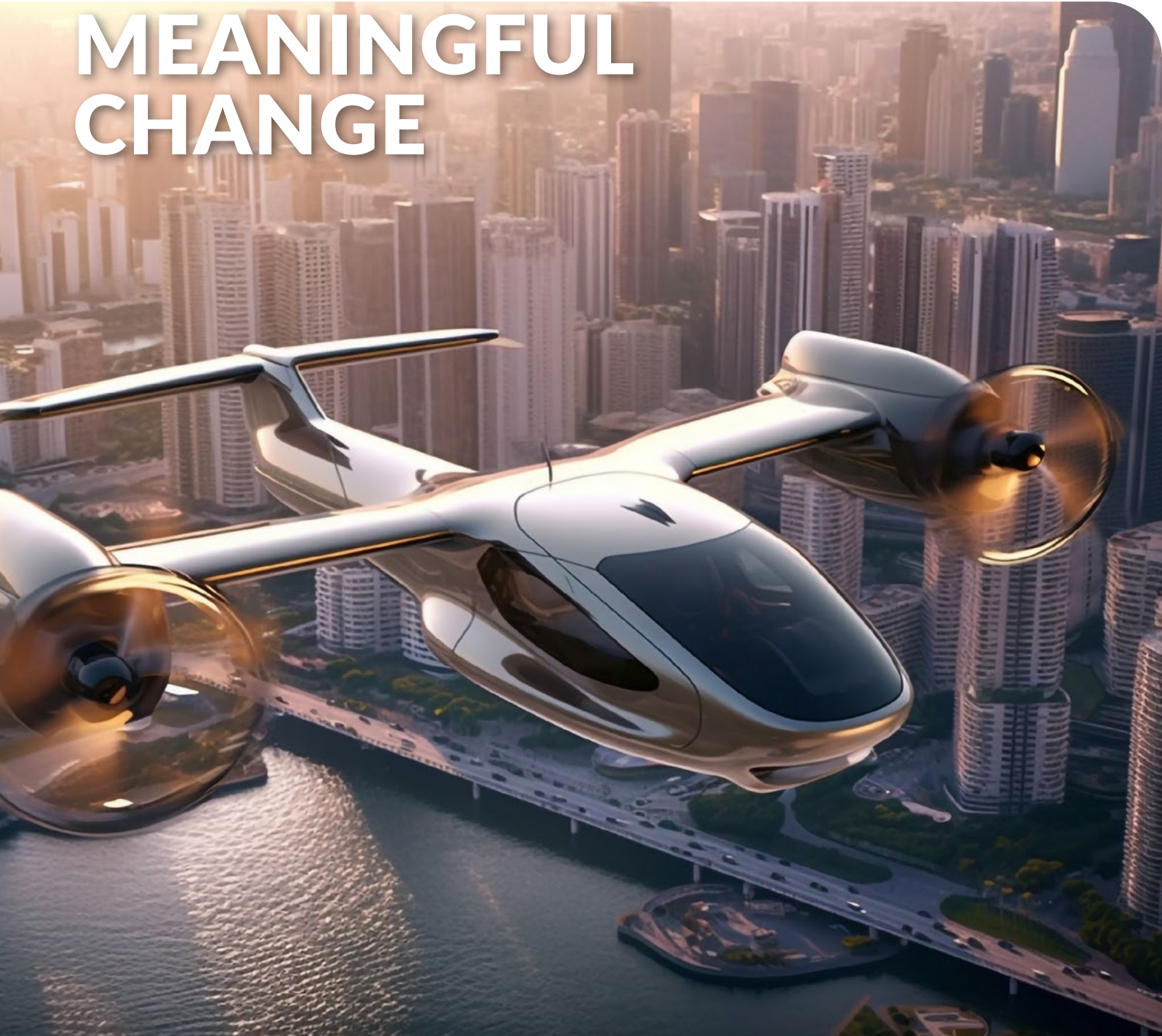




TOWARDS MEANINGFUL CHANGE



2023 ESG REPORT

Li-S Energy at a glance

Li-S Energy has developed new lithium sulfur and lithium metal battery technology using advanced nanomaterials that we expect will deliver batteries with more than twice the energy density of lithium ion cells in the market today. Plus, with our lithium sulfur cells containing no heavy metals, we believe that our batteries will also be simpler and potentially cheaper to recycle than most other lithium ion batteries.



**GREATER
CAPACITY**



**SIMPLER TO
RECYCLE**



**LIGHTER
WEIGHT**

An opportunity to make a difference



At Li-S Energy we are passionate about leveraging advanced technology to meet today's most pressing global challenges. Creating a sustainable energy future is critical to combating climate change, and our ambition is to drive technology that will help deliver this future.

Our company's purpose is to harness the power of lithium sulfur and lithium metal batteries, unlocking what we see as their immense potential to revolutionise the battery industry. We take great pride in being at the cutting edge of this technology evolution, developing solutions that will pave the way for a sustainable approach to energy storage, whilst creating value for all our stakeholders.

By building upon years of dedicated research, we are committed to advancing the efficiency, reliability, and scalability of lithium sulfur and lithium metal battery technology.

Our mission is to bring these new technologies to market to meet present and future demands for energy storage.

As the world evolves, so do the expectations of our stakeholders. We recognise that shareholders are becoming increasingly connected to the ESG goals of the companies they choose to invest in. We embrace this shift and stand ready to play our part as we continue on the journey to commercialise our technology.

As a young company we know there's always more we could be doing, and we look forward to building on our goals each year and sharing our progress in the years to come.

Dr Lee Finniear
Li-S Energy CEO

Battery demand **GROWTH**

The demand for batteries is forecast to increase 10x by 2030 with the move to renewable energy and electric vehicles. To drive this growth, industry is demanding more energy dense, lighter, faster, environmentally friendly batteries.

At Li-S Energy, we're pioneering that change. Our new lithium sulfur and lithium metal batteries have the potential to power some of the world's most advanced devices, including electric aircraft and drones.



10x

The demand for batteries is forecast to increase 10x by 2030¹.

35%

Global EV sales are increasing 35% year-on-year which would see 14 million in sales by the end of 2023. As a result, electric cars could account for 18% of total car sales across the full calendar year².

15%

15% of transport emissions are created by large, articulated trucks even though they make up 1% of the vehicle fleet as each truck travels six times as far as a passenger car, uses 40 times more fuel, and produces 50 times more pollution³.

160,000

Electric vertical takeoff and landing (eVTOL) aircraft are gaining attention. According to Roland Berger's eVTOL Market Study, the global eVTOL market is expected to have around 160,000 eVTOLs in operation by 2050⁴.

1. ^Electric Vehicle Outlook 2020; BloombergNEF (Bloomberg Finance L.P.)
2. Global EV Outlook 2023 www.iea.org/reports/global-ev-outlook-2023
3. <https://www.theguardian.com/environment/2023/may/04/labor-urged-to-accelerate-switch-to-electric-trucks-and-declare-zero-emission-zones>
4. Reference: Roland Berger eVTOL Market Study

SUSTAINABLE DEVELOPMENT GOALS

Alignment with the UN's Sustainable Development Goals


We have aligned our ESG framework with the relevant United Nations Sustainable Development Goals (SDGs). These SDGs are bringing together governments, industry, and academia to develop solutions to worldwide sustainable development challenges by 2030. We understand these goals require global collaboration and want to play our part in improving everyone's way of life.


As a young company, we have chosen to focus on those SDGs where we believe we are best positioned to make a significant contribution on our journey to commercialise our technology.





Environmental goals

Our technology has the potential to:

- 

drive the shift to cleaner energy use.
- 

deliver sustainable electric public transport for communities, through the use of lighter batteries with greater capacity.
- 

be easier to recycle and contain no heavy metals compared to the lithium ion batteries available today[^].
- 

play a part in the shift to net zero carbon emission energy sources, which require enhanced energy storage solutions.

Social goals

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We're contributing to our team's good health and well being through inclusive policies and effective workplace health and safety practices.
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We have a commitment to gender equality and representation at all levels of our team, including the board.
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We provide skilled employment in cutting edge technologies and we review the competitiveness of our salaries for pay equity on an annual basis.

[^]Comparative Life Cycle Assessment Of Li-Sulphur And Li-Ion Batteries for Electric Vehicles Report. Benveniste Et Al, 2022.



Lighter batteries with a greater capacity

Our lithium sulfur and lithium metal battery technologies hold immense potential to change the way we power our world, offering a multitude of benefits and playing a role in the path to a greener future, especially for the aviation and heavy vehicle industries.

Environmental benefits of lithium sulfur batteries

Li-S batteries exhibit a number of environmental benefits – compared to lithium ion batteries available on the market today – positioning them as an alternative technology with the potential to support our purpose of a more sustainable future including:



Enhanced energy density: lithium sulfur batteries boast a higher energy density and specific energy than traditional lithium ion batteries, offering the potential for increased range, payload capacity and efficiency in various applications. This increased performance would lead to reduced energy expenditure and ultimately decrease the overall carbon footprint of the systems utilising Li-S batteries.



Reduced dependency on finite resources: traditional lithium-ion batteries rely on limited and geographically concentrated resources. In contrast, lithium sulfur batteries utilise sulfur, one of the most abundant elements on Earth.



Easier to recycle: our lithium sulfur cells contain no heavy metals resulting in a battery that is easier to recycle than traditional lithium ion.[^]

[^]Comparative Life Cycle Assessment Of Li-Sulphur And Li-Ion Batteries for Electric Vehicles Report. Benveniste Et Al, 2022.



Supporting our team

At Li-S Energy, we believe that our employees, customers, and suppliers are critical to our mission and business goals. We prioritise the well-being and interests of these vital stakeholders. By fostering a diverse, talented, and engaged workforce, we aim to create an inclusive environment that encourages innovation, enhances productivity, and drives our collective success.

Diversity and inclusion

We are committed to building a workforce that embraces individuals from diverse backgrounds, cultures, and perspectives. Our efforts focus on eliminating bias and creating an inclusive workplace where everyone feels valued, respected, and empowered to contribute their unique talents.

One of our key objectives is to promote equal employment opportunities and increase female representation across the group, including at the board level.

Data security and cybersecurity

We recognise the critical importance of protecting our business, employees, and vendors from ever-changing data security and cybersecurity threats.

We implement rigorous measures to safeguard sensitive information and maintain the privacy and confidentiality of all stakeholders.

Occupational health and safety

The health, safety, and welfare of our employees, customers, and supply chain workers are of paramount importance to us. On our pathway to commercialisation we will continue to measure ourselves against health and safety protocols, complying with the relevant legislation.

We provide comprehensive training and resources to ensure that our workforce operates in a safe and secure environment.

By fostering a culture of safety consciousness, we strive to minimise accidents, injuries, and occupational hazards, prioritising the well-being of our people and the communities we serve.

Our OH&S goals link to our ESG environmental commitments, as we work to deliver projects in a safe and environmentally responsible manner. To support this commitment, Li-S Energy will:

- comply with relevant environmental laws, regulations, industry codes of practice and requirements specified by clients
- recycle waste materials from any production activities where feasible
- control the impact of our operations on the environment and community through effective planning and risk management methodologies
- communicate pertinent environmental responsibilities and obligations to employees, consultants and subcontractors
- establish and maintain continual improvement of environmental performance
- review our environmental policy periodically.

Commitment to governance

We recognise that strong corporate governance is not just a compliance exercise but a cornerstone of our organisation's success. We understand that setting the tone at the top is pivotal in shaping the workplace culture we strive for—one that is deeply rooted in ethics, integrity, and accountability.

By fostering a governance structure that supports robust internal controls, policies, and procedures, we empower our leadership, from the board of directors to the management team, to lead by example.

Risk management

We place great emphasis on robust risk management practices to ensure the long-term sustainability and resilience of our business. Our governance framework, including development of an OH&S Manual that will integrate comprehensive risk assessments, monitoring systems, and mitigation strategies to identify and address potential risks proactively. By conducting regular evaluations and engaging with internal and external stakeholders, we continuously enhance our risk management processes.

This proactive approach enables us to navigate challenges effectively, safeguard our reputation, and protect the interests of our stakeholders.

Fair remuneration

We believe in fair and equitable remuneration for our employees, aligning their contributions with just compensation. The remuneration policy of the Company has been designed to align directors' and executives objectives and performance with shareholder and business results. We do this by providing a fixed remuneration component and offering specific Short Term Incentives (STIs) based on key performance areas contributing to the Company's financial and technical results and Long Term Incentives (LTIs) based on internal and external metrics.

Ethical conduct and transparency

We uphold the highest standards of integrity, honesty, and ethical conduct in all aspects of our business operations. Our code of conduct sets clear expectations for our employees, outlining their responsibilities regarding ethical behavior, conflicts of interest, and compliance with laws and regulations. We promote a culture of openness, encouraging employees to report any concerns or potential violations through established channels. Through regular communication, training, and monitoring, we strive to ensure that our governance practices reflect our commitment to transparency, accountability, and ethical decision-making.





Disclaimer

This Sustainability Report has been prepared as part of Li-S Energy Limited's annual reporting cycle. It contains general information regarding the Company's prior performance and future expectations. It is not investment advice. Unless otherwise stated, all information is current to 30 June 2023.

This report may contain forward-looking statements, statements of opinion and statements of current expectation. Such comments should always be read in that context and treated with due caution.

While reasonable care has been taken, no representation or warranty is made regarding the accuracy, completeness or reliability of the information stated or the underlying assumptions on which any statements are based.

To the maximum extent permitted by law, the Company and its officers do not accept any liability for any loss arising from the use of the information contained in this Sustainability Report.