

DFLI 2023 & 2024 ESG Fact Sheet

2023/2024



About DFLI



Who We Are

We are a comprehensive lithium battery technology company, specializing in cell manufacturing, battery pack assembly, and full system integration. Through our renowned Battle Born Batteries® brand, we have established ourselves as a frontrunner in the lithium battery industry, with hundreds of thousands of reliable battery packs deployed in the field through toptier OEMs and a diverse retail customer base.



What we do

We are at the forefront of domestic lithium battery cell production. Our patented dry electrode manufacturing process can deliver chemistry-agnostic power solutions for a broad spectrum of applications, including energy storage systems, electric vehicles, and consumer electronics.



Our Vision

Our Company, headquartered in Reno, Nevada, sits at the heart of "The Lithium Capital of North America." Our lithium offtake agreements with the nearby Rhyolite Ridge mine (Operated by Ioneer in Central Nevada) and partnerships with Nevada-based lithium recyclers position us for strong vertical integration within the state's emerging closed-loop lithium supply chain.



Our Mission

We are dedicated to empowering a future of sustainability, resilience, and responsibility by providing cutting-edge, eco-friendly power solutions that not only redefine industry standards but also equip individuals and industries to embrace a cleaner, more independent energy future.

ESG Oversight

Our Board of Directors has demonstrated a steadfast commitment to Environmental, Social, and Governance (ESG) principles, recognizing their critical importance in shaping the company's long-term sustainability and success. While our ESG program is in its nascent stages, the Board has been a driving force behind its initiation and development.

- Board buy-in on ESG and board skills in the space
- Board to receive quarterly updates on ESG progress
- Formalization of board oversight of ESG topics

Accolades



2024 Nevada Business Company of the Year



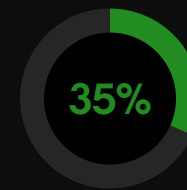
Inbound Logistics 75 Green Technology Partner



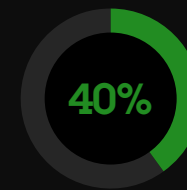
2023 Silver & Blue Appreciation Award from University of Nevada, Reno

ESG Statistics

Workforce

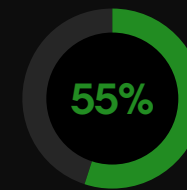


Women

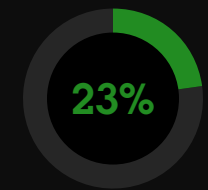


Racial/Ethnic Minorities

Management



Women



Racial/Ethnic Minorities

OSHA Metrics

Lost Time Incident Rate (LTIR)	0
Total Recordable Incident Rate (TRIR)	0.61

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Materiality Assessment

To determine the most critical ESG topics for strategic focus, we contracted an independent third party to conduct a materiality assessment of our business.

Identified issues were plotted on a materiality matrix based on their significance to stakeholders and their impact on business operations, in effort to identify the topics most important to our business and stakeholders. The matrix serves a tool in guiding the company's sustainability strategy and decision-making processes, facilitating targeted action on initiatives that align with our stakeholder expectations.

Aligned to our mission, our environmental, social and governance (ESG) strategy centers on 5 strategic priorities:



Products & Technology



Approach to Environmental Management



Human Capital Management

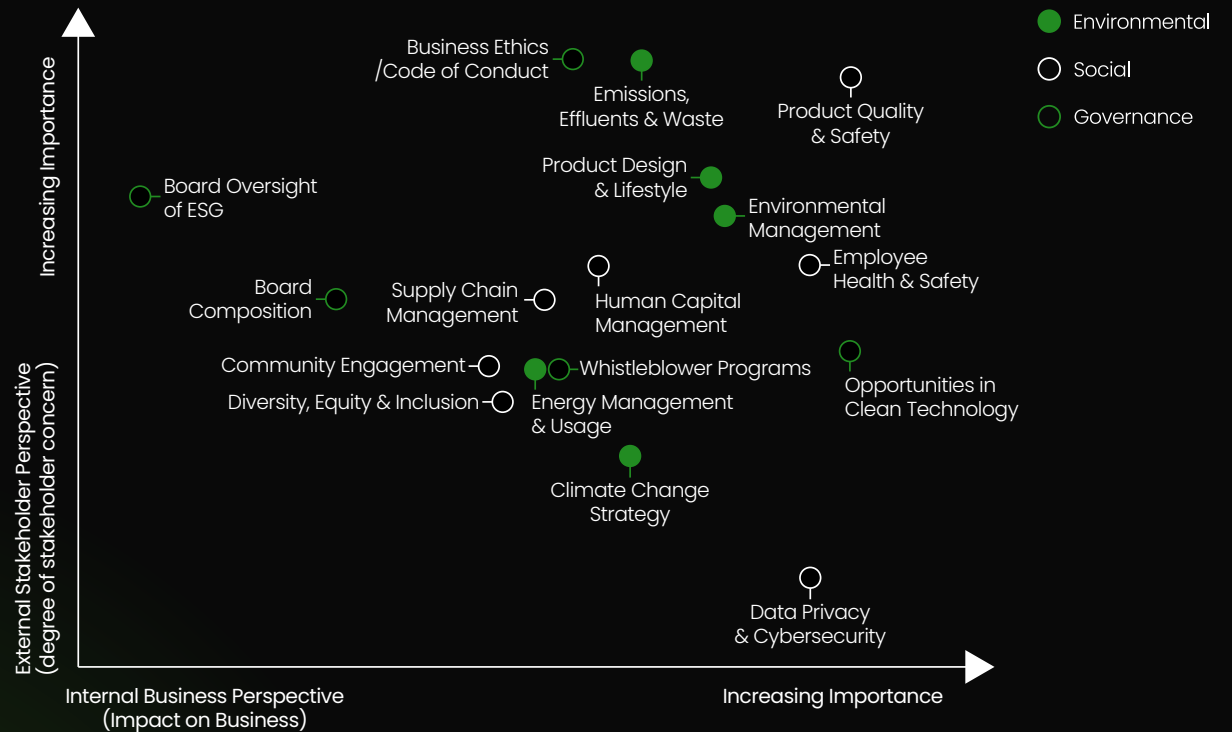


Health & Safety



Corporate Governance & Business Ethics

Materiality Assessment Matrix



X-Axis represents the importance to internal stakeholders

Y-Axis represents the importance to external stakeholders, including: Employees, Investors & Community





Environment

Our LiFePO4 Battery Pack Products

Our dedication to safety led us to employ lithium iron phosphate (LiFePO4) in our battery pack designs. Also known as LFP, this chemistry is renowned for its exceptional thermal stability, resistance to thermal runaway, and unparalleled cycle life, making it the eminent choice for deep cycle applications demanding reliable performance and long-lasting endurance.



Environmentally Friendly, Socially Responsible & Safer:

Our LiFePO4 batteries are free of toxic elements and controversial materials such as cobalt, making them a safer alternative to traditional lead-acid and other lithium batteries. They do not emit noxious gases, eliminating the need for ventilation or the concern for fire risk during installation and recharging.



Longer Lifespan:

Our LiFePO4 batteries have longer lifecycles compared to lead-acid batteries, expected at 10-15 years.



“At Dragonfly Energy, we’re driven by the mission to revolutionize smart energy storage and empower the transition to a clean energy future. Our focus on safe, sustainable lithium-ion battery technology, along with our commitment to domestic manufacturing, creates a powerful combination for positive environmental and economic impact.”

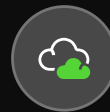
Dr. Denis Phares, CEO of Dragonfly Energy

Domestic Battery Cell Manufacturing Technology¹

Total Cell Production:



25%
Less energy intense production process



9%
Reduced carbon footprint for total cell manufacturing

37
Patents
38
Pending

100%
of R&D capital is deployed towards clean tech

During Mixing & Calendaring Steps of Process:

- **71%** lower energy consumption
- **18%** lower CO2 Emissions
- No Toxic NMP Solvents
- Successfully made cell out of recycled materials [Learn More](#)
- **22%** Smaller Manufacturing Footprint
- Less Waste in manufacturing through the ability to reclaim electrode material during the spray process
- Ability to Produce PFAS Free Electrodes [Learn More](#)

Environmental Management

At Dragonfly Energy, we are dedicated to minimizing our environmental impact by implementing sustainable manufacturing practices. Our commitment includes eliminating toxic solvents in cell manufacturing, prioritizing waste reduction, and promoting recycling initiatives. These efforts underscore our commitment to developing environmentally friendly technologies through responsible manufacturing processes, reflecting our core values.



Recycling

We are committed to sustainable practices and have established partnerships with lithium recycling companies, including Redwood Materials and Aqua Metals, to ensure that our end-of-life and defective products are recycled responsibly.

¹ Versus State-of-the-Art processes traditionally used in lithium battery production



Social

Human Capital Management

Our people are our most valuable asset. Our Human Capital Management strategy is designed to attract, retain, and develop top talent while promoting a diverse and inclusive workforce. Our board receives quarterly updates from our CEO on our Human Capital strategy.



Along with our competitive compensation packages, we offer:

- Choice of 3 medical insurance plans
- Tuition reimbursement
- Employee Stock Purchase Plan
- Regular employee appreciation events
- Flexible PTO
- Paid Holidays
- Parental leave

Community Engagement

Dragonfly Energy champions a sustainable future by creating American jobs, fostering innovation in clean energy, and actively supporting our local community. We achieve this through various initiatives, partnering with diverse groups and institutions to build a brighter tomorrow.

Partnerships & Charitable Contributions:

National:

National Forest Foundation, John Lennon Educational Tour Bus, Rennervation Foundation, High Fives Foundation

Veterans:

Wounded Warriors in Action Foundation, Warrior Sailing, Mini Jet Air Force

Local:

Nevada Battery Coalition, Nevada Corporate Giving Council, University of Nevada Reno, NCET, EDAWN, Discovery Museum, Big Brothers Big Sisters Northern Nevada, Artown

Diversity, Equity & Inclusion

We are committed to fostering a workplace where every individual feels valued, respected, and empowered to contribute their unique perspectives and talents.

Recruiting Diverse Talent

We have established recruiting pipelines with University of Nevada, Reno and Truckee Meadows Community College for entry-level technical roles, and we utilize a recruiting agency for management level roles in our engineering department.

Employee Training & Development



Training and Development:

We offer comprehensive training programs tailored to various career levels and disciplines.



Data Privacy & Cybersecurity Training:

All employees with computer access are trained yearly on data privacy & cybersecurity. Our trainings are overseen by a third party IT team.



Career Pathing:

Through annual performance evaluations and career discussions, employees can identify their career aspirations and chart a course for advancement within the company. As of **October 2024**, our internal promotion rate stood at **25.2%**. This figure highlights our success in providing growth opportunities for our employees and our commitment to nurturing talent.

Product Safety

Our senior leadership consistently participates in product development discussions.



- Tested & Certified By Third-Party Labs to Ensure Compliance with the Highest Industry Safety Standards, including Intertek and LabTest Certification
- Listings on Battery Pack Products Include: UN38.3, UL-62133, UL-2054, Class 1 Div 2, IP65 (listings vary by products)
- Lithium Cells inside the packs are also UL Listed

Health & Safety

We are committed to maintaining a safe and healthy work environment by implementing rigorous safety protocols, providing comprehensive training programs, and adhering to regulatory standards set forth by the Occupational Safety and Health Administration (OSHA).

Regular Training on Safety

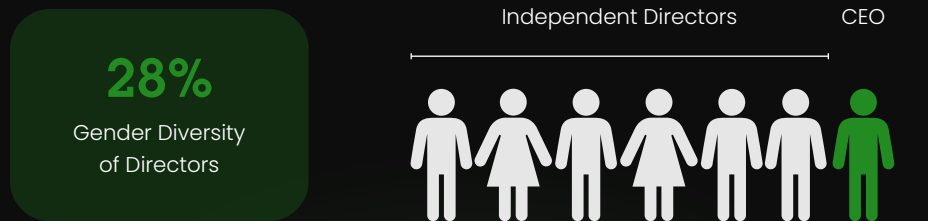
All employees undergo annual training on Hazardous Communication, Emergency Action Plans, and Written Workplace Safety. This comprehensive program includes regular safety walks, team discussions on safety topics, and rotating safety teams at both facilities. Job Hazard analysis is conducted on every process.



Board Independence & Diversity

Our governance structure ensures we adhere to our core principles, that our decision-making is informed and effective, and that we appropriately monitor performance and maintain compliance.

Board Committees	Audit Committee	Nominating & Corporate Governance Committee	Compensation Committee
Key Tasks	<ul style="list-style-type: none"> Review/Audit of internal policies and procedures, ESG Controls Evaluates and manages financial risk exposure Oversees and evaluates reports from Whistleblower hotline 	<ul style="list-style-type: none"> Provide general ESG Oversight Sets corporate governance standards and code of business conduct and ethics Recommends structure of Board and committees 	<ul style="list-style-type: none"> Oversees human capital management programs Oversees financial, human resources, and succession planning Monitors CEO performance and pay Sets employee incentives, equity payouts and performance-based bonuses
Independence	100%	100%	100%
Cadence	Quarterly	Quarterly	Quarterly



Data Privacy & Cybersecurity

We collect, process, and store data in accordance with relevant privacy laws and regulations such as:

- General Data Protection Regulation (GDPR)
- California Consumer Privacy Act (CCPA)

Read more about our approach to Data Privacy & Cybersecurity in our [2024 Annual Report](#)

Ensuring Ethical Behavior



Code of Conduct

All employees at Dragonfly Energy undergo annual, comprehensive training on our Code of Conduct. This training ensures that employees understand their ethical responsibilities, company policies, and legal obligations.



Whistleblower Hotline

Our independent whistleblower hotline is available 24/7 for employees to report concerns or instances of misconduct anonymously. The hotline is operated by a third-party provider to ensure confidentiality and impartiality in the reporting process.

Each report is investigated promptly and impartially by our designated compliance team or external experts and overseen by our Audit Committee. As of 6/30/24, we have received 5 whistleblower reports through the hotline.

Supplier Management

Dragonfly Energy maintains a Supplier Code of Conduct that outlines our expectations and requirements for ethical behavior, environmental stewardship, and social responsibility. This code serves as a framework for guiding the conduct of our suppliers and promoting alignment with our values and principles.

To effectively manage supplier risk, Dragonfly Energy utilizes Rep Risk, a comprehensive software platform designed to assess, monitor, and mitigate supplier-related risks. Rep Risk enables us to evaluate supplier performance, monitor compliance with our Supplier Code of Conduct, and identify potential risks related to ethics, sustainability, and regulatory compliance.

Nevada Lithium Mining Agreement

As part of our commitment to sustainable sourcing, Dragonfly Energy has entered into a strategic agreement with a Nevada-based lithium mine, Rhyolite Ridge (Ioneer). This agreement marks a significant step towards securing a domestic and environmentally responsible source of lithium, a critical component in lithium-ion batteries.