

Responsible Sourcing Public Due Diligence Report PT Halmahera Persada Lygend

Reporting Period: May 1, 2023 – August 31, 2024

Company Information

PT Halmahera Persada Lygend (“The Company” or “PT HPL”) is a Nickel Processing Company operating in Obi Island, Kawasi, North Maluku which started operation in 2021. PT Halmahera Persada Lygend (Cobalt CID No: CID004802; Nickel CID No: CID004453) processes Limonite nickel ore types, which is used as raw material input to produce *Mixed Hydroxide Precipitate* (MHP). MHP is further processed into Nickel Sulfate and Cobalt Sulfate at The Company’s facilities.

Assessment summary

PT Halmahera Persada Lygend has been subject to an RMAP assessment, on:

Date : 13-15 June 2024
Conducted by : SCS Global Services
Auditor Name : Febryan Panatagama
Audit Period : 1 May 2023 – 30 April 2024

Company Supply Chain Policy

PT HPL has fully adopted the Responsible Sourcing Policy (“The Policy”) from its affiliation company, PT Trimegah Bangun Persada Tbk. PT HPL is located on the mining concession area of PT Trimegah Bangun Persada Tbk, which makes The Company subject to align with relevant policies, procedures and regulations of the concession holder. The Policy is fully aligned with the third edition of the OECD *Due Diligence Guidelines* for Mineral Supply Chains from Conflict-Affected and High-Risk Areas (OECD Guidelines). According to The Policy, The Company avoids the sourcing of minerals from Conflict-Affected and High-Risk Areas (CAHRA). Such areas are defined as areas with identified armed conflict, widespread violence, including violence caused by criminal networks, or other risks that cause serious and widespread harm to society. The Policy has been approved by Management and also communicated to relevant stakeholders, and it is publicly accessible at the following link: [Responsible Sourcing Policy](#)

Company Management Systems

Management Structure

PT HPL is committed to implementing responsible sourcing practices, therefore the Company has built a Due Diligence Management System. Implementation of the Due Diligence Management System is carried out by the Purchasing Department as the owner of the main process of procurement in the Company, including the sourcing process of mineral raw materials. The Due Diligence Management System implementation is supported by other relevant departments according to their competencies. The Due Diligence Management System is designed to identify and minimize supply chain risks at PT HPL.

PT HPL provides sufficient resources so that the Due Diligence Management System can be implemented properly. This includes appointment of a Senior Manager to oversee the implementation of the Company’s Due Diligence Management System.

The Company carries out due diligence training at least once a year or whenever there is a change at any of the Departments involved in carrying out due diligence. In May 2024, the company socialized the company’s latest Responsible Sourcing Policy to all relevant Departments in the Company to further strengthen the implementation of its Due Diligence Management System. Moreover, The Company also communicated the responsible supply chain policy to all primary raw material suppliers in Mei 2023-April

2024 period. The company has incorporated due diligence requirements into legally binding agreements with those suppliers.

Internal Control Systems

The Company implements a control system to ensure that information on the origin of mineral raw materials is maintained and available. The control is integrated into the operational policies and procedures that apply to all operational areas of the Company, especially the production and procurement areas of mineral raw materials. The Control System is fully aligned with the OECD Guidelines, the Joint Due Diligence Standard, the Cobalt Refiner Supply Chain Due Diligence Standard and the ISO 31000:2018 risk management framework.

PT HPL is committed to conduct capacity building for all parties involved in its procurement process. The Company conducts regular socialization to employees and suppliers regarding its Policy, including supply chain risks listed in *Annex 2* of the OECD Guidelines and *Annex X* of the European Union Battery Regulation (*EU Battery Regulation*).

PT Halmahera Persada Lygend also has a complaint handling system in the form of *a whistleblowing system* that can be used by relevant parties to report violations or concerns about potential violations in its supply chain process. The complaint system can be accessed through the following *link* :

[HPAL Complaint Handling](#)

The Company requires that all records and documents related to the Due Diligence Management System be kept for a minimum of 10 (ten) years and stored in the Company's database.

Risk Identification

Referring to the Responsible Sourcing Policy, The Company seeks to prevent or reduce all risks identified in Annex II of the OECD Guidelines and Annex X of the EU Battery Regulation, namely:

- Any forms of torture, cruel, inhuman and degrading treatment;
- Any form of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- The worst forms of child labor according to ILO Convention No. 182;
- Other serious human rights violations such as sexual violence;
- War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide;
- Direct and indirect support for non-state armed groups and their affiliates and public or private armed forces;
- bribery and fraudulent misrepresentation of the origin of minerals;
- Money laundering;
- Non-payment of taxes, royalties and other mandatory fees to the Government;
- Inadequate occupational health and safety conditions to maintain the physical and mental health of mine workers, both directly and indirectly;
- Environmental, climate and human health risks, taking into account direct, consequential, indirect and cumulative impacts.

The Company has implemented Due Diligence procedures to obtain information on the region, production process, supply chain, legal status and identity of suppliers and the potential risks mentioned above. All suppliers of mineral raw materials are required to participate in the KYS process including filling out the

KYS form and screening before engaging in cooperation with PT Halmahera Persada Lygend. Incompleteness or inconsistency regarding supplier information or mineral raw materials in the KYS process will lead to a request to update the KYS form and complete supporting documents before cooperation is carried out.

Furthermore, The Company has implemented procedures to identify Conflict-Affected and High-Risk Areas (“CAHRA”) and to identify red flags in the supply chain. These procedures apply to all primary raw material suppliers. The procedures are including the credible source to and also the criteria to determine CAHRA. The procedures will be reviewed at least annually. The following credible sources are used to determine CAHRA:

- Heidelberg Conflict Barometer
- Global Peace Index
- World Governance Indicator
- Rule of Law Index
- UNDP Human Development Index
- European Union CAHRA List
- Section 1502 of the Dodd Frank Act

Based on these resources, PT HPL creates and documents a list of countries included in CAHRA. This list includes countries of origin and transit routes of mineral raw materials related to PT HPL’s supply chain. The CAHRA list is updated at least once every 6 months or after a significant change in circumstances.

PT HPL will conduct risk mitigation if a supply chain risk is identified. Relevant suppliers are invited to participate in the risk mitigation process

During the 2023 period, there were no high-risk mineral raw material sourced for PT HPL. In 2023 The Company did not source mineral raw materials originating from or passing through any CAHRA. All mineral raw materials obtained by PT Halmahera Persada Lygend are minerals originating from non-conflict areas.

Support for EITI

PT HPL is committed to continuously strengthen governance practices through its support for the *Extractive Industries Transparency Initiatives* (EITI), a global standard for transparency in the extractive sector. In its implementation, The Company fully involves and coordinates with the Indonesian government through the Ministry of Energy and Mineral Resources of the Republic of Indonesia.