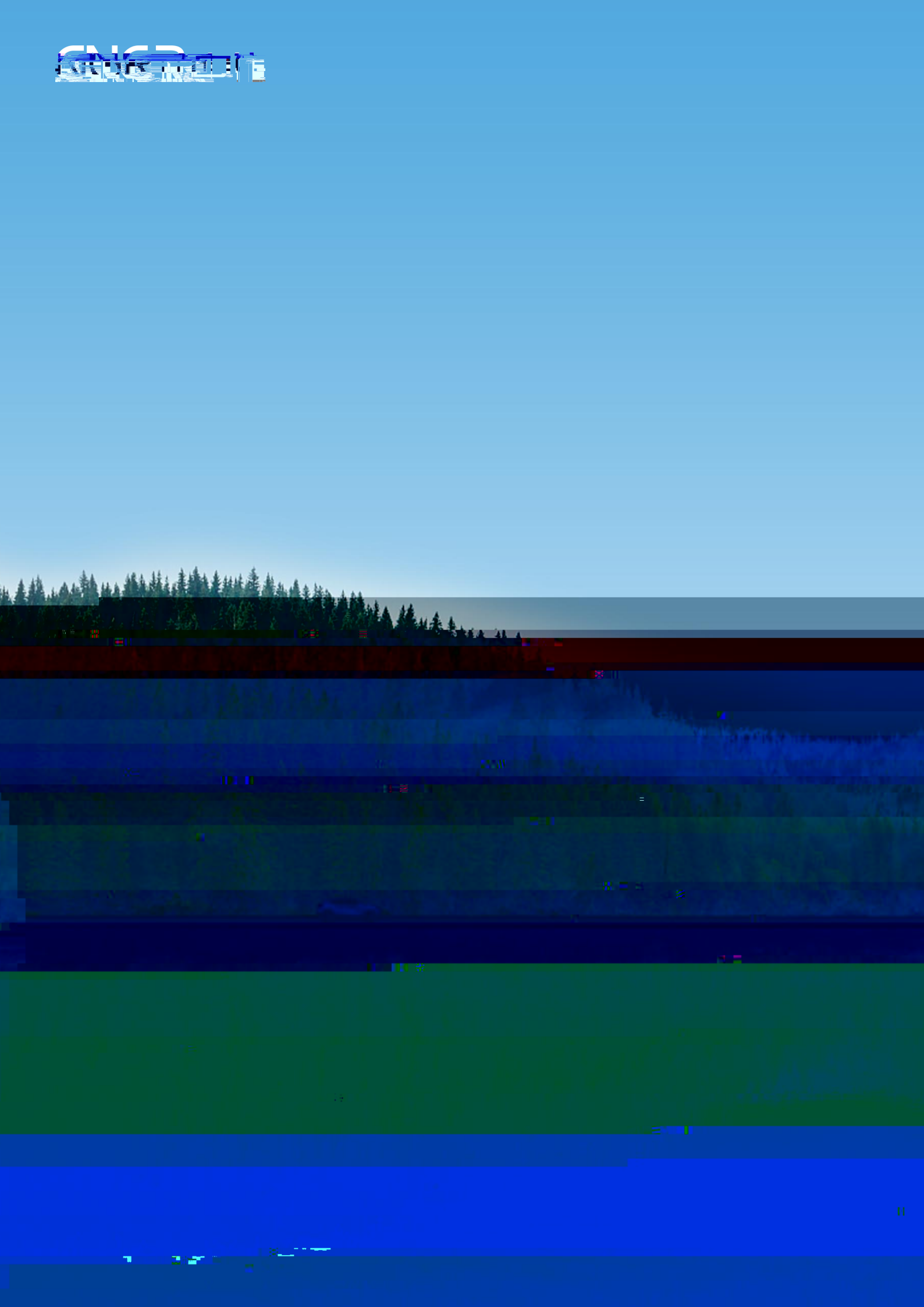

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Background

With the development of the global new energy vehicle and power battery industry, EU countries have continuously introduced and implemented various regulations in order to protect the development of their manufacturing industry, including Germany's S

Name: ZHONGSING NEW ENERGY
Number: CN[illegible]45
Location: KAWASAN INDUSTRI MOROWALI, KAB. MOROWALI, PROVINSI SULAWESI TENGAH, INDONESIA
Material: nickel
Last Assessment Date: The initial assessment is scheduled for 2024/03/18 - 2024/03/22
Assessment Period: 2023/09 - 2024/03
Audit Firm: ARCHE ADVISORS

3 Mineral Supply Chain Due Diligence Management Policy & Supplier Code of Conduct

CNGR has added risk management related to environmental protection and resource exploitation in the Responsible Global Mineral Supply Chain Due Diligence Policy, and added the United Nations Guiding Principles for Business and Human Rights and the United Nations Voluntary Principles for Human Rights and Safety to the Supplier Code of Conduct. At the same time, CNGR formulates the Human Rights Policy and respects human rights in accordance with the United Nations Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles for Business and Human Rights, and the provisions of the United Nations Global Compact.

Policy Link Address: http://www.cngrgf.com.cn/en-US/shzr.html

4 Mineral Supply Chain Due Diligence Management Standards

CNGR Indonesia Region implements due diligence management of the mineral supply chain in accordance with the following standards:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance

Labour in the Mineral Supply Chain

- Full Metal Due Diligence Standard

5 Six-step Framework of Due Diligence Management System

Since 2023, CNGR has carried out due diligence management of mineral

[redacted]

[redacted] the [redacted]
diligen[redacted] management of the mine[redacted] supply chai[redacted]
the management review report. The Strategy and [redacted]
effectiveness of the company's due diligence man[redacted]
performance of due diligence management, puts f[redacted]
the Sustainability Office tracks the progress of im[redacted]

All documents related to due diligence mana[redacted]

5.2 Identify and [redacted]

[redacted]

the relevant documents of the due diligence management system were missing, but no high risks related to human rights and armed conflicts were found.

Based on CAHRAs identification result, Indonesia does not belong to CAHRAs. No form of torture, cruel, inhuman and degrading treatment, any form of forced Labour, the worst forms of child Labour, other gross violations and abuses of human rights, serious violations of international humanitarian law, high risk associated with direct or indirect support to non-state armed groups, and public or private security forces have been found through official public information, KYS questionnaires, mineral source investigations, on-site assessments, complaint mechanisms, customer feedback, etc. Therefore, the risk of due diligence management is judged to be low.

5.3 Develop and implement response policies to the identified risks

Overall risk mitigation measures: Continue trading in risk mitigation.

Establish a risk mitigation countermeasure table, communicate with suppliers regularly, track the progress of risks, and suspend or terminate transactions once the risks are found to be in an unacceptable direction and report to the company management. According to the current risk assessment results, although there is no serious risk of human rights violations and child labor among direct employees in our supply chain, we will keep an eye on it and work with suppliers to formulate improvement countermeasures for the establishment and improvement of due diligence management system and the enhancement of awareness, and follow up regularly to jointly monitor and manage risks in the supply chain.

In view of the problems still existing in the supply chain, such as the imperfect construction of due diligence management system in upstream smelters and mines, the lack of due diligence management documents, and the need to improve the awareness of due diligence management. We will take steps to:

1) Actively promote the ESG co-construction action of Tsingshan Industrial Park in Indonesia, urge enterprises in the industrial park to enhance their awareness of due diligence management, build a sound due diligence management system, jointly improve ESG performance, and promote sustainable development of the industrial park;

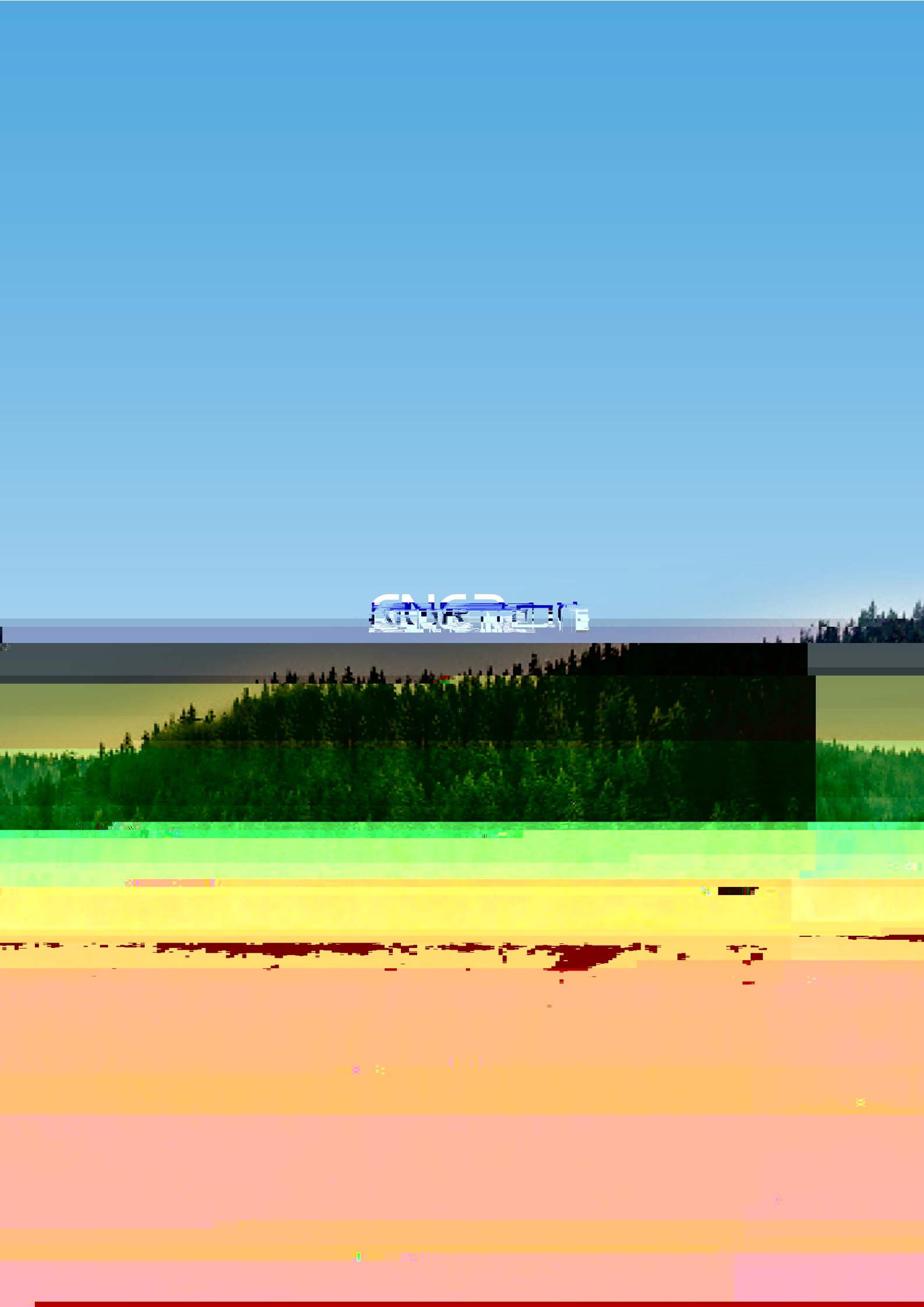
2) Actively promote Indonesia Tsingshan Industrial Park's due diligence management and collection of chain of custody documents for upstream mines, and strengthen the supervision and management of mines.

5.4 Independent third-party assessment and audit

The Sustainability Office and ESG members of each industrial base to form the internal audit team, according to the annual plan of the internal audit. At the same time, we invite independent third-party organization to conduct the due diligence management audit on the nickel supply chain.

- PT CNGR DING XING NEW ENERGY conducted the independent third-party assessment of mineral supply chain due diligence conducted by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters in December 2023.
- PT DEBONAIR NICKEL INDONESIA conducted the initial RMAP and ESG audit

of the RMI in January 2024.

- PT ZHONGTSING NEW ENERGY will conduct the initial RMAP and ESG audit of the RMI in March 2024.
- The Company actively promotes independent third-party audits and two-party audits in upstream mines. At present, one mine plans to carry out an independent third-party audit, and two mines have conducted the two-party audit of CNGR.

- On July 22nd, 2022, the LME officially approved the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains to pass the standard conformity assessment conditionally, and from now on, LME registered