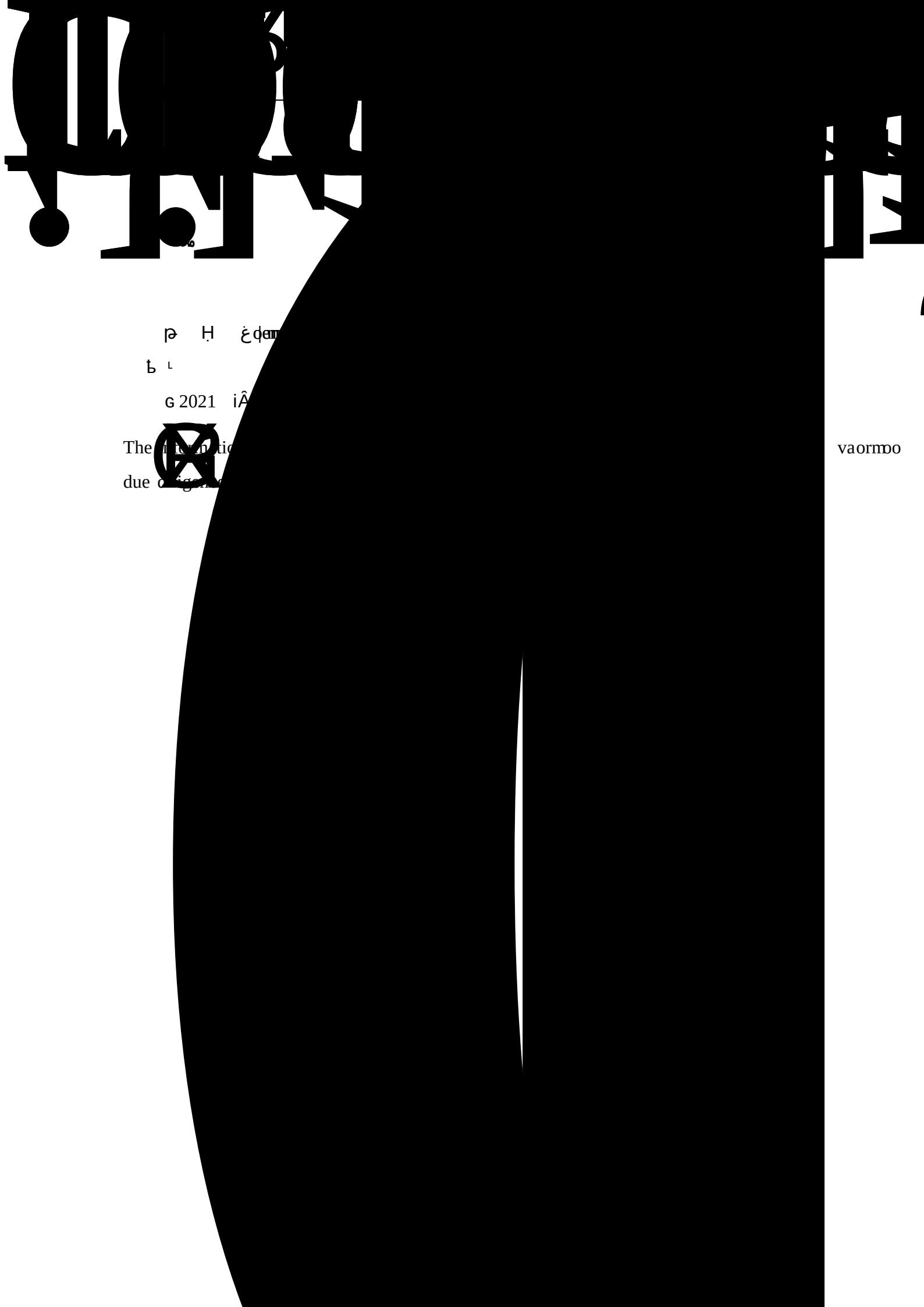






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The Company follows the principles of stakeholder participation and sustainable development background in and , expounds the Company’s due diligence management in accordance with the "five-step method” under , and focuses on the compliance and performance of the Company's due diligence of responsible cobalt supply chain.

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Zhejiang Huayou Cobalt Co., Ltd. was founded in 2002, focuses on the R & D and manufacturing of new energy lithium battery materials and cobalt new materials and is committed to becoming a global leader in new energy lithium battery materials. With the mission of creating value for the customers and leading industrial development, the Company is committed to the transformation route of controlling resources in upstream, expanding market in downstream and improving capacity in mid-stream. The Company adheres to the development strategy of new energy lithium battery materials and cobalt new materials; high end products, industrial integration and internationalization of operation.

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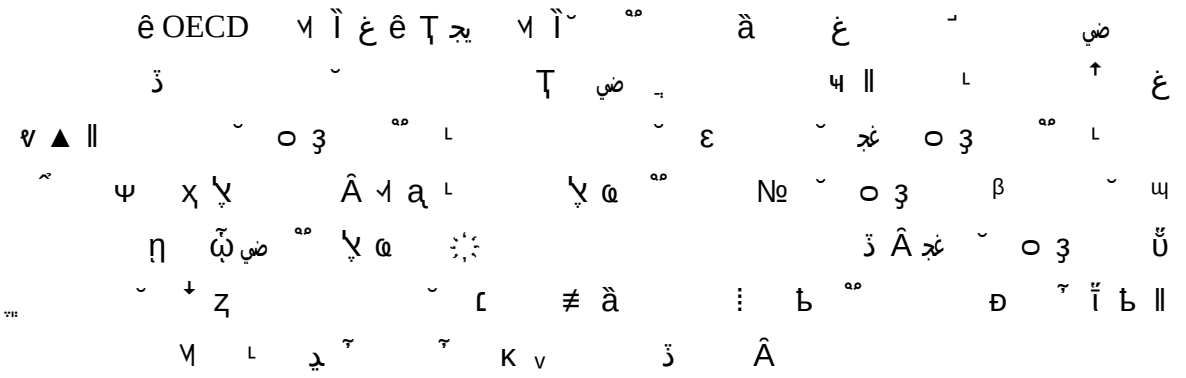


As an important participant in the new energy lithium battery material industry, Huayou Cobalt Company adheres to the development concept of innovation, coordination, green, openness and sharing, attaches great importance to corporate social responsibility governance and sustainable development, and also attaches great importance to the due diligence of responsible minerals supply chain.

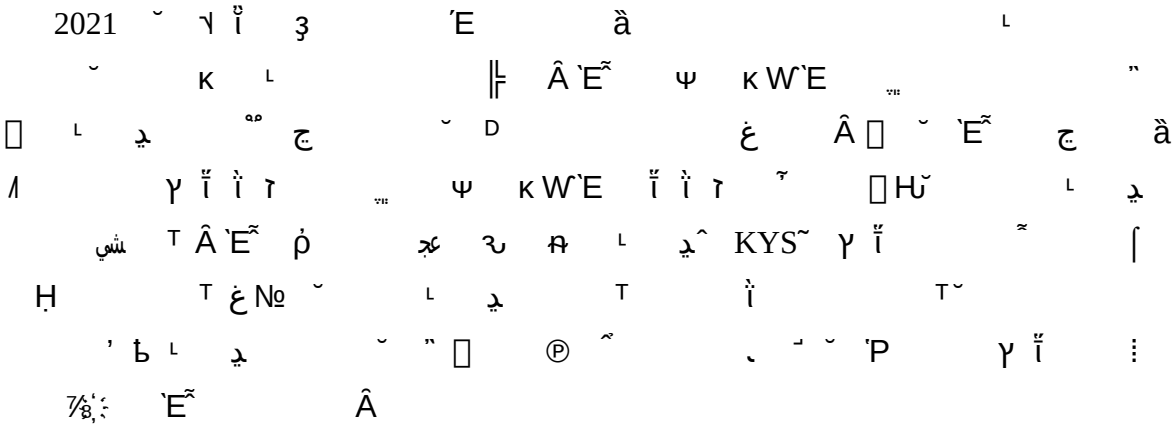
The Company starts with building its own corporate social responsibility management system, and constantly improves the requirements for mineral cooperative suppliers. From the transmission of basic documents such as basic minerals supply chain policies and supplier code of conduct, the filling of corporate social responsibility checklist to the on-site audit of key and core suppliers, the Company has gradually improved the corporate social responsibility management system of minerals supply chain in order to contribute to the sustainable development of the industry.

The Company's due diligent of responsible minerals supply chain takes cobalt products as the starting point. As one of the important metal materials in the production of lithium batteries, cobalt occupies a very important position in the process of global green transformation. Congo (DRC) owns more than two-thirds of the global cobalt resources, highlighting the importance of this country as a source of cobalt ore. However, due to the

backwardness of politics and economy, human rights risks and poverty are widespread in Congo (DRC). Whether the purity and sustainability of the Company's cobalt supply chain can be guaranteed is crucial to the sustainable development of the whole industrial chain and winning the trust of customers.

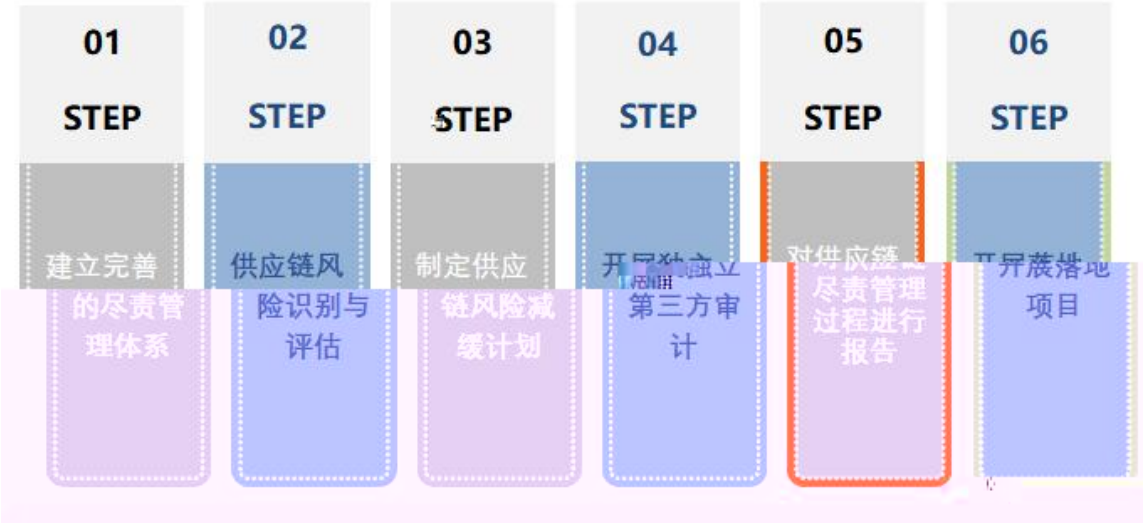


According to and , there are risks caused by fairly high and negative impacts in mineral mining, trading and processing activities, such as human rights risks in the mining process or risks of fuelling and aggravating conflicts such as financing conflicts. The minerals supply chains of enterprises are linked and interconnected. Therefore, the minerals supply chains of enterprises may face various risks. Even if the production links of the supply chain are scattered and the enterprise is located in an independent position, it is still impossible to completely avoid the direct or indirect negative impact on all links of the mineral industry. Therefore, enterprises shall take reasonable measures and strive to carry out due diligence management, so as to identify, prevent or mitigate any negative impact risks related to mineral mining conditions and supplier relations in conflict-affected or high-risk areas.



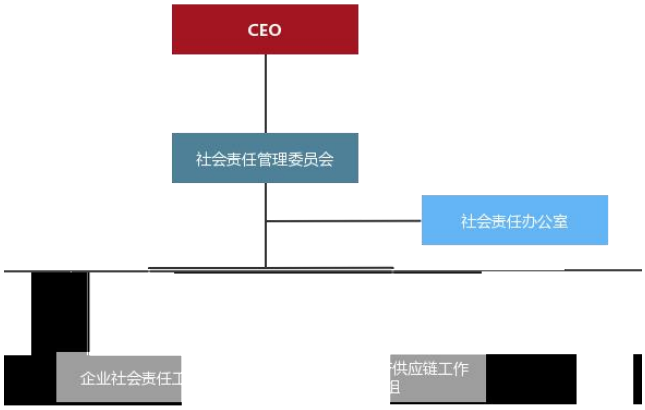
In 2021, Huayou Cobalt Company continued to carry out due diligence of responsible cobalt supply chain in accordance with the six-step framework and due diligence management procedures, and the building of responsible cobalt supply chain has moved

forward steadily. The corporate social responsibility office cooperates with the procurement management department to carry out mineral product awareness education for suppliers and convey due diligence management policies and requirements. At the same time, the Company's quality control department, raw material procurement department and other departments cooperate with the colleagues of the social responsibility office and other relevant departments to conduct site evaluation on key suppliers. The Company evaluates and analyzes the information collected by Know Your Supplier (KYS) and network platforms, evaluates the risk with the supplier risk evaluation form, communicates the corresponding risk situation with the supplier, jointly establishes practical improvement actions, and then reports the risk and risk mitigation plan to the Company's leaders for approval.



Establish a perfect due diligence management system	Risk identification and evaluation of supply chain	Formulate risk mitigation plan of supply chain	Conduct independent third-party audit	Report the process of due diligence of responsible supply chain	Carry out project implementation





CEO

Social Responsibility Management Committee

Social Responsibility Office

Corporate Social Responsibility Working Group

Responsible Minerals Supply Chain Working Group

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The supplier shall maintain a responsible transparency policy, especially in dealing with relevant minerals (including tantalum, tin, tungsten, gold, cobalt, etc.) from high-risk areas and countries. Huayou Company recognizes that there are risks that may have a significant negative impact when engaging in mineral mining, trading, processing and export in high-risk areas, and that we have the obligations to respect human rights and

and , which shows Huayou Company's determination to carry out due diligence management and shows Huayou Company's attitude and measures to deal with various risks. Huayou Company will widely

suppliers' responsible procurement from high-risk areas.

- [redacted]
- [redacted]

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including following relevant laws and regulations in the field of corporate social responsibility. Accordingly, Huayou Company has the same expectations for suppliers. Therefore, Huayou Company has established , which puts forward expectations for suppliers from the aspects of labor and human rights, health and

[redacted]



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Based on the supplier code of conduct, Huayou Company has formulated special standards for suppliers of responsible cobalt procurement, requires cobalt suppliers to carry out due diligence management on the source of cobalt in cobalt products in their whole supply chain in accordance with and determine whether the cobalt comes from identified high-risk areas. If so, the supplier shall provide Huayou Company with reasonable written evidence of its reporting, procurement and due diligence management activities.

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If the supplier violates the Code or the Standard, or its direct or indirect sub-supplier is deemed to have violated the Code or Standard, Huayou Company may, at its discretion, require the supplier to implement corrective measures before a reasonably determined date, so that the supplier can give priority to preventing, mitigating and affecting the violation event, and require the corresponding supply chain participants to deal with the identified risks. Huayou Company may, in its sole discretion, determine to terminate all or any part of contract, agreement, purchase order or any other arrangement with the supplier if such violating supplier fails to mitigate or eliminate risk or refuse to take any measure according to Huayou Company’s requirement.

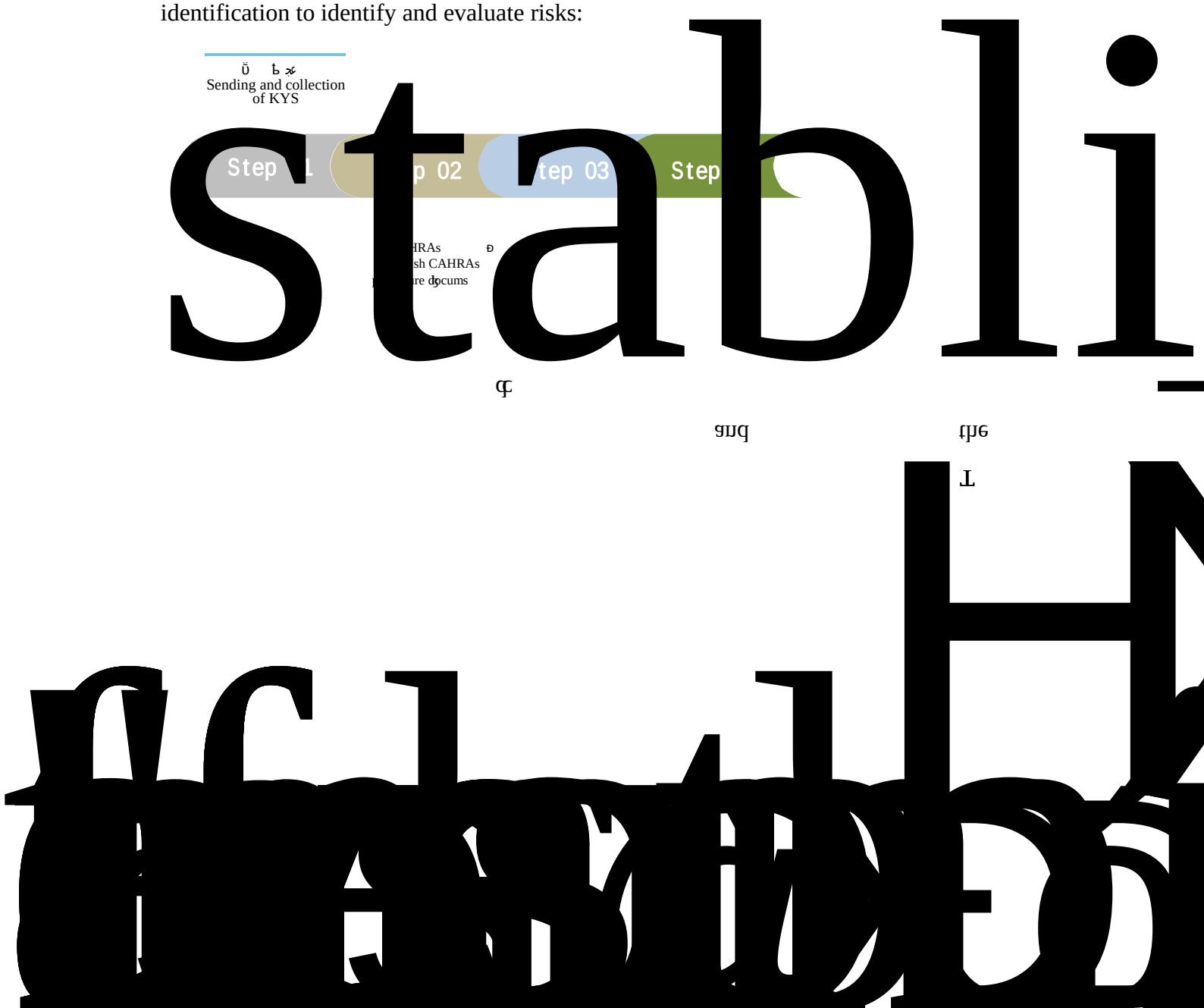
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Risk identification and evaluation is the basis of due diligence management. Through the identification of supply chain, raw material source and transportation path, the risks existing in the supply chain are determined and the risk level is evaluated. Therefore, Huayou Company has established work processes and systems related to risk identification to identify and evaluate risks:



[redacted]

[redacted] acc[redacted] req[redacted]nents [redacted] [redacted]ge[redacted] [redacted]tment and so on, [redacted] social responsibility of [redacted] con[redacted] Company's supplier [redacted] of conduct for co[redacted] social responsibil[redacted] Company's corporate social responsibility policy to a number of suppliers, and conducted a questionnaire survey on key suppliers. At the same time, the Company evaluated and analyzed the information collected via KYS and network platforms, used the supplier risk evaluation form to evaluate the supplier risk, communicated the corresponding risk situation with the [redacted] and formulated the risk evaluation report.

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2. procedure documents have been established to evaluate whether the raw material source country is a high-risk country and region by identifying the raw material source country and country(ies) along transportation route. According to the reference [redacted] dation procedure and analyzed the human rights and freedom index, corruption perception index and Heidelberg barometer index required by RMI standards for the countries passing through.

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3. Inquiry was conducted through [redacted]

The main risk evaluation and mitigation are described as follow:

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- Strengthen the development of the Company's own mechanized mines (LSM). Huayou Company manages in strict accordance with the requirements of due diligence management, and conducts mechanized mining. Child labor is not allowed to enter the mining area. At the same time, the Company controls human rights violations,

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- Traders include international traders and domestic traders. International traders mainly purchase mineral materials from LSMs. They have their own policies and management on human rights, occupational health and safety, environment and other aspects, and the risk is relatively small. Some domestic traders come from LSMs and some from smelters. For domestic traders, it is mainly to know the source of mineral materials and ensure that there are no relevant risks. For suppliers who are unwilling to feed back information and refuse to cooperate with the audit (such supplier is information-opaque supplier), Huayou Cobalt Company will communicate with them and give them an examination period of 3 to 6 months. If they still do not cooperate, the cooperation will be suspended. Huayou Cobalt Company will terminate its cooperation with the suppliers that have significant risks and fail to improve as expected within the specified period.

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- For LSMs through mechanized mining:

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Strengthen the collection of information related to the source of raw materials of suppliers. The social responsibility office participates in the contract evaluation process, directly carries out exchanges on due diligence management with suppliers, carries out



risk

mined mine area, it can not only eliminate the risk of serious human rights violations such as child labor, but also gradually improve other ESG risks of manually mined mines.

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Company name: Zhejiang Huayou Cobalt Co.

1. Establish CDM grants, screen students from surrounding schools every year, subsidize their admission fees, help them alleviate their education difficulties and encourage them to continue to study hard;

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2. Regularly donate materials to the nunnery school at Kolwezi;

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3. Provide fund for LUALABA Provincial Education Fund; donate a batch of living materials to the Lukuni orphanage center;

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Huayou Company has established a grievance mechanism and published it on the Company's website at www.huayou.com. At present, any dissatisfaction or suggestion related to the due diligence of responsible cobalt supply chain of the Company can be fed back to us through the following ways. We will analyze, verify and deal with it in time and feed back the relevant treatment results.

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China

' 0573-88589950

Tel: 0573-88589950

' CSR@huayou.com

E-mail: CSR@huayou.com

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Address: Huayou Cobalt Company (Social Responsibility Office), No. 18, Wuzhen East Road, Tongxiang City

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Congo (DRC)

' +243 841206837

Tel: + 243 841206837

' RSE@huayou.com

E-mail: RSE@huayou.com

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к W`E ˜

Address: CDM (Social Responsibility Office), Likasi Road, Ruosit Block, Anakos District, Lubumbashi, Haut-Katanga

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