

Due Diligence Report on Waste Lithium-Ion Battery Management

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1. Basic Overview

This due diligence covers waste power lithium-ion batteries, digital lithium-ion batteries, battery modules and scrapped cells generated in production, operation, maintenance and office scenarios. Current sources include equipment replacement, aging replacement and test scrappage. In accordance with national regulations, waste lithium-ion batteries are classified as hazardous solid waste with risks of short circuit, fire, electrolyte corrosion and heavy metal pollution. They must be managed in a special, closed-loop mode with dedicated personnel and dedicated areas. This review focuses on six aspects: system establishment, recycling records, storage management, transportation and disposal, safety protection and compliance qualifications.

2. Current Management Status

2.1 System and Personnel Management

1. The company has formulated *Waste Lithium-Ion Battery Recycling Management Regulations* and *Hazardous Waste Storage Safety Management System*, which basically comply with the *Interim Measures for the Administration of Recycling and Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles*.
2. One full-time administrator is responsible for collection, ledger management and liaison with disposal units. Frontline staff have basic safety awareness but lack regular professional training.

2.2 Recycling and Ledger Management

1. Fixed collection points are set up for unified collection of waste batteries.
2. A management ledger is established to record quantity, source, storage time, destination and handler. Some records lack battery codes and status remarks.

2.3 Storage Management

1. A special storage area is set up with ventilation, light protection and anti-seepage treatment, isolated from ordinary materials and flammables.
2. Batteries are classified and placed in single layer with insulation and fireproof mats.**Problems:** Incomplete warning signs; some battery poles lack insulation caps.

2.4 Transportation and Disposal

1. All waste batteries are entrusted to qualified third-party hazardous waste disposal enterprises with complete qualifications.
2. Packaging, insulation and transportation meet hazardous goods requirements; transport manifests and agreements are complete.
3. Eligible batteries are used for echelon utilization; others are recycled for resources.

2.5 Safety and Environmental Protection

1. Fire equipment such as dry powder extinguishers and fire sand is equipped and inspected regularly.
2. No electrolyte leakage or pollution is found on site.**Problems:** Lack of special leakage emergency tools and special emergency plans.

3. Main Risks and Problems

1. Incomplete compliance records: insufficient code traceability and detailed inbound/outbound information.
2. Unsafe operation: missing insulation caps and warning signs, causing short-circuit risks.
3. Insufficient staff training: no regular emergency drills.
4. Imperfect emergency system: no special emergency plan and incomplete supplies.
5. Insufficient daily inspection: lack of key checks on bulging, leakage and heating batteries.

4. Compliance Basis

1. *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*
2. *Interim Measures for the Administration of Recycling and Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles*

3. *Industry Specification Conditions for Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles (2024 Edition)*

5. Rectification and Optimization Plan

5.1 Immediate Rectification (within 15 days)

1. Install insulation caps and supplement warning signs.
2. Improve ledger with battery codes and status details.
3. Add emergency supplies: absorbent cotton, anti-corrosion gloves, emergency bins.

5.2 Short-term Optimization (within 30 days)

1. Develop special emergency plan and conduct quarterly drills.
2. Organize special training for all staff.
3. Strengthen daily inspection and record key risks.

5.3 Long-term Management (long-term implementation)

1. Review third-party qualifications annually and keep records for at least 3 years.
2. Standardize collection points and prohibit unauthorized disposal.
3. Conduct semi-annual internal reviews.

6. Conclusion

The overall management framework is compliant. No major violations or major safety and environmental hazards are found. Existing problems are general risks in details and operations, which can be fully rectified through standardized management.

Investigator: _____Reviewer: _____Date: May 26, 2026