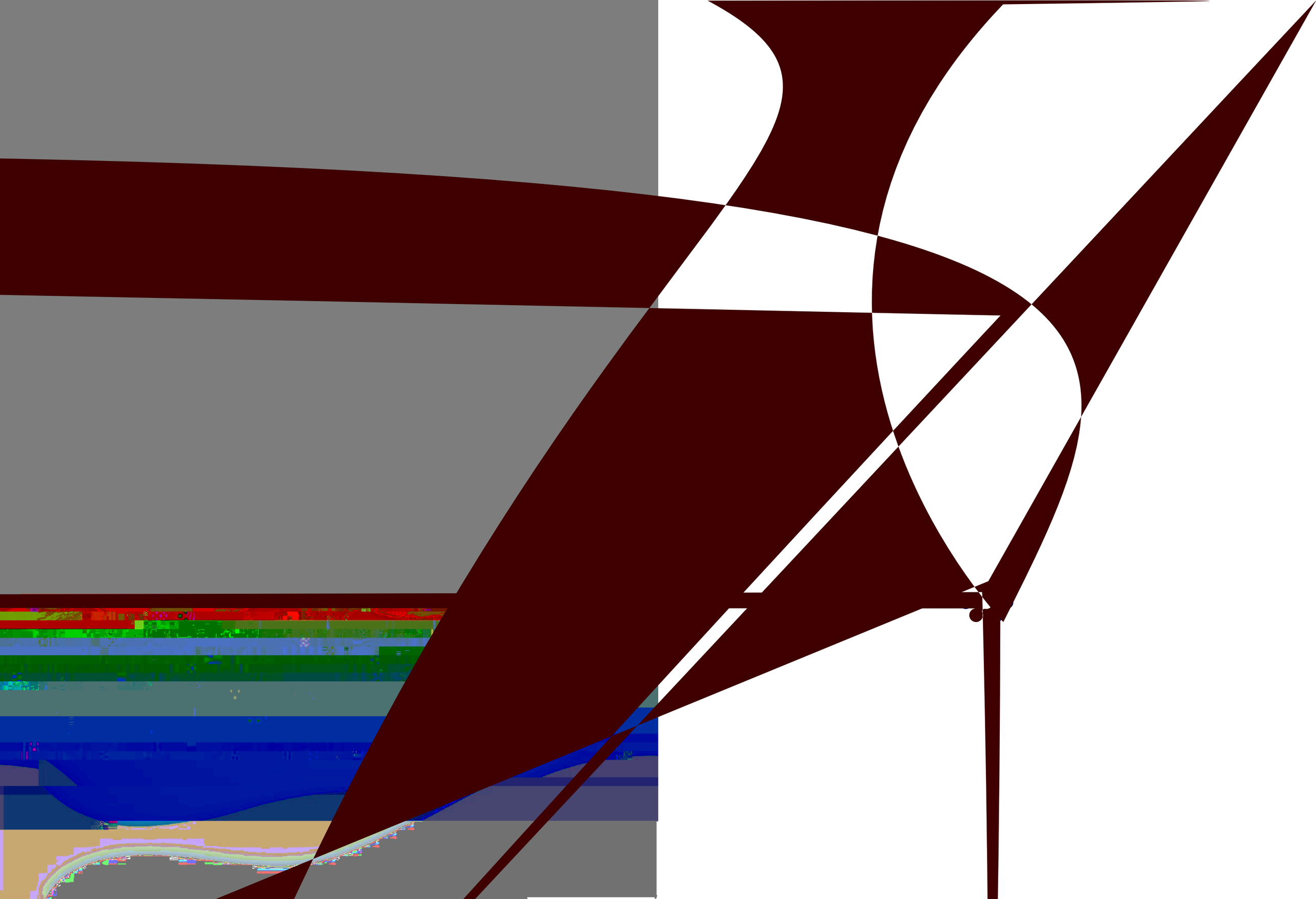
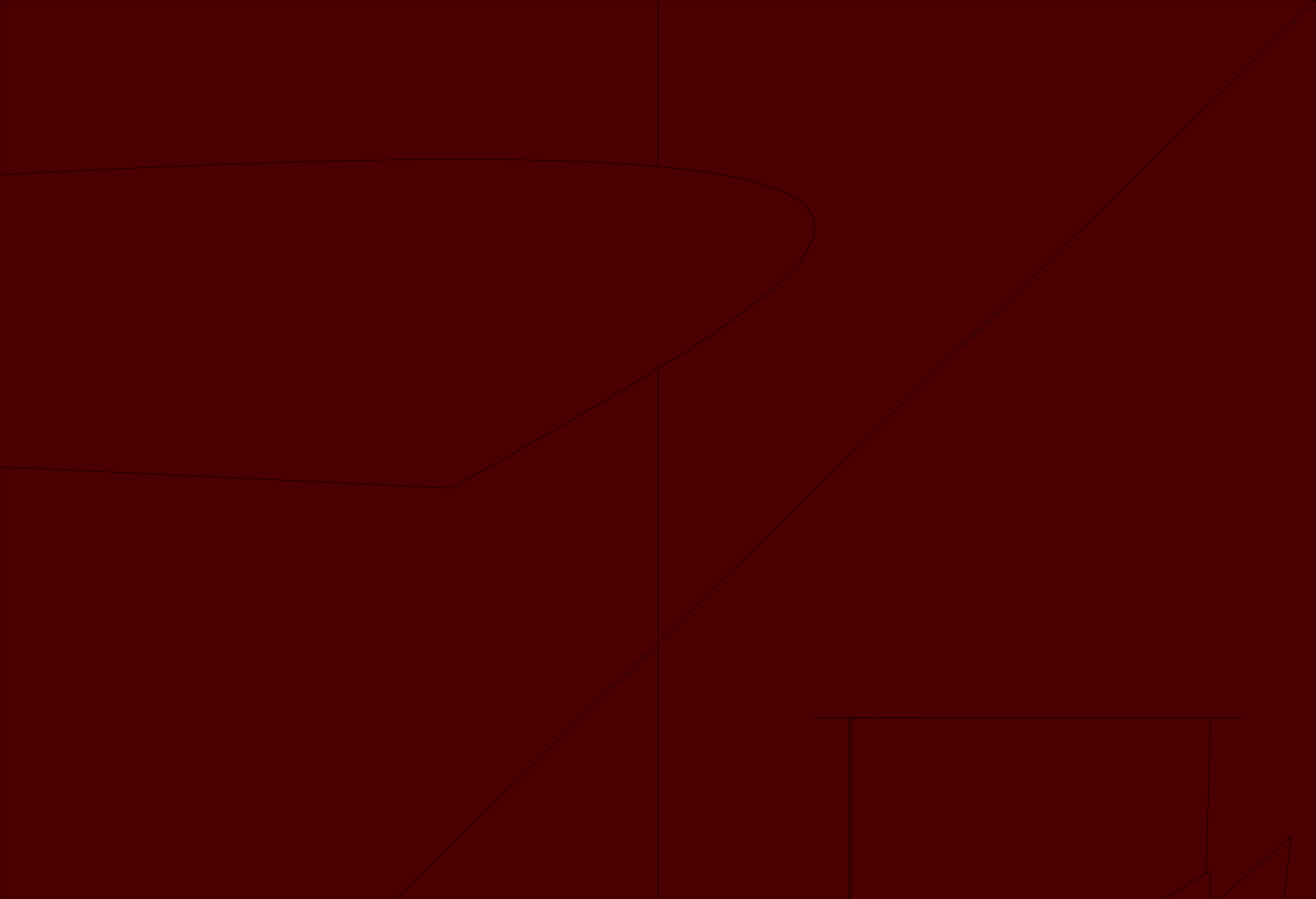




Chairman's Speech

Striving for a New Pattern of High Quality Development of Lithium Battery Materials in China

The year of 2020 is an extraordinary year and a fruitful year for the striving people of Huayou Company.

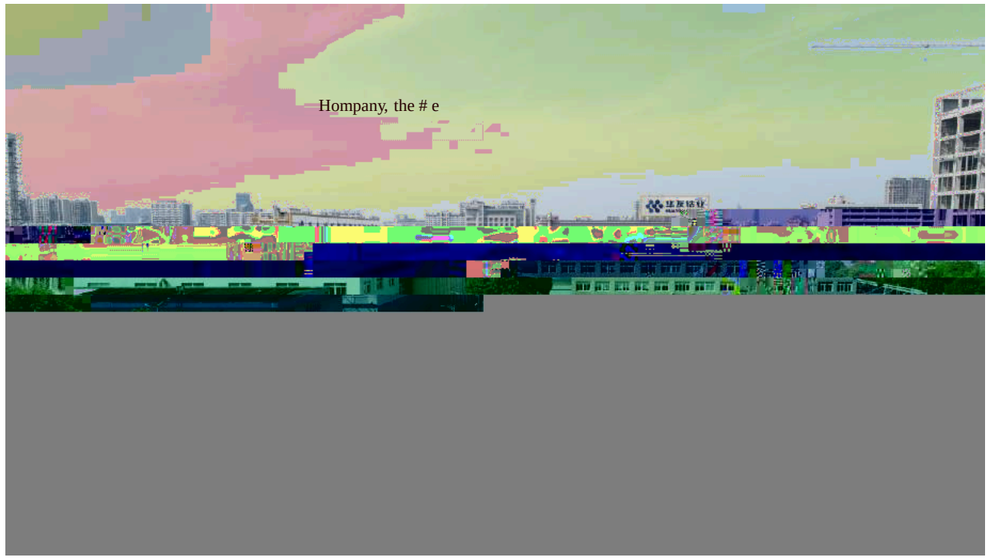
At the beginning of 2020, the sudden COVID-19 swept the world and brought great influence to people's life as well as the



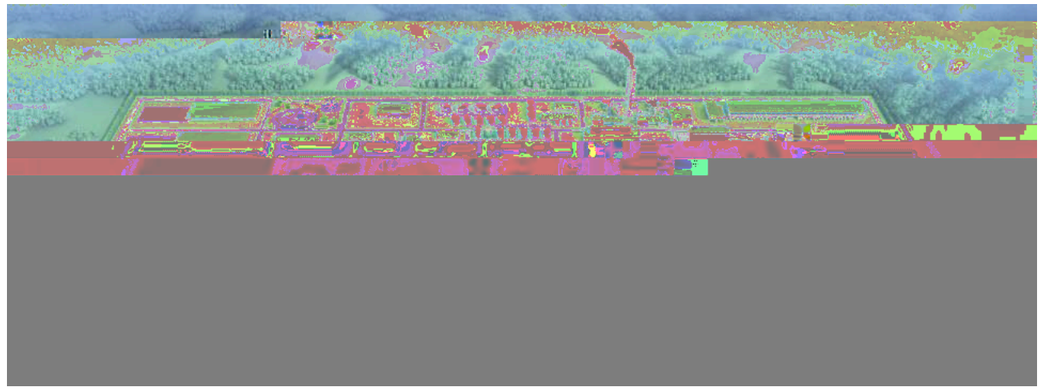

Struggling
Huayou

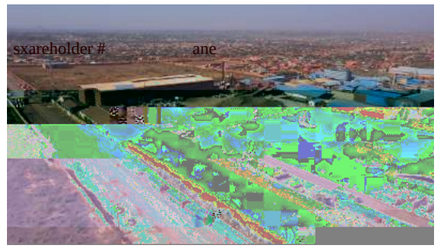
Struggling Huayou

Zhejiang Huayou Cobalt Company Limited was founded in 2002, is headquartered in Tongxiang Economic Development Zone, Jiaxing City, Zhejiang Province. Huayou Company is a high-tech enterprise dedicated to manufacturing lithium battery new energy materials, deep processing of cobalt new materials, and mining, processing and metallurgy of such non-ferrous metals as cobalt, copper and nickel. The main products of Huayou Cobalt Company (including holding joint ventures) are lithium battery cathode materials, precursors of lithium battery cathode materials, cobalt chemicals and the such metals as copper, nickel and so on, including cobalt tetroxide, cobalt sulfate, nickel sulfate, cobalt chloride, cobalt hydroxide, electrical copper, electrical cobalt and so on. The Company's products are mainly used in new energy electric vehicle industry, aviation industry, ceramic industry, chemical industry and so on. The Company was listed on Shanghai Stock Exchange in 2015 with stock code 603799. Zhejiang Huayou Holding Group Co., Ltd. is the largest shareholder of the Company, and GREAT MOUNTAIN ENTERPRISE PTE. LTD. is the second lam

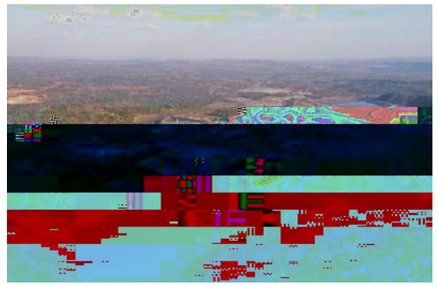


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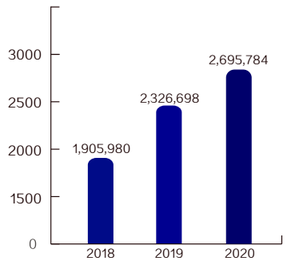




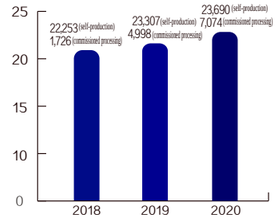




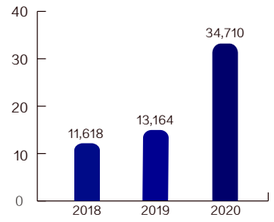
Business Review, 2018-2020



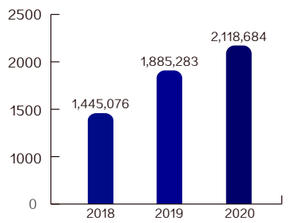
Total asset
(RMB ten thousand)



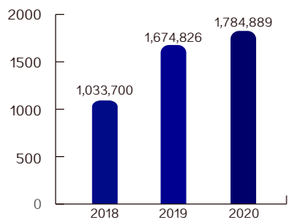
Cobalt products
(ton of metal)



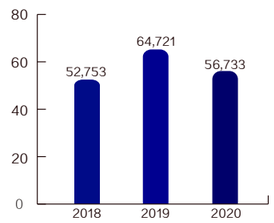
Ternary
(ton of physical quantity)



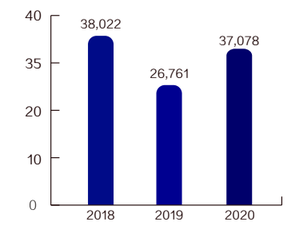
Operating income
(RMB ten thousand)



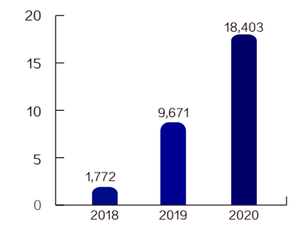
Total operating cost
(RMB ten thousand)



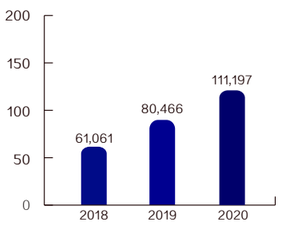
Total taxes
(RMB ten thousand)



R&D expenditures
(RMB ten thousand)

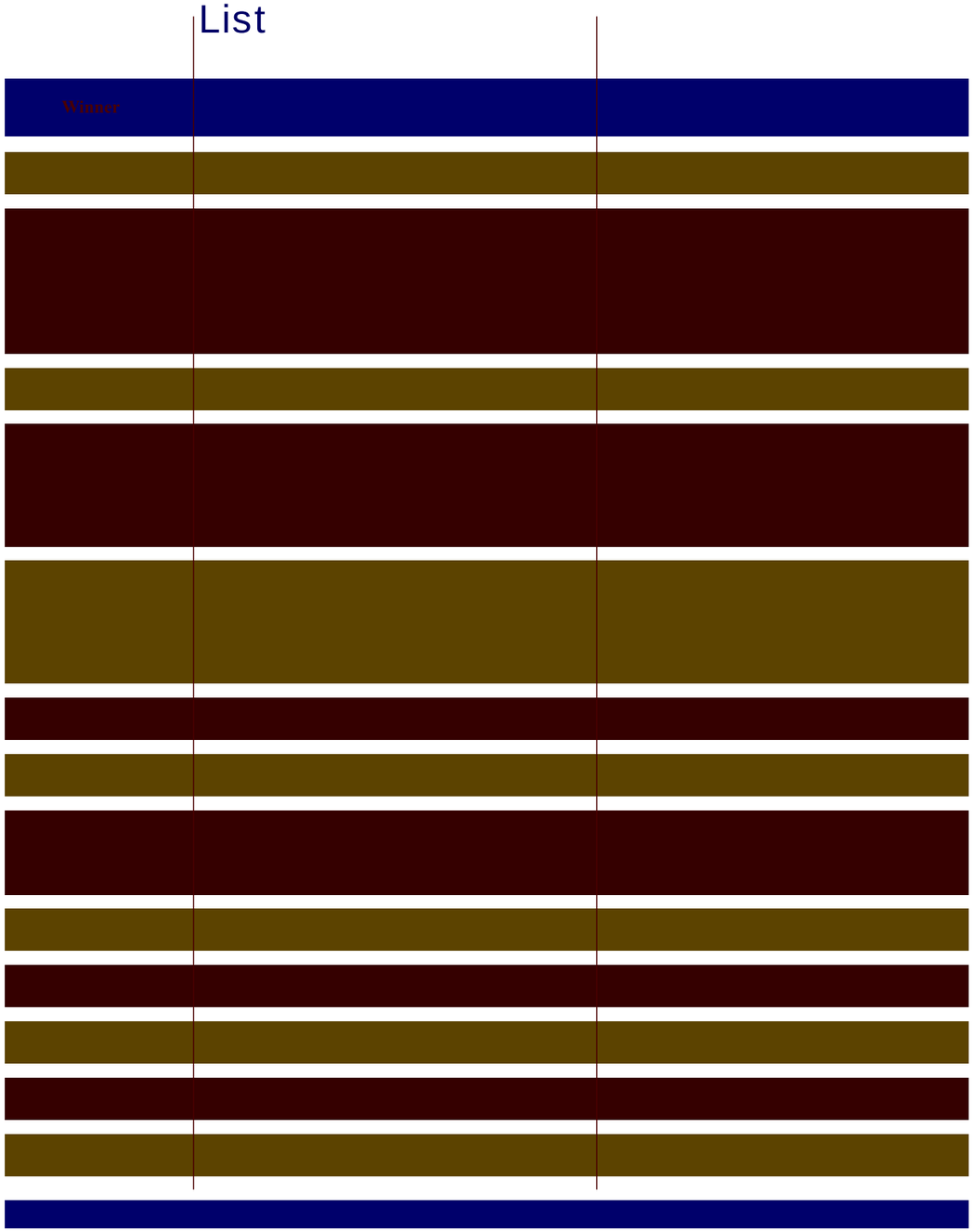


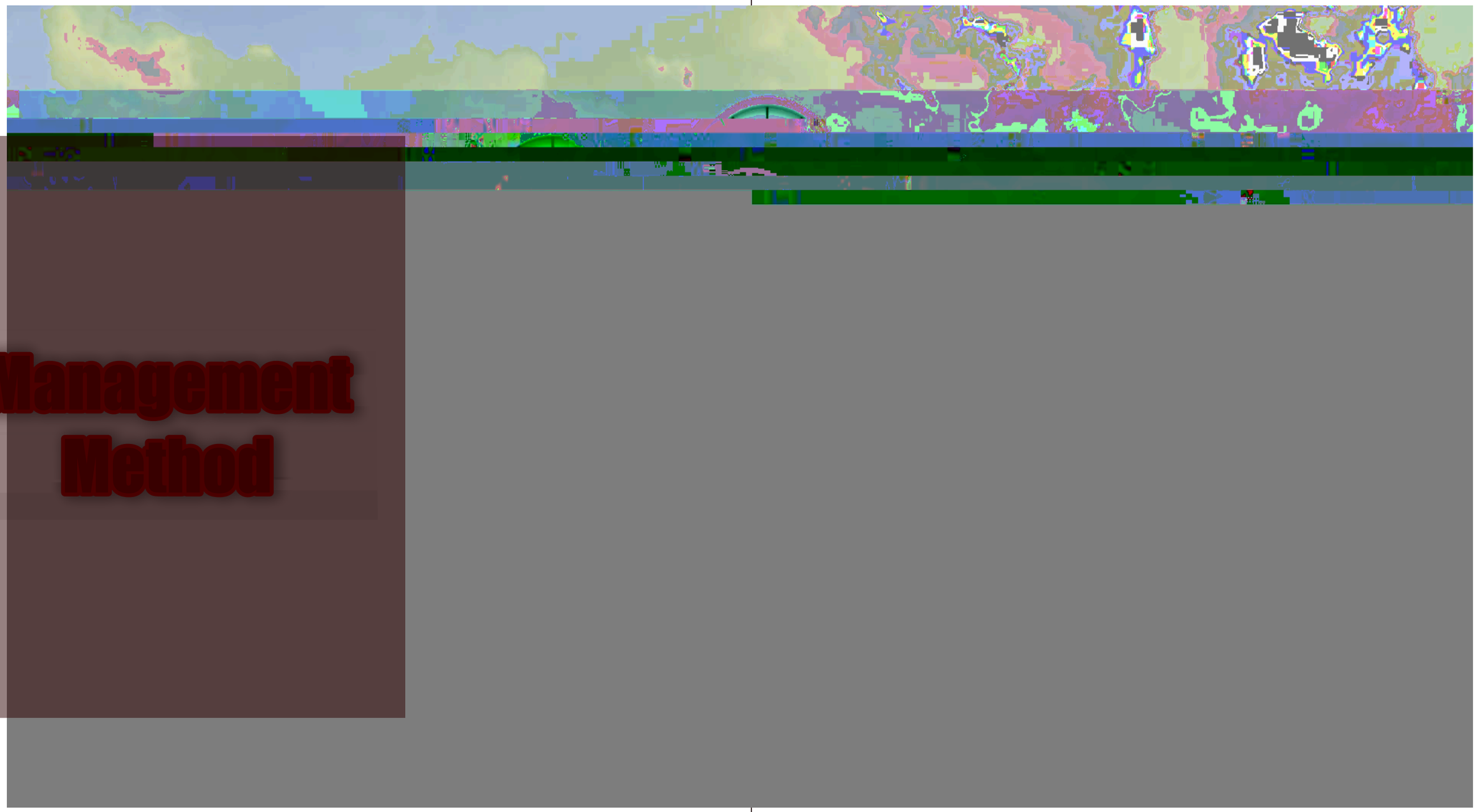
Government incentive and support funds
(RMB ten thousand)



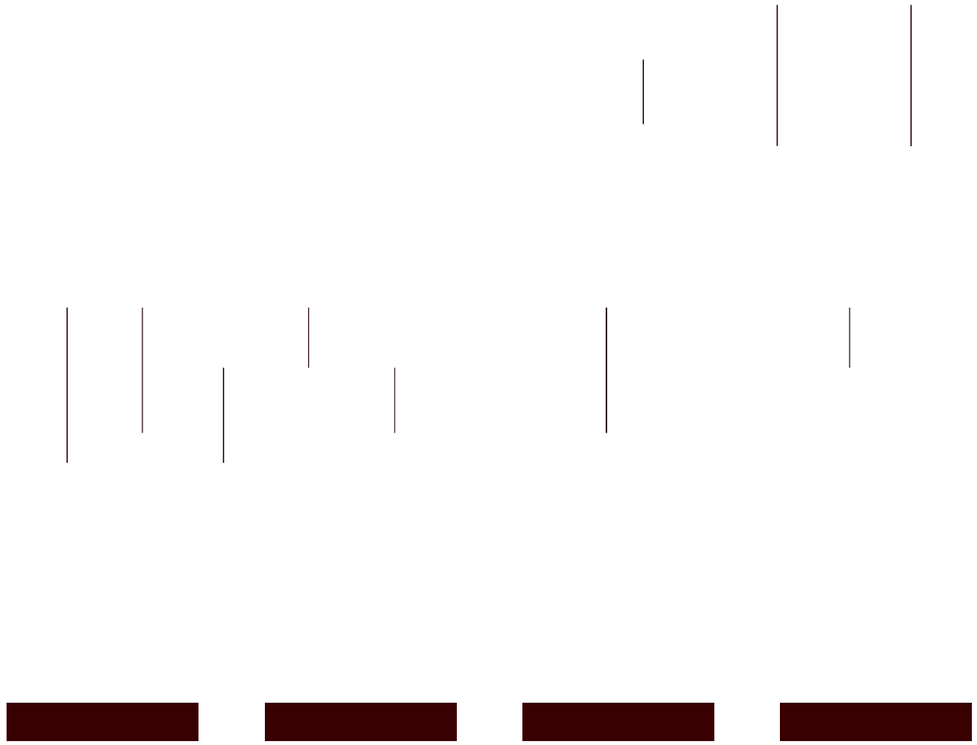
Total employee compensation
(RMB ten thousand)

List




Management
Method

Organizational structure



Management system and membership

The Company maintains the corporate social responsibility management system, and supplements and supports it with such management systems as environmental management system, occupational health and safety management system, intellectual property management system, energy management system, quality management system, etc. Through the management system, it can deepen the systematic management concepts, promote the corporate social responsibility culture building of the Company. Through the cultivation of internal personnel, it has built a favorable implementation team. In 2020, Huahai New Energy Company has passed the IATF16949 certification.



SWOT ANALYSIS

For the sustainable development, the Company has its own advantages and disadvantages, the existing challenges and opportunities can be also found.

Strengths

With the simple SWOT analysis, it also makes the Company to more comprehensively understand itself in the aspect of sustainable development, and makes full preparations for overcoming potential threats. In 2020, under the complicated social responsibility standards of cobalt supply chain enterprises, the Company has clearly realized that this is an opportunity to make the whole industry benefit. All of this industrial chain shall understand each other and work together to formulate practical access standards as the entry point, avoid just pursuing high standards and strict requirements, it shall seek the requirements that can be achieved by most of participants in all links of the industry and then gradually improve such requirements, thus it can form effective and practical standards. In 2020, the Company also clearly recognizes the significant impact of climate change on human beings. How to understand its carbon footprint and how to understand the product life cycle will also be a great opportunity for the Company to contribute to the sustainable development of the world. In the face of rapid development, the Company will continue to be people-oriented, consider for the growth of employees and for the Company's sustainable oper Ä opemc

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Morality and honesty

Morality and honesty

Year	2018	2019	2020
Customer satisfaction index	82.28	83.56	83.72

Research and development results and intellectual property protection



Stakeholder participation and substantive analysis



A Platform for Achievement

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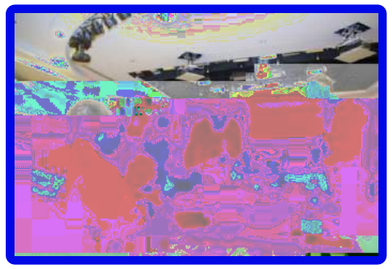
Statistics of human resources in 2020

Item	
Total number of employees (person)	#
Number of male employees (person)	
Number of female employees (person)	
Percentage of R &D personnel	
Age structure aq + age(ð /)	ar(

Talent cultivation and development

Statistics of 2017-2020 training performance data

Employee training hours (H)	73,551	227,952	116,214
Employee training investment (10000 Yuan)	199.6	188.2	145.4
Types of training courses (types)	536	1,770	1,677
Percentage of employees receiving performance and career development appraisal (%)	100%	100%	100%





Training of improving o cial document writing ability





In 2020, in order to encourage most excellent technical talents to stand out, the Company strengthens the building of professional and technical talents team, provides more career development opportunities for employees, and continuously promotes the building of post qualification system. Based on the ability improvement and skill identification, the Company continuously improves the ability improvement path of professional and technical personnel, opens up the career development channel of technical personnel. The employees can be fully aware of their own gap and improvement direction, also clarify the future role positioning. This effectively leads the development of employees' professional ability.

In terms of external professional titles, the Company organized external professional title application for 64 persons, including 36 assistant engineers, 18 engineers and 10 senior engineers; in terms of internal professional titles, the Company organized professional title application for 421 persons, and 265 of these persons passed the review (including 5 persons with senior professional title, 8 persons with senior-intermediate professional title, 102 persons with intermediate professional title and 150 persons with assistant professional title); in terms of position and rank promotion, 496 applicants passed the position and rank promotion review, their positions and income have been improved.



Defense meeting for position and rank promotion



Defense meeting for technical title appraisal

The Company has continued to optimize the standard building and implementation for skilled personnel in front-line posts, further improved the career development channels and position qualification standards of front-line posts, standardized the assessment and evaluation mechanism of skill level for front-line posts, and also strengthened the standard implementation training to promote the steady growth of skilled personnel. In 2020, 1594 persons have applied for skill standard implementation and 1356 persons have passed the examination and certification (including 177 persons for junior level one, 348 persons for junior level two, 323 persons for intermediate level one, 340 persons for intermediate level two, 92 persons for senior level one, 65 persons for senior level two, 10 persons for technician level one and 1 person for senior technician level one).



Theoretical training spot for skills standard implementation



Spot for practice of skills standard implementation

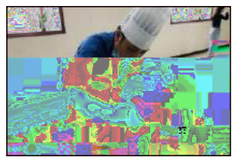


Spot for skills standard implementation test

Through five years of practical exploration, the Company has establishe





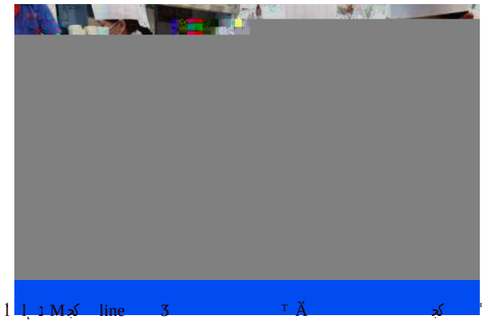




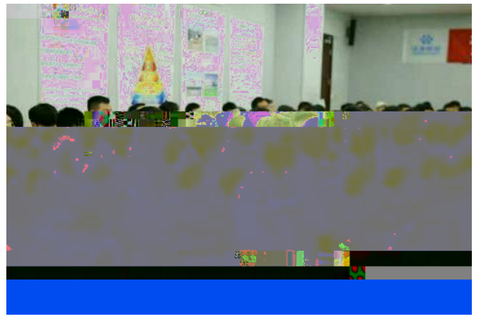
New force army-university/college students









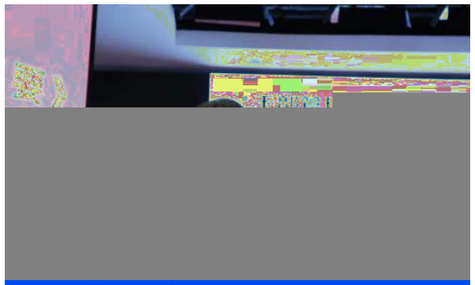


Cadre management system

In 2020, the Company launched the implementation project of the cadre management system, consolidated and improved the achievements of the first phase of the cadre management system project, and achieved the goals of "unified management language, implementation of management system, and innovative application of management mechanism". The project achievements cover five modules, namely the publicity and implementation of the first phase project achievements, switching of position and rank system, application and improvement of system implementation, talent inventory pilot mechanism and normalization mechanism of cadre self-criticizing. This has laid a solid foundation for the establishment of the cadre management system.

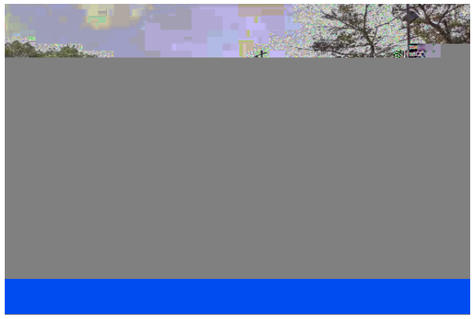
In 2020, the Company launched the first phase of Huayou strong team cultivation plan. 100 grass-root cadres, 50 middle-level cadres, 20 general managers of subsidiaries/large-scale construction projects, functional leaders and other high-level cadres have been selected to participate in the empowerment project.

Through the internal promotion mechanism, the Group selected 9 senior management and above cadres, 79 middle-level cadres and 181 grass-roots cadres, and transferred 269 management talents to all levels, so as to ensure talents for the Company's business development. All newly promoted cadres shall be included in the term management assessment.

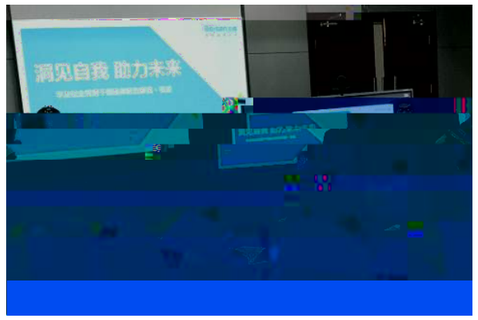


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Salary and benefits

Data statistics table of employee compensation and benefits performance

Item	2017	2018	2019	2020
Salary growth rate of grassroots employees (%) (excluding employees of Congo)	11.63%	15%	10.60%	4.5%
Basic salary ratio between men and women for the same position	1:1	1:1	1:1	1:1
Labor contract signing rate of employees (%)	100%	100%	100%	100%
Coverage rate of five insurances and housing provident fund for Chinese employees (%)	100%	100%	100%	100%
Welfare coverage rate for Congo employees (%)	100%	100%	100%	100%

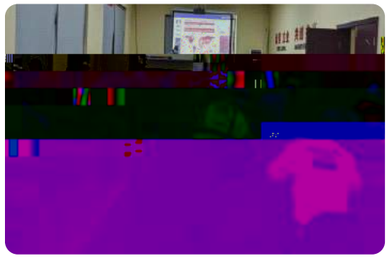


Africa region　Introduction to employee training

In 2020, through the further improvement and optimization of the training system, the African region draws up the implementation plan of employee training in different levels and categories. Combined with the domestic training resources, the African region adopts the forms of spot training, video lectures, case discussion, scene simulation, sand table drill, etc. to make the training methods more diversified and interesting. A total of 22 training sessions have been organized throughout the year, with 238 employees participating in the training. While effectively improving the comprehensive business ability of employees, it can further promote the teaching experience and ability of internal trainers, strengthen and activate the benign exchange of business experience and ability level within the Company.



Epidemic prevention knowledge training for local employees in Africa region



CDM safety operation procedure training

Introduction of post qualification system, employee career development channel and learning platform

The Company pays attention to the localization building work, pays attention to the use and training of local employees in the Congo (DRC), and gives full play to the role of local management and key employees in the Company's operation and management. Combined with the characteristics of overseas human resources, the Company further improves such regulations as the Regulations on Local Employee Technical Post and Skill Rating (Trial) and the Post and Rank System for the Local Employees and system building, establishes a skill evaluation and post promotion system in line with local laws, provides channels for employee's career development and post promotion, and enables employees to focus more on their future development and work hard for it. At the same time, the Company recruits Chinese students to join. These measures further promote the process of localization of company management, and achieve good economic and social benefits

Cultivation of university/college students

Ih 2020, 14gnew university/college students became employees in Africa region of Huayou. According to the university/college students training plan formulated by the Group's human resources department and combined with the management characteristics of Africa region, the Report Plan for University/College Students in Africa Region and the Follow-up Management Plan for University/College Students in Africa Region in Probation Period have been formulated. Each department formulates Plan!fo¾ ĸ oɒĎ ƥM a d¦ ³ ¹ ¹ w̄ ize ʌ ɕ ɔ́ of

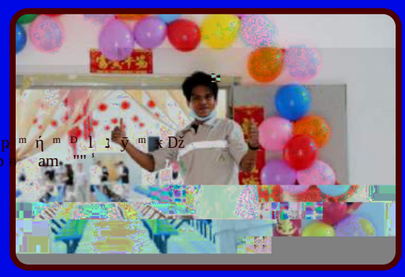






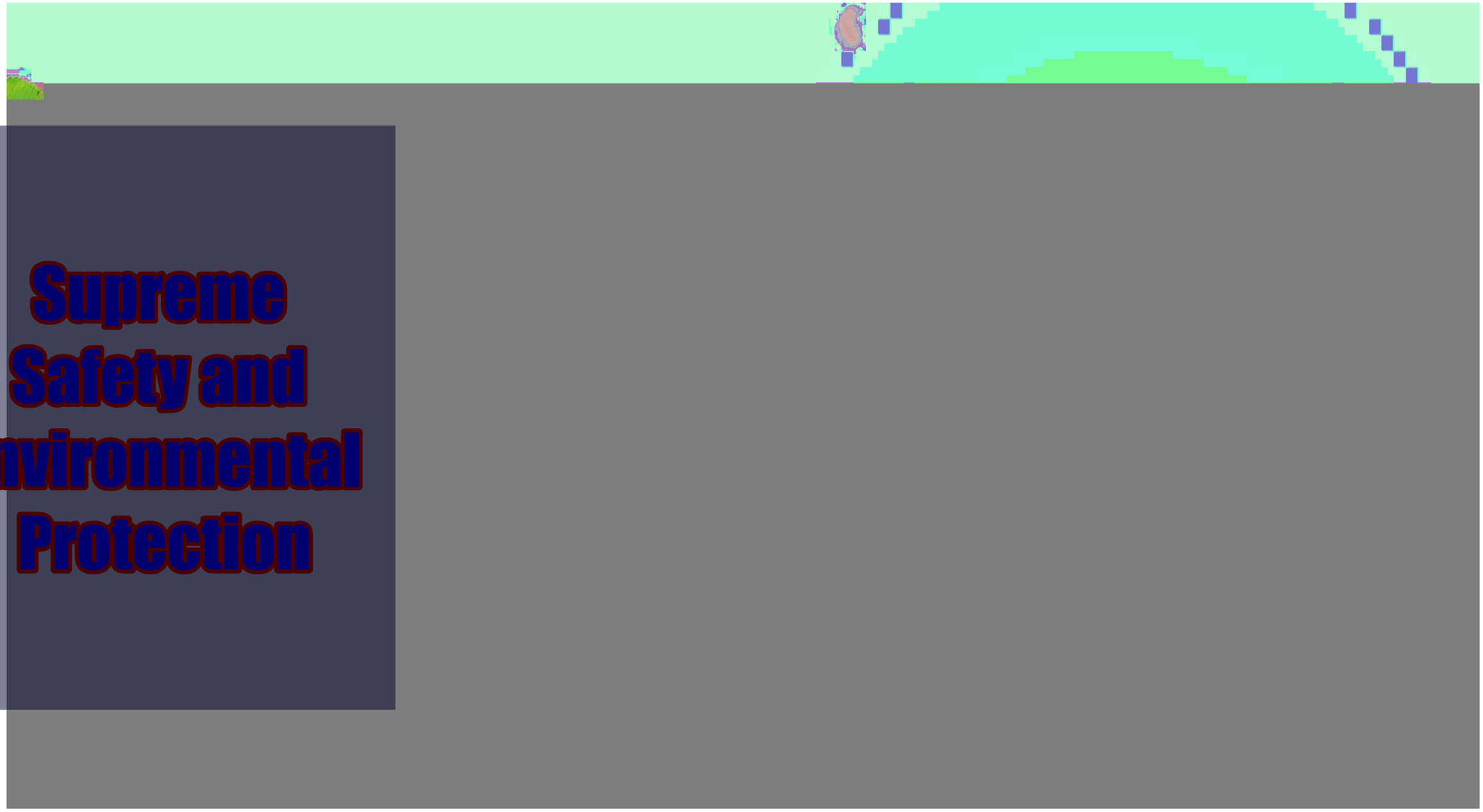


Colorful activities







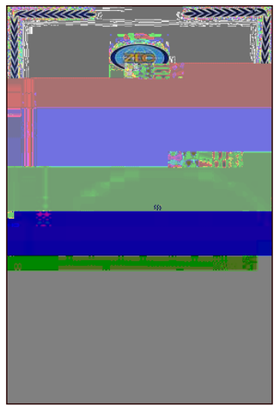


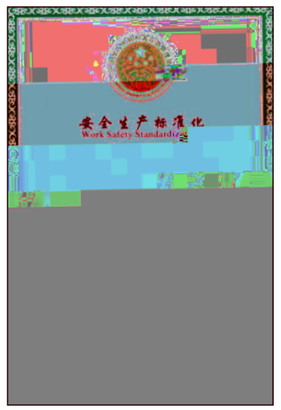
Supreme Safety and Environmental Protection

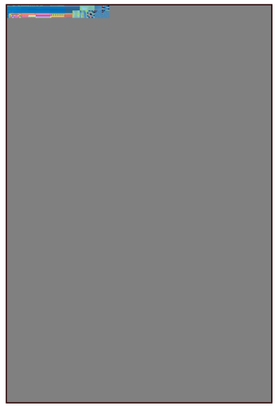
Huayou Cobalt Company Limited deeply implements the concept of safety development, attaches great importance to the physical and mental health and safety of employees, always puts the life, health and safety of employees at the first place, adheres to life first, firmly establishes the concept that development can not be at the expense of human life and health, firmly adheres to the bottom line and red line of safety production, and actively creates a safe, harmonious and healthy working environment.

Improve the building of safety management system

In 2020, the Company pays close attention to the building of safety management system, revises and improves about 64 safety regulations, formulates such regulations as the Regulations on Accountability for Dereliction of Duty by Leaders for Safety and Environmental Protection and so on, standardizes the management processes of EHS inspection, hidden danger management, accident/incident investigation and handling, safety and environmental protection supervision and so on, strengthens the assessment of similar accidents, hidden dangers and dereliction of duty. The basic level safety and environmental protection building guidance service mechanism has been established. Each share-holding subsidiary actively carries out the certification of occupational health and safety management system and the standardization certification of safety production, builds the standardized management system, and continuously improves the safety management level of the Company.

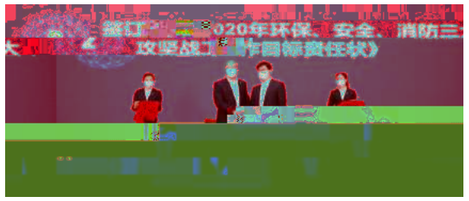






Improve safety organization guarantee

The Company attaches great importance to the safety organization guarantee, establishes EHS committees at all levels from the Group to the industrial group and the subsidiary companies, and has set up safety management organizations, such as the Group safety and environmental protection department, regional safety and environmental protection department, industrial group safety and environmental protection department, subsidiary safety and environmental protection department and branch plant safety and environmental protection section and so on. The production workshops are equipped with full-time/part-time safety personnel, a safety management network covering all levels has been formed. On April 29, the Company successfully held the 2020 safety and environmental protection conference, discussed and deployed major safety and environmental management decisions, signed the objective responsibility promises. Each unit holds a regular safety meeting every month. In 2020, about 77 safety production committee meetings or safety special meetings at different levels were held to discuss major safety production management issues.





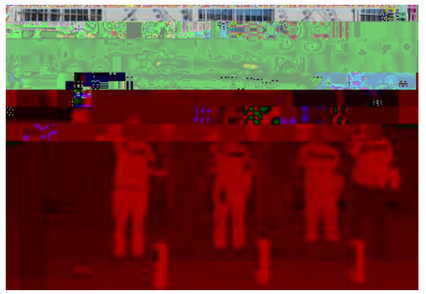
Strengthen safety awareness and safety skills

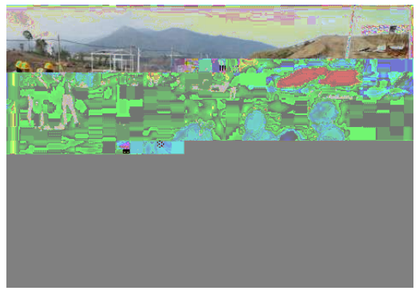
Improving employee safety awareness and safety skills level has always been the focus of the Company’s safety management. The Company focuses on the "three basics building", and actively carries out safety training and education for all employees, and organizes various forms of safety activities, such as training lectures, practical exercises, post practice, skills competition, knowledge contest, team activities, etc. With the official public account, WeChat and QQ groups, publicity board, posters, banners and so on, safety knowledge is publicized extensively. During the "safety production month", the Company issued the Activity Plan for the Safety Production Month and Environmental Day in 2020, and all units actively responded to carry out various forms of theme publicity activities. In 2020, the total time of safety training is about 46722 hours, with about 18604 person times for training. The qualified rate of three-level safety education for new employees is 100%. About 3226 person times of safety training for contractors have been completed, and the qualified rate of special operation personnel with certificates at posts is 100%.





Safety production is the eternal theme of the enterprises. With the continuous progress of project of Huayou Company, safety production activities became more and more necessary. Since





Improve the ability of risk management and control

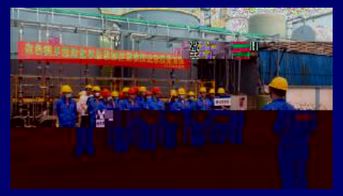
In 2020, focusing on the building of dual-prevention mechanism, the Company actively carries out risk identification and safety control measures to effectively prevent and resolve the risk of major safety accidents. External consulting units were invited to



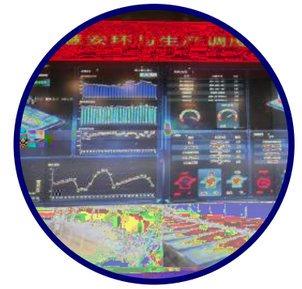






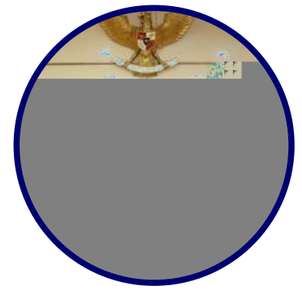


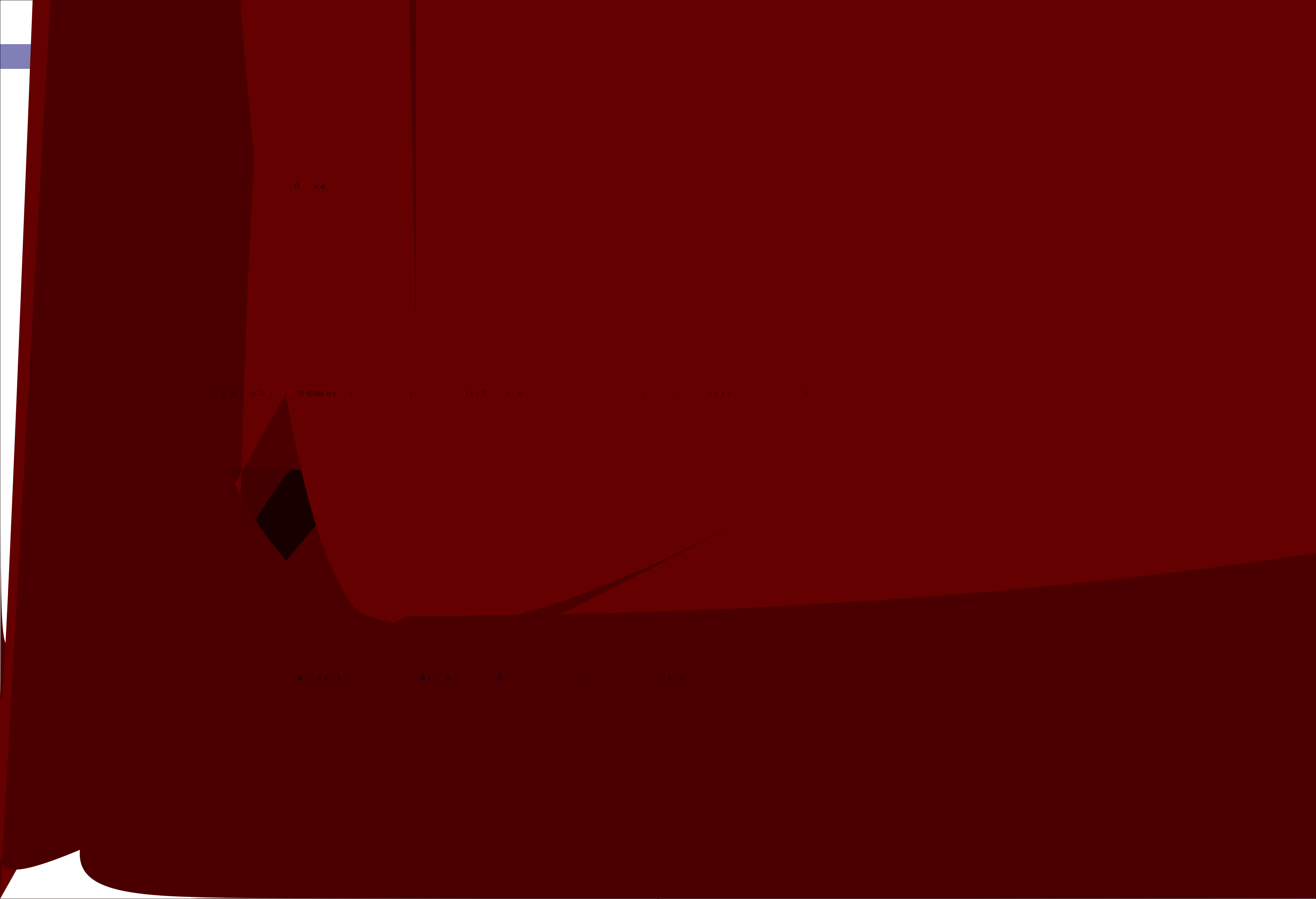






Epidemic prevention and control

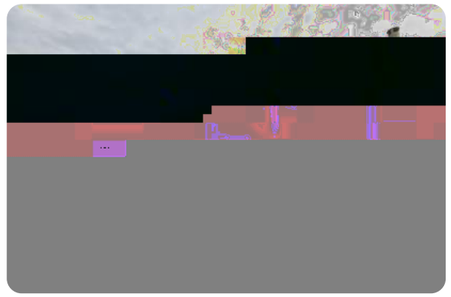




In order to improve the standardized management of each operation site, Huayou has actively implemented ISO14001 environmental management system certification throughout the Company, actively carried out clean production and actively promoted green manufacturing. During the reporting period, four companies including Huayou Cobalt, Quzhou Huayou, Quzhou New Energy, and Resource Recycling have passed the environmental management system certification. At the same time, according to the requirements of relevant standards, the Company establishes a series of environmental protection related systems, such as "three wastes" (waste water, waste gas, solid waste) pollution control management and control procedure documents, identifies the environmental impact factors within the scope of the Company, formulates corresponding control measures, clarifies the regulations and requirements of the Company's environmental management work, and realizes environmental improvement, pollution control and effective resource utilization.

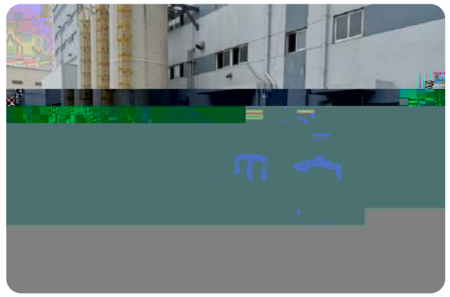


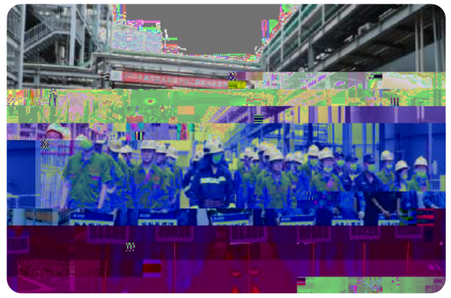
Industrial waste classification of Quzhou Huayou



Homogenization and dewatering treatment project of solid waste center of Quzhou Huayou

Emergency plan for environmental emergencies





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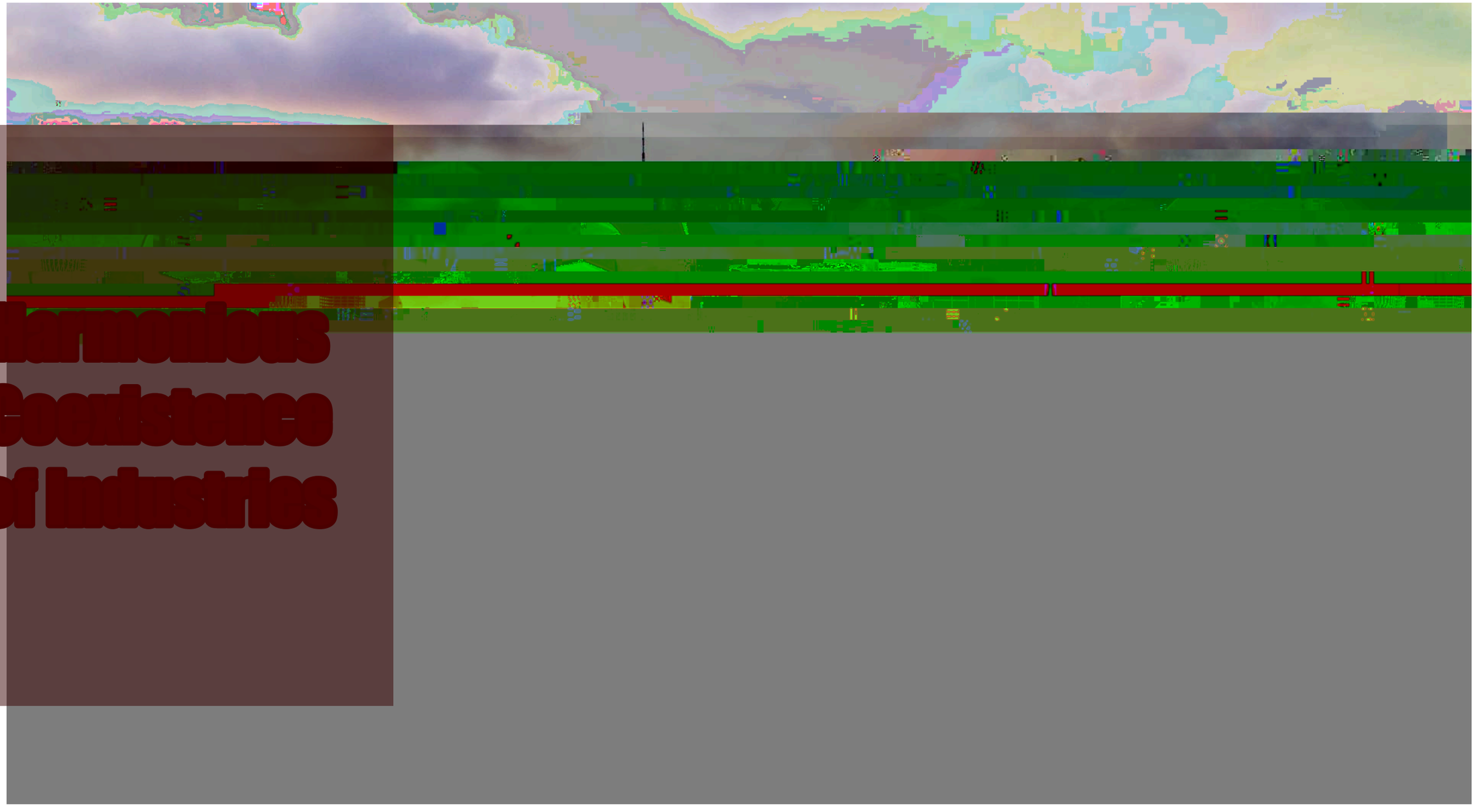
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Environmental indexes for 2018-2020

	2018	2019	2020
	310535906	648022665.5	738476207.84
	1014676916877	1840370566800	1628902095041
	4296458	6631258	6473499.27
	1910694	2372498	3843015.01
	4165860	8049077.63	7816040.45
	2373706	4843467.11	1949192
	/	4111766.36	4033560
	/	19171.22	16008
	/	549345.02	439736.65
	/	88.4113	114.27
	/	38791.05	93814.86
	/	4102.815	3936.78
	0	11	1
	5027	18832.50	22770.27
	/		C
	/	/	100
	100	100	100
	100	100	100
	/	14400	7263.58
	/	/	2932.42
	/	/	588 tce
	/	0	0



Harmonious Coexistence of Industries

Starting from the building of its own corporate social responsibility management system, the Company has continuously improved the requirements for supply chain partners. From the transmission of basic documents (such as the basic supplier code of conduct), the filling of corporate social responsibility checklist to the spot audit of key and core suppliers, the Company is gradually improving the corporate social responsibility management system of supply chain, and contributes to the sustainable development of the industry.

As an important participant in the new energy lithium battery material industry, the Company adheres to the development concepts of innovation, harmony, green, open and sharing, attaches great importance to corporate social responsibility governance and sustainable development, and also attaches great importance to the due diligence management of cobalt supply chain.

The cobalt mining amount in Congo (DRC) of Africa is the largest in the world. Due to the backwardness of politics and economy, human rights risks and people's poverty concerned by the human are widespread in Congo (DRC). Whether the purity and sustainability of the Company's cobalt supply chain can be guaranteed or not is very important for the sustainable development of the whole industrial chain and winning the trust of customers.

Since 2016, Huayou has started to carry out the building of systematic cobalt supply chain due diligence management. Through the efforts in Huayou ha m _ de

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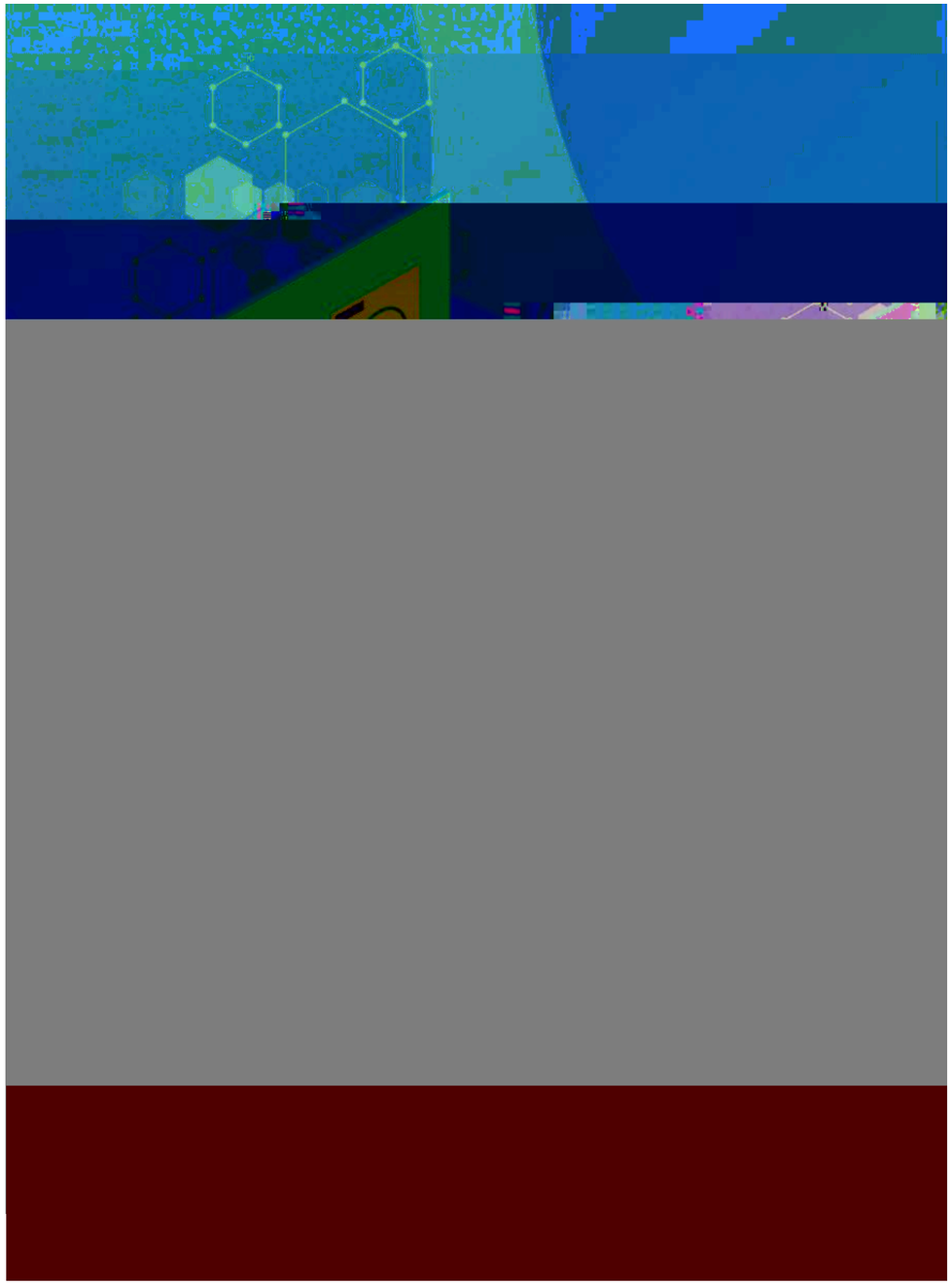
RCS

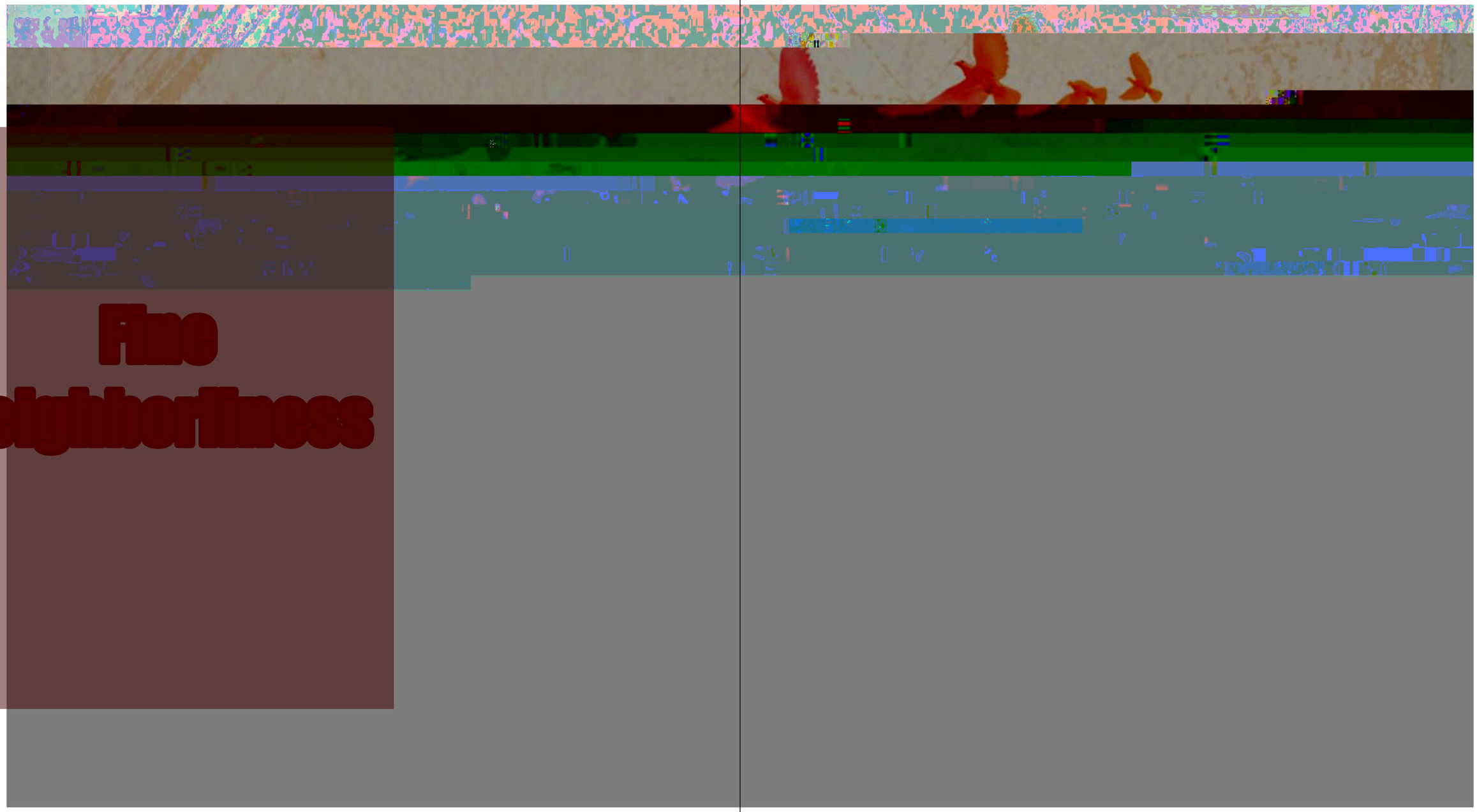
RCS

RCS

When the Company carries out due diligence management of cobalt supply chain, the Company also actively conducts communication and exchange with external units, downstream enterprises and industry or







Fine Neighborliness

Donation of epidemic prevention supplies







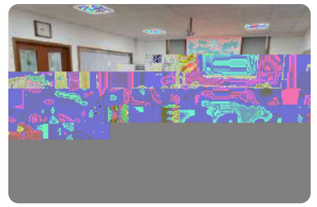
Care for special groups



Participate in the "cooperating with Party branch, creating a better life" care project



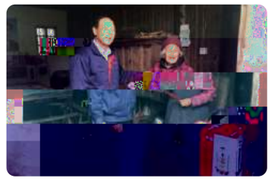
Carry out helping and condolence for employees with special difficulties



Community co-building to promote public welfare

Quzhou

On January 19, the Company carried out assistance visit activities to the poor households in surrounding villages to help poor villagers, retired and old Party members, cadres and maintained regional harmony and stability.







On May 21, the Chairman of Quzhou Huayou Labor Union and his colleagues went to the new vegetable planting base in Shifan Village of Kaihua to hold the launching ceremony of the pairing assistance project and complete the contract. At the same time, on the eve of Children's Day, they got the information that the students in the Central Primary School of Cuntou Town were short of stationery and sporting goods, Huayou Cobalt donated more than 200 pieces of stationery and porting goods for the Central Primary School of Cuntou Town, bringing care to the students and blessing of the Children’s Day.



Since the formal implementation of this work in October 2019, the collective economic level of Shifan village, Cuntou Town, Kaihua County has been greatly improved. From October to December in 2019, 16264.5kg of vegetables and agricultural products were purchased, with a total amount of 74151 yuan; in 2020, 44349kg of vegetables and agricultural products were purchased, with a total amount of 181967 yuan. A total of 60613.5kg of vegetables and agricultural products were purchased in 15 months, with the amount of 256118 yuan. This work is still in progress, has the win-win situations have been achieved!

On May 28, just several days before Children's Day, the Company went to Xinxing Primary School to donate stationery and sporting goods. In this year, the Company arranged the children of the Company's employees to apply for school admission, at present, these students have been successfully enrolled.



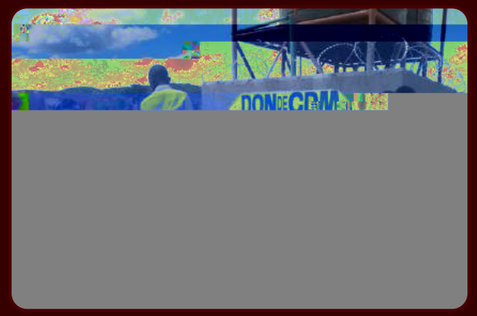
On July 6, the Company cooperated with Quzhou Green Industry Cluster Zone to carry out the activity of "caring and cool comfort for sanitation workers in midsummer", donated 580 cases of iced black tea to offer blessings to sanitation workers.

On December 17, Huayou Quzhou Industrial Park Party Committee was awarded the honorary titles of advanced collective against the novel crown pneumonia epidemic in Quzhou and advanced Party grassroots organization in Quzhou.



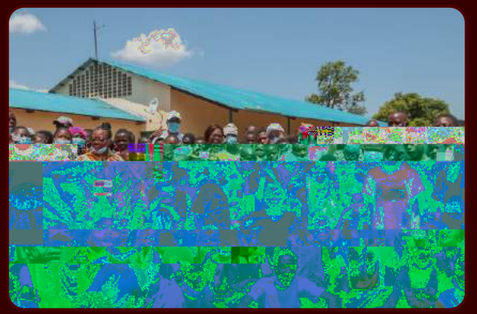
Overseas

Huayou is committed to effectively solving the problems concerned by the people in the communities of Congo (DR), creates conditions to promote the Company's various public welfare activities while maintaining the normal public prevention and control, adopts a building some wells for the communities, delivers materials to other areas, provides assistance for the victims of disasters and the vulnerable groups, provides financial support for some Overseas universities, provides scholarships for poor students and promotes future development for the schools. In addition, combining with the local epidemic prevention and control demands, the Company increased the amount of epidemic prevention and control and the material donations, such as donating medical masks, disposable gloves and clothes, etc. to LUKUNI Village and put up publicity posters on the knowledge of novel coronavirus in LUKUNI village, organized volunteers on epidemic prevention knowledge in LUKUNI Village and taught the villagers epidemic prevention knowledge.









GRI Index

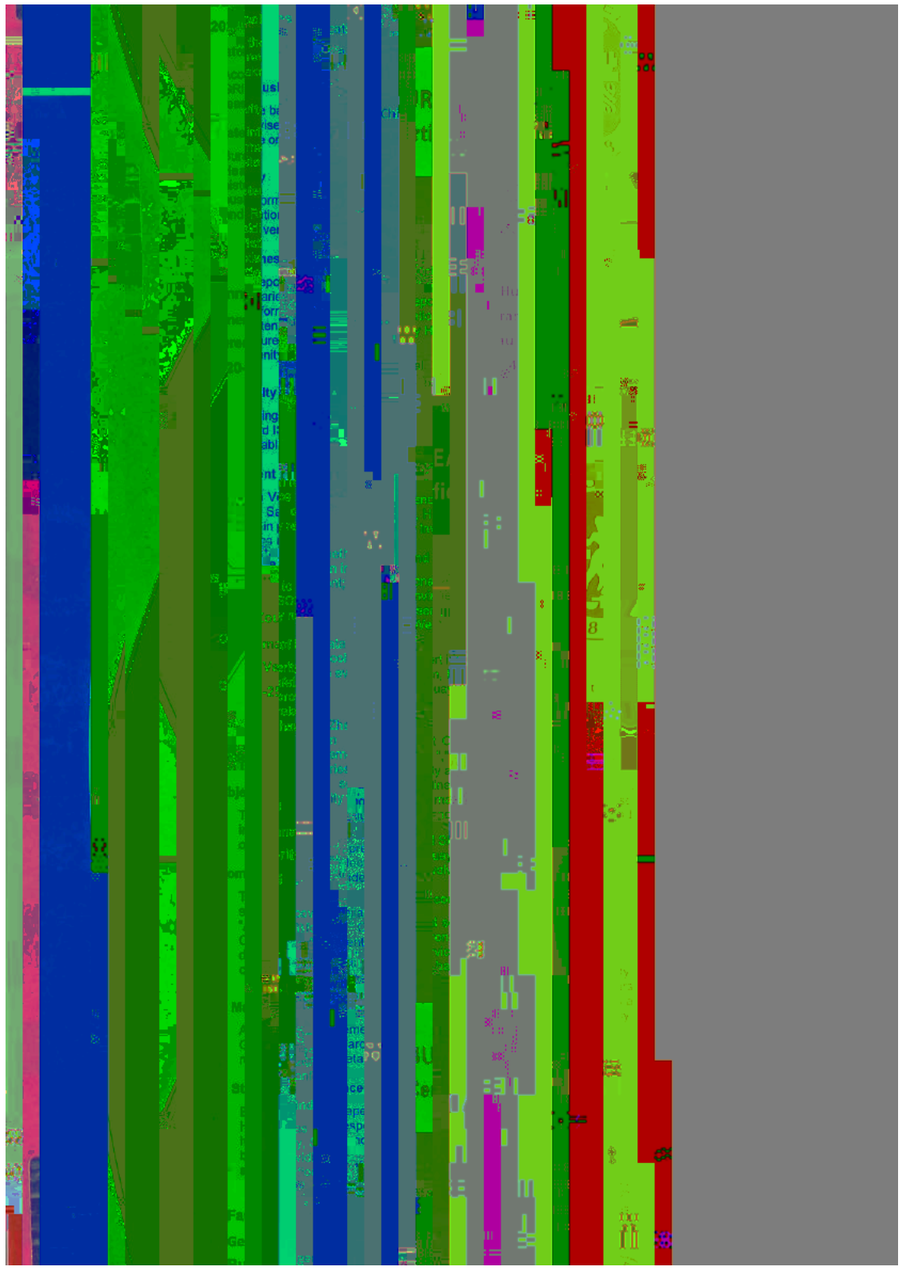
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Organizational profile		
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102-9	SDG1, SDG2, SDG4, SDG10	
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102-51	Date of most recent report	About the report	
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Economics			
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201-1	Direct economic value generated and distributed	57	
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205-3	Confirmed incidents of corruption and actions taken	34	
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Environment			
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301-3	Reclaimed products and their packaging materials	Not applicable	
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303-3	Water recycled and reused	38	
GRI 304:Biodiversity			
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304-2	Significant impacts of activities, products and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
GRI 305:Emissions			
305-1	Direct (Scope 1) GHG emissions	36	
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305-4	GHG emissions intensity	36	
305-5	Reduction of GHG emissions	36	
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GRI 306:Effluents and Waste			
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ESG Reporting Guide

A. Environmental

2019



Reader Feedback

Dear Readers,

Greeting!

Thank you very much for reading the 2020 Corporate Social Responsibility Report of Zhejiang Zhejiang Huayou Cobalt Co., Ltd. If you have any ideas or suggestions for this report, please fill in the following feedback form and send us your feedback form by mail, fax or email. We greatly appreciate your valuable opinions!

Name: _____ **Contact phone:** _____ **E-mail:** _____

1. Which section do you think provides important information for you?

☐ Struggling Huayou ☐ Management Method ☐ A Platform for Achievement

☐ Supreme Safety and Environmental Protection ☐ Harmonious Coexistence of Industries ☐ Fine Neighborliness

2. How do you think about this report?

Legibility	☐ Good	☐ Fair	☐ Bad
Integrity	☐ Good	☐ Fair	☐ Bad
Balance	☐ Good	☐ Fair	☐ Bad
Layout design	☐ Good	☐ Fair	☐ Bad
Overall impression	☐ Good	☐ Fair	☐ Bad

3. Do you have any suggestion for our next annual report?

4. Please contact us:

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