Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Guangxi CNGR New Energy Science&Technology Co., Ltd
Assessment Date	11/21/2023-11/22/2023
Assessed Material	Nickel
LME-listed Brand	CNGR
Assessment Type	☑
Assessment Result	☑A
Assessment Firm	China Standard Conformity Assessment CO., LTD (CSCA)
Assessor	Hou Chao, Qiao Yazhen

Instruction

Objective

This assessment program is an independent third-party assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, aiming to assess the performance of the company's due diligence management system and process, and support the company to identify the gaps that need further improvements and develop corresponding improvement measures.

Basis of the Assessment

The assessment is based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, hereinafter referred to as *the Guidelines*. The companies shall meet the content of "Companies should" in *the Guidelines*. "Companies should" refers to specific requirements of *the Guidelines* for companies due diligence management, as well as the specific refinement of the requirements, which is consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition)*.

Explanation of Conformity Degree

Conformity: Indicates that the company's management system, policies, procedures or processes meet the requirements of corresponding provisions of *the Guidelines*.

Need improvement: Indicates that the management system, policies, procedures or processes partially meet the requirements of corresponding provisions of *the Guidelines*, but lack some necessary elements or content, or can not prove or lack evidence to prove that they are substantively functional, and further measures are needed to improve its performance.

Non-conformity: Indicates that the company's management system, policies, procedures, or processes cannot meet the requirements of corresponding provisions of *the Guidelines*, resulting in systematic and repetitive non-conformities.

Not applicable: Indicates that corresponding provisions of *the Guidelines* do not apply to the Company.

Zero tolerance: If any of the following situations occurs, it is a "zero tolerance" situation.

1. Misrepresentation, deliberately forging false evidence or vouchers;
2. Any form of support for illegal control, or illegal taxation and extortion by non-state armed groups;
3. Any form of torture, cruel, inhuman and degrading treatment;
4. Directly cause or contribute to forced or compulsory labor;
5. Cause

items does not exceed 10% of all applicable items.

Level B: the percentage of "Need improvement" items does not exceed 35% of all applicable items, and the percentage of "non-conformity" items does not exceed 20% of all applicable items.

Level C: The above level cannot be reached or there is any "zero tolerance" situation.

Description of Assessment Type

The assessment is divided into main assessment and tracking assessment. The main assessment needs to be carried out once a year. The tracking assessment is conducted every six months or during the re-assessment (main assessment) based on the conformity degree and assessment results.

1. Assessed Party

Company Name	Guangxi CNGR New Energy Science&Technology Co., LTD			
Refinery Name	Guangxi CNGR New Energy Science&Technology Co., LTD			
Location	Province/ municipality	Guangxi Province, China	City	Qinzhou City
Profile Number	DDMSC-CNNi0029			

2. Assessment Results

Type	☑Main Assessment		☐ Tracking Assessment		
Result	☐ Level AAA	☐ Level AA	☑ Level A	☐ Level B	☐ Level C

3. Assessment Scope

Materials	Nickel
LME-listed Brand	CNGR
Types of Materials	☑
Assessment Period	

	☑ Less than 12 months: 6 months, 04/01/2023-10/01/2023

4. Summary of Assessment Results

Assessment Result	**A**

Step 1: Establishing A Corporate Due Diligence System	
Develop and adopt due diligence policy.	Guangxi CNGR New Energy Science&Technology Co., Ltd is a wholly-owned subsidiary of CNGR Advanced Material Co., Ltd (hereinafter referred to as the Group Company). In accordance with corporate regulations, the *Due Diligence Policy for Responsible Global Mineral Supply* formulated and approved by the Group Company, applies to Guangxi CNGR New Energy Science&Technology Co., Ltd.; and above policy complies with the requirements of the *Chinese Due Diligence Guidelines for Mineral Supply Chain.*
Structure appropriate internal management systems.	The Group Company has established a cross-functional Sustainable Development Committee and set up a Sustainable Development Office, which is directly responsible for the due diligence management of mineral supply chain of Guangxi CNGR New Energy Science&Technology Co., Ltd; due diligence responsibilities are assigned to relevant management and employees. However, the Group Company needs to further strengthen its efforts in the distribution of responsibilities as well as capacity building of subordinate companies. The Company regularly conducts training on due diligence management of mineral supply chains for the management and employees to enhance their awareness and capabilities of due diligence.
Establish a system of controls and transparency over the supply chain.	The Company has established a supply chain control and transparency system to collect and understand mineral supply chain information.

Strengthen engagement with suppliers.	The Company delivers its supply chain due diligence requirements by requiring its suppliers to sign the *Due Diligence Management Policy for Responsible Global Mineral Supply Chain* and *Supplier Code of Conduct*. However, the Company needs to further strengthen effective communication and cooperation with its suppliers on supply chain due diligence management requirements, to fully leverage industry influence.
Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism.	The Company has established and released the *Administrative Procedure of Social Responsibility Grievances*, identified grievance mechanisms at the industry level, and made commitment to participate in such mechanisms.
Step 2: Risk Identification and Assessment	
Conduct warning signs review, and identify the scope of the risk assessment of the mineral supply chain based on the results of warning signs review.	The Company has formulated the *Procedure for Mineral Supply Chain Due Diligence Risk Control*, and carried out warning sign review 9291.69 7S>BDC 283.01 331.63 481.37 15.6 ref*EMC /Span

	types of risks. In addition, the Company is committed to reaching consensus on the *Risk Management Plan* with suppliers and other relevant parties.
Implement risk management plan, monitor and track performance of risk mitigation strategies.	During the implementation of the *Risk Management Plan*, cooperation between the Company and relevant parties such as suppliers, peers and industry organizations needs to be further strengthened to fully leverage industry influence and promote supply chain partners to jointly improve supply chain due diligence performance.
Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed.	The Company needs further improve its understanding and recognition of the additional assessment of risks that need to be mitigated after implementing the *Risk Management Plan*.
Step 4: Internal and External Assessment	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance.	The Company has established an internal assessment team, and carried out the internal assessment. However, further improvement is needed in terms of establishing an internal assessment system and formulating the internal assessment plan.
Companies should designate the second or third party to conduct assessment when applicable.	This assessment is the third-party independent assessment of nickel supply chain due diligence management that the Company has participated in.
When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results.	The Company made commitment to release the *Summary Report of Supply Chain Due Diligence Assessment* to the public.
Step 5: Reporting and Communication	
Develop due diligence progress report	The Company compiled the *Report on Mineral Supply Chain Due Diligence Management for the*

	First Half of 2023.
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary.	The Company released the *Report on Mineral Supply Chain Due Diligence Management for the First Half of 2023* on its official website. Link: http://www.cngrgf.com.cn/Upload/Template/web/Files/202311/5177c19a-9c6e-4779-8401-a5a5bac67ad4.pdf
Step 6: Provide for or Cooperate in Remediation When Appropriate	
When the company recognize that it has caused or contributed to actual adverse impacts, they should mitigate these impacts by providing for or cooperating in remediation when appropriate.	N/A
Companies provide conditions or cooperate with existing remedial	