

Nickel Supply Chain Due Diligence Management Report (2023)

Zhejiang Huayou Cobalt Company Limited

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Description of the report

Scope of the report

The information and data in this report mainly cover the practical activities of nickel supply chain due diligence management carried out by the company during the period from January 1, 2023 to December 31, 2023.

Principles of preparation

This report has been prepared with reference to the **China Mineral Supply Chain Due Diligence Management Guidance** and the **Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas** (hereinafter referred to as the China Guidance and the OECD Guidance), as well as requirements from the Responsible Care for Critical Minerals Initiative (RCI) and the Responsible Mining Initiative (RMI).

Content preparation

In accordance with the China Guidelines and the OECD Guidelines' principles of stakeholder engagement and the context of sustainable development, the company follows a six-step approach to reporting on its compliance and performance in nickel supply chain due diligence management.

Publishing method

The report is published on an annual cycle, in the form of a web-based version, which is available on the Company's website (www.huayou.com).

Designation

In this report, Zhejiang Huayou Cobalt Company Limited is referred to as "Huayou Cobalt" or the "Company", PT Huayue Nickel Cobalt is referred to as "Huayue"; PT Huafei Nickel Cobalt is referred to as "Huafei" and Huake Nickel Indonesia is referred to as "Huake"; all other references not mentioned herein shall be construed as if stated in the text.

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Mineral supply chain due diligence management

As an important player in the new energy lithium material industry, Huayou Cobalt, adhering to the development concept of innovation, coordination, green, openness and sharing, attaches great importance to CSR governance and sustainable development, and the due diligence management of the mineral supply chain, as one of the important issues, is taken very seriously by the company.

According to the Company's new energy lithium anode materials related business development, our company is mainly involved in minerals mainly nickel, cobalt, manganese and lithium, etc. This report is an annual summary of the Company's nickel supply chain due diligence management. At present, the subsidiaries of the Company involved in the procurement and production of nickel raw materials from mines are: (1) **Quzhou Huayou Cobalt New Material Co., Ltd.** at No. 18, Erxin Road, Hi-Tech Industrial Park (Phase II), Quzhou, Zhejiang Province, and (2) **Guangxi Huayou New Material Co., Ltd.** at No. 28, Huayou Boulevard, Longtan Industrial Park, Bobai County, Yulin City, Guangxi Zhuang Autonomous Region.

According to the business arrangements related to the mineral supply chain of Huayou Cobalt, the Company's mineral processing bases and subsidiaries are widely distributed, and the management related to production is the responsibility of specific subsidiaries, but the capital arrangement, procurement, scheduling and supply chain due diligence management of the key mineral raw materials for Li-ion anode materials are coordinated and managed by the Group headquarters, with the assistance and cooperation of each of the subsidiaries and the industrial groups in which they are located, among which the nickel supply chain due diligence is managed by the ESG and Sustainable Development Department of the Group headquarters. Among them, the management of nickel supply chain due diligence is under the responsibility of the ESG and Sustainable Development Department of the Group's headquarter.

Establishing a "**Mineral Supply Chain Due Diligence Management Team**" under the "ESG

and Sustainable Development Management Committee" at the Group level to coordinate and manage the Company's mineral supply chain due diligence management, in order to meet the requirements and expectations of the Company's customers and the market for responsible mineral sourcing , enhance the company' s international reputation and market recognition, improve the internal supply chain management system to increase subsidiaries' awareness and control of mineral supply chain risks, strengthen the traceability and stability of the mineral supply chain, and reduce the disruption of conflicts and weak regulatory risks to the supply chain.

The Company has started to improve its own mineral supply chain due diligence management system, and has continuously improved and perfected the management of responsible purchasing from its mineral cooperative suppliers. From the enhancement of suppliers' awareness and capacity building, to the communication of its mineral supply chain policy and suppliers' code of conduct and the incorporation of the due diligence management policy into the commercial contracts or agreements with suppliers, to the completion of the questionnaire on corporate supply chain due diligence management, on-site visits to key and core suppliers according to the risk assessment, audits, and continuous tracking of the effectiveness of the risk mitigation, the company has progressively improved the due diligence management system of its mineral supply chain, and continuously improved the risk management of its supply chain, contributing to the sustainable development of the industry. The Company has gradually improved its mineral supply chain due diligence management system and continuously enhanced its risk management of the supply chain, contributing to the sustainable development of the industry.

The Company actively participates in international and industry dialogues to keep abreast of industry solutions for responsible nickel supply chain due diligence management and to provide feedback on issues encountered in the Company's own efforts to build a responsible nickel supply chain. During the reporting period, the Company continued to serve as the vice-chairman of the Board of Directors of the Responsible Care Initiative (RCI),

actively participated in the establishment of the Nickel Supply Chain Working Group, and took part in the RCI-organized ESG initiative for the nickel industrial parks in Indonesia as the main support unit.



Above: In April 2023, Mr. Li Zhongning, Director of ESG and Sustainability Department of the Group Headquarter, delivered a speech at the OECD Responsible Mineral Supply Chain Forum 2023, introducing the Company's nickel supply chain due diligence management practices and the problems encountered.

According to the "Guidelines on Social Responsibility of China's Outbound Mining Investment" (2017 version), the mineral resources industry is a capital-intensive industry with a long investment cycle and a high degree of specialization, and the sustainable development of mineral resources investment and cooperation requires a safe, stable, transparent and predictable political, economic and social environment, and at the same time, it will have a series of far-reaching impacts on the economy, society and environment. Therefore, Huayou Cobalt fully considers the sustainable development of economy, environment and society while investing and building its business overseas and realizing economic benefits, so as to respect human rights, operate fairly, reduce ecological footprints, properly handle community relations, establish communication and cooperation mechanisms with various stakeholders, enhance the awareness and ability of responsible operation, improve transparency and continuously improve its CSR performance.

As an important metal material in the production of lithium batteries, nickel metal occupies a very important position in the process of global green transition. With the increasing proportion of nickel metal in new energy lithium battery materials, international new energy vehicle enterprises are increasingly concerned about the nickel supply chain. Indonesia, as a large country with nickel resources, has become an important investment and development site for Chinese mining companies. However, with the constant emergence of NGOs or media reports, we have also learned that there are potential but not negligible social and environmental problems in Indonesia, etc. Therefore, whether we can ensure the transparency and sustainability of our mineral supply chain is crucial to the sustainable development of the whole industry chain and to win the trust of our customers.

During the reporting period, Huayou Cobalt continued to carry out due diligence management of the nickel mineral supply chain of its two subsidiaries¹ in accordance with the six-step framework and due diligence management program requirements, and the construction of a responsible nickel supply chain has begun to bear fruit. In accordance with the China Guidelines, due diligence management of the nickel supply chain has been carried out in an orderly manner under the promotion of the "Mineral Supply Chain Due Diligence Management Working Group" of the Company.

The ESG and Sustainability Department at the Group headquarters, in collaboration with the supply chain due diligence management function of the Industrial Group (the ESG department of the Industrial Group), and with the assistance of the nickel raw material procurement department, educates suppliers on the awareness of mineral due diligence management, conveys due diligence management policies and requirements, and conducts on-site assessments of key suppliers. The Company analyzes and evaluates the risks of suppliers through the "Know Your Supplier (KYS) Questionnaire" and public information collected on the internet and other platforms, and after submitting them to the Company for approval, it communicates the results of the risk assessment and risk mitigation plan to

¹ During the reporting period, there were two nickel refineries (subsidiaries) involving the procurement and production of raw materials from nickel mines under the Company: (1) **Quzhou Huayou Cobalt New Material Co., Ltd.** at No. 18, Erxin Road, Hi-Tech Industrial Park, Quzhou, Zhejiang, China; and (2) **Guangxi Huayou New Material Co., Ltd.** at in Baiping Area, Longtan Industrial Park, Longgang New District, Yulin City, Guangxi Zhuang Autonomous Region, China.

the suppliers and supervises the suppliers to carry out the corresponding risk mitigation.

Six-step framework



Step 1: Establish a due diligence management system

The Company has established a nickel supply chain due diligence management system and related procedural documents in accordance with the OECD Guidelines and the China Guidelines, including Policy on Responsible Global Mineral Supply Chains from High Risk Regions, Supplier Code of Conduct, and Supplier Criteria for Responsible Sourcing of Minerals .

According to the business characteristics of the Company, the due diligence management of the nickel supply chain is coordinated and managed by the "Mineral Supply Chain Due Diligence Management Team" established under the "ESG and Sustainable Development Management Committee" at the Group level, with the ESG and Sustainable Development Department at the Group headquarters responsible for the specific work. The ESG and Sustainable Development Department at the Group's headquarters is responsible for the specific work, with the assistance of the nickel raw material procurement department at the headquarters, as well as the ESG departments of specific subsidiaries and the industrial groups in which they are located, and is subject to the supervision of the ESG and Sustainable Development Department. (For more information on the Company's sustainable development, please refer to the latest ESG Annual Report on the website.)

■ Mineral supply chain due diligence management policy

The Company has established a mineral supply chain due diligence management policy and management system in accordance with the requirements of the China Guidelines and the OECD Guidelines and has incorporated the supply chain due diligence management policy into the day-to-day management of responsible sourcing from high-risk areas by suppliers.

■ **Supplier Code of Conduct**

The Company has established a Supplier Code of Conduct, which sets forth expectations for suppliers in the areas of labor and human rights and health and safety, and requires suppliers to communicate these terms to their suppliers. The Company uses these terms as important considerations for its supplier access in specific procurement operations and will actively monitor supplier compliance. Any violation of these guidelines may jeopardize the business relationship between the supplier and Huayou, and may even lead to the suspension or termination of the business relationship between the two parties.

■ **Supplier criteria for responsible procurement of minerals**

On the basis of the Supplier Code of Conduct, the Company has developed a specific standard for suppliers of minerals who source responsibly, requiring mineral suppliers to conduct due diligence management throughout their supply chain regarding the source of nickel in mineral products in accordance with the China Guidelines and OECD Guidelines, and to determine whether the nickel therein comes from an identified high-risk area. If so, the supplier should provide Huayou with reasonable documentary 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, Hwayo will require the supplier to implement corrective actions by a date reasonably determined so that the supplier can require the appropriate supply chain participants to address the identified risks. If such a supplier with a violation of the standard fails to mitigate or eliminate the risk or even refuses to take any measures as required by HAYUO, HAYUO will decide to terminate, in

whole or in part, the contract, agreement, purchase order or any other arrangement with the supplier.

(The scope of use of the above three documents includes the subsidiaries of Huayou Holdings as a whole, which can be accessed on Huayou's official website. Meanwhile, the Company has already integrated the relevant requirements into its internal management system, which clearly defines the due diligence management responsibilities and work content of each department.)

■ **Establishment of supply chain control and transparency systems**

In order to better manage supply chain risks and increase supply chain transparency, the Company requires suppliers to nickel smelters to provide origin information that can demonstrate the source of raw materials, the full name and geographic location of the supplier, the transportation routes and modes of transportation, and the trade names and types of minerals, and collects ownership information (including beneficial ownership information) from direct suppliers and other known upstream businesses.

The nickel raw materials of **Quzhou Huayou Cobalt New Material Co., Ltd.** are mainly supplied by MHP (crude nickel cobalt hydroxide) from Huayou's subsidiary Huayue Nickel & Cobalt (Indonesia) Co., Ltd. whose production address is Morowali Industrial Park (IMIP) in Sulawesi Island, Indonesia, and the transportation route is mainly from the port of Labota Jetty of Indonesia to the port of Zhapu of China, and the nickel laterite ore of Huayue Nickel & Cobalt (Indonesia) Co. Ltd. derives its nickel laterite ore mainly from mines on the Indonesian island of Sulawesi² .

The nickel raw material of **Guangxi Huayou New Materials Co., Ltd.** is mainly high ice nickel supplied by Huayou's subsidiary, Huake Nickel (Indonesia) Co., Ltd, the factory is located in Widabe Industrial Park (IWIP), Hamahela Island, Maluku Province, Indonesia, and the transportation route is mainly from the Indonesian port, Weda Port, to the Chinese port of Zhapu/Qinzhou, and the raw material of lateritic nickel ore from Huake Nickel (Indonesia)

² The nickel supply chain map (up to the mine) of Quzhou Huayou Cobalt New Material Co., Ltd. is not easily disclosed in full as it involves confidential information about the company's purchases, but it was presented in full transparency during the audit.

Co. Ltd. mainly sources its nickel laterite ore raw materials from the mines in Hamahela Island³ .

In order to better regulate supplier risk, Hua Viet has set up supplier access criteria, requiring its suppliers to provide basic information such as mining licenses, certificates of origin, business registration certificates, articles of incorporation, tax codes, and so on.

■ **Strengthening cooperation with suppliers**

In order to strengthen its influence on suppliers, the Company urges suppliers to implement the published supply chain policy by requiring them to sign the *Acknowledgement of Receipt for Compliance with Due Diligence of Responsible Mineral Supply Chain* and incorporate the due diligence management clauses of the mineral supply chain into business contracts, and requiring them to fill in the feedback KYS questionnaire according to the actual situation. Meanwhile, Huayue assisted suppliers to improve their supply chain due diligence management performance and comply with the supply chain policy. The Company assisted Huayue、Huafei、Huake in capacity building with ESG system construction and improving due diligence management of mineral supply chain as the main contents. Huayue、Huafei、Huake are all controlled subsidiaries of Huayou and have a long-term and stable cooperative relationship.

■ **Stakeholder communication**

Huayou not only maintains good communication with upstream suppliers, but also actively cooperates with downstream customers in their investigations on the company's supply chain due diligence management and submits all kinds of information in a timely manner upon request. In the process of rectification based on the results of the production site assessment of the first-tier 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 build a green and sustainable supply chain.

³ The nickel supply chain map (up to the mine) of Guangxi Huayou New Materials Co., Ltd. is not easily disclosed in full because it involves confidential information about the company's purchases, but it was displayed in full transparency during the audit.

■ Record-keeping systems

The Company requires documents and records of supply chain due diligence management related activities to be retained for at least ten years, and qualification documents and communication records related to suppliers are regularly updated and kept in files in accordance with the Company's requirements, meeting the requirements of the China Guidelines and the OECD Guidelines.

■ Complaint mechanisms

Huayou has established a grievance mechanism and posted it on the Company's website (www.huayou.com). Currently, any dissatisfaction or suggestion related to the due diligence management of our mineral supply chain can be fed back to us through the following channels, and we will analyze, verify and deal with them in a timely manner and feedback the relevant results. In order to enhance the Company's supply chain due diligence management capability, Huayou actively participates in relevant industry trainings, industry conferences and industry standards development, such as participation in the 2023 OECD Mineral Supply Chain Due Diligence Management Forum and the side event of the September 2023 SMISC Forum on Grievance Consultation Mechanism.

China

Tel: +86 - 573-88589950

E-mail: CSR@huayou.com

Address: No. 18 Wuzhen East Road, Tongxiang City, Zhejiang Province Huayou Cobalt
(Headquarter ESG & Sustainability Department)

Indonesia

Tel: +081223930989/+082198735711

Email: HYNC@huayou.com

Address: IMIP Park, Morowali, Central Sulawesi, Indonesia (ESG Department)

As the issue of responsible business conduct in the mining industry and the mineral supply chain has received more and more attention from the international community in

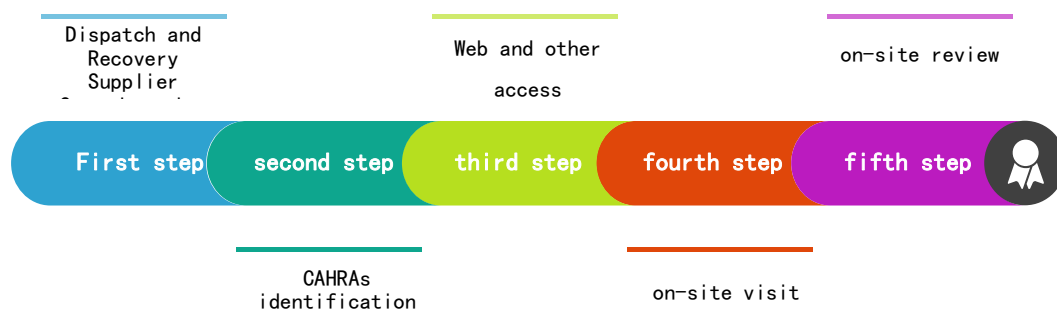
recent years, we have found in our work practice that the emergence of many controversial, discriminatory and unfair treatment issues and the intensification of contradictions among stakeholders are directly related to the lack of timely, effective, equal and transparent communication and consultation channels.

In order to eliminate obstacles and concerns in the process of communication and consultation among stakeholders, and to provide professional support for equal dialog and problem solving, the Responsible Care Initiative (RCI) has developed the "Mediation and Consultation Mechanism for the Mining Industry and Mineral Value Chain". As the vice-chair of the RCI Board of Directors, the Company actively supports the development and operation of this mechanism.

The Mediation and Consultation Mechanism aims to establish an industry-coordinated, expert-supported, voluntary mediation and consultation platform for stakeholders to use throughout the life cycle of exploration, feasibility study, construction, operation and mine closure, laying an important foundation for promoting joint actions by upstream, downstream and stakeholders to mitigate the risks in the mineral supply chain. For more information, please click [here](#) for details.

Step 2: Risk Identification and Assessment

Risk identification and assessment is the foundation of due diligence management. By identifying the supply chain, the source of raw materials and the transportation routes, we can determine the risks in the supply chain and assess the level of risks. To this end, Huayou has established a working system and process related to risk identification to comprehensively identify and assess risks, mainly in the following ways:



During the reporting period, the ESG and Sustainability Department of the headquarters continued to carry out various tasks in accordance with the requirements of the supply chain due diligence management program, and developed a supplier questionnaire applicable to the nickel supply chain due diligence management - "Know Your Supplier (KYS) Questionnaire" , and conducted a survey on the nickel suppliers of two nickel refineries , with the assistance of the ESG departments of the industrial groups in which the refineries are located, as well as the nickel raw material procurement department of the headquarters. With the assistance of the ESG department of the smelter's industrial group and the nickel raw material procurement department of the headquarters, a survey of nickel suppliers of the two nickel refineries⁴ was conducted:

(1) Awareness-raising and capacity-building through workshops on due diligence management in the mineral supply chain;

(2) Send and collect KYS questionnaires appropriate for nickel suppliers to learn about supplier compliance, raw material sources, transportation and responsible sourcing practices.

At the same time, we also require the first-tier suppliers of nickel refineries to effectively replicate and extend the supply chain management work upstream to the mines at the same time. This process can not be accomplished overnight just through an email or a meeting, because the first-tier nickel raw material suppliers of the refineries are all subsidiaries of Huayou Cobalt Holdings, and the effect is still good, but when coming to the upstream of the mines, it is often necessary for the company to put in more efforts and make many exchanges to achieve effective results.

Eventually, through continuous efforts, we have successfully sent and returned the Know Your Supplier Questionnaire (KYS) to the supply chain of two nickel refineries, and the feedback is summarized below:

⁴ i.e. two nickel refineries which are subsidiaries held by Huayou and are involved in the procurement and production of raw materials from nickel mines: (1) **Quzhou Huayou Cobalt New Material Co., Ltd.** at No. 18, Erxin Road, Hi-Tech Industrial Park, Quzhou, Zhejiang, China; and (2) **Guangxi Huayou New Material Co., Ltd.** at Baiping Area, Longtan Industrial Park, Longgang New District, Yulin City, Guangxi Zhuang Autonomous Region, China.

- ✓ The KYS form is relatively complete (including company information, mine information, supply chain maps and transportation routes); the participants in the supply chain are all formal and legally registered companies, with all kinds of documents complete, and the contents filled in are true;
- ✓ Nickel raw materials mainly come from Indonesia, and the mining method is mechanized large-scale mining, which does not involve hand mining, and the management of the mining area is relatively standardized.

Through the Company's established ***Conflict-Affected and High-Risk Areas (CAHRAs), Warning Signs for Identification and Management Guide***, we assess whether a raw material source country is a high-risk country or region by identifying explicit information collected on the raw material source and transportation route countries of the nickel supply chain. The CAHRAs identification process includes the following: United Nations (UN) Sanctions Lists; the Dodd-Frank Act on conflict minerals gold, tin, wolframite (and its derivatives, tantalum, tin and tungsten), and the "**Conflict Minerals Act**". The CAHRA identification process includes: the UN Sanctions List; the U.S. Dodd-Frank Act definitions of the conflict minerals gold, coltan-tantalite (coltan), tin, wolframite (and its derivatives, tantalum, tin, and tungsten), and the "countries of applicability" Democratic Republic of the Congo (DRC), Republic of the Congo (ROC), Central African Republic (CAR), South Sudan (SS), Uganda (UG), Rwanda (RW), Burundi (Burundi), Tanzania (Tanzania), Zambia (Zambia), and Angola; the EU CAHRA List; and Definitions; the EU CAHRA list contains 208 list identifications for 27 countries/regions. The above list is mainly a reference standard for identifying minerals from high-risk regions and countries. If the minerals purchased are not on the above list, enterprises need to adopt appropriate tools for CAHRAs risk identification according to their own operation and supply chain conditions.

After combing through the company's nickel refineries the mineral raw materials used are all from Indonesia, which is identified by the UN Sanctions List, the Dodd-Frank Act, and the EU CAHRA list, and is not on any of the above lists.

With respect to conflicts, the Company primarily refers to the Heidelberg Conflict Barometer data and the definitions of "conflict minerals" and prohibited countries of origin in the

Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the countries and regions on the EU CAHRA list. "Conflict Minerals" and prohibited countries of origin as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the countries and territories on the EU CAHRA list;

For governance, the Company mainly refers to the "Rule of Law Index - Rule of Law Index (World Justice Project)";

With regard to human rights, the company mainly refers to the reports and data of the Human Development Index HRD.

受冲突影响和高风险区域识别表 CAHRAs Identification Form										
序号 S/N	国家 Country	资源 Resources			The Congo (DRC) and its nine adjoining countries :	EU CAHRAs List https://www.cahrastlist.net/cahras	联合国安理会制裁名单 https://sanctions.un.org/html.html	《多德-弗兰克法案》(Dodd-Frank Act) https://www.investopedia.com/terms/d/dodd-frank-financial-regulatory-reform-bill.asp	结论 (是否 CAHRA) Conclusion (CAHRA or Not)	备注 Remark
		世界法治指数 - Rule of Law Index (World Justice Project)	人类发展指数 https://hdr.undp.org/data-center/human-development-index#/indicies/HDI	冲突影响指数 https://biik.de/conflict-barometer/current-version/plan-en						
3	印度尼西亚 Indonesia	0.53	0.705	1	否	不在名单范围 Out of the list	不在名单范围 Out of the list	不在名单范围 Out of the list	否	原产地 Country of Origin

CAHRAS识别程序基本要包括以联合国制裁名单、美国《多德-弗兰克法案》(Dodd-Frank Act)中关于冲突矿产(金矿、铜铁矿-钽铁矿(钨钽铁矿)、锡矿、黑钨矿及其衍生物、钨、锡和钨)以及“适用国家”刚果民主共和国、刚果共和国、中非共和国、南苏丹、乌干达、卢旺达、布隆迪、坦桑尼亚、赞比亚以及安哥拉的定义,和欧盟CAHRA清单中包含的27个国家/地区的208个地区的名单识别为主。以上主要对高风险区域及国家的矿产进行识别的主要指标为识别的参考标准为主。如果所采购矿产均不在以上名单,则企业需根据自身经营情况和供应链状况,采取合适工具进行CAHRAS风险识别。
我司所使用的矿产原料均来自于印度尼西亚,经过联合国制裁名单、《多德-弗兰克法案》、欧盟CAHRA清单识别,印尼均不在以上名单范围内,因此我司针对冲突、人权、管制主要采取以上工具。

In addition, risk assessment of suppliers was conducted through internet search, RMI (Responsible Mineral Initiative) website and other means of inquiry, identifying negative information and reports on raw material suppliers, and evaluating that there is no category 1 risk in the supply chain of electro-nickel production of Quzhou Cobalt New and Guangxi New Materials. We recognize that transparency is an opportunity and a foundation for collaboration with our stakeholders. Indonesia, where the three refineries are located, is a member of the Extractive Industries Transparency Initiative (EITI), and the Company is actively engaged in disclosing to the government information on the payment of taxes and fees, as required by the laws of the countries in which they are located, as well as by the EITI. Through mine field visits, we understand the on-site control of the mine suppliers on the minerals, so as to reduce the source risk and enhance the transparency of the supply chain.

This time, we provide the information of mine suppliers in the supply chain, firstly, we collect the necessary internal and external ESG related assessment reports, and also try to collect mine information, including but not limited to certificates of origin, mining licenses, business registration certificates and on-site assessment information, all the mines are legally compliant with complete qualifications and certificates, and the mines have commitment to ESG construction and risk assessment in accordance with the current international standards⁵ .

Finally, we summarize the risks identified in the above ways, formulate a risk assessment report on the nickel supplier, and fully communicate the corresponding risk situation with the supplier to jointly establish practical improvement actions.

Step 3: Risk Prevention and Mitigation

We operate a nickel supply chain due diligence management system for our nickel refineries in Indonesia. Currently, with the assistance of the Company's Indonesian Nickel Industry Group, we currently operate a nickel supply chain due diligence management system at two of our nickel refineries (Huayue, Huake, Huafei), and conduct due diligence management of the suppliers (mines) that supply our nickel laterite ore, requiring our partners to comply with the Company's ESG Policy and Supply Chain Code of Conduct, and to satisfy the standards set out in the Policy in relation to human rights, labor rights, ethics, environmental sustainability and responsible mining, among others. standards in the policy with respect to human rights, labor rights, ethics, environmental sustainability and responsible mining.

Step 4: Conduct internal and external assessments

⁵ We combed through the most upstream mines in the supply chain that have built their own ESG systems and are also committed to risk management and assessment to IRMA (or at least IRMA Critical) standards.

Huayou actively operates the mineral supply chain due diligence management system, actively cooperates with the supply chain audit requirements of downstream customers, and communicates with upstream companies 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 an internal audit of ESG and supply chain due diligence management audit of the nickel supply chain and invited an independent third party to conduct an external audit, and formulated a risk mitigation plan (CAP) for rectification of the problems identified in the audit in accordance with the requirements.

Step 5: Communicate and report on the risk management process and results.

Public reporting is a fundamental responsibility of all stakeholders upstream and downstream in the mineral supply chain to make the supply chain more responsible. This report demonstrates our commitment, welcomes your feedback and encourages all of our peers and supply chain partners to engage in responsible supply chain due diligence management to promote a green and healthy 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.

This report can be viewed and downloaded from the company's official website (URL: www.huayou.com).

Step 6: Provide conditions or cooperate in remediation when appropriate

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 remediation measures to be taken.

Zhejiang Huayou Cobalt Company Limited

December 31, 2023