



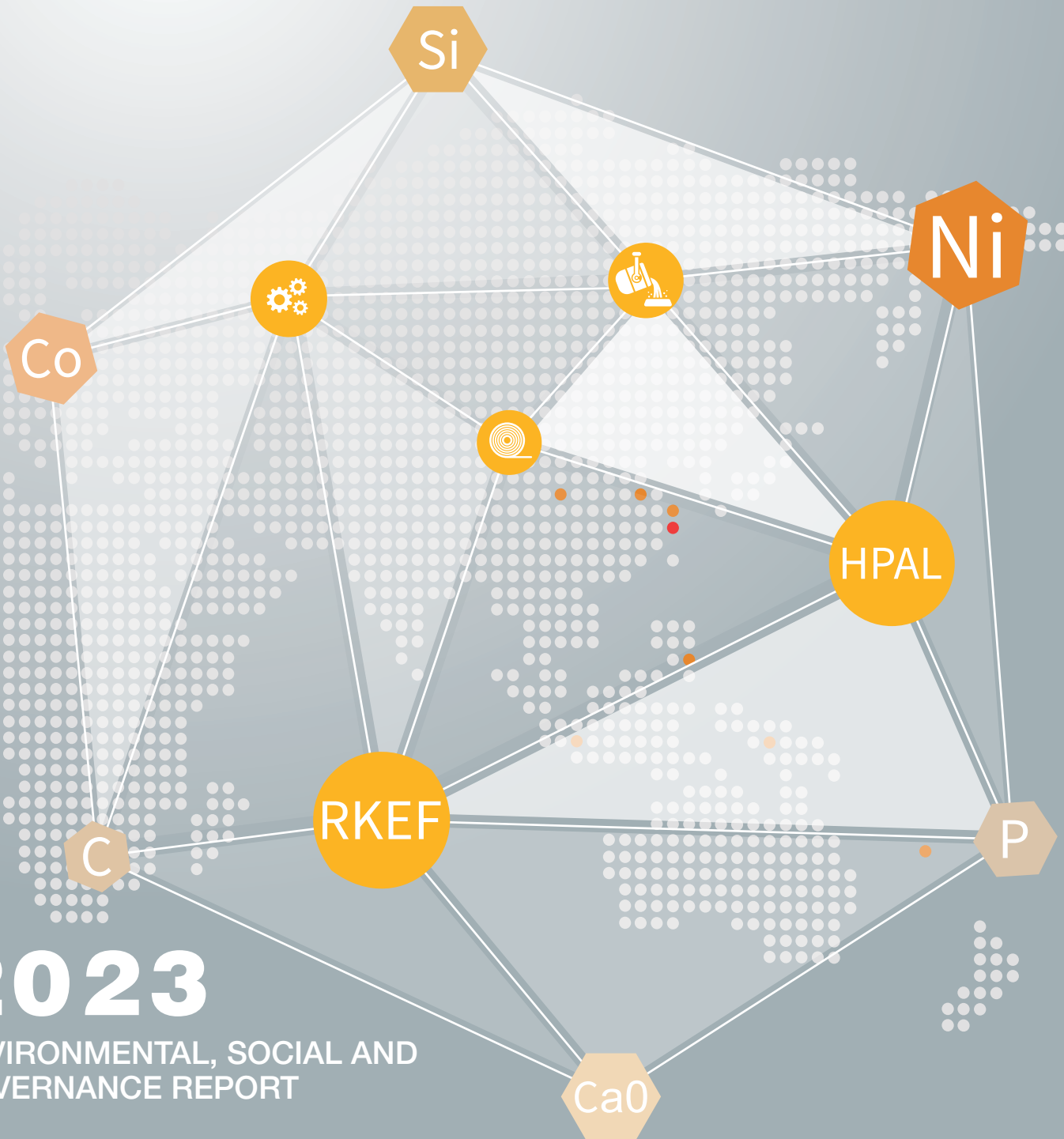
力勤资源

LYGEND RESOURCES

宁波力勤资源科技股份有限公司

LYGEND RESOURCES & TECHNOLOGY CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2245



2023

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

Environmental, Social and Governance Report

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DEFINITIONS

“Board” or “Board of Directors”	the board of Directors;
“Chairman”	chairman of the Board;
“Director(s)”	the director(s) of the Company;
“Group” or “we”	the Company and its subsidiaries;
“HPL”	PT Halmahera Persada Lygend, a limited liability company established on 27 July 2018 under Indonesian law and directly and indirectly held as to 54.9% by the Company;
“ONC”	PT OBI Nickel Cobalt, a limited liability company established on 26 August 2021 under Indonesian law and indirectly held as to 60% by the Company;
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the SEHK;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HPAL Project”	the Company’s hydrometallurgy project for nickel products on Obi Island;
“Indonesia”	the Republic of Indonesia;
“Indonesian Partner”	PT Trimegah Bangun Persada (“TBP”), a limited liability company established under the laws of Indonesia and a substantial shareholder of certain non-wholly owned subsidiaries of our Company, together with its associates;

Environmental, Social and Governance Report

“Jiangsu Wisdom”	Jiangsu Wisdom Industrial Co., Ltd. (江蘇惠然實業有限公司), a limited liability company established in the PRC on 21 March 2011 and a wholly owned subsidiary of the Company;
“Listing”	the listing of the H Shares on the Main Board of the SEHK on 1 December 2022;
“Listing Rules”	the Rules Governing the Listing of Securities on the SEHK, as amended, supplemented or otherwise modified from time to time;
“Lygend Resources” or the “Company”	Lygend Resources & Technology Co., Ltd. (寧波力勤資源科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board (Stock Code: 2245);
“Main Board”	the stock market (excluding the option market) operated by the SEHK which is independent from and operated in parallel with the Growth Enterprise Market of the SEHK;
“Report”	the Environmental, Social and Governance Report for the year ended 31 December 2023 issued by the Company;
“Reporting Guide”	the “Environmental, Social and Governance Reporting Guide” set out in Appendix C2 to the Listing Rules;
“Reporting Period” or “2023” or “current year”	1 January 2023 to 31 December 2023;
“SEHK”	The Stock Exchange of Hong Kong Limited; and
“Xi an Pengyuan”	Xi’an Pengyuan Metallurgical Equipment Co., Ltd. (西安鵬遠冶金設備有限公司), a limited liability company established in the PRC on 20 February 2017 and directly held as to 70.0% by the Company.



About Lygend Resources

- **Main Businesses**
- **Geographical Reach**
- **Corporate Culture**
- **Major Honours and Recognitions**

Environmental, Social and Governance Report

MAIN BUSINESSES

Lygend Resources & Technology Co., Ltd. (“Lygend Resources” or the “Company”, together with its subsidiaries, collectively referred to as the “Group” or “we”) is a company with business across the entire nickel industry value chain. Positioning in the “nickel” segment of the industry, the Company has established its presence across the entire nickel industry value chain and pioneered in the trading and production of nickel products in the industry, including the integration and trading of nickel resources, trading and production of nickel products, equipment manufacturing and sales. In alignment with the “Belt and Road” initiative, the Company actively pursues a development model based on mutual benefit and win-win cooperation. The Company and its Indonesian Partner have jointly invested in the construction of an independent industrial park on Obi Island in Indonesia, in which hydrometallurgy and pyrometallurgy projects for nickel products were established with related production ancillary facilities being provided simultaneously. This ensured our autonomy in aspects such as smelting and production, raw material and energy supply, and public ancillary facilities, and has helped us achieve various breakthroughs and significant progress in the field of smelting of nickel products. To cater to our business development, the H shares of Lygend Resources has been officially listed on the Main Board of SEHK since December 2022 (stock code: 2245.HK).



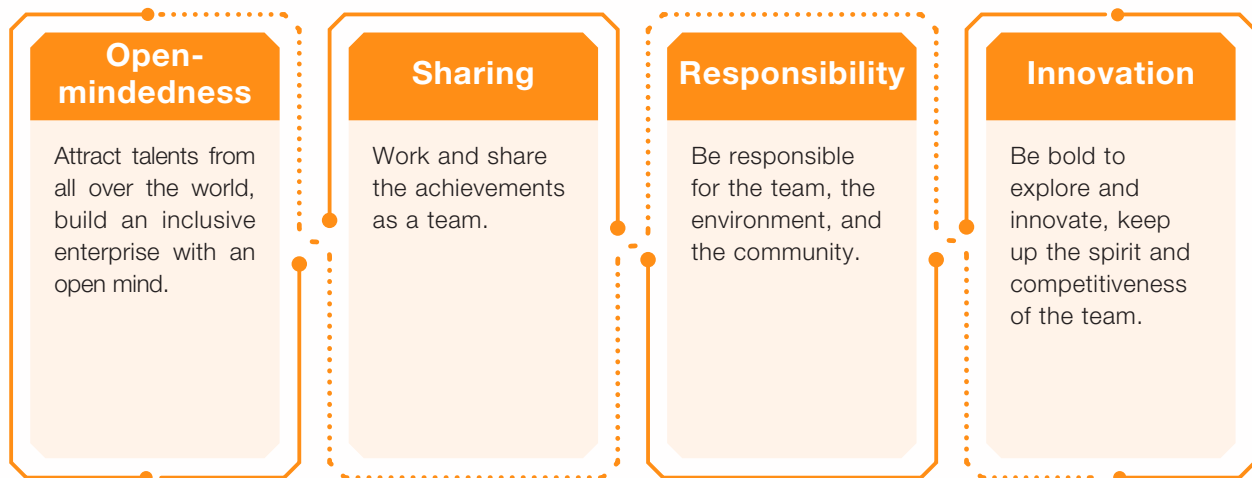
GEOGRAPHICAL REACH

Since our establishment, Lygend Resources has adhered to the concept of “power and excellence, always without limits” (“力致卓越、勤無止境”) to provide high-quality products and services. In response to China’s “Belt and Road” development strategy, our business is distributed in many countries in Southeast Asia. The Company’s business in China is distributed in Ningbo of Zhejiang Province, Suqian of Jiangsu Province, Xi’an of Shaanxi Province, and Shanghai, and our overseas business is distributed in multiple Southeast Asian countries such as Indonesia and the Philippines.

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CORPORATE CULTURE

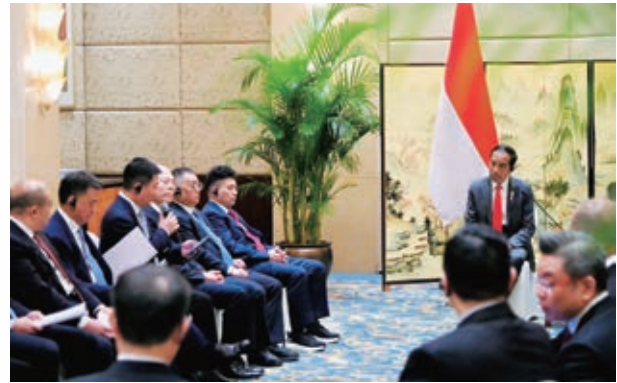
Lygend Resources' corporate culture emphasizes four fundamental elements, "open-mindedness", "sharing", "responsibility" and "innovation". The Company is open-minded and inclusive towards employees, shares the fruits of efforts with them, shoulders social responsibility, and stresses the importance of service and product innovation to pursue sustainable development.



Environmental, Social and Governance Report

MAJOR HONOURS AND RECOGNITIONS

In 2023, we deepened communication, exchanges, and cooperation with countries along the “Belt and Road” region. Our Chairman was invited to participate in multiple international events. In July, during the then President of Indonesia, Jokowi’s attendance at the opening ceremony of the 31st World University Summer Games in Chengdu, the Chairman was received by Jokowi as one of the Chinese entrepreneur representatives. In his speech, Chairman Cai Jianyong introduced Lygend Resources’ progress and results in the investment projects, environmental protection, and localization of business in Indonesia to President Jokowi. He also expressed Lygend Resources’ determination to continue its deep involvement in Indonesia, combine Chinese technology with Indonesia’s advantageous resources, and promote economic interconnection and mutual prosperity between the two countries. In September, the Premier of the State Council visited Indonesia to attend a series of Senior Officials’ meetings on East Asia Cooperation (東亞合作領導人系列會議) and paid a state visit to Indonesia. During the period, he attended a China-Indonesia business sector banquet held in Jakarta, the capital of Indonesia. The Chairman was also invited to attend the banquet as one of the representatives of the business sector of both countries. In October, Chairman Cai Jianyong was invited to attend the “Belt and Road” International Summit Forum and signed an agreement with the Indonesian Partner at the signing ceremony to invest in the HPAL Project.



Met with the then President of Indonesia at the opening ceremony of the 31st World University Summer Games



Invited to attend the China-Indonesia business sector banquet



Invited to attend the “Belt and Road” International Summit Forum and signed an agreement with the Indonesian Partner

Environmental, Social and Governance Report

During the Reporting Period, with the joint efforts of employees at all levels, we steadily enhanced the Group's comprehensive strength, enabling us to rank 34th on the Ningbo Top 100 Comprehensive Enterprises (寧波市綜合企業百強榜) and make our debut on the 2023 China's Top 500 Manufacturing Enterprises (二零二三中國製造業企業 500 強). Jiangsu Wisdom was also awarded the 2023 Suqian Top 100 Private Enterprises (二零二三宿遷民營百強企業). At the same time, we received numerous recognitions and awards, including but not limited to:

Awards and Honours



"Lygend Indonesia Obi Industrial Park Project" and "Baoxinte Ferronickel Project (Pyrometallurgy Phase II)" were selected for the Zhejiang Province "Belt and Road" Construction Achievement List (浙江省“一帶一路”建設成果清單)



Lygend Resources was awarded the 2023 China's Top 500 Manufacturing Enterprises



Lygend Resources ranked 34th on the Ningbo Top 100 Comprehensive Enterprises



Chairman Cai Jianyong became the Executive Vice Chairman of the First Council of Zhejiang International Chamber of Commerce for the Private Sector



Received the Enterprise of Great Strength Award ("大力鼎") from Ningbo Yinzhou Development and Reform Bureau



Lygend Resources obtained the Customs AEO Advanced Certified Enterprise Certificate



Xi'an Pengyuan was awarded High and New Technology Enterprises Certificate (高新技術企業證書)



Xi'an Pengyuan was awarded 2023 Shaanxi Province Potential Gazelle Enterprises Certificate

Environmental, Social and Governance Report



Lygend Resources was granted the status of Key Import Platform of Zhejiang Province



Lygend Resources was awarded the 2023 Global Quality Nickel System Supplier (二零二三年度全球镍系优质供应商)



Chairman Cai Jianyong was awarded the title of Outstanding Builder of the New Era of Career of Socialism with China Characteristics in Ningbo City (宁波新时代中国特色社会主义事业优秀建设者)



Lygend Resources was appointed as the Honorary President Unit of the 5th Council of Ningbo Charity Federation by the Ningbo Charity Federation (宁波市慈善总会)



HPL received the Occupational Safety and Health Management System Commendation from the Minister of Manpower of the Republic of Indonesia



Jiangsu Wisdom was selected as the Suyu District Committee's Main Contact Point Two News Organization of New Working Committee Member Units (宿豫区委两新工委成员单位联系重点两新组织)



Jiangsu Wisdom was awarded the honorary title of "Caring Enterprise" by the Suyu Charity Federation (宿豫慈善总会)

Environmental, Social and Governance Report

ISO Certificates



Lygend Resources obtained ISO 9001:2015 Quality Management System Certificate



Lygend Resources obtained ISO 45001:2015 Occupational Health and Safety Management System Certificate



Lygend Resources obtained ISO 14001:2015 Environmental Management System Certificate



Shanghai Lygend International Trade Co., Ltd. obtained ISO 9001:2015 Quality Management System Certificate



Ningbo Lygend Wisdom Co., Ltd. obtained ISO 9001:2015 Quality Management System Certificate



HPL obtained ISO 9001:2015 Quality Management System Certificate



HPL obtained ISO 45001:2015 Occupational Health and Safety Management System Certificate



HPL obtained ISO 14001:2015 Environmental Management System Certificate



About This Report

- **Report Purpose**
- **Reporting Period and Scope**
- **Reporting Principles**

Environmental, Social and Governance Report

REPORT PURPOSE

The Group is pleased to publish its second Environmental, Social, and Governance (“ESG”) Report (“the Report”), which aims to set forth our resource investment in ESG aspects, ESG policies and approaches, risks and opportunities, and performance including aspects such as air emissions, greenhouse gas emissions, climate change, labour standards, and anti-corruption, to help stakeholders better understand our philosophy and approach to sustainable development.

The Report is published in both Chinese and English and has been uploaded to the website of the SEHK and the Group’s website (<https://www.lygend.com/>) for download by stakeholders. In the event of any conflict or discrepancy between the Chinese and English versions, the Chinese version shall prevail.

REPORTING PERIOD AND SCOPE

The Report discloses the policies and performance of the Group in relation to ESG from 1 January 2023 to 31 December 2023. The scope of the Report is consistent with that of 2022. For data disclosure, as the Group is proactively expanding the business of nickel product production and expects it to contribute to a majority of the Group’s revenue, and considering the main sources of our environmental impact, the scope of environmental and social data disclosure mainly covers the production facilities of the Group, including:

- Jiangsu Wisdom Industrial Co., Ltd. (江蘇惠然實業有限公司) (“Jiangsu Wisdom”);
- Xi’an Pengyuan Metallurgical Equipment Co., Ltd. (西安鵬遠冶金設備有限公司) (“Xi’an Pengyuan”); and
- Hydrometallurgy project for nickel products located on Obi Island, the Republic of Indonesia (“HPAL Project”).

Environmental, Social and Governance Report

REPORTING PRINCIPLES

The Report has been prepared in accordance with Appendix C2 “Environmental, Social and Governance Reporting Guide” to the Listing Rules published by SEHK, and complies with the mandatory disclosure requirements and the “comply or explain” provisions of the Reporting Guide. The Report presents the Group’s ESG data and performance in accordance with the reporting principles set out in the Reporting Guide:

Materiality

The Group identifies and ranks our ESG issues according to their importance through continuous communication with stakeholders and the Board’s review of our business development. Details of the materiality assessment conducted are disclosed in the section “Materiality Assessment” of the Report.

The Group collects ESG data quantitatively where appropriate and discloses our key performance indicators in the Report. The key performance indicators are calculated mainly in accordance with “Appendix 2: Reporting Guidance on Environmental KPIs” and “Appendix 3: Reporting Guidance on Social KPIs” of “How to Prepare an ESG Report”, a guideline for ESG reporting published by SEHK in March 2020.

Quantitative

Consistency

The Group has established a methodology of ESG data collection and disclosure and plans to use consistent methodologies in the future to ensure meaningful comparisons of data over time.



Sustainability Governance

- Role of the Board
- Environmental, Social and Governance Committee
- ESG Governance Approach
- United Nations Sustainable Development Goals
- Sustainable Development of the HPAL Project

Environmental, Social and Governance Report

ROLE OF THE BOARD

The Board has full responsibility for our ESG approach and reporting. With the assistance of the ESG consultant, Board members possess the appropriate skills, experience, knowledge, and perspective to oversee the Group’s ESG matters. The Board participates in at least one ESG-related meeting annually to discuss key ESG issues and future developments, review strategy and policy action plans and results to manage their effectiveness, and better manage the Group’s ESG-related performance, issues, and potential risks. The Board is also responsible for formulating, evaluating, prioritizing, and managing material ESG-related issues, including risks to our business. The Board also analyses the Group’s performance and progress against ESG-related goals and indicators. In the event that the implementation and the performance of ESG-related goals and directions fall short of expectation or when there are changes to our business operations, the Group will make necessary changes to the relevant goals and indicators and communicate such goals and indicators with our key stakeholders including employees, customers and suppliers.

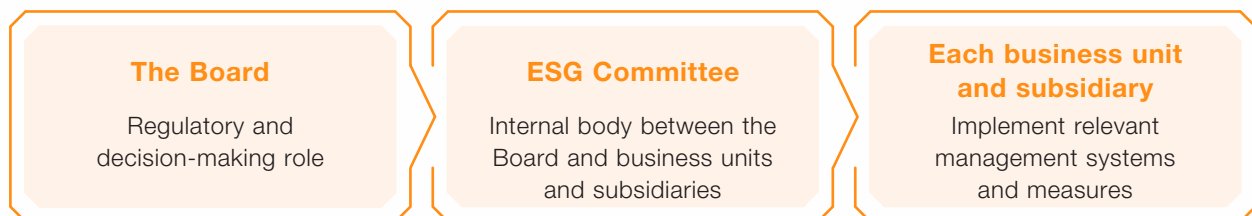
ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Group has established an ESG committee (“ESG Committee”), chaired by the executive Director, while committee members consist of individuals from the Group who have the ability to identify and manage ESG risks. The ESG Committee serves as an internal body between the Board and various business units and subsidiaries, and is responsible for communication between different levels to coordinate ESG matters.

In addition, the ESG Committee is responsible for identifying the Group’s ESG risks and opportunities and reporting regularly to the Board on their management status. The ESG Committee is also responsible for coordinating stakeholder communication, materiality analysis of ESG issues, formulating management strategies and methods, coordinating daily management and information disclosure, and setting ESG goals as well as regularly reviewing the progress of such goals. The ESG Committee will develop appropriate corrective measures when discrepancies are found between results of measures and ESG goals.

ESG GOVERNANCE APPROACH

The Group implements a top-down ESG governance framework and management approach, which consists of three working levels, from the Board and the ESG Committee to each business unit and our subsidiaries. We believe that this structure will achieve effective governance and implementation of ESG-related issues:





The Group has also engaged an independent ESG consultant, Riskory Consultancy Limited, to provide environmental, social and governance-related consultancy services to the Board and management and ensure that we understand and comply with the requirements of the regulatory authorities and perform our relevant responsibilities.

The Group’s corporate governance structure and related issues are disclosed in the “Corporate Governance Report” section of the annual report for the year ended 31 December 2023.



Environmental, Social and Governance Report

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

To achieve the Group's sustainable development, we have integrated the United Nations Sustainable Development Goals into our operations. The details are as follows:

Sustainable Development Goals	Goals Description	The Group's Response
<p>3.9</p>  <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<ul style="list-style-type: none"> • Installed equipment and upgraded production technology to reduce air emissions; • Conducted training for production personnel so that they clearly understand the chemical handling procedures and emergency plans for various leaking and pollution situations; • The HPAL Project enhanced the ability of handling tailings, to detoxify them; and • The HPAL Project installed filtration and extraction equipment for wastewater and sewage treatment.
<p>8.8</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Protect labour rights and promote safe and secure working environments for all workers (including migrant workers, in particular women migrants, and those in precarious employment).</p>	<ul style="list-style-type: none"> • The HPAL Project has conducted human rights assessment; • Obtained the ISO 45001:2018 Occupational Health and Safety Management System Certification; • Established a safety system to standardize safety measures in the production process; and • Conducted regular safety training and drills.

Environmental, Social and Governance Report

Sustainable Development Goals	Goals Description	The Group's Response
<p>13.3</p> 	<p>Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<ul style="list-style-type: none"> • The HPAL Project considers and plans to install photovoltaic power generation equipment in suitable areas of the park to increase the proportion of clean energy; and • Utilized carbon offsets to reduce carbon emissions.
<p>15.5</p> 	<p>Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.</p>	<ul style="list-style-type: none"> • The HPAL Project conducted studies and analyses of the biodiversity at operating sites to monitor changes in biodiversity.

SUSTAINABLE DEVELOPMENT OF THE HPAL PROJECT

The Group's HPAL Project is jointly developed with the Indonesian Partner. We have established the subsidiary HPL together with the Indonesian Partner.

TBP has established a sustainability policy and requires all directors and employees to comply with it. It has also established the "Code of Ethic and Conduct" that outlines our requirements for good governance, human rights protection, employee benefits, health and safety, and corporate social responsibility. All board members and employees are required to sign the code of ethics and conduct to ensure they understand our requirements.

As one of Lygend Resources' key development projects, HPAL Project strives to contribute to environmental and social sustainability while also fulfilling our corporate social responsibility. The contributions and efforts made towards the environment and society have been recognized by the industry and have received various awards, which greatly encourage and affirm our work.

Environmental, Social and Governance Report

HPL received a Four-Star Award and the Top Leader on CSR Commitment 2023 Award at the Top CSR Awards 2023



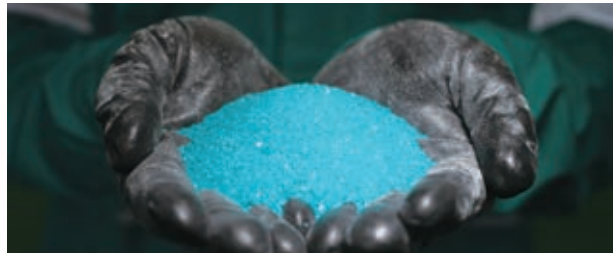
HPL received TrenAsia's ESG Award 2023 for the Smelter Category for Action



The industrial park on Obi Island, Indonesia, received the Second Prize for "Resilience and Sustainable Industry" in the best new industrial park category (Apresiasi "Resilience and Sustainable Industry" Terbaik Kedua Kategori Kawasan Industri Baru Terbaik) from the Indonesian Ministry of Industry (Kementerian Perindustrian Republik Indonesia).



HPAL Project uses the high pressure acid leaching process to produce nickel-cobalt compounds, including mixed hydroxide precipitate, nickel sulphate and cobalt sulphate. The high pressure acid leaching technology is a technology that is widely known to have high recovery rate of nickel and is very efficient to process limonite, or low-grade nickel ore. This technology can process limonite ores with lower nickel content, which previously could not be utilized, and leach nickel and cobalt from ores more efficiently compared with most other technologies. The technology also requires a relatively small amount of energy, and therefore it is less energy and emissions intensive.



Environmental, Social and Governance Report

The Group's HPAL Project has optimized and upgraded the nickel hydrometallurgical production process, technology, and production equipment for the third generation HPAL process. For example, the mineral processing technology has been optimized and adjusted and residual acid is utilized, further increasing production capacity and reducing energy consumption and production costs.

The operation of HPAL Project focuses on energy efficiency and utilizes various technologies to improve energy performance. For example, waste heat recovery technology is used to recover and utilize heat generated during the production process, which significantly reduces the demand for steam generated by coal combustion, thereby reducing fossil fuel consumption and greenhouse gas emissions.

To protect the ecological environment of the operating sites, TBP has a "Biodiversity Policy". The policy states that we are committed to avoiding any business operations in protected forests, conservation sites, protected areas, etc. where possible. We conduct environmental and social impact assessments in accordance with the requirements of the Indonesian government and make operational decisions based on the results. TBP also implements various measures to reduce the negative impact of operations on the ecology in compliance with the sustainability policy, including:

- Conduct land clearing according to the current demand;
- Comply with the recommendations of the High Conservation Value (HCV) assessment;
- Support the establishment of green open space area in the industrial park on Obi Island;
- Reclaiming the land of former mining activities, and carrying out reclamation by prioritizing local types developed at the nursery facilities owned by the Company;
- Limit the spread of invasive species and the use of exotic species;
- Prohibit hunting of rare/protected species of flora and fauna; and
- Implement the Biodiversity Action Plan (BAP).

TBP has standardized the process of biodiversity management work, which includes collecting biodiversity data at project sites, conducting further investigations on protected flora and fauna, and monitoring changes in biodiversity to conserve the ecological environment of project sites. Further information about biodiversity protection can be found in TBP's Sustainability Report.

Environmental, Social and Governance Report

In terms of social aspects, HPL attaches great importance to the protection of human rights. The human rights measures are governed by TBP, who has commissioned a third-party organization to conduct a human rights assessment for the project in accordance with the “United Nations Guiding Principles on Business and Human Rights”, identifying, preventing, mitigating, and reducing negative impacts on human rights. Through communication with stakeholders, it understands the potential human rights risks involved in operations and prioritizes the handling of more significant human rights issues. A summary of the Human Rights Report is available on the TBP website, and further information about human rights protection can be found in TBP’s Sustainability Report.










Stakeholder Engagement

- Continuous Communication
- Feedback from Stakeholders

Environmental, Social and Governance Report

CONTINUOUS COMMUNICATION

The Group attaches great importance to the opinions of stakeholders, and established various channels to collect stakeholders' perspectives and maintain communication with them, enabling us to improve continuously. We also take into account recommendations from stakeholders when identifying ESG-related risks and opportunities and formulating targets and plans. Our communication channels with stakeholders are as follows:

Stakeholders	Main Communication Channels
 Employees	<ul style="list-style-type: none"> • Employee activities • Training programmes • Performance appraisal
 Customers	<ul style="list-style-type: none"> • Company website • Announcements • Email and customer service hotline
 Investors	<ul style="list-style-type: none"> • Annual and interim reports • Announcements and circulars • General meetings • Company website
 Suppliers and business partners	<ul style="list-style-type: none"> • Site visits • Supplier evaluation • Business conferences • Meetings
 Government departments and regulatory authorities	<ul style="list-style-type: none"> • Compliance reports • Meetings • Site visits to the operation locations
 Community	<ul style="list-style-type: none"> • Charity and public welfare activities • Mass media • Company website

FEEDBACK FROM STAKEHOLDERS

The Group values the opinions from all stakeholders and welcomes them to share their views or suggestions on our ESG policies and strategies through email (dept.securities@lygend.com).



Materiality Analysis

- Methodology
- Results Analysis

Environmental, Social and Governance Report

METHODOLOGY

To identify the Group's ESG material issues, the Group was assisted by a third-party consultant to conduct an internal materiality assessment during the Reporting Period. Integrating opinions from stakeholders and the analyses of the Board, combining with the Group's actual business operation and industry characters, and at the same time making reference to the Sustainability Accounting Standards Board (SASB) and MSCI's industry material issues classification, as well as the material issues disclosed by industry peers, we confirmed the priority of material issues, which serves as an important reference for the Group to formulate ESG policies and disclosure in the Report:



Identification of
material issues

Assisted by a third-party consultant to integrate concerns of stakeholders, the Group's business nature, development trend of the industry and requirements from the regulatory authorities, identify material issues.



Review and
adjustments

The Board took into account varied factors to confirm the material issues for the Reporting Period and ranked them.



Response and
disclosure

With reference to the materiality analysis result, the Group verified our ESG development strategies and disclosed them in the Report in a focused manner.

Environmental, Social and Governance Report

RESULTS ANALYSIS

Based on the results of the analysis, the Group has identified 21 ESG-related material issues and ranked them according to their importance:

Material Issues	Importance
Environmental Protection	
Waste and hazardous materials management	Most important
Air emissions and air quality	Most important
Ecological impact and land pollution	Most important
Addressing risks and opportunities of climate change	Most important
Greenhouse gas emissions	Important
Water and wastewater management	Important
Biodiversity	Important
Energy management	Important
Employment and labour practices	
Occupational health and safety	Most important
Child labour and forced labour management	Most important
Employee welfare and benefits	Important
Training and development	Important
Diversity and equal opportunities	Relevant
Operating Practices	
Supply chain management	Most important
Anti-corruption	Important
Emergency prevention and handling	Important
Product Liability	
Product or service quality	Important
Customer data privacy and information security	Important
Product design and innovation R&D	Important
Product health and safety	Important
Community investment	
Community involvement and contribution	Relevant



Environmental Protection

KPI A1 | A2 | A3 | A4

- Emissions
- Use of Resources
- Environment and Natural Resources
- Climate Change

Environmental, Social and Governance Report

EMISSIONS

The Group is acutely aware of the importance of environmental protection and strives to minimize our environmental impact through various policies and measures. We have formulated a comprehensive set of internal environmental protection policies in accordance with the local laws and regulations where we operate, including policies relating to air emissions, disposal of solid waste and sewage generated in our operation.

The Group complies with the local laws and regulations relating to emission in the regions where we operate, including but not limited to:



During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that had a significant impact on the Group.

Environmental, Social and Governance Report

Air Emission

As the Group's operation involves smelting and production, the generation of exhaust gases is inevitable. Therefore, we have adopted various measures to reduce emissions. We have established different management systems to regulate the treatment and monitoring of exhaust gases, such as the "Exhaust Gas Treating Equipment Management Standard" (廢氣處置裝置管理制度) of Jiangsu Wisdom and the "Exhaust Gas Emission and Treatment Standard" (廢氣排放及處理制度) and "Air Quality Monitoring and Management Policy" (空氣質量監測和管理制度) of the HPAL Project in Indonesia. We also hope to continuously reduce air pollutant emissions using the equipment described below.

Jiangsu Wisdom

In 2023, we carried out technical upgrades and renovations on the denitrification environmental protection devices for the flue gas from 3 drying kilns. This reduced the consumption of natural gas and the emissions of pollutants such as nitrogen oxides in the flue gas.



HPAL Project

We have installed various facilities to reduce exhaust gas emissions:

- Nitrogen oxides: Installed boilers with low nitrogen oxide emission
- Sulphur oxides: Installed desulphurization equipment and expect to commence operation in the short term
- Particulate matter: Installed electrostatic precipitators
- Dust: Installed dust control systems, including sprinklers, ventilators and collectors

During the Reporting Period, our air emissions data are as follows:

Air Emissions	Unit	2023
Nitrogen oxides	Tonnes	614.62
Sulphur oxides	Tonnes	11,479.30
Particulate matter	Tonnes	89,033.29

Environmental, Social and Governance Report

Greenhouse Gas Emission

As the Group's operation involves production, our greenhouse gas emissions mainly come from stationary combustion sources, use of vehicles, and purchased electricity. To gradually reduce greenhouse gas emissions and support the national goals of achieving carbon peak by 2030 and carbon neutrality by 2060, we have established the ESG Committee and implemented various emission reduction measures, hoping to gradually reduce our greenhouse gas emissions.

In 2023, Jiangsu Wisdom installed photovoltaic power generation facilities on the warehouse rooftop. After implementation, the project is expected to generate approximately 1.1 million kWh of electricity annually, reducing carbon emissions from purchased electricity. HPL has established "Greenhouse Gas Monitoring Plan Procedure" to standardize the collection and calculation of emission data and generate reports to monitor greenhouse gas emission trends more accurately and implement timely improvements and emission reduction measures.

During the Reporting Period, our greenhouse gas emission data are as follows:

Greenhouse Gas	Unit	2023
Direct emissions (Scope 1)	Tonnes of CO ₂ e in thousands	900.95
Energy indirect emissions (Scope 2)	Tonnes of CO ₂ e in thousands	376.41
Total emissions	Tonnes of CO ₂ e in thousands	1,277.36
Emission intensity	Tonnes of CO ₂ e in thousands/ million revenue in RMB	0.06

Hazardous and Non-hazardous Waste

The Group has obtained the necessary waste emission permits, including but not limited to the Pollution Discharge Permit (排污許可證) in China. We have also established procedures for the treatment of waste generated during smelting and production, such as Xi'an Pengyuan's "Hazardous Waste Management Standard" (危險廢物管理制度), HPAL Project's "Hazardous Waste Management Policy" (有害廢棄物管理政策) and "Non-Hazardous Waste Management Policy" (無害廢棄物管理政策), and installed the necessary storage and recycling warehouses for solid waste, to separate recyclable materials or waste generated during the production process. The waste is handled by qualified third parties engaged by the Group. We are committed to reducing the environmental impact of waste, continuously improving and optimizing the technology and procedures of our production processes to ensure that waste is disposed of in a manner compliant with applicable laws and regulations.

To ensure the environmental impact of waste is minimized, the HPAL Project will further enhance its ability of tailings handling, increase the handling efficiency of facilities and ensure the disposed tailing is harmless.

During the Reporting Period, the Group's main hazardous waste included tailings, experimental waste liquid, power plant coal ash, and waste oil, etc. The main non-hazardous waste included general domestic waste, metal, waste wood planks, and packaging bags.

Environmental, Social and Governance Report

The amount of waste generated by the Group during the Reporting Period is as follows:

Waste	Unit	2023
Total amount of hazardous waste	Tonnes in thousands	8,369.29
Intensity of hazardous waste	Tonnes in thousands/million revenue in RMB	0.40
Total amount of non-hazardous waste	Tonnes in thousands	6.95
Intensity of non-hazardous waste	Tonnes/million revenue in RMB	0.33

We expect to gradually reduce hazardous and non-hazardous waste through the following measures:

- Categorize recyclable general domestic waste and sell metal waste to other companies for further processing;
- Recycle construction waste; and
- Be committed to gradually replacing paper files with standardized electronic data.

Sewage

Due to the generation of sewage from the Group's production process, our project in Indonesia has obtained Disposal of Wastewater to the Sea License (Izin Pembuangan Air Limbah ke Laut). We also take various measures to reduce the amount of sewage generated and its impact on the ecosystem, including:

- Increasing the recycling and reuse of water and steam energy generated in the production process to reduce sewage discharge;
- Installing filtration and extraction equipment for wastewater and sewage treatment; and
- Neutralizing and treat wastewater to ensure that the amount of acidic substances and heavy metals in the mixture comply with the relevant requirements.

Environmental, Social and Governance Report

The HPAL Project has established “Standard Operational Procedure – Management of Runoff” (Standard Operational Procedure – Pengelolaan Runoff/Limpasan Air Hujan) and “Standard Operational Procedure – Water Pollution Control” (Standard Operational Procedure – Pengendalian Pencemaran Air) to ensure the untreated wastewater does not enter the ecosystem. The HPAL Project also regularly conducts pollutant testing of water sources at the project sites to ensure our operations do not cause significant pollution to water resources. We also plan to treat the wastewater and recycle the processed water for mineral cleansing to further reduce the amount of sewage.



USE OF RESOURCES

Energy

Natural resources are crucial to the Group’s operations, and we are committed to improving resource use efficiency. In terms of energy, we have set up the “Energy Monitoring Management Standard” (能源計量管理制度), which specifies the functions, management context, requirements, management system, and the standard of implementation and monitoring. In addition, the production process at the HPAL Project is widely recognized to have low energy consumption among production of raw materials of ternary batteries. The Group’s energy consumption during the Reporting Period is as follows:

Energy ¹	Unit	2023
Direct energy ¹	GWh	1,617.71
Indirect energy ²	GWh	659.96
Total energy consumption	GWh	2,277.67
Intensity of energy consumption	GWh/million revenue in RMB	0.11

Notes:

1. During the Reporting Period, direct energy consumed included natural gas, diesel oil, unleaded petrol, liquefied petroleum gas (LPG), and coal.
2. During the Reporting Period, indirect energy consumed included purchased electricity.

Environmental, Social and Governance Report

We look to further improving energy efficiency and reducing energy consumption by monitoring our energy consumption and implementing different energy-saving measures, for example, replacing high energy-consuming motors at Jiangsu Wisdom and building new air compressor plants etc. The HPAL Project is also considering and planning to set up photovoltaic power generation facilities in suitable areas of the industrial park, further enhancing the proportion of green and clean energy.

Water Resources

In terms of water resources, the Group has obtained permits for sourcing water to ensure the compliance use of all water resources. We are also committed to improving our processes and technologies to achieve sustainable development. The production methods we use have already enhanced the efficiency of water usage and use relatively less water in the industry. During the Reporting Period, our water consumption is as follows:

Water Resources	Unit	2023
Total water consumption	m ³ in thousands	31,050.73
Intensity of water consumption	m ³ in thousands/million revenue in RMB	1.47

During the Reporting Period, the Company had no material issues in sourcing water that is fit for purpose. We are committed to improving water efficiency and plan to use treated wastewater for irrigation and other purposes to further save water.

Packaging Materials

The Group's packaging material is mainly woven bags and plastic. The Group will consider using more environmentally friendly materials in the future to reduce the impact on the environment. During the Reporting Period, our packaging materials consumption is as follows:

Packaging Materials	Unit	2023
Total consumption	Tonnes	2,389.70
Intensity of consumption	Tonnes/million revenue in RMB	0.11

Environmental, Social and Governance Report

ENVIRONMENT AND NATURAL RESOURCES

The Group understands our operations have an impact on the environment and natural resources, including but not limited to, air emission, greenhouse gas emission, and generation of solid waste. In order to minimize our impact on the environment and natural resources, Lygend Resources and HPL have passed the certification of ISO 14001-2015 Environmental Management Systems. Our production site in Indonesia has also obtained environmental impact analysis reports and environmental permits for facilities under construction to ensure minimal environmental impact.

Furthermore, the HPAL Project has developed “Biodiversity Policy” (生物多样性政策), “Biodiversity Management Standard Operational Procedure” (生物多样性标准作业程序), and “Conservation of Native Plants and Animals Standard Operational Procedure” (本地动植物保护标准作业程序) to study and monitor the project sites while conducting business operations, to ensure that our business will not have significant impact on the local wildlife.

In March, we also participated in Earth Hour 2023 held by World Wildlife Fund (WWF) by switching off our electrical devices for an hour to show our support and commitment to environmental protection.

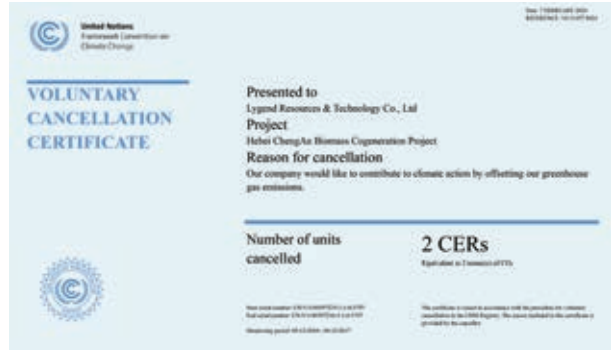


CLIMATE CHANGE

To respond to China’s dual carbon goals and to contribute to mitigating climate change, we use carbon offset to reduce our operation’s carbon emission. In terms of the carbon offset project, we chose the Hebei ChengAn Biomass Cogeneration Project (Project ID: 3797) from the United Nations Clean Development Mechanism (“CDM”). The project utilizes local cotton straw to generate electricity and sells the generated electricity to the Hebei Provincial Power Grid to replace the capacity of coal-fired power plants. It contributes to greenhouse gas emission reduction, comprehensive utilization of resources, environmental protection, and providing job opportunities and increasing income of residents. Furthermore, Certified Emission Reductions (“CERs”) from this project were also used for carbon neutrality at the 19th Asian Games Hangzhou 2022 and the 4th Asian Para Games Hangzhou 2022.

Environmental, Social and Governance Report

Climate change presents challenges for businesses worldwide, and we place great importance on the risks and opportunities that climate change brings to our operations and sustainable development. By reviewing internal policies, understanding the current conditions of our business operation and studying relevant government policies, we have identified climate change-related risks and opportunities that may affect our business operation, and outlined the corresponding potential impact and countermeasures. With reference to the recommendations from the Task Force on Climate-related Financial Disclosures (“TCFD”), we classify climate-related risks into physical and transition risks.



Physical Risks

Regarding physical risks, we may face extreme weather events brought about or exacerbated by climate change. The short-term impacts include increased safety risks for our employees and construction workers when working outdoors. Therefore, we have established mechanisms such as natural disaster emergency response plan and assign responsibilities to each department. The long-term impact the risk bring about is the damage to the facilities at our production sites, resulting in failure to deliver products on time and in accordance with the contracted schedules. In response, production plants in Indonesia are equipped with a sound drainage system and rainwater collection facilities to mitigate flooding risks due to heavy storms.

Furthermore, we may also encounter medium-long term impacts caused by rising sea levels, increased risk of flooding caused by storm surge and increased tsunami risk, affecting production facilities in coastal areas. Therefore, the HPAL Project has established “Flood Emergency Management Procedures” (Pengendalian Keadaan Darurat Banjir).

Transition Risks

In terms of transition risks, we may face medium-short to long-term impacts arising from regulatory restrictions on greenhouse gas emissions or mandatory carbon trading. We may need to invest more resources to develop and apply low carbon technologies, impacting our operating strategy and financial performance. In response, the Group implemented emission reduction measures described in the “Emissions” section, hydrometallurgy technology is used to reduce emissions in the production processes, and a dedicated photovoltaic project team has been set up for the construction of photovoltaic power generation facilities for projects on Obi Island.

Opportunities

In terms of climate change-relevant opportunities, China has set a goal of reaching carbon peak by 2030 and striving to achieve carbon neutrality by 2060. Coupled with the trend of low carbon and energy saving in recent years, there has been an increase in the demand for nickel products in NEV, one of our downstream markets. As our production processes consume less energy, emit less pollution and produce nickel products of higher quality, we believe that the Group is in a competitive position to capture the opportunities presented by the nickel market.



Social

KPI B1 | B2 | B3 | B4 | B5 | B6 | B7 | B8

- Employment
- Health and Safety
- Training and Development
- Labour Standard
- Supply Chain Management
- Product Responsibility
- Anti-corruption
- Community Investment

Environmental, Social and Governance Report

EMPLOYMENT

The Group's operations rely on the hard work of our employees, so we also value building a corporate culture of inclusion, diversity and equality for them, and value the safety, health and welfare of our employees. The Group embraces the principle of anti-discrimination and states clearly in the "Employee Handbook" (the "Employee Handbook") developed by the Group that one of our core values is open-mindedness and inclusiveness.

We comply with all local laws and regulations related to employment in the regions where we operate, including but not limited to:

Mainland China	Indonesia
<ul style="list-style-type: none"> • "Labour Contract Law of the People's Republic of China" • "Regulation on the Implementation of the Labour Contract Law of the People's Republic of China" • "Social Insurance Law of the People's Republic of China" • "Interim Regulations on the Collection and Payment of Social Insurance Premiums" • "Regulation on Work-related Injury Insurances" • "Regulation on the Administration of Housing Accumulation Funds" 	<ul style="list-style-type: none"> • Law No. 13 of 2003 • Law No. 24 of 2011 on Badan Penyelenggara Jaminan Sosial (BPJS) • Regulation of Ministry of Manpower No. 1 of 1981

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in relation to employment that had a significant impact on the Group.

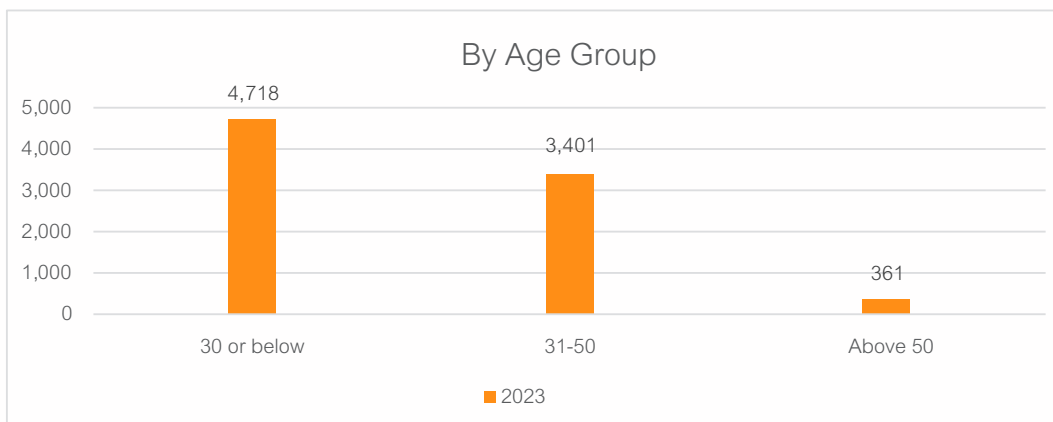
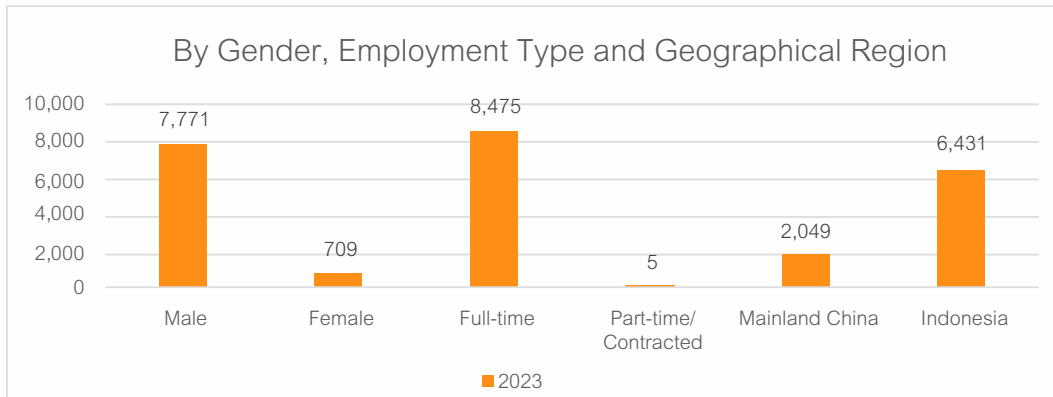
Employee Recruitment and Promotion

The Group values equality, fair competition, and qualification-based recruitment, therefore, our "Human Resources Management Standard" (人力资源管理制度) sets out our recruitment principles, to ensure we offer equal opportunities to all candidates and recruit the best talent for the Group and maintain competitiveness. The standard also clearly states the working hours to protect the rights of employees. After employee orientation, the human resources department will conduct induction training for new employees. Employees will be assessed during their probationary period, and only those who pass the assessment will be appointed as regular staff. The HPAL Project also has "Standard Operational Procedure – Employment Process" (Standard Operational Procedure – Proses Penerimaan Pekerja) and "Standard Operational Procedure – Employee Promotion" (Standard Operational Procedure – Prosedur Promosi), which manage the processes for employee recruitment and promotion.

In terms of promotion, we mainly consider the employee's professional knowledge, educational background, integrated ability, appraisal from the previous year, etc., and the decisions are evaluated by the human resources department and the next level of management to ensure that the evaluation process is objective, open and fair.

Environmental, Social and Governance Report

As at 31 December 2023, the Group had a total of 8,480 employees, their distribution by categories is as follows*:



* For the scope of data disclosure, please refer to the "Reporting Period and Scope" section of the Report.

Environmental, Social and Governance Report

The Group's turnover data for the Reporting Period is as follows*:

Turnover	Unit	2023
By Gender		
Male	Percentage	17
Female	Percentage	14
By Age Group		
30 or below	Percentage	15
31-50	Percentage	18
Above 50	Percentage	19
By Geographical Region		
Mainland China	Percentage	20
Indonesia	Percentage	16

* For the scope of data disclosure, please refer to the "Reporting Period and Scope" section of the Report.

Remuneration and Welfare

The Group's "Remuneration, Performance and Welfare Management Measures" (薪酬績效福利管理辦法) stipulates that the remuneration of employees includes basic salary, monthly or quarterly bonuses, incentive bonuses and other subsidies. In addition to salary, we also provide a variety of welfare to our employees, including but not limited to:

Various types of leave, including but not limited to marriage leave, prenatal visit leave, paternity leave, maternity leave, nursing leave etc.

Loyalty awards

Meal subsidy

Physical examination

Festival allowances, including Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival, and Women's Day

Insurance for accidents

Communication allowances

Accommodation subsidies

Environmental, Social and Governance Report

Dismissal

We have set out the provisions for terminating employment contracts in the “Human Resources Management Standard” (人力資源管理制度), including the need for the head of the department to which the employee belongs to fill in the reasons for dismissal and provide relevant proofs, which will be submitted to the human resources department for assessment. The termination of employment needs to be approved by supervisor of each level and the head of the division to ensure a fair and just process.

HEALTH AND SAFETY

The Group places great importance on safeguarding the health and safety of our employee, we established a series of safety standards, training and employee activities, expecting employees to work safely and maintain their physical and mental health at the same time. The Group complies with all local laws and regulations relating to health and safety in the regions where we operate, including but not limited to:

Mainland China	Indonesia
<ul style="list-style-type: none"> • “Regulations on the Safety Management of Hazardous Chemicals” • “Regulation on the Implementation of the Employment Contract Law of the People’s Republic of China” • “Work Safety Law of the People’s Republic of China” • “Regulation on Work Safety Permits” • “Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects” • “Measures for the Administration of Registration of Hazardous Chemicals” • “Regulation of Jiangsu Province on Work Safety” 	<ul style="list-style-type: none"> • Law No. 1 of 1970 • Government Regulation No. 50 of 2012 • Law No. 24 of 2011 • Presidential Regulation No. 82 of 2019 • Government Regulation No. 13 of 2003

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in relation to health and safety that had a significant impact on the Group. In the past three years including the Reporting Period, the Group’s production facilities, including Jiangsu Wisdom, Xi’an Pengyuan and the HPAL Project, did not have any work-related fatalities. During the Reporting Period, we had 265 lost days due to work injury.

Environmental, Social and Governance Report

Lygend Resources and HPL have obtained the certification of ISO 45001:2018 Occupational Health and Safety Management Systems Certification, and has comprehensive safety standards to ensure the safety of employees, such as “Production Safety Management Standard” (安全生產管理制度), “Oil Products Management Standard” (油品管理制度) and “Coal Storage Management System” (煤場管理制度).

The HPAL Project has established an “Occupational Safety and Health, Environment, Security and Social Relations Policy”(職業安全健康、環境、治安和社會關係政策) and “Emergency Response Plan” (Rencana Tanggap Darurat).



The HPAL Project regularly conducts safety drills and occupational safety and health-related training:

Simulation of Leakage Handling Drill



Hazardous Chemicals and Hazardous Waste Handling Training



Health and safety measures

- Implement systems and procedures for identifying and preventing accidents and emergencies;
- Compile detailed manuals on the standard operation and maintenance procedures to be followed by operators in the event of accidents and emergencies for critical machinery and equipment involved in production;
- Control and monitor the operation of production facilities, including pressure, temperature and volume of hazardous and volatile materials during production and storage; and
- Conduct safety inspections, maintenance and repair of production machinery and equipment regularly.

Environmental, Social and Governance Report

Safety training

- Provide employees with safety-related training, including training in relation to operational safety in the production line and hold meetings on the identification of safety risks related to production activities and prevention of accidents.

Recreational activities

- We regularly organize diversified activities, including sports activities, festival celebrations, birthday parties, annual meetings, etc., for employees to relax and maintain connections with each other.

Jiangsu Wisdom



Jiangsu Wisdom organized all employees to visit the Mangdang Mountain Scenic Area in Shangqiu City, Henan Province



Jiangsu Wisdom organized all employees to participate in the May Fourth Sports Game (五四運動會)

Environmental, Social and Governance Report

TRAINING AND DEVELOPMENT

The professionalism and comprehensive capabilities of employees are the foundation of our products and services. The Group expects employees to actively develop their professional skills and grow together with the Group. Therefore, we provide employees with diversified training, including training related to foreign languages, workplace etiquette, the Employee Handbook, etc., to enhance their industrial, technical and product knowledge, as well as their familiarity with quality standards in the industry and work safety standards. We also set performance targets for each position and regularly review their performance as one of the evaluation factors for promotion.

In 2023, the Group organized a management trainee training camp called the “Talent Program” (英才計劃). A total of 455 fresh graduates participated in the 14-day training, which included team building, skill learning, pre-employment training, and closing reports, allowing the management trainees to gain an in-depth understanding of the Company’s strategic planning, business plan, and management system. In addition, we implemented a mentor program during the rotation training stage for management trainees, matching 158 new employees with 110 mentors.

To help new employees comprehensively understand the Company, adapt to their new positions, and integrate into their new teams, we held several new employee training sessions. The training content covered introductions to the Company and departments, overseas production bases, production process, products, and various management systems etc.

Talent Program



Lygend Resources’ “Talent Program”

HPAL



The HPAL Project’s ISO certification-related training

Environmental, Social and Governance Report

The Group's employee training data during the Reporting Period is as follows*:

Training Data	Unit	2023
Percentage of Employees Trained (By Gender)		
Male	Percentage	42
Female	Percentage	47
Percentage of Employees Trained (By Employee Category)		
Senior management	Percentage	94
Middle management	Percentage	51
General employees	Percentage	42
Average Training Hours (By Gender)		
Male	Hour	16
Female	Hour	18
Average Training Hours (By Employee Category)		
Senior management	Hour	26
Middle management	Hour	17
General employees	Hour	16

* For the scope of data disclosure, please refer to the "Reporting Period and Scope" section of the Report.

Environmental, Social and Governance Report

LABOUR STANDARD

The Group has a zero-tolerance attitude towards the employment of child labour and forced labour. To avoid employing child or forced labour, the Group has established stringent rules and “Human Resources Management Standard” (人力資源管理制度) in accordance with laws and regulations related to labour standard at each production facility. The HPAL Project has even established a “Human Rights Policy Commitment” (人權政策承諾). We comply with all local laws and regulations in relation to labour standard in locations where we operate, including but not limited to:

China	Indonesia
<ul style="list-style-type: none"> • “Labour Contract Law of the People’s Republic of China” • “Regulation on the Implementation of the Employment Contract Law of the People’s Republic of China” 	<ul style="list-style-type: none"> • Law No. 13 of 2003 • Law No. 6 of 2011

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in relation to labour standards that had a significant impact on the Group, and was not aware of any employment of child labour or forced labour.

During the recruitment process, our human resources management staff require candidates to provide supporting documents such as identity cards and verify them during the interview process to prevent the employment of child labour or forced labour. We also require all employees to sign employment contracts to safeguard the interests of both parties.

We arrange inspections to ensure that there is no employment of child or forced labour in our business operation. We have an established reporting mechanism in place to ensure that employees can report any non-compliance in a timely manner. In the event of any discovered case of employment of child or forced labour, the Group will promptly investigate the underlying cause of the problem and analyse whether there are any loopholes in the recruitment process. If necessary, we will make corrections or implement additional procedures to avoid similar incidents in the future.

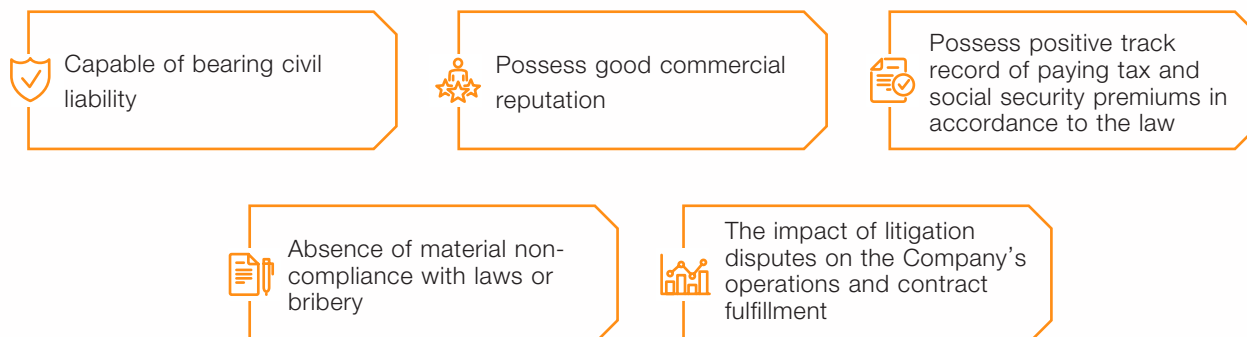
Environmental, Social and Governance Report

SUPPLY CHAIN MANAGEMENT

To maintain the quality of our products and services, the Group has always placed heavy emphasis on selecting suppliers of high quality and maintaining long-term cooperative relationships with them. Our suppliers mainly supply us with laterite nickel ore, ferronickel, production equipment, logistics services, coal and other raw materials and auxiliary materials. During the Reporting Period, the number of major suppliers engaged by the Group by geographical region is as follows:

Geographical Regions	Unit	2023
Mainland China and Hong Kong	Supplier	165
Indonesia	Supplier	176
Other regions	Supplier	25

We have established the “Supplier Management Standard” (供應商管理制度) to set out standard procedures for the screening and evaluation of suppliers. We regularly identify and evaluate new suppliers to remain competitive. When evaluating suppliers, we collect the information of relevant suppliers, fill in the “Supplier Registration Form” (供應商登記表), and register them onto the Group’s “Qualified Suppliers List” (合格供應商名錄) after review by the responsible personnel of the department and approval by the managing director. For different types of suppliers, we arrange for different professional personnel to conduct approvals, and establish different qualifying dimensions and methods. To manage our suppliers’ environmental and social risks, we consider the following factors when evaluating our suppliers:



Environmental, Social and Governance Report

For qualified suppliers, we conduct evaluations at least once a year on their operating situations, financial capabilities, quality standards, contract fulfillment, delivery capabilities, after-sales service, price levels, and credit status. We then categorize them into different grades.

During the Reporting Period, we have conducted appropriate assessments of all suppliers using the procedures described above. The Group considers measures such as giving priority to selecting suppliers with environmental protection certifications to encourage suppliers to use more environmentally friendly products.

We have established long-term and stable cooperative relations with leading nickel ore miners in the Philippines to ensure we have a secure supply of nickel ore resources in the long run. We also plan to further consolidate and deepen our cooperation with existing upstream nickel ore suppliers in Indonesia and the Philippines, for example, leveraging the successful experience of our projects on Obi Island in Indonesia for cooperation in production and industrial park operation.

PRODUCT RESPONSIBILITY

The Group is committed to product safety and quality and aims to bring satisfactory services to customers. We comply with all local laws and regulations in relation to product responsibility in locations where we operate, including but not limited to:

- | | |
|--|---|
| <ul style="list-style-type: none"> • “Civil Code of the People’s Republic of China” • “Product Quality Law of the People’s Republic of China” • “Trademark Law of the People’s Republic of China” | <ul style="list-style-type: none"> • “Patent Law of the People’s Republic of China” • “Detailed Rules for Implementation of the Patent Law of the People’s Republic of China” • “Implementing Rules of China ccTLD Registration” |
|--|---|

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in relation to product responsibility that had a significant impact on the Group.

Environmental, Social and Governance Report

Product Quality

To ensure the quality of our products, we have passed the ISO 9001-2015 Quality Management Systems Certification and monitor various aspects of our business, including nickel product procurement, production, logistics, shipping and storage. We have the “Product Quality Inspection Management Measures” (產品質量檢驗管理辦法) in place, listing the quality inspection items and methods, etc. Quality inspectors need to strictly follow the quality inspection operating procedures and fill in the quality inspection form after inspection. The quality inspector will label the products which inspection results do not meet the production and sales requirements so that they can be isolated and stacked. If we identify products that do not meet the standards, we will initiate product recalls in accordance with legal regulations, conduct further investigation to identify the causes of substandard products, and recalled products will be centrally processed. We will also discuss the solutions with our clients on a case-by-case basis, including any refund or recall.



During the Reporting Period, there were no products sold or shipped subject to recalls for safety and health reasons.

After-sales Service

The Group emphasizes and is committed to protecting the interests of customers. Therefore, we provide various communication channels to receive opinions from customers. We follow up on and handle any complaints in relation to services or products in a timely manner, and constantly improve our product and service quality. During the Reporting Period, the Group received 1 material complaint in relation to our products and services and we handled it promptly. We conducted an initial assessment, followed by a detailed investigation. Based on the investigation results, we took the appropriate action. To prevent the same issue from happening again in the future, we review and update the relevant policies and measures where appropriate.

Privacy Protection

To safeguard the privacy of customers and prevent data loss or leakage, we have implemented the “Network System Management Measures” (網絡系統管理辦法) to conduct maintenance of system software and hardware and backup regularly, establish access control for important data, and assign dedicated staff responsible for password management and regular replacement. The “Network System Management Measures” also stipulate that employees are not allowed to view the information beyond their access right without permission, and cannot transfer or borrow computers involving confidential information except when required for their work.

Intellectual Property

The Group regards intellectual property as an important asset and respects the intellectual property rights of third parties. Therefore, we have established the “Patent Management Policy” (專利管理辦法) to protect the Group’s intellectual property rights and motivate employees to strengthen the management of the results of research and development. Key employees have entered into confidentiality agreements with us to ensure that the Group owns intellectual property rights of all inventions, designs and technologies developed by our employees. We are formulating a management policy for intellectual property which will be published in the future.

Environmental, Social and Governance Report

ANTI-CORRUPTION

The Group values honest and ethical operations and adopts strict internal procedures to prevent any misconduct in our operation. We comply with all laws and regulations related to anti-corruption, including the “Anti-unfair Competition Law of the People’s Republic of China”. During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in relation to anti-corruption that had a significant impact on the Group. There were also no concluded legal proceedings regarding corrupt practices brought against the Group or our employees during the Reporting Period.

We have developed the Employee Handbook and a code of conduct (the “Code of Conduct”), which are issued and distributed by the human resources department to all employees. The Employee Handbook and Code of Conduct contain internal rules and guidelines covering various aspects such as compliance and integrity, conflicts of interest, work ethics, fraud prevention mechanisms and anti-bribery and corruption issues. We have also designed and adopted stringent internal procedures to ensure that our operation comply with relevant rules and regulations. The HPAL Project has also established “Code of Ethic and Conduct” and “Anti Bribery/ Gratification, Corruption and Money Laundering Policy” that employees are required to comply with.

Our “Complaints and Reporting Measures” (投訴舉報辦法) set out how employees can report any misconduct such as bribery and fraud. Employees can report directly to the risk control department, via email, telephone, WeChat or in writing. After receipt of the report, the risk control department will verify whether the content of the report is true, organize investigation staff to look into the case, complete the investigation report within three months and report it to the managing director and director of the risk control department. At the same time, the HPAL Project also has “Whistleblowing System Policy” in place.

To ensure that our employees are aware of the Group’s integrity requirements and relevant policies, we provide regular training to them on identifying and reporting misconduct and require all new employees to attend antibribery and corruption training. During the Reporting Period, we also provided training in relation to Listing Rules to the Board, including training on the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and anti-corruption.

Environmental, Social and Governance Report

COMMUNITY INVESTMENT

The Group actively fulfills our social responsibility and cares about the sustainable development of the community. As such, we are committed to assisting underprivileged groups and working on environmental conservation.

HPAL



The HPAL Project distributed food in two Indonesian villages, providing a total of over 1,000 bags of food to local residents, including widows and the elderly.



The HPAL Project offered free health check-ups and treatment services in an Indonesian village. A total of 4 doctors and 14 other medical staff participated in the event, benefiting around 80 patients.



The HPAL Project organized educational activities for children on Obi Island, helping local children and teachers better understand different learning methods and the natural environment. The event had a total of 150 participants.



The HPAL Project distributed more than 900 Eid Al-Fitr gifts across 7 villages in Indonesia, beneficiaries include local communities and underprivileged villagers.



The HPAL Project held a Ramadan festival and made donations to over 500 orphans in 8 villages in Indonesia, with a total of 700 people participating in the Ramadan festival activities.



The HPAL Project annually organizes the Ngibi art performance in an Indonesian village to preserve local culture and folk wisdom. The performance includes Cunga dance and Silat competitions for elementary and secondary school teams, with 9 elementary school teams and 4 high school teams participating.

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HPAL



The HPAL Project collaborated with the government of one of the local districts in Indonesia to farm soybeans on 4 hectares of land in a village, yielding 2.94 tonnes per hectare. This project provided direct benefits to local farmers.



The HPAL Project organized a developmental delay workshop and training in the South Obi District to optimize the capacity and role of local integrated healthcare center in providing early detection of developmental delay and potential developmental delay, as well as getting village government's support in the operation of integrated healthcare center. The training also provided anthropometric kits and had 57 participants.



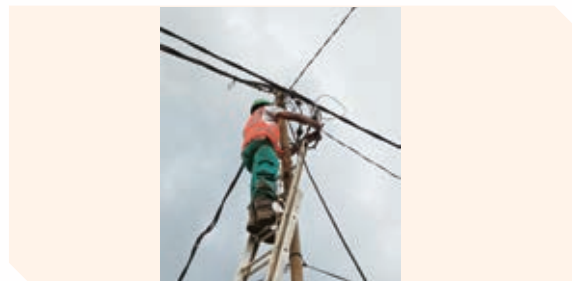
The HPAL Project held a talk in an Indonesian village to commemorate World AIDS Day 2023. The event provided 70 boxes (a total of 1,750 pieces) of HIV and Syphilis testing reagents and had 115 participants.



The HPAL Project organized activities in an Indonesian village and on Obi Island to commemorate the 59th National Health Day, aiming to raise public awareness of clean and healthy living habits. The activities held included health walks, large-scale exercise, free medical treatment, additional food serving, and providing AIDS rapid test kits, with a total of nearly 700 participants.



The HPAL Project conducted a clean water program in an Indonesian village to meet the basic clean water needs of local residents and ensure that the community within the village can receive the distribution of clean water. 250 families benefited from this program.



The HPAL Project provided conducted an electricity program in an Indonesian village to meet the basic electricity needs of the indigenous residents. The program provided and operated 2 sets of 350 kVA generators and installed and maintained the electrical networks. 250 native residents benefited from this program.

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REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Section
Mandatory Disclosure Requirements	
<p>Governance Structure</p> <p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s business); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	<p>Sustainability Governance – Role of the Board</p>
<p>Reporting Principles</p> <p>A description of, or an explanation on the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report.</p>	<p>About This Report – Reporting Principles</p>
<p>Reporting Boundary</p> <p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.</p>	<p>About This Report – Reporting Period and Scope</p>
A. Environmental	
A1 Emissions	
<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 	<p>Emissions</p>
<p>KPI A1.1</p> <p>The types of emissions and respective emissions data.</p>	<p>Emissions – Air Emission</p>
<p>KPI A1.2</p> <p>Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.</p>	<p>Emissions – Greenhouse Gas Emission</p>
<p>KPI A1.3</p> <p>Total hazardous waste produced (in tonnes) and, where appropriate, intensity.</p>	<p>Emissions – Hazardous and Non-hazardous Waste</p>

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Subject Areas, Aspects, General Disclosures and KPIs		Section
A. Environmental		
A1 Emissions		
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Hazardous and Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Air Emission, Greenhouse Gas Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Hazardous and Non-hazardous Waste
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Use of Resources – Energy
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Packaging Materials

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Subject Areas, Aspects, General Disclosures and KPIs

Section

A. Environmental

A3 The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources

A4 Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

B. Social

B1 Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employment – Employee Recruitment and Promotion
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employee Recruitment and Promotion

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Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social		
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and development
KPI B3.1	The percentage of employees trained by gender and employee category.	Training and development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and development
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standard

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Subject Areas, Aspects, General Disclosures and KPIs

Section

B. Social

B5 Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

B6 Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – After-sales Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy Protection

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Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social		
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution.	Community Investment
KPI B8.2	Resources contributed to the focus area.	Community Investment