
LOTUS
LOTUS TECHNOLOGY INC.
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2023

CONTENTS

ABOUT THE REPORT

This is the second environmental, social, and governance (ESG) report released by Lotus Technology Inc. It provides a detailed overview of the Company's sustainability strategy, highlighting the latest key initiatives, accomplishments, and performance.

Lotus Technology Inc. publishes its ESG report annually.

REFERENT EXPLANATION

For readability, "Lotus Tech", "the Company" or "we" in this report refers to Lotus Technology Inc. and its subsidiaries.

REPORTING SCOPE

This report covers the relevant information regarding Lotus Tech and its subsidiaries. The report covers the period from January 1, 2023 to December 31, 2023, and also includes additional information beyond the stated reporting period.

COMPILATION CONFORMANCE

The report has been prepared in accordance with the *GRI Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB). It also references from the Sustainability Accounting Standards Board (SASB) Standards, the United Nations Sustainable Development Goals (SDGs), the *International Financial Reporting Sustainability Disclosure Standard 1 - General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)* and *International Financial Reporting Sustainability Disclosure Standard 2 - Climate-related Disclosures (IFRS S2),* as published by the International Sustainability Standards Board (ISSB).

REPORTING DATA

The information and data used in this report has been collected, consolidated and reviewed by relevant departments.

DISCLAIMER

This report contains forward-looking statements, including future development goals and investment plans, that only involve the events or information on the date the statements are made. Building upon the Company's current expectations, assumptions, estimates and forecasts, such forward-looking statements are based on the existing industrial and regulatory environments. Future uncertainties and other unpredictable factors may cause the actual results, performance or achievements to be materially different from those in forward-looking statements. The Company undertakes no obligation to update any forward-looking statements in this report.

ACCESS TO THE REPORT

This report is available in electronic version at www.group-lotus.com to view or download.

Address: 8 Vin Hill, Clerkenwell, London
Postal Code: EC1
E-mail: esg@lotuscars.com.cn

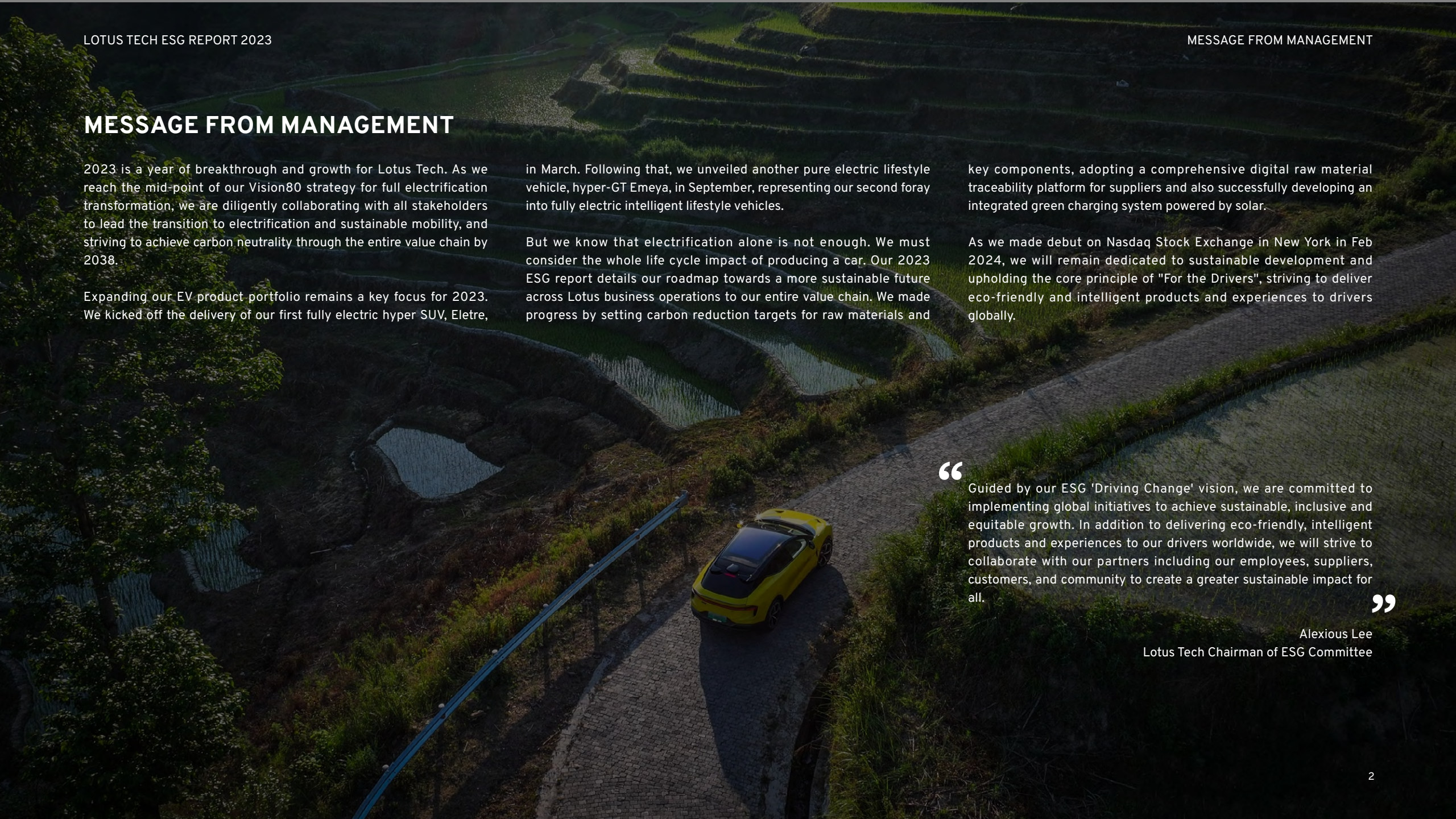
MESSAGE FROM MANAGEMENT

2023 is a year of breakthrough and growth for Lotus Tech. As we reach the mid-point of our Vision80 strategy for full electrification transformation, we are diligently collaborating with all stakeholders to lead the transition to electrification and sustainable mobility, and striving to achieve carbon neutrality through the entire value chain by 2038.

Expanding our EV product portfolio remains a key focus for 2023. We kicked off the delivery of our first fully electric hyper SUV, Eletre, in March. Following that, we unveiled another pure electric lifestyle vehicle, hyper-GT Emeya, in September, representing our second foray into fully electric intelligent lifestyle vehicles.

But we know that electrification alone is not enough. We must consider the whole life cycle impact of producing a car. Our 2023 ESG report details our roadmap towards a more sustainable future across Lotus business operations to our entire value chain. We made progress by setting carbon reduction targets for raw materials and key components, adopting a comprehensive digital raw material traceability platform for suppliers and also successfully developing an integrated green charging system powered by solar.

As we made debut on Nasdaq Stock Exchange in New York in Feb 2024, we will remain dedicated to sustainable development and upholding the core principle of "For the Drivers", striving to deliver eco-friendly and intelligent products and experiences to drivers globally.



> “Guided by our ESG 'Driving Change' vision, we are committed to implementing global initiatives to achieve sustainable, inclusive and equitable growth. In addition to delivering eco-friendly, intelligent products and experiences to our drivers worldwide, we will strive to collaborate with our partners including our employees, suppliers, customers, and community to create a greater sustainable impact for all.”

Alexious Lee
Lotus Tech Chairman of ESG Committee

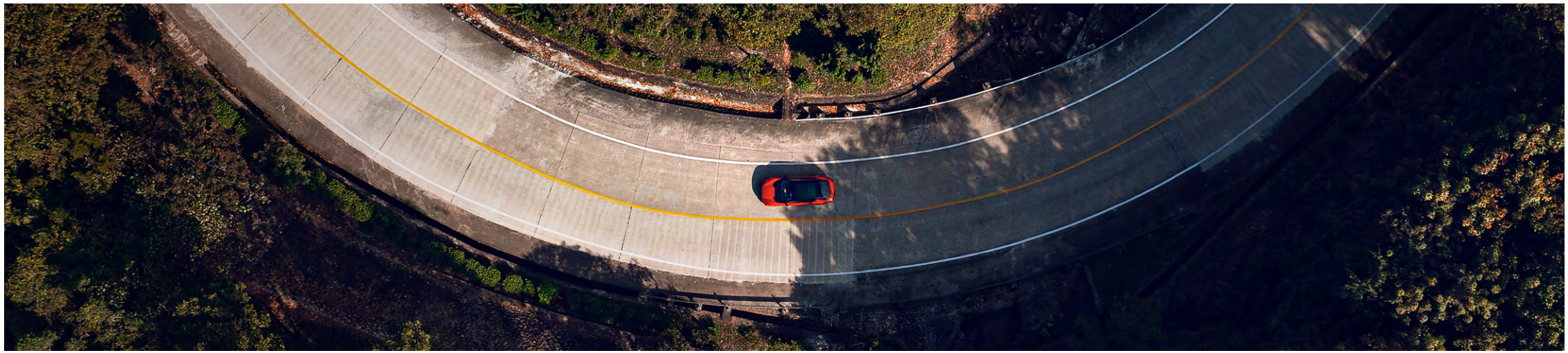
ABOUT LOTUS TECH

Lotus Tech is a pioneering luxury battery electric vehicle (BEV) maker that designs, develops, and sells luxury lifestyle vehicles under the iconic British brand "Lotus". With over seven decades of racing heritage and proven leadership in the automotive industry, the Lotus brand symbolizes the market-leading standards in performance, design and engineering. Fusing proprietary next-generation technology built on world class research and development capabilities and an asset-light model empowered by Geely Holding Group, we are breaking new grounds in electrification, digitization and intelligence.

In 2018, on its 70th anniversary, Lotus launched Vision80, its long-term business strategy, designed to transforming the Lotus brand into a fully electric, intelligent, and luxury mobility provider.

Lotus Tech was formed as part of Vision80 and designed to accelerate the brand's global growth. It operates wholly owned design and R&D facilities spanning Coventry in the UK and Frankfurt in Germany, as well as Wuhan, Shanghai, and Ningbo in China. The Company launched its first fully electric hyper SUV, Eletre, in 2022 and began deliveries on March 29, 2023. In 2023, Lotus Tech rolled out Emeya, the fully electric hyper-GT, with plans to broaden its portfolio of luxury EVs featuring groundbreaking technologies over the years to come.

In addition, Lotus Tech listed on Nasdaq stock exchange on February 23, 2024 (Nasdaq: LOT). Building on our existing commitment to international ESG standards, as a listed company, Lotus Tech will further enhance its efforts to drive sustainable corporate growth and deliver lasting value for shareholders, the industry, and society. The Company established an ESG Committee to oversee its ESG affairs and actively fulfill its social responsibilities by protecting the interests of stakeholders such as employees and customers. As an early mover in the modern sustainable luxury BEV market, Lotus Tech aims to achieve carbon neutrality through the entire value chain by 2038, driving the industry towards a more sustainable future.



SUSTAINABILITY MANAGEMENT

Sustainability is fundamental to Lotus Tech's initiatives and practices. Acknowledging stakeholders' and society's expectations, Lotus Tech has defined clear ESG strategy framework based on the Company's core business to facilitate effective sustainability management.

Lotus Tech also participates in global initiatives, in order to accelerate the transition to a sustainable world. In May 2023, the Company joined the United Nations Global Compact (UNGC), embracing its Ten Principles and pledging to uphold responsible business practices aligned with the SDGs. Furthermore, in November 2023, Lotus Tech became a supporter of IFRS Sustainability Disclosure Standards, committing to continuously supporting ISSB in developing global sustainability disclosure standards and jointly building a good ecosystem for sustainability disclosure.

ESG MANAGEMENT SYSTEM

ESG management is an integrated part of daily decision-making and operations at Lotus Tech. The Company has introduced a solid management system with well-defined responsibility to direct all departments in enhancing sustainability management proficiency and bolstering ESG management efficiency.

The Board of Directors at Lotus Tech oversees the sustainability efforts within the Company. Their responsibilities include identifying, assessing, and managing key ESG risks and challenges linked to business activities. The ESG Committee is tasked with crafting the ESG strategy and plan, and executing specific sustainability actions. A designated ESG Working Group reporting to the Committee, is consisted of experts in ESG management, carbon neutrality, supply chain management, compliance, finance, etc. and responsible of coordinating and leading ESG initiatives implementation in various departments and business units.

ESG STRATEGY

Lotus Tech takes the SDGs as a guide for sustainable growth and action, and an ESG strategic framework is in place to direct activities throughout the value chain. This approach ensures the integration of ESG principles into the Company's core values, business decisions, and daily operations. In 2023, the Company has achieved significant progress in areas of nature positive, climate neutrality, sustainable supply chain, inclusion and equality, community contribution, and transparent governance.

ESG strategic pillars	Strategic plans	Strategic progress	Contributions to SDGs
Nature Positive	· Natural capital assessment · Promoting the percentage of recyclable and reusable materials · Biodiversity conservation	· Evaluating the natural capital impacts and dependencies of key vehicle raw materials through identification and calculation · Signing biodiversity strategic agreements with local governments	
Climate Neutrality	· Green factory · Low-carbon operation · Developing low-carbon and circular production models	· National level “Green Factory” in China awarded to Lotus Global Smart Factory · Introducing *Lotus Tech Carbon Management Procedure* · Achieving operational carbon neutrality globally · Formulating carbon management objective of raw materials and key components · Integrating grid-connected solar electric systems in the factory to increase renewable energy usage	
Sustainable Supply Chain	· Supply chain ESG risk management · Exchanges and capacity building among suppliers	· Amending the *Code of Conduct for Suppliers*, adding requirements for conflict minerals management · Establishing the digital raw material traceability platform	
Inclusion and Equality	· Diversity and inclusion initiatives · Women empowerment projects · Enhancing employee's digital competence	· Optimizing employee exchange platform and organizing cultural ambassador certification activities · Formulating the *Labor Protection Procedure for Female Employees and Underage Workers* · Developing action plan for enhancing talents' digital competence	
Community Contribution	· Establishing a management system for public welfare projects · Instituting a safety function development and management system to mitigate mobility risks and ensure the safety of road participants · Advancing the social application of data value	· Issuing the *Measures for the Management of Lotus Tech Public Welfare Projects* · Adopting an innovative approach to the R&D of intelligent driving technology to safeguard road participants · Participating in scientific research projects and industry standard formulation	
Transparent Governance	· Establishing a "proactive" compliance management system · Empowering partners in sustainability development · Increasing information transparency · Building the management system of accountable vehicle data	· Enhancing the compliance management system, including conducting routine compliance risk assessments and audit projects · Conducting training on topics including anti-corruption and anti-monopoly to enhance employees' business ethics awareness · Securing the ISO/IEC 27001:2022 certification for Information Security Management System and the ISO/IEC 27701:2019 certification for Privacy Information Management System · Released the whitepaper on *Data and Privacy Protection of Intelligent Connected Vehicles*	

MATERIALITY ASSESSMENT

Lotus Tech regularly conducts materiality assessment with its employees, customers, partners and other stakeholders to further identify and revise ESG topics that have significant impacts on present and future business operations. In 2023, following a review of these topics and incorporating operational research and feedback from professional consulting agency, minor adjustments were made to the prioritization of topics to better address climate change and other environmental issues.

STAKEHOLDER COMMUNICATION

Lotus Tech values stakeholder engagement and regards their expectations and demands as critical considerations in its strategic planning and business decision-making. The Company fosters a solid bond of mutual trust with shareholders, customers, and other stakeholders, carries out a routine, diverse communication mechanism, conveys ESG management philosophy and other information, and jointly identifies important ESG issues to build a sustainable future.

The Company has established an ESG internal communication and training network, through which comprehensive as well as specialized ESG training courses have been rolled out to cultivate a shared understanding of sustainable development and enhance ESG management capabilities. In 2023, company-wide ESG training assessments covered core ESG issues in the automotive industry, with a pass rate of 93.2% among employees in China. Additionally, for key business functions such as human resources, procurement, and quality control, the Company organized three rounds of intensive training sessions.

Stakeholders	Focus		Communication and feedback channels	
Government and regulators	• Compliance management • Energy conservation and emission reduction	• Promotion of industrial development	• Periodic reports and announcements • Government-enterprise symposium	• Carbon neutrality strategy formulation • Provision of jobs
Shareholders and investors	• Business development • Compliance management	• Product and technological innovation • Financial performance	• Periodic reports and announcements • General meeting of shareholders and roadshow	• Communication via email and phone • Investor relations website
Employees	• Employee rights and interests • Occupational health and safety	• Diversity and equal relationship • Training and development	• Daily communication and meetings • OA platform	• Employee training • Employee satisfaction survey
Customers	• Responsible marketing • Product quality and safety	• Product and technological innovation	• Promotional activities • Social media	• Customer satisfaction survey • Feedback and complaint handling
Partners	• Business development • Supply chain empowerment	• Product and technological innovation	• Visits and exchanges • Supplier review	• Supplier/distributor training
Industry associations	• Product quality and safety • Product and technological innovation	• Sustainable mobility	• Industry information exchange and sharing • Participation in formulating industry standards	• Involvement in cooperative projects
Community	• Community development • Public welfare donation		• Provision of jobs • Participation in voluntary activities	

LOTUS TECH FACTS

Proud participant of **UNGC**

Supporter of **IFRS** Sustainability Disclosure Standards

8 subsidiaries attained the ISO/IEC 27001:2022 certification for Information Security Management System while **6** subsidiaries were certified with ISO/IEC 27701:2019 for Privacy Information Management System

Released the whitepaper on ***Data and Privacy Protection of Intelligent Connected Vehicles***

Gold certification of LEED ID+C (Leadership in Energy and Environmental Design for Interior Design and Construction Commercial Interiors) awarded to Lotus Tower, Shanghai

National level "Green Factory" in China awarded to Lotus Global Smart Factory

Building the **digital raw material traceability platform**

100% renewable energy utilization at partial office space of Lotus Technology Innovative Limited (LTIL) and Lotus Tech Innovation Center GmbH (LTIC)

DRIVING SUSTAINABLE MOBILITY

Lotus Tech continues to pioneer the shift towards electrification and sustainability in the global luxury automobile market. Remaining dedicated to self-developed cutting-edge electric vehicle technologies, Lotus Tech strives to build exceptional high-performance electric vehicle products with premium service experiences, and further propel the luxury BEV market towards a sustainable future.

QUALITY PRODUCTS

Lotus Tech incorporates sustainability and innovation into its products and technologies, while ensuring rigorous life cycle quality management. This commitment empowers the Company to deliver products of exceptional quality to its users.

In 2023, Lotus Tech unveiled the fully electric hyper-GT, the Lotus Emeya, boasting:

- 0-100 km/h acceleration in 2.78 seconds and a top speed of 256 km/h.
- An 800V high-voltage architecture coupled with an efficient and intelligent charging system for ultra-fast charging, enabling a charge from 10% to 80% in just 15 minutes.
- An ultra-low 0.21 drag coefficient, facilitated by Lotus aerodynamic packages, concealed LIDAR and Electronic Rearview Mirror Display (ERMD).
- 34 sensors, enabling comprehensive and detailed monitoring of the surrounding environment through 1800-degree five-dimensional perception coverage technology.
- Lotus Premium autonomous driving system that covers scenarios of highway driving, urban road driving and parking, offering drivers safe and convenient driving experience.
- 7 intelligent active safety measures, ensuring safety during forward, lateral, and backward driving; the use of aluminum, high-strength steel and thermal forming steel that constitute roughly 95% of the body, achieving enhanced passive safety.

DRIVING INNOVATION

Scientific and technological innovation serves as the backbone for the sustainable growth of the automotive industry, playing a pivotal role in Lotus Tech's quest for enduring competitiveness. To bolster its innovation capabilities, Lotus Tech enhances its management systems with measures such as the *Copyright Management Measures* and *Trademark Management Measures*. With a focus on product and technological innovation, Lotus Tech continuously strengthens its world-class R&D capabilities. As of December 31, 2023, Lotus Tech had 330 registered patents and 772 pending patent applications in various jurisdictions such as mainland China, the U.S., Japan, and the U.K., etc., including patents for our vehicle architecture, intelligent cabin, intelligent driving, and fast charging related technologies. The Company also had 304 registered trademarks, including “ELETRE” and “EMEYA,” registered copyrights to 34 software programs developed by us relating to various aspects of our operations, as well as 113 registered domain names.

Lotus Tech has introduced an intellectual property (IP) incentive program to reward technological achievement-based IP, thereby further boosting employee enthusiasm for innovation. Additionally, Lotus Tech launched an information sharing platform on intellectual property rights to address inventor queries and misconceptions about patent applications, providing guidance and facilitating IP award announcements.

In 2023

USD 369 million R&D investment

Lotus Global Smart Factory was recognized as " Wuhan Benchmark Intelligent Factory" in China for its digital and intelligent technologies.

ELETRE: 'SUV OF THE YEAR' 2023

ELETRE: 'THE BEST OF THE NEW' 2023

ELETRE: 'BEST EV PERFORMANCE SUV AWD OF THE YEAR' 2023

LOTUS TRACK DIGITAL COCKPIT APPLICATIONS 2024

HYPER OS: 'SMART BEST AWARDS' 2024

LOTUS DC FLASH CHARGER EV CHARGER 2024

DESIGN TEAM: 'BEST COLLABORATION AWARD' 2024

'BRAND OF THE YEAR'
'PLEASURE OF DRIVING AWARD' 2024

SUSTAINABLE PRODUCTS

In response to the automotive industry's low-carbon transition, Lotus Tech incorporates sustainability into the entire vehicle R&D and design process. In 2023, the Company expanded its product line with the Lotus Life series, integrating sustainability into users' daily lives.

Vehicle Products[1]

- Equipped with China's first delivered ERMD, the industry's first deployable LIDAR, and seven sets of aerodynamically porous-designed air duct channels, Eletre realizes a reduction in electricity consumption of 993 kWh per 150,000 km of driving time, which is equivalent to a reduction in carbon dioxide emissions of 566 kg, by lowering the wind resistance coefficient of the entire vehicle.[2]
- Eletre is equipped with an 800V high-voltage architecture and a 420-kW super charging station, decreasing energy loss by three-quarters compared to the 400V system at equivalent power levels.
- Vehicle material recyclability rate exceeds 89%. Its interior includes yarn made from renewable sources, natural solid wood trim panels, and eco-friendly water-based or hot melt adhesives, all compliant with European REACH regulations.

- Equipped with ERMD, aerodynamic packages, and the deployable LIDAR, Emeya has a reduced drag coefficient, cutting power consumption by 3,051 kWh and carbon dioxide emissions by 1,741 kg per 150,000 km.[3]
- Emeya is equipped with an 800V high-voltage architecture and a 420-kW super charging station, decreasing energy loss by three-quarters compared to the 400V system at equivalent power levels.
- Emeya prioritizes the use of eco-friendly, non-toxic, and low-emitting materials, boasting a material recyclability rate exceeding 91.4%, a 2.4% increase from the Eletre model. It features Alcantara roof and seats, known for their eco-friendliness in production. The carpeting and rear hatch trim incorporate recycled nylon, while the backrest of the seats utilizes fabric made from 100% recycled materials. Additionally, there is an increased utilization of circular materials such as recycled steel and aluminum.

[1]The reduced CO_2 emission data was calculated based on the 2022 national average carbon emission factor according to the *Notice on the Management of Reporting for Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025 in China.*
[2, 3]Calculated by the internal simulation based on the Worldwide Harmonized Light Vehicles Test Cycle (WLTC).

Charging Equipment

The Company introduced its first mass-produced "Flash Charging Robot," capable of swiftly recognizing different car models, charging port positions, and obstacles using perception cameras and ultrasonic radar. By autonomously completing the charging process on behalf of users, it pioneers a new replenishment ecosystem and leads users towards green and low-carbon travel.

Lotus Life Products

Road Bike TYPE 136

- The Company advocates for a green and sustainable lifestyle in transportation and has introduced the world's first e-bike - TYPE 136. It features lightweight design and carbon fiber material. With certain components manufactured using 3D printing technology during manufacturing, TYPE 136 further minimizes the raw material usage and waste.

Lotus 75th Anniversary Pen

- The pen barrel is made from recycled aluminum sourced from historically significant Lotus F1 race car. The silver used in the pen cap undergoes a supply chain due diligence by its supplier, promoting that the silver is derived from recycled refined silver, thereby avoiding the use of newly mined silver materials, and minimizing the impact on the environment.

Ocean Bottle

- Each Ocean Bottle utilizes 11.4 kg of recycled ocean plastic, equivalent to 1,000 plastic bottles. Its packaging predominantly consists of recycled cardboard, and every component and package is fully recyclable. With each sale, Lotus Tech not only supports marine environmental conservation efforts, but also encourages users to remain vigilant about environmental protection, starting with mindful actions in their everyday lives.

SAFE MOBILITY

Lotus Tech is committed to creating smart, reliable products and technologies that ensure safety for all road users, including drivers and vulnerable participants. The Company maintains a safety function development and management system to reduce mobility risks. It has introduced protocols such as the *Vehicle Passive Safety Attribute Development Management Measures*, the *Product Cybersecurity Management Manual*, and the *Product Network Security Management Handbook* during the development phase. Lotus Tech also employs a thorough risk management and control strategy to preemptively address product development risks. For safety crisis response, the Company has established emergency service management such as *Management Measures of Emergency Service for User Major Incidents*, the *Product Cyber Security Emergency Plan Management Measures*, and the *After Sales Vehicle Monitoring and Management Program* for user incidents. These include prompt response, investigation, disposal, and summary of incidents, alongside regular safety emergency response drills. In 2023, Lotus Tech actively participated in the GDI for SDG High-Level Business Roundtable Dialogue on Road Traffic Safety and Sustainable Development organized by the United Nations Global Compact. During this event, the Company contributed to deliberations aimed at how road traffic safety can be enhanced, thereby fostering sustainable, low-carbon, and resilient development of the transport sector.

Subsidiary, Ningbo Lotus Robotics Co., Ltd., obtained

the ISO 26262:2018 ASIL D Automotive Functional Safety Management System Certification.

The Eletre R+ model won

China's first Safety in Rainy Conditions Five-Star Certification of C-IAC 2023.[4]

The Eletre model won

the Winner Award in Automatic Parking Special Competition at 2023 China National Intelligent Driving Test-Competition (Grand Final).

[4]C-IAC certification evaluates the intelligent driving function of intelligent connected vehicles in hazardous scenarios. Rainy conditions can impede sensor performance, affecting the vehicle's perception and decision-making, jeopardizing safety. During testing, Eletre R+ accurately identified pedestrians and obstacles, sounded timely alarms, decelerated to prevent accidents, and successfully obtained certification.

- **Life Detection and Care (LDAC)**

  The system monitors for vital signs after the user locks it and leaves, and immediately alerts the user or intervenes as appropriate upon detection.

- **7 intelligent active safety measures**

  7 safety features including Autonomous Emergency Braking (AEB), Evasive Steering Support (EMA), Front Cross Traffic Assist (FCTA), Rear Cross Traffic Assist (RCTA), Collision Mitigation Support Rear (CMSR), Lane Keeping Aid (LKA), and Door Open Warning (DOW). These enable 360-degree real-time perception of its surroundings, offering assistance, alerts, or interventions to the driver while driving and parking, thus improving overall safety.

- **Lotus Hyper Pilot (LHP)**

  This system is ideal for highways or elevated roads where permitted, enabling autopilot from 0-150 km/h along the driver's set navigation route. Its features include full-speed range adaptive cruise control, automated lane change, automated navigation from on-ramp to off-ramp, as well as large vehicle collision avoidance, with the aim of assisting drivers in safe driving.

- **ERMD[5]**

  ERMD expands the lateral field of view by 50% over traditional rearview mirrors, offering drivers a broader view of road conditions and reducing rear blind spots. It features water-repellent material, camera heating, night enhancement, and auto-dimming, ensuring a clear view in rain, snow, extreme conditions, and at night, thus enhancing driving safety.

- **High-definition intelligent central screen and physical buttons**

  Emeya's interior boasts a 12.6-inch central screen and a 55-inch Augmented Reality Head-Up Display to broaden the driver's visual range, allowing access to vital information across driving modes with no distractions. Additionally, drivers can operate key functions via integrated steering wheel controls, removing the need to touch the screen and minimizing safety risks.

- **Driver Fatigue Warning (DFW)**

  The system monitors and assesses the driver's alertness level through the camera. If it drops below a certain point, an alarm reminds the driver to rest, preventing accidents due to fatigue, distraction, or irregular driving.

[5]The ERMD is only provided in regions where it is legally permitted.
[6]There may be discrepancies between the configurations mentioned in the report and the actual configurations at the user's location.

Passive safety

- The car body employs approximately 95% aluminum, high-strength steel, and hot-formed steel, with its structure topology optimized to significantly enhance body stiffness, thereby improving driving safety.

Battery safety

- Formulate rigorous enterprise standards for power batteries, stipulating that the duration of vibration and shock testing shall be double that required by Chinese national standards, thereby ensuring the safety performance of the batteries under severe conditions.

The batteries powering the Eletre and Emeya models have successfully passed safety standard tests in the European Union, South Korea, and China, among other jurisdictions.[7]

Emeya, equipped with Qilin Battery, pioneers with an 8C charge/discharge rate. Even after 30 consecutive 0-100 km/h accelerations, the battery maintains performance and intact lifecycle. Precision temperature control heats at 2°C per minute and cools at 1°C per minute, ensuring swift charging, track performance, and safety.

Network security

- Establishing vehicle network security management system and software upgrade management system. Subsidiary Wuhan Lotus Cars Co., Ltd. has obtained the certifications of the EU R155 Cyber Security Management System and the R156 Software Update Management System.

QUALITY CONTROL

Following the quality policy of "Perfect Quality in Everything We Do", Lotus Tech established a comprehensive All in One Quality Management System, aiming to integrate requirements from quality management, privacy protection, network security, and software upgrade systems, into a unified management framework. Lotus Tech focuses on refining quality management, implementing quality control throughout the product life cycle, and promoting a quality-centric culture. These efforts aim to consistently deliver high-quality products and services.

Lotus Tech complies with quality related laws including DIRECTIVE 85/374/EEC, the *Product Quality Law of the People's Republic of China*. It also adheres to regulations such as the EU Regulation 2018/858 (the Whole Vehicle Type Approval - "WVTA"), the *Measures for the Access Administration of On-road Vehicle Manufacturers and Products*, and the *Management of China Compulsory Certification (CCC) for Motor Vehicle Products*, ensuring standardized product quality. In alignment with ISO 9001, Lotus Tech has implemented a quality management system that encompasses design and development, manufacturing, supplier management, logistics, and after-sales service. The Company has established a global quality management team and a comprehensive management mechanism across technical, managerial, and decision-making levels. It has created the *New Vehicle Product Design and Development Control Procedure*, promoting quality control throughout the product lifecycle. As operations expand, Lotus Tech applies strict quality standards across all business areas, including the energy sector, where it has developed the *FC Management Manual*. This manual regulates the quality management system for the charging and energy storage systems, from design and R&D to manufacturing, ensuring the high-quality development of the global supercharging network and related software and hardware products.

[7]The certification standards include EU ECE R100.03, South Korea's KMVSS TP48, and China's GB38031, among others.

Quality Control Across the Product Life Cycle

Development stage

- Control the quality throughout the whole process including architecture, mechanics device, electronics, power propulsion and vehicle integration, with 11 milestones and 57 gateways.
- Convey quality management requirements of Lotus Tech to suppliers, and regularly monitor their execution via the supplier quality management IT system.
- Utilize virtual simulation software (CAE) to simulate, optimize, and analyze components and vehicle performance, conduct early validation, and significantly improve development quality and efficiency.
- Identify key quality control points based on laws, regulations, functional requirements, and design failure mode and effects analysis (DFMEA), implement risk prevention design during project development, and integrate quality control throughout the process, from supply chain to manufacturing.
- Adhere to *Advanced Product Quality Planning (APQP)* during component development; conduct multiple reviews of 30 key elements in the development process; identify and swiftly address quality issues for strict product quality control; initiate the *Production Part Approval Process*; and proceed with bulk component supply.
- To push for software quality and ASPICE certification, Ningbo Lotus Robotics Co., Ltd. passed the ASPICE L2 in autonomous driving and Lotus Tech has certified 11 persons as software provisional assessors.

Validation and trial production stage

- Following the *Management Measures for Vehicle Road Durability Test Verification*, the *Management Measures for Parts Test and Verification of New Product Projects*, and the *Control Procedure for Quality Reliability Test (QRT) of Vehicle*, a total of 995 vehicle tests, including global intelligent driving, reliability, durability, and adaptability tests, have been conducted. As of December 2023, the test vehicle has accumulated over 2.67 million km across China, Germany, France, Italy, Saudi Arabia, and other countries, in temperatures ranging from -40 to 50 degrees Celsius.

Mass production stage

- Set up quality inspection checkpoints from the arrival of components through production to vehicle completion and delivery. Perform AI-driven visual recognition inspections using the Company's visual robot system, which is capable of identifying 46 configuration inspection and error prevention items, to ensure the production and assembly quality of key components. Establish a *Vehicle Audit Standard* for comprehensive vehicle quality inspections, assessing 21 road conditions using the 0.8 km NVH test road and the 3 km multi-functional test track.
- Regularly test and validate components and vehicles; thoroughly control and monitor the quality of components and vehicles following program files such as the *Management Measures of Outsourcing Components Inspection,* the *Nonconforming Product Control Procedures*, and the *Identification and Traceability Management Procedures*.
- Keep optimizing vehicle's software system through Over the Air (OTA) and inform drivers of new available functions for better driving experience.

Recall of products

- Formulate the *Measures for the Administration of Product Recall*, which specifies recall processes, including the assessment of product safety risks, the program for elimination of defects and verification, recall plan, recall execution, summary report and other recall processes. During the reporting period, Lotus Tech reported no recalls for its lifestyle electric vehicle models or vehicle safety defect complaints investigated by government or regulatory bodies.

Quality Management System Certification

To ensure the effectiveness of the quality management system, the Company conducts comprehensive internal review and management review every year and performs annual supervisory audits on the Company's ISO 9001 quality management system through a commissioned third party.

Quality-centric Culture

From its inception, Lotus Tech has prioritized fostering a culture of quality to sustain its business operations. In 2023, the Company conducted 38 quality-oriented training sessions for employees, engaging 1,400 participants. Furthermore, quality culture promotional activities reached over 2,000 employees. Additionally, the Company launched the Lotus Quality Journal quarterly, with 83 articles published in 2023.

Lotus Tech, drawing upon its foundation in quality management, actively participates in events and shares relevant experiences with the industry. The *Development and Application of Error Prevention System for Bespoke Product of Lotus' Activity of Thousands of Vehicles for Thousands of Individuals* project was honored with a Demonstrative Level (First Class) award, and the *Development & Application of Visual Inspection Technology in the Lotus Intelligent Manufacturing Plant* garnered a Professional Level (Second Class) award during the 2023 China Quality Innovation & Quality Improvement Achievements Presentation & Exchange Event.

As of December 31, 2023

Both Lotus Tech's principle operating entities[8] and Lotus Global Smart Factory obtained ISO 9001 quality management system certification.

[8]The Lotus Tech's subsidiaries obtaining ISO 9001 certification include Wuhan Lotus Technology Co., Ltd., Wuhan Lotus Cars Co., Ltd., Wuhan Lotus Cars Sales Limited, Ningbo Lotus Robotics Co., Ltd., Hangzhou Flash Charging New Energy Co., Ltd., and Hangzhou Qingwei Technology Co., Ltd.

PREMIUM SERVICE

At Lotus Tech, "For the Drivers" stands as the core value. Prioritizing customers' travel needs, Lotus Tech offers customers reliable and comfortable product experiences.

Product information

- Adhere to the product labeling management measures by including supplier information, product traceability details, recyclability labels, and certification numbers on product labels to ensure clear and transparent product information.
- Product manuals and videos providing detailed explanations on product features, instructions for use, safety precautions, and emergency procedures.
- Establishing the *Media Placement Management Measures* to evaluate media communication strategies.

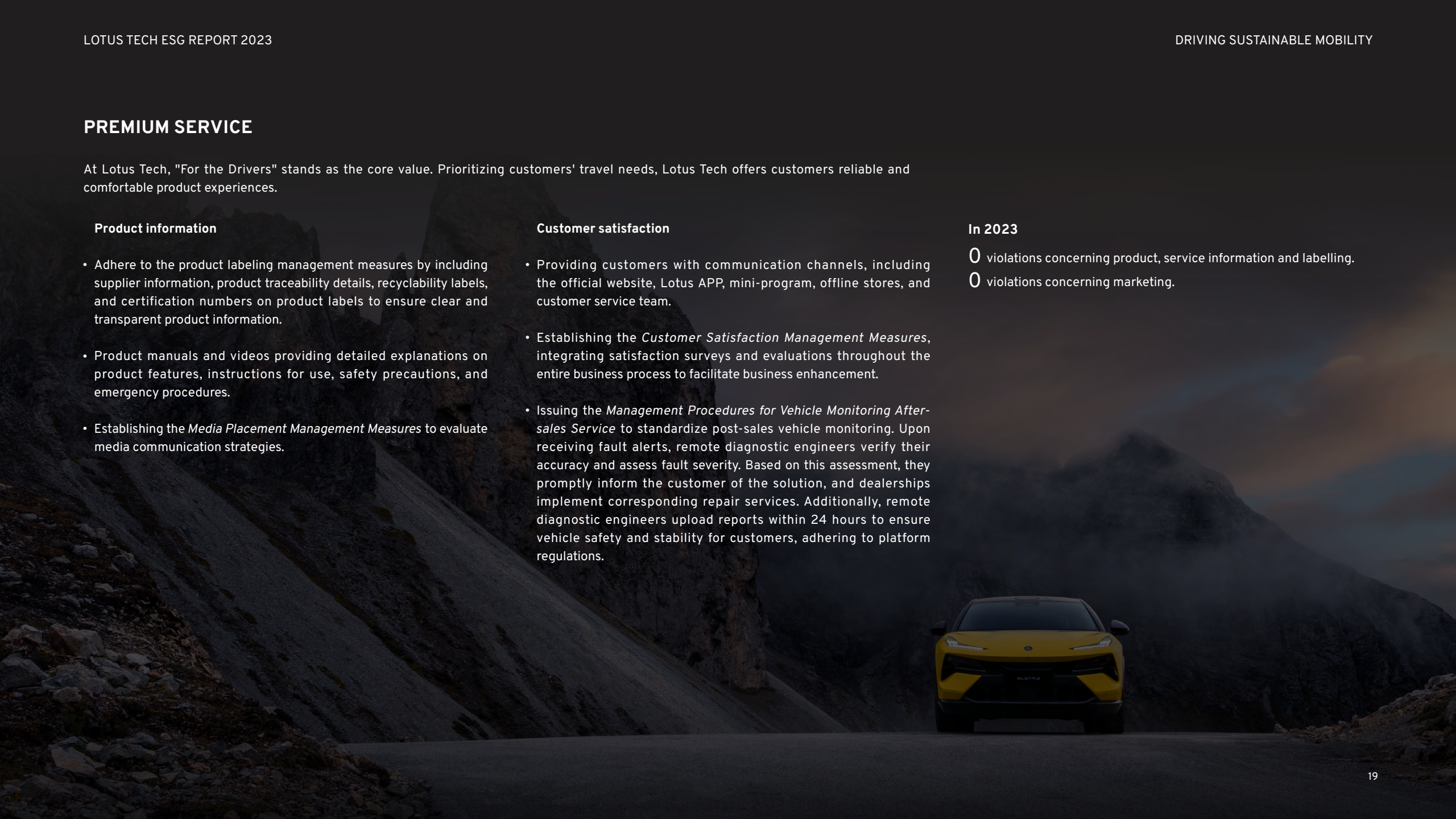
Customer satisfaction

- Providing customers with communication channels, including the official website, Lotus APP, mini-program, offline stores, and customer service team.
- Establishing the *Customer Satisfaction Management Measures*, integrating satisfaction surveys and evaluations throughout the entire business process to facilitate business enhancement.
- Issuing the *Management Procedures for Vehicle Monitoring After-sales Service* to standardize post-sales vehicle monitoring. Upon receiving fault alerts, remote diagnostic engineers verify their accuracy and assess fault severity. Based on this assessment, they promptly inform the customer of the solution, and dealerships implement corresponding repair services. Additionally, remote diagnostic engineers upload reports within 24 hours to ensure vehicle safety and stability for customers, adhering to platform regulations.

In 2023

0 violations concerning product, service information and labelling.

0 violations concerning marketing.



Global distribution network management

Unifying the store management by establishing systems such as the *Partnership Admission Control Procedure* and the *Lotus Dealership Operation Standard Guidebook*. Monitoring dealer operational quality and service processes referring the *Implementation Rules for the Evaluation of Lotus Dealership Operation Process*. In 2023, Lotus Tech conducted nearly 10 pre-job training sessions and on-site assessments for dealers.

In September 2023, the Lotus flagship brand center officially opened in Paris, showcasing Lotus' innovative technology and product performance and providing customers with an immersive brand experience.

BUILDING GREEN VALUE CHAIN

Lotus Tech proactively tackles natural risks and challenges such as global climate change and biodiversity loss. It embeds the concept of sustainable development across its entire value chain, from product design and development to raw material procurement, manufacturing, and product usage, advancing towards a path of green and low-carbon development.

ENVIRONMENTAL MANAGEMENT

In compliance with environmental laws, regulations, and the ISO 14001:2015 standard across its operational countries, Lotus Tech has established internal environmental management systems. This includes the *Management Procedure for Prevention and Control of Solid Waste Pollution* and the *Management Procedure for Air Pollution Prevention and Control*, aiming to reduce the environmental impact of its production and operations. The Company has a dedicated safety and environmental protection department to oversee its environmental management efforts. Annual environmental factor identification, risk assessment, and opportunity assessment are conducted, aligning with the *Control Procedure for Environmental Factor Identification and Assessment* and the *Control Procedure for HSE Monitoring, Measurement, and Analysis Evaluation*. This process provides a basis for setting environmental objectives and indicators and implementing corresponding control measures to effectively manage environmental risks. In 2023, Lotus Tech did not experience any environmental pollution incidents or related party complaints.

In 2023

Lotus Global Smart Factory

Standard discharge of industrial wastewater, waste gas, and hazardous waste 100%

Environmental pollution incidents or related party complaints 0

As of December 31, 2023

Wuhan Lotus Cars Co., Ltd. and Lotus Global Smart Factory have obtained ISO 14001:2015 certification for their environmental management systems.

Lotus Global Smart Factory

CLIMATE NEUTRALITY

In 2023, at the 28th Conference of the Parties to the *UN Framework Convention on Climate Change*, the urgency and importance of addressing climate change were once again underscored. Aligned with IFRS S2 Climate-related Disclosures, Lotus Tech intensified its efforts towards achieving entire value chain carbon neutrality by 2038, addressing key issues such as climate mitigation and adaptation. This initiative aims to support the automotive industry's transition to low-carbon practices and contribute to global climate governance and long-term climate objectives.

CLIMATE GOVERNANCE

To ensure effective climate governance, Lotus Tech has set up a carbon management structure across its global operations, incorporating decision-making, working, and support layers. In 2023, the Company provided GHG auditor training for members of the ESG Committee and the carbon neutrality working group, with all core carbon management personnel achieving a 100% pass rate. The Company also established the Lotus carbon neutrality information sharing platform to disseminate relevant policy information and regularly organized carbon reduction-themed training sessions for its entire staff. Additionally, the release of the *Carbon Management Procedure* standardized carbon management workflows globally. The Company also introduced the *Development of Sustainable Attributes for Complete Vehicles Management Procedure*, integrating sustainability elements such as low-carbon emission into vehicle attribute development processes, facilitating sustainable development and carbon reduction targets in vehicle projects.

Carbon Management Structure.

Decision-making level

- The ESG Committee serves as the decision-making level responsible for making decisions and overseeing the implementation of climate neutrality initiatives.

Working level (Working group on carbon neutrality)

- Ongoing enhancement of carbon management procedure.
- Management of carbon emission targets and performance.
- Guidance and assessment of carbon reduction measures throughout diverse business modules.
- Carbon accounting and audits at organizational level, including product carbon accounting.
- Internal and external communication among carbon management activities.

Support level

- Collection of carbon emission data.
- Planning, execution, monitoring, and feedback on carbon reduction measures.
- Supporting the implementation of carbon related initiatives.

CLIMATE STRATEGY

Lotus Tech's climate strategy aims to achieve carbon neutrality across the entire value chain by 2038. In 2023, significant progress has been made including a full lifecycle carbon footprint assessment for Eletre and Emeya models, with the average CO_2 equivalent emissions per vehicle across their entire lifespan for electric vehicles sold within the year amounting to 258.3 gCO_2e/km.[9] Further decarbonization solutions were identified and implemented after the analysis of carbon emission associated with raw materials, component and vehicle manufacturing, logistics, and usage phases.

- Lotus Tech and Lotus Global Smart Factory conducted organization-level carbon accounting for two consecutive years (2022-2023), covering over 100 sites across countries and regions including China, the United Kingdom, and Germany. The inventory results, audited by TÜV Rheinland, earned the ISO 14064-1 GHG emission certification.
- Lotus Tech and Lotus Global Smart Factory obtained the PAS 2060 carbon neutral certification from TÜV Rheinland for the year 2022.
- Lotus Global Smart Factory obtained the ISO 50001:2018 Energy Management System certification.

Lotus Global Smart Factory was included in the list of national level "Green Factory" for the year 2023 in China.

In November 2023, Wuhan Lotus Technology Co., Ltd. was honored with the Carbon Neutrality Innovation Enterprise Award by the Carbon Neutrality Committee of the China Energy Conservation Association at the 3rd Boao Conference on Carbon Neutrality.

[9] The calculation was carried out in compliance with ISO 14067 specifications, encompassing the acquisition of raw materials, production, transportation, utilization, and end-of-life management, with a stipulated lifecycle usage mileage of 200,000 km.

Supply Chain Carbon Reduction

To advance carbon emission reduction within the supply chain, Lotus Tech has set carbon management targets for raw materials and key components. These targets encompass emission reduction targets, the use of renewable energy by tier 1 suppliers, and the proportion of recycled materials. Suppliers are required to confirm their carbon management targets and outline pathways for achievement prior to partnership agreements. During the reporting period, Lotus Tech conducted surveys on carbon management practices among vehicle and Lotus Life suppliers and conducted site inspections for five suppliers. These endeavors contribute to an evolving understanding of carbon management capabilities within the supply chain, laying the groundwork for future initiatives to advance carbon management.

Manufacturing Carbon Reduction

Lotus Global Smart Factory, built by Geely Holding Group, embraces green manufacturing principles across all stages, from planning and construction to production and operation. Utilizing renewable energy, energy-efficient processes, digital management, and intelligent production, the factory strives to mitigate carbon emission in manufacturing.

Utilizing more renewable energy

- In 2023, the Lotus Global Smart Factory activated its photovoltaic power plant, completing Phases I and II, and generated 9,832.8 MWh. 6,827.8 MWh was used for in-house operations, accounting for 25.3% of the factory's overall production and operational electricity consumption. The remaining surplus energy, amounting to 3,005 MWh, was fed back into the grid. This approach not only reduced the factory's reliance on traditional energy sources but also resulted in a reduction of 3,893.9 tons of CO_2 emissions.
- Lotus Global Smart Factory added over 60 new energy vehicle charging piles in its employee parking and office areas, promoting eco-friendly commuting by improving low-carbon transportation infrastructure.

Improving energy-efficient equipment and process

- Fine-tune the exhaust pressure of the air compressors to reduce compressed air usage, with an expected saving of 1,457 MWh throughout the year.
- Renovating the air conditioning pipelines in the paint mixing rooms to share chilled water eliminated the need for separate chiller units, cutting energy use. An 8-hour daily reduction in operating a 75 kW chiller pump post-renovation saves 150 MWh annually, reducing CO_2 emissions by 85.5 tons.[10]

Recycling resource

- Dry spray booth for recirculating and reusing air.
- Painting workshop achieves flexible rapid color change while implementing recovery of paint in main pipelines.
- To enhance waste heat utilization, strategies such as boiler flue gas recycling and combustion, exhaust gas heat recovery, and using residual heat in drying rooms are implemented.

Conducting digital management and intelligent production

- An energy management system is used for real-time monitoring of factory energy consumption.
- Virtual debugging techniques are employed to reduce energy consumption during the actual debugging process.
- Precise control over manufacturing and public area lighting equipment operations allows for timed shutdowns of power-consuming devices, cutting standby power use.

[10]Basis for calculation: According to China's national grid average carbon emission factor of 0.5703t CO_2/MWh.

Operation Carbon Reduction

Lotus Tech, adhering to high environmental standards, incorporates sustainability into its operations. In January 2024, the Lotus Tower in Shanghai received LEED ID+C Gold certification, showcasing its commitment to eco-friendly practices through the use of recyclable materials, low-VOC paints, water-efficient fixtures, energy-saving lighting, and air conditioning refrigerants with minimal global warming potential. These initiatives enhance building efficiency and comfort while minimizing environmental impact. Additionally, Lotus Tech is expanding its renewable energy use in office locations. In 2023, its main office in China cut electricity use by 26% from the previous year. LTIL in London, UK, and Gothenburg, Sweden, along with the LTIC in Raunheim, Germany, achieved 100% renewable energy use. The Gothenburg office's renewable energy is certified by the Swedish Society for Nature Conservation (SSNC), which supports environmental and energy-saving projects with funds from each kWh of electricity sold. The LTIC building surpasses German energy efficiency standards, with energy consumption at 66 kWh per square meter, well below the standard of 100 kWh for new office buildings.

The Company integrates green building principles into its store designs. External insulation systems on some store exteriors enhance indoor heat insulation and minimize indoor heating energy usage. Special glass or double-glazed glass for doors and windows effectively prevent air convection and minimize energy consumption due to heat exchange. Intelligent and energy-efficient air conditioning designs are implemented to sense indoor temperature changes and intelligently regulate indoor temperature, improving indoor thermal comfort while reducing energy consumption of the air conditioning system. Stores maximize natural lighting and extend daylight hours to decrease lighting energy usage. Additionally, sensor-based energy-efficient lighting fixtures help cut electricity consumption.

Logistics Carbon Reduction

To control carbon emission in the logistics sector, Lotus Global Smart Factory uses automated guided vehicles and fully automated unmanned picking and handling robots to optimize transportation routes.

Warehousing phase

- The Company's warehouse automation plan boosts efficiency in inbound/outbound operations, inspection, and inventory management. Through automated and intelligent equipment, it lowers energy use in manual tasks and decreases quality losses and returns from human errors.

Transportation phase

- Rational route planning is used to choose lower-energy transportation options, cutting unnecessary mileage.
- A phased plan is in place to increase the use of renewable energy vehicles, aiming to lower carbon emission from fossil fuel use.

End-user Carbon Reduction

Lotus Tech focuses on developing intelligent and efficient energy solutions for various user scenarios. Lotus Tech's global charging network spans a total of 300,000 charging stations (including franchise and cooperative stations). In 2023, the Company established the Lotus' world first smart solar-powered storage and robot supercharging station. The station is equipped with 40 solar panels, generating an average annual electricity output of approximately 22 MWh.

The Company has introduced a zero-carbon system for residential buildings, particularly villas, offering a family-focused green energy solution that combines smart home charging stations, solar power generation, and energy storage system. This ensures a continuous 24-hour supply of green electricity. The system, which has achieved international IP65 certification, features a BMS super battery manager, intelligent backup power, and 11 smart protection measures, providing a stable and uninterrupted power supply for households.

Lotus Tech smart solar-powered storage and robot supercharging station

CLIMATE RISK MANAGEMENT

Lotus Tech actively identifies climate change risks to its business operations and implements countermeasures based on the IFRS S2 Climate-related Disclosures to better understand and mitigate potential impacts.

	Risk type	Potential climate risk	Countermeasure
Transition risk	Policy and law	• The EU Carbon Border Adjustment Mechanism (CBAM), new *EU Battery Regulation*, and other international policies and laws introduce further climate change regulations and disclosure obligations for the Company's worldwide operations, resulting in higher compliance expenses.	• The Company actively engages with industry associations and public policy and regulation research groups to analyze policies, regulations, and information disclosure requirements, facilitating the development of proactive response strategies. • Creating product carbon footprints and organizational-level greenhouse gas (GHG) emission targets, along with implementing strategies to achieve them, are essential for enhancing GHG emission and energy efficiency performance.
	Technology	• The application standard of low-carbon technologies and materials may increase research and development investment. • The rising standard for low-carbon manufacturing may lead to increased investment in equipment construction and replacement.	• Increasing R&D investment in the low-carbon technologies, with a focus on developing and applying cost-effective low-carbon technologies and materials. • Establishing and improving an energy management system to implement refined energy management.
	Market	• Rising prices of traditional energy and non-renewable resources may drive up manufacturing and product costs.	• Boosting the proportion of renewable energy usage in manufacturing through self-built photovoltaic systems aims to reduce the reliance on traditional energy sources. • Developing recyclable materials and utilizing them to reduce reliance on non-renewable resources.
	Reputation	• The Company's efforts to address climate change may fall short of stakeholder expectations, potentially affecting its brand image.	• Engaging in decarbonization practices at both the product and organizational levels. • Increasing awareness of energy conservation and emission reduction among internal and external stakeholders.
Physical risk	Acute Risk	• Extreme weather events such as typhoons and floods could disrupt the stable operations of the Company's manufacturing facilities, charging stations, and other locations, as well as interrupt the smooth functioning of the supply chain, even resulting in property damage and financial losses.	• Developing contingency plans for extreme weather, and reinforcing hazard identification to secure safe production and management.
	Chronic Risk	• Extended periods of high temperatures or water scarcity resulting from climate change could affect the Company's operational efficiency, necessitating additional operational investments.	• Investing in enhancing energy efficiency and boosting resource recycling to decrease reliance on energy and resources.

INDICATORS

Energy consumption[11]

Indicator	Unit	Manufacturing	2022 Operation	Total	Manufacturing	2023 Operation	Total
Natural gas	m^3	538,179.0	95,698.8	633,877.8	1,671,079.0	205,704.0	1,876,783.0
Gasoline	L	0	56,301	56,301	0	121,080.4	121,080.4
Diesel	L	357	3,928	4,285	1,862.7	4,627.0	6,489.7
Electricity	kWh	17,135,400	4,310,500	21,445,900	27,565,294.2	11,131,095.9	38,696,390.1
In which: purchased renewable electricity	kWh	/	/	/	0	701,172.9	701,172.9
In which: on-site renewable electricity (photovoltaic)	kWh	/	/	/	6,827,814.2	0	6,827,814.2
In which: non-renewable electricity	kWh	/	/	/	20,737,480.0	10,429,923.0	31,167,403.0
Purchased heat	GJ	0	392.5	392.5	0	1,012.3	1,012.3

[11]Manufacturing energy consumption mainly stems from the operation of Lotus Global Smart Factory, while operation energy consumption primarily comes from office operations in key regions of China and Europe, as well as from self-owned retail stores and test vehicle fleets.

GHG emission[12]

Lotus Tech's greenhouse gas accounting scope for 2023 extends to encompass not only upstream and downstream activities such as electric vehicle transportation, supply chain and the usage phase of sold vehicles, but also encompasses comprehensive monitoring and management of emissions from the Lotus Global Smart Factory. For this year, the accounting exercise encompasses eight countries and a total of 103 sites worldwide. The data for this assessment has been calculated by TÜV Rheinland (China) Co., Ltd. in accordance with the ISO 14064-1 standard.

Indicator	Unit	2022	2023
GHG emissions (Scope 1)	tCO_2e	593.7	1,072.9
GHG emissions (Scope 2)	tCO_2e	2,010.3	5,357.9
GHG emissions (Scope 3)	tCO_2e	19,531.1	279,014.4
In which: emissions from upstream transport and distribution for goods	tCO_2e	/	1,694.5
In which: emissions from downstream transport and distribution for goods	tCO_2e	/	4,244.3
In which: emissions from business travels	tCO_2e	7,638.2	9,386.8
In which: emissions from purchasd goods	tCO_2e	/	126,477.2
In which: emissions from the disposal of solid and liquid waste	tCO_2e	/	1,050.7
In which: emissions from the use of services that are not described in the above subcategories[13]	tCO_2e	11,892.9	15,959.0
In which: emissions or removals from the use stage of the product	tCO_2e	/	118,706.5
In which: emissions from end of life stage of the product	tCO_2e	/	1,495.5
Total (Scope 1, 2, 3)	tCO_2e	22,135.1	285,445.2

[12]Since 2023, Lotus Tech has shifted its GHG inventory boundary from equity proportion to operational control.
Scope 1 includes direct emissions from combustion of stationary and mobile sources, as well as fugitive emissions intentionally released.
Scope 2 includes indirect emissions resulting from the use of purchased electricity and heat for operational activities such as office operations, direct-sale store, charging stations.
Scope 3 includes emissions generated from transportation and goods distribution up and downstream in the value chain, business travel, purchased goods and services, waste disposal, use of products, and end-of-life product stages.
[13]Emissions from the use of services: Operational emissions (Scope 1 & 2) from Lotus Global Smart Factory.

NATURE POSITIVE

Amid ecological and environmental challenges, the World Economic Forum (WEF) promotes a Nature-Positive business model, seeking to stop and reverse ecological degradation. Lotus Tech aims to embody this approach and achieve Nature-positive business by integrating Nature-Positive principles into its life cycle management across the vehicle design, manufacturing, and transportation process.

WATER RESOURCE UTILIZATION

Lotus Tech focuses on water resource conservation by investing in water-saving equipment and adopting water-saving practices in its production and operations. Leveraging Lotus Lake as a retention facility, Lotus Global Smart Factory purifies and reuses rainwater for landscaping, restroom use, and road cleaning. During the reporting period, nearly 10,000 cubic meters of rainwater have been reused. Lotus stores effectively reduce water consumption by adopting water-efficient fixtures and implementing water recycling systems for car wash and other workstations, thus improving the utilization of water resources.

WASTE MANAGEMENT

At Lotus Tech, waste generated from production and daily operations primarily consists of general wastes such as industrial and household solid wastes, as well as hazardous wastes such as organic solvents and contaminants. The Company has developed the *Management Procedure for Prevention and Control of Solid Waste Pollution*, diligently enforcing waste classification and control measures to promote recycling and reduce its environmental footprint.

The Company recycles materials from race cars to produce items such as pens, enhancing resource utilization efficiency.

Lotus Tech advocates for the reuse of waste and items within office spaces. In 2023, an office location in Wuhan launched a campaign encouraging staff to transform idle paper bags and plastic bottles into useful items such as tissue boxes, storage containers, and pen holders. Approximately 600 plastic bottles were recycled monthly, and a total of 1,940 used batteries were reclaimed throughout the year. Additionally, Lotus Tech has embraced a paperless office approach by implementing digitalized systems and electronic signatures, resulting in savings of nearly 211,142 sheets of office paper in China, equivalent to around 3.9 tons of carbon dioxide emissions.

In 2023

Lotus Global Smart Factory was selected into the list of first group of “Waste Free Factory” in Wuhan, China.

General waste

- Household and industrial wastes are collected and then treated by dedicated third-party companies.
- 20 waste battery recycling outlets are established in collaboration with third parties to facilitate battery recycling through recovery and cascade utilization in china.

Hazardous waste

- Hazardous waste is separately collected and regularly delivered to qualified units for disposal, ensuring compliance with related regulations.

Water resource utilization and waste discharge[14]

Indicator	Unit	2022	2023
Water consumption	m^3	187,849.0	180,878.0
Total wastewater discharge	m^3	7,062.0	101,429.5
Hazardous waste discharge	Ton	127.8	372.0
Non-hazardous waste discharge	Ton	561.5	1,272.3
Waste recycled	Ton	269.5	1,033.4

[14]The relevant data covers only the manufacturing process.

BIODIVERSITY CONSERVATION

Lotus Tech incorporates the principle of biodiversity conservation into its production and operations. Through collaborations with government, communities, and other stakeholders, the Company collectively support efforts to preserve biodiversity.

Lotus Tech emphasizes and supports the factory and suppliers' efforts in biodiversity conservation. In line with the Wuhan ecological framework protection plan, Lotus Global Smart Factory conducted a thorough environmental impact assessment at the outset of its construction. The findings revealed that the factory site is not situated within any special or environmentally sensitive regions. Moreover, the ambient air quality, surface water environment, and acoustic environment of the factory site all meet the required environmental protection standards.

In 2023, the Company carried out on-site evaluations of recycled nylon suppliers to assess their waste plastic reuse progress. The assessments showed that these suppliers employed waste plastic reuse technologies, enabling them to decrease crude oil usage by 70,000 barrels and cut carbon dioxide emissions by about 65,000 tons for every 10,000 tons of recycled nylon produced, thereby making a significant contribution to the prevention and control of marine plastic pollution.

In 2023

The green area of the factory

204,000 m^2

Total area of the factory is approximately

20%

Conducting first natural capital assessment of vehicle raw materials

"Nature Positive" is a key ESG strategy for Lotus Tech, focusing on biodiversity conservation in raw material procurement and enhancing the Nature-Positive aspect of its vehicle models. In 2023, the Company conducted a natural capital assessment for its vehicle raw materials, following the methodology of *Natural Capital Protocol by Capitals Coalition*. It included a thorough analysis of business footprints and a review of each link in the raw material supply chain, particularly focusing on the aluminum supply chain from bauxite mining and rough machining to component manufacturing and vehicle assembly. The study assessed the societal impacts of aluminum use in vehicle production, revealing a natural capital "footprint" primarily from component manufacturing, rough machining, and bauxite mining. Based on these insights, Lotus Tech plans to implement improvement measures in its subsequent production and operations to reduce the environmental impact across the vehicle value chain.

This study marks Lotus Tech's initial effort to evaluate natural capital in relation to vehicle raw materials, aiding the Company in identifying potential nature-related risks and opportunities. This enables the formulation of more scientifically informed management strategies. By collaborating with upstream and downstream stakeholders, Lotus Tech seeks to transparently progress towards Nature-Positive business transformation, contributing to the sustainable development of the industry.

Signing the strategic cooperation agreement on biodiversity conservation with Longguan Township, Haishu District, Ningbo City, China

Longguan Township, China's inaugural biodiversity-friendly township, possesses abundant natural resources, with forest coverage reaching 86%. Within its borders, 2,250 plant species and 310 animal species have been recorded, including those under first-class state protection such as the isoetes sinensis and the taxus chinensis for plants, and animals such as the oriental stork and the hooded crane.

In October 2023, Lotus Tech and the Longguan Township government signed agreements on biodiversity strategic cooperation and forest adoption. These agreements enable collaboration in ecological restoration, renewable energy promotion, and the circular economy, all aimed at advancing biodiversity conservation efforts. Leveraging its expertise in new energy and recycled materials, Lotus Tech is ready to work with stakeholders to explore technologically effective approaches for ecological development.

PURSUING BUSINESS INTEGRITY

Lotus Tech operates with integrity, complying with legal standards and business ethics. The Company is dedicated to its stakeholders—shareholders, customers, employees, and society—maintaining business compliance and sustainability in its operations.

CORPORATE GOVERNANCE

Lotus Tech consistently develops a transparent and ethical governance system through its dedicated Audit, Compensation, and Nominating & Corporate Governance Committees within the Board of Directors established after going public. These specialized committees ensure the Company's governance is transparent, fair, independent, and sustainable. The selection of board members considers various traits, including but not limited to gender, cultural and educational background, age, qualifications, experience, sense of social responsibility, professional ethics, as well as industry and regional experience, aiming for board diversity. Lotus Tech boasted 7 board members, with 1 female director. Their wide expertise in automotive, investment, finance, sales, production, supply chain, quality, R&D, and branding enhances the board's diverse viewpoints on strategic and operational matters, aiding in thorough business improvement and development. For more details on the Board of Directors and governance, visit the Governance section of Lotus Tech Investor Relations website.

COMPLIANCE MANAGEMENT

Lotus Tech prioritizes compliance management as essential for its strong corporate growth. With reference to the COSO internal control framework, the Company manages to develop an internal control risk management system, build a compliance task force, and adhere to principles including the separation of decision-making, execution and oversight, checks and balances, statutory authority and accountability, and authority with commensurate responsibility. This approach aims to refine management roles and responsibilities. The Company has set up various management protocols, such as the *Risk Management Control Procedure, Internal Audit System*, the *Internal Control Management System*, and the *Lotus Tech Trade Control Compliance Management System*. These measures form a closed management loop of risk identification, assessment, defense control, response and improvements, thereby significantly boosting its ability to prevent and mitigate major risks. Following the Sarbanes-Oxley Act, Lotus Tech has also reviewed its financial statement internal control processes, leading to the creation of a risk control matrix and an internal control manual.

In 2023, Lotus Tech launched a compliance risk assessment project for early risk detection and better compliance decision-making moving away from sporadic, reactive responses to proactive measures guided by long-term goals in its compliance risk management. Adhering to laws and focusing on its business, the Company clearly stipulates 17 compliance areas. Through internal surveys, data gathering and interviews, the current state of compliance management has been evaluated, culminating in the formulation of a compliance risk assessment report outlining accountable entities, response strategies, and action plans.

Lotus Tech makes every effort to enhance compliance awareness among employees and promote a culture of responsibility. To facilitate this, the Company encourages reporting of compliance violations by employees and suppliers through various channels, including email (jubao@lotuscars.com.cn), compliance subscription account, and hotline. After thoroughly investigating reported incidents, the discipline inspection and compliance team takes disciplinary actions against any violations in accordance with the *Rules for the Implementation of Compliance Supervision and Punishment.* For customer feedback, complaints, and tip-offs, Lotus Tech provides multiple public channels, such as a customer service hotline (4008520888), email (info@lotuscars.com.cn), online platforms, and a dedicated mailbox for personal information protection (LOTUS.LegalCompliance@lotuscars.com.cn). In case of complaints, the Lotus Tech Customer Service Center follows established protocols outlined in the *Customer Service Center Management Procedures* to address complaints, facilitate communication, and collaborate with relevant departments for resolution and follow-up. In addition, the Company is committed to fostering a culture of compliance throughout the Company by engaging all staff in compliance training sessions covering areas such as trade, information security, anti-corruption, anti-monopoly, and marketing.

In 2023

Total number participating in compliance training

6,280

TAX MANAGEMENT

Lotus Tech complies with the OECD Tax Guidelines by establishing tax management teams for handling tax-related activities globally, encompassing daily tax management, tax risk management, and tax planning. The Company issues tax management guidelines and the transfer pricing manual, which undergo regular reviews and updates to mitigate tax risks and improve tax management efficiency. Furthermore, independent external consultants are engaged to provide expert tax advice regarding relevant practices, ensuring the compliance of tax handling.

BUSINESS ETHICS

Lotus Tech upholds rigorous ethical standards, as evidenced by the release of the *Code of Business Conduct and Ethics*. The Company takes proactive steps to address anti-corruption, anti-unfair competition, and intellectual property rights protection, safeguarding sustainable business practices.

ANTI-CORRUPTION

Lotus Tech stands firmly against any form of bribery and corruption. The Company has issued the *Anti-Corruption Compliance Policy*, demanding adherence from employees, shareholders, distributors, and other stakeholders. Complementary regulations, such as the *Lotus Tech Compliance Management System for Prohibition of Internal Corruption* and the *Lotus Tech Compliance Management System for Anti-Bribery* are in place to systematically promote a culture of business integrity and compliance. What's more, the Company has established a management framework to address corruption risks by conducting investigations, enforcing compliance violations, and issuing case warnings based on internally reported or proactively discovered corruption leads. In order to prevent corruption risks, the Company is constructing a fraud risk identification dashboard to investigate and manage corruption clues.

Lotus Tech prioritizes anti-corruption, anti-bribery, and ethical power usage as core principles for all employees. Tailored training programs are regularly conducted for management, key personnel, and new hires. The Company also collaborates with stakeholders to foster an ethical business climate, outlining clear anti-corruption expectations in the *Supplier Code of Conduct*. During the reporting period, Lotus Tech received no confirmed instances of corruption, and no related reports were filed.

FAIR COMPETITION

Lotus Tech promotes fair competition by adhering to policies that ensure openness, transparency, and fairness in the market. The Company has developed the *Anti-monopoly Compliance Management System of Wuhan Lotus Technology Co., Ltd*. In 2023, Lotus Tech conducted extensive anti-monopoly training and refined its anti-monopoly procedures. It implemented measures such as establishing a Clean Team and enforcing the Clean Team Agreement (CTA) to restrict data sharing before engaging in business collaborations, aiming to prevent horizontal monopoly risks and uphold fair competition.

INTELLECTUAL PROPERTY PROTECTION

Lotus Tech upholds the principle of respecting intellectual property rights in its operations. The Company has established protocols such as the *Patent Asset Management Procedure*, the I*ntellectual Property Reward Scheme of Wuhan Lotus Technology Co., Ltd*., and the *Copyright Management Measures of Lotus Tech* to protect its interests and mitigate the risks of intellectual property infringement. In 2023, the Company conducted 8 training sessions targeted at the R&D department, with topics ranging from basic patent knowledge and application processes to safeguarding business secrets and addressing common inventor concerns.

In 2023

Lotus Tech has not been involved in any administrative or judicial cases related to allegations of infringement.

INFORMATION SECURITY AND PRIVACY PROTECTION

The Company consistently enhances its management system to monitor and address potential risks in these areas. Additionally, it develops robust measures to safeguard the information and privacy of the Company, employees, users, and other stakeholders.

INFORMATION SECURITY

Lotus Tech places great emphasis on system security and cybersecurity. Lotus Tech complies with information security standards and protocols imposed by laws, regulations, and industry standards in jurisdictions it operates, or contractual obligations including: the *European Union's General Data Protection Regulation (GDPR),* the *Personal Information Protection Law of the People's Republic of China,* the *Data Security Law of the People's Republic of China,* and the *Several Provisions on Management of Automobile Data Security (for Trial Implementation)*. The Company has set up an information security management system grounded in ISO/IEC 27001:2022 information security management system and proactively plans its market entry strategies.

As of December 31, 2023

A total of 8 entities had obtained the ISO/IEC 27001:2022 certification for Information Security Management System.[15]

In 2023

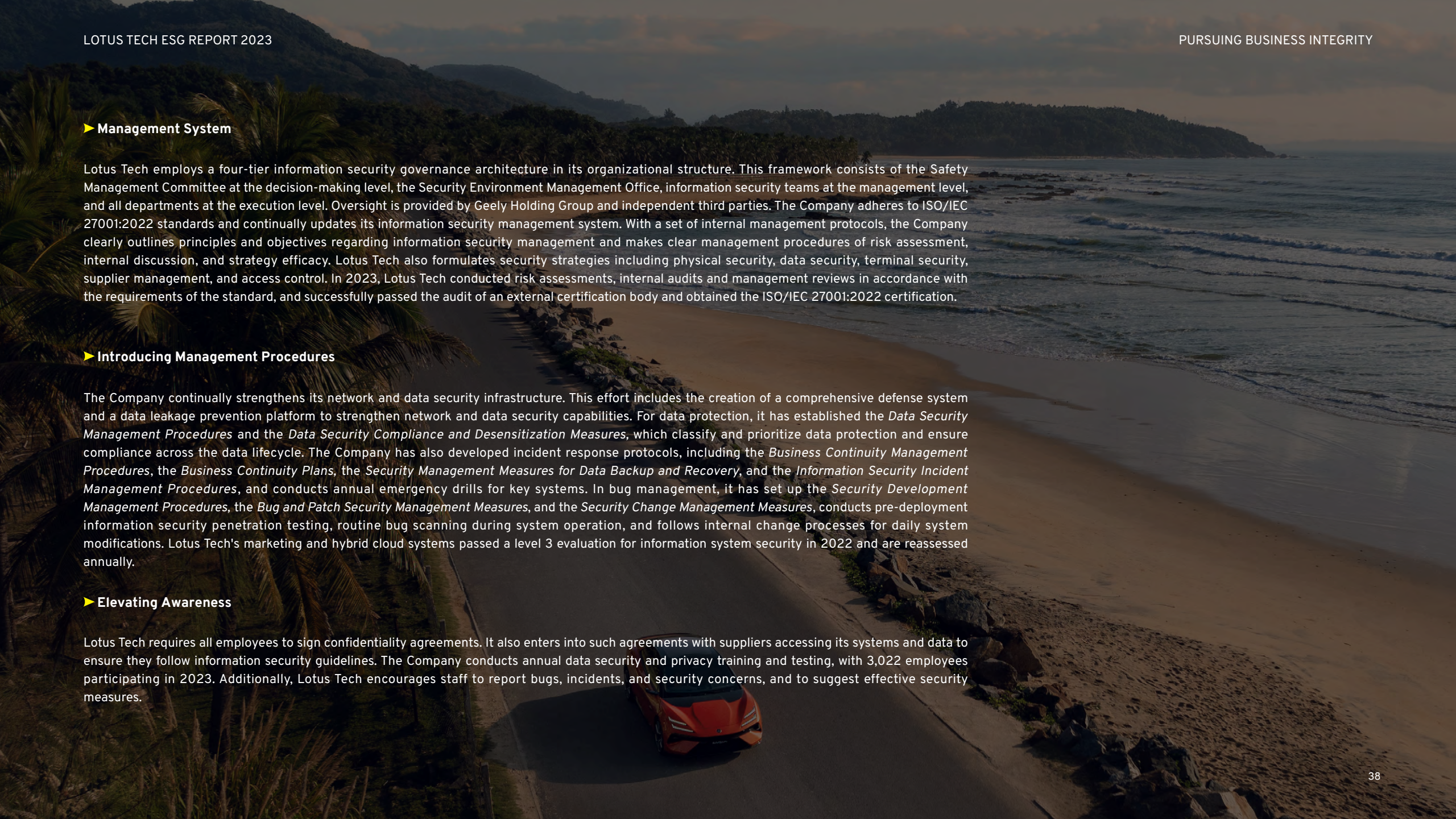
Subsidiary Ningbo Lotus Robotics Co., Ltd. won the 2023 outstanding OEM cybersecurity team award conferred by Society of Automotives Engineers.

Releasing the whitepaper on *Data and Privacy Protection of Intelligent Connected Vehicles*

Lotus Tech has operates across the EU, North America, and the UK, with products involving crucial data such as user and automotive data. Cybersecurity and data compliance are priorities for the Company. In 2023, Lotus Tech partnered with consulting firm to release the whitepaper on *Data and Privacy Protection of Intelligent Connected Vehicles*. This document covers applicable laws and regulations, compliance requirements and recommendations for intelligent connected vehicles, along with Lotus Tech's data security compliance practices and future development outlooks, offering valuable insights to the industry.

Please click here to access the details of the whitepaper on *Data and Privacy Protection of Intelligent Connected Vehicles*.

[15]Entities certified with the ISO/IEC 27001:2022 Information Security Management System include: Wuhan Lotus Technology Co., Ltd., Wuhan Lotus Cars Sales Limited, Wuhan Lotus Cars Co., Ltd., Hangzhou Flash Charging New Energy Co., Ltd., Ningbo Lotus Robotics Co., Ltd., LTIC, Lotus Tech Creative Centre Limited (LTCC), Lotus Cars Europe B.V. (LCE).



► Management System

Lotus Tech employs a four-tier information security governance architecture in its organizational structure. This framework consists of the Safety Management Committee at the decision-making level, the Security Environment Management Office, information security teams at the management level, and all departments at the execution level. Oversight is provided by Geely Holding Group and independent third parties. The Company adheres to ISO/IEC 27001:2022 standards and continually updates its information security management system. With a set of internal management protocols, the Company clearly outlines principles and objectives regarding information security management and makes clear management procedures of risk assessment, internal discussion, and strategy efficacy. Lotus Tech also formulates security strategies including physical security, data security, terminal security, supplier management, and access control. In 2023, Lotus Tech conducted risk assessments, internal audits and management reviews in accordance with the requirements of the standard, and successfully passed the audit of an external certification body and obtained the ISO/IEC 27001:2022 certification.

► Introducing Management Procedures

The Company continually strengthens its network and data security infrastructure. This effort includes the creation of a comprehensive defense system and a data leakage prevention platform to strengthen network and data security capabilities. For data protection, it has established the *Data Security Management Procedures* and the *Data Security Compliance and Desensitization Measures,* which classify and prioritize data protection and ensure compliance across the data lifecycle. The Company has also developed incident response protocols, including the *Business Continuity Management Procedures*, the *Business Continuity Plans,* the *Security Management Measures for Data Backup and Recovery*, and the *Information Security Incident Management Procedures*, and conducts annual emergency drills for key systems. In bug management, it has set up the *Security Development Management Procedures,* the *Bug and Patch Security Management Measures*, and the *Security Change Management Measures*, conducts pre-deployment information security penetration testing, routine bug scanning during system operation, and follows internal change processes for daily system modifications. Lotus Tech's marketing and hybrid cloud systems passed a level 3 evaluation for information system security in 2022 and are reassessed annually.

► Elevating Awareness

Lotus Tech requires all employees to sign confidentiality agreements. It also enters into such agreements with suppliers accessing its systems and data to ensure they follow information security guidelines. The Company conducts annual data security and privacy training and testing, with 3,022 employees participating in 2023. Additionally, Lotus Tech encourages staff to report bugs, incidents, and security concerns, and to suggest effective security measures.

PRIVACY PROTECTION

Aligned with external privacy protection regulations and industry best practices, Lotus Tech adopts the ISO/IEC 27701:2019 standard to create a global privacy compliance framework tailored to its needs. This framework encompasses management protocols such as the *Privacy Protection Design Control Procedure* to ensure comprehensive personal information protection. Moreover, the Company has introduced a management measure for third-party personal information management, addressing supplier access, contract signing, and auditing. The Company also published the *Lotus Privacy Policy*, further detailing its practices on personal information collection, use, sharing, and protection, thereby safeguarding user and stakeholder privacy rights and interests. In 2023, employees received 299 hours of privacy and data protection training.

As of December 31, 2023

0 violation of consumer privacy protection incidents

A total of 6 entities have obtained the ISO/IEC 27701:2019 certification for Privacy Information Management System.[16]

[16]Entities certified with the ISO/IEC 27001:2019 Privacy Information Management System include: Wuhan Lotus Technology Co., Ltd., Wuhan Lotus Cars Sales Limited, Wuhan Lotus Cars Co., Ltd., Hangzhou Flash Charging New Energy Co., Ltd., Ningbo Lotus Robotics Co., Ltd., and LTIC.

BUILDING A BETTER COMMUNITY TOGETHER

With a strong sense of responsibility and mission, Lotus Tech is collaborating with stakeholders to build a better community.

EMPLOYEE EMPOWERMENT

Lotus Tech, as a global enterprise, values the individuality of its multicultural staff hailing from countries such as China, the UK, the Netherlands, and Germany. By providing diverse and equal opportunities, Lotus Tech empowers its employees to maximize their potential and contribute valuable outcomes.

EMPLOYEE RECRUITMENT AND RETENTION

Rooted in a frankness, openness, respectful and collaborative corporate culture, Lotus Tech fosters an appealing work environment that embraces equality and inclusiveness. The Company keeps attracting global talent with diverse backgrounds, aiming to build a more diverse talent workforce worldwide.

Lotus Tech Won

The 2023 Best Employer Brand[17]

The Employers Worth Joining Award[18]

[17]Granted by the GHRC & Sirius Awards ceremony.

[18]Granted by Maimai 2023 MAX Multi-dimensional Employer Selection.

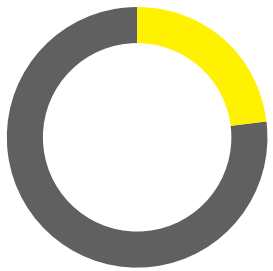
Equal Employment

Lotus Tech strictly abides by laws and regulations on employment in countries where it operates, such as the *Charter of Fundamental Rights of the European Union,* the *Labor Law of the People's Republic of China,* the *Labor Contract Law of the People's Republic of China.* In 2023, Lotus Tech had 3,180 full-time employees and a number of interns and contract agency workers.

Regarding the recruitment process of employees, the Company has established internal management protocols such as the *Lotus Recruitment Management Measures and the Labor Protection Procedure for Female Employees and Underage Workers*. To ensure equal opportunities in employment, these guidelines explicitly prohibit child labor, recruitment information with gender, targeted or regional discrimination, and content infringing on others' rights. Additionally, the Company embeds anti-discrimination and diversity principles into daily employee management. The *Employee Handbook* and other policies explicitly forbid any form of discrimination or differential treatment based on race, color, religion, gender, sexual orientation, age, nationality, heritage, disability, or any other factors irrelevant to the Company's legitimate interests. To address discrimination, the Company offers complaint channels such as email: jubao@lotuscars.com.cn, conducts thorough investigations into complaints received, and applies penalties accordingly. Over 10 training sessions focusing on anti-discrimination and anti-harassment were held for new hires. During the reporting period, there were no significant incidents of child labor, forced or compulsory labor.

Depending on the location of operation sites, Lotus Tech conducts annual performance surveys to understand the employees' developmental needs, fostering greater dedication and satisfaction. The Company has established labor unions based on the location of its operations to advocate for employee rights and interests.

Employees by gender



Female 23.3%

Male 76.7%

Employees by function

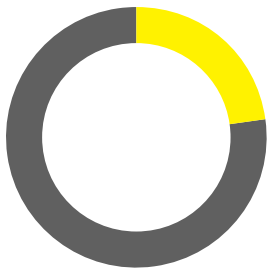
Marketing 21.7%

Support 14.1%

Supply chain 7.5%

R&D 56.7%

Employees by region



Overseas region 23.0%

The Greater China region 77.0%

Compensation Incentives

Lotus Tech has developed a sophisticated compensation incentive system that includes fixed, variable, and long-term payments. The Company annually updates its compensation standards, considering local market benchmarks, business performance, and the Consumer Price Index of the operation site, to maintain competitive salaries. Depending on the location of operation sites, salaries are reviewed monthly to ensure the compensation system's compliance and effectiveness. Adhering to the principle of equal pay for equal work, the Company ensures that the standard starting salary for both male and female employees is proportionate to the local minimum wage.

The performance appraisal system evolves positively at Lotus Tech to offer employees fair and transparent opportunities for salary adjustments. Wuhan Lotus Technology Co., Ltd. has published the *Measures for Performance Management*. It serves as a framework for evaluating employee performance using a PVC (performance, value, competence) model, and a comprehensive assessment method on an annual and semi-annual basis. Salaries are adjusted based on these evaluation results. Moreover, the Company has devised tailored incentive schemes for various departments, offering a variety of compensation incentives including project team bonuses, immediate incentives, and long-term equity-based incentives, which help attract and retain outstanding staff, and foster ongoing business excellence. In 2023, the percentage of employees receiving regular performance and career development reviews is 100%.

Benefits and Care

With a people-first approach, Lotus Tech addresses diverse employee needs, fostering a humane workplace environment. The Company provides social insurance in compliance with local laws and extends benefits such as commercial insurance, supplementary medical coverage, and various bonuses including quarterly, holiday, and birthday perks. Additionally, Lotus Tech offers physical and mental health services, family insurance plans, and assistance with child schooling. LTIC's comprehensive welfare policy includes unemployment, long-term care, and public health insurance, along with business travel coverage. LCE offers annual health perks for wellness activities, and Wuhan Lotus Technology Co., Ltd. published the *Employee Care Incentive Program* and introduced care incentive funds in 2023 to support employees and their families during major life events or hardships such as marriage, new-born, and major health issues. Furthermore, cash incentives are provided for employees' academic achievements or honors.

Lotus Tech prioritizes the foundational and career development of its female employees. This initiative safeguards their recruitment, remuneration, and physiological needs during menstruation, pregnancy, maternity, and breastfeeding. Depending on the location of operation sites, the Company also provides a Baby Care Room, which is divided into breast-feeding, nursing and rest areas, in its office space, providing convenience for new mothers. To foster the professional advancement of female staff, Lotus Tech actively integrates female development initiatives into its ESG strategies. These initiatives include training programs to develop proficient female talents, a targeted effort to identify female leaders, and offering enhanced support and opportunities for female engineers to succeed. In 2023, an internal assessment was conducted to evaluate the performance and development needs of female employees. By the end of 2023, females comprised roughly 17.2% of senior management at Lotus Tech.

Diverse Culture

Lotus Tech acknowledges that embracing diversity, equity, and inclusion (DEI) is not only a moral imperative but also a strategic advantage crucial for business success. In 2023, the Company hosted an ESG specialist training camp, involving key staff in discussions on the importance of DEI. Furthermore, the Company developed DEI training courses accessible to all employees, aiming to enhance their comprehension and application of DEI principles across various facets including corporate operation, marketing, and community engagement.

Through a company-wide cultural ambassador certification program, senior managers commit to pledge to emphasize, promote, and nurture these cultural values daily by co-signing the Lotus Culture Commitment Joint Declaration. The Company has introduced democratic discussions among employees to validate the contents of the *Employee Handbook* and other relative policies, promoting employee engagement in corporate governance. To facilitate equal exchanges among staff worldwide, Lotus Tech initiated the intercultural integration project in 2023, engaging nearly 700 employees globally. The Company convened two Townhall meetings in which employees were encouraged to voice their questions and suggestions. Furthermore, the Company has established feedback channels for daily problems and suggestions from employees, with response and resolution rate standing at 100%.

TALENT DEVELOPMENT

Lotus Tech has enhanced its management through a diverse model that is tailored to its operations and growth. The Company integrates its talent strategy into its business practices and establishes pathways for career advancement in management, professional skills and operational technologies. It provides structured educational resources and conducts regular evaluations and career development reviews to identify and address any skill gaps. In 2023, the Company introduced a competency-based management framework specifying job criteria, coupled with a performance review system. This allows staff and managers to evaluate and improve their skills and managerial abilities, supporting targeted career advancement initiatives.

The *Measures for Training Management* and other management policies encompass training methodologies, internal trainer management and incentives, and management of employee external training. The Company has devised role-specific training strategies, promoting a systematic approach to talent development. It also runs empowerment projects for managers to enhance teamwork and improve leadership skills. New hires participate in comprehensive training, including corporate culture sessions, to ensure smooth integration. Advanced professionals engage in a competency-based development program, enriched by employee surveys and management interviews to refine their skills. In 2023, Lotus Tech began implementing a digital skills enhancement plan, establishing a solid groundwork for advancing digital proficiency.

In 2023

Total investment in training	USD 2.0 million
Total training person-time	31,806
Total employee training hours	67,112.1
Training hours per male employee	22
Training hours per female employee	20

OCCUPATIONAL HEALTH AND SAFETY

Creating a safe and healthy work environment is the responsibility of every manager and employee at Lotus Tech. The Company has issued occupational health and management policies, incorporating global legal regulations and trends to establish a robust safety and health management system, and regularly evaluates the effectiveness of occupational health and safety management.

In 2023

Wuhan Lotus Technology Co., Ltd. and Hangzhou Flash Charging New Energy Co., Ltd. passed ISO 45001:2018 system certification.

In 2023

Employees received safety and health training	1,952
Number of work-related injuries	3
Fatalities as a result of work-related injuries	0
Lost days due to work-related injuries	122

▶ Management System

Depending on the location of operation sites, the Company established a work safety responsibility system and a three-level safety management framework. The Safety and Environmental Management Office, headed by the Safety Management Committee, oversees daily safety operations. Safety management is delegated to the business department, with performance integrated into individual assessments. Management systems including the *EHS Management Manual* and other policies regulate safety and health procedures. The Company has also established external health organizations in offices located in France and Germany, providing professional guidance and support to the teams.

▶ Safety Protection

Through the *Hazard Identification and Assessment Control Procedure* and other relative policies, the Company identifies and addresses hazards scientifically, developing appropriate prevention and control strategies. Safety incidents are categorized and managed according to the *EHS Incident Investigation and Reporting Procedure* and other management policies, ensuring proper investigation and resolution. The Company has emergency response plans for incidents such as typhoon, flood, and other unforeseen events, equipping sites with rescue materials and providing employees with safety gear and emergency support. Additionally, LTIC has passed the Employer's Liability Insurance Association audits and installed automated external defibrillators (AEDs) in offices, further prioritizing workplace safety and health.

▶ Safety Awareness

The Company commits to work safety by having related employees sign the *Letter of Commitment for Work Safety* annually. It informs specific worker groups about potential job-related hazards as outlined in the *List of Occupational Disease and Hazards for Positions*, and maintains health monitoring records for those exposed to occupational hazards. It also regularly offers training in work safety, occupational health, and emergency responses to enhance employees' emergency management skills.

▶ Mental Health Protection

The Company offers all-round, professional, and timely mental health care to employees through employee assistance programs, including the EAP Smart Mental Platform and the LifeWorks Platform.

SUSTAINABLE SUPPLY CHAIN

Lotus Tech remains vigilant in overseeing the ESG performance of its suppliers, advocating for traceability of key raw materials, and enhancing supply chain management. By partnering with global suppliers, the Company aims to create a supply chain that is equitable, transparent, stable, and efficient, in line with sustainability goals.

SUPPLIER MANAGEMENT

Lotus Tech enters into procurement contracts, confidentiality agreements, and supplier integrity self-discipline agreements with suppliers. The Company has set up procurement management protocols, including the *Procurement Control Procedure*, to ensure a fair, transparent, and compliant procurement process. In 2023, the Company updated its Supplier Code of Conduct with ESG-related requirements. Additionally, the Company is actively working towards assessing the adherence to these standards during supplier selection, evaluation, and review processes.

- Supplier Access and Evaluation

The Company has built a supplier access system, as outlined in its *Measures for Management of New Supplier Access Evaluation* and other relative policies, assessing suppliers on R&D, quality, manufacturing, compliance, and sustainability through an evaluation form. Suppliers' evaluation results include sustainable management system building, integrity, trade and data security compliance, environmental governance, and employee and labor rights. Depending on suppliers' different category, there are entry requirements towards relevant certifications (IATF 16949, ISO 14001, and ISO 9001). Lotus Tech regularly evaluates suppliers through communications, training, and performance assessments to enhance supply chain management, as stated in the *Measures for Supplier Evaluation Management*.

- Supplier Empowerment

The Company regularly communicates with key suppliers and offers ESG training to improve their accountability. In 2023, it invited suppliers to the training sessions of "Drive Sustainability" platform on responsibility and carbon emission management, supporting them in addressing sustainable development challenges. Additionally, a conference on sustainable supply chain was held for core suppliers to introduce the strategic plans and emphasize the Company's commitment to sustainability.

- Supplier Exit Mechanism

For suppliers breaching the code of conduct, the Company will enforce measures such as corrective actions within a set timeframe, ending cooperation, or order cancellation based on the violation's severity. Additionally, to enhance supplier exit management, the Company has developed and introduced the *Supplier Optimization and Exit Management Procedure*.

As of the end of 2023

Whole vehicle direct procurement suppliers, specifically referring to tier 1 suppliers

100%

of the suppliers signed the Supplier Code of Conduct.[19]

85.7%

of the suppliers passed ISO 14001 system certification.

69.2%

of the suppliers passed ISO 45001 system certification.

87.0%

of the suppliers passed IATF 16949 system certification.

[19]For the newly revised *Supplier Code of Conduct*, the Company will ensure suppliers are informed of the revised content through documents or notifications.

KEY RAW MATERIAL TRACEABILITY

Lotus Tech strengthens the risk control of human rights, environment and other aspects of the supply chain by enhancing the traceability of raw materials in the supply chain. Following regulations such as the *Conflict Minerals Regulation*, the Company has updated *Code of Conduct* to include provisions on conflict minerals and other critical materials. Suppliers need to perform due diligence on their supply chains for certain minerals and metals to prevent human rights abuses, ethical violations, environmental damage, or the financing of armed conflicts during the mining and trading of these materials.

In 2023, Lotus Tech has launched a blockchain-based digital traceability platform for key materials in supplier management. This platform tracks the origins of critical supplier products and their raw material sources, assesses risks, and formulates response strategies, laying the groundwork for supply chain due diligence.

INDUSTRY DEVELOPMENT

Lotus Tech is actively involved in industry associations, research projects, and the development of industry standards, working alongside business partners to push forward technological and industry advancements. In 2023, the Company participated in 15 working groups organized by the China Automotive Technology and Research Center (CATARC), aiding in the creation of national automotive standards in China. Its subsidiary, Hangzhou Flash Charging New Energy Co., Ltd. contributed to drafting the *Communication Protocols between Supercharger and Electric Vehicle*. This standard addresses the industry's lack of a communication protocol for supercharging equipment, solves compatibility issues between supercharging vehicles and equipment, and promotes the use of supercharging technology, ultimately improving the charging experience for users.

Apart from engaging in standardization efforts, Lotus Tech actively joins industry forums to exchange experiences with partners. In 2023, LTIC took part in Automotive Europe 2023, a Reuters-organized event, contributing insights on the verification and validation process of autonomous driving.

In 2023

Lotus Tech joined the China Electricity Council as a member unit and joined the Carbon Neutrality Committee of the China Energy Conservation Association as a committee unit.

Hangzhou Flash Charging New Energy Co., Ltd., a subsidiary of Lotus Tech, became a member unit of the China Association of Automotive Manufactures.

Hangzhou Lightning Speed Technology Co., Ltd. and Wuhan Lotus Technology Co., Ltd. joined the FlashCharge Committee of the China Electric Vehicle Charging Infrastructure Promotion Alliance as member units.

CONTRIBUTION TO SOCIETY

Committed to social responsibility, Lotus Tech focuses on the welfare of youth, children, and vulnerable groups, collaborating with employees on public welfare initiatives for sustainable societal development. In 2023, depending on the location of operation sites, it introduced the *Measures for the Management of Lotus Tech Public Welfare Projects*, standardizing public welfare project management from initiation and implementation to volunteer management, to enhance project execution.

Focusing education on next generation

- Donated books and supplies to Zhanxi Town Primary School in Yingjiang County, Yunnan Province, China, and promoted knowledge about automobiles and smart driving technology to inspire the students' interest in technology.
- Sponsered and guided student teams to participate in the F1 in Schools STEM Challenge program, aiming to stimulate students' enthusiasm and initiative in car manufacturing and to assist in the professional competence of youth in programming and engineering design.

Caring for vulnerable groups

- Provided donations through charities for the care and upbringing of sick children in Germany.
- Procured public welfare products in quarterly employee benefit distributions to support disadvantaged farmers through a "purchase instead of donate" approach, and better incentivizing each employee to participate in public welfare initiatives.

Environmental protection initiative

- Offices in the Netherlands organized a river clean-up program in Amsterdam, the Netherlands, mobilizing employees in protecting local water bodies and contributing to urban sustainable development.

CONTENT INDEX

Instructions Lotus Tech prepared this report in accordance with the GRI Standards, covering the reporting period from January 1, 2023 to December 31, 2023.

GRI 1 used GRI 1: Foundation 2021

Indicator	Disclosure	Page/Comment
	GRI 2: General Disclosures 2021	
2-1	Organizational details	3
2-2	Entities included in the organization's sustainability reporting	1
2-3	Reporting period, frequency and contact point	1
2-4	Restatements of information	30
2-5	External assurance	53
2-6	Activities, value chain and other business relationships	3
2-7	Employees	42
2-8	Workers who are not employees	42
2-9	Governance structure and composition	4
2-10	Nomination and selection of the highest governance body	Disclosure on Investor Relations website.
2-11	Chair of the highest governance body	Annual report on Form 20-F
2-12	Role of the highest governance body in overseeing the management of impacts	4
2-13	Delegation of responsibility for managing impacts	4
2-14	Role of the highest governance body in sustainability reporting	4
2-15	Conflicts of interest	Annual report on Form 20-F
2-16	Communication of critical concerns	4
2-17	Collective knowledge of the highest governance body	2
2-18	Evaluation of the performance of the highest governance body	Annual report on Form 20-F
2-19	Remuneration policies	43
2-20	Process to determine remuneration	43
2-21	Annual total compensation ratio	Information is currently unavailable.
2-22	Statement on sustainable development strategy	5
2-23	Policy commitments	35
2-24	Embedding policy commitments	35
2-25	Processes to remediate negative impacts	35
2-26	Mechanisms for seeking advice and raising concerns	35
2-27	Compliance with laws and regulations	35
2-28	Membership associations	48
2-29	Approach to stakeholder engagement	7
2-30	Collective bargaining agreements	Information is currently unavailable.
	GRI 3: Material Topics 2021	
3-1	Process to determine material topics	6
3-2	List of material topics	6
3-3	Management of material topics	6
	Economy	
	GRI 201: Economic Performance 2016	
201-1	Direct economic value generated and distributed	Annual report on Form 20-F
201-2	Financial implications and other risks and opportunities due to climate change	28
201-3	Defined benefit plan obligations and other retirement plans	43
201-4	Financial assistance received from government	Annual report on Form 20-F
	GRI 202: Market Presence 2016	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Information is currently unavailable.
202-2	Disclosure 202-2 Proportion of senior management hired from the local community	Information is currently unavailable.
	GRI 203: Indirect Economic Impacts 2016	
203-1	Infrastructure investments and services supported	27

Indicator	Disclosure	Page/Comment
203-2	Significant indirect economic impacts	Information is currently unavailable.
	GRI 204: Procurement Practices 2016	
204-1	Proportion of spending on local suppliers	Information is currently unavailable.
	GRI 205: Anti-corruption 2016	
205-1	Operations assessed for risks related to corruption	36
205-2	Communication and training about anti-corruption policies and procedures	36
205-3	Confirmed incidents of corruption and actions taken	36
	GRI 206: Anti-competitive Behavior 2016	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period, no relevant legal proceedings occurred.
	GRI 207: Tax 2019	
207-1	Approach to tax	35
207-2	Tax governance, control, and risk management	35
207-3	Stakeholder engagement and management of concerns related to tax	35
207-4	Country-by-country reporting	No need to prepare the annual country report currently.
	Environment	
	GRI 301: Materials 2016	
301-1	Materials used by weight or volume	Information is currently unavailable.
301-2	Recycled input materials used	12
301-3	Reclaimed products and their packaging materials	13
	GRI 302: Energy 2016	
302-1	Energy consumption within the organization	29
302-2	Energy consumption outside of the organization	29
302-3	Energy intensity	Information is currently unavailable.
302-4	Reduction of energy consumption	25
302-5	Reductions in energy requirements of products and services	12
	GRI 303: Water and Effluents 2018	
303-1	Interactions with water as a shared resource	31
303-2	Management of water discharge-related impacts	31

Indicator	Disclosure	Page/Comment
303-3	Water withdrawal	Information is currently unavailable.
303-4	Water discharge	Information is currently unavailable.
303-5	Water consumption	31
	GRI 304: Biodiversity 2016	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	32
304-2	Significant impacts of activities, products and services on biodiversity	32
304-3	Habitats protected or restored	33
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information is currently unavailable.
	GRI 305: Emissions 2016	
305-1	Direct (Scope 1) GHG emissions	30
305-2	Energy indirect (Scope 2) GHG emissions	30
305-3	Other indirect (Scope 3) GHG emissions	30
305-4	GHG emissions intensity	Information is currently unavailable.
305-5	Reduction of GHG emissions	12/25
305-6	Emissions of ozone-depleting substances (ODS)	Information is currently unavailable.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Information is currently unavailable.
	GRI 306: Waste 2020	
306-1	Waste generation and significant waste-related impacts	31
306-2	Management of significant waste related impacts	31
306-3	Waste generated	31/32
306-4	Waste diverted from disposal	31/32
306-5	Waste directed to disposal	31/32
	GRI 308: Supplier Environmental Assessment 2016	
308-1	New suppliers that were screened using environmental criteria	25/47
308-2	Negative environmental impacts in the supply chain and actions taken	47

Indicator	Disclosure	Page/Comment
	Society	
	GRI 401: Employment 2016	
401-1	New employee hires and employee turnover	Information is currently unavailable.
401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	43
401-3	Parental leave	Information is currently unavailable.
	GRI 402: Labor/Management Relations 2016	
402-1	Minimum notice periods regarding operational changes	Depending on the specific situation.
	GRI 403: Occupational Health and Safety 2018	
403-1	Occupational health and safety management system	46
403-2	Hazard identification, risk assessment, and incident investigation	46
403-3	Occupational health services	46
403-4	Worker participation, consultation, and communication on occupational health and safety	46
403-5	Worker training on occupational health and safety	46
403-6	Promotion of worker health	46
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46
403-8	Workers covered by an occupational health and safety management system	46
403-9	Work-related injuries	46
403-10	Work-related ill health	No relevant issues have been identified during the reporting period.
	GRI 404: Training and Education 2016	
404-1	Average hours of training per year per employee	45
404-2	Programs for upgrading employee skills and transition assistance programs	45
404-3	Percentage of employees receiving regular performance and career development reviews	43
	GRI 405: Diversity and Equal Opportunity 2016	
405-1	Diversity of governance bodies and employees	42-44
405-2	Ratio of basic salary and remuneration of women to men	43
	GRI 406: Non-discrimination 2016	
406-1	Incidents of discrimination and corrective actions taken	42
	GRI 407: Freedom of Association and Collective Bargaining 2016	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Information is currently unavailable.
	GRI 408: Child Labor 2016	
408-1	Operations and suppliers at significant risk for incidents of child labor	Information is currently unavailable.
	GRI 409: Forced or Compulsory Labor 2016	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Information is currently unavailable.
	GRI 413: Local Communities 2016	
413-1	Operations with local community engagement, impact assessments, and development programs	49
413-2	Operations with significant actual and potential negative impacts on local communities	Information is currently unavailable.
	GRI 414: Supplier Social Assessment 2016	
414-1	New suppliers that were screened using social criteria	47
414-2	Negative social impacts in the supply chain and actions taken	47
	GRI 415: Public Policy 2016	
415-1	Political contributions	Information is currently unavailable.
	GRI 416: Customer Health and Safety 2016	
416-1	Assessment of the health and safety impacts of product and service categories	19
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	19
	GRI 417: Marketing and Labeling 2016	
417-1	Requirements for product and service information and labeling	19
417-2	Incidents of non-compliance concerning product and service information and labeling	19
417-3	Incidents of non-compliance concerning marketing communications	19
	GRI 418: Customer Privacy 2016	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	39

VERIFICATION STATEMENT OF ESG REPORTS

TÜVNORD

Verification Statement Number: CN-202405-CSR-01

TÜV NORD (Hangzhou) Co., Ltd. (hereinafter referred to as 'TÜV NORD') has been commissioned by the management of Lotus Technology Inc. (hereinafter referred to as 'Lotus Tech') to carry out an independent third-party verification of Lotus Tech's 2023 Environmental, Social and Governance Report (hereinafter referred to as 'report').
Lotus Tech is responsible for the collection, analysis, aggregation and presentation of information within the Report. TÜV NORD carries out this work (verification of the report) within the terms of reference agreed in the agreement with Lotus Tech. Lotus Tech is the designated user of this statement.
This statement is based on the 2023 Environmental, Social and Governance Report prepared by Lotus Tech. Lotus Tech is responsible for the integrity and authenticity of the information and data in the Report.

Verification Scope

The verification statement is based on the following:
· The Report discloses key environmental, social and governance performance and related information that happened in 2023.
· We evaluated the management process of collection, analysis, inspection of the information and data.
· Due to the economic data had been audited by the third party, we did not do double audit this time.
The verification was done on 22~23.04.2024.

Verification Methodology

The verification process includes the following activities:
· Review the document information which is provided by Lotus Tech.
· Interview the person who collected the report information.
· View the related websites and media reports, verify the data and information through sampling method.
· Refer to GRI Sustainability Reporting Standards (GRI Standards) for sustainable development reporting on balance, comparability, accuracy, timeliness, clarity and reliability requirements, we evaluate the report.
· Refer to AA1000 Assurance Standard (V3).
· Verification activity is based on TÜV NORD Rules for the Implementation of Report Verification (SP-C-A015, Rev.00).

Verification Level

AA1000 Assurance Standard (V3): type 1, medium verification.

Verification Conclusion

The 2023 Environmental, Social and Governance Report prepared by Lotus Technology Inc. comprehensively disclosed the actions and performance of Lotus Tech in fulfilling its environmental, social and governance in 2023. The data in the Report is reliable and objective and TÜV NORD found no systemic or substantial errors.
· Balance: The Report discloses the data such as the number of working days lost due to injury and the total amount of waste water discharged, etc., with a certain degree of balance.
· Comparability: The Report discloses the amount of energy consumed, the amount of greenhouse gas emitted, the amount of water used and the amount of waste emitted in 2022 and 2023, which is comparable.
· Accuracy: Sampling verify finds that cases and data disclosed in the Report are generally objective and accurate.
· Timeliness: The disclosure period of the Report is sustainable development performance in 2023. The Company has released reports for 2 consecutive years. The Report is timely.
· Clarity: The Report uses various formats such as pictures, charts, annotations, etc., making the information in the Report comprehensible.
· Reliability: The ESG Department of Lotus Tech is responsible for collecting, recording, compiling and analyzing the information and processes used in preparing the Report. Sample data could be traced back to their sources, ensuring the quality and materiality of the information to a certain extent.

Recommendation for Improvement

Through verification and evaluation, we have improvement suggestions on ESG practice and management, all of these are described in the verification report of the sustainability report and submitted to Lotus Tech's ESG department for continuous improvement.

Special Statement

This statement excludes:
· The activity outside information reveal.
· The position, ideas, beliefs, goals, future development direction and commitment which stated by Lotus Tech.

Statement of Independence and Competence

TÜV NORD is the world's leading Certification Body in inspection, testing and verification, operating in more than 100 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, occupational health and safety, social responsibility auditing and training; environmental, social responsibility and sustainability report verification.
TÜV NORD (Hangzhou) Co., Ltd. is an independent organization registered and established by TÜV NORD in China and ensure that there are no conflicts of interest with Lotus Technology Inc. or its branches and stakeholders during the implementation of the verification process of this report. All information in this report was provided by Lotus Tech, and TÜV NORD was not involved in the report preparation process.

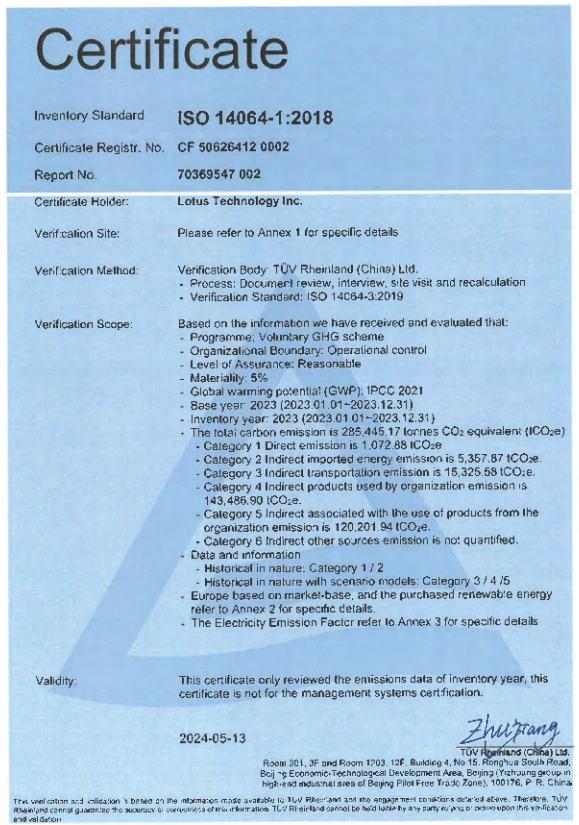
TÜV NORD (Hangzhou) Co., Ltd.

The team leader: ZHU Helen
Date: 16.05.2024

The Authorized person: SONG Haining
Date: 16.05.2024

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

Carbon Footprint Audit Certification



Certificate

Inventory Standard	ISO 14064-1:2018
Certificate Registr. No.	CF 50626412 0002
Report No.	70369547 002
Certificate Holder:	Lotus Technology Inc.
Verification Site:	Please refer to Annex 1 for specific details
Verification Method:	Verification Body: TÜV Rheinland (China) Ltd. - Process: Document review, interview, site visit and recalculation - Verification Standard: ISO 14064-3:2019
Verification Scope:	Based on the information we have received and evaluated that: - Programme: Voluntary GHG scheme - Organizational Boundary: Operational control - Level of Assurance: Reasonable - Materiality: 5% - Global warming potential (GWP): IPCC 2021 - Base year: 2023 (2023.01.01~2023.12.31) - Inventory year: 2023 (2023.01.01~2023.12.31) - The total carbon emission is 285,445.17 tonnes CO_2 equivalent (tCO_2e) - Category 1 Direct emission is 1,072.88 tCO_2e - Category 2 Indirect imported energy emission is 5,357.87 tCO_2e. - Category 3 Indirect transportation emission is 15,325.58 tCO_2e. - Category 4 Indirect products used by organization emission is 143,486.90 tCO_2e. - Category 5 Indirect associated with the use of products from the organization emission is 120,201.94 tCO_2e. - Category 6 Indirect other sources emission is not quantified. - Data and information - Historical in nature: Category 1 / 2 - Historical in nature with scenario models: Category 3 / 4 /5 - Europe based on market-base, and the purchased renewable energy refer to Annex 2 for specific details. - The Electricity Emission Factor refer to Annex 3 for specific details
Validity:	This certificate only reviewed the emissions data of inventory year, this certificate is not for the management systems certification.

2024-05-13

TÜV Rheinland (China) Ltd.
Room 301, 3F and Room 1703, 12F, Building 4, No.15 Ronghua South Road, Beijing Economic-Technological Development Area, Beijing (Yizhuang group in high-end industrial area of Beijing Pilot Free Trade Zone), 100176, P. R. China

This verification and validation is based on the information made available to TÜV Rheinland and the engagement conditions detailed above. Therefore, TÜV Rheinland cannot guarantee the accuracy or correctness of this information. TÜV Rheinland cannot be held liable by any party relying or acting upon this verification and validation.

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FEEDBACK

Dear stakeholders,

Thank you for reading the Lotus Tech ESG Report 2023. We highly value your feedback and valuable suggestions to help us continuously improve.

Please tick the appropriate box ✓

Do you think this report adequately represents the significant information about Lotus Tech's environmental, social, and governance aspects?

☐ yes ☐ no ☐ unclear

Do you think the indicators disclosed in this report are clear, accurate, and complete?

☐ yes ☐ no ☐ unclear

Do you think the content arrangement and style design of this report are easy to read?

☐ yes ☐ no ☐ unclear

What other information do you think needs to be known but is not reflected in this report?

_____

Do you have any suggestions for Lotus Tech's future publication of ESG report?

_____

Please send your opinions to: esg@lotuscars.com.cn
Thanks for your feedback!

LOTUS