LOTUS TECHNOLOGY INC.
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2022

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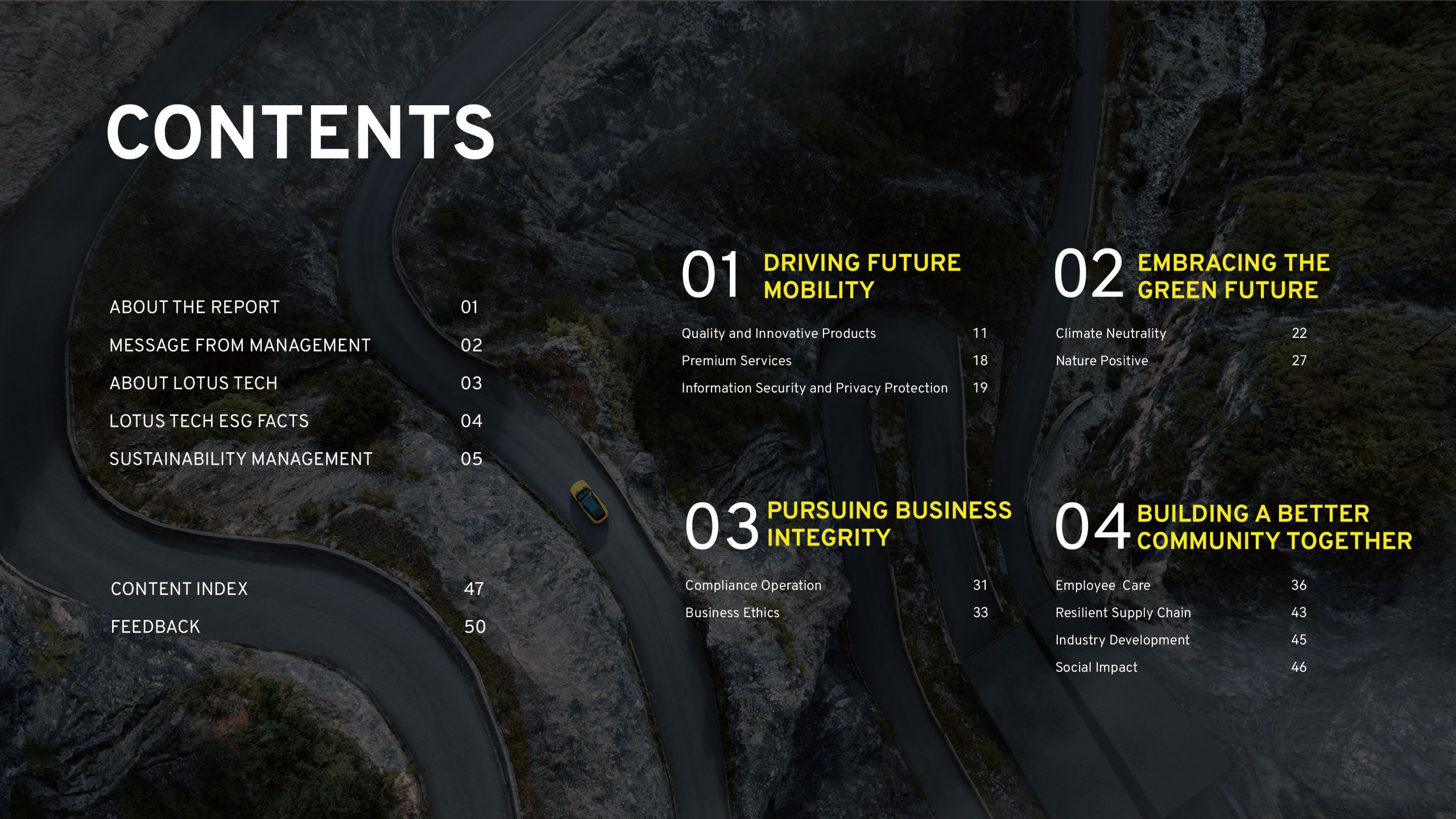
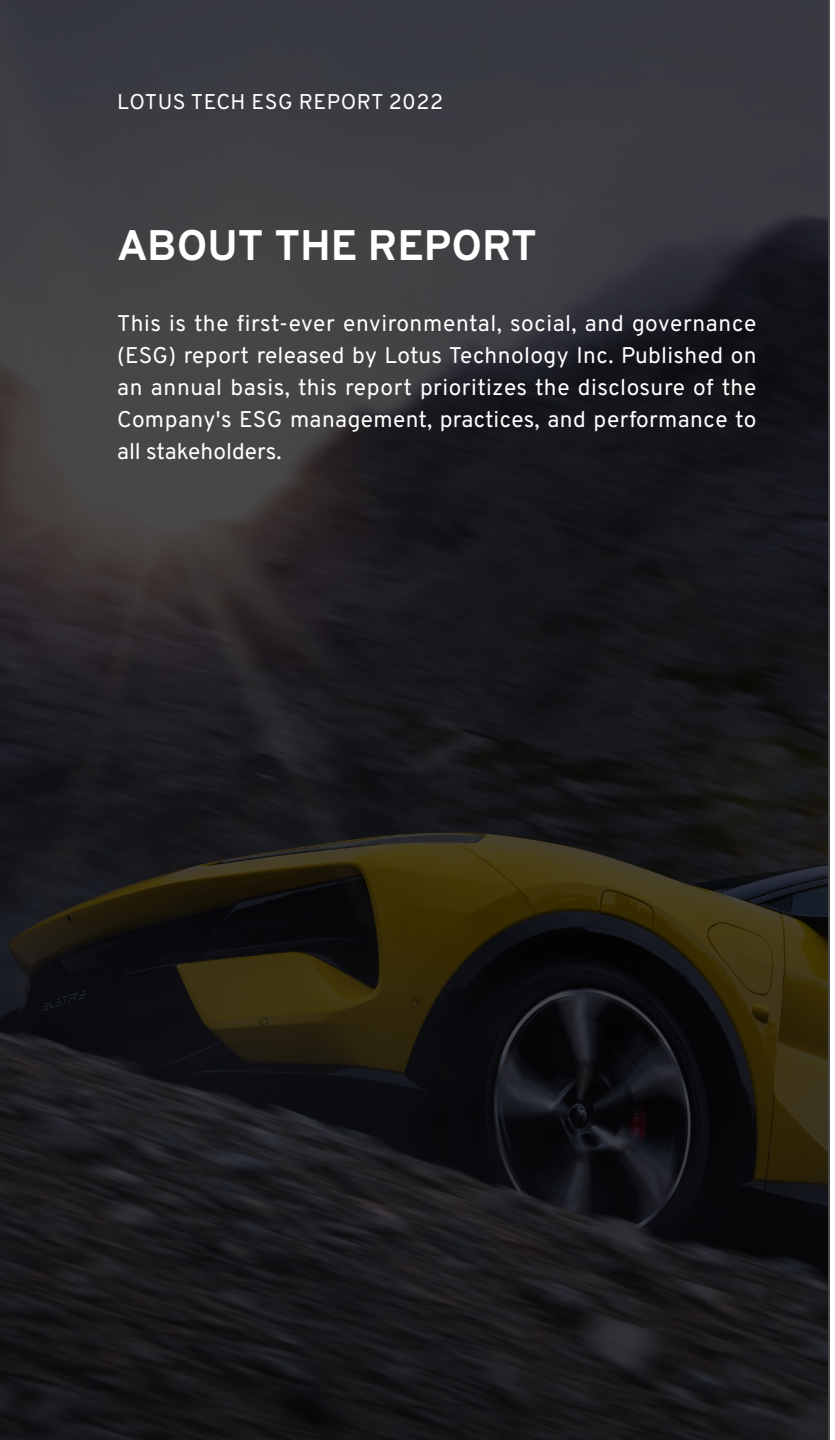


ABOUT THE REPORT

This is the first-ever environmental, social, and governance (ESG) report released by Lotus Technology Inc. Published on an annual basis, this report prioritizes the disclosure of the Company's ESG management, practices, and performance to all stakeholders.



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, 2022 to December 31, 2022, and also includes additional information beyond the stated reporting period.

COMPILATION CONFORMANCE

The report is prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI), and refers to the mainstream ESG rating indices, such as Morgan Stanley Capital International (MSCI) ESG index, and the Sustainability Accounting Standards Board (SASB) Standards, as well as the United Nations Sustainable Development Goals (SDGs) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

REPORTING DATA

The information and data used in this report is 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.

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MESSAGE FROM MANAGEMENT

2022 was a remarkable and memorable year of Lotus. In the interim of our 10-year development strategy Vision80, we launched the first lifestyle and the second Battery Electric Vehicle (BEV), Lotus Hyper-SUV Eletre. It is a milestone product in Lotus' transformation into an all-electric and intelligent luxury mobility provider.

Lotus Tech, founded under the Vision80 strategy within the Lotus brand umbrella, is a pioneering luxury BEV maker. We bring together more than seven decades of British racing heritage, iconic brand value and world-class research and development (R&D) capabilities. We are committed to the electrification and to our ambition of "Driving Change" of the brand and the luxury mobility industry.

We lay out our development trajectory to secure long-term success and sustainable growth of the world-famous legendary brand. Our key objectives include rolling out all BEV products beginning in 2022, developing a 100% BEV product portfolio by 2027, and achieving carbon neutrality by 2038.

Decarbonization is not solely on the impact of driving our cars but on our entire supply chain and production facilities. We will achieve this goal by continuous elevation of innovation internally and through our selected partnerships.

For fulfillment of Vision80 and our ambition of "Driving Change", people are always at the heart. We encourage and count on global Lotus colleagues for sustainable innovation on products, business and the planet. We will continue to offer an inclusive and diverse working environment, and equal opportunity to all.

In line with that, we are continuously committed to the connections and contribution to local communities by promoting education to the young generation, sponsorship to colleges and R&D projects, and so on.

> “Sustainability is in our DNA, and underpinning our initiatives and practices. As an early mover in the modern sustainable luxury BEV market, Lotus Tech is devoted to keeping on working with our stakeholders towards a future of sustainable growth.”

Alexious Lee
Lotus Tech CFO & Chairman of ESG Committee

ABOUT LOTUS TECH

Lotus Tech is a pioneering luxury BEV maker that designs, develops, and sells luxury lifestyle vehicles (non-sports car vehicles for daily usage) 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, with 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 a long-term business transformation strategy called Vision80. Vision80 is a clear brand, product, and industrial strategy. It is dedicated to transforming the Lotus brand into a fully electric, intelligent, and luxury mobility provider. This transformation aims to shift Lotus from auto-related growth to technology and ecosystem-related growth.

As an early mover in the modern sustainable luxury BEV market, Lotus Tech is a critical part of Vision80. Lotus Tech operates wholly-owned 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. The Company plans to broaden its portfolio of luxury EVs featuring groundbreaking technologies over the years to come, beginning with the expected launches of an E-segment sedan and a D-segment SUV.

The Company adheres to international ESG standards and is committed to ethical standards and transparent management. The Company has established an ESG committee to oversee its ESG affairs and actively fulfills its social responsibilities by protecting the interests of stakeholders such as employees and customers. As a leader in carbon reduction within the luxury car market, Lotus Tech aims to achieve carbon neutrality (Scope 1, 2 & 3) by 2038, driving the industry towards a more sustainable future.

LOTUS TECH ESG FACTS

Established ESG governance structure, including

ESG committee

Defined

Six ESG strategic pillars

UNGC

Participant

Set **2038**

Carbon neutrality target

100%

Renewable energy at Lotus Tech Innovation Centre GmbH (LTIC)

Best Employer [1]

Awarded to Wuhan Lotus Technology Co., Ltd.

A- ESG Rating

Awarded by SynTao Green Finance to Wuhan Lotus Technology Co., Ltd.

[1]The award is presented by the comprehensive human resources service provider 51Job.

SUSTAINABILITY MANAGEMENT

Sustainability serves as a distinguishing factor and cornerstone in the development strategy of Lotus Tech. Lotus Tech, recognizing the significance of stakeholders' and society's expectations, has formulated clear ESG objectives and implemented an action framework that aligns closely with its core operations. This proactive approach enables effective management of sustainability initiatives.

On May 29, 2023, Lotus Tech became a proud participant of the United Nations Global Compact (UNGC). The UNGC is one of the world's most renowned corporate sustainability initiative that calls on companies to uphold the Ten Principles encompassing human rights, labor, environment, and anti-corruption. As a participant, Lotus Tech demonstrates its endorsement of the Ten Principles of the Global Compact, actively engaging in responsible business operations to contribute to the achievement of social goals and Sustainable Development Goals (SDGs).

ESG MANAGEMENT SYSTEM

ESG management is an integrated part of daily decision-making and operations at Lotus Tech. The Company has introduced a sound 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 serves as the highest governing body of ESG management to comprehensively oversee the sustainability-related work across the Company. The duties encompass identifying, evaluating, and managing significant ESG risks, issues, and management policies associated with business operations. Reporting directly to the Board, the ESG Committee is responsible for developing the ESG strategy and scheme, and implementing concrete sustainability measures. Additionally, the ESG Working Group is established under the ESG Committee, which is comprised of professionals specialized in areas such as carbon neutrality, supply chain management, and ESG management, and is responsible for leading various departments to promote the implementation of ESG-related work.

ESG STRATEGY

Lotus Tech has weaved ESG strategy into its business strategy since its foundation. We are dedicated to driving changes in our products and brand, to provide growth and long-term value to our stakeholders, the industry and society.

Determined and confident in our goals and strategies, we also know that we cannot achieve them alone. We value our stakeholders' expectations and demands and continue to pursue collaborative opportunities with stakeholders globally, such as suppliers, dealers, business partners, policymakers, ESG thought leaders, etc.

We will continue to implement our ESG strategy into daily operations and practice holistically, to embrace a more sustainable future.

Strategic pillars	Nature Positive	Climate Neutrality	Sustainable Supply Chain
	Inclusion and Equality	Community Commitment	Transparent Governance

ESG EMPOWERMENT

To ensure that the ESG strategy is effectively executed, Lotus Tech has introduced ESG empowerment training programs and targets covering employees in management roles as well as other positions. In 2022, the Company administered both online and offline training sessions, such as the *Establishment of ESG Management System* and the *Introduction to ESG Fundamentals*, to further bolster ESG capacity building and advance ESG management.

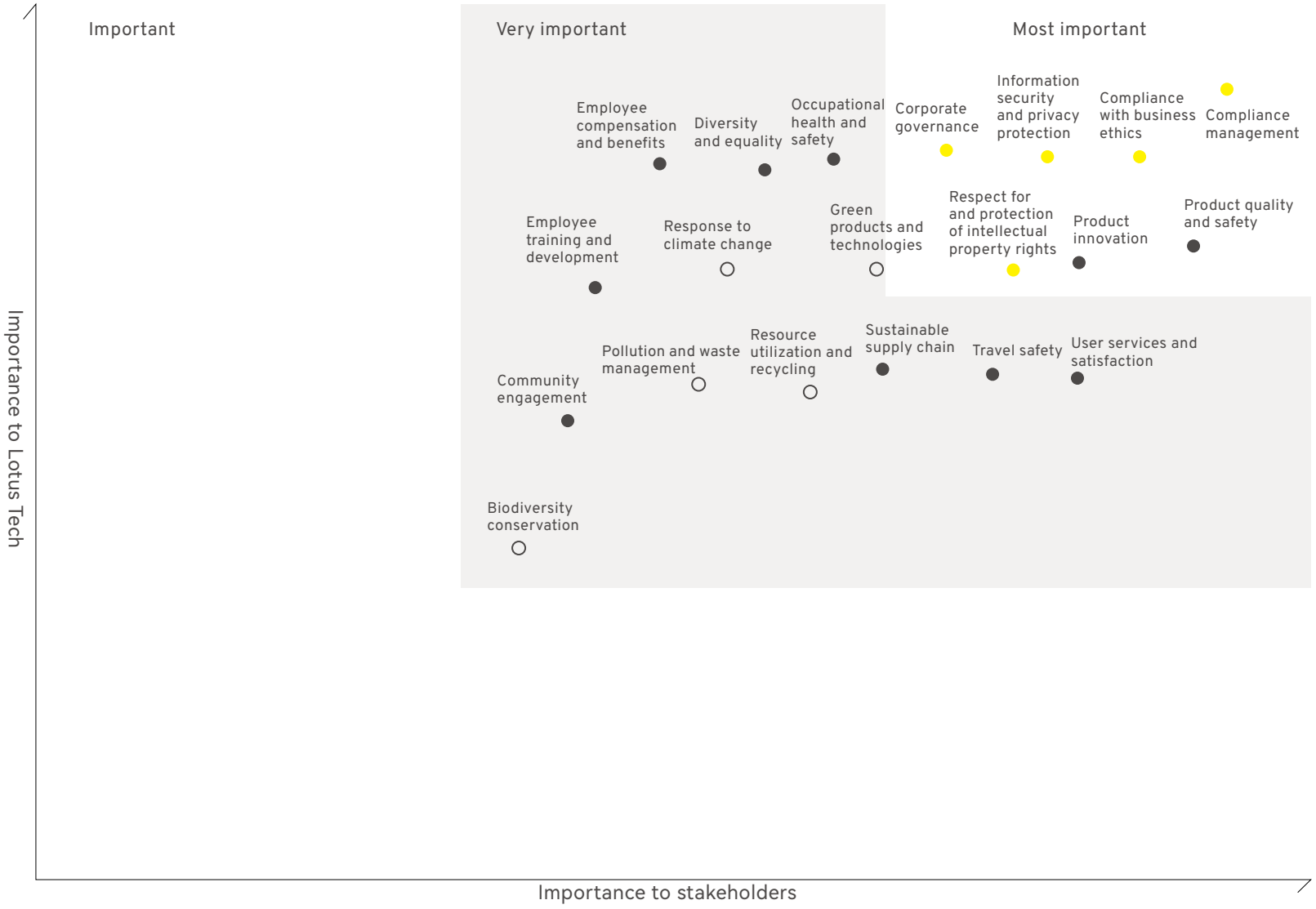
STAKEHOLDER COMMUNICATION

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.

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	•Financial performance •Product and technological innovation	•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	

MATERIALITY ASSESSMENT

Materiality assessment, helping to identify and update ESG topics that have significant impacts on current and future business operations, serves as the foundation for ESG information disclosure. In 2022, Lotus Tech conducted a thorough materiality assessment process, considering macro policies, industry development trends, and its own ESG strategic planning. 20 material topics have been identified through online questionnaire surveys involving stakeholders both within and outside the organization, including employees, customers and suppliers etc. Combined with the opinions of third-party expert consulting agencies, Lotus Tech then ranked the topics based on their importance to Lotus Tech and stakeholders, constituting a crucial reference point for driving ESG initiatives. Lotus Tech, recognizing the significant impact of all 20 topics on its development, will continue to promote relevant practices in its ESG efforts.



CONTRIBUTION TO SDGS

Lotus Tech is a strong advocate of the UN SDGs as the initiative encourages businesses to strike a balance between economic growth, social inclusivity, and environmental protection to achieve peace and prosperity for all. Taking the SDGs as the blueprint for its sustainability strategy, goals, and actions, Lotus Tech collaborates with stakeholders to realize these global goals.

Lotus Tech ESG strategy	Action		Contribution to SDGs
Nature Positive	• Developing sustainable products • Improving the environmental management system	• Embracing green manufacturing and office	
Climate Neutrality	• Formulating climate strategies to address climate risks • Promoting the construction of photovoltaic power stations in factories to vigorously develop green energy	• Conducting supply chain carbon emission assessments • Facilitating the construction of charging service facilities • Adopting low-carbon transportation	
Sustainable Supply Chain	• Formulating the *Code of Conduct for Suppliers* to encourage responsibility fulfillment • Intensifying supply chain ESG assessments	• Developing a digital supplier quality management platform	
Inclusion and Equality	• Fostering an inclusive, equal, and diverse culture • Establishing a scientific training system and smooth promotion channels	• Strengthening occupational health protection	
Community Commitment	• Ensuring the safety and quality of products • Enhancing information security and privacy protection • Instituting a safety function development and management system to mitigate mobility risks and safeguard road participants	• Providing roadside assistance services • Increasing industry exchanges and cooperation • Supporting education development	
Transparent Governance	• Improving corporate governance • Reinforcing risk management, internal control, and tax administration	• Upholding anti-corruption and promoting fair competition and intellectual property protection	

DRIVING FUTURE MOBILITY

Lotus Tech maintains its position as an early mover, leading the way in driving the transition towards electrification and sustainability in the global luxury automobile market. Through a strong focus on innovation, the Company consistently delivers sustainable luxury cars and services that are green, secure, and efficient, effectively meeting the increasing mobility demands of customers both now and in the future.

Contribution to SDGs:

QUALITY AND INNOVATIVE PRODUCTS

Lotus Tech incorporates sustainability and innovation into its products and technologies, while ensuring rigorous life cycle quality management. This commitment enables the Company to provide products that are of exceptional quality and excel in terms of innovation and sustainability.

Top Gear
We're most curious to drive, The Electric Awards 2022

What Car
Reader Award, 2022 Electric Car of the Year

GQ Magazine
SUV of The Year in 2023

In 2022, Lotus Tech unveiled its first fully electric Hyper-SUV, Eletre, boasting:

- A notably low 0.26 drag coefficient during normal driving, facilitated by the seven sets of aerodynamically porous-designed wind ducts channels, ensuring reduced energy consumption and extended range.
- A proprietary 800V Electrical Performance Architecture (EPA) for ultra-fast charging, enabling a charge from 10% to 80% in just 20 minutes.
- An advanced 6D chassis system and an intelligent dynamic control system, maximizing vehicle ride and handling performance.
- Advanced Driver Assistance Systems (ADAS), combined with a controller architecture of 500-1000 TOPS super computing power and dual backup, provide safety redundancy for the vehicle to ensure consistent driving safety.
- Impressive 0-100km/h acceleration in 2.95 seconds, a top speed of 265 km/h, and a maximum power output of 905 hp[2].

[2]Figures for Eletre R models

DRIVING INNOVATION

Innovation is a vital driving force for achieving sustainable development. Lotus Tech continuously improves its technology innovation management system, fosters innovative capabilities, implements innovation incentives, and leverages world-class research and development capabilities, to consistently drive the revolution of products and technologies.

As of December 31, 2022

Lotus Tech has acquired 193 patent authorizations, 386 patent applications, 161 registered trademarks such as ELETRE, 10 registered software program copyrights, and 92 registered domain names.

Case: Innovating R&D mechanism

In 2022, Lotus Tech introduced the "Rewards for Tackling Key Obstacles" initiative to inspire employee-driven innovation. Collaborating across multiple departments, the Company tackled pressing quality and technical challenges in nine areas, including LiDAR and active suspension. Consequently, Lotus Tech achieved remarkable breakthroughs with the mass production of Eletre. This includes the integration of cutting-edge advancements, such as the industry's first concealed LiDAR with augmented functionality, continuous variable damping control, and a fully in-house double-chamber air spring suspension software.

Initiatives related to promoting innovation

R&D layout

Gather world-class R&D capabilities with five R&D centers established in the UK, Germany, and China. As of December 31, 2022, its R&D team has boasted 1,874 professionals with a wealth of expertise and diverse experience across automotive, engineering, software, and artificial intelligence fields.

Skills development

Offer a range of trainings targeted at R&D personnel, such as enhancing product foresight, new product development services (NPDS), and agile development process, to elevate their innovative R&D capabilities. In 2022, over 620 participants were trained.

Incentives

Execute intellectual property incentive policy and award bonus incentives to inventors to boost technological innovation among employees.

Intellectual property protection

Form an intellectual property team to constantly perfect the intellectual property management system, thoroughly protecting intellectual property rights in diverse areas such as patents, copyrights, and trademarks.

SUSTAINABLE PRODUCTS

Deeply involved in manufacturing eco-friendly vehicles, Lotus Tech embeds sustainability across the entire product value chain, including design, R&D, production, and utilization. By establishing the *Development of Sustainable Attributes for Complete Vehicles Management Procedure*, Lotus Tech identifies the application of recycled materials and sets carbon emission targets for the vehicle lifecycle from the initial stages of R&D to provide specific paths for product realization.

Eco-friendly material selection	• Prioritizing non-toxic, low-emission, and recyclable materials, while concurrently increasing the use of recycled resources, such as recycled steel and aluminum.
Efficient design	• Embracing aerodynamic principles and optimizing vehicle contours, to attenuate the drag coefficient and reduce energy consumption during driving. Thanks to its seven sets of aerodynamically porous-designed wind duct channels, Eletre cuts power consumption by 435 kWh and carbon dioxide emissions by over 200 kg per 150,000 km[3]. • Leveraging lightweight materials and technologies to lower the overall vehicle weight, enhance energy efficiency, and reduce carbon emissions. Eletre features lightweight constituents such as carbon fiber, carbon ceramics, and sheet molding compound (SMC), with aluminum alloy representing over 50% of the steel-aluminum hybrid body. Concurrently, technologies like topology optimization are employed to further curtail vehicle weight, thus lowering energy consumption and carbon emissions.
Energy-saving super charging	• Eletre equips an advanced 800V high-voltage architecture and a 420 kW super charging station, decreasing energy loss by three-quarters compared to the 400V system under equivalent power conditions[4].

[3]Calculated by the internal simulation based on the Worldwide Harmonized Light Vehicles Test Cycle (WLTC).

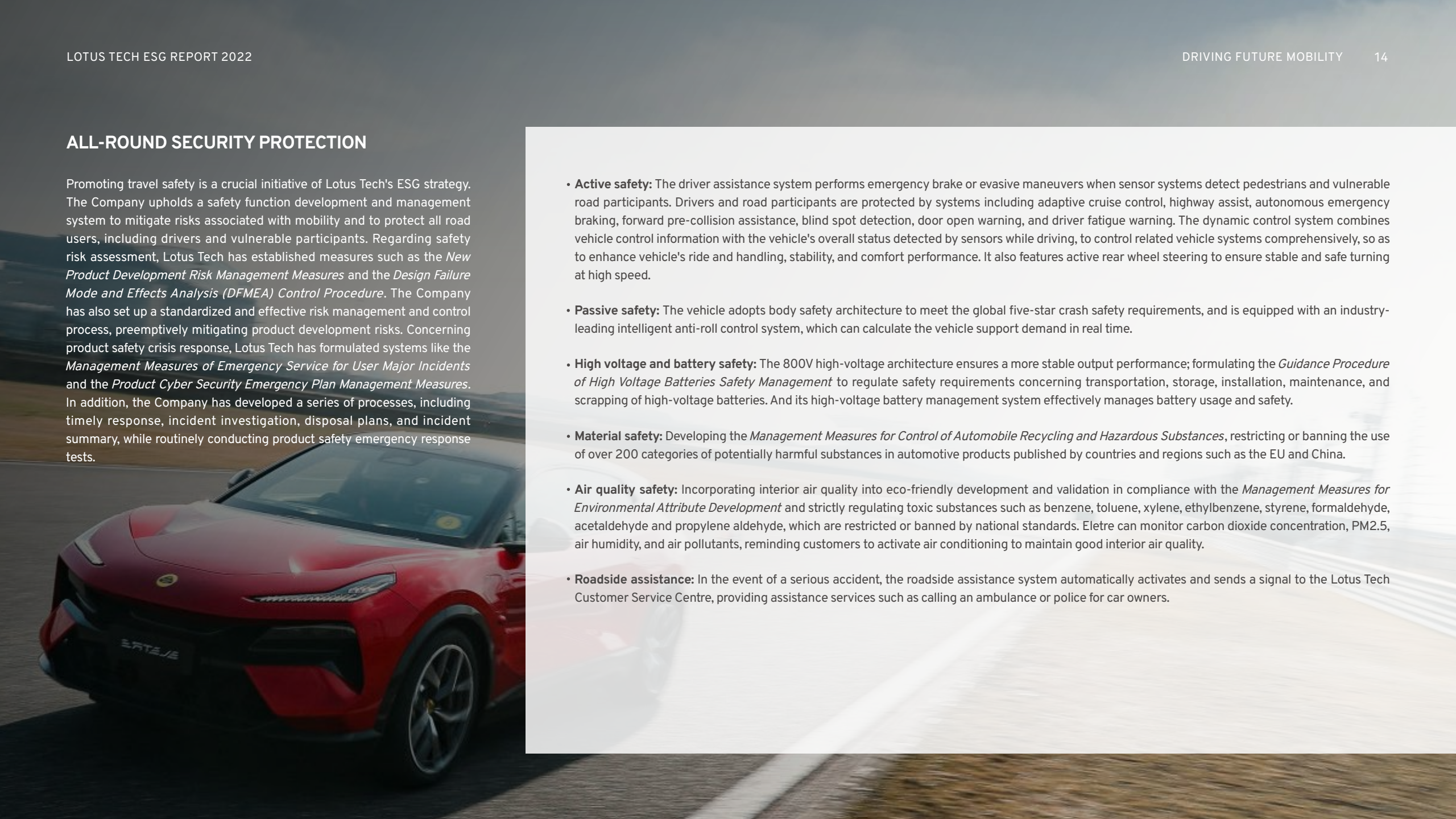
[4]Calculated based on theoretical value.

Case: Joining the Cyclometric Project

LTIC has joined the Cyclometric Research Team, funded by the German Federal Ministry of Education and Research (BMBF). The project seeks to advance the research on sustainable design of auto components throughout their life cycle. As a project participant, LTIC primarily contributes its industrial expertise to the investigation of methodological and procedural applicability.

ALL-ROUND SECURITY PROTECTION

Promoting travel safety is a crucial initiative of Lotus Tech's ESG strategy. The Company upholds a safety function development and management system to mitigate risks associated with mobility and to protect all road users, including drivers and vulnerable participants. Regarding safety risk assessment, Lotus Tech has established measures such as the *New Product Development Risk Management Measures* and the *Design Failure Mode and Effects Analysis (DFMEA) Control Procedure*. The Company has also set up a standardized and effective risk management and control process, preemptively mitigating product development risks. Concerning product safety crisis response, Lotus Tech has formulated systems like the *Management Measures of Emergency Service for User Major Incidents* and the *Product Cyber Security Emergency Plan Management Measures*. In addition, the Company has developed a series of processes, including timely response, incident investigation, disposal plans, and incident summary, while routinely conducting product safety emergency response tests.



- **Active safety:** The driver assistance system performs emergency brake or evasive maneuvers when sensor systems detect pedestrians and vulnerable road participants. Drivers and road participants are protected by systems including adaptive cruise control, highway assist, autonomous emergency braking, forward pre-collision assistance, blind spot detection, door open warning, and driver fatigue warning. The dynamic control system combines vehicle control information with the vehicle's overall status detected by sensors while driving, to control related vehicle systems comprehensively, so as to enhance vehicle's ride and handling, stability, and comfort performance. It also features active rear wheel steering to ensure stable and safe turning at high speed.

- **Passive safety:** The vehicle adopts body safety architecture to meet the global five-star crash safety requirements, and is equipped with an industry-leading intelligent anti-roll control system, which can calculate the vehicle support demand in real time.

- **High voltage and battery safety:** The 800V high-voltage architecture ensures a more stable output performance; formulating the *Guidance Procedure of High Voltage Batteries Safety Management* to regulate safety requirements concerning transportation, storage, installation, maintenance, and scrapping of high-voltage batteries. And its high-voltage battery management system effectively manages battery usage and safety.

- **Material safety:** Developing the *Management Measures for Control of Automobile Recycling and Hazardous Substances*, restricting or banning the use of over 200 categories of potentially harmful substances in automotive products published by countries and regions such as the EU and China.

- **Air quality safety:** Incorporating interior air quality into eco-friendly development and validation in compliance with the *Management Measures for Environmental Attribute Development* and strictly regulating toxic substances such as benzene, toluene, xylene, ethylbenzene, styrene, formaldehyde, acetaldehyde and propylene aldehyde, which are restricted or banned by national standards. Eletre can monitor carbon dioxide concentration, PM2.5, air humidity, and air pollutants, reminding customers to activate air conditioning to maintain good interior air quality.

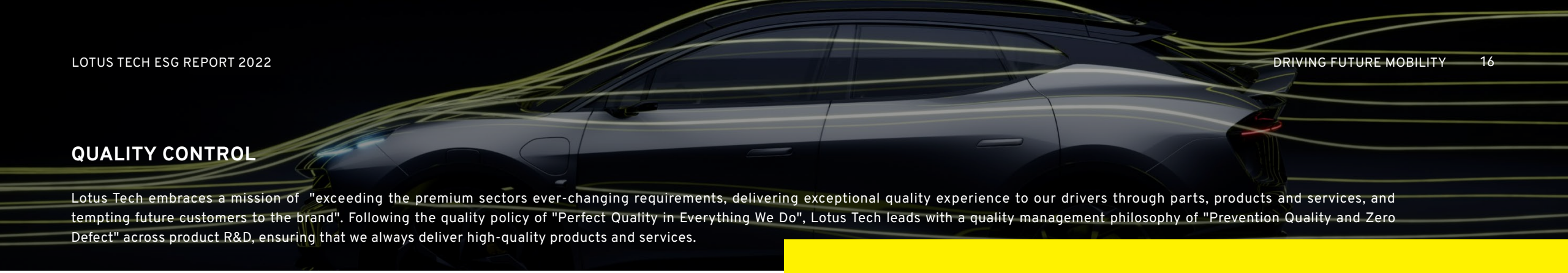
- **Roadside assistance:** In the event of a serious accident, the roadside assistance system automatically activates and sends a signal to the Lotus Tech Customer Service Centre, providing assistance services such as calling an ambulance or police for car owners.

Wuhan Lotus Cars Co., Ltd., the affiliated company of Lotus Tech, obtained the ISO 26262: 2018 Automotive Functional Safety ASIL D Product Certification and passed regulatory certification tests such as the EU 2021 1341 DDAW (Driver Drowsiness and Attention Warning), the EU 2021 646 (ELKS) (Emergency Lane Keeping System), and the UN R46 (CMS) (Camera-monitor System).

Ningbo Lotus Robotics Co., Ltd., the affiliated company of Lotus Tech, passed the Aspice L2 and the ISO/SAE 21434 Automobile Cybersecurity Standard Certification in the field of automatic driving.

Case: Eletre is equipped with ERMD (electronic rearview mirror display) for safer mobility

Eletre is one of the first batch vehicles in China to feature ERMD. ERMD is equipped with intelligent sensors to collect visual field information, and gives safety tips to drivers through the intelligent active safety system. At the same time, ERMD can increase the lateral field of view by 50% compared with the traditional rearview mirror, so that the drivers can see more road conditions, effectively reducing the rear blind spot area. In addition, ERMD is made of water-repellent material and has a heating function to avoid being covered by rain and snow, providing drivers with a clear view, even in extreme environments.



QUALITY CONTROL

Lotus Tech embraces a mission of "exceeding the premium sectors ever-changing requirements, delivering exceptional quality experience to our drivers through parts, products and services, and tempting future customers to the brand". Following the quality policy of "Perfect Quality in Everything We Do", Lotus Tech leads with a quality management philosophy of "Prevention Quality and Zero Defect" across product R&D, ensuring that we always deliver high-quality products and services.

In 2022

Both Lotus Tech's primary operating entities[5] and Lotus Global Smart Factory obtained ISO 9001 quality management system certification, covering all aspects of product R&D, quality management, procurement management, supply chain management, and marketing. The Company also engages with an external certification agency to perform annual supervisory audits on its systems.

Case: Launching quality training

In September 2022, Lotus Tech initiated a series of comprehensive quality training activities for all staff that encompass quality awareness training, cautionary examples of typical industry quality cases, dialogues with key individuals within the quality management space, and engaging quality knowledge quizzes. The sessions attracted participation from nearly 1,200 employees. Meanwhile, through on-site training in quality management systems such as the ALL IN ONE system and problem management system, employees also expanded their understanding and application skills focused on quality management systems.

[5]The certification covers Wuhan Lotus Technology Co., Ltd., Wuhan Lotus Cars Co., Ltd., Wuhan Lotus Cars Sales Limited, and Ningbo Lotus Robotics Co., Ltd.

Initiatives related to quality management

Quality management target setting

- Establish 37 company-level targets tied to quality management that are focused on five key dimensions: customer experience satisfaction, partner satisfaction, employee satisfaction, efficient internal quality control, and product compliance.
- Achieve target analysis, supervision, and improvement management by information technology with product compliance as a key management measure of quality targets.

Management system establishment

- Build an all-in-one quality management system based on the ISO 9001 standard with integrated requirements of vehicle network security, software upgrading management, and privacy information protection systems. The framework covers nine process areas: strategic vision, risk control, continuous improvement, relationship management, product realization, forward-looking research, resource management, support assurance, and knowledge management, ensuring quality management throughout the product life cycle.

Quality control across the product life cycle

- **Development stage**
  1. Convey quality management requirements of Lotus Tech to suppliers, and regularly monitor their execution via the supplier quality management IT system.
  2. Test the performance of components and the entire vehicle in advance with the virtual simulation software (CAE).
  3. Identify critical control points of product quality according to laws, regulations, functional requirements, and DFMEA, carry out risk prevention design at the project development stage, and weave quality control into every step of the process ranging from supply chain to manufacturing.
- **Validation and trial production stage**
  1. Perform road tests for the Eletre on a global scale, cover intelligent driving, reliability, durability, and adaptability on both Chinese and European road networks. By February 2023, the vehicle has logged over 1.3 million km across countries such as China, Germany, France, and Italy, with temperatures ranging from -40 to 40 degrees Celsius.
  2. Initiate ten campaigns to identifying the top ten concerns for overall vehicle quality, enhance key component quality based on reliability and durability, and prioritize user experience for smart cockpit and autonomous driving.
  3. Promote company-level activities for ongoing quality improvement by collecting and establishing 14 targeted improvement projects. In particular, through the "Vehicle Control Unit (VCU), Electronic Parking Brake (EPB) Test and Failure Mode and Effect Analysis (FMEA)" project, the Company has amassed considerable expertise, bolstering its EPB software development capabilities. Furthermore, the "OEM ECU Fresh Solution Logic Optimization" project has addressed manual maintenance of Bill of Materials (BOM) to reduce labor expenses and increase data accuracy.
- **Mass production stage**
  1. 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 to ensure the production and assembly quality of key components. Establish *Vehicle Audit Standard* to conduct thorough quality inspections on produced vehicles on a daily basis and assess the quality of 21 road conditions via the 0.8 km NVH test road and the 3 km expressway.
  2. Test and validate components and vehicles regularly; comprehensively control and track the quality of components and vehicles in accordance with quality systems such as the *Management Measures of Outsourcing Components Inspection*, the *Nonconforming Product Control Procedures*, and the *Identification and Traceability Management Procedures*.
  3. Formulate the *Recall Management Measures* following the regulations and guidelines outlined in *Regulation on the Administration of Recall of Defective Auto Products*, the *GB-T 34402-2017 Safety of motor vehicle product – Guidelines for risk assessment and risk control*, and the *GB-T 39603-2020 Guidelines for the recall effectiveness evaluation of defective motor vehicle products*; continue product quality improvement by information gathering, risk assessment, recall execution, and monitoring of suspected defects.

Raising quality awareness

- Launch the *Lotus Quality Report* to promote quality-related knowledge among all employees (seven issues were published in 2022).
- Organize quality training activities, with 19 sessions held in 2022, totaling 41.5 hours and involving over 1,700 participants.
- Fully enforce quality incentive management across all employees and identify exemplary annual quality culture instances to boost employee enthusiasm for embracing a quality-centric culture.

PREMIUM SERVICE

Focusing on user experience and requirements, Lotus Tech delivers full life cycle services utilizing a digital-first strategy and an omni-channel sales model. Customers can access an array of services like product personalization, payment, and after-sales support through Lotus Tech's online/offline platforms. To ensure consistent service quality across all channels, the Company has formulated documents such as the *Lotus After-sales Service Process Standard Manual*, which establishes service standardization and normalization procedures. Concurrently, Lotus Tech institutes a routine information sharing mechanism for all sales channels, including regular brand meetings, and provides routine training sessions on basic sales, technology, and special promotions.

Seamless communication

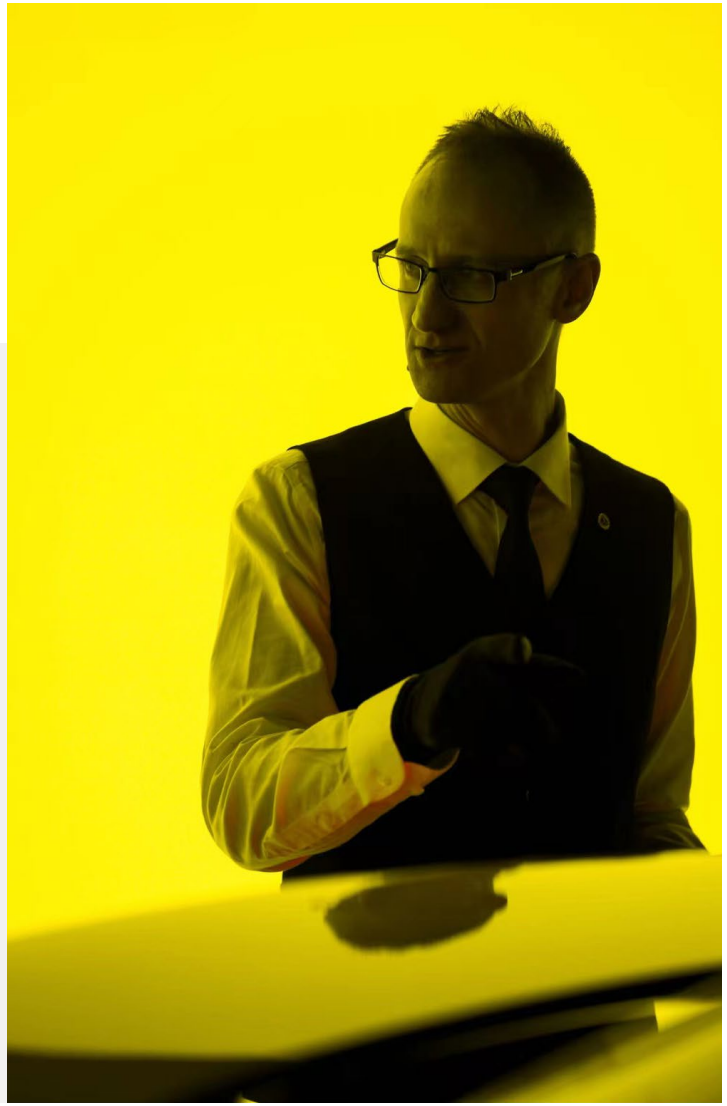
- Providing services tailored to customer demands via diverse communication platforms, such as the Lotus Tech APP, official website, mini-program, customer-specific service groups, and offline stores.
- Conducting routine after-sales service satisfaction surveys, embedding customer satisfaction performance indicators into its performance management system.

Timely response

- Adopting a well-defined and categorized complaint system, a unified process for handling complaints, and requirements for response timeliness.
- Offering 24/7 assistance services based on local conditions by each operation site.

Featured services

- Providing complimentary mobile door-to-door service based on the specific situation of each operation site, including maintenance, troubleshooting, and component replacements.



INFORMATION SECURITY AND PRIVACY PROTECTION

Lotus Tech recognizes the significance of responsible and comprehensive data management, making information security and privacy protection a fundamental aspect of its ESG strategy. To further enforce this strategy, Lotus Tech has developed a comprehensive system for information security and privacy protection management. This system enables the use of transparent data in enhancing driving experience.

INFORMATION SECURITY

Lotus Tech has set up an information security management system grounded in ISO/IEC 27001, and is continuously enhancing its information security protection technology. The Company actively promotes awareness of information security, responsibility, and information and data security governance across the board, which in turn builds a secure and reliable defense for business development.

► Reinforcing the information security management system

Lotus Tech comprehensively deploys its information security risk management system within the organizational structure, management process, and specialized governance.

Lotus Tech employs a four-tier information security governance architecture in its organizational structure. With the Safety Management Committee at the decision-making tier, information security, administrative, and compliance teams at the management tier, and all departments at the execution tier, this governance architecture is completed with Geely Holding Group and independent third parties serving at the oversight tier.

In the management process, Lotus Tech develops the strategies and management process of information security based on ISO/IEC 27001 information security management systems. Information security requirements are integrated into routine management and business processes, ensuring a comprehensive approach to information security. With such effort, the Company continuously optimizes information security management through risk management and internal and external auditing.

In 2022, Lotus Tech initiated data security governance based on Data Security Governance DSG 2.0 to enact specialized governance. Specialized governance includes areas of data classification and grading, data asset ledger development, and data security risk assessments. Furthermore, Lotus Tech has implemented a data exit management system and a rigorous risk assessment process to address cross-border data transmission. Lotus Tech also fulfills self-assessment of cross-border data transmission requirements for companies in operation locations in various countries, employing local data storage as the compliance foundation to satisfy the data exit compliance demands in countries of operation locations.

► Upgrading information security protection technology

Lotus Tech assesses information security risk at the demand and scheme stage, with information security requirements directly incorporated into the product development process. In addition, the Company has established a data security technology platform that encompasses various measures including data classification and grading, encryption, desensitization, and terminal anti-leakage systems and tools, thereby elevating information security protection.

► Elevating awareness of information security responsibility

Confidentiality stipulations are embedded in employee contracts at Lotus Tech, clearly specifying the scope, validity, obligations, and liability for breaching confidential information. New hires are required to undergo information security training and examinations when they join the company. Meanwhile, Lotus Tech also conducts annual information security compliance activities to enhance employees' awareness and skills in information security through training, examinations, and emergency drills.

In 2022

Wuhan Lotus Technology Co., Ltd., the affiliated company of Lotus Tech, has secured ISO/IEC 27001 certification, which covers information security management in various sectors such as vehicle production, R&D, and sales.

Wuhan Lotus Cars Co., Ltd., the affiliated company of Lotus Tech, has passed the EU R155 Cyber Security Management System (CSMS) and the R156 Software Update Management System (SUMS).

As of December 31, 2022

0 complaints concerning information security and data security incidents.

PRIVACY PROTECTION

Lotus Tech, as an advocate of privacy protection, aligns its business practices with key principles such as legality and legitimacy, balanced rights and responsibilities, clear purpose, user consent, minimum necessity, openness and transparency, and data owners' rights. To ensure effective privacy protection compliance, the Company has established a privacy protection management system that defines the roles and responsibilities of different departments through various privacy protection system documents. As part of its effort, the Company has also initiated the process for ISO/IEC 27701 certification and aims to complete so by 2023.

As of December 31, 2022

0 complaints concerning privacy protection incidents

► Prioritizing proactive prevention

Proactive prevention is a fundamental element of Lotus Tech's approach to privacy protection compliance. With a refined management process, Lotus Tech moves privacy protection compliance forward, promptly identifies requirements and risks of privacy compliance, and proactively responds to privacy compliance matters.

► Embedding privacy by design

Privacy protection is an inherent part of Lotus Tech's product design and development approach. Institutional documents such as the *Privacy Protection Design Control Procedure* are established to clearly define the process and standards for privacy protection design. With manageable and perceptible privacy protection capabilities, the Company bolsters brand image and consumer confidence.

► Nurturing privacy culture

The key to privacy protection compliance management comes down to the people involved. Through training, publicity, and cultural development, Lotus Tech promotes the concept and culture of privacy protection among all staff, increasing their awareness of proactive privacy protection. As part of their compliance monthly event, Wuhan Lotus Technology Co., Ltd. organized two privacy protection awareness training and assessment sessions in September 2022 to raise the sense of privacy protection across all employees.

EMBRACING THE GREEN FUTURE

In the burgeoning era of a green and low-carbon transition within the automotive sector, Lotus Tech is embracing the changes and opportunities. With climate neutral and nature positive as two primary aspects of its ESG strategy, the Company pursues an eco-friendly, green, and low-carbon path to sustainability, fostering a virtuous cycle of business development and environmental protection.

Contribution to SDGs:

CLIMATE NEUTRALITY

In the face of the common challenges posed by climate change, it has become a consensus to comply with the *Paris Agreement* and fight against global warming. Lotus Tech is actively aligning with this consensus by developing a comprehensive portfolio of fully-electric products and setting ambitious targets for achieving carbon neutrality by 2038. By doing so, the Company will not only contribute to the low-carbon transition within the automotive industry, but also play a crucial role in the broader fight against climate change.

CLIMATE RISK IDENTIFICATION

To better understand how climate change could potentially impact its business operations, Lotus Tech identifies climate change risks under the TCFD framework with countermeasures in place.

Risk type	Potential climate risk	Countermeasure
Policy and law	• More regulatory and disclosure mandates on climate change to be met for expanding global presence. • Power rationing or decreased production in the factory due to limits on carbon emissions.	• Joining industry associations and research teams, and staying updated on policies/regulations for proactive responses. • Disclosing relevant information in a timely and compliant basis according to applicable disclosure standards. • Investing more in carbon reduction programs/technologies, and purchasing green electricity to improve factory performance in carbon emissions and energy efficiency.
Technology	• Medium to long-term pressure of equipment replacement in order to practice low-carbon production. • Additional economic costs incurred by the uncertain development of luxury EVs technology.	• Establishing and improving the energy management system, and implementing online energy monitoring and analysis to promote carbon reduction, with the goal of continuously decreasing per-vehicle energy consumption. • Valuing the training of technical personnel, increasing R&D input, engaging in industry exchanges and development of forward-looking research projects.
Market	• Increased product costs and prices due to rising costs of traditional energy and non-renewable resources. • Product marketing affected by customer interest in low-carbon products and services.	• Developing alternatives to lessen reliance on single energy sources and resources. • Increasing the proportion of clean energy utilized in production facilities. • Aligning business operations with consumer demand in a timely manner, and increasing the green and low-carbon features of products. • Formulating the *Development of Sustainable Attributes for Complete Vehicles Management Procedure*, managing and controlling the sustainable and low-carbon features of products in the stage of design, and developing eco-friendly products.
Reputation	• Reduced stakeholder trust in brand and damaged reputation resulting from ineffective responses to climate change.	• Developing low-carbon technologies and promoting low-carbon products. • Regulating the recovery, utilization, and disposal of waste.
Acute Risk	• Affected production, operation, and stable supply by escalated extreme weather events.	• Developing contingency plans for extreme weather, and reinforcing hazard identification to secure safe production and management.
Chronic Risk	• Factory production efficiency hindered by resource and energy shortages.	• Investing more in R&D, improving production efficiency, decreasing the energy consumption ratio.

CLIMATE STRATEGY

In 2022, Lotus Tech formulated a climate neutral strategy that clearly established the goal of "carbon neutrality across the value chain by 2038". Accordingly, the Company will define phased targets to progressively implement carbon reduction initiatives.

CLIMATE ACTION

A dedicated sustainability team has also been set up to collect and analyze carbon emissions data from products and operations, aiming to minimize the climate impact during product research and development as well as business operations. With a strong management foundation in place, Lotus Tech will enact various measures in manufacturing, supply chain, and utilization scenarios to accelerate its low-carbon transition and promote its carbon neutrality strategy. In 2022, the Company also developed a digital carbon emissions management system to facilitate organizational-level carbon accounting and product carbon footprint calculations for the year 2022.

[6]Entire value chain coverage of Scope 1, 2, and 3.

➤ Promoting the construction of a zero-carbon factory

Leveraging Geely Holding Group's expansive business ecosystem and state-of-the-art BEV manufacturing facilities, Lotus Tech welcomes the launch of BEV models. Constructed by Geely Holding Group, the Lotus Global Smart Factory targets 100% green power by 2025, and promotes reduction of carbon emissions and energy consumption through a range of measures.

Photovoltaic power stations in Lotus Global Smart Factory

Design and construction stage

- Build the power station in the load center of the production workshop, ensuring minimal energy transmission distance.
- Position the roofing power distribution and air conditioning rooms of assembly and welding workshops in the center, maximizing energy efficiency.
- Adopt sandwich insulation boards in exterior wall, integrating thermal preservation, fire resistance, waterproofing, and heat insulation.
- Adopt a flexible roofing system composed of polymer waterproofing membrane and insulation boards to reduce the roof's dead weight and the heat exchange between internal and external environments, significantly cutting down on energy consumption.
- Build and connect a photovoltaic power station to the grid for power generation (Phase I has been completed), with an annual capacity estimated to exceed 16 GWh is expected by the end of 2023.

Operation stage

- Fine-tune the exhaust pressure of the air compressor to reduce compressed air usage, with an expected saving of at least 1.4 GWh throughout 2023.
- Install waste gas incineration, waste heat utilization, and other facilities, along with fine management of startups and shutdowns.

➤ Advocating for a low-carbon office

Lotus Tech encourages the use of clean energy. The LTIC, powered 100% by renewable energy, sources its clean energy predominantly from hydropower. In 2022, the center consumed a total of 554.0 MWh of renewable power, reducing CO_2 emissions by 189.5 tons.[7]

Lotus Tech also advocates for resource conservation. The Company has energy-saving plans in place, conducts regular inspections of office power usage, and displays energy-saving signs at all operational sites to encourage power consumption reduction among employees. Lotus Tech also actively promotes a paperless office environment. In 2022, the financial reimbursement system of Wuhan Lotus Technology Co., Ltd. reduced CO_2 emissions by over 58kg through paperless operations.

➤ Propelling carbon reduction in the supply chain

In 2022, Lotus Tech thoroughly surveyed the carbon neutrality within its supply chain. The objective was to gain insights into the sustainability practices of suppliers in terms of carbon neutrality strategic planning, utilization of renewable energy, and accounting for product carbon footprints. Drawing from the findings, the Company has strengthened its carbon reduction management strategy within the supply chain, guiding suppliers to expedite their low-carbon transitions.

➤ Facilitating a low-carbon lifestyle

Lotus Tech, actively aligning with the low-carbon trend of the automotive industry, strives to offer customers with greener electric vehicles. By 2027, the Lotus brand intends to have a 100% BEV portfolio. The Company has introduced the Lotus Flash Charge, a flash charging network system deployed in key urban areas and business districts. This system provides customers with a convenient one-stop charging solution along with home smart energy options that promote clean, low-carbon products. Lotus Tech has also pioneered a zero-carbon solution for residential buildings resembling villas, supplying green energy to homes through a combination of home-based photovoltaic and energy storage systems, with the latter being internationally IP65 certified. Lotus Tech is also a proactive participant in public-private partnership projects geared towards a low-carbon lifestyle. Notably, Wuhan Lotus Technology Co., Ltd. has jointly applied for the China Certified Emission Reduction (CCER) methodology titled "Reducing Carbon Emissions in Private Transportation via Electric Vehicles", supporting the industry's transition towards low-carbon practices.

Starting from 2023, Lotus Tech will expand its carbon inventory to Scope 3 emissions in order to gain a comprehensive understanding of its carbon footprint. This expansion includes measuring and accounting for carbon emissions generated from various activities such as vehicle usage, energy replenishment at flash charging stations, employee travel, and more.

Case: Eco-friendly refrigerant

Refrigerant leakage is a dominant source of non-energy emissions in vehicles. Lotus Tech has been progressively incorporating R1234yf, a new eco-friendly refrigerant, into its emerging models. This refrigerant has a Global Warming Potential (GWP) as low as 4, which is 97% lower than the EU's Mobile Air Conditioning (MAC) Directive standard. This leads to an over 90% decrease in refrigerant leakage per vehicle, exhibiting superior eco-friendliness.

➤ Adopting low-carbon transportation

Lotus Tech endorses green warehousing and green logistics from materials entering the factory and products leaving the factory. Such sustainable measures can minimize energy consumption and carbon emissions in the process of transporting parts and vehicles.

Green warehousing

- Build photovoltaic carports in the commercial vehicle parking lot of the factory, which is expected to achieve full green power in the warehousing phase of the factory once completed.
- Utilize an efficient operational management platform for assistant guidance, car search, inventory and other functions such as intelligent storage, lane allocation, and optimal route planning, and intelligent cameras on Automated Guided Vehicles (AGVs), reducing vehicle movement and manual operation in the warehouse and improving operational efficiency.
- Apply electric forklifts that come with a safety warning feature across the accessory center.

Green logistics

- Adopt river-sea combined transport and inland sea transportation to cut down carbon emissions during land transportation.
- Strengthen partnership with logistics providers that have established carbon neutrality plans.

[7]Basis for calculation: GaBi Databases (Content version: 2022.1) EU-28 electricity grid mix average power plants factor.

[8]Lotus brand will end production of ICE-powered models in 2026.

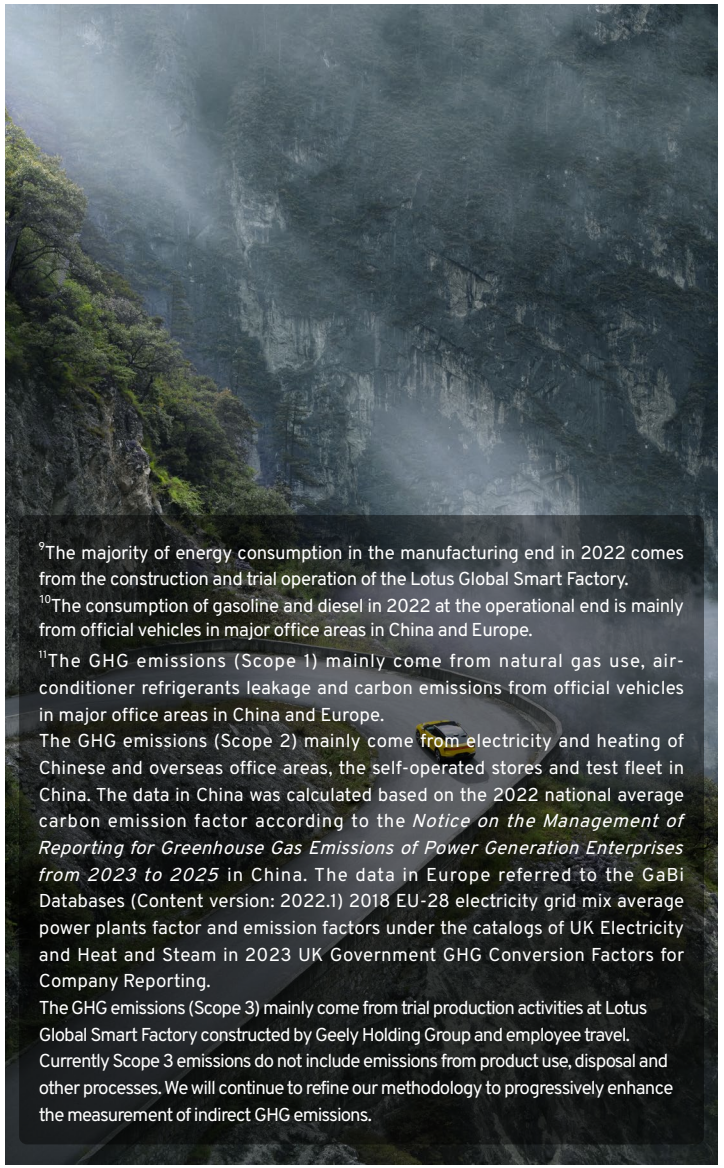
➤ Enhancing low-carbon awareness

Carbon management training courses are put in place annually to raise awareness and induce knowledge of energy-saving and emission reduction practices among employees at Lotus Tech. In 2022, three specialized training sessions on carbon reduction were held for R&D, manufacturing, and carbon management personnel, covering expertise in energy management systems, organizational/product carbon accounting, carbon management systems, carbon finance, and carbon asset development. There was a 100% examination pass rate amongst participants who completed these trainings.

The energy consumption and GHG emissions of Lotus Tech during the reporting period are as shown in the chart below. The data of GHG emissions was calculated by TÜV Rheinland (China) Ltd. based on ISO 14064-1 standard.

Indicator		Unit	Manufacturing[9]	Operation	Total
Energy consumption	Natural gas	m^3	538,179.0	95,698.8	633,877.8
	Gasoline	Ton	0	41.1[10]	41.1
	Diesel	Ton	0.3	3.3[10]	3.6
	Purchaced electricity	MWh	17,135.4	4,310.5	21,445.9
	Purchaced heat	GJ	0	392.5	392.5

Indicator		Unit	Data
GHG emissions[11]	Scope 1	tCO_2e	593.7
	Scope 2	tCO_2e	2,010.3
	Scope 3	tCO_2e	19,531.1
	Total	tCO_2e	22,135.1



[9]The majority of energy consumption in the manufacturing end in 2022 comes from the construction and trial operation of the Lotus Global Smart Factory.
[10]The consumption of gasoline and diesel in 2022 at the operational end is mainly from official vehicles in major office areas in China and Europe.
[11]The GHG emissions (Scope 1) mainly come from natural gas use, air-conditioner refrigerants leakage and carbon emissions from official vehicles in major office areas in China and Europe.
The GHG emissions (Scope 2) mainly come from electricity and heating of Chinese and overseas office areas, the self-operated stores and test fleet in China. The data in China 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. The data in Europe referred to the GaBi Databases (Content version: 2022.1) 2018 EU-28 electricity grid mix average power plants factor and emission factors under the catalogs of UK Electricity and Heat and Steam in 2023 UK Government GHG Conversion Factors for Company Reporting.
The GHG emissions (Scope 3) mainly come from trial production activities at Lotus Global Smart Factory constructed by Geely Holding Group and employee travel. Currently Scope 3 emissions do not include emissions from product use, disposal and other processes. We will continue to refine our methodology to progressively enhance the measurement of indirect GHG emissions.

NATURE POSITIVE

Amid global ecological and environmental challenges, international organizations such as WWF have introduced the concept of "Nature-Positive" to encourage businesses to adopt models that benefit nature. Lotus Tech exemplifies its advocacy by incorporating the concept into its management throughout the vehicle design, manufacturing, and transportation life cycle. The Company has formulated the *EHS Management Manual* to clarify the responsibilities of environmental protection and explore the development path beneficial to nature.

In 2022, Wuhan Lotus Cars Co., Ltd. was certified with the ISO 14001 environmental management system to mainly cover the design of passenger cars and related management activities.

GREEN PRODUCTS

Lotus Tech widely applies degradable and recyclable materials in its product design and manufacturing operations. By adapting low-carbon environmental protection technologies, Lotus Tech lands resource conservation, recycling, and nature-positive concepts in its practices.

Eletre's interior material selection prioritizes environmental protection and health considerations

- Vehicle material recyclability rate exceeds 89%, which is significantly higher than the regulatory requirements.
- Eletre is the industry's first complete vehicle product to utilize WYRON yarns which is sourced from post-consumer textiles.
- The nylon used in the carpet and seats is made from recycled materials.
- Interior trim panel containing natural, renewable solid wood trim panel.
- All interior materials up to European REACH regulations, with adhesives being eco-friendly water-based or hot melt adhesives.

GREEN PRODUCTION

Lotus Global Smart Factory strictly complies with environmental laws and regulations and has established a safety and environmental protection department to oversee its environmental management. The department also regulates environmental matters in production based on the ISO14001 environmental management system. Putting in place the *Control Procedure for Environmental Factor Identification and Risk Assessment*, environmental risks such as hazardous waste leakage and abnormal treatment facilities are identified. These risks are then addressed with well-equipped environmental protection facilities for wastewater and waste gas. Moreover, the Company has prepared emergency response plans, and set up a 500-cubic-meter accident emergency pool. Regular emergency drills are conducted to improve its risk disposal capabilities.

In 2022

Lotus Global Smart Factory
Standard discharge of industrial wastewater, waste gas and hazardous waste
100%

Complaints about environmental accidents and issues
0

➤ Waste management

Waste generated during production at Lotus Tech mainly include industrial solid wastes, general wastes, and hazardous wastes during production. To minimize waste, the Company has implemented a recycled packaging technical scheme against supplies for inbound logistics, achieving 100% recycling of its own packaging. To improve waste management, Lotus Tech has developed the *Management Procedure for Prevention and Control of Solid Waste Pollution*. Different disposal methods are applied for different types of waste to reduce solid waste pollution and increase recycling. To regulate the recycling of parts such as waste batteries during product use, Lotus Tech has also developed the *Operation Specifications for the Return of Lotus High voltage Batteries* and the *Management Measures for Lotus Warranty Parts* These guidelines align with relevant policies, regulations, and international sustainable development industry standards. The Company has also established multiple waste battery recycling outlets in collaboration with third parties to facilitate battery recycling through recovery and cascade utilization. As of December 31, 2022, Lotus Tech has set up over 12 waste battery recycling outlets.

Industrial solid waste

Recyclable materials like steel plate and aluminum plate scraps are regularly collected by a third-party recycling company and taken to the solid waste room and cleaned on a weekly basis.

General waste

Mainly produced during factory operation and cleaned by the sanitation department on a daily basis.

Hazardous waste

Includes waste organic solvents and contaminants etc., disposed of by a qualified third party according to regulations.

➤ Water resource utilization

Wastewater is collected using an elevated pipeline system to specialized sewage treatment facilities in Lotus Tech. Through both physicochemical and biochemical treatments, the wastewater is treated to meet and exceed the local government's approved third-level discharge standard. The Company also encourages water recycling during production to reduce water consumption.

Case: Enhancing the recycling of water resources

Upholding the concept of sponge cities, Lotus Global Smart Factory has invested in water-saving measures. The factory flexibly utilizes the Lotus Lake as a retention facility to collect rainwater from the roof. After purification treatment, the lake water can be used for landscaping, car washing, and toilet cleaning. The plan aims to save 35,000 cubic meters of water annually.

Lotus Lake in Lotus Global Smart Factory

➤ Noise management

Lotus Tech has prepared the *Management Procedure for Prevention and Control of Environmental Noise Pollution* to effectively regulate and control noise pollution. During production, the Company prioritizes the use of low-noise equipment and techniques. To address noise generated during stamping and grinding processes, a closed sound insulation room is set up at the stamping site. Additionally, the installation of shock-absorbing foundations for fixed facilities isolates and reduces ambient noise.

➤ Biodiversity conservation

Committed to the philosophy of a harmonized co-existence between nature and humanity, Lotus Tech integrates biodiversity conservation across its factory site selection, design, and operation.

In 2022

The green area of the factory 204,000 m^2 Accounting for approximately 20% of the total factory area

Site selection	Keeping up with the Wuhan ecological framework protection plan, Lotus Tech identifies and prevents the impact of project construction on the surrounding ecosystem, warranting that ambient air and surface water environment at selected site meet the necessary environmental protection standards.
Design	Designing a planting scheme for functional and ornamental plants according to zoning functions based on local ecological characteristics.
Operation	Deploying energy-saving and eco-friendly facilities equipped with a variety of green plants to protect the ecosystem.

GREEN OPERATION

Lotus Tech calls for cost-effective and environmentally friendly office practices. To minimize waste and negative environmental impact, the Company systematically manages office supplies and hazardous waste. This includes initiatives such as water conservation, ink cartridge trade-in services, and providing designated battery collection cabinets.

The resource consumption and waste discharge and recycling of Lotus Tech during the reporting period are as follows:

Indicator	Unit	Manufacturing (Trial operation stage)	Operation[12]	Total
Water consumption	m^3	187,849.0	69,673.5	257,522.5
Total wastewater discharge	m^3	7,062.0	/	7,062.0
Hazardous waste discharge	Ton	127.8	/	127.8
Non-hazardous waste discharge	Ton	561.5[13]	/	561.5
Waste recycled	Ton	269.5[14]	/	269.5

[12]Including major office areas in China and overseas.

[13]Including factory kitchen waste, domestic waste, and general industrial waste that can be recycled.

[14]Including general industrial waste that can be recycled.

PURSUING BUSINESS INTEGRITY

Integrity and morality run in the DNA of Lotus Tech. The Company holistically identifies operational risks and uses a scientific and efficient governance system to regulate governance for stable corporate operations. With continued improvements in governance level, the Company is able to create value for stakeholders.

Contribution to SDGs:

COMPLIANCE OPERATION

Lotus Tech strictly complies with legal requirements in all regions of operation. The Company identifies compliance risks, builds and optimizes the internal control system, and manages tax risks more efficiently to ensure compliance and transparent operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Lotus Tech is equipped with a standardized and effective risk management and control system that guides risk management and improves risk prevention and control capabilities. The internal control division of the financial management department is responsible for organizing and coordinating risk management, while each entity establishes its own risk management team according to risk management requirements. With reference to the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Sarbanes-Oxley Act, the Company has developed a *Risk Management Control Procedure*, forming a closed management loop of risk identification, assessment, defense control, response and improvements.

To regulate compliance behavior and heighten risk awareness among employees, Lotus Tech requires employees to sign a compliance statement, a conflict of interest avoidance statement, and a performance commitment statement upon onboarding. By signing these statements, employees promise that they have never had any violations and commit to upholding integrity and compliance to protect the Company's interests and reputation. All subsidiaries also have sound management systems in place. Wuhan Lotus Technology Co., Ltd., for example, has issued the *Rules for the Implementation of Compliance Supervision and Punishment* to all its employees, including full-time employees and interns. This document designates safety and compliance, information security, and other functional departments as investigators of suspected violations. Internal employees, customers, suppliers and business partners are encouraged to report violations via email (jubao@lotuscars.com.cn), Lotus Tech security and compliance Lark account, discipline inspection compliance reporting platform, and other channels. All reported information received will be investigated by a dedicated team. We promise to maintain the confidentiality of whistleblower information. Anyone suppressing, retaliating, threatening, or falsely accusing whistleblowers or witnesses will be subject to punishment in accordance with relevant regulations. To convey compliance and integrity culture among its workforce, Wuhan Lotus Technology Co., Ltd. rolled out the Compliance Culture Month, the Integrity Culture Month and related training activities for new employees in 2022. As of December 31, 2022, there have been no reported violations of *Rules for the Implementation of Compliance Supervision and Punishment* at Lotus Tech.

Case: Conducting compliance training

In September 2022, Lotus Tech launched the Compliance Culture Month campaign. Through a range of training and competition activities, the Company enhanced compliance awareness among employees towards a stronger compliance climate, improving the construction of compliance system and facilitating compliance management across all business processes.

Initiatives related to risk management and control

Risk identification

- Organizing risk identification by the internal control division of the financial management department according to the annual risk work plan, or performing by entities based on their management needs.
- Collecting risk information through assessment questionnaires, group discussions, expert consultations, scenario analyses, policy analyses, industry benchmark comparisons, and leader interviews.
- Streamlining and identifying risks and opportunities related to strategies, finance, market, and operation as per the *Risk and Opportunity Response Planning Form*, with risks classified into eight categories: regulatory compliance, personal information protection, trade control, marketing, IP, investment, human resources, and integrity compliance.

Risk assessment

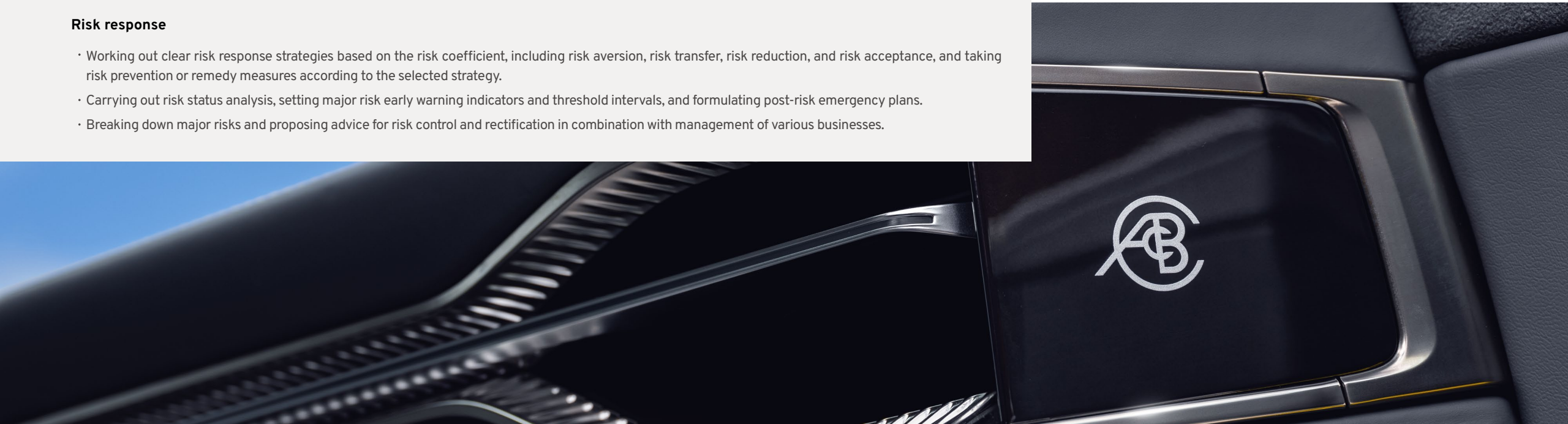
- Ranking risks both qualitatively and quantitatively from the likelihood of risk occurrence and its impact on development goals.
- Determining risk items subject to annual focus of management based on management realities.

Risk response

- Working out clear risk response strategies based on the risk coefficient, including risk aversion, risk transfer, risk reduction, and risk acceptance, and taking risk prevention or remedy measures according to the selected strategy.
- Carrying out risk status analysis, setting major risk early warning indicators and threshold intervals, and formulating post-risk emergency plans.
- Breaking down major risks and proposing advice for risk control and rectification in combination with management of various businesses.

TAX MANAGEMENT

Lotus Tech complies with the OECD Tax Guidelines, and sets up internal tax teams in both China and Europe to manage and control tax risks across all critical areas, such as business decision-making, business deployment, restructuring, and inter-company resolutions. Lotus Tech has published the *Tax Management System Manual* and the *Group Transfer Pricing Manual*. Through continuous monitoring of tax laws and regulations in all the countries of operation, both manuals are periodically reviewed and updated to consolidate the effectiveness of tax management. In addition, to better identify, control, and handle tax risks, the Company engages professional tax consultants according to business needs.



BUSINESS ETHICS

Adhering to high ethical standards, Lotus Tech advances anti-corruption, encourages fair competition, and enhances the sense of business responsibility among its employees. The Company practices business ethics to ensure sustainable business operations. By doing so, Lotus Tech better responds to the expectations of its stakeholders.

ANTI-CORRUPTION

Lotus Tech maintains a zero-tolerance policy towards bribery and corruption. The fundamental career principle of anti-corruption and compliant use of powers is incorporated in the employee performance commitment statement. Wuhan Lotus Tech has set up a discipline inspection and compliance team, which is responsible for building an anti-corruption framework, improving relevant systems, and investigating cases. Lotus Tech publishes reporting channels by such means as a poster, encouraging employees and suppliers to offer information related to corruption either using their real name or anonymously. Internal control, finance, and other functional positions then transfer this information to the discipline inspection and compliance team for spotting corruption risks. When suspicions of corruption arise, Lotus Tech initiates a holistic investigation, encompassing document checks, data analysis, and interviews with both relevant personnel and the suspect. Once corruption is determined, the Company enforces penalties in accordance with policy documents such as the *Rules for the Implementation of Compliance Supervision and Punishment of Wuhan Lotus Technology Co., Ltd*.

The Company also regularly posts anti-corruption cases via Lotus Tech security and compliance subscription account, which reminds employees of the importance of strictly adhering to the red line at all times. In 2022, Lotus Tech sent an open letter on integrity including reporting channels to external partners, who work together with the Company against commercial bribery and corruption.

FAIR COMPETITION

Lotus Tech advocates for fair competition. To foster and maintain a market environment of fair, open and transparent competition, the Company has developed policy documents such as the *Anti-monopoly Compliance Management System of Wuhan Lotus Technology Co., Ltd*., in strict accordance with relevant laws and regulations such as Anti-monopoly Law, Anti-unfair Competition Law, and the Law on the Protection of Consumer Rights and Interests. In 2022, Wuhan Lotus Technology Co., Ltd. provided 749.0 hours of training on anti-monopoly and trade compliance in total. Employees were informed of anti-monopoly supervision and trade control updates, along with concept interpretations and case studies.

INTELLECTUAL PROPERTY PROTECTION

Lotus Tech actively promotes awareness of the intellectual property protection and compliance management. The Company respects the work products of the stakeholders while safeguarding its own legitimate rights. Moreover, Lotus Tech has set up a professional intellectual property team and developed a set of intellectual property management procedures such as the *Patent Asset Management Procedure*. In the pursuit of product R&D, particularly for the newly developed components and vehicles, the intellectual property team conducts a patent search on a global scale, to ensure that no third-party patent rights are infringed upon. Whenever a suspected negative case arises, the intellectual property team works with the R&D team for alternative solutions or seek for any other legally possible solutions, to ensure originality of the related product and avoid any infringement on third-party's intellectual property rights. Since its establishment, Lotus Tech has not been a party to any intellectual property litigations.

BUILDING A BETTER COMMUNITY TOGETHER

Harboring a strong sense of responsibility and mission, Lotus Tech is developing a harmonious, unified, and coordinated relationship with communities. Sustainability endeavors forged by the Company with employees, partners, communities, and other stakeholders generate diverse values for society.

Contribution to SDGs:

EMPLOYEE CARE

Rooted in a honest, open, respectful, and collaborative corporate culture, Lotus Tech fosters an inclusive environment where employees from diverse cultural backgrounds and nationalities can freely communicate and grow together, thereby bringing up their sense of happiness and belonging. Wuhan Lotus Technology Co., Ltd. was proudly awarded the Best Employer Award at the 2023 Top Human Resources Management Awards. This reaffirms Lotus Tech's dedication to its development philosophy of putting people first and growing with our employees. This recognition reflects Lotus Tech's dedication to its development philosophy of putting people first and growing with our employees.

10

Countries of operation

30+

National diversity of employees, including China, UK, Germany, and the Netherlands

DIVERSITY, EQUITY AND INCLUSION

Lotus Tech boasts a diverse workforce coming from many different countries, including China, UK, the Netherlands, and Germany. To safeguard the legitimate rights and interests of its employees worldwide, the Company incorporates the culture of diversity, equity and inclusion into employee recruitment management, compensation and benefits, and democratic communication.

Diversity goals

Female employees by 2025

28%

Disabled employees by 2025

0.5%

Equal pay for equal work

➤ Employment management

Lotus Tech strictly abides by laws and regulations on employment in countries where it operates, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Charter of Fundamental Rights of the European Union*. In 2022, Lotus Tech had 2,913 full-time employees and a number of interns and contract agency workers. The Company strictly prohibits the use of child labor and does not engage with any enterprises that employ child labor for products or services. The *Employee Handbook* explicitly forbids any form of discrimination or differential treatment based on race, color, religion, gender, age, nationality, heritage, disability, or any other factors irrelevant to the Company's legitimate interests. Lotus Tech also strongly condemns all types of harassment, including inappropriate remarks, jokes, or behaviors. Subsidiaries have also developed policies for equity, diversity, and inclusion and regarding sexual harassment, along with associated complaints procedures. By providing appropriate channels for complaints and enhanced training, the Company gives access to employees for understanding the rights and responsibilities under the policy of equity, diversity, and inclusion. At Lotus Tech, the Board of Directors is responsible for overseeing diversity management, while subsidiaries track and monitor diversity indicators and pay equity according to actual conditions. In 2022, Wuhan Lotus Technology Co., Ltd. organized a workshop on diversity and inclusion to provide training and facilitate discussions among core officials. At the event, the importance of diversity and inclusion, especially in light of Lotus Tech's expanding global presence, was transmitted once again.

Lotus Tech has a comprehensive approach to talent acquisition, guided by key principles such as compliance with laws and regulations, fair selection, recruitment planning, combining internal and external recruitment, HR evasion, and employer branding. The Company has developed a well-defined talent recruitment manual, and adopts management policies for internal referral, management trainees, technical talent, and interviewers. To continuously attract exceptional talents from diverse backgrounds around the world, the Company has adopted a wide range of talent acquisition channels. Campus recruitment programs are organized in numerous universities worldwide, offering jobs to over 100 graduates. Lotus Cars Europe B.V. (LCE), for instance, held a Company Day at an automotive university in the Netherlands in hopes to attract graduates. For smooth integration and to provide guidance for employees joining Lotus Tech, the Company Employee Handbook outlines clear guidelines for onboarding, probation, regular staff, on-the-job management, behavioral norms, labor discipline, safety management, and other relevant topics. Lotus Tech has also entered into collective agreements with some employees. To continually meet the evolving needs of employee management and service methods, Lotus Tech conducts surveys on employee engagement to gather valuable feedback.

As of December 31, 2022

Full-time employees in total

2,913

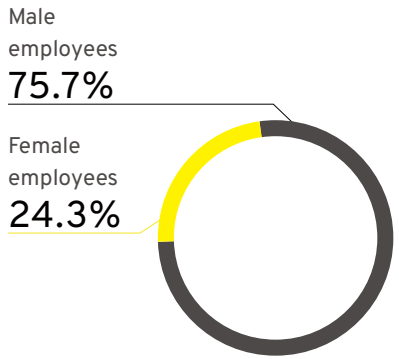
In 2022

Newly recruited employees

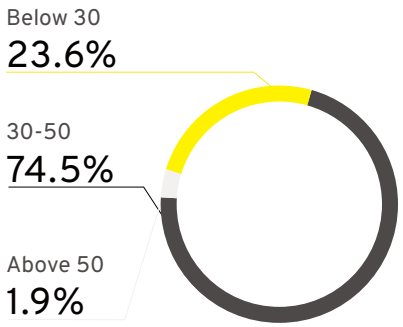
46.3%

Employee turnover rate

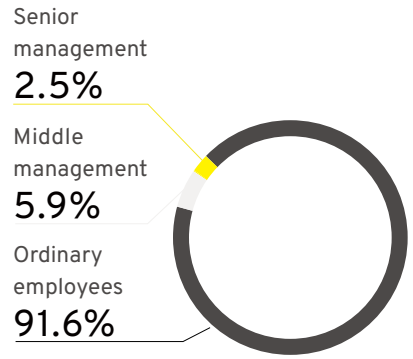
16.6%



Employees by gender



Employees by age



Employees by job levels

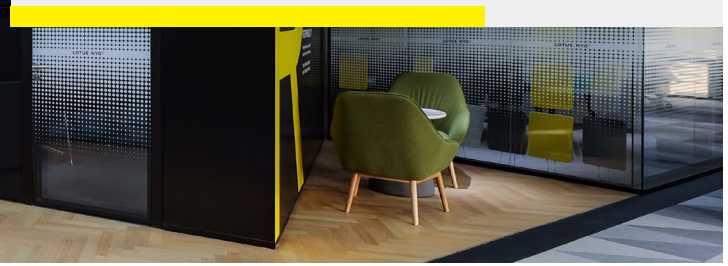
➤ Compensation and benefits

The salary distribution and performance appraisal system evolves positively at Lotus Tech to offer employees competitive compensation within the employment market. Wuhan Lotus Technology Co., Ltd. has published the Lotus Tech Measures for Performance Management, which serves as a framework for evaluating employee performance using a PVC (performance, value, competence) model on an annual and semi-annual basis. Salaries are adjusted based on these evaluation results. Should an employee hold any objection to the performance evaluation, he or she may fill out the *Lotus Tech Employee Performance Appeal Form* and file a complaint with the HR department within two working days of receiving the performance feedback. The HR department will then collaborate with relevant parties to investigate the matter and provide feedback within five working days. For employees to constantly feel a sense of growth and development, Lotus Tech adopts a range of compensation incentives, covering project team bonuses, immediate incentives, and long-term equity-based incentives. 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.[15]

For employee benefits, Lotus Tech provides social insurance for employees in compliance with the laws, regulations and policies in countries where it operates. Following the varying needs of employees, the Company also extends benefits to encompass commercial insurance, supplementary medical insurance, quarterly benefits, holiday benefits, birthday benefits, physical examinations, mental health services, a family health insurance plan for all employees, and assistance with enrolling their children in school. As part of a comprehensive welfare policy for all employees, LTIC includes coverage for unemployment, long-term care, and public health insurance, as well as business travel insurance coverage for all employees. In 2023, Wuhan Lotus Technology Co., Ltd. issued the *Measures for Employee Care Incentives* that established care incentive funds for all employees and their families. These funds provide support to employees who have recently married, given birth, facing major health issues, or experiencing difficulties. This initiative also aims to build a line of defense for employees in face of major accident risks and provide necessary financial assistance. Cash incentives are also offered to employees with improved academic qualifications or honors. At the same time, Lotus Tech also provides parental leave in compliance with the policies in its operational locations.

Case: Creating a favorable office environment

Lotus Tech values employees' work-life balance, and nurtures a stronger sense of belonging by creating an inclusive office environment. The Shanghai Lotus Building's design and layout is tailored to diverse needs of employees. To create a comfortable work space, the Company furnishes employees with equipment such as ergonomic office chairs, electric height-adjustable desks, and sound-absorbing boards in the office area. There is also a social area which is equipped with facilities such as intelligent sleeping cabins and indoor gym. These offerings enable employees to strike a harmonious balance between work and rest.



[15]Ratios of the standard starting salary level for both male and female employees at Lotus Tech subsidiaries to the local minimum wage: 164% at Wuhan Lotus Technology Co., Ltd.; 215.5% at LTIC; 155% at Lotus Tech Creative Centre Limited (LTCC) (taking the average salary of first-class employees as an example).

► Open communication

Lotus Tech embraces a result-oriented culture founded on responsibility and accountability. To strengthen employee-organization communication, the Company utilizes OA to gather feedback via its questionnaire. Employees are encouraged to contribute their opinions and suggestions on cultural matters for Lotus Tech to response and implement measures promptly. To encourage employees to express their opinions and offer suggestions, Lotus Tech has established numerous communication channels, including direct communication, information platform communication, online exchange communities, and satisfaction surveys, along with intercultural exchange activities. Every year, the Company organizes a global employee meeting, during which employees may present questions by email or on the site. In 2022, more than 100 questions from employees during the meeting were received and answered.

Case: Global intercultural integration project

As a global company, Lotus Tech encourages employees to embrace diverse cultures, backgrounds, and ways of different perspectives in a global vision. In pursuit of efficient global collaboration, the Company has launched a global intercultural integration project, aiming to provide a positive, open communication platform for employees worldwide. In September 2022, Lotus Tech witnessed over 1,200 employees from China and Germany engaging in discussions on cultural differences through the intercultural integration project, aiming to enhance mutual understanding and connection. Building on this success, the LTIC launched the Cultural Tour project in November 2022, covering culture, thinking patterns, and how to address cultural conflicts.

► Female development

Lotus Tech considers empowering female development as a key action within its ESG strategy. In light of this, the Company plans to drive projects especially for training female skilled personnel. These initiatives are designed to create wider career development for female employees. In 2022, Lotus Tech conducted insightful interviews with over ten female employees, listening to their stories from the workplace and in life. The Company used these interviews to gain in-depth insights into the development demands of female employees. Moreover, Lotus Tech is dedicated to creating a workplace that caters to the varied needs of female employees in order to support their careers within the business. The Company has set up a Baby Care Room, which is divided into breast-feeding, nursing and rest areas, in its office space, providing convenience for new mothers. As of December 31, 2022, females accounted for 11% of senior management at Lotus Tech.

China-Germany Intercultural Sharing Meeting

Baby Care Room

TALENT DEVELOPMENT

Lotus Tech values personnel training and retention. To expand the growth space for employees, the Company has developed a pool of key talent, consistently improving the talent training system, and offers a wealth of online and offline learning resources and unblocked promotion channels for anyone to access.

In 2022

Total employee training hours	59,455.5[16]
Training hours per employee	20.4[16]
Training hours per female employee	20.1 [17]
Training hours per male employee	20.7[17]
Training hours per senior manager	27.1[17]
Training hours per middle manager	27.6[17]
Training hours per ordinary employee	20.2[17]

[16]Data covers the China Region, LTIC, LTCC, and LCE.
[17]Data covers the China Region, LTIC, and LTCC.

➤ Employee training

Lotus Tech has formulated the *Measures for Training Management*, which provides content such as training management processes, budget management, and internal trainer incentives. By aligning training programs with the needs of different job levels and positions, Lotus Tech has devised a training system for managers, technical professionals, and new employees. Employees are also encouraged to engage in external training. In 2022, Lotus Tech initiated an array of talent empowerment activities aimed at building a highly skilled workforce with exceptional management capabilities.

Employee Training System of Wuhan Lotus Technology Co., Ltd.

<table>
<tr><th>Category</th><th colspan="2">Training program framework</th></tr>
<tr><td rowspan="2">Leadership Development Center</td><td>Senior management</td><td rowspan="2">Course input, thematic discussion, expansion and integration, test drive</td></tr>
<tr><td>Middle management</td></tr>
<tr><td rowspan="2">Specialized technical training</td><td colspan="2">Series courses for strategic support, R&D, marketing, and IT</td></tr>
<tr><td colspan="2">General courses</td></tr>
<tr><td>Integration of new employees</td><td colspan="2">Integration of new employees and management trainees through social recruitment</td></tr>
<tr><td colspan="3">Learning management platform: Geely University Learning Platform</td></tr>
</table>

Case: Le Mans Project

In 2022, Lotus Tech unveiled the Le Mans Plan, an integration project for new employees. With training courses, cultural integration, and other activities, the project facilitates the swift integration of new employees into the team and corporate culture using immersive training content and experiences.

➤ Career development

Aligned with the talent management philosophy and based on business needs, Lotus Tech embraces an agile, result-oriented management culture to drive business growth by empowering both employees and the organization. In particular, professional talent and managerial talent are offered two distinct career development paths. Lotus Tech also sets performance standards across different bands and offers systematic learning resources to support talent in enhancing their capabilities. Harmonizing the result-oriented management principle of picking the best among the best ensures that top-tier talent is identified, enabling them to excel in their current roles while also providing support for them in the future. Through regular assessments on performance and career development, Lotus Tech ensures an equitable and unbiased talent selection process for all employees.

OCCUPATIONAL HEALTH AND SAFETY

Lotus Tech always prioritizes the safety and physical and mental health of its employees above all else. The Company has prepared management documents including the *EHS Management Manual* and the *Occupational Health Management Procedure* according to laws and regulations such as the *Work Safety Law*, the *Environmental Protection Law,* the *Law on the Prevention* and *Control of Occupational Diseases*, and the *Fire Protection Law*. With the Safety Management Committee, headed by the CEO, as its highest governing body of work safety, Lotus Tech has established an occupational safety and health management system to strengthen safety management. To heighten safety awareness among its workforce, the Company has built an occupational health and safety training system. By offering training sessions on work safety, occupational health, and first aid skills, Lotus Tech constantly strengthens employees' capacity to manage safety risks. An emergency rescue organization is also equipped to provide emergency rescue support for the factory.

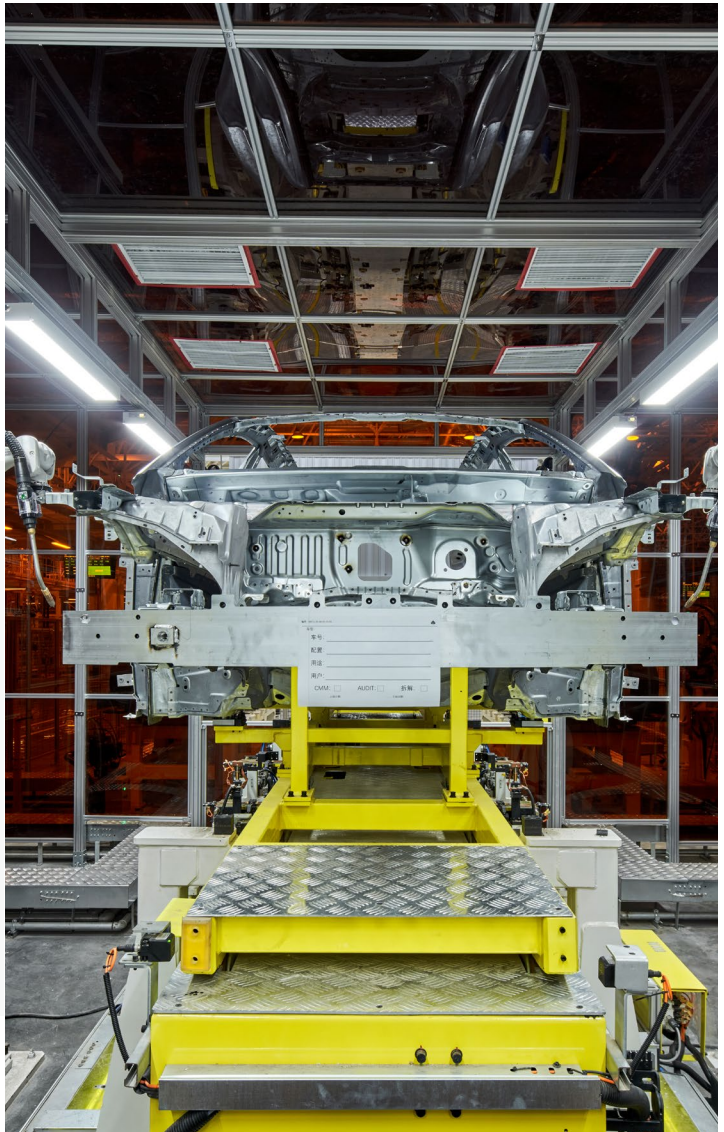
To safeguard the mental health of employees, Lotus Tech has set up dedicated positions to provide health consulting services, including mental health support. Subsidiaries offer mental health care through employee assistance programs, including the EAP Smart Mental Platform and the LifeWorks Platform. On these platforms, employees may access diverse online resources, engage in mental health assessments, and receive emotional and stress relief support via online talks and counseling services.

In 2022

Employees received safety and health training	1,307
Number of work-related injuries	1
Lost days due to work-related injuries	2
Fatalities as a result of work-related injuries	0

Case: Fire safety training

On November 9, 2022, Lotus Tech launched a Fire Protection Publicity Month activity. Through a variety of activities such as fire safety training and knowledge quiz, the Company has enhanced employees' fire safety awareness to create a healthy, safe work and operation environment.



RESILIENT SUPPLY CHAIN

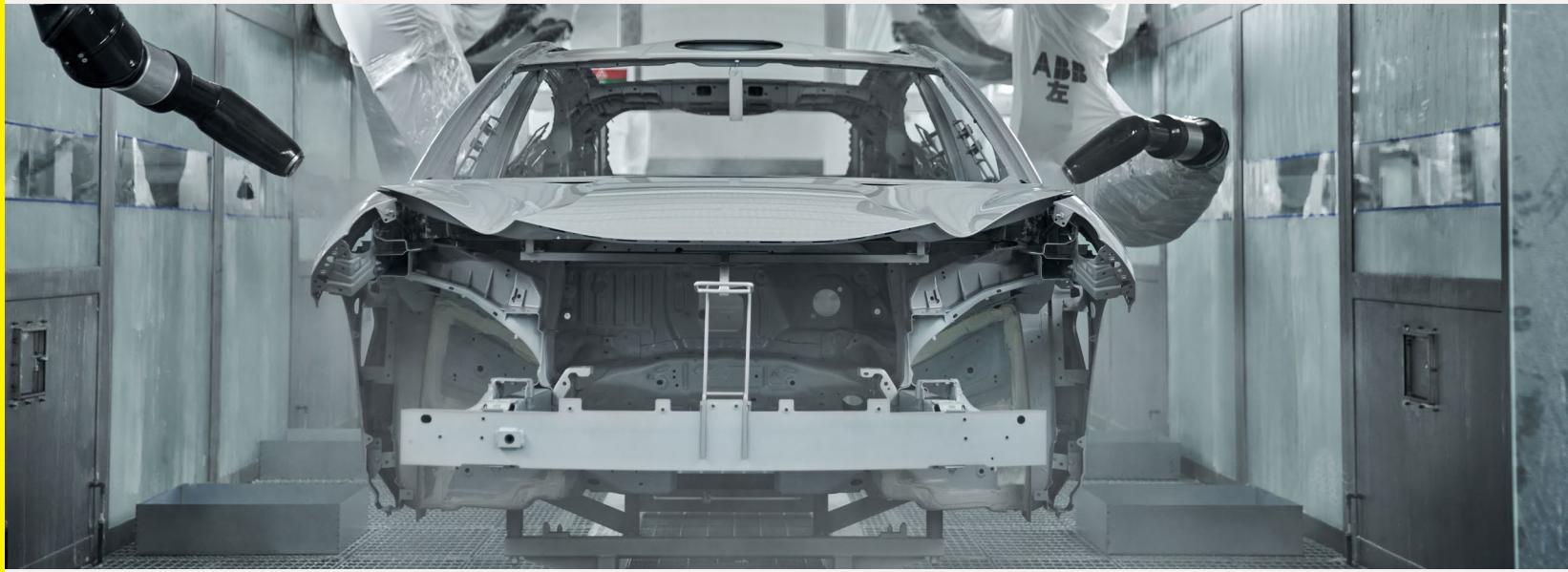
Building a fair, transparent and resilient supply chain is the foundation for sustainable corporate development. It is also a shared goal of Lotus Tech and its industry supply chain partners. The Company is dedicated to responsible procurement practices, and through ongoing improvements to its supply chain management, it encourages suppliers to fulfill their responsibilities. Lotus is striving to align with upstream and downstream supply chain players towards the goal of sustainable development.

RESPONSIBLE PROCUREMENT

Lotus Tech abides by laws and regulations such as the *Civil Code of the People's Republic of China*. It has entered into a host of documents with suppliers, including procurement contracts, confidentiality agreements, and supplier integrity and self-discipline agreements. To ensure a more compliant procurement process, the *Procurement Control Procedure* and procurement management measures for sample parts, spare parts, and cost control have been prepared, specifying that all purchased products and services must comply with regulations and Lotus Tech's requirements. In addition, Lotus Tech has established and signed the Direct Material Global Purchasing Terms & Conditions (DMGTC) with qualified suppliers, which outlines requirements on product quality, compliance with the code of conduct, and environmental aspects for them. The Company pays specific attention to suppliers' ESG performance during procurement, for instance, some suppliers of Lotus Tech have taken actions by recycling materials such as scrap iron to minimize waste.

Case: Supplier environmental requirements

Lotus Tech has strengthened environmental performance requirements for parts suppliers in the DMGTC. For eco-friendly recycling of parts, the Company requires suppliers to meet the *Requirements on the Administration of Automobile Hazardous Substances and Recycling Rate (Announcement No.38 of the Ministry of Industry and Information Technology in 2015)*, the Directive 2000/53/EC of the European Parliament and of the Council on end-of life vehicles and its revised Directive, the Directive 2005/64/EC of the European Parliament and of the Council on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC, as well as updating Lotus Tech's requirements for using prohibited or restricted materials updated on an annual basis to ensure compliance with the ELV Directive. Material and component information of parts provided by suppliers must be reported within the China Automotive Material Data System (CAMDS) and the International Material Data System (IMDS). Products must be developed to be eco-friendly and factor in recyclable and dismountable design, utilizing recycled materials or renewable resources for suitable parts and providing product life cycle assessment (LCA) information when required.



SUPPLIER MANAGEMENT

With a robust network of key suppliers spanning countries such as China, Germany and Italy, Lotus Tech deploys its ESG philosophy into supplier management to foster a win-win value chain for multiple parties. Lotus Tech has formulated the Supplier Code of Conduct, which sets forth requirements on work environment and human rights, health and safety, anti-corruption and anti-bribery, conflict of interest, fair competition and anti-monopoly, trade sanctions and import and export control, environmental protection, conflict minerals, trade secrets and intellectual property protection, privacy and security, and political participation, among others. It also reviews the implementation of these principles during supplier access, evaluation, and assessment processes. Moreover, Lotus Tech supports the education of suppliers by organizing training activities, aiming to help them better fulfill responsibilities.

As of December 31, 2022

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

100%

Suppliers signing the *Supplier Code of Conduct*

93%

Suppliers passing the ISO 14001 system certification

74%

Suppliers passing the ISO 45001 system certification

96%

Suppliers passing the IATF 16949 system certification

Supplier access

Lotus Tech has established the *Measures for Management of New Supplier Access Evaluation*, which outlines the requirement for suppliers to have passed the certifications of IATF 16949 global quality management system certification for the automobile industry, the ISO 14000 environmental management system, and the ISO 9001 quality management system, obtaining safety licenses, and development and production capabilities.

Supplier evaluation review

Lotus Tech has developed the *Measures for Supplier Evaluation Management*, which guides the performance evaluation of qualified suppliers on a quarterly basis and a performance scoring framework across multiple dimensions such as quality, cost, delivery, and technology.

Supplier training

In 2022, Lotus Tech provided training to its key suppliers on the general procurement system and management requirements, aimed to enhance their production and operational efficiency, while also encouraging them to prioritize ESG-related concerns.

INDUSTRY DEVELOPMENT

Lotus Tech proactively encourages exchanges and cooperation with renowned enterprises, industry associations, scientific research institutions, and other partners. The Company participates in the formulation of industry standards, and collaborates across innovation to support wider industry development.

INDUSTRY COMMUNICATION

Lotus Tech aligns scientific research resources with market demand to encourage industry-university-research innovation, while also supporting the training of young talent in high-end scientific research. The LTIC has joined the Cyclometric Research Team, funded by the Federal Ministry of Education and Research (Germany), with the intention of advancing the sustainable design of automotive parts throughout their entire life cycle. Lotus Tech has also cooperated on projects for stylized driving function and game decision-making with Zhejiang University, intelligent driving perception, decision-making, and control with the CAS Shanghai Institute of Microsystem and Information Technology, and scenario-oriented expected function safety hazard analysis methods and testing technologies with Tongji University. In partnership with the Hangzhou Research Institute of Xidian University and Geely Automobile Research Institute, the Company has established the Joint Laboratory of Intelligent Vehicle Domain Communication Technology. It is designed to make collaborative breakthroughs in key areas such as communication and networking technology for intelligent and connected vehicles, line-of-sight/over-the-horizon sensing technology, vehicle-road multi-source sensing fusion technology, V2X function testing technology, vehicle-cloud interconnected technology, vehicle bus technology, and intelligent cockpit technology.

STANDARD FORMULATION

Building upon its innovative practices in electric vehicles, intelligent driving, and information security, Lotus Tech has joined a number of standard research working groups. These groups, led by the National Technical Committee of Auto Standardization, focus on key areas of vehicle development, including energy storage, active and passive safety, information security, and intelligent driving. Notably, Wuhan Lotus Technology Co., Ltd., as a council member of the China Industry Innovation Alliance for Intelligent and Connected Vehicles, has increased its engagement in policy and strategy research, technology development, and standards and regulations, thereby contributing to wider industry development.

Case: Joining CharIN

In January 2022, the LTIC became a core member of Charging Interface Initiative e. V. (CharIN). CharIN is dedicated to promoting interoperability based on the Combined Charging System (CCS) as the global standard for charging vehicles of all kinds. Its CCS has been adopted by most European businesses. By joining CharIN, the Company will cooperate with fellow members to improve demand-oriented charging standards and support the development of a global charging ecosystem.

Working Groups	Projects
Standardization Project Group on Electric Vehicle Wireless Charging	Research and formulation of general requirements and interoperability and safety standards for electric vehicle wireless charging systems
Standardization Project Group on Electric Vehicle Conductive Charging	Basic industry research in conductive charging technology R&D
Work Group on Automobile Information Security Standards	Coordination of international standards and regulations; research and formulation of China's vehicle information security situation
Work Group on Research in Automotive Electronics Standards	Research and formulation of automotive electronics standard system, GB *Accident Emergency Call System (AECS)* standard, vehicle perception and other key electronic components/system standards, vehicle electronic standards, etc.
Work Group on Brake Standards for Passenger Vehicles	Revision of *GB 21670-2008 Technical requirements and testing methods for passenger car braking systems*
Work Group on Research and Formulation of Advanced Driving Assistance System (ADAS) Series Standards	Formulation of national standards/industry standards corresponding to various systems, which specify their performance requirements, and research and formulation of test methods
Automotive Green Manufacturing Standards Working Group Carbon Neutrality Research Team	Engage in research and development of relevant standards in the green and low-carbon fields of the automotive industry

SOCIAL IMPACT

Lotus Tech takes its responsibility as a corporate citizen very seriously. By improving the management of public welfare projects, the Company leverages its strengths in talent, technology, capital, culture, and management to share development achievements with the public. In 2023, Wuhan Lotus Technology Co., Ltd. issued the *Measures for the Management of Lotus Tech Public Welfare Projects* to standardize the establishment and operation of its public welfare projects, providing assistance for local community development.

Case: Caring for vulnerable groups

The LTIC prioritizes its concern for socially vulnerable groups. In December 2022, it organized a donation activity for the Girls' Home in Frankfurt, an organization offering confidential shelters and expert counseling to women aged 12 to 25 facing difficulties. This donation targeted girls and young women plagued by mental, physical and sexual violence, or forced marriage.

Case: Inspiring the next generation

Lotus Tech recognizes that the younger generation is the driving force behind the automotive industry. As such, it actively engages with the academic community by utilizing competitions as a platform to provide support and assistance for young talent in the field of technology and innovation. The LTIC provides sponsorship and technical assistance to Scuderia Mensa, the Formula Student Racing Team of the RheinMain University. Moreover, Lotus Tech has entered into three-year sponsorship agreements with Tongji University and Beijing Institute of Technology from 2022 to 2024. As part of this collaboration, Lotus Tech acts as the name sponsor for their respective teams in the Formula Students China (FSC), while also providing technical guidance and training. It is worth noting that the Lotus Unmanned Formula Team from Beijing Institute of Technology clinched the national championship in the 2022 FSC Unmanned Driving Competition.

CONTENT INDEX

Instructions Lotus Tech prepared this report in accordance with the GRI Standards, covering the reporting period from January 1, 2022 to December 31, 2022.

GRI 1 used GRI 1: Foundation 2021

GRI standards	Disclosure	Page/Comment
Applicable GRI industry standards		There are currently no applicable industry standards.
	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	This report is the first ESG report of the Company and there is no restatements of information.
2-5	External assurance	N/A
2-6	Activities, value chain and other business relationships	3
2-7	Employees	37
2-8	Workers who are not employees	37
2-9	Governance structure and composition	5
2-10	Nomination and selection of the highest governance body	Disclosure on Investor Relations website.
2-11	Chair of the highest governance body	Registration Statement on Form F-4
2-12	Role of the highest governance body in overseeing the management of impacts	5
2-13	Delegation of responsibility for managing impacts	5
2-14	Role of the highest governance body in sustainability reporting	5
2-15	Conflicts of interest	Registration Statement on Form F-4
2-16	Communication of critical concerns	5
2-17	Collective knowledge of the highest governance body	5
2-18	Evaluation of the performance of the highest governance body	Information is currently unavailable.
2-19	Remuneration policies	38
2-20	Process to determine remuneration	38
2-21	Annual total compensation ratio	Information is not published for reasons of confidentiality.
2-22	Statement on sustainable development strategy	6
2-23	Policy commitments	33-34
2-24	Embedding policy commitments	33-34
2-25	Processes to remediate negative impacts	Information is currently unavailable.
2-26	Mechanisms for seeking advice and raising concerns	33-34
2-27	Compliance with laws and regulations	31
2-28	Membership associations	5/45
2-29	Approach to stakeholder engagement	7
2-30	Collective bargaining agreements	37
	GRI 3: Material Topics 2021	
3-1	Process to determine material topics	8
3-2	List of material topics	8
3-3	Management of material topics	8
	Economy	
	GRI 201: Economic Performance 2016	
201-1	Direct economic value generated and distributed	Registration Statement on Form F-4
201-2	Financial implications and other risks and opportunities due to climate change	22
201-3	Defined benefit plan obligations and other retirement plans	38
201-4	Financial assistance received from government	Registration Statement on Form F-4
	GRI 202: Market Presence 2016	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	38
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	45-46

203-2	Significant indirect economic impacts	45-46
	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	33
205-2	Communication and training about anti-corruption policies and procedures	33
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption occurred during the reporting period.
	GRI 206: Anti-competitive Behavior 2016	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant litigation occurred during the reporting period.
	GRI 207: Tax 2019	
207-1	Approach to tax	32
207-2	Tax governance, control, and risk management	32
207-3	Stakeholder engagement and management of concerns related to tax	32
207-4	Country-by-country reporting	Preparation of an annual country report is not currently necessary.
	Environment	
	GRI 301: Materials 2016	
301-1	Materials used by weight or volume	The reporting period is for trial production, information is currently unavailable.
301-2	Recycled input materials used	27
301-3	Reclaimed products and their packaging materials	27
	GRI 302: Energy 2016	
302-1	Energy consumption within the organization	26
302-2	Energy consumption outside of the organization	26
302-3	Energy intensity	The reporting period is for trial production, information is currently unavailable.
302-4	Reduction of energy consumption	24-25
302-5	Reductions in energy requirements of products and services	13/24/25
	GRI 303: Water and Effluents 2018	
303-1	Interactions with water as a shared resource	28
303-2	Management of water discharge-related impacts	28
303-3	Water withdrawal	28
303-4	Water discharge	29
303-5	Water consumption	29
	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	Information is currently unavailable.
304-2	Significant impacts of activities, products and services on biodiversity	29
304-3	Habitats protected or restored	Information is currently unavailable.
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	26
305-2	Energy indirect (Scope 2) GHG emissions	26
305-3	Other indirect (Scope 3) GHG emissions	26
305-4	GHG emissions intensity	The reporting period is for trial production, information is currently unavailable.
305-5	Reduction of GHG emissions	25
305-6	Emissions of ozone-depleting substances (ODS)	25
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	The reporting period is for trial production, information is currently unavailable.
	GRI 306: Waste 2020	
306-1	Waste generation and significant waste-related impacts	28
306-2	Management of significant waste related impacts	28
306-3	Waste generated	28
306-4	Waste diverted from disposal	28
306-5	Waste directed to disposal	The reporting period is for trial production, information is currently unavailable.
	GRI 308: Supplier Environmental Assessment 2016	
308-1	New suppliers that were screened using environmental criteria	43
308-2	Negative environmental impacts in the supply chain and actions taken	Information is currently unavailable.

Society		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	37
401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	38
401-3	Parental leave	38
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	42
403-2	Hazard identification, risk assessment, and incident investigation	42
403-3	Occupational health services	42
403-4	Worker participation, consultation, and communication on occupational health and safety	42
403-5	Worker training on occupational health and safety	42
403-6	Promotion of worker health	42
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42
403-8	Workers covered by an occupational health and safety management system	42
403-9	Work-related injuries	42
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	40
404-2	Programs for upgrading employee skills and transition assistance programs	40
404-3	Percentage of employees receiving regular performance and career development reviews	41
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	37
405-2	Ratio of basic salary and remuneration of women to men	38
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	37
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	Information is currently unavailable.
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	43-44
414-2	Negative social impacts in the supply chain and actions taken	Information is currently unavailable.
GRI 415: Public Policy 2016		
415-1	Political contributions	The Company's operations do not involve disclosure of this indicator.
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	14
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant violations occurred during the reporting period.
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	14
417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant violations occurred during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	No relevant violations occurred during the reporting period.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant complaints were received during the reporting period.

FEEDBACK

Dear stakeholders,

Thank you for reading the *Lotus Tech ESG Report 2022*. We highly value your evaluation of this report, and your insights will contribute to our ongoing enhancement in ESG report preparation.

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

What do you think of the clarity, accuracy and completeness of indicators disclosed in this report?

☐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: ir@group-lotus.com

Thanks for your feedback!

LOTUS TECHNOLOGY INC.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2022