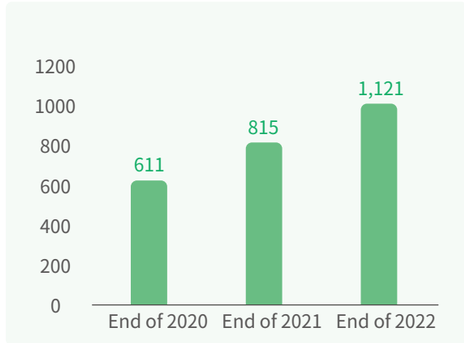
Number of Invention Patents Applied in Recent Three Years



Number of Patents Authorized in Recent Three Years



Number of Invention Patents Authorized in Recent Three Years



Intelligent Green Manufacturing

Gotion High-Tech adheres to the concept of innovative development, promotes the deep integration of enterprise informatization and power battery production based on the Internet platform, and realizes the digital, networked and intelligent development of the industry. It has successively undertaken major projects such as the Ministry of Industry and Information Technology of the People's Republic of China Integrated Standardization and New Model Application Project of Intelligent Manufacturing, Pilot Demonstration Project of Integrated Development of Manufacturing Industry and Internet, and Industrial Internet Innovation and Development Project.

Gotion High-Tech's IoT big data platform for intelligent manufacturing of lithium batteries realizes intelligent decision-making analysis through deep integration and big data analysis of IT+OT(operational technology)+DT(data technology), terminal, edge and cloud, as well as dynamic perception of massive industrial process data and after-sales monitoring data, forming new industrial manufacturing modes such as platform operation, lean production, networked collaboration and information management. The platform covers all key processes in the lithium battery manufacturing process, and built a digital twin 3D simulation factory with a ratio of 1:1 to the real factory, based on the digital twin technology. It has the ability to realize daily safety supervision of each workshop in the production line and video command and dispatch in major emergencies, meeting the needs of a combination of "peacetime and wartime" in emergency planning, which greatly improves the capability of production safety supervision and improves intelligent manufacturing.

Gotion Digital Twin 3D Project Display

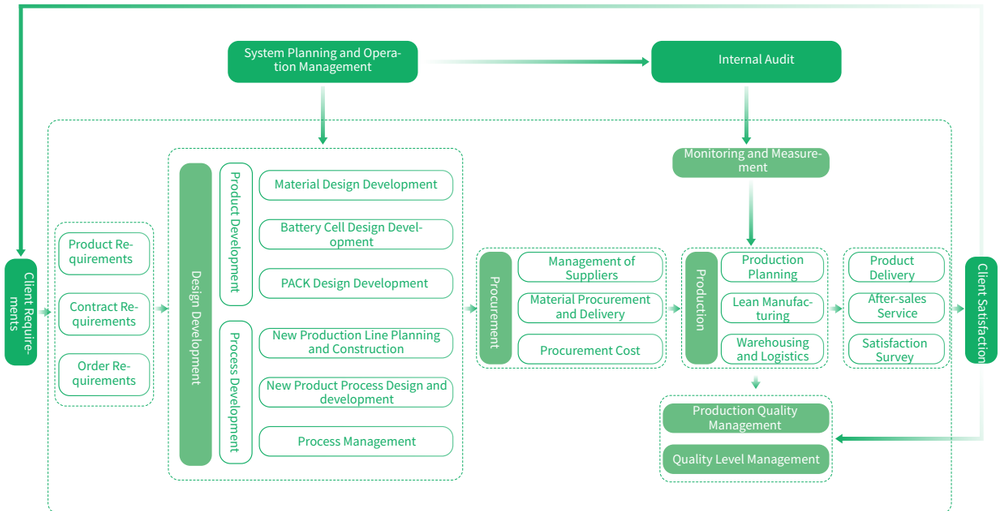
Strict Product Quality Control

Implementing Whole-Process Quality Management

Gotion establishes, implements and continuously improves the Company's quality management system in accordance with IATF16949 Automotive Quality Management System and ISO9001 Quality Management System, and adheres to the customer-focused principle, focusing on the effectiveness and efficiency of customer-oriented processes. Gotion has established a quality management system document structure at four levels: quality manual, procedure documents, operation instructions and records, implemented the development of the quality management system in practical work, and applied PDCA(plan-do-check-act) cycle in the process operation for continuous improvement.

The Company continues to optimize the Administrative Measures for Customer Service Quality and has established a service team consisting of quality, sales, and service staff that gives quick responses to customers based on their feedback, promoting continuous improvement of product quality.

Core Workflow of Quality Management System



Strict Quality Management System

In 2022, Gotion successively revised and issued 92 secondary procedure documents such as Customer Requirement Management and Control Procedure, Order Management and Control Procedure, Gotion Battery Product Development Process, and Management Measures for Electric Cores Development Projects, as well as various tertiary operation documents such as Supplier PPAP Management Measures, Supplier Quality Upgrade Management Measures, and Equipment Management Measures. In October, Gotion established the System Documents Management Measures, which standardizes the process requirements of various documents of the Company from planning, establishment, monitoring, and implementation to improvement.

Gotion High-Tech has passed IATF 16949 Automotive Industry Quality Management System Certification and ISO 9001 Quality Management System Certification (scope of certification: design and manufacture of lithium-ion batteries). The scope of quality management system certification includes the Company's products and business. In April 2022, the Company passed the third-party supervision and audit of IATF16949 Quality Management System certification carried out by TÜV SÜD. On April 18, the Company passed the ISO9001 Quality Management System renewal audit carried out by China Quality Certification Center and renewed the certificate.

Third-Party Surveillance Audit Meeting of IATF16949 Quality Management System Certification

In 2022, the quality management platform grasped the key and difficult points of quality problems. To be specific, core quality objectives, such as the defect rate of supplied materials, the A-level quality rate of electric cores, the vehicle-loading rate of A-level electric cores, PACK finished product qualification rate, VDA6.3 process audit, OEMs' failure rate, and product safety incidents, have been a focus. It has promoted 15 company-level special improvement projects, covering multiple processes such as R&D, materials, manufacturing process, and after-sales. In terms of R&D quality management, the Company analyzed customer needs, issued OTS Management Measures, and established technical standards for bolt friction coefficient. In the aspect of supplier quality management, the Company paid attention to TOP5 complained-about materials, actively helped suppliers, and formulated relevant inspection standards and continuous improvement mechanisms, so as to reduce the defective rate of incoming materials greatly. For process quality management, aiming at problems of voltage difference and undervoltage, as complained in the market, special improvements in the cleanliness of electric cores have been carried out in an all-round way from personnel, equipment, testing, and process, and remarkable results have been achieved. To improve customer quality management, the Company extended the quality service awareness to the front end to accurately identify customer problems, improved the capability to analyze complaints and problems, and continuously improved the product quality performance in the market.

Continuing to Build a Quality Culture

Gotion High-Tech has always adhered to the business philosophy of being "product-centered, talent-oriented and customer-first", winning the market with products and reputation with quality, attaching importance to the quality awareness of employees, and deepening Gotion's quality culture. In 2022, Gotion High-Tech held the 9th Quality Month with the theme of "Leading Domestic Development, Laying out International Markets, and Pioneering in Quality Protection". During this period, 56 key and difficult quality problems were improved, involving R&D, procurement, technology, manufacturing, after-sales and other businesses. The headquarters and subsidiaries carried out various characteristic activities such as interesting activities, knowledge competitions, practical exercises and skills competitions to realize education with entertainment and continuously improve quality awareness.

Kick-off Conference of the 9th Quality Month

Product Safety First

Gotion High-Tech attaches importance to product safety, establishes the Regulations on Management of Special Characteristics, clarifies that product safety and laws and regulations conform to relevant product characteristics and process characteristics, and specifies risk analysis and control measures for product safety characteristics through FMEA Management Measures, Control Plan Management Measures, and other documents. In the production process, the implementation of product safety characteristics is ensured by means of error proofing, automatic 100% detection of equipment, and SPC. In order to build a product safety system and meet the customer's requirements for product safety management, in combination with Volkswagen's experience in product safety management, Gotion invited VDA-QMC to carry out the training of Product Safety Compliance Representative in November 2022, with a total of 20 people participating in the training and passing the examination and obtaining the PSCR certificate, which laid a good foundation for the subsequent Gotion product safety management system.

Gotion High-Tech sets up the verification engineering institute to be responsible for the safety and reliability testing of R&D, mass production, and after-sales components, monoblocks, modules, and battery systems. The verification Engineering institute base in Hefei Xinzhan High-tech Industrial Development Zone covers an area of more than 2,000 square meters, with nearly 100 sets of test benches such as vibration generators, mechanical shock machines, environmental test chambers, needle-punched extrusion integrated machines, and high-temperature explosion-proof boxes. The coverage of domestic and foreign standards is more than 97%. It was accredited by CNAS in 2015 and TUV SÜD Laboratory in 2018. It ensures the reliability of our products under normal working conditions and safety performance during abuse, supports product development, and optimizes product design.

To ensure the safety of users and the safety and reliability of batteries, Gotion High-Tech has established an industry-level remote battery data monitoring platform and developed a monitoring application and big data analysis system for on-board power batteries on this basis. It supports TCP/IP, HTTP, Kafka data open access, algorithm offline and online analysis and other application systems, and enables the query of battery-related information and the display of battery operation health information through various channels. At the same time, it has million-level monitoring and early warning, and the intelligent battery network big data analysis realizes the monitoring of not less than 100,000 vehicles in a single system. It also expands battery safety services for at least 20 OEMs to provide professional battery safety services for downstream vehicle manufacturers.

On January 14, 2022, Gotion High-Tech's 2.7MWh energy storage system received the UL 9540 test report from SGS at the base of Nantong Gotion, which provides reliable technical support for the safe and long-term operation of the Company in the North American market.

Gotion High-Tech has cooperated with automotive OEMs to carry out product recalls, established the After-sales Service Control Procedure and the Customer Quality Management Measures internally, and improved the remote monitoring emergency command process system based on Gotion's battery network big data platform. A rapid and effective process mechanism is formed from fault alarm, data analysis, emergency dispatching, fault handling, fault repair and information recording to ensure the operation safety of products, timely after-sales service for market product quality problems and analysis and improvement of quality problems.

Customer Service Guarantee

Service Guarantee

At the system level, the Company issues system documents such as Order Management Control Procedure, Contract Management Control Procedure, Delivery Management Control Procedure, Customer Satisfaction Management Procedure, and Customer Requirement Management Control Procedure to guide and constrain customer service with standards, which comprehensively guarantees and continuously improves the service quality. During the reporting period, the Company won the Best Support Award of Chery New Energy in 2022, the Best Partner Award of Farizon Auto and the Deep Blue Collaboration Award of Changan Auto.

Gotion High-Tech Won the Deep Blue Collaboration Award of Changan Auto

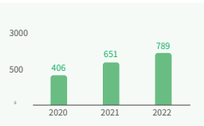
Gotion won Geely Remote "Best Partner Award"

Gotion High-Tech wins the Best Support Award of Chery New Energy in 2022

We continuously strengthen customer service tracking, understand customer satisfaction with products and services through customer satisfaction surveys, explore and analyze the advantages and disadvantages of our products and services, and carry out relevant improvement projects. During the reporting period, the Company actively carried out satisfaction surveys, with a comprehensive customer satisfaction score of 93.06 points in 2022. We also analyzed the key items that lost points, formulated customer satisfaction improvement plans, and carried out long-term publicity and implementation in marketing, quality, after-sales, and other relevant departments.

We attach great importance to customer complaints and feedback and have smoothed the complaint channels and optimized the complaint-handling mechanism by formulating After-sales Service Management Measures. Customers can complain about or report unreasonable facts about the Company's products, services, and processes through the official hotline, WeChat account, and other channels. In 2022, we completed the establishment of 81 service centers and put them into operation, with the number of outlets increasing by 21% compared with that of 2021, and the pre-stocking of spare parts increasing by 86%. In addition, an hourly service timeliness management system has been established and strictly implemented in the daily after-sales treatment: to respond within 2 hours after the occurrence of the fault, issue a solution within 4 hours, and arrive at the fault site within 48 hours and complete the treatment. In 2022, there were 1,818 complaints within 12 mis (months in service, which helps identify durability failure parts), and the withdrawal rate of customer complaints reached 91%. The Company passed the "five-star" service certification by the CQC with a score of 98.5.

Number of service centers



Responsible Marketing

In the process of market promotion and marketing, we strictly abide by the Advertising Law of the People's Republic of China, strictly prohibit exaggerated publicity and false publicity, and resolutely maintain a transparent sales promotion environment. The product knowledge was publicized and implemented through such platforms as brand promotional videos,2021 World Manufacturing Convention, the Battery Show in North America, the 12th China International New Energy Vehicles Forum, Anhui new energy vehicles (NEVs) and the NEVs and Intelligent and Connected Vehicle Industry Chain Development Promotion Conference in the form of on-site technical explanation, summit discussion and exchange, keynote speech information transmission.

At the same time, the Company carried out training within the marketing team to improve the quality of business communication service. During the reporting period, the Project Development Department of the Market Center held an exchange meeting on the "2022 Global Lithium Battery Industry Market Outlook" in relevant departments and some subsidiaries of the Company's headquarters in the form of an online and offline combination. Nearly 150 people attended the meeting, jointly listening to the report and discussing the development prospects of NEVs.

Li Zhen, Chairman of Gotion High-Tech, participates in the 2021 World Manufacturing Convention and deliverers a keynote speech titled Industrial Innovation in the Century-old Energy Revolution

Li Yunjie, Vice President of Battery Research Institute, attends the 12th China International New Energy Vehicles Forum 2022

The Company attaches great importance to customers' understanding of product information and usage of products. It has formulated and released the User Manual for Automotive Power Battery System, introducing to customers the functions, instructions, safety requirements, and quality assurance of the automotive power battery system and other related matters, as well as warning of potential risks on matters such as product usage environment, storage instructions, and safety concerns.

Information Security and Customer Privacy Protection

Gotion High-Tech released the Information Security Management Measures, set up an information security organization and management structure, and made relevant regulations on information assets, personal information, cross-border data transmission, and third-party intellectual property rights.

Gotion High-Tech has established a cross-system and cross-department TISAX (Trusted Information Security Assessment Exchange) team and a professional information security team, which is responsible for information security management and maintenance and continuously benchmarks international standards, focusing on internalization and implementation. In January 2023, Gotion High-Tech passed the TISAX Level 3 accreditation (the highest level of the certification), and the official label is valid until October 22, 2025. Under this premise, Gotion High-Tech is able to provide a more reliable security guarantee for customers' information assets and create greater value for them. At the same time, the Company and all customers are required to sign a Non-Disclosure Agreement at the beginning of the cooperation to ensure the protection of commercial secrets, copyrights, patents and other related things learned by both parties during business activities.

In November 2022, the Company organized special training on information security for all employees, with more than 1,000 people participating in the training online and offline.

Poster of Special Training on Information Security

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Improving Environmental Management

Environmental Management System

The Company complies with the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution, Emission Standard of Pollutants for Battery Industry, Emission Standard of Water Pollutants for Electronic Industry, Emission Standard of Air Pollutants for Boiler, Technical Specification for Waste Battery Recycling, Treatment and Disposal Method of Waste Liquid in Waste Battery Treatment, Disposal Method for Recycling Wastes of lithium-ion batteries and Standard for Pollution Control on Hazardous Waste Storage. All production bases are required to strictly abide by the provisions of national laws and regulations on wastewater, waste gas, noise, solid waste, soil pollution, and other laws and regulations, and implement the environmental protection requirements in industry standards.

The Company has raised environmental management to a strategic level and linked the performance rewards of management organizations and management to environmental performance. The Company signs the annual EHS target responsibility statement with the general managers, persons in charge of the subsidiary, and managers of the production department every year. The assessment, rewards and punishments in the target responsibility statement include target control indicators and process control indicators. Except for minor safety and environmental protection indicators, other indicators are linked to performance.

The Company conscientiously conforms to the Environmental Protection Law of the People's Republic of China, establishes and improves the Company's management structure, promulgates environmental management policies, clarifies laws and regulations, prepares environmental management manuals, establishes environmental management processes, and forms an environmental management system covering all levels of the Company in accordance with the ISO 14001 Environmental Management System. The Company organized all subsidiaries to carry out environmental factor identification, compliance review, and supervisory review, and the Safety and Environmental Protection Management Department led the implementation of various environmental protection systems and promoted the smooth completion of various indicators. Except for new projects that are still under application, all subsidiaries have passed the ISO14001 system certification, and regular supervisory audits have been carried out to standardize the enterprise environmental management system.

Subsidiaries that have Passed ISO 14001 Certification:

Battery Production

- Hefei Gotion High-Tech Power Energy Co., Ltd.
- Hefei Gotion Battery Co., Ltd.
- Qingdao Gotion Battery Co., Ltd.
- Tangshan Gotion Battery Co., Ltd.
- Nanjing Gotion Battery Co., Ltd.

Material Production

- Hefei Gotion Battery Materials Co., Ltd.

During the reporting period, Gotion High-Tech and its subsidiaries, in accordance with the requirements of relevant national laws and regulations on environmental protection, handled environmental impact assessment procedures for new, renovated and expanded projects in accordance with the law, obtained government approval documents, and strictly implemented the national "three simultaneous" system for environmental protection. The projects that have passed the completion acceptance inspection for environmental protection in 2022 include: Power Battery Production of Liuzhou Gotion with an Annual Production Capacity of 5GWH (Phase I) and the Soft-package Lithium Iron Phosphate Battery Project of Hefei Gotion Battery Co., Ltd. with an Annual Capacity of 4GWH.

During the reporting period, the Company has invested RMB 11.6 million in environmental protection, including fees for environmental testing, investigation of potential risks for soil, maintenance of environmental protection equipment and facilities, operation of sewage treatment station, training of publicity and education, disposal of hazardous waste, environmental impact assessment, environmental emergency plan, environmental protection rectification, and more.

2022

11.6 million

Clean Production Audit

According to the Measures for Clean Production Audit issued by the Ministry of Ecology and Environment of the People's Republic of China and other departments, and with reference to the relevant requirements of the Guidelines for Clean Production Audit, Assessment and Acceptance, Qingdao Gotion Battery Co., Ltd., a subsidiary of the Company, has been audited and accepted for clean production by experts organized by Laixi Branch of Qingdao Municipal Bureau of Ecology and Environment. The scope of the audit was: Qingdao Gotion Battery Co., Ltd. is located at No.3, New Energy Road, Jiangshan Town, Laixi City, including electric cores department I, product department I, electric cores department II, product department II and their auxiliary facilities such as living, office, and storage. Qingdao Gotion' s clean production program has helped it save 1.515 million kWh/a electricity and 63,200t water in 2022, and the qualified rate of roll cores was maintained at about 95%, which generated economic benefits of about RMB 6.234 million RMB for the year.

Nanjing Gotion Battery Co., Ltd. has carried out a clean production audit and has passed the acceptance. The scope of audit: Nanjing Gotion Battery Co., Ltd. is located at No. 59, Shidai Avenue, Luhe Economic Development Zone, Nanjing City, including electric cores department I, electric cores department II and their auxiliary facilities such as living, office and storage. Subsidiaries not on the mandatory clean production list are not required.

Environmental Impact Assessment

During the reporting period, Gotion High-Tech and its subsidiaries, in accordance with the requirements of relevant national laws and regulations on environmental protection, handled environmental impact assessment procedures for new, renovated, and expanded projects in accordance with the law, obtained government approval documents, and strictly implemented the national "three simultaneous" system for environmental protection. All construction projects meet the requirements of the environmental impact assessment system and environmental protection administrative license, and there are no unlicensed projects. In addition, the construction of pollution prevention and control facilities such as wastewater, waste gas, noise and hazardous waste were carried out in accordance with the requirements of the environmental impact assessment of the project, and regular maintenance was carried out to ensure the normal operation of the facilities. The pollutant discharge concentration was strictly controlled, and pollutant discharge reduction measures were formulated while reaching the standard discharge, so as to contribute to the protection and improvement of the ecological environment.

Gotion High-Tech and its subsidiaries, in accordance with related documents like National Environmental Emergency Response Plan, shall compile their environmental emergency response plans based on actual situations and file the plan for record at local authorities of environmental protection; modifications shall be made for the plan every three years. What' s more, regular emergency drills for environmental emergencies should be organized to improve emergency management capabilities, ensure effective control in the event of an emergency and reduce the harm to the environment. In 2022, Gotion's subsidiaries in Liuzhou and Inner Mongolia and Hefei Gotion Battery Co., Ltd. produced their new emergency plans for environmental emergencies.

Filing of Emergency Plan for Environmental Emergencies of Liuzhou Gotion

Hefei Gotion Battery Co., Ltd.
Filing of Emergency Plan for Environmental Emergencies of Inner Mongolia Zero-carbon Gotion Technology Co., Ltd.

Filing of Emergency Plan for Environmental Emergencies of Inner Mongolia Zero-carbon Gotion Technology Co., Ltd.

Rectification of Environmental Pollution

During the reporting period, Yichun Kefeng New Materials Co., Ltd., a subsidiary of the Company, was subject to administrative punishment twice due to environmental problems, and the subsequent rectification has been completed. Rectification measures include (1) Pollutant discharge permit has been obtained and completed. (2) SNCR denitration has been put into use, and 2 sets of SNCR+SCR combined denitration units have been newly built, with a contract amount of RMB 5.68 million. (3) A new set of treatment facilities for drying waste gas has been built, with a contract amount of RMB 1.08 million. (4) The sewage station has been put into operation, with a contract amount of RMB 3.2 million.

Pollutant discharge permit of Yichun Kefeng New Materials Co., Ltd.

Company Name	Reason for Punishment	Violations	Punishment	Rectification Measures
Yichun Kefeng New Materials Co., Ltd.	Incomplete procedures and failure to improve the "three simultaneous" design for environmental protection	The actual environmental protection construction was inconsistent with the "three simultaneous" design	Immediate rectification Administrative penalty of RMB 1.15 million	To obtain the pollutant discharge permit and improve the "three simultaneous" facilities
Yichun Kefeng New Materials Co., Ltd.	Environmental pollution	Sewage went into storm drains and soak pits	Administrative penalty of RMB 490,000	To rectify the underground pipe network and divert rainwater and sewage

Addressing Climate Change

Promoting the Dual Carbon Development

The Company attaches great importance to the implementation of the dual carbon goals, has started to coordinate relevant resources, and has successively carried out verification and certification of carbon emissions in the production process of each subsidiary. According to the existing carbon emission investigation results and in combination with the actual situation of the Company, the preliminary carbon reduction plan and goals have been formulated and will be released to the public in due course. In addition, the Company has also assigned industry research departments to study and research carbon reduction investment strategies and regularly organized sharing meetings to exchange and discuss within the company, which has made achievements.

To effectively promote the dual carbon strategy, the Company has built photovoltaic rooftops at various bases over the past years to make full use of green power. Moreover, it plans to build the world's first zero-carbon anode material base based on the layout of nearly 40 square kilometers of land in Wuhai, Inner Mongolia for photovoltaic power generation.

While using clean energy in its production, the Company also continues to explore new processes and technologies, increases the promotion of energy-saving technologies, and keeps improving its ability to reduce emissions and carbon.

Case Building a Zero-carbon Base for New Energy Materials in Wuhai

Graphitization of battery cathode has always been one of the high energy consumption links in the manufacturing process of lithium batteries. To this end, the Company has laid out cathode material projects and photovoltaic and ecological restoration projects in Wuhai City, Inner Mongolia, and is committed to building the world's first zero-carbon cathode material base. Among them, advanced equipment and processes are adopted for graphitization in the anode material project. Compared with other projects in the industry, the power consumption per ton is expected to reduce from 13,000 kWh to 8,000 kWh, saving energy by more than 30%. At the same time, the graphitization cooling process adopts an innovative process and makes full use of the waste heat of the production process, which can generate a large amount of waste heat steam and further realize energy conservation.

At the beginning of 2022, the anode material project was commenced, with a planned annual production capacity of 400,000 tons, and some production lines were put into operation in October. After all the projects reach the design capacity, it is expected to meet the Company's capacity planning demand of 300GWh by 2025.

In order to achieve zero carbon in the production of anode materials and meet the electricity demand of the graphitization link of the Company, the Company has built a PV energy storage project at the same time with the ecological restoration facilities, covering an area of 38 km^2. The PV energy storage project has a power generation capacity of 2GW and an annual power generation of about 4 billion kWh. After the completion of the Project, the annual consumption of new energy power is 4 billion kWh. Within 25 years of its operation period, the project can save a total of 26.93 million tons of standard coal. (The equivalent value is 12.29 million tons of standard coal for 4 billion kWh/year of electricity consumption and 25 years of operation.The conversion coefficient for Inner Mongolia Autonomous Region's coal consumption equivalent in 2021 is 2.19, resulting in an equivalent value of 26.93 million tons of standard coal.)

The area where the ecological restoration project is located belongs to desertified land, and ecological restoration is proposed to be carried out in the construction area of the photovoltaic project. The restoration plan primarily involves planting forage mulberry, restoring grassland, and raising livestock to promote the area's recovery. After completion, the project can protect the ecological environment, promote desertification prevention and control, realize zero carbon emissions during the production process, and achieve ecological and economic benefits under the two-carbon goal, which is of great significance for promoting high-quality economic and social development.

Gotion's Cathode Material Base in Inner Mongolia

In 2022, Gotion High-Tech performed a carbon inventory for each subsidiary by investigating their carbon emissions. The subsidiaries involved include:

Hefei Gotion, Nanjing Gotion, Lujiang Battery, Lujiang Materials, Tangshan Gotion, Qingdao Gotion, Hefei Gotion Battery, Liuzhou Gotion, Hefei Gotion Precision Coating Material, JC Technology, Shanghai Verification Institute, and Pre-production Institute. The aim of this investigation is to figure out the carbon emissions of each subsidiary, thus providing a foundation for developing subsequent carbon neutrality strategies.

Indicator	Unit	2022
Direct GHG emissions (Scope 1)	tons of carbon dioxide equivalent	101,449.27
Indirect GHG emissions resulting from energy consumption (Scope 2)	tons of carbon dioxide equivalent	820,454.89
Indirect GHG emissions in the value chain (Scope 3)	tons of carbon dioxide equivalent	1,950,400.68
Total GHG emissions	tons of carbon dioxide equivalent	2,872,304.84
GHG emissions per unit product	kg CO2/kWh	107.00

Note: Scope 1 emissions cover GHG emissions that occur from fuel combustion activities and physical/chemical production processes that are controlled or owned by an enterprise (e.g., emissions associated with coal-fired power generation and the use of self-owned vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase and use of electricity, steam, heat, or cooling. Scope 3 emissions cover indirect GHG emissions resulting from purchased goods and services, means of production, upstream and downstream transport and distribution.

Strengthening Energy Management

Energy Management System

The Company has established a thorough and effective energy management system, emphasizing controlling the establishment and implementation process to continually enhance the organization's activities, processes, and elements. By implementing measures such as routine energy conservation monitoring, energy audit, energy efficiency benchmarking, internal audit, organization of energy consumption measurement and testing, organization of energy balance statistics, management review, self-evaluation, energy conservation technical transformation, and energy conservation assessment, the Company has made great achievements in continuously improving the effectiveness of the energy management system. This has enabled the organization to fulfill its energy management policy and commitment while achieving its expected energy consumption or usage objectives.

The Company complies with the Energy Conservation Law of the People's Republic of China, Energy management systems——Requirements with guidance for use (GB/T 23331-2020), the Metrology Law of the People's Republic of China, the Measures of the People's Republic of China for the Supervision and Administration of Imported Instruments of Measurement, the Measures for the Supervision and Administration of Energy Measurement, the Measures for the Administration of Energy Conservation of Major Energy-Consuming Entities (JJF1356-2012), the General Principle for Equipping and Managing of the Measuring Instrument of Energy in Organization of Energy Using (GB17167-2006), and Technical Rules for Evaluating Energy Measurement of Organization Which Uses Energy. Additionally, the Company has formulated internal energy management measures, including Management Measures for Energy Consumption and Detailed Rules for the Implementation of Key Energy-consuming Equipment Management.

Process Diagram of Energy Management

Policy

Planning
- A. Establishment of Responsibilities
- B. Improvement Commitment
- C. Documentation

Implementation
- A. Laws and Regulations
- B. Energy Review
- C. Energy Benchmark
- D. Performance Parameters
- E. Establishment of Objectives
- F. Proposal Implementation

Check
- A. Requirements Control
- B. Operation Control
- C Standard & Specifications
- D. Emergency response

Review
- A. Monitoring Measurement
- B. Comprehensive Analysis
- C. Project Improvement
- D. Internal Audit
- E. Rectification Measures
- F. Formation of Records

Cycle
- A. Change Input
- B. Target Output
- C. Review Report

- A. Scheme Planning
- B. Implementation & Operation
- C. Check & Correct
- D. Management Review
- E. Continuous Improvement

During the reporting period, the energy consumption index decreased by 18.3%, and the actual energy consumption reached 39.5 kWh, with a decrease of 24.6%. In 2023, there is a target to reduce overall energy consumption by 10% for the old production line and by 25.6% for the new production line, with a target value of 29.4 kWh.

Objective

- Year-on-year decrease in unit energy consumption **18.3%**
- Actual year-on-year decrease in unit energy consumption in 2022 **24.6%**

2022

- Total power consumption **580,805,700** kWh
- Total water consumption **1,558,964** tons
- Total natural gas consumption **31,526,800** m^3
- Total steam consumption **48,600** tons

Note: The statistics are calculated based on the energy consumption of Hefei Gotion, Hefei Gotion Battery, Nanjing Gotion Battery, Lujiang County Battery, Tangshan Gotion Battery (starting from September), Liuzhou Gotion Phase I, and Qingdao Gotion; the new production lines built in 2022 were not included.

As per General Principles for Calculation of Total Production Energy Consumption (GB/T2589-2020), other energy sources (eg. water, natural gas, and municipal steam) are converted into electric energy according to the conversion coefficient of standard coal: (1) The conversion coefficient of water into standard coal is 0.09 kgce/m3, and that into electricity is 0.70 kWh/m3; (2)The conversion coefficient of electricity into standard coal is 0.12 kgce/kWh, and that into electricity is 1 kWh/kWh; (3) The conversion coefficient of natural gas into standard coal is 1.21 kgce/m3, and that into electricity is 9.88 kWh/m3; (4) The conversion coefficient of steam (0.8MPa,172° C) into standard coal is 0.09 kgce/kg, (quoted from GB/T3102.4) and that into electricity is 0.77 kWh/kg.

Energy Conservation and Emission & Carbon Reduction

Throughout the reporting period, 9 major subsidiaries promoted a total of 114 energy conservation and carbon reduction projects, and reduced greenhouse gas emissions by 59,637.4 tons of carbon dioxide equivalent through equipment optimization and transformation and other measures. (Converting the total water, electricity, and gas savings into electricity according to the converted electricity coefficient. Meanwhile, the Company actively increased its reliance on renewable energy sources. During the reporting period, the photovoltaic power station generated 391.938 million kWh of electricity, which took 6.7% of the total consumed electricity, resulting in a reduction of greenhouse gas emissions by 27,572.8 tons of carbon dioxide equivalent (coefficient from the average CO2 emission factors in regional power grids in China), representing an improvement in the use of green electricity compared with 2021.

Generating capacity of PV

2021

11million kWh

2022

39.19million kWh

Greenhouse gas emission reduction

2021

8,000 tons of carbon dioxide equivalent

2022

27,572.8 tons of carbon dioxide equivalent

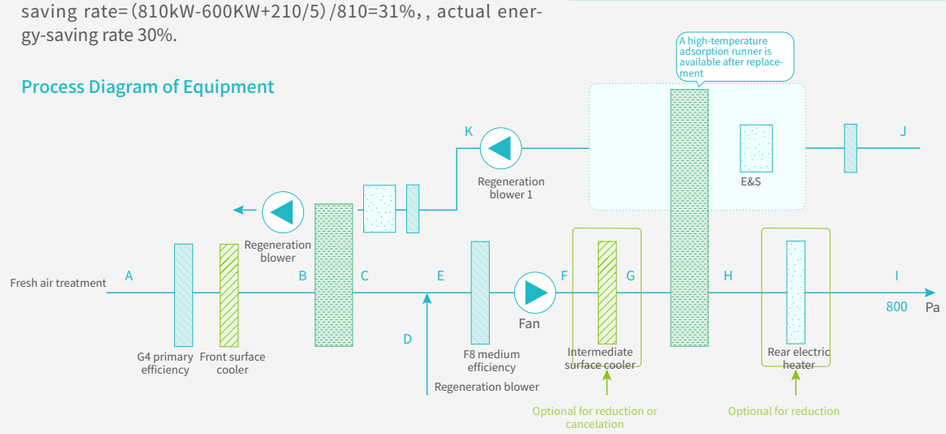
Case High-temperature Runner Modification Project

Replacing the rear runner of high-temperature dehumidifiers (which are designed to control room temperature at 45°C) with a high-temperature adsorption runner allows for an increase in the inlet temperature of the rear runner from 17°C up to 35-40°C. This modification reduces or eliminates the surface cooling capacity of the dehumidifier, resulting in lower post-heating power consumption. Taking the aging dehumidifier as an example, the modification can result in a significant reduction of 210kW in cooling capacity and a corresponding decrease of 210KW in electric power consumption required for post-heating.

Before modification: 810kW; after modification: 600kW; energy saving rate=(810kW-600KW+210/5)/810=31%, , actual energy-saving rate 30%.

Items	Air volume	Installed power
Original dehumidifier (aging dehumidifier)	50,000	810 kW
After replacing the high-temperature runner	50,000	600 kW

Process Diagram of Equipment



Case Waste Heat Recovery Project of Anode Coating

Description of current situation:

- Most of the electric energy of the negative electrode coating machine is converted into heat to warm the air and eliminate moisture from the battery.
- The hot air containing moisture, which is heated during the process, cannot be recycled and is vented outside, leading to energy wastage.

Energy-saving principle:

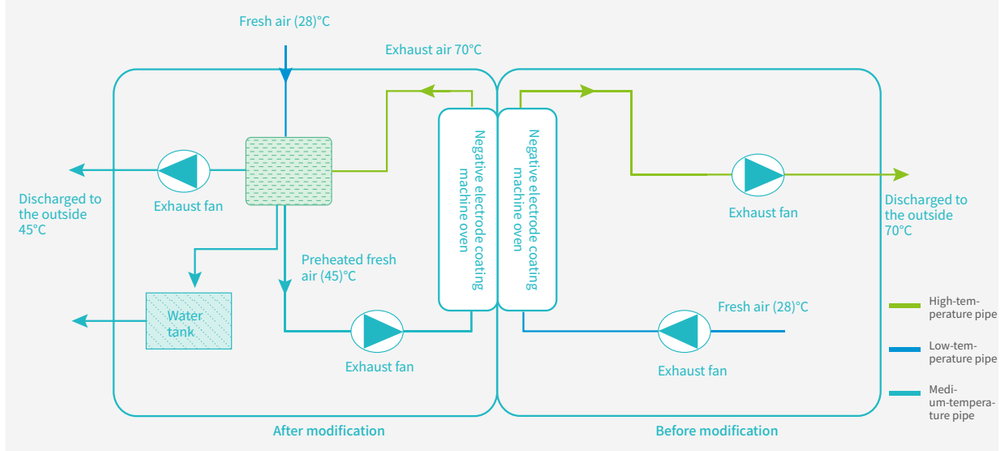
- The hot air that is vented is recycled through a heat exchanger and used to preheat the fresh air (with a temperature difference of 17°C).
- The recovery of around 40% of the heat energy from the exhausted air can significantly reduce heating energy consumption, resulting in an annual electricity saving of 1.4 million kWh.

Revenue Calculation:

1) The estimated volume of air to be heated for energy-saving purposes is 36,000 m3/h. The amount of heat required can be calculated using the formula: heat = specific heat capacity * air density * volume * temperature rise / 3,600,000 (converted to degrees). Plugging in the values, we get: 1010J/ (kg.°C) *1.2kg/m^3*36000*17/ (3.6*10^6) = 206 kWh/h.

2) Annual power saving: 206 kWh/h*24h*320 days = 1.58 million kWh, actually 1.4 million kWh/year

3) Annual income: 1.4million kWh*RMB0.75/kWh=RMB1.05million



Optimizing Resource Utilization

Water Resource Management

Water is essential for sustaining life. In recent years, the Company has continuously prioritized its water conservation efforts to minimize environmental impact. During the reporting period, Gotion New Energy (Lujiang) Co., Ltd (Lujiang Gotion) and Nanjing Gotion Battery Co., Ltd (Nanjing Gotion) set up leading groups dedicated to water conservation, emphasizing the need to become water-saving enterprises. To achieve this goal, the two companies have initiated various measures such as the post responsibility system for water conservation, the water quota management system, and the water-saving management system with associated rewards and punishments. In addition, they also introduced a water metering management system and a water inspection and maintenance system, and carried out the declaration and evaluation of water-saving projects. Among them, the water quota for production and office/domestic use in Lujiang Gotion is as follows: 1.5 m^3/10,000AH for production workshops and 110L/person/day for office & domestic use. Nanjing Gotion made a thorough self-inspection of water consumption and carried out a water balance test.

Nanjing Gotion's water balance test table

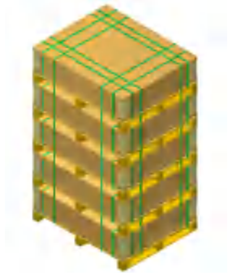
The Company emphasizes leveraging its technical advantages to build itself into a water-saving enterprise. As an example, Nanjing Gotion has invested over RMB 100,000 to construct a rainwater collection tank in the production area and a landscape lake in the living area for rainwater collection. Such facilities can collect approximately 10,000 tons of rainwater annually for irrigation purposes, accounting for 6.17% of the annual water consumption, thus reducing expenses by RMB 30,000. The Company utilizes advanced leakage detection equipment and regularly engages professional companies to assess the water supply pipe network for leaks. By identifying leakages in old pipe networks, appropriate measures can be taken to reconstruct local or systematic pipe networks promptly.

Nanjing Gotion holds quarterly meetings, identifies the water pipeline networks and metering networks, conducts regular inspections of water supply pipe networks and metering instruments, carries out patrol inspections and maintenance every month, designs water balance diagrams, conducts water-saving statistical tests, implements water-saving technical transformations, and adopts energy efficiency control for cooling circulating pumps.

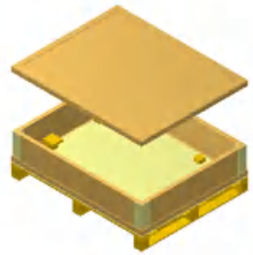
Green Packaging

To standardize the stocking and recycling of packaging materials for product delivery, reduce expenses, and optimize resource utilization, the Company established the Regulations on the Management of Product Packaging Materials in 2019, emphasizing the reduction and recycling of packaging materials during product packaging as a means of minimizing the environmental impact of such materials.

During the reporting period, the Company made efforts to implement the lightweight packaging initiative, which includes replacing steel packaging with plastic alternatives, wood packaging with paper alternatives, and paper packaging with plastic alternatives. As a result, the solid packaging rate per kWh for plastic packaging of small battery packs was reduced by about 13% year-on-year, with a rate of 1.56 kg/kWh while the solid packaging rate per kWh for export paper packaging of small battery packs was reduced by about 10% year-on-year, with a rate of 2.34 kg/kWh. In terms of packaging recycling, environmentally friendly material packaging and recycling packaging are preferred to ensure that the packaging materials used for products introduced to the market can be recycled or 100% recycled.



Replacing steel packaging with plastic packaging



Using paper packaging for exported small battery packs

Methods and Results of Green Packaging of Products

	Lightweight Packaging	Packaging Recovery
Objective	The utilization rate of packaging materials per unit of products in 2022 is 5% higher than that in 2021	Ensure that products packaging materials in the market are easy to be recycled or 100% recyclable by 2022
Methods	1. Reduce packaging materials and try to replace wooden boxes with cardboard boxes 2. Adopt recyclable packaging instead of disposable packaging, plastic packaging instead of iron packaging 3. Develop and apply new environmentally friendly lightweight packaging materials to replace wood or iron materials	Recycle cardboard packaging delivered in factories or between branches 2. Recycled packaging is recycled and reconstructed by suppliers 3. Packaging materials sent to customers with products are environmentally friendly materials such as paper and wood, which can be recycled by society in a unified manner
Effectiveness	In 2022, Gotion adopted a sustainable approach by replacing steel-based packaging with plastic alternatives, wood-based packaging with paper-based alternatives, and also paper-based and wood-based packaging with plastic alternatives: 1. The solid packaging rate of small batteries using plastic packaging was 1.56 kg/kWh, with a reduction of about 13% 2. The solid packaging rate for export paper packaging of small battery packs is 2.34 kg/kWh, with a reduction of about 10%	Promote environmental protection concept, encourage the recovery of all packaging, and give priority to environmentally friendly materials and recycled packaging

Reducing Environmental Impact

Waste Management

During the reporting period, the Company's pollution prevention and control facilities and systems operated normally, and the production wastewater and domestic sewage generated were discharged after treatment. The production waste gas was treated using the appropriate waste gas treatment facilities and discharged only after meeting the required standards. Similarly, solid wastes were collected and stored separately in accordance with relevant regulations, of which, domestic wastes are disposed of by the environmental sanitation department, general industrial solid wastes are recycled by technically competent recyclers, and hazardous wastes are disposed of by units with hazardous waste business licenses. The Company prepares hazardous waste management plans annually and promptly submits them to the local ecological environment department for record-keeping. To minimize noise emissions, the Company implemented measures such as noise insulation, reduction, sound absorption, and shock absorption for its equipment. These measures were put in place to ensure that the noise within the factory meets the relevant emission standards. Personal monitoring of radiation and occupational external exposure in the workplace meets the standards.

Waste Gas Control

Treatment measures of dust: The main component of the pollutants is dust particulate matter. Exhaust fumes are collected and processed by a central dust collection system.

· NMP waste gas treatment measures: The primary pollutants present in the waste gas are NMP. To treat the waste gas containing NMP, the Company employs an NMP recovery system that utilizes secondary water condensation recovery. In this process, the NMP waste gas enters the recovery system and is converted into a recovery liquid which is then reclaimed by the manufacturer.

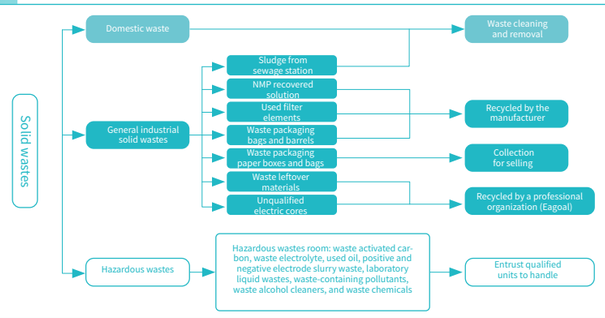
· Treatment measures of electrolyte exhaust fumes: The main component of the pollutants is a non-methane hydrocarbon. The waste gas is treated by an integrated device containing functions such as alkali liquor spraying, demisting, and UV photolysis-activated carbon adsorption to meet the Class II standard in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297-1996) before being discharged through the exhaust funnel.

NMP Recovery Unit of Nanjing Gotion

Sewage Treatment

The primary contaminants present in the wastewater are PH, COD, NH3-N, TP, and SS. The wastewater enters the self-built sewage treatment station through the underground sewage networks for processing. It will be discharged into the municipal sewage networks after meeting the pollution discharge requirements (indirect discharge) for newly established enterprises shown in Table 2 Emission Standard of Pollutants for Battery Industry (GB30484-2013).

Solid Waste Treatment



Flow Chart of Solid Waste Disposal

Generation of Solid Waste and CorrespondingTreatment Measures

S/N	Waste	Main Component	Form	Source	Waste Classification	Institutions Processing the Waste
1	Used lubricant	Used mineral oil	Liquid	Equipment maintenance	Hazardous	Disposed by qualified hazardous waste processing units
2	Used electrolyte	Electrolyte	Liquid	Electrolyte injection		
3	Used rags, gloves	Stained by admixture	Solid	Equipment wiping		
4	Used admixture	Admixture	Solid	Admixture and coating		
5	Wastewater from processing sludge	Organics	Solid	Wastewater processing system		
6	Waste activated carbon	Activated carbon	Solid	Exhaust fume treatment system		
7	NMP recovered solution	NMP	Liquid	NMP recovery system	General	Recycled and refined by manufacturers
8	Used aluminum foil	Aluminum foil	Solid	Polar piece manufacturing		Recycled by recycling enterprises
9	Used copper foil	Copper foil	Solid	Polar piece manufacturing		
10	Used diaphragm	Diaphragm	Solid	Coiling process		
11	Office and daily waste	Domestic waste	Solid	Office and daily life		Sanitation authorities

The Company's 2022 Performance of Waste Water, Exhaust Gas, and Solid Waste

Indicator		Emission Standard	Emission Concentration Limit	Average Emission Concentration in 2022	Emission in 2022	Total Amount Control Index
Exhaust Gas	Non-methane hydrocarbon	Emission Standard of Pollutants for Battery Industry (GB30484-2013)	50mg/m^3	5.63mg/m^3	10.73t	34.56t/year
Sewage	Total Industrial Wastewater Discharge	Emission Standard of Pollutants for Battery Industry (GB30484-2013)	/		126,569t	/
	COD		150mg/L	42.8mg/L	6.81t	11.98t/year
	Ammonia nitrogen		30mg/L	8.6mg/L	2.31t	2.386t/year
Solid wastes	Hazardous	National Catalogue of Hazardous Wastes(2021)	/		838.30t	/

Green Office

Measures for Green Office

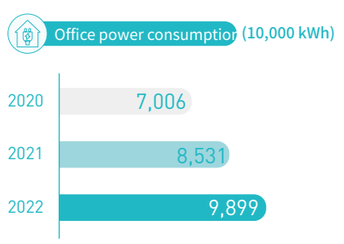
In terms of management mechanism, the Company has established the 5S Management Measures, the Management Measures for Staff Canteens, and the Administrative Measures against Smoking. These measures were implemented to enhance the production and office environment, improve canteen management, reduce food waste, and minimize the harmful effects of smoking.

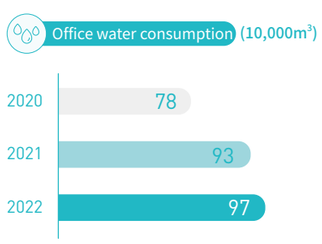
In terms of daily management and control of production and office work, the Company strictly implements the Regulations on Comprehensive Property Management, and adheres to the principles of saving, environmental protection and high efficiency. To be specific, it establishes standards for the use of water, electricity, gas and paper in all production bases and office spaces, and posts publicity slogans within the Company, to create a saving atmosphere in the workplace. The Company fosters a culture of energy conservation and emission reduction by encouraging employees to utilize video conferences, teleconferences, and free commuter buses in lieu of official travel, private cars, and official vehicles. This approach helps reduce energy consumption while promoting sustainable work practices.

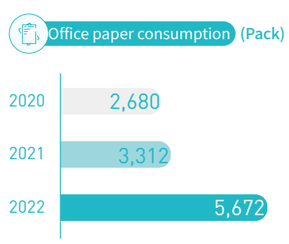
In terms of energy conservation and consumption reduction, the Company promotes the electricity-saving transformation and implements zoning control measures for strong current. Notably, the Baohe Headquarters has completed the zoning control transformation of lighting and air conditioning on the first and second floors, resulting in significant electricity savings. At the same time, the Company is proactive in implementing national power restriction policies during peak periods of energy consumption. This involves measures such as closing elevators and reducing the use of lighting and air conditioning to conserve energy. In addition, the Company has reduced energy consumption through technological improvement projects, the application of transportation equipment driven by clean energy and effective maintenance of manufacturing equipment and facilities.

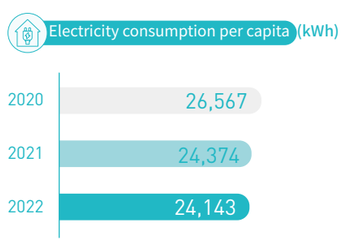
Green Office Performance

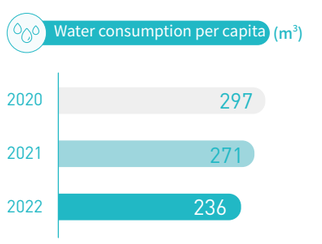
The following statistics present the production, living and office consumption data of Gotion in Hefei (including its Baohe Headquarters, Xinzhan Base and Hefei Company)

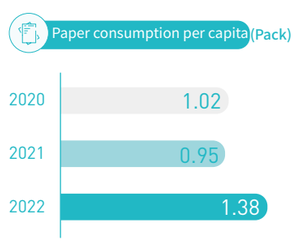












Protection of Ecological Environment

The Company is committed to building a "green mine" featuring intensive utilization of mineral resources, scientific mining methods, environmentally friendly production processes, standardized enterprise management and ecological closed-pit mining areas, thus realizing "green factories" that leverage intensive land use, clean raw materials, waste recycling, low-carbon energy, and other sustainable practices. This approach will help to create a green, high-quality development model that encompasses the entire industrial chain.

In line with the principles of "environmental protection first" and the circular economy, Jiangxi Gotion's subsidiaries, including Wehong Lithium, Kefeng New Material, and Yifeng Lithium, have established a water supply, drainage, and sewage treatment system featuring rainwater-sewage diversion, fresh water-sewage diversion, separation treatment by water quality, and one water for multiple purposes to promote green development and cleaner production and ensure that environmental considerations are prioritized during the design construction, and operation phases. To minimize the emission of atmospheric pollutants, they also built a kiln tail gas desulfurization and denitration system. Additionally, measures such as conducting wet operation and water spraying for dust reduction, building closed production workshops and lines and strengthening greening have been implemented to further reduce the impact on the environment. To minimize the impact of solid wastes, strict measures have been implemented for its classified collection, disposal, and comprehensive utilization. High-quality equipment and raw materials have been utilized to strengthen energy conservation throughout each unit. They have established a recycling mechanism for water resources and by-products. To prevent soil and groundwater contamination, anti-seepage measures have been employed, and a monitoring plan has been implemented across various zones. They have also strictly implemented environmental risk prevention and control measures while employing multiple strategies to further mitigate potential risks.

During lithium ore exploitation, beneficiation is the link that consumes the most water. To this end, internal water circulation facilities have been constructed in the ore sites under the Jiangxi Gotion. to ensure that only the necessary amount of water is circulated within the beneficiation plant after initial water intake, except in rare cases, extra water will be taken. The water usage is also subject to the treatment of relevant facilities in accordance with the laws and regulations, ensuring that it does not cause any pollution. In addition, the beneficiation sites are located at least five kilometers away from any residential communities, thereby ensuring no impact on agricultural production or local communities.

During the construction of the Feidong Gotion project, ground seepage prevention measures were incorporated into the design of each area to prevent any dispersal of leaked substances into the soil and groundwater during daily operations and accidents. To prevent leaked substances from flowing and spreading beyond the unit and its facilities, each unit area is equipped with cofferdams or cement-hardened collecting ditches surrounding the unit. These measures prevent the leaked substances from penetrating the anti-seepage ground and spreading to soil and groundwater in the event of a leakage accident.

Feidong Gotion sets collecting ditches to avoid leaks

Upholding People-oriented Philosophy and Building a Happy Workplace

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Building a Talent Hub 76

Protecting Safety and Health 82

Injecting Happiness Energy 84

Assistance for Employees with Financial Difficulties 86

Protecting Employees' Rights and Interests

Promoting Fair Employment

Improving Recruitment System

In terms of employee recruitment and dismissal, fair employment and employment diversity, anti-discrimination, anti-forced labor, and anti-child labor, Gotion High-Tech Co., Ltd. strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, its Employee Handbook and Recruitment Management Regulations, and other provisions to protect employees' relevant rights.

By the end of 2022, all employees had signed labor contracts, and all permanent employees had enjoyed benefits of five social insurances and one housing provident fund. Gotion High-Tech also purchases employer liability insurance for retired and rehired employees to protect their legitimate rights and interests.

In terms of employee recruitment, Gotion High-Tech implements a public recruitment system, publishes recruitment information to the society, allows all those who meet the recruitment requirements to submit resumes, and gives job seekers equal opportunities to compete for employment, regardless of nationality, registered residence, gender, marital status, and religious beliefs. Candidates who pass the resume screening will be interviewed on site or online for comprehensive assessment and selection.

With the continuous implementation of the internationalization strategy, the proportion of local employees in overseas bases continues to increase. In 2022, local employees in the United States, Germany, Japan, Vietnam and Singapore accounted for more than 66%.

In 2022, local employees in the United States, Germany, Japan, Vietnam, and Singapore accounted for more than

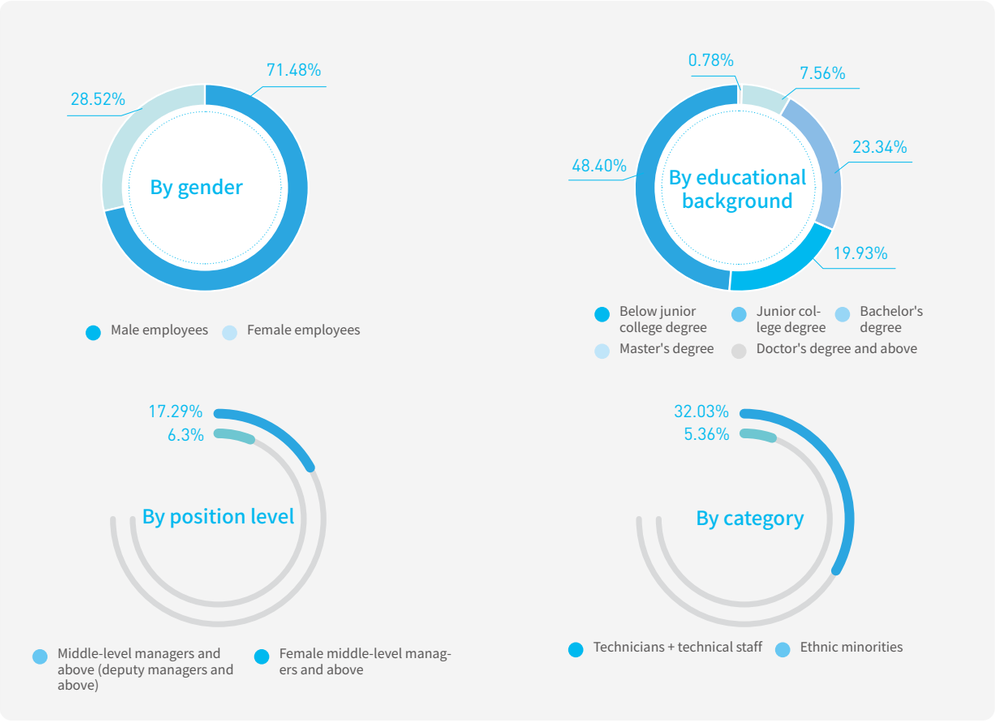
66%

Implementing Equal Employment

Over the years, Gotion High-Tech has provided a multitude of employment opportunities for the society through healthy and stable development and continuous expansion of the business scale. As of the end of 2022, Gotion High-Tech had 19,564 employees, of which 5,579 are female, accounting for 28.52%. In 2022, the Company attracted 15,394 new recruits.

By the end of December 2022

Total Headcount	Female Employees	Percentage of Female	New Recruits
19,564	5,579	28.52%	15,394



Employee Turnover in 2022

Category	Number	Percentage
Resigned regular employees in 2022	2,271	8.47%
Resigned employees in 2022	7,248	27.04%
Resigned key talent by the end of 2022	111	6.07%

Note: *Annual turnover of regular employees = Number of resigned regular employees/(Number of employees at the beginning of the year + Number of new recruits in the year). The resigned regular employees refer to all regular employees who resigned.

Accumulative rate of resigned key talent= (accumulative number of resigned regular key talent)/(number of key talent at the beginning of the year + accumulative number of recruited regular key talent)

In response to government policies, Gotion High-Tech recruits veterans and disabled persons. In 2022, Gotion High-Tech (including its global bases) recruited 104 veterans and 73 disabled persons, most of whom work in the production department. This is in compliance with relevant national laws and regulations, and contributes to "stabilizing employment and ensuring people's livelihood".

For example, the Göttingen base in Germany has 26 disabled employees, accounting for more than 10%. In order to provide equal opportunities for all employees to exert their abilities and talent at work, Gotion High-Tech has adopted multiple measures to improve the working environment and experience of employees with disabilities, including but not limited to:

- Providing disabled employees with necessary assistive devices and adapters so that they can better adapt to their work environment;
- Arranging specially-assigned persons to coordinate the work arrangements and task assignments of disabled employees to ensure that they receive proper tasks and full support;
- Providing special training and support for disabled employees where necessary to improve their professional skills and self-confidence.

Protecting Employees' Rights and Interests

Institutional Protection of Rights and Interests

The published Employee Handbook of the Company stipulates the prohibitions of forced labor and related disciplinary measures, including "the Company shall not force employees to work, and shall not require employees to pay a deposit or deposit identity documents at the time of employment. The Company shall not engage in or support corporal punishment, mental or physical coercion and verbal insults."

Employee privacy management

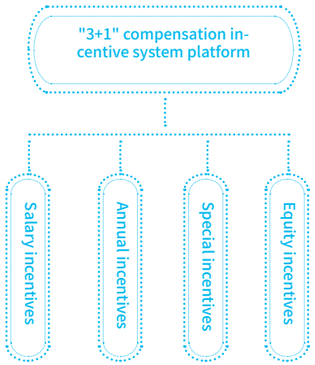
During the reporting period, the Company continued to strengthen employee privacy management, and strictly implemented and promoted labor and employment privacy protection systems such as recruitment and employment information confidentiality system, employee personal identity file confidentiality system, and personal remuneration package confidentiality system.

Improving Salary and Welfare System

Optimizing Salary System

Gotion High-Tech always adheres to the talent-oriented philosophy, provides employees with a salary system that is both externally competitive and internally fair, and continuously optimizes the pay mix to ensure the incentive of salary. Gotion High-Tech has established a "3+1" compensation incentive system platform consisting of salary incentives, annual incentives, special incentives and equity incentives to achieve all-round, wide-ranging, and multi-level talent incentive and retention.

Gotion High-Tech not only sets up a special remuneration committee but also hires an international consulting agency of human resources to conduct systematic research on the salary level. A formal and transparent salary improvement scheme suitable for all employees is established to continuously improve employees' sense of gain. It is based on employees' performance and external disparity of salary, and formulated according to the market salary level and consumer price index (CPI) growth.



Various Welfare Systems

In order to ensure employees' basic welfare and enhance their sense of belonging, Gotion High-Tech has established and improved various welfare systems to provide welfare in diversified forms, such as statutory welfare, livelihood welfare, care welfare and growth welfare, and to improve employees' life quality. For employees dispatched to carry out overseas projects, Gotion High-Tech adjusts the allowances and subsidies, social and medical insurance, and public holiday welfare according to local conditions, and offers home leave (twice, 15 days each time) and other welfare.

Statutory Welfare

- Statutory holidays
- marriage leave
- maternity/paternity leave
- annual leave, and more

Livelihood Welfare

- Working meals
- Accommodation
- Shuttle services
- Subsidies for NEV purchase
- Team building, and more

Care Welfare

- Holiday gifts in cash and kind
- Birthday gift coupons and cards
- Wedding cash gifts
- Maternity cash gifts
- Consolation money, and more

Growth Welfare

- Gotion Star, Excellent Employee, March 8th Red-Banner Pacesetter, and other awards
- In-house trainer remuneration
- Training Camp for Young Reserve Cadres, and more

Group photo of winners of March 8th Red-Banner Pacesetter at the awarding ceremony

Tea break during correspondent training

Strengthening Democratic Management

Democratic Management

Democratic Management System

According to the Company Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Guidelines on Employee Management of Overseas Chinese-funded Enterprises (Institutions), and other regulations, Gotion High-Tech conducts democratic management in various ways, such as organization of the workers' congress, publicity of company affairs, the appointment of employee directors and employee supervisors, and establishment of the employee democratic life management committee. In particular, Gotion High-Tech advances standardization construction through various methods, such as the organization of the workers' congress and publicity of company affairs, collects rational suggestions from employees through the establishment of the employee democratic life management committee and grassroots visits, and supports the trade union to play its role in safeguarding employees' rights according to the law.

Democratic Management of Positions

According to the Leader Management Regulations, company leaders are selected in two ways: organizational nomination and open competition. The appointment documents shall be publicized to all employees in the Company.

Participation in Trade Union

The Company strictly abides by the provisions of the Trade Union Law of the People's Republic of China and the Constitution of the Chinese Trade Unions, establishes trade unions according to law, respects the autonomy of trade unions, and the proportion of trade union members is 100% throughout the year.

Protection of Employees' Rights to Complain

Through the trade union, legal department, compliance department, employee relations department, and other relevant departments, Gotion High-Tech timely accepts and handles all kinds of complaints from employees through various channels such as emails, phone calls, and WeChat messages, widely adopts their advice and suggestions, listens to their thoughts, and helps them solve problems timely.

Improving Employee Satisfaction

In 2022, Gotion High-Tech carried out an employee engagement survey in line with the corporate culture, drawing on the employee engagement survey system of Volkswagen Group and referring to previous satisfaction surveys. This engagement survey involved four segments, two centers, and 16 domestic subsidiaries and bases, with a total of 12,476 people surveyed.

The survey questionnaire consisted of five modules with 24 questions in total. The five modules focused on employees' feelings and recognition of the elements of the department's work achievements, their feelings and recognition of the department's overall working atmosphere and their immediate supervisors, their satisfaction and recognition of their work and working status, their confidence in the Company and their future career development, and their recognition of the implementation of the Company's core values (integrity and innovation), respectively.

According to statistics, the headquarters scored above 79.0 for all the questions in the overall report, showing that employees recognized the Company.

Domestic subsidiaries and bases participating in this survey had an overall participation rate of 88%, and these subsidiaries and bases scored above 80.0 for all the questions. The five highest-scored items of the overall report of domestic subsidiaries and bases showed that employees basically recognized their departments and supervisors.

Building a Talent Hub

Attracting Outstanding Talent

In order to attract high-quality talent, Gotion High-Tech cooperates with colleges and universities at home and abroad, participates in their employment activities, and jointly conducts talent training. In 2022, Gotion High-Tech carried out campus recruitment activities, which lasted more than 100 days, covering 17 cities, including more than 20 online and on-site recruitment information sessions. As a result, it recruited more than 1,000 people (including graduates of 2023).

Campus recruitment site of Sichuan University

Campus recruitment site of Shandong University

Recruitment site of Purdue University

With the development of global business, the Company's demand for talent has increased sharply. In 2022, the international business segment organized autumn recruitment fairs and signed tripartite agreements with more than 100 people, 18% of whom were doctors, and 78% were masters, involving more than 80 universities and colleges at home and abroad.

International business R&D technicians headcount by the end of 2022

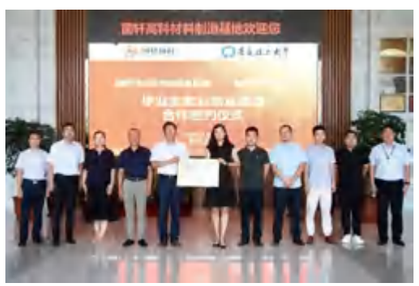
487

Percentage of masters and PhDs

47%

Moreover, Gotion High-Tech cooperates with relevant universities to build a university-enterprise cooperation platform for collaborative exchanges, technical services, and talent cultivation. By doing so, it supports students to apply their knowledge in the work and combine theory with practice, realizes the goals of developing through science and technology and co-cultivating talent, and promotes technological innovation of the Company and transformation of research achievements of universities.

In June 2022, Gotion High-Tech signs an agreement on a university-enterprise cooperation practice base with Hefei University



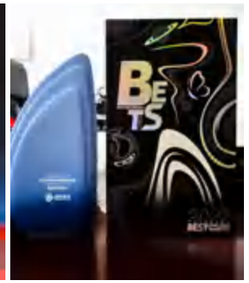
On July 28, 2022, Gotion High-Tech Lujiang Material Manufacturing Base signs a cooperation agreement on a graduate employment and entrepreneurship base with the School of Materials Science and Engineering of Anhui University of Science & Technology

Improving Staff Capabilities

Talent Guarantee System

During the reporting period, Gotion High-Tech aimed to establish a global business strategy-oriented talent guarantee system, and continued to improve its ability to attract strategic talent. By improving the organizational development, talent recruitment, training and salary performance system, optimizing the human resource system and process, and building a shared service center (SSC) and an electronic human resource (EHR) platform, Gotion High-Tech strives to become a prestigious company and employer, and supports the development of business departments.

Liepin 2022 Anhui Work Different Award



Zhaopin.com Best Employer Award 2022

Goodjobs.cn Top Employer Award 2022

51job Top Employers Award

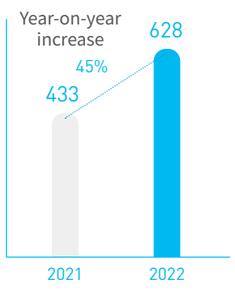
Talent Training Performance

During the reporting period, Gotion High-Tech organized nearly 700 training sessions of various types. In terms of personnel training and project implementation, Gotion School led and organized 628 first-level training sessions, with 1,803 training hours and 170,422.5 person-time-hours. In terms of resource development, the online learning platform has been launched after nearly a year of preparation. The joint business department has developed 136 courses, certified 144 in-house trainers, and hired 218 research institute tutors. During the reporting period, the employee training investment exceeded RMB 2.7 million.

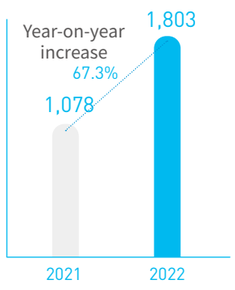
During the reporting period, the employee training investment exceeded RMB

2.7 million

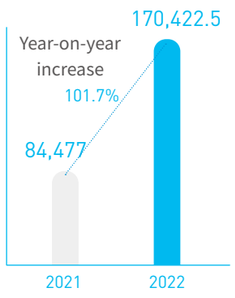
Number of Training Sessions



Training Hours



Total Person-Time-Hours



Various business training sessions took place in 2022, including the Training Camp for Young Reserve Cadres, the Leap Program for management cadres, the Gotion-VW Expat Training Program, the ability improvement training for battery R&D system engineers, the ability improvement training for product development system engineers, the TTM & TTT (Training of Trainers in Management & Train-the-Trainer) program, and Göttingen two-way training program.

Among them, for the first time, Gotion High-Tech prepared and implemented the Gotion-VW Expat Training Program for international business and Göttingen (Chinese & German employees) two-way training program, and carried out multiple business English training sessions, achieving a leap-forward breakthrough in international training.

Training of Göttingen base staff in China

VW Group staff participate in training in the Gotion factory

In addition, the international business segment also organized multiple training sessions on corporate culture, processes and systems, and development trends in the new energy industry for overseas employees.

Number of Trainees	Training Hours	Training Hours Per Capita
470	14,420 hours	30.68 hours

Training Outputs

Management Training

Launched in February 2022, the 5th Training Camp for Young Reserve Cadres recruited 65 trainees. During the reporting period, 14 trainees from the Training Camp for Young Reserve Cadres were recommended for promotion and job rotation, and 10 were recommended for Energy Port, an overseas project for practice.

The "Leap Program" is a new training program for management cadres launched in 2022. During the reporting period, 11 training sessions were conducted in two phases, with a total of 138 trainees (all at the manager level or above), from which nine lecturers were selected and certified. Through systematic course internalization and lecturer skill improvement training, a management lecturer team and a management course system have been gradually established.

R&D Training

The purpose of the training is to cultivate battery R&D talent and support product development, with a mission to roundly improve the comprehensive quality of R&D engineers. Eight phases of ability improvement training for battery R&D system engineers and six phases of ability improvement training for product development system engineers were carried out respectively during the reporting period, with a total of 3,015 person-times of participation. Gotion High-Tech developed 20 high-quality courses, trained 16 new lecturers, and completed the post skills training for battery cell R&D engineers.

Comprehensive Training

Five TTM & TTT sessions and one relevant activity took place during the reporting period, with a total of 1,257 person-times of participation. This program was the first of its kind in 2022, which strengthened the linkage between trainers in management. Training forms such as special salons and workshops strengthened the training interaction. This program also featured wide coverage, simultaneous online and on-site implementation, and engagement of subsidiaries.

In terms of professional quality training, the "Workplace Rubik's Cube" copyright training was carried out to improve employees' professional quality. Through project recognition, "grinding class" certification, and lecturer guidance, 15 special lecturers were selected and certified, and they will join the ranks of professional quality trainers.

During the reporting period, 122 outstanding trainees and winners of 20 awards such as the outstanding in-house trainer were selected through various training programs and selection of outstanding in-house trainers and tutors organized by Gotion School.

Opening ceremony of the 5th Training Camp for Young Reserve Cadres

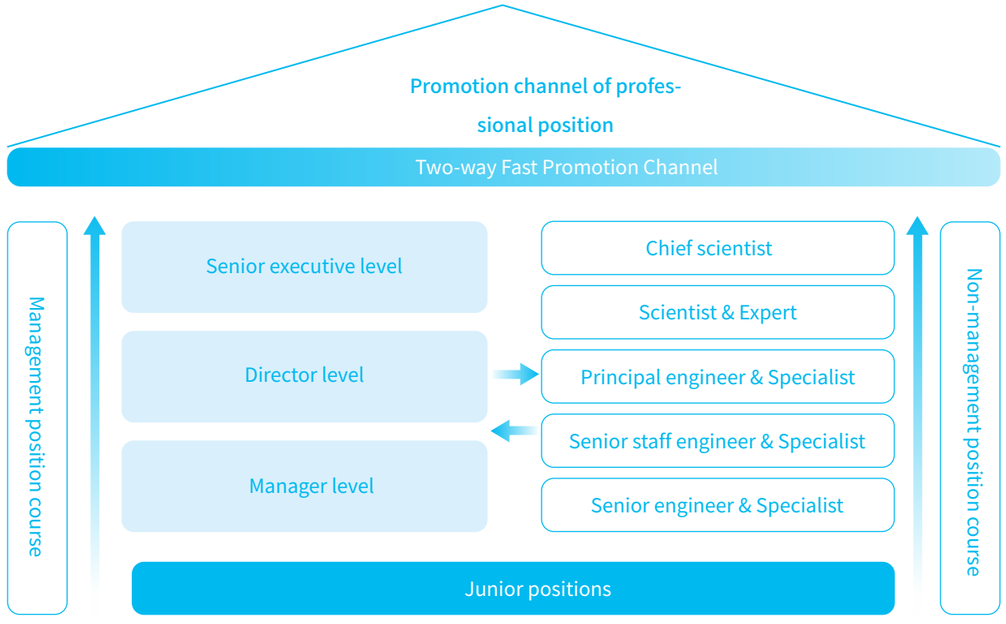
Encouraging Staff Development

Staff Development System

According to the Employee Promotion Management Measures, Gotion High-Tech opens up two-way career promotion channels for employees to fully mobilize their initiative and enthusiasm, encourage them to improve their qualities and abilities and seek the common development of employees and the Company.

Percentage of promoted employees in 2022

30%



This year, Gotion High-Tech adopted practical measures to fully guarantee the participation of female employees in R&D, production and management, among which the number of female employees in the position of deputy managers and above reached 213, accounting for 17.29% of all mangers.

Female employees in the position of deputy managers and above

213

Percentage in managers

17.29%

Performance Management System

In terms of performance management, Gotion High-Tech stresses both organizational performance and employee performance to ensure the unity of people and things. Performance management mainly aims at promoting employees' performance improvement and ability enhancement, and takes responsibility orientation, result orientation, sufficient communication, objectivity and fairness as management principles, in a bid to maintain the cycle of performance plan formulation, performance guidance, performance evaluation and performance result application.

Organizational performance evaluation indicators are decomposed according to the balanced scorecard method. Individual performance evaluation indicators are divided into business goals (weight percentage of 80%-100%), team management goals (weight percentage of 0-20%), and personal development goals (no weight, as a bonus item). Business indicators are mainly indicators that are strongly related to each business segment and business unit.

In order to help employees continuously achieve good performance, the Company conducts performance interviews every quarter. The interviews are mainly aimed at communicating with employees on the evaluation results, affirming their advantages in work, pointing out their shortcomings, guiding them to formulate performance improvement plans, and providing needed resources and assistance.

For the objectivity and fairness of performance management, after the performance evaluation, employees can raise questions or objections to the performance evaluation results to their human resources business partners (HRBPs) in the department. After receiving the performance complaint, HRBPs will communicate with both parties of the evaluation, investigate the related issues, negotiate and confirm the investigation results with both parties and finally push for a consensus.

Employee Incentive Mechanism

During the reporting period, Gotion High-Tech adopted a variety of incentive tools to promote implementation of various policies and measures, including Employee Stock Ownership Plan, equity incentives and compensation reform.

For example, based on the principle of benefit sharing between employees and the Company, in April 2022, Gotion High-Tech organized and implemented the stock option incentive plan 2022: for all recruited employees as of that month, a total incentive number for more than 1,757 people, which is 10% of the Company' s total workforce, will be given according to the principle of equity incentive. The incentive targets included directors, supervisors, senior management personnel, and core technical (business) personnel. This stimulated the enthusiasm of the management and employees, attracted and retained outstanding managers, R&D talent, and key business staff, improved the Company's cohesion and competitiveness, and ensured the sustainable and healthy development of the Company.

Date of Incentive Plan's First Disclosure	Items	Incentive Target	Number	Incentive Scale (share)	Price (RMB per share)	Implementation Progress
2022.4.29	Stock Option Incentive Plan 2022	Company (including subsidiaries, the same below) directors, senior management personnel, core technical (business) personnel and other personnel that the Board of Directors deems necessary to motivate, excluding independent directors, supervisors, shareholders or actual controllers holding more than 5% of shares individually or collectively, and their spouses, parents and children.	1,723 persons	47,750,000	18.77	Granted for the first time; grant registration was completed on July 8, 2022

Protecting Safety and Health

Strengthening Production Safety

Safety Management System

During the reporting period, Gotion High-Tech adhered to the principle of "safety first, prevention first, and comprehensive management". According to the Gotion High-Tech Management and Control Procedures for EHS Goals and Indicators, Gotion High-Tech established safety management goals for 2022, and all of them were completed. The Company attached great importance to work safety, consolidated the foundation, refined the responsibilities, established safety and environmental protection leading groups in all subsidiaries, developed safety and environmental protection management networks, strengthened on-site supervision and management, deepened hidden danger investigation and management, continuously improved the essential safety level, ensured the continuous and stable development of production and operation, continuously improved the work safety accountability system, and established a sound occupational health management system.

Indicator	Safety Management Goals for 2022	Performance in 2021	Performance in 2022
Injury rate per 1,000 people	2.5‰	1.27‰	1.13‰
Completion rate of potential hazard rectification	⩾98%	98.1%	98.7%
Qualification rate of new employees in induction training	100%	100%	100%
Certificate-holding rate of special operation personnel	100%	100%	100%
Compliance rate of special equipment	100%	100%	100%
Incidence of occupational diseases	0	0	0

Safety Emergency Management Mechanism

Gotion High-Tech has prepared a special plan of response to environmental emergencies, regularly carried out environmental emergency response training and drills, and strengthened the emergency response capabilities of employees to ensure effective control in case of emergency and reduce the harm to the employees' health and safety.

In 2022, the Company carried out 44 occupational health and work safety emergency drills, including electrolyte leakage emergency drills, hazardous waste leakage emergency drills, fire extinguishing emergency drills, night fire accident emergency drills, raw material warehouse fire emergency drills, fire evacuation and escape emergency drills, liquid nitrogen leakage emergency drills, etc., with 676 person-times of participation.

Emergency drills of Nanjing Gotion

Safety Education and Training

In 2022, the Company carried out 36 occupational health and work safety training sessions, including safety training for new employees, training on special equipment safety, special training on forklift safety, training on laws and regulations on work safety, special training on fire fighting safety, training on safety accident response competitions, etc., with 3,051 person-times of participation, including new employees, members of the leadership, safety and occupational health management personnel, and so on.

Number of occupational health and work safety training sessions in 2022	Total person times of participation, covering new employees, members of the leadership, safety and occupational health management personnel, etc.
36 Session	3,051 person times

- To achieve occupational health and work safety goals, Feidong Gotion organized various types of training and education, including special equipment safety training, fire safety training, special operation training, fire emergency drills, mechanical injury emergency drills, construction safety meetings, and so forth.

Written examination site for work safety at Lujiang Materials

- The Headquarters actively carried out assessments of occupational health status and detection of factors at occupational hazard sites, organized occupational health examinations for on-the-job employees, and invited occupational health experts for review.
- Lujiang Battery completed the installation of protective nets for mechanical arms and logistics lines, and formulated a list of safety violations.
- Lujiang Materials organized and carried out the activity of "Work Safety Accident Analysis Competition and Special Equipment Specification and Operation Identification".
- Jiangxi Gotion regularly organized work safety training sessions, where the causes of accidents and methods to prevent production accidents were analyzed according to cases, so as to offer warning education to grassroots managers and ordinary employees.

Occupational health check-ups of the headquarter (including Hefei Gotion, JC Technology; the check-ups are independently carried out at other bases/subsidiaries)

Employee coverage	All employees of Hefei Gotion, JC Technology, Academy of Materials, Verification Engineering Institute, and Trial Production Engineering Institute with potential risk to be exposed to harmful factors of occupational diseases; the employees should be recruited before March 31, 2022
Employee coverage rate	For positions exposed to harmful factors of occupational diseases, 100% coverage of health check-ups is planned before and during the job
Annual result	Number of employees that have taken check-ups: 615; number of employees wish possible symptoms of occupational diseases: 0; number of employees with occupational contraindications: 8

Valuing Occupational Health

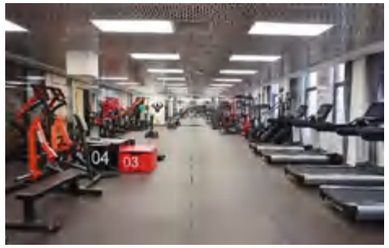
Occupational Health and Safety Management System

The Company has established a special committee to promote occupational health and safety and protect the interests of employees. This year, the Company collects opinions and suggestions from employees on basic necessities, working environment, labor protection, etc. at any time through the employee democratic life management committee, and holds meetings from time to time. The trade union coordinates resources to carry out closed-loop management.

Guarantee of Work Environment and Conditions

During the reporting period, the Company continuously improved the working environment of employees, strictly investigated various hidden dangers, and ensured good working conditions for employees. To ensure employees' health, the Company carried out comprehensive disinfection in public areas and prepared sufficient disinfection products to ensure the hygiene and safety of all employees. In addition, the Company's office and production bases provided fitness places and professional facilities for employees to exercise and have fun.

In 2022, Gotion Germany participated in the City Marathon to support the ideas of healthy life and environmental protection.



Well-equipped gym of Jiangxi Gotion

Diagnosis and Treatment Consultation and Preventive Measures

During the reporting period, the Company's trade union organized a number of professional health consultations, including traditional Chinese and western medicine diagnosis and treatment, publicity of health maintenance against occupational diseases, and psychological consultation services, in a bid to help employees carry out psychological counseling and relieve their work and life pressure.

Medical workers from Hefei First People's Hospital (Southern Campus) were invited to carry out occupational health publicity and consultation.

Injecting Happiness Energy

During the reporting period, the Company continued to pay great attention to the balance between employees' work and life, and fully considered the cultural and psychological needs of different groups of people. Through various cultural, sports and recreational activities, the Company created a diversified working environment and a positive, united and enterprising atmosphere, strengthened the recognition and sense of belonging of employees and their families, and allowed them to work happily and live healthily.

➤ 2022 Labor and Skills Competition of Xinzhan High-tech Industrial Development Zone

The Party-Masses Work Department of the Company organized the 6th Labor and Skills Competition of Xinzhan High-tech Industrial Development Zone. More than 800 people participated in Gotion High-Tech Battery Cell Trial Production Rolling Competition and Gotion High-Tech Safety and Firefighting Knowledge and Skills Competition of the event.

Gotion High-Tech's International Women's Day Theme Event

On the eve of March 8 (International Women's Day), the Trade Union and Women's Federation planned and organized an activity themed "Being a Snow Beauty" to celebrate the festival. One hundred female employee representatives participated in skiing activities at the Tianzhu Mountain Ski Resort.

Female employees participate in snow and ice-themed activities

The First Dragon Boat Race of Gotion High-Tech in 2022

On June 18, Gotion High-Tech's first dragon boat race in 2022 was staged with continuous cheers on the lake surface of Xiangyuan Flower World. More than 450 people including 300 athletes from 25 teams and cheerleaders in Hefei City participated in the event.

Scenes of the first dragon boat race of Gotion High-Tech

"Gather Love" Single Youth Matchmaking Event

On November 20, Gotion High-Tech cooperated with China Construction Bank Anhui Branch to launch the "Gather Love" Single Youth Matchmaking Event. More than 60 outstanding young employees from Gotion High-Tech, China Construction Bank Anhui Branch, Hospital 901, Liu'an Road Primary School, Anhui Provincial Hospital, and other organizations gathered together to find their soulmates in a relaxing and warm environment.

Delivering Summer-heat Relief Supplies

As the scorching weather continued in July 2022, the trade union organized the delivery of watermelons, bath supplies, and other living supplies to workers in Xinzhan Yaohai Industrial Park, JC Technology, Hefei Gotion, and Lujiang Materials.

Halloween, Thanksgiving and Christmas Events

During foreign traditional festivals, the Company's international business segment held various activities to create a relaxing and pleasant atmosphere for employees.

Scene of the competition of throwing arrows into a pot on the Thanksgiving Day

Wacky pumpkin lantern event on Halloween at Gotion USA

Halloween bonfire night

Christmas party

Assistance for Employees with Financial Difficulties

Assistance Fund

During the reporting period, according to the general policy of caring for employees, the Company made full use of the Gotion High-Tech Assistance Fund for Employees with Difficulties, and provided assistance and disease treatment for employees with difficulties, thus relieving the financial pressure on some employees.

Warmth Delivery during the New Year's Day and Spring Festival

In January 2022, the Company distributed assistance funds of RMB 280,000 to more than 140 employees in difficulty.

Sharing Development Achievements with the Society

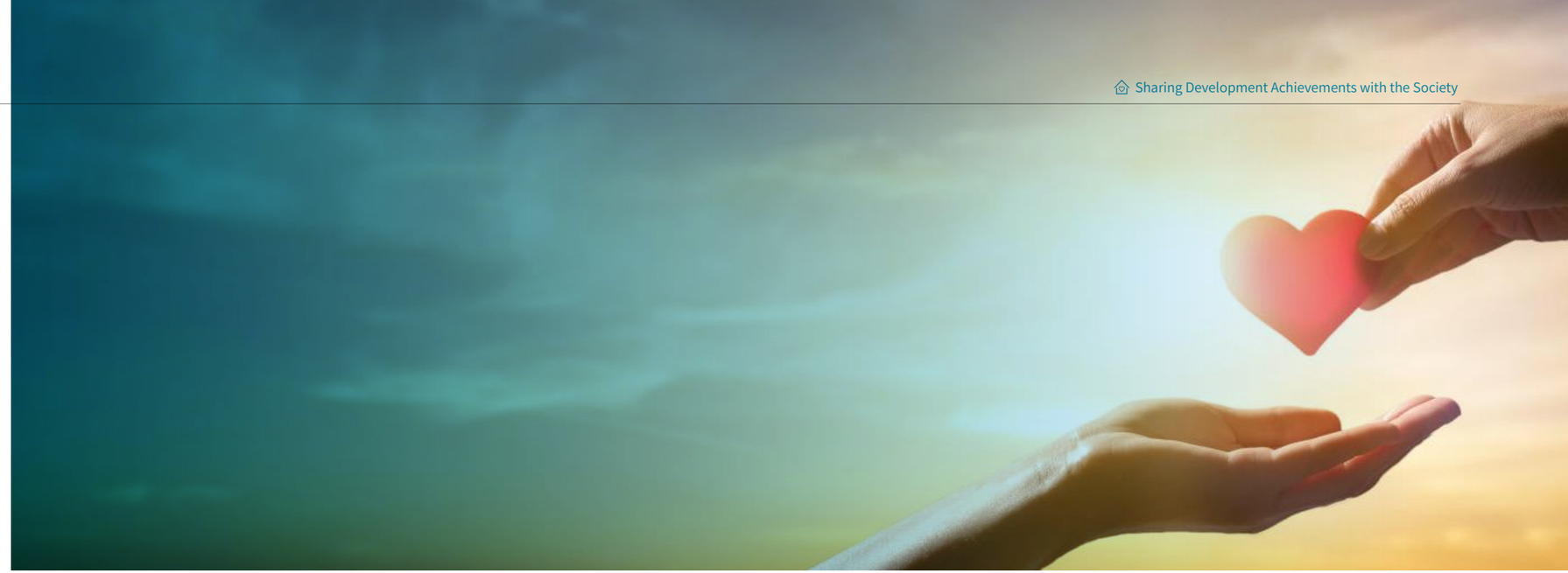
Devoted to Charity and Public Welfare 89

Building a Beautiful Community 91

Promoting Science Popularization Education 93

Devoted to Charity and Public Welfare

During the reporting period, the Company always insisted on promoting various public welfare undertakings, adhered to the principle of doing what we can and all staff participation, regarded social charity activities as an important part of a virtuous cycle of operation and management, and devoted itself to sharing the fruits of its production and operation with all sectors of society through social welfare activities,so as to establish a good image of a large responsible listed enterprise.



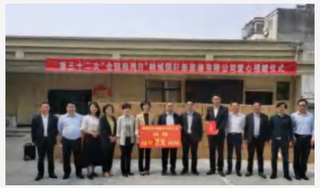
>>>> Support for Shanghai

In April 2022, The Company decided to donate RMB 0.98 million in living supplies to support Shanghai people in their fight against the epidemic. On April 11, all the vegetables donated by Gotion High-Tech arrived in Jiading District, Shanghai.

The Company's trade union employees are loading the donated vegetables onto the truck

>>>> Donation to Tongcheng Municipal Disabled Persons' Federation

In May 2022, the Company decided to donate 100 electric mopeds worth about RMB 400,000 to the Tongcheng Municipal Disabled Persons' Federation in Anhui Province.



Thirty-second "National Day of Disabled Persons" Donation Ceremony

>>>> Donation to Special Fund for the New Stop

In August 2022, the Company decided to donate RMB 500,000 to the Special Fund for the New Stop for student assistance, medical assistance, elderly assistance, orphan assistance, disabled person assistance, and help for the poor.

>>>> Corporate Responsibility

In November 2022, the Party-Mass Work Department of Gotion High-Tech and Hefei Gotion organized employees to the residence of volunteers at Sanshitou Crossing in Hefei, where they donated cold-proof clothes worth RMB 5,000.

In November 2022, the Company actively raised and donated RMB 5,000 of materials in the campaign "Youth at the Young Enterprise Make Contributions", showing its strong sense of responsibility as a private enterprise in the new era.

>>>> Donation to Hefei Charity Federation

In December 2022, the Company decided to donate RMB 5 million to the charity in Hefei City, of which RMB 3 million was used for the establishment of Gotion Charity Fund and RMB 2 million for the daily donation to Hefei Charity Federation.

>>>> Providing Aid to Students

On April 13, Jiangxi Gotion decided to donate RMB 2 million to Jiangxi Yifeng Middle School and Huaqiao Central Primary School for education development.

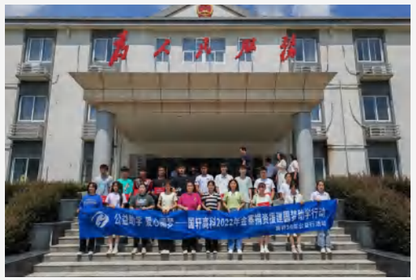
In August 2022, the Company actively promoted poverty alleviation and student assistance in Jinzhai County and Tongcheng City with a total donation of RMB 560,000, including RMB 60,000 to 20 people in Jinzhai County (RMB 3,000/person) and RMB 500,000 to 100 people in Tongcheng City (RMB 5,000/person).

In August 2022, through the Anhui Gotion Charity Foundation, the Company's decided to donate a total of more than RMB 100,000 of cash and supplies to Huaishuwan Primary School in Jinzhai County.

In September 2022, the Company decided to donate desks and chairs, basketballs, school buildings, and other facilities worth about RMB 400,000 for Zhangchong Experimental School, Jinzhai County, Anhui Province.

In October 2022, the Company decided to donate education funds of RMB 7 million to Tongcheng City through Hefei Charity Federation, of which RMB 5 million was used for Tongcheng Middle School.

Ceremony of donation to 100 students in Tongcheng



Ceremony of donation to Zhangchong Experimental School in Jinzhai County

Charitable Donations from Subsidiaries

In addition, subsidiaries at all levels of the Company also actively participated in the charity and public welfare.

In March 2022, Qingdao Gotion organized a donation to Laixi Municipal Charity Association, and the Company and its employees donated a total of more than RMB 40,000 spontaneously. In addition, through Anhui Gotion Charity Foundation, Qingdao Gotion decided to donate RMB 1 million to Laixi Municipal Charity Federation on March 11 and RMB 1 million to Shandong Provincial Foundation for Preferential Treatment of Public Security Police Officers for public security police officers in Qingdao.

Qingdao Gotion raised donations of more than 1,100 pieces of clothes and donated 180 school bags to Tuowu Primary School in Mianning County, Sichuan Province. In order to let sanitation workers in Qingdao feel social care, 78 gift packages were donated to them. Qingdao Gotion, along with four enterprises and the People's Government of Jiangshan Town in Laixi City, established the Jiangshan Town Charity Association and served as the Vice President Unit. The Association aims to make positive contributions to pooling social resources and promoting social harmony in poverty alleviation, assistance to the weak and the disabled, assistance to the elderly and children, support to teaching and education, environmental protection, medical assistance, etc. In addition, employees of Qingdao Gotion participated in voluntary blood donation for public welfare to practice socialist values with concrete actions. Among them, 42 employees donated blood of 16,700 ml.

In March 2022, Tangshan Gotion decided to donate RMB 1 million to the Red Cross Society of Lubei District, Tangshan City, through Anhui Gotion Charity Foundation to support local work.

In April 2022, Nantong Gotion decided to donate 10,000 medical masks, 100 bottles of hand sanitizer, 100 bottles of ethyl alcohol, and other materials to the local government. Nantong Base also donated RMB 300,000 to Tongzhou District Charity Foundation in Nantong City in the past year.

Nanjing Gotion decided to donate RMB 20,000 to the charity association of Luhe District in Nanjing City for charity to foster rural revitalization through the Enterprise-Village Matchmaking Activity.

Tongcheng Gotion donated a total of RMB 50,000 to Tongcheng Disability Federation and a nursing home in Tongcheng City.

In April 2022, volunteers from Nantong Base served the local communities

In 2022, Liuzhou Gotion gave a total of about RMB 39,295 to migrant workers, employees in need, and the elderly with no family. It actively fulfilled social responsibilities and strengthened the integrated building and dissemination of corporate brand image and social responsibilities.

Lujiang Materials donated RMB 15,000 worth of living necessities to personnel on the Lujian-Nan Expressway and sent RMB 15,000 worth of consolation goods to the Lujiang County Fire Rescue Brigade.

Building a Beautiful Community

Providing Volunteering Services

Volunteers from Nantong Base serve the local communities Volunteers went to local communities to shoulder their social responsibilities, which was unanimously praised by the local government and higher government departments. During the reporting period, the per capita service time of cadres and employees as volunteers came to 10.69 hours, and the proportion of employee volunteers reached 11%.

Group photo of volunteers from Nantong Base

Nanjing Gotion volunteers participate in local litter-picking activities

In March 2022, Nanjing Gotion participated in the volunteer service campaign "Protecting Clear Waters and Blue Skies, Boosting Green Development" initiated by Luhe Economic Development Zone, during which Gotion volunteers collected and sorted garbage along Longchi Lake in Nanjing. Also, they distributed safety and environmental protection brochures, publicized environmental protection knowledge, and implemented the "Lei Feng Spirit", thus enhancing the image of a civilized city and contributing to the local green development.

Promoting Community Co-construction

The Company runs a "Happiness Station" throughout the year to provide services in extreme weather to outdoor workers in the surrounding communities. In September 2022, the Company donated RMB 90,000 to traffic police, fire-fighting, and relevant units in Baohe District and Xinzhan District to promote the development of social welfare undertakings.

In addition, the Nantong Base provided RMB 18,900 to assist 61 poor persons in surrounding villages. The Company subscribed the required newspapers and magazines worth RMB 10,000 for the Villagers' Committee of Yujiaba Village in Shizong Town, a unit of urban and rural pairing and civilization co-construction, for three consecutive years, so as to help the town nurture healthy folk customs and virtues of individuals, enrich people's cultural life, create a beautiful environment, and improve the civility of farmers and the level of rural civilization.

On the occasion of the Mid-Autumn Festival, Qingdao Gotion Battery Co., Ltd. actively communicated with the Party secretaries of surrounding villages, delivered milk, rice and other supplies to the elderly in the villages, and extended holiday blessings and greetings to the elderly.

On the Laba Festival, the Company provides free Laba congee for surrounding sanitation workers

On May 17, 2022, in order to build a civilized city, Liuzhou Gotion organized 20 employees to carry out the themed activity "By Cleaning Up Waste, I Make Contributions to Liuzhou". They comprehensively cleaned cigarette butts, plastic bags, weeds, melon, and fruit peel and other waste in the community roads, green belts, roadside footpaths, and other areas to beautify the surrounding environment. On June 23, Liuzhou Gotion delivered a batch of supplies such as milk, rice and oil to the elderly in the nursing home of Luorong Town and the needy elderly Party members in Xiushui Village.

Contributing to Rural Revitalization

In October 2022, in response to the national policy of consolidating and expanding the achievements of poverty alleviation, the Company headquarters donated RMB 3 million as a rural revitalization fund to Daguan Town in Tongcheng City through Hefei Charity Federation.

Jiangxi Gotion has paired up with Yuanmei Village in Yichun for the 'One Enterprise Helps One Village' program, purchasing agricultural products worth a total of RMB 300,000; and has also visited Tuqiu Village in Yichun City, distributing goods and donations to families in need.

Liuzhou Gotion actively carried out a special job fair for poverty alleviation, effectively solving the problem of surplus labor force in Liudong New Area and its surrounding counties and districts of Liuzhou City, and helping consolidate and expand the achievements of poverty alleviation. The Company also offered skill training for employees of all production lines, improving their professional skills, and gradually realizing the transformation from one post with special skills to one post with multiple skills.

Qingdao Gotion actively arranged technicians to provide technical assistance to the local village-run enterprise in Jiangshan New Village, and made 5S management and other signs according to the actual situation of the enterprise to assist in planning. The two companies gave full play to their adjacent advantages, coordinated development for mutual benefit, and jointly built the economic growth point of Jiangshan New Village. When the local agricultural products in Qingdao were unsalable, Qingdao Gotion took the initiative to purchase products worth more than RMB 1 million supplies from farmers to solve their difficulty in sales. Qingdao Gotion also actively communicated with the Party secretaries of surrounding villages, integrated resources, vigorously developed ecological economy, guided rural residents to plant fruits and vegetables, raise free-range native chickens and goats, etc., and actively promoted the villages and the enterprise to jointly build kitchen bases, so as to provide stable income increase channels for rural residents.

Promoting Science Popularization Education

Maturing Science Popularization Education System

During the reporting period, the Company's Association for Science and Technology conscientiously carried out science popularization, focused on the following goal of "spreading in three aspects", and solidly carried out activities such as science popularization, talent training, striving to achieve breakthroughs in core technologies in key fields, social services, and international exchanges and cooperation, so as to promote the popularization of scientific and technological resources.

Spirit of Science	In order to carry forward the spirit of scientists, a series of videos titled Upward Power was produced to tell the touching stories of outstanding scientific and technological workers who have been fighting in the front line of scientific research for a long time and make the audience feel the power of role models.
Scientific Methods	Training on TRIZ theoretical methods and others were offered to scientifically guide production practice.
Scientific Knowledge	Throughout the year, 35 science popularization sessions on new energy were carried out to an audience of more than 80,000. The Association organized the National Science Popularization Day Anhui Provincial Observance and Hefei Youth Robot Competition. The Association carried out "Gotion Young Craftsmen" science popularization and study tour, and won the titles of "Excellent Organizer of National Science Popularization Day Observance" and "Excellent Observance of National Science Popularization Day" from China Association for Science and Technology.

Serving the Improvement of the Public's Scientific Literacy

The Association thoroughly studied and implemented the spirit of General Secretary Xi Jinping's important instructions on science popularization, and strengthened the standardization of science popularization. The Association built a brand of science popularization with new energy characteristics, publicized the knowledge of new energy power batteries for science popularization, and helped the process of carbon peaking and carbon neutrality with science popularization.

The Company actively hosts and participates in industry summits and forums to popularize scientific knowledge to the public. In May 2022, the Company hosted the 11th Science and Technology Conference. At the conference, participants exchanged views on topics and hot topics of common concern in the industry, including 15 academicians from the Chinese Academy of Sciences, the Chinese Academy of Engineering, the National Academy of Sciences of the United States, the Academy of Science of the Royal Society of Canada and the Engineering Academy of Japan, as well as many professors, scholars and well-known experts in the industry from world-class universities.

The Company also regularly carries out industry-specific sharing activities. In September 2022, the G-Tech G-Insight G-Talks was unveiled. Co-sponsored by Gotion High-Tech New Energy Research Center, Gotion School and Hefei Gotion Association for Science and Technology, the platform focuses on professional technology, industry trends and personal growth, aiming to inspire the exchange of innovative ideas and build a bridge of communication between industry research platforms, scientific research institutes, universities and Gotion High-Tech enterprises. The speakers include professors from well-known universities, technical directors of top enterprises in the industrial chain, well-known analysts of consulting institutions and other high-quality experts in the new energy industry. The topics include battery technology, industry outlook, market forecast, policies and regulations, forward-looking technology and other hot topics in the new energy industry. During the reporting period, a total of 10 sharing activities were held to attract the attention of various media.

In September 2022, Gotion High-Tech undertook the National Science Popularization Day Anhui Provincial Observance. With 52 exhibitors, 7 theme exhibition zones, and 74 onsite and online activities, the Observance offered a scientific feast to the public on hot topics such as new energy, massive health, and "easing the burden of excessive homework and off-campus tutoring for students undergoing compulsory education". The power battery recycling exhibition area planned by Gotion High-Tech allows visitors to see the recycling life of batteries from cradle to cradle through the combination of pictures and texts, videos, and physical objects. Gotion High-Tech won the title of "Excellent Organizer of the 2022 National Science Popularization Day Observance". The "Dual Carbon Goals" Environmental Protection Science Popularization Exhibition "Rebirth of Power Battery" was commended as an "Excellent Observance of the 2022 National Science Popularization Day".

Scene of the National Science Popularization Day Anhui Provincial Observance

Relying on the "Gotion Young Craftsmen" study tour project, Gotion Association for Science and Technology carried out regular new energy science popularization study tour and 10 science popularization and education sessions throughout the year, attracting an audience of more than 20,000. The project has become a key brand of science popularization to improve the scientific literacy of teenagers in Hefei. Gotion Association for Science and Technology, in cooperation with Hefei Municipal Association for Science and Technology and Hefei Municipal Education Bureau, held the 2022 Hefei Youth Robot Competition to improve youth's scientific and technological innovation capabilities and integrate knowledge accumulation, skill development and inquiry-based learning. More than 1,400 students of nearly 500 teams from more than 200 primary and secondary schools in the city participated in the competition, which played a positive role in improving the scientific literacy of teenagers in the city.

Teenagers visit the production line of Gotion in the "Gotion Young Craftsmen" study tour project.

Honors and Qualifications of Gotion Association for Science and Technology

Established on November 25, 2020, the Association for Science and Technology of Hefei Gotion High-Tech Power Energy Co., Ltd. is the first enterprise's association for science and technology in Xinzhan District. Since the beginning of this year, under the guidance of the provincial, municipal and district associations for science and technology and the leadership of the Company's Party committee, the Association has been actively working, innovating, and contributing wisdom and strength to the Company' efforts to be a pioneer in scientific and technological innovation and industrial innovation. In 2022, Gotion Association for Science and Technology won the following honors:

- Hefei Young Pioneers Off-campus Practice Education Base (Camp)
- One of the First Science Popularization Tour Bases in Hefei
- Advanced Collective of Hefei Enterprises' Association for Science and Technology
- Hefei Municipal Science Popularization Demonstration Unit
- Anhui Provincial Science Popularization Demonstration Organization

Future Prospect

Strategic Plan for the Next 5 Years

With the rapid development of the new energy vehicle (NEV) industry, the power battery industry will usher in a huge development opportunity. According to the estimation of GGII, the global power battery market size will exceed three terawatt-hours (TWh) in 2030, which is about six times the global installed capacity (518 gigawatt-hours (GWh)) in 2022. In that year, the installed capacity of power batteries in China reached 294.6 GWh, accounting for more than half of the global market. As one of the leaders in China's power battery industry, Gotion High-Tech Co., Ltd. is accelerating its international layout while actively enhancing its competitiveness and production capacity in the domestic market. In 2022, the Company's effort was mainly put into innovation, cooperation and globalization. In 2023 and beyond, it will focus on technological innovation, unswervingly follow the path of internationalization and take sustainable development as the top priority. Based on these objectives, the Company formulated a detailed development plan for the next five years, which would be slightly updated and adjusted according to the actual situation every year.

As a new energy power battery enterprise based in Anhui Province, serving the whole China and going global, Gotion High-Tech has always taken "Make green energy accessible and sustainable" as its primary strategic mission and set up strategic goals for the next five years and goals to be achieved in the medium and long run. The Company plans to focus on innovative research and development (R&D) of better and safer battery technologies in the next five years, carry out new production and material planning, and build the full life cycle industry chain of batteries. It aims to achieve the strategic goals of a production capacity of 300 GWh, the world-class technical capability, a domestic power battery market share of no less than 20%, and an energy storage market share of no less than 10% by 2025. The Company will strive to grow into a power battery leader with international influence in the next ten years.

Medium- and Long-term ESG Goals

In 1987, the World Commission on Environment and Development (now known as "Brundtland Commission") of the United Nations (UN) released a report on the future of mankind — Our Common Future, which is divided into three parts: "Common Concerns", "Common Challenges" and "Common Endeavours". Focusing on population, food, species and genetics, resources, energy, industry and human settlements, the report points out that the excessive consumption of natural resources by human beings has resulted in serious environmental pollution, natural disasters and social problems; if individuals and organizations around the world do not change their behavior, later generations may face the risk of resource depletion. This is the first time that the concept of "sustainable development" has been put forward by mankind, which marks the beginning of conducting the global mission for sustainable development.

Based on the recognition of the concept of global sustainable development and the judgment of the Company's sustainable development ability, Gotion High-Tech has formulated medium- and long-term ESG goals in 2021, focusing on promoting the sustainable development of the real economy, improving the Company's social responsibility performance in production, operation and investment, and continuously improving the environmental quality and the environmental governance system. With such efforts, the Company strives to contribute to the construction of a community with a shared future for mankind and to the global goal of harmony between humankind and nature.

ESG vision

Gotion High-Tech aims to make green energy accessible and sustainable and to become the ESG benchmark among global power battery enterprises

ESG medium-term goal

Based on the UN Sustainable Development Goals (SDGs), the Company sets its own carbon neutrality goals and pathways to advance the green transformation of the development mode and develop into an international power battery enterprise with sustainable development as its internal driving force

ESG long-term goal

Based on the SDGs and the Paris Agreement, the Company focuses on environmental, social and corporate governance in the process of internationalization, endeavors to promote the green transformation of the development mode, and strives to become a responsible, successful and world-renowned power battery leader

Challenges to Sustainable Development in 2023

With the continuous boom in the global new energy market and the unremitting efforts to reach the global carbon neutrality goal, Gotion High-Tech, as a power battery enterprise that drives green transformation and high-quality development with technological innovation, has ushered in a good opportunity for development. However, the Company's sustainable development also faces dual pressure and challenges from both external and internal sources in recent years due to such uncontrollable factors as geopolitics and the rise in prices of upstream resources.

External challenges include:

First, Gotion High-Tech faces tremendous pressure from the global and national carbon emission reduction targets. The Paris Agreement sets the long-term goal to "hold the increase in the global average temperature to well below 2°C above pre-industrial levels and limit the temperature increase to 1.5°C above pre-industrial levels", for which China has set the goals to peak its CO_2 emissions before 2030 and achieve carbon neutrality before 2060. This is both an opportunity and a challenge for Gotion High-Tech. It is an opportunity because the Company produces one of the best products of green energy. It is also a challenge as the energy consumed in the current production process is not yet entirely from green electricity, and some of the natural mineral resources required are non-renewable energy.

Second, there is a conflict between the Company's long-term value creation and its short-term financial reporting system. The sustainable development of enterprises raises the ultimate question of how to solve global intergenerational environmental and social problems. It is related to the long-term development and happiness of human beings and can reflect the enterprises' long-term value creation. In terms of time, the sustainable development of enterprises is examined based on a 1-year, 10-year or 100-year cycle while the short-term financial reports of the enterprises are evaluated on a monthly or quarterly basis. In addition, the expenditures on ESG-related projects are considered as additional expenses and resource expenditures for the business in the financial reports. For any company, it is necessary to strike a balance between investment in sustainability and cost reduction and efficiency improvement.

Third, risks to the security of the Company's global supply chain are intensifying. In recent years,the international political situation has been rampant, the international political situation has been complex, and the upstream materials have been hoarded. These factors have led to price increases of varying degrees of the four main materials used to produce power batteries. The rise in the prices of lithium carbonate is particularly significant, up to 20 times, bringing great pressure to the development of enterprises. Relevant policies and acts issued by some countries have also restricted the development of China's power battery enterprises. If these enterprises want to expand overseas markets, the localization of the supply chain will be a must. This undoubtedly increased input and operating costs on the supply side.

In addition, as various new technologies and new technology roadmaps about future power batteries are emerging one after another, the uncertainty of the technology roadmaps has brought pressure to enterprises' production and operation. From the perspective of sustainable development, carbon reduction and environmental protection must be taken as the primary criteria for consideration in the technological innovation of power batteries, which is also a new task.

Internal challenges include:

First, Gotion High-Tech's sustainable development lacks top-level support in strategic, organizational and institutional aspects. Compared with the detailed implementation steps and clear division of labor in the Company's medium- and long-

term strategic plans, its ESG medium- and long-term goals are strategic but not tactical and lack organizational structure and relevant institutional support. Moreover, strategic plans and objectives developed without consideration of the ESG goals are likely to be incompatible with such goals in the future.

Second, the concept of sustainable development has not been implemented in the daily operation of the Company. Environmental, social and corporate governance of enterprises requires all-around support from the corporate culture, business model and daily operation. However, the vast majority of Chinese enterprises still prioritize profit maximization in their development, which is a departure from the 17 SDGs issued by the UN.

Third, the Company faces technical challenges in making green and low-carbon development its core competitiveness. Providing customers with higher energy density and higher-tech products is the goal pursued by most power battery enterprises. However, from the perspective of enterprises' sustainable development, less resource consumption and greater safety are the core objectives that enterprises should pursue. Therefore, the direction of enterprises' technological innovation needs to be adjusted accordingly as there may be cases where battery performance indicators are lowered to meet sustainable goals.

Fourth, the Company meets multiple challenges in the green management of the whole life cycle of batteries. The upstream raw materials of batteries have not yet achieved 100% green procurement, the production of batteries has not realized 100% green electricity supply, and the technologies and modes of batteries' downstream recycling are still being explored. Therefore, achieving green management throughout the battery lifecycle in a short period of time is a long-term systemic challenge.

Sustainable Development Goals and Plans in 2023

In 2021, Gotion High-Tech formulated preliminary medium- and long-term ESG goals, and developed three ESG pillar strategies of "man and nature", "continuous innovation" and "symbiosis and win-win". In 2022, these strategies were well implemented. In 2023, facing the internal and external pressure and challenges of enterprises' sustainable development, Gotion High-Tech has formulated the goals and plans for sustainable development in the year according to the UN SDGs and the development of the Company. The goals include lifelong learning, decent work, sustainable production patterns, sustainable green energy, biodiversity conservation, and sustainable global partnerships etc. The Company is slated to attain the goals in steps and phases, with detailed information as follows:

Sustainable Development Goals and Plans of Gotion High-Tech in 2023

SDGs	Sustainable development goals of Gotion High-Tech in 2023	Sustainable development plans of Gotion High-Tech in 2023
1 No Poverty	Contribute to narrowing the gap between the rich and the poor	· Aid employees with financial difficulties; ·Continue to operate the assistance fund system of Gotion High-Tech; ·Aid students with financial difficulties; ·Aid schools with difficulties with construction.
3 Good Health and Well-being	Achieve a balance between work and life for the physical and mental health of employees	·Carry out long-term occupational disease prevention and control activities; ·Organize free traditional Chinese medicine programs and mental health consultation activities; ·Hold annual sports meetings to stimulate employees' enthusiasm for fitness, and organize daily activities of such sports as football, basketball, table tennis and badminton; ·Carry out such activities as dragon boat races, flower arranging, reading, music festivals, professional etiquette training and makeup classes for employees.
4 Quality Education	·Strengthen the training and teaching of in-house trainers, carry out curriculum R&D and optimization, and complete the operation of the online learning platform; ·Expand the resources of external lecturers, courses, and cooperative institutions and introduce high-quality course projects; ·Implement high-quality training concepts such as a learning map and the Kirkpatrick Model (or the four levels of training evaluation) to improve the training effect; ·Set the fields of lifelong learning: learning to live together, learning to know, learning to do, and learning to be.	·Complete 13 theme courses of the 4th, 5th, and 6th sessions of the Training Camp for Young Reserve Cadres as well as supporting overseas academic research tours, visits to other enterprises, and extended training; ·Complete 8 phases of leadership training, 8 phases of management training, and 25 phases of product training (covering the work contents of all departments in the Company); · Complete 4 phases of international training sessions (two phases for personnel to be sent overseas and two for personnel to come to China) and 14 sessions of oral English and German training; · Complete the development of 120 courses in total, the operation of the online learning platform, and the construction and optimization of the knowledge system; · Complete 3 phases of training for in-house trainers, 2 phases (80 sessions) of training for recruited fresh graduates, and 4 phases (40 sessions) of training for new employees recruited from society; · Continue to implement preferential policies for employees' children to enroll in Gotion High-Tech Kindergarten.
5 Gender Equality	· Provide equal employment opportunities, training opportunities, and remuneration and benefits for women; · Do not consider gender as one of the selection criteria and give female employees equal opportunities for advancement; · Allow employees to take a leave on International Women's Day, to take maternity leave or paternity leave and to enjoy social insurance and welfare, and provide loving care for female employees during their menstrual periods; ·Actively seek and provide opportunities for female employees' career development, and ensure their safety and welfare.	· Actively train female employees, with female members in the Training Camp for Young Reserve Cadres accounting for no less than 17%, and help them grow into high-end, highly skilled professionals and become core forces of the Company; · Notify the same training information to all employees, male and female, via posters, emails, WeChat groups or other channels; · Give full play to the functions of the trade union and the working committee on children and women to safeguard the legitimate rights and interests of female employees, including half a day's leave, theme activities and gifts on March 8; · Set up awards of outstanding woman pacemakers and outstanding female CPC members, and encourage female employees to give full play to their strengths; · Build and operate baby care rooms to safeguard the dignity of women in breastfeeding.
7 Affordable and Clean Energy	· Continuously strengthen energy utilization management, keep promoting the replacement of traditional fossil energy by renewable energy, reduce resource consumption, and continuously create products attractive in both price and quality; · Continuously reduce energy consumption and lower battery costs (one of the production goals in 2023); · Pioneer the development of power battery products for the consumer market, offer more people access to sustainable green energy products, and actively promote new energy product projects. · Actively promote new energy product projects.	· Formulate carbon emission reduction goals and plans, replace fossil energy with clean energy, carry out energy conservation and consumption reduction projects, promote the use of green electricity, and gradually achieve zero-carbon emissions; · Continue to promote the development of domestic and foreign markets for the Company's household and mobile energy storage products, and serve humans in the use of sustainable energy; · Provide employees with several special offers on new energy vehicles equipped with the Company's products; · Give priority to low-carbon modes for business travels and other major activities.

SDGs	Sustainable development goals of Gotion High-Tech in 2023	Sustainable development plans of Gotion High-Tech in 2023
8 Decent Work and Economic Growth	· Continue to develop and produce green, sustainable products and make green energy accessible and sustainable; · Expand the production capacity to promote economic growth instead of suspending production ; · Continue to expand the scale of recruitment, especially that on campus, to help solve the employment problem of fresh graduates; · Provide a safe and comfortable working environment for all employees, safeguard their rights, interests and welfare, and fulfill due responsibilities and obligations as an employer.	· Continue to increase R&D investment, focus on the development of technologies related to the four major materials of battery cells, including cathode materials, anode materials, separators and electrolytes, strive for breakthroughs in the performance of lithium iron phosphate, and promote technology R&D of solid-state ternary battery cells and sodium-ion batteries; · Continue to expand the production capacity and layout, adhere to the international strategy, improve the output value, improve the Company's profit margin, and give employees a stronger sense of gain and happiness; · Launch campus recruitment in more than 20 Chinese cities, cooperate with hundreds of renowned colleges and universities at home and abroad, and recruit 1,117 people, with a year-on-year increase of 160%; · Strive to win the Best Employer Award 2023, continuously care about the employees, promote decent work and make employees feel reassured.
12 Responsible Consumption and Production	Implement green management throughout the battery lifecycle and explore sustainable production patterns	· Lay photovoltaic (PV) panels on the roofs of all new buildings for production lines and increase the proportion of green electricity in battery production; · Serve as a midstream battery manufacturer to closely cooperate with the upstream resource suppliers and the downstream clients and coordinate the work to achieve the goal of green management throughout the battery lifecycle from material extraction and production to recycling.
13 Climate Action	· Actively respond to the goals set by the Chinese government to peak its CO_2 emissions before 2030 and achieve carbon neutrality before 2060, promote the low-carbon transformation of the Company, promote the management of relevant climate issues from four dimensions: governance, strategies, risk management, and indicator and objective management, and continue taking active measures to manage climate risks and seize climate opportunities. · Reduce the annual carbon emissions by 20%.	· Verify carbon footprint and product efficiency, reuse recycled materials, and check energy management systems and greenhouse gas inventories; · Formulate a carbon emission reduction path suitable for Gotion High-Tech, manage and promote carbon-related projects and topics; · Create a green ecological closed loop, minimize the carbon footprint of products, and reduce the annual energy use by 10%

SDGs	Sustainable development goals of Gotion High-Tech in 2023	Sustainable development plans of Gotion High-Tech in 2023
15 Life on Land	· Be committed to environmental management, including climate change mitigation, accessible clean water, waste reduction, responsible procurement, green building construction, etc. · Actively promote the implementation of photovoltaic and ecological restoration projects in Wuhai Gotion High-Tech Zero-carbon Emission Industrial Park.	· Build the largest battery recycling base in East China and design sustainable products; · Build the world's first zero-carbon emission factory for Anode materials in Wuhai, Inner Mongolia, to achieve carbon neutrality in the whole production process of anode materials; · Plan to carry out ecological restoration in the construction area of the photovoltaic project in Wuhai, mainly including planting mulberry used as feed, restoring grassland, and rearing livestock, with the aim to protect the ecological environment, promote desertification control, increase income, and realize desertification control and soil fixation.
16 Peace, Justice and Strong Institutions	Strictly abide by relevant laws and regulations on environmental protection, effectively strengthen pollution prevention and control, and ensure that all kinds of pollutants are discharged and disposed of in compliance with standards.	· Be committed to upgrading pollution prevention and control facilities, promoting environmental protection technology, continuously strengthening the environmental performance management of branches and subsidiaries, and keeping promoting pollutant emission reduction; · Firmly establish the awareness of environmental protection, spread the concept of green development, insist on strengthening environmental protection in development, and promote development in protection; · Strictly observe rules and regulations on environmental information disclosure of enterprises, disclose environmental information on time and truthfully, and consciously accept social supervision.
17 Partnerships for the Goals	Develop and strive for win-win results with global upstream and downstream partners to create a zero-carbon future	· Intensify global collaboration, encourage suppliers to build factories abroad, and form a foreign industrial chain for battery production · Promote the production of overseas bases, boost domestic suppliers' exports, and increase the proportion of exports · Strengthen global partnerships and actively attract new suppliers abroad · Promote the production of domestic and foreign bases, attract new customers, encourage suppliers to keep innovating raw material technologies, and promote the innovation in technology and material

About the Report

This report is the fourth annual social responsibility report issued by Gotion High-Tech Co., Ltd. (hereinafter referred to as "Gotion High-Tech" or "the Company"). The Group (referring to Gotion High-Tech Co., Ltd. and its subsidiaries, hereinafter collectively referred to as "the Company" or "we") is committed to ensuring the report is substantial, balanced and comprehensive, and introducing in detail the social responsibility performance and future plans of the Company and its subsidiaries during 2022. The report is available in both Chinese and English. In case of any minor discrepancy in the content, the Chinese version shall prevail.

Reporting Period

This is an annual report covering the period from January 1, 2022 to December 31, 2022. Part of the content covers previous years as appropriate.

Reporting Entity

The reporting entity includes Gotion High-Tech Co., Ltd. and its subsidiaries and sub-subsidiaries. For the convenience of expression, the full name of each company is replaced by abbreviation or substitutive name in the report, as defined below.

Abbreviation	Refers to	Full Name
Gotion High-Tech	Refers to	Gotion High-Tech Co., Ltd.
Hefei Gotion	Refers to	Hefei Gotion High-Tech Power Energy Co., Ltd.
Hefei Gotion Battery	Refers to	Hefei Gotion Battery Co., Ltd.
Lujiang Materials	Refers to	Hefei Gotion Battery Materials Co., Ltd.
Lujiang Battery	Refers to	Gotion New Energy (Lujiang) Co., Ltd.
Qingdao Gotion	Refers to	Qingdao Gotion Battery Co., Ltd.
Tangshan Gotion	Refers to	Tangshan Gotion Battery Co., Ltd.
Nantong Gotion	Refers to	Nantong Gotion New Energy Technology Co., Ltd.
Nanjing Gotion	Refers to	Nanjing Gotion Battery Co., Ltd.
Tongcheng Gotion	Refers to	Tongcheng Gotion New Energy Co., Ltd.
Jiangxi Gotion	Refers to	Jiangxi Gotion New Energy Technology Co., Ltd.
Liuzhou Gotion	Refers to	Liuzhou Gotion Battery Co., Ltd.
Feidong Gotion	Refers to	Feidong Gotion New Materials Co., Ltd.
Hefei Gotion Recycling Technology	Refers to	Hefei Gotion Recycling Technology Co.,Ltd
Heifei Gotion New Material Technology	Refers to	Heifei Gotion New Material Technology Co.,Ltd
Inner Mongolia Gotion	Refers to	Inner Mongolia Gotion Zero-Carbon Technology Co., Ltd.
Gotion USA	Refers to	GOTION, INC.
Gotion Germany	Refers to	Gotion Germany Battery GmbH
Gotion Vietnam	Refers to	V-G High-Tech Solutions Co., Ltd

Organizations Covered

Unless otherwise specified, the data on environment and occupational safety and health ("OSH") disclosed in this report cover manufacturing companies with assets of more than RMB 5 million, including Gotion High-Tech and its subsidiaries. All written materials and other data (except environmental data and OSH data) cover the whole company.

References

· United Nations 2030 Sustainable Development Goals (SDGs)

· GRI Standards (2021 Version)

· ISO 26000-Social responsibility

· Guidance on Social Responsibility Reporting (GB/T36001-2015)

· Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board

Data Sources and Reliability Assurance

The data used in the report come from public data released by government departments and third-party industry research institutions, relevant internal statistical statements, administrative documents, and reports of Gotion High-Tech, and third-party evaluation and interviews. Gotion High-Tech guarantees that there are no false records, misleading statements or material omissions in the report.

Description of Data Used in the Report

The financial data in the report are from the audited financial reports of the Company, and other data are from the internal documents and statistical summary of information of the Company. Unless otherwise specified, the types of currencies and amounts involved in this report are measured in renminbi.

Release Form

This report is published in electronic form and can be downloaded and read on the official english website of Gotionwebsite of Gotion High-Tech Co., Ltd. https://en.gotion.com.cn/).

Contact Us

Gotion High-Tech will continuously improve and enhance the disclosure level of the report and the Group's social responsibility governance. If you have any questions or suggestions about the report, please feel free to contact us:

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Indicator Indexes

The GRI Indicator Indexes helps readers understand how our reports fit into the Global Reporting Initiative's sustainability reporting guidelines. We compile our reports with reference to the GRI standard, using metrics that are relevant to our business.

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Third-party Verification

TÜV THÜRINGEN CHINA

ASSURANCE STATEMENT

of Environmental, Social and Governance Report

TUV Thuringen (Shanghai) Co., Ltd. ('TUV Thuringen' for short) has been commissioned by the management of Gotion High-tech Co., Ltd. ('Gotion High-tech' for short) to carry out an independent assurance of the 2022 Environmental, Social and Governance Report of Gotion High-tech ('ESG Report' or 'Report' for short) .

Gotion High-tech is responsible for the collection, analysis, aggregation and presentation of information within the Report. TUV Thuringen's responsibility in performing this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with Gotion High-tech. Gotion High-tech is the intended users of this Statement.

This Statement is based on the 2022 ESG Report prepared by Gotion High-tech, which is responsible for the completeness and authenticity of the information and data in the report.

Assurance Scope

- The Report revealed the accuracy and reliability for key performance and information on Environmental, Social and Governance of Gotion High-tech which happened in 2022.
- Evaluate the collection, analysis, review and other management processes of data and information disclosed in the Report.
- Due to the fact that the company financial figures of Gotion High-tech was audited by a third party auditing firm, TUV Thuringen did not implement duplicating review of the figures in the Report.

Assurance of the Report was implemented from 23 March 2023 to 27 March 2023.

Assurance Methodology

Assurance process includes below activities:

- Review the Report and supporting documented information which provide by Gotion High-tech.
- Interview related persons who involved in the gathering,collection and compilation of the information disclosed in the Report.
- View the related websites and public information published by the media, verify the data and information through sampling method.
- Evaluate the Report, referring to the requirements in 'the Guideline of Environmental, Social and Governance Report' released by HKEX.
- Evaluate the Report, referring to the reporting principles of GRI Standards (2021) for the accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness,

and verifiability.

- Implement assessment activities, referring to assessment of compliance with AA1000 Principle (V3).
- This assurance activity is based on Sustainability Report Assurance Procedures released by TUV Thuringen.

Assurance Conclusion

The ESG Report provides an appropriate and objective view to the situation and performance of Environmental, Social and Governance activities taken by Gotion High-tech in 2022. The data in report is reliable and objective, audit team didn't find the system error or substantial error by sampling verification.

- Completeness: The Report discloses the development status of the new energy battery industry in 2022, describes the sustainable development governance model of Gotion High-Tech and the practice, progress, and performance of the company in various dimensions of economic, environmental, and social responsibility management, and proposes the vision, strategy, and objectives for future sustainable development. The Report has a complete structure, and the disclosure of information is understandable and accessible. Gotion High-Tech is a joint-stock company composed of legal entities. The Report explains the methods used to consolidate information.
- Balance: The Report describes the negative and positive impacts of the enterprise, such as the disclosure of environmental events, and the performance of suppliers that need to be improved.
- Comparability: The information reported by Gotion High-tech in a comparable manner, such as disclosing key performance such as technological innovation and safety and environmental investment in the past three years.
- Accuracy: Through sampling verification, it is found that the information and data disclosed in this Report are objective and accurate.
- Timeliness: The disclosure period of this report is 2022, and the performance of Gotion Hi-Tech in fulfilling its corporate social responsibilities. The company has published sustainable development reports for four consecutive years in the past.
- Clarity: The Report uses multiple forms such as photos, charts and cases to make the information easy to understand.
- Verifiability: The Report authoring group is established under the leadership of Gotion High-tech Brand Public Relations Department, responsible for collecting, recording, editing and analyzing the information and processes used in the authoring of the report. The data sampled by the audit team can provide traceable resources, which ensuring the quality of information to a certain verifiability.
- Sustainable context: In order to more effectively identify and focus on the needs of stakeholders, Gotion High-tech has identified materiality issues that have significant impact on the economy, environment, and humanbeing, and has highlighted these issues in the report, which responds to the expectations and concerns of stakeholders. Gotion High-Tech operates in multiple locations, and the Report discloses impact related to local environment.

Suggestion for improvement

Through assurance and evaluation, audit team gives following improvement suggestion on the social responsibility practice and management:

- It is recommended that the company combine major indicators such as environmental performance and safety performance with the business activities of relevant processes, and conduct regular assessments.
- It is recommended to strengthen the disclosure of carbon emission data;
- It is recommended to establish quantifiable objective indicators for reducing waste emissions and the steps taken to achieve these waste reduction goals;
- It is recommended to increase the collection and disclosure of relevant cases, performance information, or events from subordinate enterprises and overseas institutions, so as to improve the integrity and comparability of reports;
- It is recommended to disclose more negative performance cases related to social responsibility, so that the public can understand the principles and results of corporate remediation and response to crisis events, in order to increase the balance of reporting;
- It is recommended to strengthen the source description of evidence information to enhance the verifiability and clarity of the Report.

Note: more suggestions will be elaborated in the "audit report".

Special statement

This statement excluding below activities:

- Activities other than information disclosure.
- The position, idea, faith, object, future developing direction, and promise which stated by Gotion High-tech.

Statement of Independence and Competence

TUV Thuringen Group is the world's famous certification body in inspection, testing and verification, and providing services which includes management systems and industrial and commodity product certification; quality, environmental, health&Safety, ethical and social auditing and training; environmental; social responsibility and sustainability report assurance.

TUV Thuringen (Shanghai) Co., Ltd. is independence from Gotion High-tech and confirms that there is no conflicts of interest with the organization or any of its members and stakeholders when performing the assurance of the Report to ensure its independence and impartiality. All information in the Report was provided by Gotion High- Tech. TUV Thuringen did not involved in the Report authoring process.

The Statement was issued by TUV Thuringen (Shanghai) Co., Ltd.

The Authorized person: Jia Hongwei　　The Lead Assessor: Zhao Yuhong

Date :30.03.2023

Note: When there is a deference between the Chinese and English versions, please refer to the Chinese version.

Feedback Form

Dear readers,

Thank you for your attention to the Gotion High-Tech ESG Report 2022. We value your comments and suggestions on this report. We sincerely invite you to give us your feedback and comments on this report and join us in building a better society and a zero-carbon future. You can send your comments and suggestions by mail, e-mail and phone. Let's work together to make green energy accessible and sustainable!

Name: Tel.:

Company: E-mail:

Report Assessment	5 points	4 points	3 points	2points	1 point	Notes
Do you think this report provides a comprehensive understanding of the actual sustainable development of Gotion High-Tech?						
Do you think the overall structure of this report is reasonable?						
Do you think the ESG content of this report is sufficient and complete?						
Do you think this report is reader-friendly?						
Do you think the design and layout of this report are reasonable?						
Do you think this report has made significant progress compared with the ESG Report 2021?						
What's your overall assessment of this report?						

1. Please provide your suggestions for the Gotion High-Tech ESG Report 2022:

2.Please give your comments and suggestions on the social responsibility and sustainable development of Gotion High-Tech:

Contact: The Social Responsibility Management Committee of Gotion High-Tech
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