

# 2024 Responsible Supply Chain Due Diligence Report

## 1. Company Profile

Reporting Entity: EVE Energy Co., Ltd. and its subsidiaries, all overseas companies, as well as externally provided products, processes, and services related to CLS business.

Covered Minerals: Cobalt, Nickel, Lithium, 3TG (Tin, Tantalum, Tungsten, Gold) and Natural Graphite Raw Materials

Reporting Period: January 2024 – December 2024

Founded in 2001 and listed on the Shenzhen ChiNext Board in 2009 (Ticker: 300014), EVE has, after 24 years of rapid development, become a globally competitive lithium-battery platform enterprise. The company possesses core technologies and comprehensive solutions for consumer batteries, power batteries and energy-storage batteries, with products widely applied in the Internet of Things and the energy-internet sectors.

Core Values: Integrity & Innovation, Pursue Excellence, Value Creation, Honor Commitment, Teamwork, Respect for Individuals.

## 2. Annual Due-Diligence Management Summary

As a responsible company, EVE Energy actively supports and participates in the annual Responsible Minerals Assurance Process (RMAP)

audits. By December 2024, EVE Energy had undergone an independent third-party audit commissioned by its customers. During the reporting period, the company conducted risk identification for inherent and management risks related to cobalt, nickel, lithium, natural graphite, and their compounds across all relevant suppliers, covering environmental, social, and governance (ESG) issues. The identification results showed that 3 suppliers were assessed as medium-risk, with the remainder being low-risk. The company conducted on-site supply chain ESG due diligence audits for these 3 medium-risk suppliers, focusing on environmental, social, and governance topics. The on-site audits found that the suppliers' ESG performance generally met the company's supply chain ESG due diligence management requirements, leading to the adjustment of these three suppliers' risk levels to low-risk. For the 3 suppliers audited during the reporting period, the company communicated with them and identified 20 audit issues along with corresponding improvement recommendations. It monitored the implementation of corrective actions by requiring suppliers to regularly provide evidence of rectification. As of December 31, 2024, the closure rate for supplier audit issues reached 100%. During the reporting period, the company identified no evidence of any 3TG conflict minerals originating from high-conflict or high-risk areas.

### **3. Responsible Supply-Chain Management Practices (OECD Five-Step Framework)**

#### **Step 1: Establish Strong Management Systems**

## 1. Company Supply Chain Policy

To avoid using conflict minerals that directly or indirectly finance or benefit armed groups and/or conflict minerals associated with other serious human rights abuses in high-risk and conflict-affected areas, EVE Energy has established its Responsible Minerals Supply Chain Due Diligence Policy. This supply chain policy fully complies with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the requirements of the EU Battery Regulation (EU) 2023/1542. It covers all risks identified in Annex II of the OECD Guidance and applies globally. The company is committed to immediately addressing any Annex II risks upon discovery. This policy has been widely disseminated to relevant stakeholders (employees, suppliers, customers, etc.) and is publicly available on the EVE Energy website at [www.evebattery.com](http://www.evebattery.com).

## 2. Due Diligence Management System Framework

EVE Energy is committed to establishing a responsible supply chain management system that ensures the non-procurement and non-use of conflict minerals from conflict-affected areas, prevents such minerals or materials of unknown origin from entering the supply chain, and avoids mineral extraction and trade becoming sources of conflict, human rights violations, or insecurity. The company has established a comprehensive due diligence management system covering the entire supplier lifecycle, strictly adhering to international regulations and sustainable development strategies, with approval from senior

management. This system addresses social, environmental, conflict-related, and governance risks, encompassing themes such as human rights, health and safety, labor rights, water usage, soil protection, air pollution, climate change, biodiversity, business integrity, and ethics. The due diligence management system undergoes audits at least triennially. Furthermore, EVE Energy has established a cross-functional Due Diligence Committee comprising core departments including Procurement, Supply Chain Sustainability, and Legal, responsible for the overall planning and execution of mineral supply chain due diligence investigations.

- 1) Alignment with International Standards: EVE Energy has updated its due diligence management system to align with the OECD Due Diligence Guidance and the Responsible Minerals Assurance Process (RMAP).
- 2) Supplier Communication: EVE Energy has communicated its updated supply chain policy and procurement requirements to all identified upstream suppliers.
- 3) Open and Transparent Procurement Policy:
  - a) EVE Energy's raw material sourcing statement is published on its public website ([www.evebattery.com](http://www.evebattery.com)), ensuring clear accessibility for all suppliers.
  - b) Internal documentation outlining the Responsible Minerals Supply Chain Management System has been distributed to all relevant departments.'
- 4) Raw Material Procurement Control Procedures: EVE Energy implements and enforces documented procedures including, but not limited to: Procurement

Control Procedure, Supplier Management Procedure, Responsible Minerals Due Diligence Procedure, Supply Chain Due Diligence Grievance Mechanism, Product Monitoring and Measurement Control Procedure, Product Identification and Traceability Procedure, and Supply Chain ESG Risk Management Regulations. These procedures restrict and prevent any "conflict minerals" or minerals of unknown origin from entering EVE Energy's supply chain.

- 5) Traceable Material Tracking Process: Implementation of the Identification and Traceability Management Process ensures the traceability and control of all raw materials throughout their usage.
- 6) Supplier Due Diligence and Continuous Monitoring:
  - a) In accordance with OECD Guidelines and Responsible Minerals Initiative (RMI) audit requirements, EVE Energy conducts annual due diligence on raw material suppliers. This involves reassessing supplier legitimacy, quality assurance levels, and compliance status, forming a critical basis for ongoing supplier management.
  - b) If any non-conformities are identified, the supplier is required to implement corrective actions. Should the supplier fail to meet requirements post-correction, EVE Energy prioritizes communication.
  - c) Suppliers refusing, failing to cooperate, or unable to effectively address medium or high-risk non-conformities will be subject to immediate suspension or termination of business. Non-conforming materials will be

returned.

- 7) Broad Communication Channels: EVE Energy promotes the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas", RMAP assessment criteria, and requirements for transparency and responsible supply chains to all upstream suppliers. Suppliers are reminded and urged to operate legally and compliantly, avoiding any trade in "conflict minerals" or minerals of unknown origin. Specific "conflict-free" clauses are stipulated in contracts with suppliers, who all commit to supplying "conflict-free" materials. Maintaining communication with downstream customers, EVE Energy provides CMRT (Cobalt Reporting Template), EMRT (Extended Minerals Reporting Template), and AMRT (Aluminium Reporting Template) as required by RMI and customers to ensure supply chain due diligence.
- 8) Grievance Mechanism: EVE Energy has established public complaint channels, including an email address and postal address, demonstrating its willingness to accept societal oversight.
- 9) Employee Training: EVE Energy provides training to all employees, including senior management, via methods such as centralized sessions. This ensures comprehensive understanding of the latest requirements of the OECD Due Diligence Guidance, the Responsible Business Alliance's (RBA) mineral supply chain audit standards, and responsible mineral supply chain transparency requirements.

10) Record Retention System: EVE Energy mandates that all records related to responsible mineral supply chain management be retained for a minimum of ten (10) years, properly utilized, and securely stored within the company's database system.

## **Step 2: Identify and Assess Supply Chain Risk**

EVE has designed a supplier ESG risk-identification process and established procedures for identifying CAHRAs (Conflict-Affected and High-Risk Areas). During the reporting period, the Supply-Chain Due-Diligence Management Committee conducted comprehensive risk assessments on cobalt, nickel, lithium and graphite supply chains. A warning signal indicated that a smelter originated from the DRC, defined by the company as high-risk; however, the smelter has obtained RMI third-party certification, so the alert was lifted. Three tier-1 suppliers underwent on-site due-diligence audits, and EVE continues to encourage all mines and smelters, regardless of location, to secure IRMA or RMI certification or undergo OECD-aligned third-party audits.

## **Step 3: Design and Implement a Strategy to Respond to Identified Risks**

Based on risk-assessment results, EVE applies tiered supplier management:

- a) Low-risk: continuous cooperation with improvement supervision via “Audit Finding Rectification Notices” and monthly performance reviews.
- b) Medium-/high-risk: immediate escalation; contracts suspended or terminated unless significant, verified improvements are achieved within agreed timeframes.

All three suppliers that underwent on-site ESG audits were reclassified as “low-sustainable risk” and received “Corrective Action Plan Notices” .

#### **Step 4: Provide for or Cooperate in Remediation**

EVE has published the “Supply-Chain Grievance and Remedy Policy” on its website and established internal handling procedures to systematically receive and investigate all grievances and adverse-impact events. As of 31 Dec 2024, EVE has neither received nor discovered any adverse-impact reports or grievances.

#### **Step 5: Report on Supply-Chain Risk-Management Processes and Results**

EVE publishes its annual supply-chain due-diligence management report on [www.evebattery.com](http://www.evebattery.com), where all social-responsibility and mineral-supply-chain information is disclosed for stakeholder reference and discussion.

EVE Energy Co., Ltd.

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