

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Directors are pleased to present the Environmental, Social and Governance ('ESG') Report for the year ended 30 June 2020 in compliance with the applicable code provision of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the SEHK.

REPORTING SCOPE

With the delay in our development progress of the Marillana Project with no mining activities undertaken during the year, the scope of the report covers all operations of the Group, mainly the head office in Hong Kong and its subsidiaries in Western Australia. The report presents information relevant to the ESG management approach for the financial year from 1 July 2019 to 30 June 2020 (the 'Reporting Period').

STAKEHOLDERS ENGAGEMENT

The Group regularly engages with stakeholders and material ESG concerns are summarised below:

Stakeholders	Material issues	Engagement channels
Investors and shareholders Regulators	Corporate governance Business operations Disclosure Compliance with laws and regulations	Financial reports and announcements Shareholders meetings On-going communications
Employees	Remuneration Training and development Occupational health & safety	Yearly review Internal communications
Community	Charity work	Support charity organisations

The Board had set out ESG goals on specific KPIs and areas of concern for the Company. Annual review on sustainability related initiatives are carried out by the Board, with the assistance of senior management of the Group to ensure adequate measures have been taken to enhance sustainability governance.



A. ENVIRONMENTAL

A.1 EMISSIONS

During the year, the Group was at minimal spend and retained office space to secure an infrastructure solution for the Marillana project. Mining development is yet to commence and management considers that the emissions and waste generated by any exploration activity would have an insignificant impact on the environment due to the minimal activities undertaken.

Greenhouse Gas emissions ('GHG Emissions') for the reporting period are mainly generated from general direct electricity consumption for office use and indirect emissions resulted from business trips.

Relevant KPIs are as shown below:

(i) Purchased electricity consumption	18,321 kWh
(ii) Scope 1 GHG Emissions	Not applicable
(iii) Scope 2 GHG Emissions	12,741kg CO ₂ -e
(iv) Scope 3 GHG Emissions	2,180kg CO ₂ -e

Note:

Scope 1 emissions come from direct GHG emissions from combustion of fuels in stationary or mobile sources (excluding electrical equipment) to generate electricity, which is not applicable in our case as our developmental and production activities have yet to commence.

Scope 2 emissions come from indirect GHG emissions from the generation of purchased electricity.

Scope 3 emission includes other indirect GHG emissions that occur outside the Company such as emissions from business travel of employees and paper waste disposed at landfill.

The scope during the reporting period covered a gross floor area of 136.94m²

The Group continues to operate at minimal spend and targets a net decrease in emissions prior to the commencement of any future developmental activities.

During the reporting period, no material hazardous or non-hazardous waste was generated as our operations are office based in nature. Waste generated comprised printer toner cartridges, batteries and obsolete computer and printing equipment. These were properly disposed of and recycled. Non-hazardous waste such as general domestic refuse and printing paper from office operations were considered minimal.

As mitigation measures for emissions, the Company implemented the following:

- Reduction of unnecessary business trips and organised board meetings via electronic communications.
- Encouraged employees to switch off lights and air conditioning.

During the reporting period, the Company has relocated its Australian office, and due to the decreased size of office space and reduced number of employees, there was a slight decrease in electricity consumption and the corresponding carbon footprint.

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A.2 USE OF RESOURCES

The Group is committed to promoting an environmentally conscious work environment and has focused on measures to minimise waste and electricity consumption, initiate paper and cartridge recycling, and promoting electronic communications and storage. We promote recycling of office equipment and reduce domestic waste as much as possible.

To reduce consumption of paper, the Group prefers using electronic means to disseminate information via electronic devices and electronic communication systems.

We encourage our office employees to switch off idle lights, air conditioners and other office equipment, and we remind our employees to print and photocopy on both sides of paper if printing is unavoidable. We also encourage our employees to bring their own lunch and reduce purchase of takeaway and beverages and hence reduce the use of plastic disposable utensils. The Group encourages its employees to choose public transportation and carpool to reduce car driving and thus the impact on the environment and transportation. The Group does not own any vehicles and we therefore do not directly produce any greenhouse and hazardous gases from cars used.

Our offices are required to maintain indoor temperature at 24 degree Celsius to ensure efficient use of air conditioning.

The Group also promotes initiatives to mitigate environmental impacts by choosing energy-efficient products by comparing Energy Labels issued by the Electrical and Mechanical Services Department (EMSD)/Energy Rating Labels issued by the Australian Federal Government. As waste electrical and electronic equipment (WEEE) poses severe harm to the environment, the Group encourages all employees to use the WEEE donation or recycle programs.

All employees are responsible and accountable for operating in an environmentally responsible manner.

The Group's existing business operation does not require any significant water consumption, water usage and any consumption relates to drinking water (including bottled water).

The Group's drinking water consumption for the year amounted to 1.23m³ with a water consumption intensity amounted to approximately 0.21 m³ per employee. We require employees to report immediately whenever damage is found on any of the water facilities.

There is no issue in sourcing water that is fit for purpose whereas the Group considers its water consumption level is reasonable at the current operation level. The Group targets to have a net decrease in water and electricity consumption next year by implementing the measures as discussed above.

Due to the nature of the business, there is no applicable data of packaging material as our operation does not involve the use of any packaging material.



A.3 THE ENVIRONMENT AND NATURAL RESOURCES

The Company is committed to the principles of being a good corporate and environmental citizen, and takes careful consideration of environmental, social responsibility and sustainability issues when choosing its vendors. The Group aims to minimise its environmental footprint and its disturbance to natural resources. We anticipate that fines residue storage and waste rock management, water use and discharge, and land management and rehabilitation would be the most important areas of concern once in production and the Group shall closely monitor these aspects, in compliance with its regulatory approvals obtained with key State and Commonwealth environmental approvals that have been received for the Marillana project. Each year, the Company undertakes an annual compliance review and provides a report to the Office of Environmental Protection Authority to declare its compliance status as required.

Brockman is proposing to clear up to 3,785 ha of vegetation to mine and transport ore to Port Hedland by a land infrastructure solution. After rehabilitation, the long-term cleared footprint will be around 60 ha which represents the final open pit void. All other disturbances will be rehabilitated to the satisfaction of the Western Australian Environmental Protection Authority (EPA), Department of Environment and Conservation (DEC) and Department of Mines, Industry, Resources and Safety.

Brockman has previously engaged Ecologia Environment (Ecologia) to prepare the Preliminary Documentation required to assess the project under the Environmental Protection and Biodiversity Conservation Act 1999 (Cth). Most key

environmental approvals are in place and we shall adhere to our proposed plan in the event of commencement of early works. We endeavour to mitigate any environmental disturbance, and apply our monitoring schedule when the project commercialises.

Prior to the commencement of our mine development, environmental approvals for mining or exploration activities are required to be sought in accordance with the Mining Act 1978 and the following approvals are required by the Department of Mines, Industry Regulation and Safety:

1. Programme of work — submission has to include details of mechanised equipment and potential disruption to the ground during exploration or prospecting for minerals.
2. Mining proposals — details of the proposed mining operation or any changes to be incurred are required to be disclosed.
3. Mine closure plans — such plan must be included together with any submission on mining proposals, covering all aspects of mine decommissioning and rehabilitation.

The Group adheres to strict compliance of the Mining Act 1978 and other relevant environmental regulations such as the Environmental Protection Act 1986, the Environmental Protection and Biodiversity Conservation Act 1999, the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, the Rights in Water and Irrigation Act 1914, and the Native Title Act 1993.

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A.4 Climate Change

Significant changes in the pattern of rainfall over Western Australia have occurred over the past 40 years. Most of the state, especially the northwest, has experienced a trend towards a wetter climate. This poses a certain risk on the mining industry. The southwestern part of the state has become drier, with a 15% reduction in rainfall since the mid-1970s. Waste rock and tailings that are created during the mining and ore refining process can release toxins into the environment if not stored or disposed of properly. In many cases, waste rock and tailings are left out in the open where they are exposed, and toxins can be washed into water systems by rainfall, or can leach into the soil. To mitigate such risk, a detailed mine plan with enhanced tailings and erosion control structure will serve as part of the mine's water management plan.

The most likely source of impact to the surface water environment from discharge is from unplanned flooding or spillages at the sewage treatment facility. However, safeguards are in place to minimise this risk, including:

- Alarms and flashing beacons to warn of failure of mechanical components (pump and blower);
- Alarms to warn to high water levels in the balance tank or irrigation tanks; and
- An emergency overflow between the balance tank and the waste water treatment plant.

In addition, flood protection will be implemented, to ensure floodwaters do not adversely impact waste water facilities.

B. SOCIAL

B.1 EMPLOYMENT AND LABOUR PRACTICES

Employment

We believe that people are the foundation of our businesses, and retaining quality staff is paramount to supporting our business. We aim to retain our staff by offering an employee-friendly working environment, and we make sure our employees are well compensated, not only in terms of remuneration, by facilitating work-life balance for all our employees.

Recruitment

The Group has an established human resources management function covering various aspects of employment. During our recruitment process, employees are hired based on consideration of their experience, qualifications and knowledge. All employees have entered into a written employment contract that outlines conditions of employment which includes job title, job duties, working hours, holidays, remuneration, termination process and benefits agreed to by both parties.

Promotion, compensation and dismissal

We motivate employees by promotion and salary increments based on results of regular performance appraisals. Staff dismissal is based on the Hong Kong Employment Ordinance or relevant local laws and regulations, as well as the requirements stipulated in the employment contracts. Apart from offering employees' competitive salary packages, the Group also provides annual bonuses and employee share options to eligible employees as incentives to retain our staff.

**Working hours, rest periods and benefits**

A five-day work week arrangement is adopted to facilitate work-life balance. In addition to all rest days and statutory holidays as specified in local laws and regulations, employees are entitled to paid annual, maternity, paternity, marriage and compassionate leave. Employees are also entitled to benefits such as medical benefits, MPF scheme contributions and other benefits subject to the Group's human resources management policy.

Equal opportunity, diversity and anti-discrimination

All Directors, senior management and employees of the Company are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of the Company. The Board has established a Code of Conduct, which is supported by a Whistleblower Policy, to guide all Directors, members of senior management and employees. A copy of the Code of Conduct and Whistleblower Policy is available in the corporate governance section of the Company's website.

The Company's recognition of the benefits of diversity where people from different gender, age, ethnicity and cultural backgrounds can bring fresh ideas and perceptions which make the workplace more efficient is reinforced in the Diversity Policy, a copy of which is available in the corporate governance section of the Company's website. This policy outlines specific diversity initiatives designed to facilitate equal employment opportunities and requires the Company to set out specific diversity initiatives and targets with the aim of reporting the progress towards the metrics in the annual report.

These key metrics include:

- Proportion of women appointed as Non-Executive Directors of the Company;
- Proportion of women in the workplace;
- Proportion of women in senior management;
- Parental leave return rates; and
- Employee turnover.

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The following metrics shows the comparison to historical data. The historical data is as follows:

	2020	2019	2018	2017	2016
Proportion of women appointed as Non-Executive Directors	0	0	0	0	0
Proportion of women in the workplace	15%	15%	18%	21%	24%
Proportion of women in senior management	8%	8%	38%	13%	10%
Parental leave return rates	N/A	100%	N/A	100%	N/A
Employee turnover	0%	15%	53%	24%	82%

The Board is continually looking to achieve diversity and will endeavour to appoint individuals who will provide a mix of experience, perspective and skills appropriate for the Company, including appropriate technical and commercial skills relevant to the mining industry.

Our human resources function ensures that the Company is free from any form of discrimination on the grounds of age, gender, religion, marital status, family status, sexual orientation, disability, race and nationality. We are committed to creating a culture of equality, respect, diversity and mutual support.

During the year, the Group was not aware of any material breaches of the relevant laws and regulations relating to the Group's compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. In addition, no fines or sanctions were imposed on us due to non-compliance with the relevant laws and regulations during the year.

Performance Data Summary

Workforce demographics:

TOTAL WORKFORCE	15	
By nature of work	Australia	Hong Kong
Corporate directors	3	6
Corporate Services	1	3
Project Development	—	1
Exploration	1	—
By gender		
Male	4	5
Female	1	1
By employee category		
Directors (Executive)	1	2
Directors (Non-executive)	2	4
Management team	2	4
By age group		
31-50	1	4
50+	4	6
EMPLOYEE TURNOVER RATE ANALYSIS	Australia	Hong Kong
By geographical location	0%	10%
	Male	Female
By gender	10%	0%
	31-50	50+
By age group	0%	10%



B.2 HEALTH AND SAFETY

The Company is committed to the development of a sustainable iron ore business in Western Australia that benefits its employees, contractors, suppliers, partners and the community.

We will achieve this through the effective implementation and proactive management of our commitments and obligation to workplace health and safety, the environment and to the communities in which we operate.

To operate an effective and sustainable iron ore business, the Company will:

- Focus on the elimination and management of workplace hazards and risks.
- Act ethically and responsibly in all its interactions.
- Promote a culture which focuses its employees, contractors, suppliers and partners in workplace health and safety as the responsibility of all those who work in its business.
- Provide a workplace free from bullying or discrimination and offering equal opportunity to all employees.
- Work actively through all areas of its business to minimise the actual and potential environmental impact of the Company's activities.
- Respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations.

We will implement systems and ensure that resources are allocated to implement and monitor these commitments and its legal obligations. Our employees, contractors and partners will be updated on the Company's progress towards these goals.

The policy and the system that support it will be routinely measured to ensure the delivery of our commitments and system improvements made where the need arises.

The Group shall observe to our Operational Health and Safety ('OHS') Policy for all our activities and our Company's health and safety objectives are summarised as follows:

- Achieve 'Zero Harm' to people, the community and the workplace environment;
- Support, encourage and promote efforts to achieve industry-leading occupational health and safety performance;
- Eliminate or manage circumstances which may lead to injury, property damage and business interruption; and
- Achieve health and safety performance consistent with the OHS Policy.

Brockman will employ the following principles:

- Everyone has a responsibility for health and safety.
- Hazards should be identified and their risks eliminated or controlled.
- Every task can be done safely.
- Health and safety standards will not be limited to only minimum legal requirements.

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These objectives will be achieved by:

- Providing employees and contractors with the necessary responsibility training and resources to assist them to perform their tasks safely and effectively;
- Establishing and enforcing accountabilities for employees and contractors regarding health and safety policy, objectives and performance;
- Complying with all applicable laws, regulations and statutory obligations;
- Demonstrating effective leadership and management of health and safety through risk assessment and the development and implementation of safe operational procedures and communication in health and safety issues.

With respect to the challenges brought about by the COVID-19 pandemic, we have adopted measures to protect and to enhance workplace safety for all our employees. Cleaning and disinfecting of our offices was performed regularly and we provide masks and hand sanitisers for our employees when they attend work in the office. We require our employees to stay home and self-quarantine if they are sick and we strive to provide a positive environment for our employees due to any sickness.

During the reporting period, the Group had nil work-related fatality and injury resulted in loss days during the reporting period and in each of the past three years (2019: Nil).



B.3 DEVELOPMENT AND TRAINING

Employees are the most important asset of the Company. First-class professionals and management team are the guarantee of successful business, and therefore we are eager to provide them with relevant training and encourage them to fully utilise their potential. We subsidise our employees for their continuing education, and encourage employees to participate in various workshops and seminars according to their respective areas of interest and job description.

During the reporting period the percentage of trained employees and average hours of training received:

	Percentage of trained employees	Average hours of training received during the year
By employment type:		
Directors	60%	35
Senior management	27%	96
Management	13%	48
By gender:		
Male	87%	131
Female	13%	48

B.4 LABOUR STANDARDS

All our labour-related policies and practices comply with the Employment Ordinance, and relevant local labour laws in Hong Kong and Australia. Furthermore, the Group strictly prohibits the employment of child labour and forced labour, and complies with all relevant laws and regulations. Prior to on-boarding of any new employees, thorough background checks are conducted to ensure the candidate is fit and proper for the role. If any candidates were found to be child labourers, their employment contract would be immediately terminated.

During the year, we did not employ child labour or forced labour and did not receive any complaints or reporting of child labour or forced labour.

B.5 SUPPLY CHAIN MANAGEMENT

The Company has established sound procurement procedures and requirement for vendors. Upon selection of new vendors, the Company will evaluate the vendors' performance, reliability and pricing, but also the environmental attributes such as impact to the environment and energy saving functionalities. As part of our internal control on procurement procedures, at least 2 quotations will be obtained for each procurement engagement. Also, consideration of previous performance of the vendor, in terms of creditability and compliance with local regulations are determining factors for supplier selection. Sustainable, fair-trade and environmentally friendly products are preferred and procurement decisions are not solely based on price.

During the reporting period, the number of suppliers by geographical breakdown is as follows:

By geographical region	Number of suppliers
Hong Kong	5
Australia	61
Total	66

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B.6 PRODUCT RESPONSIBILITY

The Company will ensure all required documentation will be implemented prior to shipment of iron ore. Sinter testwork conducted has provided positive results and confirmation of our product quality and the Group will strive to maintain the product's quality upon future delivery of ore. Given that our production has yet to commence, no complaints from customers nor product recalls have been received for the reporting period. Quality assurance and recall procedures will be duly implemented upon future delivery of iron ore products.

The Company upholds the confidentiality regarding customers', prospective customers' or business counterparts' information. Confidentiality agreements are put in place to protect any leakage of information.

B.7 ANTI-CORRUPTION

The Company has established rules against bribery or corruption, which prohibit employees from accepting gifts from other people in a business relationship. To ensure effective implementation, every employee has been trained in relation to these rules. Furthermore, the Company has set up a whistle blower policy (details of which can be found on the company website), and Brockman encourages stakeholders to pursue and report any misconduct, fraudulent or corrupt practices, breaches of rules, coercion or harassment. Active channels are in place for employees to report directly in the event of any potential source of bribery/corruption in any business execution. Training and circulation of news from the Independent Commission Against Corruption (ICAC) has also been provided for employees and directors to discourage any form of corruption.

Brockman takes a zero tolerance approach to corruption and bribery and is committed to acting professionally, fairly and with integrity in all our business dealings. Our whistle blower policy encourages employees to report on any incidences of fraud, misappropriation of funds or corruption, while the reporters' privacy is completely protected.

During the reporting period, there were no incidents or legal cases noted regarding any corrupt practices brought against the Group or its employees.

B.8 COMMUNITY INVESTMENT

We provide opportunities for employees to be a part of our local communities.

We mobilise our employees to volunteer their time and skills in contributing to the community at the same time enriching their knowledge of environmental and social issues, moreover, to prevent and mitigate any potential and actual negative impact on the community. Brockman maintains its community focus on health and sports, and has sponsored charity runs/marathons for employees, for the purpose of raising employees' awareness on health while giving back to the community. Due to the impact of COVID-19, marathons and charity walks were called off and we will continue to sponsor our employees to take part in these meaningful activities once they resume.