

2024 Mineral Supply Chain Due Diligence Report for PT Debonair Nickel Indonesia

Stand April 2025



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1 Background

With the global development of the new energy vehicle and battery industries, EU countries have been continuously introducing and implementing various regulations to protect the growth of their manufacturing sectors. These include Germany's Supply Chain Act, the EU's Corporate Sustainability Due Diligence Directive, the New Battery Regulation, the Critical Raw Materials Act, and the U.S.'s Inflation Reduction Act. These regulations highlight the increasing societal attention and stricter requirements placed on companies' performance in sustainable development and supply chain due diligence management. Indonesia, as the country with the largest reserves and highest production of laterite nickel ore, has become a focal point for due diligence in mineral supply chain management for the new energy sector. It is also a key area of interest for downstream supply chain customers, consumers, NGOs, and other stakeholders. Effectively managing the responsible supply chain of Indonesian nickel ore is crucial for meeting the demands of stakeholders and for the overseas market development of companies in the industry.

The time period covered in this report: March 1, 2024 – March 31, 2025.

2 Company Information

Company Name: PT Debonair Nickel Indonesia

CID Number: CID004693

Company Location: Tanjung Ulie, Lelilef Sawai Village, Central Weda District, Central Halmahera Regency, North Maluku Province

Raw Materials: Nickel

Last Assessment Date: January 8-11, 2024

Assessment Period: September 1, 2022 – November 30, 2023

Assessment Company: Arche Advisors

Report Link:

<https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/DEBONAIR%20NICKEL%20Public%20Report.pdf>

3 Mineral Supply Chain Due Diligence Policy & Supplier

Code of Conduct

To avoid the use of conflict minerals that directly or indirectly finance or benefit armed groups, or involve other serious human rights abuses in conflict-affected and high-risk areas, the company has established the Responsible Global Mineral Supply Chain Due Diligence Policy and the Supplier Code of Conduct, which have been widely disseminated to all stakeholders. The company has updated the Responsible Global Mineral Supply Chain Due Diligence Policy to include environmental

protection and risk management related to resource extraction. In the Supplier Code of Conduct, the company has incorporated the United Nations Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights as reference standards.

Additionally, the company has formulated an ESG Policy and a Human Rights Policy, committing to respect human rights in accordance with the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, and the provisions of the United Nations Global Compact.

Policy Links: <http://www.cngrgf.com.cn/shzr.html>

4 Mineral Supply Chain Due Diligence Standards

PT Debonair Nickel Indonesia adheres to the following standards for implementing mineral supply chain due diligence:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd Edition) - referred to as the OECD Guidelines
- China's Guidelines for Responsible Mineral Supply Chain Due Diligence (2nd Edition) - referred to as the China Guidelines
- UN Guiding Principles on Business and Human Rights
- UN Voluntary Principles on Security and Human Rights
- Practical Actions for Identifying and Addressing the Worst Forms of Child Labor in Mineral Supply Chains
- All Metal Due Diligence Standards

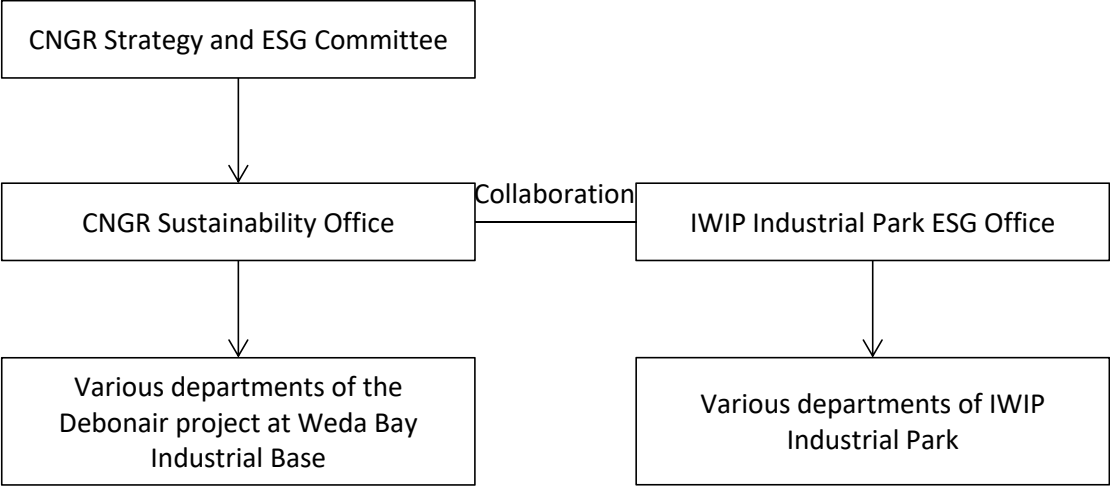
5 Six-Step Due Diligence Framework

Starting from 2023, the company has implemented mineral supply chain due diligence according to the six-step framework outlined in the OECD Guidelines and the China Guidelines. The company actively communicates the due diligence requirements to suppliers, including mines along its supply chain.

5.1 Establishing a Comprehensive Corporate Management System

CNGR has established a Board Strategy and ESG Committee in December 2023 to adapt to strategic needs and enhance the company's performance in environmental, social responsibility, and corporate governance (ESG). Under the guidance of the

committee, the Sustainability Office is responsible for implementing the company's mineral supply chain due diligence management system. The due diligence management of the mineral supply chain of PT Debonair Nickel Indonesia is coordinated by the CNGR Sustainability Office, with the collaboration of the IWIP Industrial Park ESG Office, and with the full cooperation and support of all departments of Debonair and all departments of the IWIP Industrial Park.



The company has developed relevant procedural documents for mineral supply chain due diligence management and provides training to all members of the organizational structure and other relevant personnel to increase awareness and promote the due diligence process.

The company has established a supply chain control and transparency system for traceability management. The company collects information such as the country and region of origin of raw materials, names and addresses of upstream participants, transportation routes and methods, product names and types of minerals or metals, ownership information of direct suppliers and other known upstream companies, while avoiding cash transactions whenever possible. The company has established an internal material control system to ensure traceability throughout the entire process, from raw material entry to finished product shipment. Additionally, the company has established an inventory management system, conducting monthly inventory checks.

The company has established the Social Responsibility Complaint Management Process and manages complaints according to the requirements of this process. For the complaint channels, please refer to:
<https://www.cngrgf.com.cn/Upload/Template/web/Files/202408/fb41812b-a191-4b20-9c10-c48958299a87.pdf>

Debonair held a mineral supply chain due diligence management review in the first quarter of 2025, producing a management review report. The review assessed the rationality and effectiveness of the company's due diligence management system and its performance, providing recommendations for improvement. The Sustainability Office is responsible for tracking the progress of these improvements.

At the same time, the company strongly supports the implementation of transparency or information disclosure requirements set or endorsed by the government of the host country, such as the principles and standards outlined in the Extractive Industries Transparency Initiative (EITI). These have been stated in the "Responsible Mineral Supply Chain Due Diligence Management Policy". According to the information on the EITI website, the current EITI report of Indonesia has only been updated up to the 2021 fiscal year. At present, it is impossible to confirm through the review of the latest report whether the mining enterprises on the supply chain have submitted the EITI report. However, the company has requested suppliers to comply with the EITI requirements and received a positive response from the suppliers.

All documents related to due diligence management are retained by the company for over ten years.

5.2 Identification and Assessment of Supply Chain Risks

Implement due diligence management for all nickel and cobalt suppliers. Regularly collect relevant information about suppliers through reliable third-party data, KYS questionnaires, mineral sourcing investigations, on-site assessments, grievance mechanisms, customer feedback, etc. In 2024, the information collection coverage rate for nickel suppliers will reach 100%.

Based on the above information, draw the supply chain map, and assess the impact of conflict and high-risk areas in mineral source regions from three aspects: armed conflict, human rights, and government governance, based on the following tools:

Tools to be used:

- Heidelberg "Global Conflict Barometer"
- Corruption Index
- Amnesty International World Human Rights Report
- Human Development Index
- EU Conflict Minerals Regulation CAHRA List
- Dodd-Frank Act
- United Nations sanctions list, The EU sanctions list and the US OFAC sanctions list, sanctions lists of countries where companies and suppliers are located

On-site Evaluation:

In 2024, the sustainability management team, visited nickel mines in Indonesia. During the visit, it was found that the mine's due diligence management system was not well developed, with relevant documentation missing. However, no serious human rights violations or armed conflicts were identified, and there were no significant high risk factors.

Risk Identification and Assessment Results:

All nickel materials used in Debonair's production come from within Indonesia. Based on Debonair's CAHRAs identification results, Indonesia is not classified as a CAHRA, so no warning signals were triggered for mineral source areas or transit locations, no supplier-related warning signals were triggered, and no alerts for specific circumstances were raised. None of the suppliers in the supply chain were subject to sanctions. Through official public information, KYS questionnaires, mineral sourcing investigations, on-site evaluations, grievance mechanisms, customer feedback, and other means, no instances of torture, cruel, inhuman, or degrading treatment, any form of forced labor, the worst forms of child labor, or other severe human rights violations, violations of international humanitarian law, or direct or indirect support for non-state armed groups, public or private security forces, or other high-risk activities were found in the supply chain. Therefore, it was concluded that the due diligence risk is low.

5.3 Develop and Implement Response Policies for Identified Risks

Overall risk mitigation measures: Continue trading.

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.

5.4 Independent Third-Party Evaluation and Auditing

- The company conducted RMI's RMAP and ESG assessment in January 2024.
- The company actively promotes independent third-party audits and second-party audits for upstream mines. Currently, one mine plans to undergo an independent third-party audit, and one mine has already accepted CNGR's second-party audit.

5.5 Reporting Due Diligence Processes and Results

In 2022, CNGR upgraded its website and established a sustainable development section, which includes content on responsible supply chains, climate change, circular economy, compliance and integrity, and is regularly updated. In 2024, the Sustainability segment is updated to the ESG segment.

As of March 31, 2025, no complaints related to mineral supply chain due diligence

management were received through the public grievance channels disclosed by the Sustainable Development Office of CNGR. The number of complaints handled: 0. (For complaint channels, please refer to: <https://www.cngrgf.com.cn/Upload/Template/web/Files/202408/fb41812b-a191-4b20-9c10-c48958299a87.pdf>)

5.6 Providing Conditions and Collaboration for Remediation

In accordance with the requirements of the second edition of the "China Guidelines," the company has added the sixth step and clarified it in the system.

6 Conclusion

The company focuses on the construction of a sustainable supply chain, working closely with industry partners. By setting an example through its own actions, the company practices responsible sourcing, establishes accountability mechanisms for stakeholders, meets regulatory compliance requirements, and enhances supply chain resilience and security. In the future, the company will accelerate the establishment of a supply chain due diligence and compliance management system that meets international standards and continue to build a sustainable supply chain.

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