

AQUILA ACQUISITION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 7836)

(Warrant Code: 4836)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

ABOUT THIS REPORT

Aquila Acquisition Corporation (the “**Company**”) is a special purpose acquisition company incorporated on 25 November 2021 and has been formed for the purpose of effecting a business combination (“**De-SPAC Transaction**”) with one or more businesses (“**De-SPAC Targets**”). This is the first Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) issued by the Company for the period from 25 November 2021 to 31 December 2021 (the “**Reporting Period**”). Unless otherwise defined herein, capitalised terms used in this Report have the same meanings as those defined in the offering circular of the Company dated 14 March 2022 (the “**Offering Circular**”).

In order to reduce paper consumption and promote environmental protection, this Report is made available to shareholders online on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.aquilaacq.com.hk under “Investor Relations”. The Company will provide a shareholder with this Report in printed form upon specific request.

Reporting Principles

This Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In considering the selection of material ESG factors and quantitative disclosures, the Company has taken into account the nature of its business, which is focused on the sourcing of De-SPAC Targets. A Stock Exchange ESG Reporting Guide index is set out in the annex to this Report for reference.

Reporting Boundary

The scope of this Report covers the environmental and social policies and performance of the Company during the Reporting Period. The Company does not have any subsidiaries. During the Reporting Period, the Company did not have any operations save for early stage organisational activities relating to the Offering.

Approval

This Report has been approved by the Board in May 2022.

GOVERNANCE

The Board has overall responsibility for the Company's ESG strategy and reporting.

The Board is responsible for evaluating and determining the Company's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Company's management is required to provide a confirmation to the Board on the effectiveness of these systems. In addition, the duties and responsibilities of the Company's Audit Committee include reviewing the internal controls systems of the Company (including financial, operational, compliance, information technology controls and risk management processes).

In determining the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses), the Board has taken into account the nature of its business, which is focused on the sourcing of De-SPAC Targets, and the expectation that it would not be engaged in any other significant operations prior to the completion of a De-SPAC Transaction.

ENVIRONMENT

The Company is a special purpose acquisition company and has been formed for the purpose of effecting a De-SPAC Transaction with one or more De-SPAC Targets. During the Reporting Period, the Company did not have any operations (save for early stage organisational activities relating to the Offering) and therefore had a low impact on the environment. Nevertheless, the Company is committed to upholding ESG values, as is exemplified by our general guidelines in evaluating prospective De-SPAC Targets as disclosed in the Offering Circular. Although we did not identify any De-SPAC Targets and may enter into a De-SPAC Transaction with any De-SPAC Target(s) which do not meet the guidelines, one of the general guidelines we believe is important in evaluating prospective De-SPAC Targets is a traceable financial track record with an ethical, professional and responsible management holding strong ESG values - we intend to combine with a De-SPAC Target that has high ESG standards, supported by a management team with the right experience, expertise and vision, and who share our motivation to create long-term value for the Shareholders.

Emission and Waste Management, Use of Resources, the Environment and Natural Resources, Climate Change

As the Company had no operating history during the Reporting Period, the emissions and waste generated and the use of resources were limited. The relevant data is therefore not disclosed in this Report. Similarly, the Company has not identified any significant climate-related issues which have impacted or may (prior to a De-SPAC Transaction) impact the Company, and currently expects to adopt appropriate policies for identifying and mitigating significant climate-related issues following a De-SPAC Transaction which are appropriate for the nature of the business of the De-SPAC Target.

Taking into consideration the nature of the Company's operations which is focused on sourcing De-SPAC Targets, the Company does not expect to carry out any operations which will have a

significant impact on emissions, use of resources, the environment and natural resources and climate change prior to the completion of a De-SPAC Transaction. The Company is nevertheless committed to fulfilling its corporate responsibilities in environmental protection, and has formulated the following policies on energy conservation, reducing adverse effects on the environment, and using resources in a responsible manner to protect the environment which it considers relevant to its current operations:

- Implement double-sided printing, reuse single-sided printing paper, and place waste paper recycling bins next to photocopiers and printers for recycling;
- Use computer technology and communication equipment to share information or for internal communication and document circulation, reducing paper printing; and
- Use video conference calls to avoid unnecessary travel arrangements and thereby reduce energy consumption, emissions and impact on climate change.

SOCIAL

Employees

The Company has no employees. The Company's Executive Directors and senior management are employees of CMB International Capital Corporation Limited, being the parent company of CMB International Asset Management Limited, one of our Promoters. The Company will comply with all relevant laws and regulations and the following policies to ensure the implementation and protection of employees' rights and interests:

- **Preventing illegal employment:** We forbid any form of unlawful employment. We do not hire child labor. We will carefully check the employees' identities upon onboarding to ensure our procedure is compliant and that employees' rights and interests are well-protected.
- **Anti-discrimination:** We adopt and enforce a zero-tolerance policy against discrimination and harassment of any kind. We strive to create a workplace where every individual feels safe, heard and accepted without judgment, regardless of age, gender, ethnicity, nationality, marital and family status, health status, religion, or any other distinguishing characteristic or trait.
- **Board diversity:** In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. The Board considers gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills, knowledge, length of service, regulatory requirements and the legitimate interests of the Company's shareholders. To ensure there is gender diversity on the Board, the Board has set a target that there must be at least one female Director on the Board at all times. In this regard, the Board comprises eight Directors, including three female Directors, who bring to the Board a diverse range of skills, knowledge and experience.

Health and Safety

In view of the business nature of the Company, the occupational health and safety risks our Board and senior management face are much lower than those of employees of other listed issuers on the

Stock Exchange with substantive operations. Nevertheless, we strictly observe relevant applicable laws and regulations on occupational health and safety, give priority to providing a safe, healthy and comfortable working environment, and carry out office safety management measures to minimise office safety risks, improve safety awareness and prevent occupational diseases or accidents in the office. During the Reporting Period, the Company complied with relevant laws and regulations on occupational health and safety, and did not find any major accidents, major claims or lawsuits related to health and safety.

Development and Training

Due to the proximity in time between inception of the Company and the year-end date, the Company did not carry out any training activities during the Reporting Period. The Company will organise appropriate training for its Directors and senior management to improve their knowledge and skills relevant to their duties to the Company.

Anti-corruption

The Company takes all necessary measures to prevent bribery and corruption. We are committed to developing robust systems and measures to prevent, detect, and deter corruption, bribery, or other fraudulent activities while promoting integrity. Our anti-corruption policy provides that the Company shall comply with applicable anti-corruption and anti-money laundering laws, and no employee is allowed to conduct direct or indirect commercial bribery. The policy prohibits the offering of benefits to third parties, business partners and government officials for improper business opportunities and advantages, and prohibits employees from accepting or demanding benefits from others in business activities for the purpose of securing any improper advantage.

We also have a whistleblowing policy for employees to raise concerns about practices and procedures in their workplace. It enables employees to report concerns of fraud, illegal, immoral, illegitimate practices, misconduct or malpractice in a way that will not be seen as being disloyal to their colleagues.

There is no non-compliance with relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion, fraud and money laundering and no concluded legal cases regarding corrupt practices brought against the Company or its employees during the Reporting Period.

Community Investment

The Company is fully aware that corporate development is closely linked to the development of the communities. We are committed to understanding the needs of the communities and fulfilling our social responsibilities actively.

Due to the proximity in time between inception of the Company and the year-end date, the Company had not engaged in community investment activities during the Reporting Period. The Company expects to develop policies on community investment focus areas of community

contribution following a De-SPAC Transaction which are appropriate for the nature of the business of the De-SPAC Target and the community in which the De-SPAC Target operates.

STAKEHOLDER ENGAGEMENT

Taking into consideration the nature of the Company's business, the Company considers its main stakeholders prior to a De-SPAC Transaction to be the Company's Shareholders and potential investors. As part of its stakeholder engagement, the Company has adopted a shareholders communication policy which aims at maintaining on-going dialogue with its Shareholders and the investment community and ensuring effective and timely dissemination of information.

Annex - Stock Exchange ESG Reporting Guide Index

Subject Areas, Aspects, General Disclosures and KPIs		Reference/Notes
A. Environmental		
<i>Aspect A1: Emissions</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	“ENVIRONMENT – Emission and Waste Management, Use of Resources, the Environment and Natural Resources, Climate Change” As the Company had no operations during the Reporting Period, the Company is not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Company concerning air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the such period.
KPI A1.1	The types of emissions and respective emissions data.	The indicators are not applicable as the Company did not have any operations during the Reporting Period.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
<i>Aspect A2: Use of Resources</i>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	“ENVIRONMENT – Emission and Waste Management, Use of Resources, the Environment and Natural Resources, Climate Change”
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	The indicators are not applicable as the Company did not have any operations during the Reporting Period.

KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
<i>Aspect A3: The Environment and Natural Resources</i>		
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	“ENVIRONMENT – Emission and Waste Management, Use of Resources, the Environment and Natural Resources, Climate Change” As the Company did not have any operations during the Report Period, it was not involved in any activities which have a significant impact on the environment and natural resources.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
<i>Aspect A4: Climate Change</i>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	“ENVIRONMENT – Emission and Waste Management, Use of Resources, the Environment and Natural Resources, Climate Change”
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	
B. Social		
<i>Employment and Labour Practices</i>		
<i>Aspect B1: Employment</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	“SOCIAL – Employees” The Company is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Company concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the Reporting Period.

KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	The indicators are not applicable as the Company has no employees. The Company’s Executive Directors and senior management are currently employees of CMB International Capital Corporation Limited and their details are set out in the Offering Circular.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
<i>Aspect B2: Health and Safety</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<p>“SOCIAL – Health and Safety”</p> <p>The Company is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Company relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Period.</p>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	The indicators are not applicable as the Company did not have any operations during the Reporting Period.
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	“SOCIAL – Health and Safety”
<i>Aspect B3: Development and Training</i>		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	“SOCIAL – Development and Training”
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Due to the proximity in time between inception of the Company and the year-end date, the Company did not carry out any training activities during the Reporting Period.
KPI B3.2	The average training hours completed per employee by gender and employee category.	
<i>Aspect B4: Labour Standards</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	As the Company did not have any operations during the Reporting Period and had no employees (and, prior to a De-SPAC Transaction, expects to continue to have a limited number of employees), it considers this aspect to be irrelevant to its current operations.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

<i>Operating Practices</i>		
<i>Aspect B5: Supply Chain Management</i>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	As the Company did not have any operations during the Reporting Period, and does not expect to have significant operations involving suppliers prior to a De-SPAC Transaction, the Company considers this aspect to be irrelevant to its current operations.
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
<i>Aspect B6: Product Responsibility</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	As the Company did not have any operations during the Reporting Period, and does not expect to have significant operations involving the provision of products and services prior to a De-SPAC Transaction, the Company considers this aspect to be irrelevant to its current operations. The Company is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Company concerning health and safety, advertising, labelling and privacy matters relating to products and services provided during the Reporting Period.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B6.4	Description of quality assurance process and recall procedures.	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	
<i>Aspect B7: Anti-corruption</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	“SOCIAL – Anti-corruption” The Company is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Company

		concerning bribery, extortion, fraud, and money laundering during the Reporting Period.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	“SOCIAL – Anti-corruption”
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	“SOCIAL – Anti-corruption”
KPI B7.3	Description of anti-corruption training provided to directors and staff.	“SOCIAL – Anti-corruption”
Community		
<i>Aspect B8: Community Investment</i>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	“SOCIAL – Community Investment”
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	“SOCIAL – Community Investment”
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	“SOCIAL – Community Investment”

By order of the Board
**AQUILA ACQUISITION
CORPORATION**
Rongfeng JIANG
Chairman of the Board

Hong Kong, 31 May 2022