

Farasis Energy (Ganzhou) Co., Ltd. (hereinafter referred to as "Farasis Energy" or "we") recognizes that mineral exploitation, trading, processing and export activities conducted in high-risk areas may entail substantial adverse impacts, and acknowledges its obligation to respect human rights and avoid adverse social repercussions. Farasis Energy commits to fulfilling the responsibilities and obligations set forth in the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization Conventions. The Company pledges to fully comply with the mandatory due diligence requirements for critical raw material supply chains stipulated in the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd Edition), the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCC MC) Guidelines for Responsible Mineral Supply Chain Management in China, as well as the EU Battery Regulation (EU 2023/1542) (EUBR), and incorporate such requirements into contracts or agreements signed with suppliers. We will widely disseminate this policy and embed its provisions into contracts or agreements governing suppliers' responsible sourcing from high-risk jurisdictions.

OECD
CCC MC
EUBR
EU 2023/1542

This policy provides a reference for conflict-sensitive procurement activities and suppliers' risk awareness involved in the entire supply chain of mineral resources. We are committed to complying with relevant UN sanction resolutions and applicable domestic laws enforcing such resolutions, and will not engage in any activities that aid or facilitate conflicts. To this end, we will identify the risks specified below and implement measures to mitigate them.

This system applies to Farasis Energy (Ganzhou) Co., Ltd. and its subordinate branches, subsidiaries, and various bases involving suppliers of key materials such as positive electrodes, negative electrodes, and electrolytes, as well as high-risk supply chains involving mineral resources and key raw materials.

1.

When conducting procurement or business activities in high-risk areas, we will neither tolerate nor benefit from, help, assist or facilitate any party in any way:

- 1.1 The worst form of child labor (hazardous work is one of the worst forms of child labor);
- 1.2 Torture, brutality, inhuman and degrading treatment in any form;
- 1.3 Forced or compulsory labor in any form, which is, people are forced to engage in labors or services under threat of punishment and unwillingness;
- 1.4 Systemic sexual violence, gender discrimination or identity-based persecution;
- 1.5 Large-scale or systematic human rights violations, such as arbitrary detention, forced displacement and deprivation of fundamental freedoms;
- 1.6 War crimes, crimes against humanity or genocide or other serious violations of international humanitarian law.

Risk reduction

If we have the right reason to believe that the risk exists, that is, the upstream supplier is purchasing or associated with any party of the serious infringements set out in aforementioned clause we will immediately suspend or terminate the cooperation with the upstream supplier.

2.

We do not tolerate any direct or indirect support to non-state-owned organized armed groups through the exploitation, transport, trade, handling or export of minerals. Such support includes but is not limited to purchasing resources from illegal organized armed groups or their affiliates, making payments or otherwise providing logistic support or equipment to them. These armed groups or their affiliates:

- 2.1 Illegally control the mine site, or, in other ways, control the transport routes, mineral resources trading points and the upstream actors of the supply chain;
- 2.2 Conduct illegal tax collection or extortion of money or mineral resources at the mine site, along the line of transport or on the points of mineral resources trading;
- 2.3 Conduct illegal taxation or extortion to middlemen, exporters or international traders.

Risk reduction

If we have reason to believe that the upstream suppliers are purchasing or having relations with any party that provides direct or indirect support to non-state armed groups, we will immediately suspend or terminate cooperation with the supplier.

3.

We will eliminate the illegal taxation or extortion of money or mineral resources from the illegally controlled mine sites, transport routes and the upstream participants of the supply chain at the entrance of the mine site, along the route of the transport line, or in the mineral resources trading site, or provide direct or indirect support to public or private security forces that illegally levy taxes or extortion on intermediaries, exporters or international traders. We recognize that the role of public or private security forces along mine sites, surrounding areas and transport routes is only to maintain the rule of law, which include guaranteeing human rights, protecting the safety of miners, equipment and facilities, safeguarding the mines or transport routes so that legitimate mining and trade are not disrupted.

cooperation with the supplier.

4.

We shall not directly or indirectly offer, promise, give or solicit any bribes, and will resist extortion of bribes. We will not engage in bribery or violate relevant international anti-corruption standards and practices to conceal or falsify the origin of mineral resources, or to make false declarations on taxes, fees and mining royalties payable to the government for activities such as the exploitation, trading, processing, transportation and export of mineral resources.

We prohibit bribery in all business activities and transactions, including bribery of agents and other third parties, and formulate standards and approving procedures for sending gifts; we do our best to promote responsible business practices with all business partners.

If we have reason to believe there is risk of money laundering related to or associated with the mineral resources of illegal taxation or extortion at the entry of the mine site, the route of the transport line or the upstream supplier's mineral resources trading location, as a result of exploitation, transaction, handling, transport or export, we will support or take measures to contribute to the effective elimination of money laundering. We commit ourselves to take effective measures to prevent involvement in money laundering or terrorist financing, for example, monitor transactions over abnormal or suspicious activities, and keep cash transaction records above the maximum amount of applicable laws and regulations by defining or publicizing the suppliers and customer identities and the actual ownership, etc.

We will ensure that all legal taxes, fees and royalties related to the mining, trading and export of mineral resources in conflict-affected and high-risk areas are paid to the government and will be disclosed on the basis of the position of the enterprise in the supply chain.

We undertake to cooperate with suppliers, central or local governments, international organizations, civil society and the affected third parties, as appropriate, in accordance with the specific position of the enterprise in the supply chain, and to improve or track performance for the purpose of taking measurable actions within a reasonable time span to prevent or reduce adverse impact risks. If the risk reduction measures do not work, we will suspend or discontinue cooperation with upstream suppliers.

5.

We do not participate in, tolerate, or benefit from any mining, smelting or processing activities where basic personal protective equipment (PPE) and emergency rescue measures are not provided, and where workers are exposed to dust, toxic gases or high-risk chemicals in environments lacking ventilation and protection. We do not participate in, tolerate, or benefit from production operations that lack safety training, operating procedures or emergency response plans for accidents. We do not participate in, tolerate, or benefit from mining or production activities carried out at mines, smelters or processing sites with potential structural safety hazards, such as slope instability, tailings pond leakage and malfunction of high-temperature and high-pressure equipment, where reasonable control measures have not been implemented.

If we have reasonable grounds to believe that such risks exist and reasonable control measures have not been put in place, we will immediately formulate, adopt and implement a risk management plan together with suppliers and other stakeholders based on the enterprise's specific position in the supply chain, so as to prevent or mitigate specific risks related to occupational health and safety. If the implementation of the risk management plan fails to achieve the desired results, we will suspend or terminate our cooperation with the relevant supplier.

6.

We will not participate, tolerate, or benefit from the exploitation of resources on land that has not obtained the free, prior and informed consent of the locals and indigenous people, including the miners of legal ownership, leasehold, concession or license. We will not participate, tolerate, or benefit from the exploitations where the culture and heritage of the locals and indigenous people are not respected or protected, or the traditional culture of the locals are harmed. We will not participate, tolerate, or benefit from exploitation of land whose legal ownership, leasehold, concession or license is illegally obtained, or in violation of domestic laws.

If we have reasonable grounds to believe that such risks of violations of land, community and cultural rights exist, we will im

7.

We ensure that we do not adversely affect the conditions of the surrounding soil, air and water or seriously violate local laws and regulations, including the manufacture, trade, and use of chemicals and hazardous substances which are prohibited by international standards because of their high toxicity, environmental persistence, or potential irreversible ecological effects on the organism, or emissions of arsenic and mercury.

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position in the supply chain, so as to prevent or mitigate specific risks that may lead to significant adverse environmental impacts.

8.

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We focus on the following risks associated with small workshops or small-scale miners: forced labour, child labour, unsafe working conditions, uncontrolled use of hazardous chemicals, frequent casualties stemming from the absence of basic occupational health and safety measures, vulnerability to infiltration by illegal armed groups or corrupt networks due to a lack of legitimate trading channels, and other significant environmental impacts.

Risk reduction

If we have reasonable grounds to believe that such risks exist, we will immediately work with suppliers and other stakeholders to formulate, adopt and implement risk management plans based on the enterprise's specific position in the supply chain, so as to prevent or mitigate the specific risks associated with small workshops or small-scale miners.

This policy shall take effect on the date of issuance. The Corporate Sustainable Supply Chain Management Committee is responsible for interpretation, supervision of implementation and regular review. The company will dynamically optimize the content of this policy in accordance with the evolution of international human rights and environmental standards as well as the actual business expansion conditions.

The company has established a supply chain appeal and communication mechanism, which has been published on the official website. If you have any questions about this policy, you may send an email to sustainability@farasisenergy.com.cn for further inquiries, or file appeals and communicate through the channels specified in the appeal and communication mechanism.

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