
2024

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December 31, 2024 for the Company's practical activities of due diligence management
mineral supply chain. Based on the continuity and comparative nature of the report, some
data and information is not limited to 2024.

This report has been prepared with reference to *the*

and

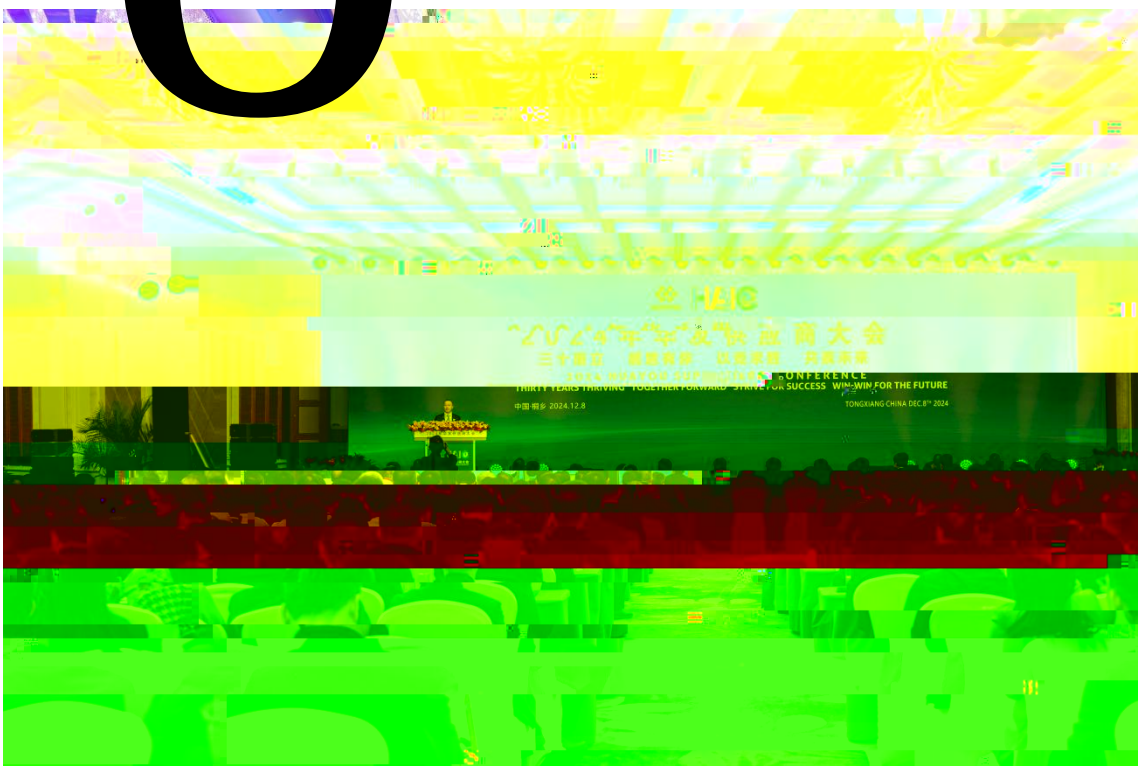
(hereinafter referred to as the
Guidance and the OECD Guidance), as well as the requirements of the Responsible
Initiati[illegible]hiat m"

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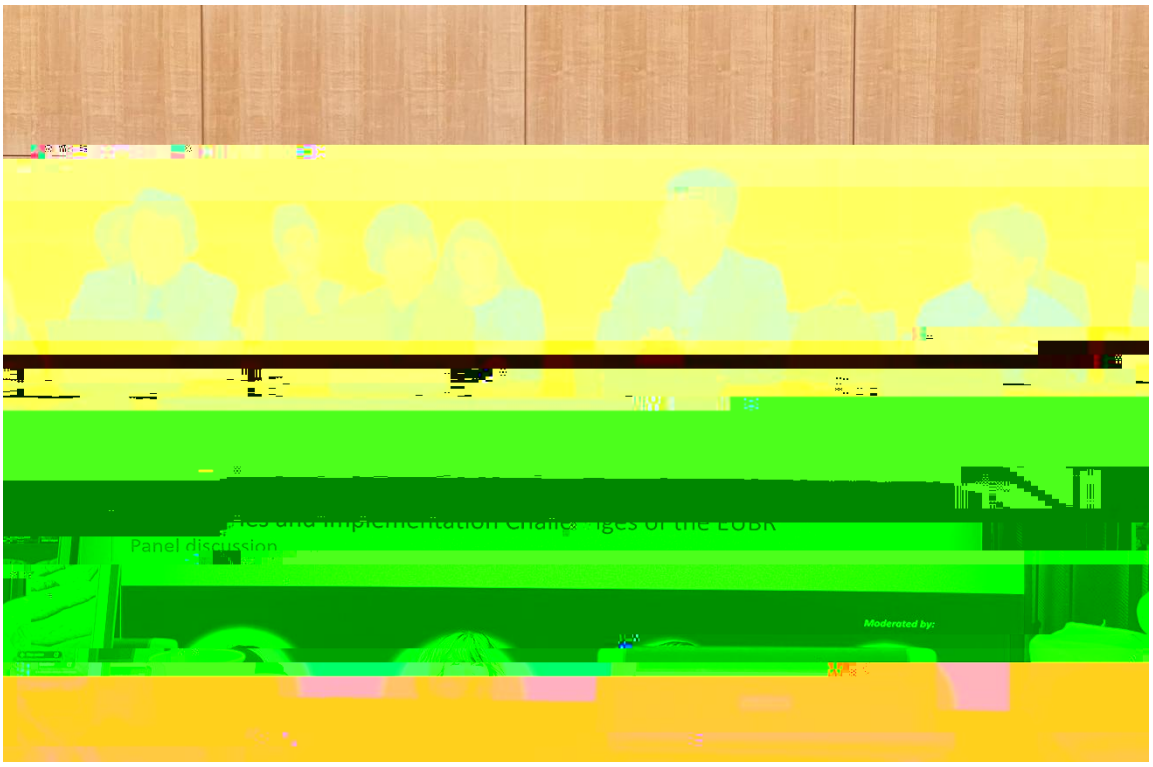
In more than two decades of business operation, Huayou Cobalt fully realizes that ESG and sustainable development is not only an effective pus מ

to enhance the Company's international reputation and market acceptance, to improve the Company's internal supply chain management system, and to enhance the awareness and control of the subsidiaries on the risks of the mineral supply chain. It will also improve the Company's internal



, Huayou held a supplier conference with 165 cooperative units and nearly 500 guests attending the conference, which elaborated Huayou's core business philosophy, put forward the future direction of cooperation and requirements, and redefined Huayou's supply chain strategy to the suppliers.

The company actively participates in international and industry dialogues to keep abreast of industry solutions for responsible supply



Huayou Cobalt participated in the 17th Mineral Supply Chain Forum organized by OECD, and Li Zhongning, Head of ESG and Sustainability Department of the Group, was invited as a speaker in the sessions of "Promoting Responsible Battery Supply Chain - Grievance Mechanisms for Remedial Measures", "Implementing EU Battery Regulation: Opportunities and Challenges", and "Implementation of EU Battery Regulation: Opportunities and Challenges". He comprehensively introduced the good practices of due diligence management in Huayou's mineral supply chain, conveyed the demands of enterprises, put forward industry governance initiatives, and promoted the sustainable development of mineral supply chain management.



Huay[illegible]ted to [illegible]icipate i[illegible] Sedex [illegible]ference[illegible]ustainable and Responsible Supply Chain[illegible] an[illegible]i Zh[illegible]ning, Director of ESG and Sustainability Department of the Group, delivered a keynote speech on [illegible]ehal[illegible] the company. At the conference, Mr. Li [illegible]behalf of Huayou, called on stakeholders in the [illegible]hain to form a synergy and contribute to [illegible]green, [illegible]nsparent and sustainable dev[illegible]ment [illegible]global supply chain.

A[illegible]rding to [illegible]uideline[illegible]on Social Responsibility of China's O[illegible]bound [illegible]ning Investment (2017 version), the mineral resources in[illegible]d

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The Company has established a Mineral Supply Chain Due Diligence Management System to address

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important consideration for its suppliers in its specific procurement operations and will actively monitor suppliers' compliance. Any violation of these guidelines may jeopardize the business relationship between suppliers and Huayou, and may even lead to the suspension or termination of the business relationship between the two parties.

■ [redacted]

Based on the Supplier Code of Conduct, the Company has developed specific standards for suppliers of responsibly sourced minerals, requiring mineral suppliers to conduct due diligence management throughout their supply chain regarding the source of minerals in accordance with the China Guidelines and the OECD Guidelines, and to determine whether they are sourced from

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evidence of its sourcing and due diligence activities.

If a supplier violates any of the above guidelines or standards, or its direct or indirect suppliers are deemed to have violated such guidelines or standards, Huayou will require the supplier to

so

In order to better manage supply chain risks and increase supply chain transparency, the Mineral Supply Chain Due Diligence Management Team supervises the raw material procurement department, supply chain due diligence management department, production and warehousing and other relevant departments to implement the requirements of the management process and keep proper accounts, ensure that all information required for supply chain traceability is collected and archived, and that the relevant supporting documents and records are retained for at least 10 years with clear written requirements. The Company requires smelter suppliers to provide

Province, Indonesia, and the transportation route is mainly from Weda Port, an Indonesian port, to Zhapu/Ningbo ports in China, and Huafei's nickel laterite ore raw materials are mainly sourced from mines in Hamahela Island.

Quzhou Cobalt New Material's cobalt raw materials are partly from MHP (crude nickel cobalt hydr

We understand that transparency is an opportunity and a foundation for us to build partnerships with our stakeholders. Indonesia, the country where the three Indonesian crude refineries are located, is a member of the Extractive Industries Transparency Initiative (EITI), and strictly adheres to Indonesia's local Resource Extractive Industries Transparency Initiative (EITI) Principles , effectively demonstrating the organization's commitment to supporting the EITI Principles, and promoting transparency and accountability in the resource extractive industries. The organization is a member of the Resource Extraction Industry Transparency Initiative (EITI).

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In order to strengthen its influence on suppliers, the Company urges suppliers to implement the published supply chain policies, requires suppliers to sign the *Supplier Code of Conduct* and incorporate the due diligence management clauses of the mineral supply chain into business contracts, and requires suppliers to fill in the feedback KYC according to the actual situation. Meanwhile, Huayou assisted suppliers to improve their supply chain due diligence management performance and comply with the supply chain policy. Huayue, Huafei and Huake are all controlled subsidiaries of Huayou and have long-term and stable cooperative relationships as their own suppliers. The company guides and supervises them to carry out ESG system construction and improve mineral supply chain due diligence management practices.

Huayue, Huafei and Huake hold weekly routine meetings with mine suppliers to maintain close communication and work on continuous improvement of risk management and compliance, involving the Purchasing Department, the processing plant, the ESG Department, the Quality Assurance Department, etc. The communication includes the supply of nickel laterite ores, the quality of the ores, the transportation situation, the supplier's improvement in Environmental, Social and Governance (ESG), the progress of the compliance, the and any emerging risk factors. These interactions ensure that suppliers are aware of and comply with the Company's Responsible Sourcing Policy and provide them with suggestions and support for improvement where necessary, further cementing the cooperation between the two parties on responsible supply chain management.

Huayou not only maintains good communication with upstream suppliers, but also actively cooperates with downstream customers in the investigation of the company's supply chain due diligence management system, and submits all kinds of information in a timely manner upon request. In the process of production based on the results of the production site assessment of direct suppliers, the company also actively communicates with external customers and local park enterprises to listen to the rectification suggestions of all parties, and makes unremitting efforts to

In addition, in order to enhance the company's supply chain due diligence management capability, Huayou actively participates in relevant industry training, industry conferences and industry

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keep the information of the person who provides suggestions, opinions or complaints strictly confidential. Any dissatisfaction or suggestion related t p p i n s

- ✓ Nickel raw materials mainly come from Indonesia, the mining method is mechanized large-scale mining, does not involve hand mining, and the origin is relatively standardized.

2. In accordance with the Company's established CAHRAs , we have conducted a comprehensive assessment of whether the countries of origin of raw materials are high-risk countries and regions based on clear information about the countries of origin of raw materials in

[redacted]

c[illegible] ar[illegible]erious hu[illegible] as violations of na[illegible]
l[illegible] and [illegible]an[illegible]tional ins[illegible]ments.

D[illegible]ng the r[illegible]ting [illegible]e have no[illegible]ntified the followi[illegible]ks[5] :

a. Risk of contributing to, benefiting from, assisting, facilitating, procuring or having access to any entity that contributes to, benefits from, assists or facilitates gross human rights violations;

b. Risks arising from the provision of direct or indirect support to, or the conduct of procurement by, non-State armed organizations, or from contacts with any party that provides direct or indirect support to, or

[redacted]

but not limited to certificates of origin, mining licenses, business registration certificates, and field assessment information, to ensure that all mines are legally compliant and have complete credentials and continue to promote the construction of ESG and risk assessment of the mines.

5. We will summarize the ris.

Huayou actively operates the mineral supply chain due diligence management system, actively cooperates with the supply chain audit demands of downstream customers, and communicates with upstream enterprises on existing problems and improvement plans to promote the comprehensive development of supply chain due diligence management. During the reporting period, the headquarters of Huayou conducted internal audits of ESG and supply chain due diligence management audits of the supply chains of its subsidiaries and invited an independent third party to conduct external audits, and formulated a risk mitigation plan (CAP) to rectify the problems identified in the audits in accordance with the requirements.

The cobalt raw materials of Zhejiang Huayou and Quzhou Cobalt New Material have passed the RMI/RMAP assessment; the nickel raw materials of Quzhou Cobalt New Material have passed the CCCMC Mineral Supply Chain Due Diligence Management assessment and obtained Grade AA certification; the nickel raw materials of Guangxi New Materials have passed the CCCMC Mineral Supply Chain Due Diligence Management assessment and obtained Grade A certification; the nickel and cobalt raw materials of Huayue have passed the RMI/RMAP assessment; and the cobalt and nickel raw materials of Huafei have formally applied to conduct RMI/RMAP assessment, and the on-site assessment is scheduled for April 21, 2025. Detailed results can be found on the official websites of RMI and CCCMC.

Enterprise number: CID003225
Address No.18, Wuzhen East Road, Tongxiang City, Jiaxing, Zhejiang, China
Metal assessed: cobalt
Evaluated: 10/22-24/24
Assessment Scope: 1/7/22 - 9/30/24
Appraisal company: SGS
Assessment status: Compliant
Link to report:

https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Zhejiang%20Huayou%20Cobalt%20Public%20Report.pdf

Enterprise number: CID003255
Address No.18,Bingxin Road,Quzhou Hi-Tech Industrial Park,Zhejiang,China
Metal assessed: cobalt
Evaluated: 10/22-24/24
Assessment Scope: 1/7/22 - 9/30/24
Appraisal company: SGS
Assessment status: Compliant
Report Link: https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Quzhou%20Huayou%20Cobalt%20Public%20Report.pdf

Enterprise number: DDMSC0026
Address No.18,Bingxin Road,Quzhou Hi-Tech Industrial Park,Zhejiang,China
Metal assessed: nickel
Evaluation: 11/13-14/24
Assessment Scope: 01/11/23 - 10/31/24
Appraisal Company: CIBS Hexin (Beijing) Certification Co.
Assessment result: AA
Link to report: https://www.shuzih.com/pub/5effd16059aa1265fb7f6688b3177f0c/b3e06b6d332144f19a68bf16bf8f84d1.pdf

Enterprise number: DDMSC0041

Public reporting is a fundamental responsibility of all stakeholders upstream and downstream in the mineral supply chain to make the supply chain more responsible. Every year, Huayou publicly releases the Mineral Supply Chain Due Diligence Management Report and the Environmental, Social and Governance (ESG) Report. The relevant reports prove our commitment and we welcome your feedback, and encourage all of our counterparts and supply chain partners to engage in responsible supply chain due diligence management and to promote the green and healthy development of the industry.

In addition, Huayou has been actively participating in global mineral supply chain due diligence management events and forums to promote mineral supply chain due diligence management requirements and practices to the whole industry, as well as to listen to more experiences and ideas on mineral supply chain due diligence management.

Remediation is not an integral part of the due diligence management process, but rather a separate key process that needs to be provided for and supported in due diligence management. During the reporting period, the company did not experience any incidents that required measures to be taken for remediation.

Zhejinag Huayou Cobalt Co.,Ltd.

April 18, 2025

Reader Feedback Form

Dear Reader:

Hello!

Thank you very much for reading the Supply Chain Due Diligence Management Report of Huayou Cobalt in your busy schedule. In order to provide you and other stakeholders with more valuable information and effectively promote the Company's ability and level of supply chain due diligence management, we sincerely look forward to your comments and suggestions.

Multiple choice questions (please mark in the appropriate place)

1. Your overall assessment of this report is:

Ǐ Very good Ǐ Good Ǐ Fair Ǐ PoorǏ Poor

2. What is the report's responsiveness to and disclosure of stakeholder concerns?

Ǐ Very good Ǐ Good Ǐ Fair Ǐ PoorǏ Poor

3. How do you think Huayou Cobalt is doing in terms of supply chain due diligence?

Ǐ Very good Ǐ Good Ǐ Fair Ǐ PoorǏ Poor

4 Do you find the organization and layout of this report easy to read?

Ǐ Yes Ǐ No

open-ended question

