



华友钴业
HUAYOU COBALT

2023

Environmental, Social and Governance (ESG) Report



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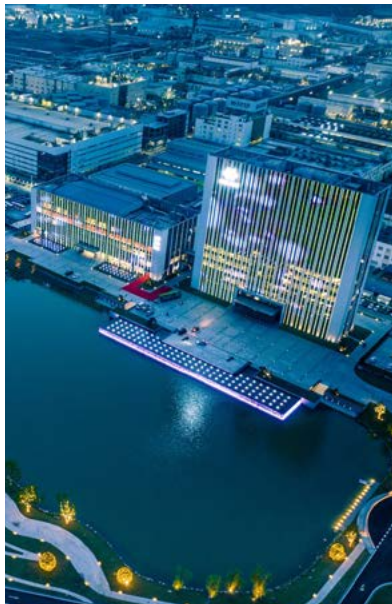
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About this Report

Since the release of the first *Corporate Social Responsibility Report* in 2015, Zhejiang Huayou Cobalt Co., Ltd. has successively released the *Corporate Social Responsibility Report*/ every year afterwards. This *Environmental, Social and Governance (ESG) Report* (hereinafter referred to as "*The Report*") will disclose the Company's ESG-related management strategies, work progresses and performances in 2023 in a systematic way.

Report Period

This Report covers the information and data in the period from January 1, 2023, to December 31, 2023 (hereinafter referred to as "the Reporting Period"). To enhance the comparative and forward-looking nature of this Report, some of the contents may contain retrospective information or forward-looking descriptions as appropriate.

Boundary of the Report

The material information disclosed in the Report covers Zhejiang Huayou Cobalt Co., Ltd., and its subsidiaries, with scope consistent with that disclosed in the *Annual Report*. In case of partial inconsistency between some indicators in the Reported and those disclosed in the *Annual Report*, it will be subject to remarks in the text.

Source of Information

The information and data disclosed in this Report are sourced from statistical reports and official documents of the Company, and have been reviewed by relevant departments. The Company hereby pledges that the Report contains no false records or misleading representations, and that they shall be liable for the authenticity and accuracy and completeness of the information disclosed herein. The monetary unit adopted in the Report is RMB (yuan) unless otherwise specified.

Basis of the Report

The Report is prepared in accordance with the *Guidelines No.1 for the Application of Self-regulatory Rules for Companies Listed on the Shanghai Stock Exchange—Standardized Operation (Chapter VIII—Social Responsibility)* issued by the Shanghai Stock Exchange, the *Global Reporting Initiative Sustainable Reporting Standards (GRI Standards, 2021)*, *2030 Sustainable Development Goals (SDGs)* of the United Nations, as well as the *Chinese CSR Report Preparation Guide (CASS-ESG 5.0)* issued by the Chinese Academy of Social Sciences.

Report Access

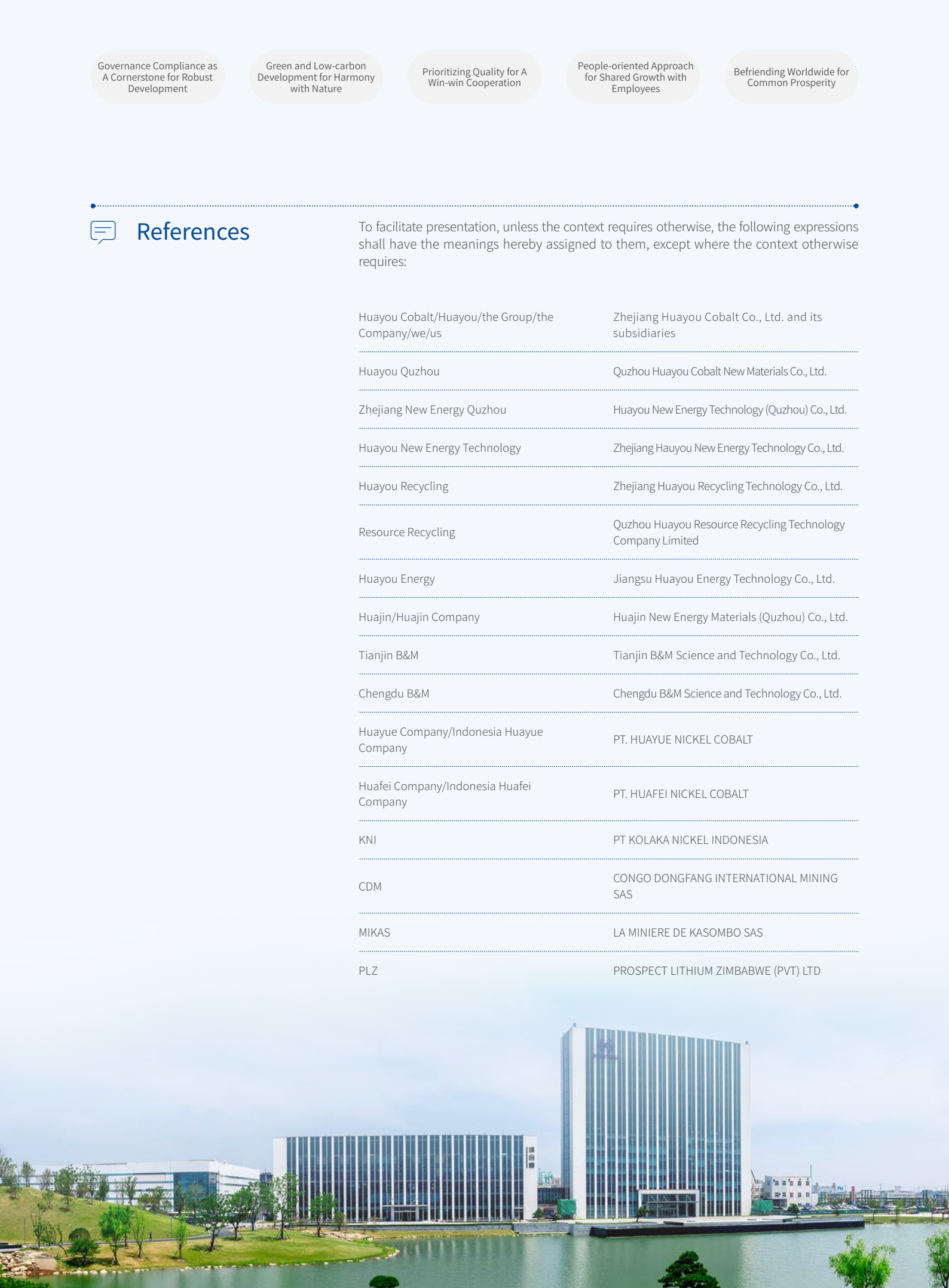
This Report is available for your reading in printed and electronic versions. It is written in both Chinese and English. In case of any discrepancies, the Chinese version shall prevail.

The electronic version may be downloaded and/or browsed on the official websites of <https://www.huayou.com>. Please feel free to contact us if you have any questions, suggestions, or comments via email at csr@huayou.com.

References

To facilitate presentation, unless the context requires otherwise, the following expressions shall have the meanings hereby assigned to them, except where the context otherwise requires:

Huayou Cobalt/Huayou/the Group/the Company/we/us	Zhejiang Huayou Cobalt Co., Ltd. and its subsidiaries
Huayou Quzhou	Quzhou Huayou Cobalt New Materials Co., Ltd.
Zhejiang New Energy Quzhou	Huayou New Energy Technology (Quzhou) Co., Ltd.
Huayou New Energy Technology	Zhejiang Hauyou New Energy Technology Co., Ltd.
Huayou Recycling	Zhejiang Huayou Recycling Technology Co., Ltd.
Resource Recycling	Quzhou Huayou Resource Recycling Technology Company Limited
Huayou Energy	Jiangsu Huayou Energy Technology Co., Ltd.
Huajin/Huajin Company	Huajin New Energy Materials (Quzhou) Co., Ltd.
Tianjin B&M	Tianjin B&M Science and Technology Co., Ltd.
Chengdu B&M	Chengdu B&M Science and Technology Co., Ltd.
Huayue Company/Indonesia Huayue Company	PT. HUAYUE NICKEL COBALT
Huafei Company/Indonesia Huafei Company	PT. HUAFEI NICKEL COBALT
KNI	PT KOLAKA NICKEL INDONESIA
CDM	CONGO DONGFANG INTERNATIONAL MINING SAS
MIKAS	LA MINIERE DE KASOMBO SAS
PLZ	PROSPECT LITHIUM ZIMBABWE (PVT) LTD



Message from the Chairman

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The year of 2023 witnessed a changing industry, a changing environment, and changing conditions. We have come through an extraordinary year amid unusual industrial changes.

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This year, we achieved sustained growth in the products and sales of our main products and steady improvement in market share, ranking first on the Jiaxing Top 100 Taxpayers List. We have realized the leap from the Top 500 Private Enterprises in China to the Top 500 Enterprises in China.

This year, we completed a large number of major projects at home and abroad, including the Zimbabwe Lithium Mine, Indonesia Huafei Company, and the production of electrolytic nickel, precursor, and cathode materials in Quzhou and Yulin, thus enhancing our capability to create value for our customers.

This year, we deployed leading talents in science and technology across the industrial chain and IPD product R&D, which significantly enhanced our independent innovation capability. We won the first prize of Science and Technology of China Nonferrous Metals Industry, the first prize of Science and Technology of **China Petroleum and Chemical Industry**, and the 24th China Patent Excellence Award. The Company's **Technology Center was upgraded to National Enterprise Technology Center**.

This year, we adhered to open development, deepened cooperation with Ford Motor and PT Vale Indonesia, conducted cooperation with LG Chem in Morocco and commenced the Hungarian cathode project, thus facilitating Huayou to go global through open cooperation.

This year, we **promoted green development across the industrial chain, many plants won titles such as National Green Plant**, Zhejiang Provincial Green Low-Carbon Factory, and Water-saving Enterprise in Zhejiang Province, and our products were included into the National Green Design Product List.

This year, our employees were invited to the Great Hall of the People and stood on various podiums. More and more of our employees received government honors, professional recognition, and social respect, flowers and applause witnessed their growth with the Company.

In 2023, we embraced the greatest challenges in our top condition, grew in difficulties, progressed in adversities, and improved in challenges, and finally achieved fruitful results in competing for excellence and enhancing quality and continuous advancement. These are remarkable achievements that are not easy to acquire.

In 2024, confronting with severe industrial situation and complicated business environment, we must adhere to transformational development, strengthen strategic orientation, prioritize stability and strive for success while pursuing progress, solidify the three pillars of Huayou's century-old foundation, and surmount the industrial cycle of overcapacity, industry reshuffle (restructuring), and pattern reshaping by virtue of high-quality development.

Build a technology-driven Huayou, and drive the Company's high-quality development with science and technology. We must vigorously implement the science and innovation strategy of "supporting industry and leading the future", and maintain high scientific R&D spending to provide strong technological support for the competitive strategy of "product & cost leadership". We must speed up technological progress, focus on breakthroughs in the key and core technologies for new energy lithium battery materials. We must build a high-level scientific research team mainly consisting of international leading talents, young scientific talents, and top industrial talents, with the aim to enhance the Company's independent innovation capability.

Build a green Huayou and support the Company's high-quality development with sustainability. We must vigorously implement the transformation strategy of "low-carbon, green and sustainability", build zero-carbon factories and parks, carry out green design, strengthen green manufacturing, and develop green factories. We must strengthen the due diligence management of mineral supply chains for cobalt, nickel, lithium and the like, to develop a green supply chain. We must establish an ESG management system, strengthen compliant management, build an anti-corruption enterprise, and comprehensively fulfill social responsibilities,

with the aim to enhance the Company's sustainable development capabilities.

Build an open Huayou and promote the Company's high-quality development through internationalization. We must vigorously implement the open strategy of "build together and win the future together", promote the full-industry chain open cooperation of resource development, green smelting, material manufacturing, and recycling. We must speed up the pace of internationalization by consolidating the African resource base, expanding the Indonesian industrial park, building the European material factory and planning the industrial layout in America, strengthen the transnational business pattern consisting of overseas resources, global manufacturing and global market, thus enhancing the Company's open development capability.

The year of 2024 will be an extremely challenging year. We hold fast to believe that lithium battery industry has promising prospect, and we remain more confident in Huayou's bright future. The bright future will not come to us unless we strive for it.

Chairman of Zhejiang Huayou Cobalt Co., Ltd.

陈雪峰

About Huayou Cobalt

Company Profile

Zhejiang Huayou Cobalt Co., Ltd. is a new high-tech enterprise founded in 2002 and specializing in R&D, manufacturing business of new energy Li-ion materials and new cobalt materials. With the mission of creating value for the customers and leading industrial development, Huayou Cobalt is firmly to develop the business with transformation path of controlling resources in upstream, expanding market in downstream and improving capacity in mid-stream, and adhere to the development strategy of "Two new areas and Three trends". Relying on integrated industrial chain and global resources security layout, the Company is committed to becoming the global leader in new energy Li-ion materials industry, promoting green and sustainable development, and creating a brighter future for humanity.

Huayou's Advantages

Industry status	Currently, our new cobalt material market share and lithium ternary material total share in the industry both rank first in the world; our nickel, cobalt, and lithium supply chain are leading across the globe, and our leading products have been incorporated into the supply chains of many leading manufacturers for power battery.
Integrated industrial chain	Huayou has created a new energy lithium-ion battery industrial ecology from resources development, green refining, R&D, and manufacturing to resource recycling and reusing.
Scientific R&D	Huayou regards technological innovation as the core engine for enterprise development. The Company boasts a strong R&D team, and has established a number of advanced scientific research institutions and open scientific research platforms such as the National Enterprise Technology Center, the Zhejiang Provincial Key Enterprise Research Institute, and the Postdoctoral Research Station. In terms of process technology, the Company boasts the world's leading hydrometallurgy process.
Resources security	Huayou's global resource layout covers cobalt, copper, and lithium resources in Congo (Kinshasa), nickel and cobalt resources in Indonesia, and lithium resources in Zimbabwe and Argentina.

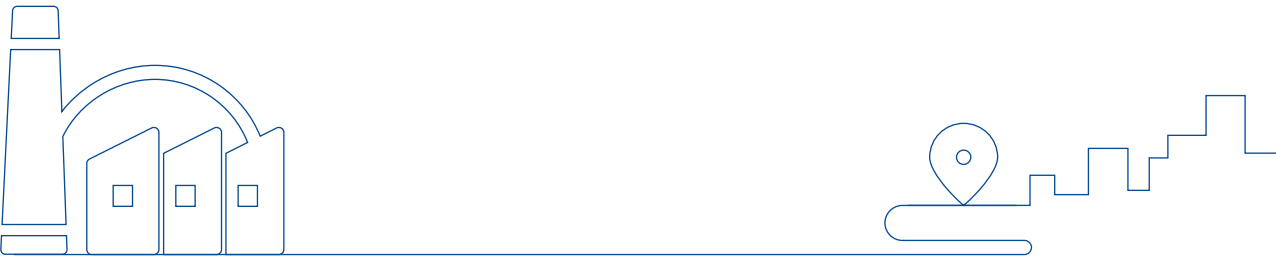
Development Advantages of Huayou Cobalt

Global presence

After more than 20 years of development, we have completed the global layout of the headquarters in Zhejiang Province with overseas mineral resources security and manufacturing cross the globe while markets around the world.



In the course of development, Huayou is unswervingly committed to taking the "three-in-one" transformational route of controlling resources in upstream, expanding market in downstream and improving capacity in mid-stream. We have created a new energy lithium-ion industrial ecology from nickel, cobalt and lithium mineral development and green refining of non-ferrous metals to further processing of Li-ion battery cathode materials, with reusing and recycling; in addition, we have formed five business units including New Energy Industry, New Material Industry, Indonesian Nickel Industry, African Resource Industry and Recycling Industry.



Events in 2023

January 11

The decommissioned power battery comprehensive utilization project between Huayou Recycling and Volkswagen China was successfully delivered



March 30

The Indonesia President Joko Widodo attended and witnessed the signing of cooperation agreement among Huayou Cobalt, PT Vale and Ford Motor



May 10

Huayou Recycling reached strategic cooperation agreement with HOPPECKE from Germany, one of the four major batter manufacturers from Europe



May 17

Huayou Energy and BMW Group launched the green power cascade utilization and energy storage project



July 7

Huayou Cobalt listed its Global Depository Receipts (GDRs) on the SIX Swiss Exchange

July 5

Zimbabwe President Mnangagwa and Vice President Chiwenga led a tour of Prospect Lithium Zimbabwe and commissioned the Arcadia Project



June 27

The MOU Signing Ceremony for Huayou-B&M Hungary High-Nickel Ternary Cathode Material Green Manufacturing Project was held in Tianjin



May 29

The PV energy storage integrated system jointly built by Huayou Energy, China Environmental Protection Foundation and TOYOTA Motor was put into operation



July 20

"HUAYOU" brand electrolytic nickel was
successfully registered on LME



August 9

The "Huayou Recycling Lithium Battery
Materials Delivery Ceremony for BMW
New Energy Vehicles" was hosted at
Huayou's Quzhou Industrial Park



August 25

Huayou and PT Vale Indonesia officially
signed a *Definitive Cooperation
Agreement* for Sorowako HPAL Smelter
Project



September 7

Chairman Chen Xuehua was invited to
participate in the Indonesia
Sustainability Forum during the 18th
East Asia Summit



November 23

China · Huayou Eighth Annual
International Conference was grandly
opened at the Wuzhen International
Internet Exhibition & Convention Center



October 25

The opening ceremony of the first
tripartite Metallurgical Engineering
Postgraduate Class of "Huayou
Cobalt—Indonesian Coordinating
Ministry of Maritime and Investment
Affairs—Northeastern University" was
held at Northeastern University



September 22

LG Chem and Huayou inked MOU
cooperation agreements encompassing
the Indonesia HPAL, refining, precursor
projects, and the joint venture MOU for
the lithium refining project in Morocco



September 20-22

President Chen Hongliang participated
in the Sustainable Mineral Supply
Chain International Forum 2023 (SMISC
Forum) and initiated the *Joint Action
Initiative for High-quality Development
of Critical Mineral Supply Chains* on
behalf of RCI



Highlights in 2023

Honors and awards



Corporate honors

363
Ranked among Top 500 Chinese Enterprises

167
Ranked among Top 500 Private Enterprises in China

184
Ranked among Top 500 Manufacturing Enterprises in China

55
Ranked among Top 100 of Strategic Emerging Leading Enterprises in China

The world's first
New energy lithium-ion battery material enterprise certified to ISO 37301 compliance management system

500
Global Top New Energy Enterprises

2000
Top Public Companies in the World

56
Ranked among Top 100 Multinational Companies in China

National Enterprise Technology Center
National

National Postdoctoral Workstation
National

Top 10 International Investment Enterprises
Zhejiang Province

Best Practice Award
Board Office of Listed Companies



ESG honors

Top 100 ESG
2023 Listed Companies in China

ESG Inspired Cases
Forbes 2023 China

Top 50 Carbon Neutral Companies
The 1st China Reform Cup • ESG Golden Bull Award

The 2023 National ESG & CSR Award of Zimbabwe
Arcadia Project won

2023 Best Case of the Year in Technological Innovation
Ernst & Young's Sustainability Excellence Award

The Most Promising Enterprise in Carbon Neutrality
Huayou Cobalt, Huayou Recycling and Chengdu B&M won

Demonstration Enterprise
Huayou Resource Recycling was rated as National Green Plant, Zhejiang Provincial Green Low-Carbon Factory, and National Green Design Product

Demonstration Private Enterprise
China Listed Companies' Top 100 Best Practices in Co-Building the Belt and Road Initiative Over the Past Decade

Excellent Case
2023 of Chinese Private Enterprise Corporate Social Responsibility

Key performance

Financial performance

Annual revenue

RMB **66.304** billion

Net profit attributable to shareholders

RMB **3.351** billion

Standardized Governance for A Steady Cornerstone

The Company held General
Meetings of Shareholders

5

Conferences of
Board of Directors

22

Conferences of board
of supervisors

13

The Company conducted a total of

48

anti-corruption training sessions

Covering all departments of the
Company, with a cumulative
attendance of

5,375 person-times

The Company conducted the anti-
corruption promotion activities during
the festivals, with a total of

869 times

With a cumulative attendance of

30,017 person-times

Green and Low-carbon Development for Harmony with Nature

The environmental protection
investment exceeded

RMB **0.46** billion

Economic benefits from hazardous waste
utilization

RMB **260.463** billion

CDP rating: **B**,
higher than that in
Asia and industrial
average

Clean power utilization
accounted for

34%

Subsidiaries obtained "zero-carbon"
factories certification

4

Subsidiaries obtained National
Green Plant certification

4

Annual hydropower utilization

820,000 MWh

Prioritizing Quality for A Win-win Cooperation

Suppliers signed the *Anti-corruption
Agreement*

100 %

The Company released the *Green Cooperation Initiative
to Suppliers*, launched the initiative with more than

2,000 suppliers

R&D spending

RMB **1.441** billion

Technical R&D personnel

4,689

Provincial R&D platform

12

National R&D platform

2

New patents were granted

52

Including

29

invention patents

Utility models

23

Preparation of national standards
participated

8

Preparation of industrial
standards participated

12

Preparation of national
standards organized

4

People-oriented Policy for Common Growth of the Company and Employees

The Company recruited a total of

15,140 people

With **100** %
registration rate

Trade union/collective
agreement coverage rate reached

100 %

Completion rate for
employee complaint

100 %

The Company invested a total of

RMB **181** million

in safety production and occupational health

100 %

employees at occupational
disease post were subject to
physical examination

Incidence of occupational disease

0

Befriends Worldwide for A Common Prosperity

The Company made charity donation with a total value of

RMB **10.6906** million

Annual Special

Fulfill the Green Mission in the New Energy Lithium-ion Material Industry

Sustainable development is a critical path to respond to global energy structure transformation and climate risks, and it is also the common development trend of the new energy lithium-ion material industry. As an important participant in the new energy lithium-ion material industry, Huayou Cobalt always adheres to the development concept of innovation, coordination, openness, green and sharing, and is committed to becoming a leader in fulfilling the green mission in the global new energy lithium-ion material industry.

Huayou Cobalt has built an integrated industrial chain of new energy lithium-ion materials. The industrial structure consists of African resource industry as the raw material guarantee, Indonesian nickel industry as the resource base, new material industry as an important support for resource transformation, new energy industry as the engine driving sustainable growth of internal resources and new material businesses, and recycling industry as the coupler for a closed-loop industrial chain. The Company has integrated the philosophy of green development into technology R&D, product manufacturing, product recycling, supply chain management, etc., with the aim to reduce the environmental impact of the entire industrial chain and promote the green transformation of new energy lithium-ion materials industry.



In terms of technology R&D, Huayou Cobalt attaches great importance to technological innovation. The Company has developed an array of key technologies for all aspects of the integrated industrial chain, and boasts more than 380 patents in cobalt-nickel-lithium-copper resource development, non-ferrous metal green refining, green intelligent manufacturing, product recycling, etc. The Indonesia Huayue Nickel-Cobalt Hydrometallurgy Process Project initiated by the Company adopts in-house third-generation nickel laterite high-pressure acid leaching process, which is characterized by high technical barriers, resource saving, energy saving and environmental protection, and comprehensive recovery of various valuable metals. In 2023, the resource utilization efficiency was further improved while the project's output steadily increased by 9%. Comparing with similar hydrometallurgy process projects, the electricity consumed in this process decreased by 50%-70%, and water consumed per ton of nickel decreased by 8.7 tons. In particular, it achieved a significant effect of daily water saving of more than 15,000 tons in the dry season, and carbon emissions per ton of nickel (scope 1+ scope 2+ scope 3) decreased by 5% compared to the same period. The project has currently become one of the world's most environmental-friendly hydrometallurgy process project with the lowest carbon emissions. In addition, the Company has comprehensively promoted digital technology to empower full-industrial chain intelligent control. Currently, Huayou Quzhou Smart Energy Control Center has achieved real-time monitoring and tracking of carbon emission data.

In terms of manufacturing, Huayou Cobalt strictly controls the emission/discharge of wastewater, waste gas and solid waste throughout the entire industrial chain, continuously strengthens monitoring standards, upgrades monitoring systems, and improves treatment facilities to ensure that all the pollutant emissions meet the environmental standards of the locations in which it operates. In addition, the Company adopts a strategy combining green project R&D and clean electricity trading throughout the entire industrial chain to continuously optimize the energy structure. Currently, the distributed PV projects in Quzhou and Guangxi parks have been put into operation.

In terms of product recycling, Huayou Cobalt has established a comprehensive product recycling system and built a low-carbon recycling ecology for batteries through self-construction and joint construction relying on its integrated industrial chain. The Company has taken the lead in creating four "zero-carbon" factories covering the entire industrial chain, including the world's first cathode material "zero-carbon" factory, the world's first resource recycling "zero-carbon" factory, the world's first "zero-carbon" factory for power battery cascade utilization, and the first zero-carbon plant in the Company's precursor sector.

In terms of supply chain management, Huayou Cobalt has built its own carbon management platform to cover suppliers across the entire industry chain, and assisted suppliers at all levels of the new energy lithium-ion materials industry in strengthening their dual-carbon business capacity through document communication, training and promotion, and system collaboration, with the aim to achieve supply chain emission reduction goals.

In the future, Huayou Cobalt will continue to integrate the philosophy and management requirements of ESG and sustainable development into the integrated industrial chain, and become the backbone in promoting the sustainable development of new energy lithium-ion materials industry.

Sustainability Management

Huayou Cobalt believes that ESG is a crucial driving force for the Company's sustainable development. We continuously monitor our ESG performance, identify and manage ESG-related risks, and join forces with each stakeholder to promote the implementation of ESG work by establishing a sound ESG governance structure, clear ESG management objectives, and effective ESG management mechanisms.



ESG governance

The Company firmly believes that creating long-term value is contingent upon the Group's sustainable development. We embed ESG management and the philosophy of sustainability into our daily operations and production processes, establishing and continuously refining an ESG governance structure to strengthen the top-level design of ESG governance. Furthermore, we enhance the involvement of the Board of Directors and our management in the Group's ESG efforts, constantly elevating our management and leadership capabilities in the ESG sector.

Huayou Cobalt designates the board of directors as the highest decision-making and responsible body for the Company's ESG and sustainable development management. The board supervises and approves the Company's overall ESG and sustainable development policies, as well as any related major matters.

We have established a Strategy Committee tasked with researching and providing opinions on our long-term development strategy, significant investment decisions, major issues affecting our development, and ESG and sustainability-related matters, as well as examining the implementation of the matters in question. The Strategy Committee reports to the board of directors, and its proposals are submitted to the board for deliberation and decision.

The Company has established an ESG and Sustainable Development Management Committee responsible for developing ESG strategies, implementing ESG management policies, formulating and updating systems, continuously promoting and optimizing ESG management, regularly monitoring ESG performance goals, and conducting research on ESG issues, so as to gradually improve the Company's level of sustainable development management and practice.

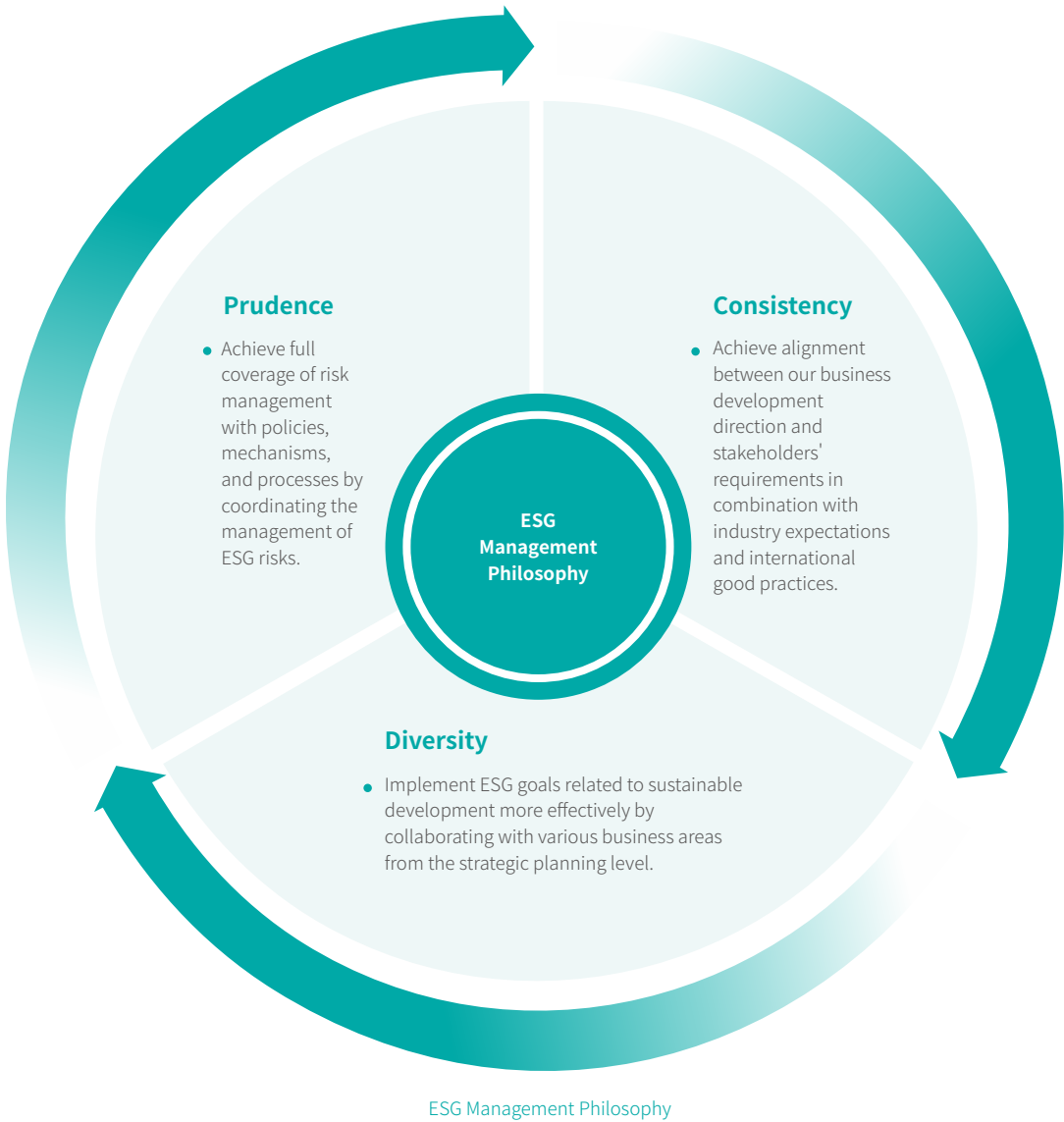
The Company has established an ESG and Sustainable Development Department, staffed by professionals specializing in sustainability. This Department coordinates with ESG and Professional Sustainability Teams formed by various departments within the Company. They jointly implement and enforce the ESG action plan, identify and monitor ESG risks in daily operations, track ESG performance, and disclose relevant sustainability information.



To supervise and review the implementation of ESG initiatives, the Company's ESG and Sustainable Development Management Committee holds regular meetings to examine and discuss sustainability and ESG issues, including assessing ESG risks, reviewing ESG policies, regulations, standards and trends, evaluating material and significant issues, addressing stakeholders' concerns, and monitoring the achievement of the goal. Additionally, the Company has conducted ESG and sustainability training for all employees to enhance their awareness of ESG-related issues and their understanding of Huayou's ESG planning and related activities.

ESG management policy

Huayou Cobalt, drawing on its business characteristics, as well as the global extractive industries and international best practices, engages in comprehensive communication with stakeholders based on principles of integrity, equality, and transparency. We select ESG issues that are significant to our business and take forceful measures to manage them comprehensively.



Huayou Cobalt has formulated a set of ESG-related policies¹ applicable to its subsidiaries worldwide and to industrial facilities that are directly or indirectly controlled or operated by the Company. These policies encompass areas such as climate change and energy consumption, pollutant emissions, biodiversity, tailing management, water resource management, indigenous peoples, involuntary migration, human rights, responsible supply chains, health and safety, community health and safety, fair labor and working conditions, business integrity and anti-corruption system construction, leadership and management, among others. The ESG policies duly came into effect in July 2022 and will be periodically reviewed and updated based on the Company's needs and ESG trends.

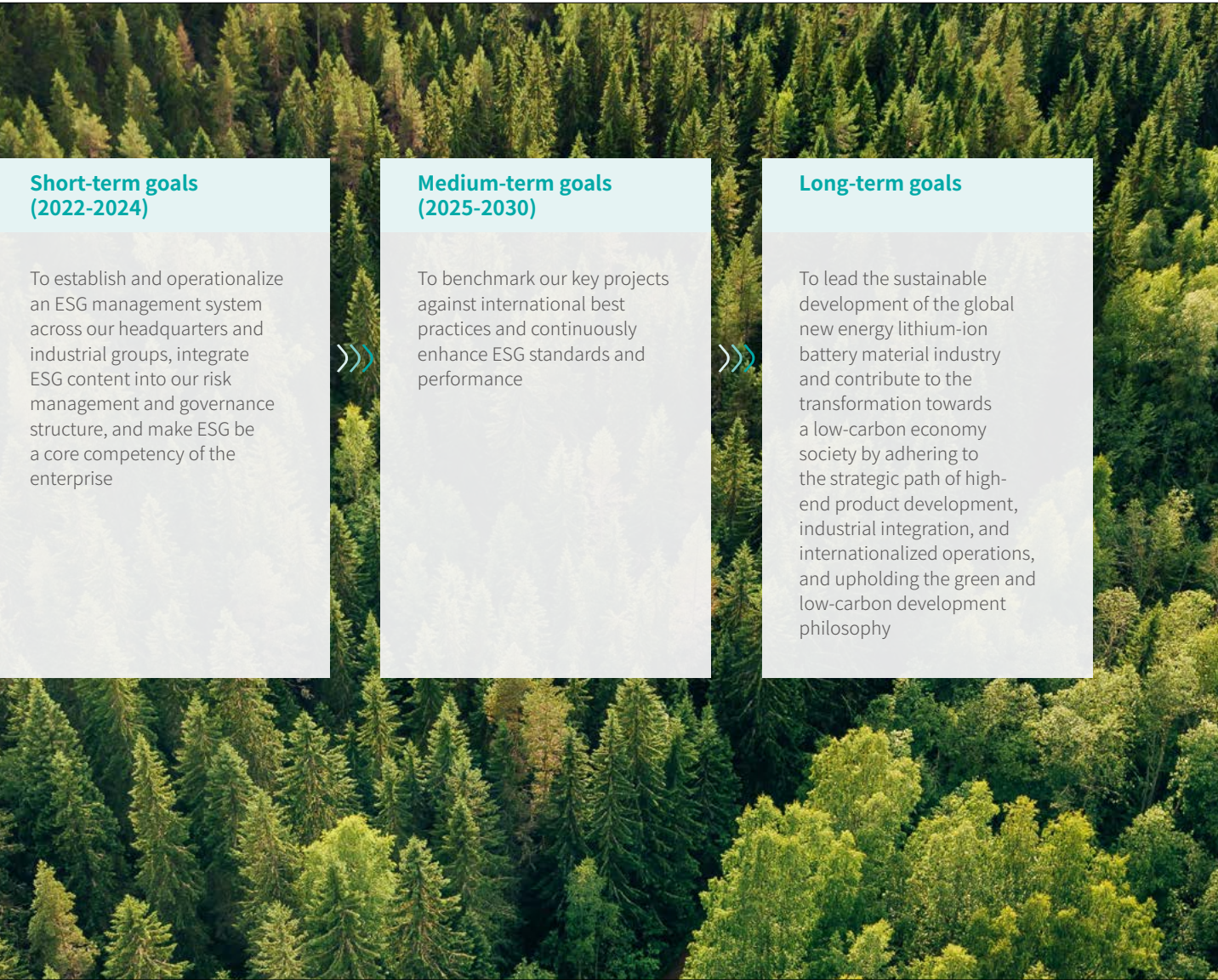
¹ ESG policies of Huayou Cobalt: [Memorandum \(huayou.com\)](#)



















ESG risk management

With the increasing global attention to sustainable development and environmental protection, the concept of ESG has become an integral part of corporate operations.

As an integrated green manufacturer of new energy lithium-ion battery materials, the Company has fully recognized over its 20 years of business operations that sustainable development is not only the direction for the new energy and new materials industry but also a crucial path in responding to the transformation of the global energy structure and the risks posed by climate change.

Huayou Cobalt has steadily advanced its ESG planning and management system projects, strengthened ESG management covering issues such as climate change, set short, medium, and long-term goals for ESG and sustainable development, taken and implemented various actions to address ESG risks, and promoted ethical business practices. We make our due contributions responsibly to the progress of the global community, bound by a shared destiny.







Sustainable development goal	Realm	Possible risks	Potential opportunities	Actions
	Sustainable development management	<ul style="list-style-type: none">ESG governance risks	<ul style="list-style-type: none">ESG strategy promoting the long-term development of enterprisesSustainable development industry participating in ESG initiative	<ul style="list-style-type: none">Improve ESG architectureStrengthen communication among stakeholdersPromote ESG management systemSet ESG short, medium and long-term goals
 	Normative governance A solid foundation for steady development	<ul style="list-style-type: none">Corporate governance risksBusiness ethics risksInformation security risks	<ul style="list-style-type: none">Management mode innovationInformation security upgrade	<ul style="list-style-type: none">Implement management legallyCarry out the improvement of the compliance management systemOptimize the governance structureStandardize information disclosureDevelop "You Zhi" Smart Audit SystemManage life-cycle data securelyConstruct an integrity system
  	Green and low-carbon development Harmony with nature	<ul style="list-style-type: none">Policy and regulatory risksMarket risksEnergy risksClimate change risksCarbon emission risks in the production processWater pollution risksWaste management risksNatural disaster risks	<ul style="list-style-type: none">Develop emergency response plans for climate changeOptimize resource acquisition and allocationRecycle materials	<ul style="list-style-type: none">Improve the EHS management systemIdentify and respond to risks in water resourcesManage wastewaterManage pollutant dischargeDevelop carbon neutrality goals and pathsCarry out carbon neutrality actionsManage energyManage tailingAddress climate changeUse clean technology
 	Lead excellence Cooperate for mutual benefit	<ul style="list-style-type: none">Product quality risksUser security risksTechnology R&D risksIntellectual property risksSupply chain risksCustomer relationship management risks	<ul style="list-style-type: none">Industry resource integrationProduct R&D and innovationImprovement of reliability and sustainability of the supply chain	<ul style="list-style-type: none">Industry cooperationTechnology R&DSmart manufacturingSupplier management and collaborationPay attention to supplier ESG and compliance performanceImplement localized procurementSafeguard intellectual property rightsManage user satisfaction
      	People-oriented Employee synergy	<ul style="list-style-type: none">Illegal employment risksBrain drain risksLabor cost risksWelfare guarantee risksEqual opportunity risksSafety production risksOccupational health risks	<ul style="list-style-type: none">Elite talent teamHuman capital empowermentEmployee care culture	<ul style="list-style-type: none">Provide equal employment opportunitiesConduct localized employmentCarry out vocational trainingRecruit diverse talentsDevelop a comprehensive promotion systemOffer reasonable salary and benefitsEnhance employee communicationEnsure occupational health and safety
  	Friendship across the world Create shared prosperity	<ul style="list-style-type: none">Reputation risksPublic security risks	<ul style="list-style-type: none">Enhance the brand's social valueOffer postsFoster local economic developmentJoin in social welfare undertakings	<ul style="list-style-type: none">Provide educational assistanceProtect indigenous rights and interestsHelp needy employeesHire local residentsAssist in constructing local infrastructures

Stakeholder communication

The Company highly values communication with stakeholders, actively understands and listens to their opinions and expectations on its ESG planning and practices, carries out targeted exchanges and responses, and establishes long-term relationships marked by cooperation and mutual trust with all relevant parties, so as to ensure the inclusiveness and balance in the management of material issues, further improving management accordingly.

Based on the characteristics of the industry to which the Company belongs and operating conditions, we have identified key stakeholders, including government and regulatory agencies, shareholders and investors, suppliers, customers, management employees, non-management employees, partners, the public and the community, and have established a communication approach that apply to issues of concern expressed by different stakeholders.

Stakeholders	Stakeholder representatives	Issues of concern	Communication approaches and channels
<div>Government and regulatory agencies</div> <div></div>	National/local governments, stock exchanges where operations are located	<div>· Environmental management</div> <div>· Pollutant discharge management</div> <div>· Tailing Management</div> <div>· Labor and Human Rights</div> <div>· Promoting Community Relations and Development</div>	<div>· On-site survey</div> <div>· Correspondence</div> <div>· Meetings</div> <div>· Policy implementation</div> <div>· Information disclosure</div>
<div>Shareholders/ Investors</div> <div></div>	Shareholders of the Company and potential investors	<div>· Circular economy</div> <div>· Corporate governance</div> <div>· Sustainability governance</div> <div>· Business ethics</div>	<div>· General meeting of shareholders</div> <div>· Information disclosure</div> <div>· SSE E-interactive</div> <div>· Brokerage strategy meetings, roadshows and reverse roadshows</div> <div>· Results Presentation and other communication activities</div>
<div>Supplier</div> <div></div>	Important domestic and foreign suppliers	<div>· Product quality and safety</div> <div>· Sustainable supply chain</div>	<div>· Supply chain quality/safety/responsible management and audit</div> <div>· Supplier training and enhancement</div> <div>· Supplier exchange conference</div>
<div>Customer</div> <div></div>	Important domestic and foreign customers	<div>· Environmental management</div> <div>· Pollutant discharge management</div> <div>· Greenhouse gas emissions and management</div> <div>· Product quality and safety</div> <div>· R&D innovation</div>	<div>· Customer satisfaction survey</div> <div>· Customer hotline</div> <div>· Official media platform</div> <div>· Customer conference</div>

Stakeholders	Stakeholder representatives	Issues of concern	Communication approaches and channels
<div>Management Staff</div> <div></div>	General manager, Deputy general manager, Department heads	<div>· Environmental management</div> <div>· Labor and human rights</div> <div>· Corporate governance</div> <div>· Sustainability governance</div> <div>· Business ethics</div>	<div>· Internal management meetings and reports</div> <div>· Corporate governance-related training</div> <div>· Internal communication platforms</div> <div>· Internal mail exchanges</div>
<div>Non-management employees</div> <div></div>	Employee representatives of workers serving the Company	<div>· Occupational health and safety</div> <div>· Employee rights and benefits</div> <div>· Employee training and development</div>	<div>· Employee activities</div> <div>· Employee training</div> <div>· Employee appraisal</div> <div>· Labor union and staff council</div> <div>· Internal information communication platform</div> <div>· Internal publications</div> <div>· Employee satisfaction survey</div>
<div>Partner</div> <div></div>	National/local industry associations and chambers of commerce, standards working groups, partner universities in the country where operations are located	<div>· Circular economy</div> <div>· Product quality and safety</div> <div>· Sustainable supply chain</div> <div>· R&D innovation</div> <div>· Labor and human rights</div>	<div>· Exchanges and visits</div> <div>· Industry-related associations and working groups</div> <div>· Strategic cooperation programs</div> <div>· Information disclosure</div>
<div>Public and community</div> <div></div>	NGOs, charities, social organizations, mainstream media	<div>· Labor and human rights</div> <div>· Philanthropy</div> <div>· Promoting community relations and development</div>	<div>· Exchanges and visits</div> <div>· Media interviews</div> <div>· Official media platform</div> <div>· Information disclosure</div> <div>· Social welfare programs</div> <div>· Community volunteer programs</div>

Identification and analysis of material issues

The Company fully recognizes the importance of ESG and sustainable development to itself and its stakeholders, and material issues are an important starting point for the Company's sustainability management. To this end, we actively identify material issues related to the Company and implement the principle of stakeholder engagement in the identification and analysis of material issues, so as to fully understand the priorities of stakeholders and better incorporate stakeholders' suggestions into our ESG and sustainability management practices.

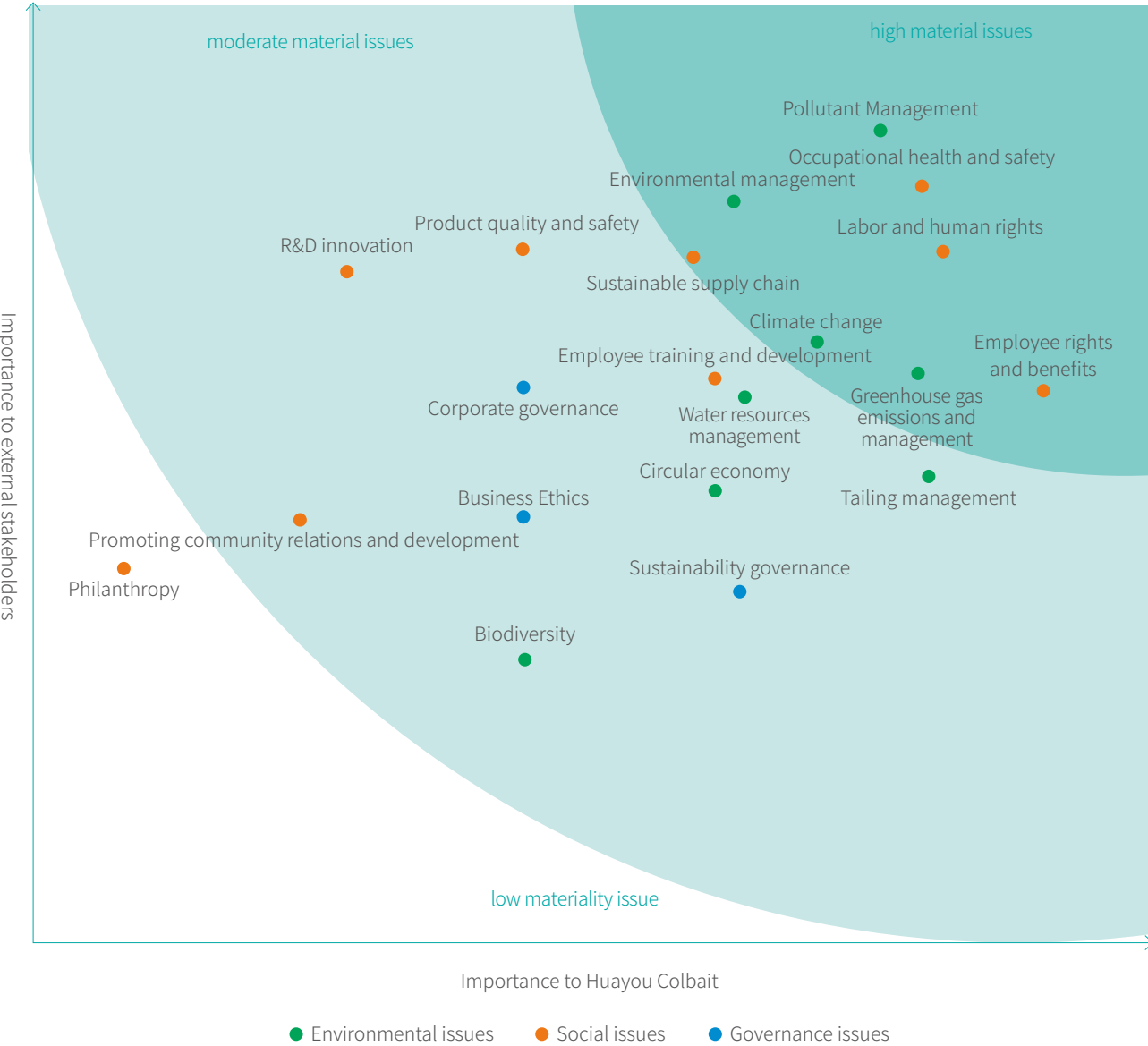
The Company prioritized issues according to their materiality and incorporated the ESG risk management into the Company's overall risk management, with a view to continuously improving ESG management and fully safeguarding the rights and interests of all stakeholders in the areas covered by each material issue.

Process of material issue identification and analysis



Material issue matrix

During the reporting period, in alignment with the characteristics of the industry to which the Company belongs and the concerns of the capital market and taking into account the financial materiality and the impact materiality of each issue, we followed the principle of double materiality assessment, and identified and summarized 8 high material issues, 11 moderate material issues and 1 low materiality issue, and drew a material issue matrix accordingly. The management and performance of these issues will be disclosed in subsequent sections of this Report to address the concerns of stakeholders.



Importance to Huayou Cobalt

● Environmental issues ● Social issues ● Governance issues

Material issue matrix of Huayou Cobalt

Engagement in industrial sustainable development

Huayou Cobalt recognizes that sustainable development is inseparable from sincere cooperation with stakeholders. The Company is committed to long-term participation in the construction of industry sustainability, jointly exploring and practicing new models, technologies, and methods of sustainable development. This effort aims to promote resource sharing, technological innovation, and exchange of experiences, and drive the green transformation and sustainable development of the value chain.



In 2023, Huayou Cobalt continued its role as the vice-chairman of the Decision-making Committee for Responsible Critical Mineral Initiative (RCI), dedicated to systematically mitigating and addressing sustainability risks and challenges in the mineral supply chain.



Huayou has entered into a strategic agreement with ERM (Environmental Resources Management), benchmarking against international best practices and industry experience. This collaboration supports the implementation, stability, and long-term advancement of Huayou's ESG policies and systems.



Huayou has signed a service agreement for the Global Personnel Resilience Service Solutions with International SOS, a leading international medical and security risk management company. This partnership provides risk prevention and medical assistance services for overseas projects and personnel and ensures a comprehensive, world-class level of protection for employees.



Chairman Chen Xuehua was invited to attend the 18th East Asia Summit - Indonesia Sustainable Development Forum.



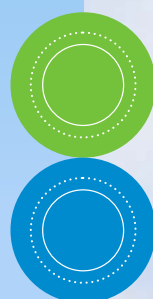
President Chen Hongliang attended the 2023 International Forum on Sustainable Mineral Supply Chains and represented RCI in launching the *Joint Action Initiative for High-Quality Development of Critical Mineral Supply Chains*.

Huayou Cobalt, in collaboration with the Board of Directors of Tsingshan Holding Group Company Limited, conducted an ESG co-construction activity in the industrial park in Indonesia. As an advocate and one of the main training providers for the ESG co-construction initiative, the Company actively promotes shared ESG development in the park, benefiting the local people.



01 Governance Compliance as A Cornerstone for Robust Development

Huayou Cobalt holds fast to believe that sound governance underpins the Company's long-term development. We strictly comply with applicable laws and regulations of the locations where we operate, spare no effort to pursue the best industrial practice, continuously improve comprehensive risk management system and internal control systems, standardize management, comply with business ethics, and share the corporate development achievements with the investors, shareholders, customers and suppliers.



Integrity training

48 Session

Person-times of participating in integrity training

5,375 Person-time

Festival integrity promotion

869 Session

Person-times of festival integrity promotion

30,017 Person-time

General Meetings of Shareholders

5 Session

Conferences of Board of Directors

22 Session

Conferences of Board of Supervisors

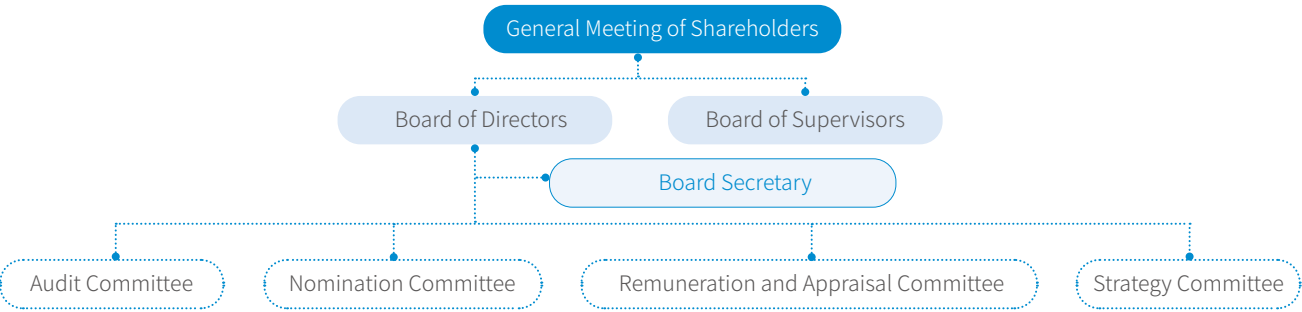
13 Session



Corporate governance

Corporate governance structure

The Company strictly complies with laws and regulations such as the *Company Law*, the *Securities Law*, and the *Code of Corporate Governance for Listed Companies*, and has established a governance structure consisting of the General Meeting of Shareholders, the Board of Directors and various specialized committees, the Board of Supervisors, and the management. Through continuous improvement of the governance system and management, a governance system with well-defined rights and responsibilities has been formed. The Company's ownership and management rights are basically separated, the General Meeting of Shareholders, the Board of Directors and various specialized committees, the Board of Supervisors, and the management perform respective duties, highly coordinate, and complement to each other, thus achieving positive collaboration in setting directions, making decisions, conducting supervisions, and practical implementation.



Governance Structure of Huayou Cobalt

During the Reporting Period

The Company has a total of independent directors

3

Non-executive directors

4

The Company held Meetings of Shareholders

5

Conferences of Board of Directors

22

Conferences of Board of Supervisors

13

The General Meeting of Shareholders: the Company convenes and holds the general meeting of shareholders in strict accordance with relevant regulations such as the *Company Law*, the *Company's Articles of Association*, and the *Rules of Procedure for the General Meeting of Shareholders*. The preparation of the general meeting of shareholders, the proposal of the meeting, the procedure of the meeting, the voting and resolution of the meeting, the execution of the resolution and the information disclosure shall be in strict accordance with relevant laws and regulations, which has fully safeguarded the legitimate rights and interests of shareholders to be exercised in accordance with the laws. Attorneys are required to attend and witness all General Meetings of Shareholders of the Company, and issue legal opinions on the compliance and legality of these meetings.

The Board of Supervisors: the Board of Supervisors of the Company fulfills its duties in accordance with the provisions of the *Company's Articles of Association*, and the *Rules of Procedure for the General Meeting of Supervisors* and other systems, and supervises the operation and financial status of the Company and the legality and compliance of the Company's directors and other senior management personnel, which has effectively safeguarded the rights and interests of the Company and shareholders. Currently, the Board of Supervisors of the Company consists of three people, including two employee representative supervisors. The number and composition of supervisors of the Board of Supervisors of the Company conforms to relevant laws and regulations.

The Board of Directors: the Board of Directors of the Company operates in accordance with the *Company Law*, the *Company's Articles of Association*, and the *Rules of Procedure for the Board of Directors*. Currently, the Board of Directors of the Company consists of seven people, including three independent directors. The number and composition of directors of the Board of Directors of the Company conforms to relevant laws, regulations, and the *Company's Articles of Association*. The Board of Directors has established the Nomination Committee, Audit Committee, Remuneration and Appraisal Committee, and Strategy Committee. When the Board of Directors reviews major issues, the relevant specialized committees may provide professional opinions and suggestions to ensure a decision made by the Board of Directors is scientific and rational. When setting the composition of the Board of Directors, the Company considers the diversity of the board members from many aspects, including the age, culture, gender and education background, region, professional experience, skills, knowledge and service tenure of directors and other regulatory requirements.

The Company selects, appoints, and dismisses directors and supervisors in accordance with the *Company's Articles of Association* and other relevant regulations to ensure that the Board of Directors and the Board of Supervisors fully perform their duties in major decision-making, operation, and management. Beyond that, the Company has established a performance management mechanism for the Board of Directors to assess the performance of board members on a regular basis to ensure the effectiveness of Board's governance.

Safeguard rights and interests of investors

The Company convenes and holds the General Meetings of Shareholders in strict accordance with the *Company's Articles of Association*, and the *Rules of Procedure for the General Meeting of Shareholders*, to ensure shareholders' participation in the decision-making of major issues as stipulated by laws, administrative regulations, and the *Company's Articles of Association*. In addition, the Company attaches great importance to investor returns, coordinates the dynamic balance between business development needs and shareholder returns, reasonably formulates profit distribution policies, presents cash dividends, and effectively allows investors to share the Company's development achievements; furthermore, the Company issues share repurchase plans to safeguard the interests of the Company and investors.

The Company fulfills its information disclosure obligations in strict compliance with relevant laws and regulations such as the *Company Law* and the *Securities Law*, as well as regulatory requirements. The information disclosed in various documents are true, accurate, complete, timely, and fair, and guided by the investors' needs, thus ensuring the effectiveness and pertinence of information disclosed, improving the transparency of listed companies, and protecting the legitimate rights and interests of investors.

The Company has always been committed to establishing efficient and smooth communication channels for shareholders, expanding the extensity and intensity of communication with the market, and maintaining investor communication through multiple channels such as organizing performance briefings, responding to FAQs on SSE E-interactive and public email, answering investor hotlines, receiving on-site surveys, and reverse roadshows, with the aim to deepen investors' understanding of the Company's production and operation situation, better communicate the Company's investment value, and enhances investors' recognition of the Company.

In recent years, the Company's investor relations work has been widely recognized by all sectors of society, and has won awards such as the 14th Tianma Award for Investor Relations of Listed Companies in China, the New Media Award for Investor Relations of Listed Companies in China and the 2023 Best Practice Award for the Board Office of Listed Companies.

During the Reporting Period

Huayou Cobalt disclosed regular reports

4

Temporary announcements

178

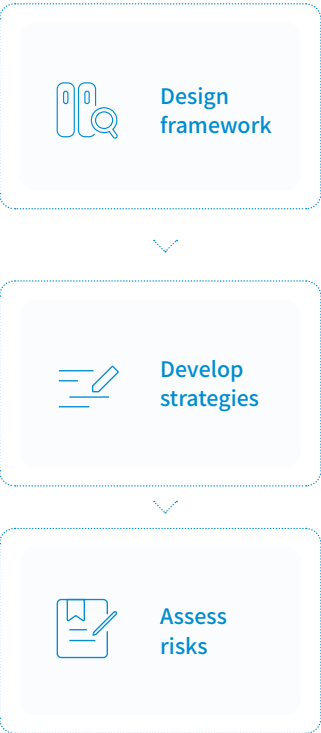


Internal control and
risk management

Huayou Cobalt has formulated the *Company's General Outline of Internal Control Management*, the *Supervision Management System*, the *Management Measures for Internal Auditors*, and the *Reporting Management System* in accordance with relevant laws and regulations such as the *Company Law*, the *Securities Law*, the *Basic Standard for Enterprise Internal Control*, and the *Supervision Law*, aiming at strengthening internal control and risk management of the Company and ensuring compliance and stability of its operations

Internal control

The Company's *General Outline of Internal Control Management* is risk-oriented, business-based, and procedure-centered. It integrates the requirements and control strategies of internal control management into various business activities. Through risk identification, strategy design, supervision and inspection, evaluation and improvement, the Company continuously improves its risk control level and promotes its standardized operation and sustainable development.



- ◆ Led by the Internal Control Department of the Group, the Company complies with relevant requirements of the *Basic Standards for Enterprise Internal Control* and *Guidelines for the Application of Enterprise Internal Control* jointly issued by the Ministry of Finance and other for four ministries
- ◆ Formulated the framework of the *Internal Control Risk Matrix* to determine the internal control objectives of various business activities
- ◆ Determined the internal control management responsibility units and clarified the management responsibilities
- ◆ The Internal Control Department of the Group organizes various internal control management responsibility units to deeply understand the Company's business status through methods such as interviews, benchmarking and testing in accordance with identified business risks
- ◆ Design risk response strategies and develop internal control management-related documents such as the *Internal Control Risk Matrix*
- ◆ The Internal Control Department of the Group organizes various internal control management responsibility units to comprehensively assess and determine the level of the risks in various business activities according to the risk level assessment criteria

Internal Control Management Planning

Risk management

The Company is aware of the importance of a sound risk management system to ensure the stable, sustainable, and healthy development of the enterprise. We have established a sound risk management framework consisting of three control lines of defense including front-line business departments, risk management departments, internal and external audit supervision, to ensure that the identification, assessment, prevention, and control of internal and external risks are carried out based on comprehensive management system. In addition, the Company has incorporated ESG-related risks including climate change, environmental compliance, labor administration, etc. into the existing risk management system.



Risk Control and Management Structure of Huayou Cobalt

To realize full-process optimized management of audit and supervision, Huayou established the "You Zhi" Smart Audit System, to improve audit efficiency and risk identification capability through bid data analysis and intelligent warning mechanism.

case "You Zhi" Smart Audit System

The system covers the audit process platform and big data audit. It generates data board through big data analysis and rule filtering, with focus on problematic projects or suppliers, thus improving the efficiency of audit personnel.

The system establishes a risk identification model and intelligent warning mechanism, strengthens risk identification and warning function, improves data acquisition and analysis capabilities, optimizes audit and supervision process management, engages in automatic task allocation, progress tracking, and report generation, encrypts and protects data during acquisition, storage, and transmission to ensure the security of important sensitive information.

In July 2023, this project was successfully included into the Tongxiang Industrial Digitalization Award.



Business ethics

Compliance system establishment

Compliance system and structure

Huayou Cobalt always holds to the principles of professionalism, integrity and honesty in business activities and cooperations, strictly complies with relevant laws and regulations, and abides by the highest business ethics in business operations. We have established a sound business ethics management system to lay a solid foundation for honest business operations. We are committed to creating a fair, transparent and honest work and business environment, and preventing any misconduct that may jeopardize the Company's integrity and reputation.

To ensure that all employees adhere to the fundamental principles of anti-bribery, we have developed the *Anti-bribery Compliance Handbook*, which clarifies the four basic principles of "zero tolerance" attitude, legality, compliance priority, and comprehensiveness, and resolutely resists bribery and corrupt behavior of any form. In addition, we have formulated the *Business Partner Management Manual*, which clarifies the anti-monopoly risk, anti-money laundering risk and the like. Prior to official cooperation, we will investigate the capability and performance of business partners in fulfilling their anti-money laundering, anti-monopoly and other compliance obligations, with the aim to ensure the integrity and fairness of business activities, and create a fair, transparent, and clean business environment.

Firmly adhering to the compliance principle of "compliance by all, compliance by senior management, compliance with laws and regulations, and achieve a steady and far-reaching progress", the Company has established a sound compliance management system, and developed new systems such as the *Anti-bribery Risk Management Rules* and the *Procurement Management Standards for the Group's Procurement Center*, revised the *Business Partner Management Manual*, the *Anti-bribery Compliance Handbook*, the *Management Measures for Employee Receiving Gifts and Cashes*, the *Supervision Management System*, as well as other related systems during the Reporting Period, requiring employees to strictly abide by compliance standards. Beyond that, Huayou has established a sound compliance management structure by setting up the Compliance Management Committee (management committee), Chief Compliance Officer, leading compliance management departments, and compliance administrator in various functional departments, covering all employees at the decision-making, management, and executive levels of the Company. The members of the Compliance Management Committee cover the representatives of the Company's directors, supervisors, and senior management. Furthermore, we have clarified the requirements for the construction of commercial integrity and anti-corruption system in the *Huayou Cobalt's ESG Policies*², which applies to Huayou Cobalt's subsidiaries across the globe, as well as the industrial facilities directly or indirectly controlled or operated by Huayou Cobalt around the world.



Compliance Management Structure of Huayou Cobalt

² The *Huayou Cobalt's ESG Policies* is available on the company website at <https://www.huayou.com/Public/Uploads/ueditor/upload/file/20240109/1704789121639211.pdf>

Through improving rules and regulations, optimizing management processes, enhancing internal control, and intensifying training and supervision, Huayou Cobalt has successfully passed ISO 37001 anti-bribery management system certification during the Reporting Period, becoming one of the first companies in the industry to obtain such international certification. In addition, Huayou Cobalt and its subsidiaries Tianjin B&M and Chengdu B&M have passed ISO 37301 compliance management system certification, and carried out anti-bribery management system construction in accordance with the requirements of the *ISO 37001:2016 Anti-bribery Management System—Requirements with Guidelines for Use* as well as the applicable laws and regulations in the locations where they operate. In terms of compliance management, Huayou Cobalt has become the world's first new energy lithium-ion material enterprise that passed dual certification of compliance management system.



Anti-bribery Management System and Compliance Management System Certification

case "Compliance System Liaison" Empowerment Program

To ensure the continuous and efficient operation of the compliance system, effectively prevent major compliance risks, implement the work requirement of "building the system and improving compliance management", and create a highly professional compliance management team, Huayou initiated the "Compliance System Liaison" Empowerment Program. In 2023, the Company jointly conducted system certification with external organizations and internalized the standard courses, promoted the implementation of six-phase centralized training sessions by drawing upon the experience gained, covering 173 compliance management system liaisons in Tongxiang, Quzhou, Guangxi, Nanjing, and other regions. In addition, a compliance liaison assessment and incentive mechanism was set up to promote compliance liaisons to continuously carry out compliance training within departments, supplemented with practical operation and self-inspection, to comprehensively improve employees' compliance awareness and management.



Huayou Cobalt was Elected as the Council Member of the "Enterprise Anti-Fraud Alliance in China"

Anti-corruption education

During the Reporting Period

We conducted a total of anti-corruption training sessions

48

Covering all departments of the Company, with a cumulative attendance of

5,375 person-times

In addition, Huayou strengthens compliance management by joining external industry alliances. As a council member of the "Enterprise Anti-Fraud Alliance in China", the Company proactively participated in online training, private sharing sessions, as well as other exchange activities organized by the alliance, thus gaining the advanced experience of outstanding member units. Furthermore, the Company includes untrustworthy personnel such as lawbreakers and fraudsters into the blacklist of the Enterprise Anti-Fraud Alliance.

Huayou's anti-corruption education system aims to cultivate employees' awareness of integrity and professional conduct. By requiring representatives from various regions and divisions to participate in the headquarters' anti-corruption training, promoting what they have learned in the location they operate, carrying out festive themed promotion and disseminating anti-corruption articles through multiple channels, the Company promotes anti-corruption promotion across all departments. During the Reporting Period, we conducted a total of 48 anti-corruption training sessions, covering all departments of the Company, with a cumulative attendance of 5,375 person-times.



Huayou's Anti-corruption Education Training

In order to further strengthen the education and promotion, the Audit and Supervision Center standardized the anti-corruption publicity on WeChat official account and Huayou Community in 2023, updated and maintained the "Anti-corruption Updates" section on the Company's official website in both Chinese and English, expanded the anti-corruption education channels, guided Huayou employees to consciously abandon greed and respect laws and disciplines ideologically and physically, and preserve the Company's image of anti-corruption and integrity. In addition, anti-corruption is more likely to occur during major festivals. To further prevent anti-corruption risk, we specifically guide employees to pay attention to the potential anti-corruption risks it may bring.

case Themed anti-corruption promotion in major festivals

The Audit and Supervision Center organizes and carries out themed anti-corruption promotion on important domestic holidays and International Anti-Corruption Day every year. Through offline poster, roll-up display, and LED screen projection, relevant promotional materials were delivered to various organizations both at home and abroad.

In 2023, the anti-corruption promotion activities during the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival and International Anti-Corruption Day were carried out as scheduled.

A total of promotions

Cumulative attendance of

869

30,017 person-times

A festive poster for the Chinese New Year. It features a red background with a cartoon rabbit character. The text includes '守廉心 迎新春' (Guard Integrity Heart, Welcome New Year), '一元复始，万象更新。新春佳节来临之际，审计监察中心向您及您的家人致以亲切的问候！' (At the beginning of the year, everything is renewed. On the eve of the Chinese New Year, the Audit and Supervision Center sends warm greetings to you and your family!), and '举报电话：0573-88589103' (Hotline: 0573-88589103). There is also a QR code and the text '举报电子邮箱：report@huayou.com' (Hotline email: report@huayou.com). The bottom part of the poster has large red characters '兔年大吉' (Good Luck in the Year of the Rabbit).

case Anti-corruption grid program

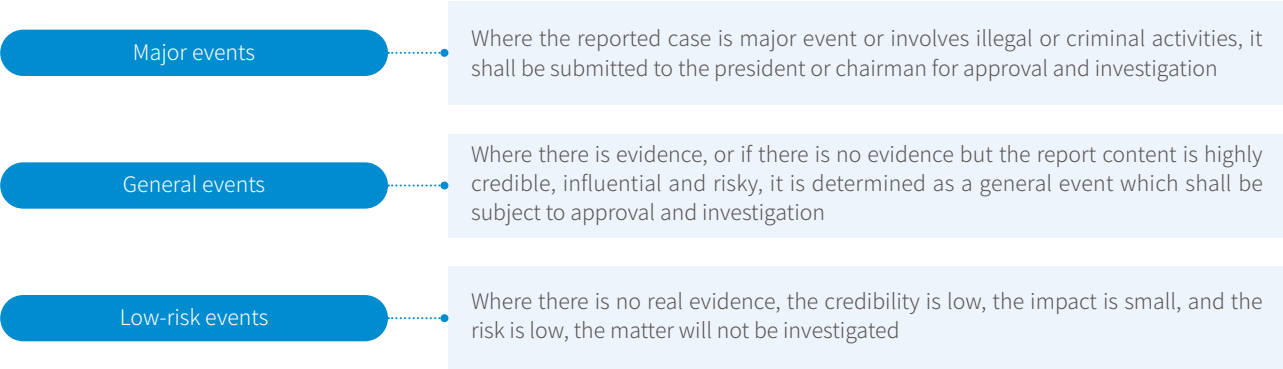
Anti-corruption grid program is an integrity culture implemented by the Group's Audit and Supervision Center in the frontline business activities of subsidiaries and holding companies centering on anti-corruption compliance through grid management. It combines training, promotion, and supervision, establishes efficient and anti-corruption solutions and implementation methods, enriches the communication of anti-corruption culture, improves fraud reporting channels, strengthens employees' awareness of integrity and anti-corruption, thus ensuring the healthy development of enterprises.

This program is innovative, sustainable, and scalable, and has won the Best Innovation Program Award in the second "Innovation Award for Integrity and Compliance of Private Enterprises" jointly presented by several organizations including the Shanghai Law Society and Judicial Study Society in August 2023.

A certificate of award with a red border. The text reads '荣誉证书' (Certificate of Honor), '浙江华友钴业股份有限公司' (Zhejiang Huayou Cobalt Co., Ltd.), '贵单位廉洁合规工作深入推进——以子公司天津巴莫、成都巴莫和南京循环为试点荣获：' (Your unit's integrity and compliance work has been deeply promoted - winning the award as a pilot unit for subsidiaries Tianjin Bamo, Chengdu Bamo, and Nanjing Circulation), '民营企业廉洁合规创新奖' (Integrity and Compliance Innovation Award for Private Enterprises), and '最佳创新项目奖' (Best Innovation Project Award). The date is '二〇二三年八月' (August 2023).

Reporting and
reporter protection

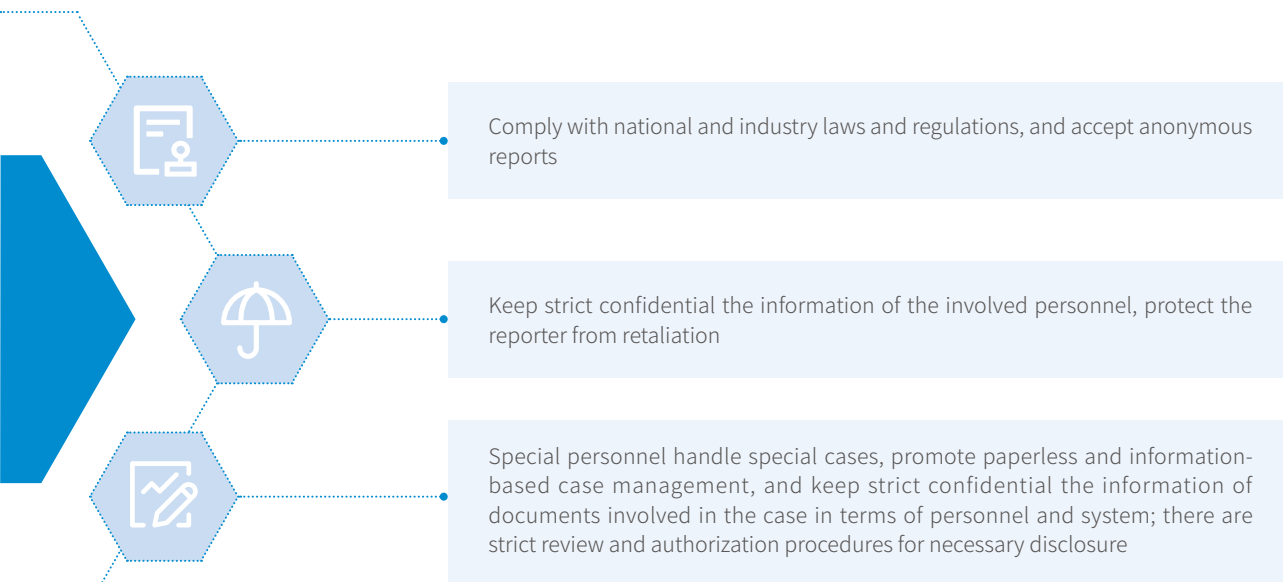
The Company has established the *Reporting Management System* to regulate reporting behaviors. We accept reporting information through email, telephone, mail, WeChat official account, internal OA platform and other channels. Relevant reports will be registered into the *Report Registration Form* and internal account, and submitted to the head of the Audit and Supervision Center, who will initially review the reporting information and determine the risk.



Reporting Risk Evaluation

For matters requiring investigation, the Audit and Supervision Center designates a person to conduct the investigation. The person conducts the investigation based on the reported clues, collects relevant evidence and information, and issues an investigation report. The Audit and Supervision Center reviews the *Investigation Report*. After reporting to the president for approval, the case is closed and archived.

In addition, we support and encourage employees, customers, suppliers, and the public to report suspected violations of laws and regulations and criminal acts in accordance with the law, establish transparent reporting channels, keep all information confidential to prevent retaliation, and protect reporters through the following measures:



Reporter Protection Measures

Information
security
and privacy
protection

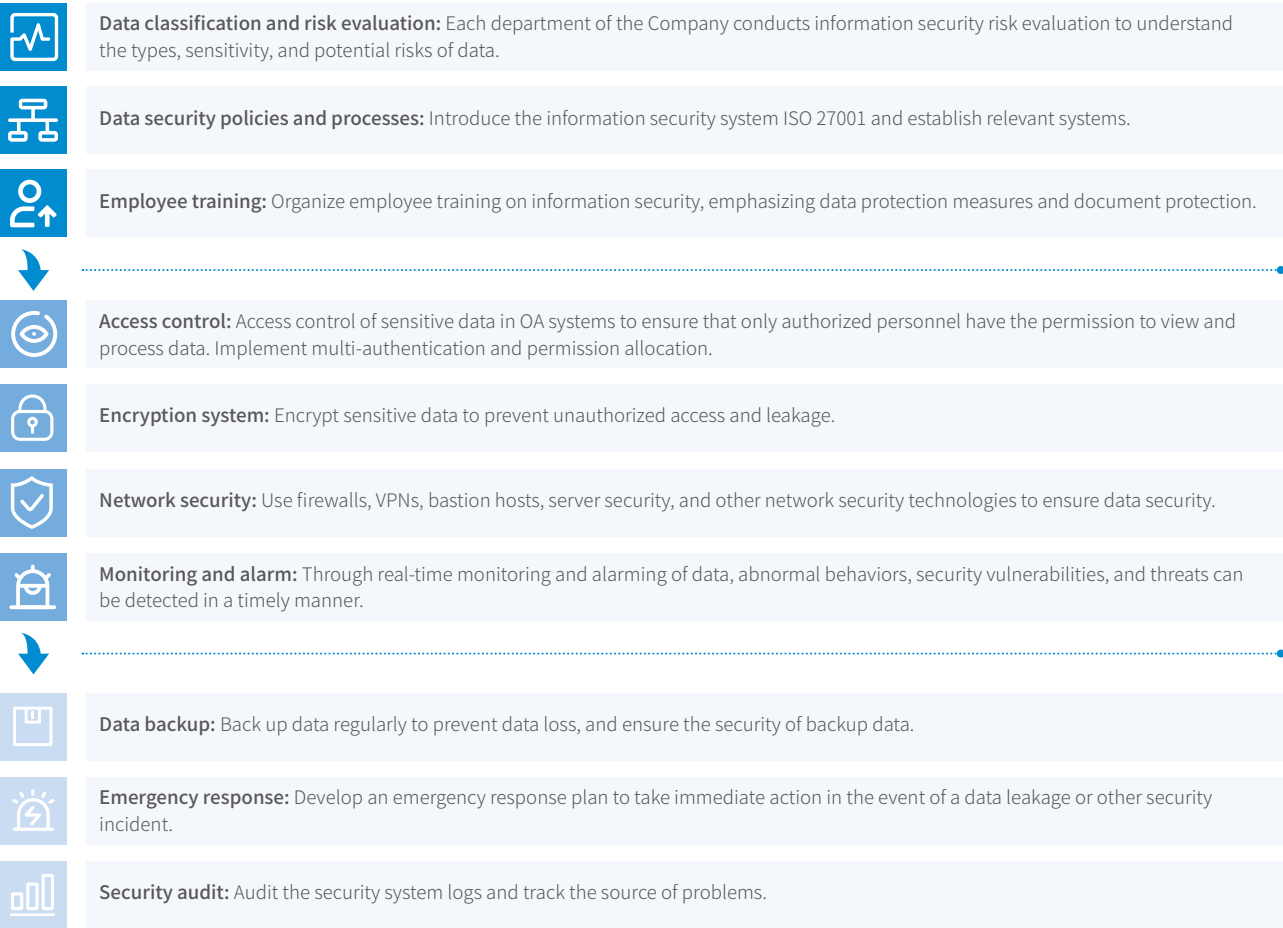
The Company has formulated and improved a wide range of rules and regulations, such as the *Information Security Management Measures*, the *Data Security Classification Management Measures*, and the *Company Office Collaboration Tool Management Measures*, to continuously ensure the stable, reliable, and efficient operation of the IT system.

The Company has clearly divided into multiple levels of information security control according to the different confidentiality levels of information, and implemented corresponding data security control measures. Currently, Huayou Cobalt has passed ISO/IEC 27001:2013 information security management system certification, and passed the highest level AL3 assessment Trusted Information Security Assessment and Exchange (TISAX) of the Verband der Automobilindustrie, and successfully obtained the TISAX label.

During the Reporting Period, the Company took a series of data security protection measures to ensure that the data of employees, customers, and business partners were fully protected. These measures will be divided into pre-event, in-process, and post-event stages based on the data protection lifecycle, and will utilize advanced technological means to ensure data security.



Huayou ISO 27001 Information
Security System Certification



Full-life Cycle Data Security Management

02 Green and Low-carbon Development for Harmony with Nature

Huayou Cobalt is unwaveringly committed to green development, enhancing energy and environmental management systems. We integrate energy efficiency, resource management, and biodiversity conservation throughout our operations to minimize environmental impact and promote sustainable development for a brighter future.



RMB **460** million
Total investment in environmental protection

RMB **260.463** million
Economic benefits from utilization of hazardous waste

820,000 MWh
Annual hydropower utilization

4 subsidiaries
Zero-carbon factory

4 subsidiaries
State-level green factory

Environmental
management

Environmental management system

Huayou Cobalt strictly adheres to the *Environmental Protection Law of the People's Republic of China* and other relevant national environmental regulations. For our overseas operations, we comply with local laws and regulations, fulfilling our environmental management responsibilities globally. The Company regularly updates and improves its policies, streamlines management processes, and establishes system checklists. We effectively implement assessment, incentive, and accountability mechanisms into our policies to ensure their effective global implementation. We continuously enhance our environmental governance capabilities by establishing a robust management structure and clarifying environmental management roles and authorities at all levels. We have set up a three-tier environmental management framework consisting of "the Group's EHS Management Center, the EHS Department of Industrial Groups, and the Subsidiaries", to fully implement environmental management and effectively advance our green development strategy.

The Group's EHS Management Center	<ul style="list-style-type: none">Develop and refine internal policies and regulations related to environmental management.Set environmental management goals and annual plans and oversee the environmental management of industrial groups.Conduct environmental policy advocacy and organize professional training in environmental management.	
Industrial Groups/ Base EHS Department	<ul style="list-style-type: none">Implement the medium and long-term development strategy of energy conservation, emission reduction, and environmental protection, and incorporate the concept of environmental protection into the production and operation processes.Oversee the environmental management of subsidiaries.	
The Subsidiaries	<ul style="list-style-type: none">Implement specific environmental management measures according to the management plan objectives set by the industrial groups.	

Huayou Cobalt's Environmental Management Structure

The Company ties environmental performance targets to management's performance pay. In case of significant environmental issues or incidents found during internal reviews, consequences are determined by the severity of the problem, with responsible units and individuals potentially facing performance denial, fines, or administrative sanctions. During the reporting period, the Company has suffered no major environmental pollution incidents, and no environment-related administrative penalties.

During the reporting period, the Company invested over RMB460 million in environmental technology development, construction and operation of environmental protection facilities, as well as environmental compliance promotion and investment. We have also continuously advanced the environmental management system certificate. As of the end of the reporting period, Huayou Cobalt and several of its subsidiaries have obtained the ISO 14001 environmental management system certificate.



ISO 14001 Environmental Management System Certificate

Environmental
protection
empowerment
training

The Company actively organizes environmental protection training to enhance employees' skills in identifying dynamic risks and conducting safety inspections. During the reporting period, the Group's EHS Management Center hosted nine specialized training sessions on environmental compliance management and standardized waste management, with over 400 grassroots safety and environmental management personnel participating.

We also weave environmental knowledge and skills training into our employees' daily routines and bolster their environmental awareness through initiatives such as the World Environment Day events.

case

World Environment Day events

On June 5, 2023, Huayue gathered nearly a hundred employees to plant trees and make eco-bricks for World Environment Day, embodying the principles of environmental conservation and contributing to the growth of green spaces.

World Environment Day Events

Water resource management

Huayou Cobalt strictly adheres to and implements laws and regulations such as the *Water Law of the People's Republic of China*, the *Regulation on the Administration of the License for Water Drawing and the Levy of Water Resource Fees*, and the *Water Pollution Prevention and Control Law of the People's Republic of China*, as well as relevant regulations in overseas operating locations. The Company continuously advances refined water resource management and emphasizes water resource management and conservation throughout the entire value chain.

The Company periodically assesses water resource risks within its industrial groups, identifies operations that could harm water resources, evaluates risk levels and potential impacts, and develops appropriate response measures.

Huayou Cobalt primarily sources its water from municipal supplies, with some overseas operations drawing from surface and groundwater sources. The Company adheres to the principles of combining water source development with conservation, using high-quality water for appropriate purposes, and recycling wastewater based on its quality. We prioritize the carrying capacity of water resources and the water environment in our production and construction, actively implementing water-saving and alternative measures, establishing and maintaining rainwater collection and reuse systems, and promoting the concept of rational and efficient water consumption to ensure the sustainable use of water resources.

Water consumption indicators ³	Unit	2023
Total water intake	ton	34,613,021.17
Total water intake intensity	ton/RMB million revenue	522.04
Recycled water consumption ⁴	ton	39,748,463.56
Recycled water consumption rate	%	53.45



³ The water consumption indicators span five industrial groups, with some data specific to certain production bases due to variations in product types and manufacturing processes
⁴ The calculation of recycled water consumption is based on the cumulative number of cycles in the process, where each cycle is counted individually

Huajin's technical measures for water conservation

During the reporting period, Huajin implemented a range of technical measures for water conservation to enhance water resource efficiency and reduce water consumption.

Add raw wastewater for wet dust collection

- Wet dust collectors are facilities in MVR (Mechanical Vapor Recompression) systems used to treat sodium sulfate dust. The water in the dust collection tank needs to be continuously replaced.
- The condensate water produced by the MVR evaporation system is used for water makeup, and the replaced wastewater is returned to the evaporation system for reprocessing, which means the system needs to handle this additional wastewater daily. Additional wastewater may be minimized by installing a pipeline for raw wastewater makeup, replacing condensate with raw wastewater for makeup, and then treating the displaced wastewater in the evaporation system.
- This solution is expected to reduce wastewater by 2,520 cubic meters per month.

Reduce water consumption with vacuum circulation water tanks

- The Huajin synthesis section uses a vacuum pump to provide negative pressure to the clarification negative pressure tank, and then uses this negative pressure to extract the clear liquid from the reactor. The vacuum pump is prone to overheating when running for extended periods and requires cooling by circulating and replacing the water in the vacuum circulation tank. The water is cooled on one hand by the chilled water in the jacket and on the other hand by periodic water replacement.
- Currently, the vacuum circulation water tank is drained from 60% to 20% liquid level, with a water replacement frequency of every 3 hours. Reducing the water level and frequency of water replacement in the vacuum circulation water tank can decrease the makeup water volume by 81%.

Reduce water consumption for backwashing in integrated machines and pressure filters

- To avoid pipeline blockages from slurry crystallization, a backwash is conducted for a set time after feeding the integrated machines and pressure filters.
- By reducing the backwash duration, the consumption per unit of wastewater can be decreased by 30%-40%.

Reduce water consumption for precursor washing

- Different products and equipment require varying washing processes, leading to a 20%-50% difference in water consumption.
- Water consumption may be decreased by 22%-33% by reducing the amount of water added for washing, as well as the washing duration and flow rate.

Reduce optimization of wastewater for secondary reactor washing

- After each reaction cycle, the reactor requires an acid wash followed by a water wash to remove any residual waste from the acid cleaning.
- The water consumption for the secondary reactor washing can be significantly reduced with high-pressure water guns and filter rod backwashing.

Wastewater management

The Company attaches great importance to the discharge of wastewater during the production process and takes the initiative to carry out wastewater management. Rigorously adhering to the laws and regulations of local operation locations, it strictly detects oil pollutants, metal ions, acid, and alkali pollutants in the water to ensure that the wastewater meets the discharge standards. The Company entrusts third-party institutions to test the production wastewater every quarter, and the test results are 100% compliant with the discharge standards.

case

Huayue's wastewater management

The company's wastewater mainly includes hydrometallurgical production wastewater, domestic sewage, road washing water, and rainwater. Huayue is staffed with Water Pollution Prevention and Control Officer (PPPA) and Water Pollution Operation Officer (POPAL) professionals with Indonesian professional qualifications to standardize wastewater management. Additionally, Huayue regularly commissions qualified third-party monitoring units to sample and test wastewater discharge, with a compliance rate of 100%. It submits quarterly reports on the operation of wastewater treatment facilities and drainage monitoring to the Indonesian government, subjecting itself to government supervision. The company periodically discloses information on water intake and discharge, and actively communicates with stakeholders such as neighboring communities to avoid significant competition over water resources and to prevent adverse effects on the surrounding ecological environment.

Production wastewater

The supernatant from hydrometallurgical wastewater after precipitation and treatment is returned to the production process for reuse, while the non-reusable portion is discharged in compliance with standards.

Domestic sewage

The Company uses underground domestic sewage treatment facilities, with the specific process being pre-settling tank - equalization tank - hydrolysis acidification - contact oxidation - sedimentation - disinfection.

Road washing water and rainwater

The factory area has implemented rainwater and sewage separation, with a rainwater collection pond in place to recycle some rainwater for ore washing. There is an overflow sedimentation pond downstream of the factory area, where road washing water and rainwater are treated after settling and discharged in compliance with standards.

Name of main and characteristic pollutants ⁵	Unit	2023
Total wastewater discharge	ton	28,585,592.45
Wastewater discharge intensity	ton/RMB10,000 revenue	4.31
Total COD (Chemical Oxygen Demand) discharge	ton	361.51
Total ammonia nitrogen discharge	ton	17.53

⁵ The wastewater indicators span five industrial groups, with some data specific to certain production bases due to variations in product types and manufacturing processes

Pollutant emission management

Huayou Cobalt adheres to laws and regulations such as the *Atmospheric Pollution Prevention and Control Law* of the People's Republic of China, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, and the *Air Pollutants Emission Standards*, as well as relevant requirements in overseas operation locations. We classify and manage emissions from production and operations according to the Company's internal standards and requirements. The Company will continue to employ advanced technologies to reduce or minimize pollutant emissions and implement stricter emission standards. For various pollutants/wastes generated from projects, we are committed to enhancing general solid waste resource recovery and continuously increasing the ratio of solid waste reuse or resource utilization; improving the air pollution control facilities to unswervingly reduce the pollutant emissions.

Waste gas emissions



Our main emissions are particulate matters, non-methane hydrocarbons, nitrogen oxides, and sulfur oxides. We have internal procedures like the *Air Pollutant Emission Control Procedure* to oversee and manage emissions. We control dust through bag dust removal and water film dust reduction; absorb and treat sulfur dioxide and acid mist with the alkali spray tower; and treat the organic waste gases generated by RTO incineration, to reduce the harm to the atmosphere.

The Company benchmarks against domestic and international best practices and strictly complies with the *Emission Standards of Pollutants for Copper, Nickel and Cobalt Industries*, and its overseas subsidiaries comply with local laws and regulations and IFC⁶ standards. The waste gases from the Company's production and operation are all discharged in compliance with or below the standard limits, without exceeding emissions or any other violations.

Name of main and characteristic pollutants ⁷	Unit	2023
Total waste gas emissions	million m ³	21,846.23
Total particulate matter emissions	ton	288.47
Total non-methane hydrocarbon emissions	ton	3.54
Total sulfur dioxide (SO ₂) emissions	ton	1,944.87
Total nitrogen oxide (NO _x) emissions	ton	341.03

⁶ IFC, a member of the World Bank Group, has established a range of environmental and social standards to ensure that its financing projects align with sustainable development goals. IFC's air quality emission standards focus on setting limits and monitoring requirements for air pollutants to safeguard air quality and public health and are widely regarded as a significant reference for environmental standards globally

⁷ The waste gas emission indicators span five industrial groups, with some data specific to certain production bases due to variations in product types and manufacturing processes

Waste emissions

Huayou Cobalt strictly adheres to laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Technical Specifications for Collection, Storage, and Transportation of Hazardous Wastes*, and the *Measures for the Transfer of Hazardous Wastes*, as well as relevant regulations in overseas operation locations. While ensuring the safe and effective disposal of hazardous wastes, the Company also promotes the recycling and reuse of general solid wastes.

case

Huayue's comprehensive waste management throughout the entire product lifecycle

Huayue strictly complies with Indonesian regulations on solid waste management, including the *Waste Classification Management* and the *Regulations on the Management of Toxic and Hazardous Wastes*. The Company has established and implemented internal procedures such as the *Waste Management Procedure*, the *Hazardous Waste Management Procedure*, and the *Scrap Material Management Procedure*. It is staffed with Solid Waste Pollution Prevention and Control Officer (PLB3)) and Solid Waste Pollution Prevention and Control Operation Officer (POLB3) professionals with Indonesian qualifications to manage the wastes. Huayue adheres to the principles of "emission reduction, recycling, and resource utilization" of the wastes and responsibly disposes of the wastes generated during the production process.

Reduce wastes at the source

Select low-toxicity and low-harm raw materials and implement measures such as production technology innovation and improvement to enhance the conversion rate of raw materials and reduce waste generation.

Enhance the recycling and utilization rate of wastes

Enhance the resourceful utilization of wastes by means of proper storage, recycling, or comprehensive utilization.

Prevent waste pollution

Entrusting a certified third party for the transport and disposal of wastes to minimize the negative impact on the surrounding environment and community health and reduce risks.

case

The "Waste-Free Group" Construction Implementation Plan has been approved by experts

Huayou Cobalt plans to establish a "Waste-Free Group" under the guidance and support of the Solid Waste and Chemical Management Technology Center of the Ministry of Ecology and Environment to address the difficulties in transferring and utilizing high-value materials among different legal entities within the Group, as well as the inability to share existing solid waste disposal facilities. The research report on the *Huayou Cobalt "Waste-Free Group" Construction Implementation Plan* and the *Huayou Cobalt "Waste-Free Group" Construction Implementation Plan (for Review)* have been approved and will serve as the basis for the construction of the "Waste-Free Group". We strive to drive the "waste-free" transformation and upgrading of the industrial chain and lead the industry development.

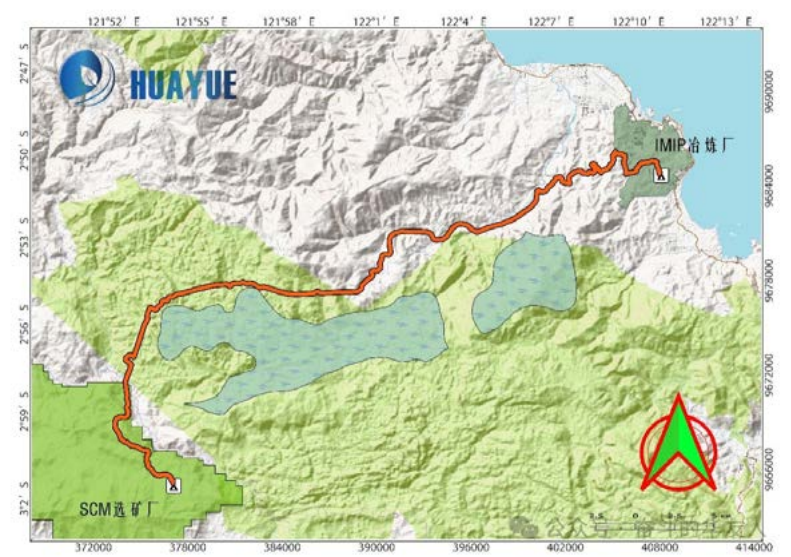
In 2023, the Group saved a total of RMB1.1924 million in outsourcing disposal costs for three-phase slag, waste activated carbon, and waste ethanol oil, as well as transportation costs for hazardous waste outsourcing through sharing a hazardous waste incinerator within Quzhou Park. Additionally, by sharing waste packaging material crushing and cleaning facilities within Quzhou Park, we saved RMB3.6 million per year in outsourcing disposal costs for waste packaging materials. The processed waste packaging materials were all converted into plastic granules for sale, creating benefits of RMB 2.7 million per year. Furthermore, the subsidiaries of Huayou Group implemented a hazardous waste point-to-point utilization plan, realizing the emission reduction, resource utilization, and compliance of high-value solid wastes and non-conforming products at the source. In 2023, this initiative created a total economic benefit of RMB260.463 million.

case

Indonesia's first long-distance pipeline for nickel laterite ore transportation achieved zero-pollution and low-emission transport

In January 2024, Huayue's SCM ore processing plant and Indonesia's first long-distance pipeline for nickel laterite ore transportation project officially commenced full operation.

In the past, the nickel laterite ore was transported by vehicles and ships, resulting in significant pollution from exhaust emissions, dust, noise, and GHG emissions. The slurry pipeline from Huayue's SCM ore processing plant to the IMIP industrial park occupies minimal land, does not use road resources, and causes no pollution to the surrounding environment, making it environmentally friendly. The pipeline transport is highly automated and managed with intelligent control systems and unaffected by weather conditions, greatly enhancing its safety and reliability. The nickel laterite ore slurry pipeline achieves zero-pollution, low-emission, high-safety green transportation through "a fully enclosed loading and unloading method" and increases the traceability and transparency of the supply chain. This marks a new chapter in the win-win cooperation and green development between Huayue and the SCM Mine.



Slurry Pipeline Route Map

Name of main and characteristic pollutants ⁸	Unit	2023
Total hazardous waste	ton	21,953.52
Hazardous waste intensity	ton/ RMB million revenue	0.33
Total utilization of hazardous waste	ton	3,997.81
Total utilization of general hazardous waste	ton	1,367,805.31
General solid waste intensity	ton/ RMB million revenue	20.63
Total utilization of general hazardous waste	ton	1,318,848.82

⁸ The waste indicators span five industrial groups, with some data specific to certain production bases due to variations in product types and manufacturing processes

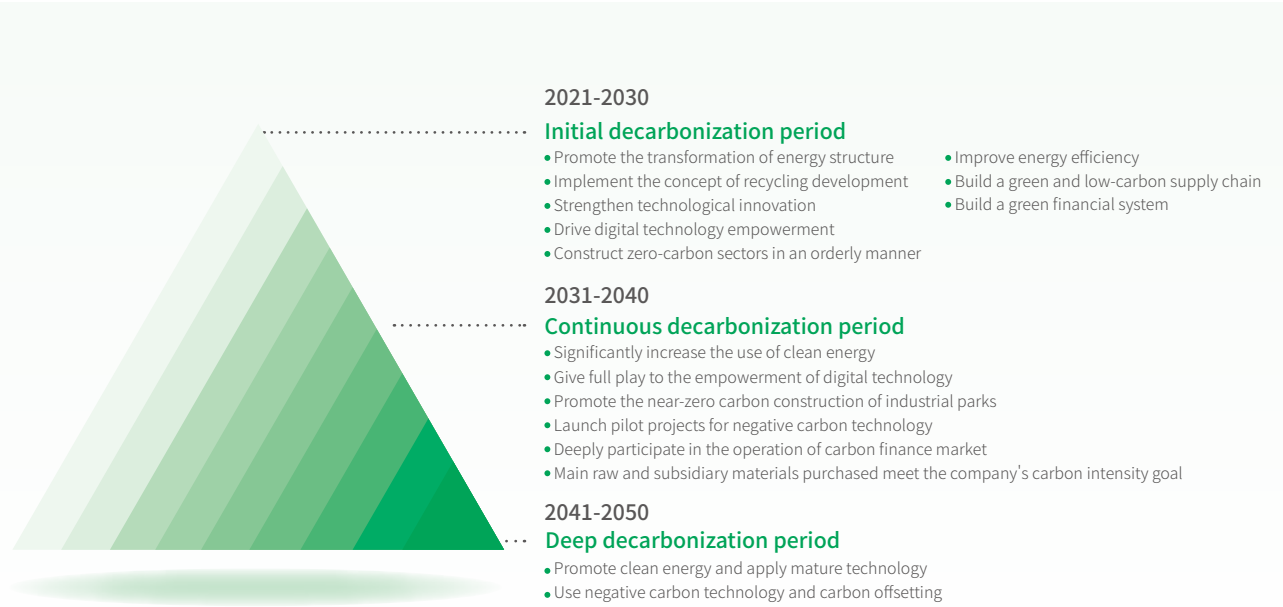
Addressing climate change

Climate change poses a significant global challenge to humanity. Huayou Cobalt is answering the nation's call for carbon peaking and carbon neutrality goals by proactively identifying climate-related risks and opportunities. The Company has implemented targeted strategies, integrated low-carbon growth into its strategic planning, and enhanced its capacity to address climate change across all levels.

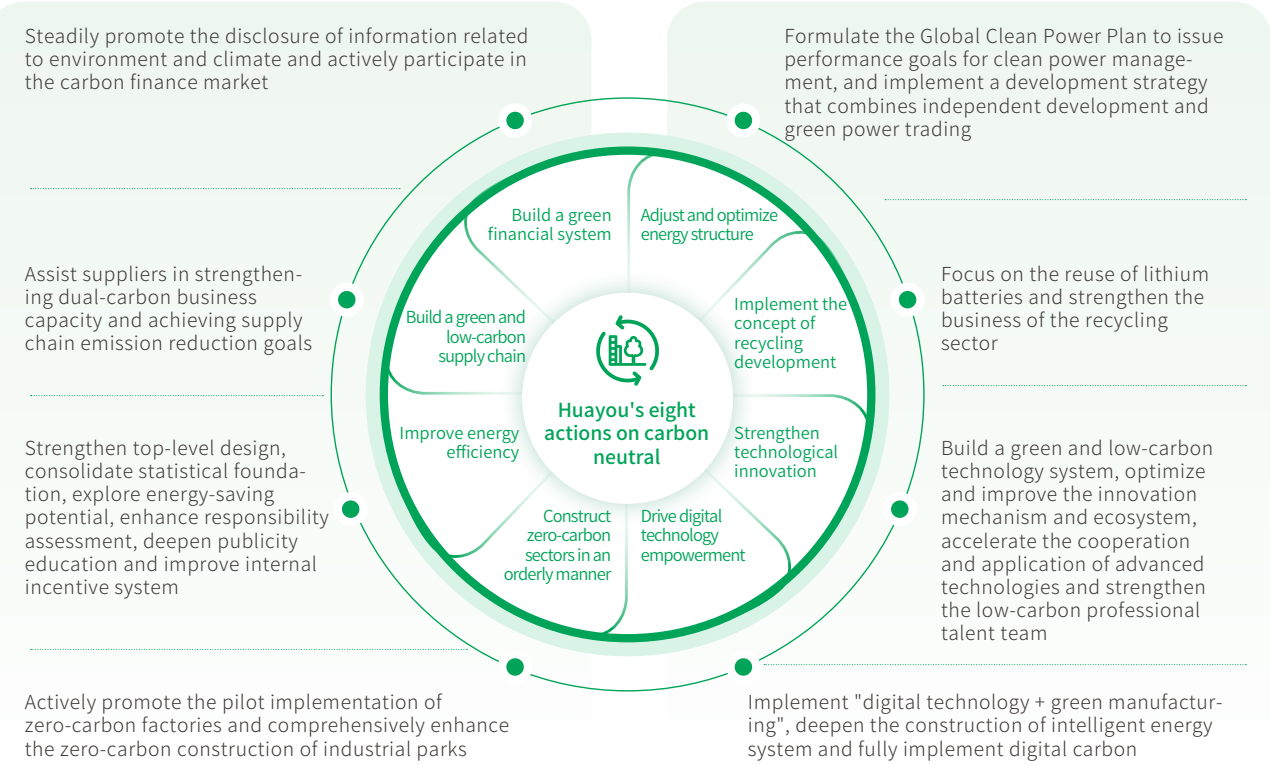
Huayou's carbon neutrality goal

- Adopting the year of 2021 as the baseline, we will start to achieve carbon neutral from the material end in 2030 and strive to achieve carbon neutral for the whole industrial chain before 2050
- 50% reduction in product carbon emission per ton before 2030
- Clean electricity account for 100% before 2035
- Carbon neutrality goals for each sector
- Achieving operational carbon neutrality by 2030 in the cathode materials sector
- Achieving operational carbon neutrality by 2035 in the recycling sector (with the reuse sector reaching the goal by 2028 and the resource recycling sector by 2035)
- Achieve operational carbon neutrality by 2040 in the new materials sector (with the precursor sector reaching the goal by 2035 and the refining sector by 2040)
- Achieve operational carbon neutrality by 2050 in the resources sector

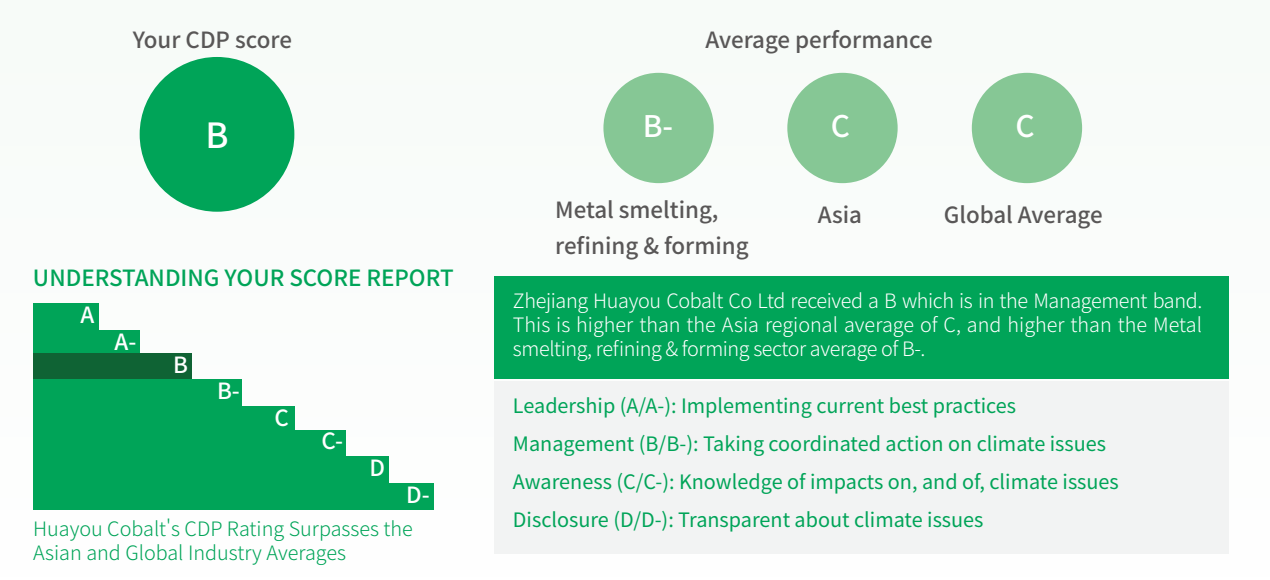
Huayou's plan for carbon neutral roadmap



Huayou's actions on carbon neutral

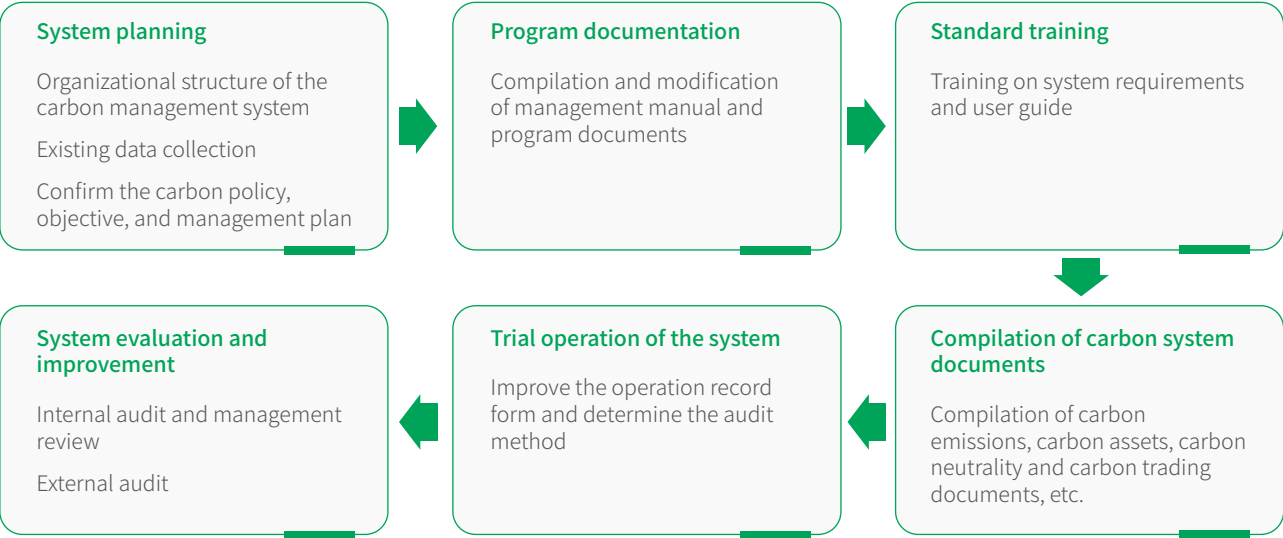


During the reporting period, Huayou participated in the CDP climate change questionnaire information disclosure for the first time and was awarded a "B" rating (the global industry average is B-), indicating that Huayou has reached international excellence in sustainable development governance and climate action and has established a relatively comprehensive framework for climate change governance, risk management methods, and emission reduction actions. Through the disclosure of the CDP climate questionnaire, Huayou has built a corporate image of "low-carbon, green, and sustainable" development, enhancing its competitiveness in the industry.



Internally, we integrate carbon emission management into R&D and engineering project management implementation rules, controlling carbon emissions at the source. On the other hand, we set and continuously improve the management methods for carbon reduction performance targets and implement an assessment mechanism to effectively and orderly advance internal carbon reduction efforts.

The Company is steadily advancing the construction of a carbon management system for the industrial groups. By adopting a pilot approach, we have initially completed the construction of a carbon management system at Huajin New Energy Materials (Quzhou) Co., Ltd., helping and guiding subsidiaries in carbon reduction management.



Carbon Management System Construction Roadmap of the Industrial Groups

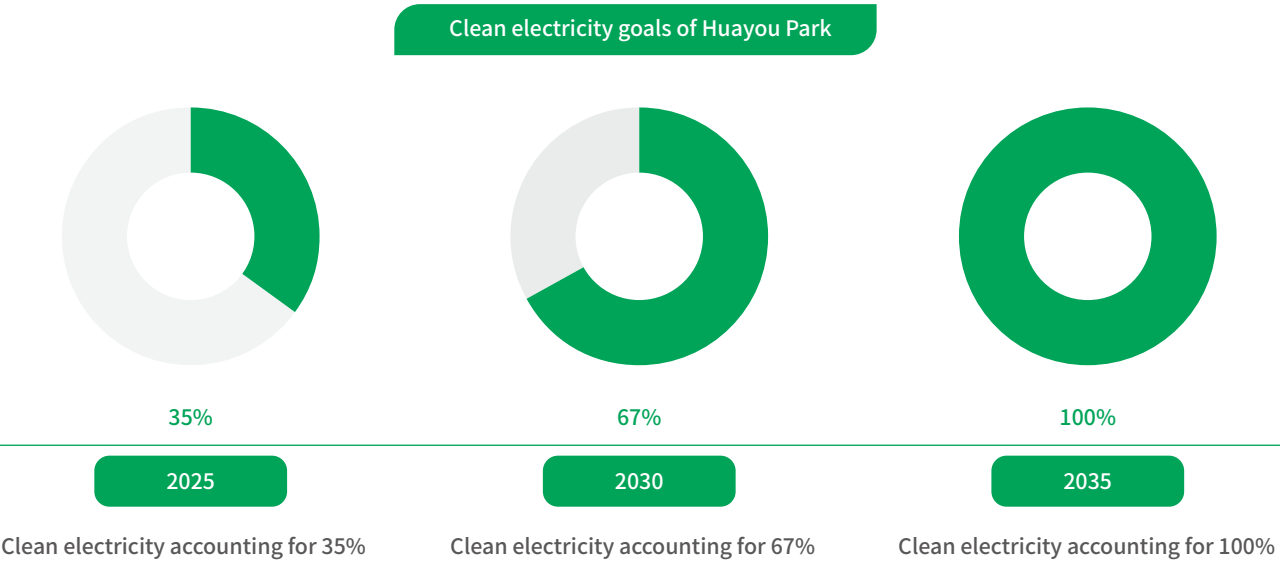


Energy management

Huayou understands that effective energy management is key to achieving carbon targets. We have established and are continuously enhancing a comprehensive energy management system that spans the entire energy use process of the Company. By implementing energy-saving upgrades, optimizing energy structures, and strengthening energy management, we are enhancing our energy management capabilities, actively promoting energy conservation and reducing energy consumption.

Energy consumption	Unit	Data
Coal	ton	117,139.60
Gasoline	litre	266,810.97
Diesel	litre	53,149,280.80
Direct energy consumption	tce	151,339.45
Purchased electricity	MWh	1,985,222.22
Indirect energy consumption	tce	243,983.81
Installed capacity of clean electricity	MW	11.90
Clean electricity generation - photovoltaic	MWh	2.27
Renewable energy consumption	MWh	825,814.17

Huayou adheres to the principles of "emphasizing both internal and external aspects, combining centralized and decentralized approaches, collaboration and integration, and systematic planning", and has formulated the *Global Clean Power Plan*. The Company has put forward a development strategy that combines self-development and green electricity trading, set clean power usage targets, and continuously optimized its energy structure through measures such as photovoltaic power generation and green electricity procurement. It is expected to achieve 100% clean power usage in the park by 2035.



case Clean electricity self-development

The first phase of the distributed photovoltaic project in Quzhou Park has an installed capacity of 4MW. It was completed and put into operation in May 2023, with an accumulated annual electricity generation of 2,270 MWh and a carbon emission reduction of 1,295 tons.

The 6MW photovoltaic project in the second phase of Quzhou Park and the 1.9MW distributed photovoltaic power generation project in Tongxiang Base were all completed by the end of 2023. They were put into operation in January 2024. Theoretically, they are expected to generate 7,900 MWh of electricity annually, with 4,505 tons of carbon emissions to be reduced.



The Distributed Photovoltaic Project in Quzhou Park

Purchase of clean electricity and green electricity certificates

In 2023, we fully leveraged the hydroelectric resource advantages of each base, covering electricity usage in Africa, CDM, MIKAS, and the domestic Chengdu base through market hydroelectricity transactions, with a total utilization of 820 million kWh of hydroelectricity throughout the year. In 2023, we purchased 625,000 international green electricity certificates, achieving a green attribute substitution of 625 million kWh of electricity for the Quzhou and Chengdu bases. In 2023, the Group's green electricity accounted for 34%.

Utilization of new energy storage systems

The first 1MW/2MWh demonstration industrial and commercial energy storage project at the Quzhou base was completed by the end of 2023 and put into operation at the beginning of 2024. This boosts energy efficiency, power quality, and safety while also leveraging large regional peak-valley price differences to cut electricity costs.



Meanwhile, Huayou is continuously advancing energy-saving renovations by strengthening top-level design, solidifying statistical foundations, deeply tapping into energy-saving potential, enhancing responsibility assessment, and deepening educational promotion to improve energy utilization efficiency.

Driven by continuous efforts, Huayou Cobalt and its subsidiaries have obtained the ISO 50001 Energy Management System Certificate. We will continue to expand the coverage of our energy management system, bringing more advanced energy-saving and emission-reduction measures to our operations.

During the reporting period, Huayou Cobalt, Huayou New Energy Technology (Quzhou) Co., Ltd., and Quzhou Huayou Resource Recycling Technology Company Limited all passed the ISO 50001 Energy Management System Certificate.

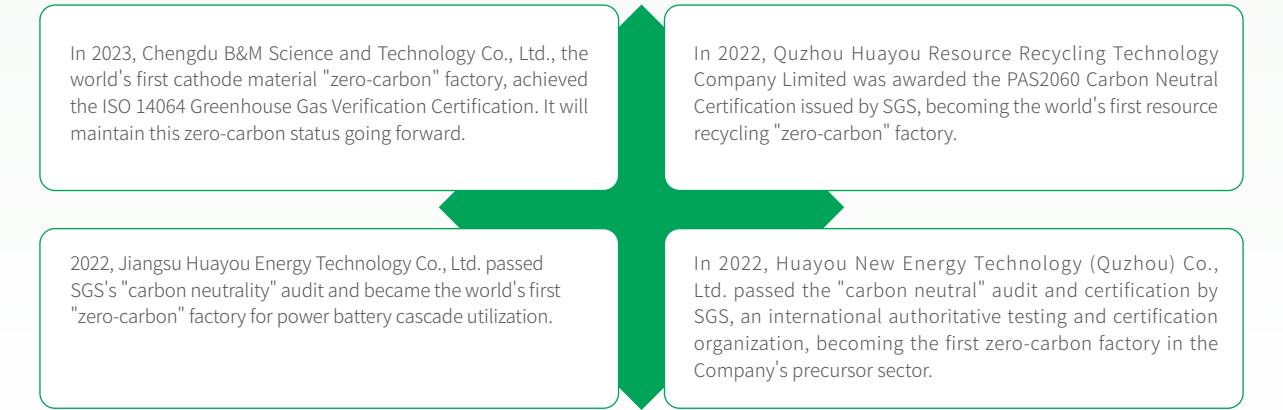


ISO 50001 Energy Management System Certificate

case Building zero-carbon factories

"Zero-carbon factories" is a comprehensive assessment of a company's carbon management, low-carbon operation capabilities, energy and resource utilization, and carbon emission reduction performance. According to the PAS 2060 standard, carbon neutrality means no new greenhouse gas (GHG) emitted to the atmosphere. Carbon neutrality certification includes four stages: assessing greenhouse gas emissions based on accurate measurement data, developing carbon emission management plans to achieve emission reduction, offsetting excess emissions through purchasing carbon credits or other means, and recording and verifying carbon emissions by identifying explanatory statements and publicly disclosing information.

Huayou has been unswervingly building "zero-carbon" factories since 2022, with a cumulative total of four companies certified as "zero-carbon" factories, including Chengdu B&M Science and Technology Co., Ltd., Quzhou Huayou Resource Recycling Technology Company Limited, Jiangsu Huayou Energy Technology Co., Ltd., and Huayou New Energy Technology (Quzhou) Co., Ltd. The Company will continue to explore green technologies in the battery industry chain, comprehensively enhance the construction of zero-carbon industrial parks, optimize the energy structure, achieve green manufacturing, and create a closed-loop recycling system to promote the low-carbon transformation development of the industry.



case Huayou Energy helps to create a new energy microgrid system and empower low-carbon living ecosystems

In May 2023, the "Honoring the Grandeur of Mountains and Rivers, and Revering the Serenity of Valleys and Creeks – Toyota Longhua Sustainable Rural Development Project" was officially delivered. The mature new energy microgrid system solutions were effectively integrated with low-carbon living ecosystems. This project, through peak cuts based on building electrical loads, significantly improved the economic efficiency of electricity consumption, reduced carbon emissions from buildings, and met the residents' needs for reading and leisure electricity. It also created a low-carbon living environment and provided a "carbon reduction" approach for cleaning energy consumption and greening energy structures.

Building on this project, Huayou Energy has collaborated with the Ministry of Ecology and Environment and Toyota Motor Corporation to create a "New Energy Storage Town". The villagers' energy access has shifted from traditional coal and wood burning to electricity, addressing pain points such as safety, environmental protection, and burden reduction. This transformation of the local energy structure contributed to building beautiful villages and practicing circular economy principles.



Biodiversity

Biodiversity is a fundamental pillar of human existence and development. Huayou strictly adheres to the regulatory requirements for biodiversity impact assessment and management in its operating locations. Following the sequence of "avoiding, reducing, recycling, and restoring", we initiate biodiversity conservation actions and implement management of biodiversity impacts throughout the entire project lifecycle.

Avoid	Reduce	Recycle	Restore
Assess the potential environmental impacts of a project by conducting ESIA (Environmental and Social Impact Assessment) surveys and other measures, and formulate appropriate mitigation and compensation measures	Minimize the impacts through measures such as wildlife conservation	Enhance the biophysical functions of existing processes and the productivity of ecosystems or their components to promote recycling	Initiate or accelerate the restoration of ecosystem health, integrity, and sustainability through initiatives such as land reclamation and afforestation

The Company is committed to protecting natural habitats and endangered species within the impacted range of its mining areas. We pledge not to construct projects within the World Heritage Sites, the International Union for Conservation of Nature (IUCN) Protected Area categories I-III, and the core areas of UNESCO Biosphere Reserves. We respect legally designated protected areas and ensure that new or modified projects do not alter the conservation values of these areas. During the reporting period, we conducted biodiversity surveys and assessments, participated in biodiversity conservation actions, and implemented various ecological protection measures.



case

The biodiversity conservation practices of Indonesia Nickel Industrial Group

The Company strictly adheres to Indonesia's ecological protection laws and regulations, respects legally designated protected areas, and is committed to protecting natural habitats and endangered species within the impacted range of its mining industry facilities. We ensure that new, modified or expanded projects do not alter the conservation values of these areas. We actively carry out ecological protection actions and implement management of biodiversity impacts throughout the entire project lifecycle.

We strive to achieve a positive impact by collaborating with stakeholders, joining foundations, and engaging in practical activities such as reforestation and wildlife conservation.

Biodiversity survey

To effectively identify and manage potential ecological risks associated with our projects, we commission a third-party professional organization to conduct biodiversity surveys in the surrounding areas during the preliminary stages of the projects. These surveys include terrestrial plants, land animals, aquatic organisms, and coral reefs, among others. We have prepared a *Biodiversity Baseline Survey Report*.

We have formulated a targeted Biodiversity Action Plan based on expert advice and the project's characteristics. This Plan aims to enhance employees' awareness of ecological and environmental protection, reduce environmental pollution and habitat disturbance, and minimize or avoid damage to the ecological environment as much as possible. We are implementing biodiversity mitigation, restoration, and compensation measures as planned, and conducting biodiversity observation and monitoring to assess the effectiveness of these measures. We are unwaveringly striving to restore and improve the ecological environment.

KNI plans to construct and operate a high-pressure acid leach nickel processing plant in the Pomalaa district of Kolaka Regency, southeastern Sulawesi Province. The lowland forests and hills of Sulawesi Island are among the areas of high biodiversity value. Therefore, in January 2023, we conducted a research study on the impact of KNI's construction on biodiversity. We collected data on terrestrial and marine ecosystems. The study included terrestrial flora, terrestrial fauna, aquatic fauna, and coral reef ecosystems.

Biodiversity conservation actions

We have joined the IMIP Charity Foundation and are working with the CSR development team to carry out biodiversity conservation actions.

In September 2023, Huayue and the IMIP collaborated with the Gondrong Morowali community to carry out mangrove restoration activities. Along the coastline of La Bota Village near the IMIP, approximately 1,100 mangrove seedlings were successfully planted, covering an accumulated area of about 11 hectares. Mangroves form a barrier on the beach, promoting silt deposition and preventing erosion. They play a significant role in seawater purification, windbreak and wave reduction, carbon sequestration, and biodiversity maintenance.

In January 2023, Huafei Company established a nursery base of 15,000 square meters to protect biodiversity. Up to now, it has cultivated 27 species, totaling 1.16 million plants, which are used for landscape greening in the factory and living areas.



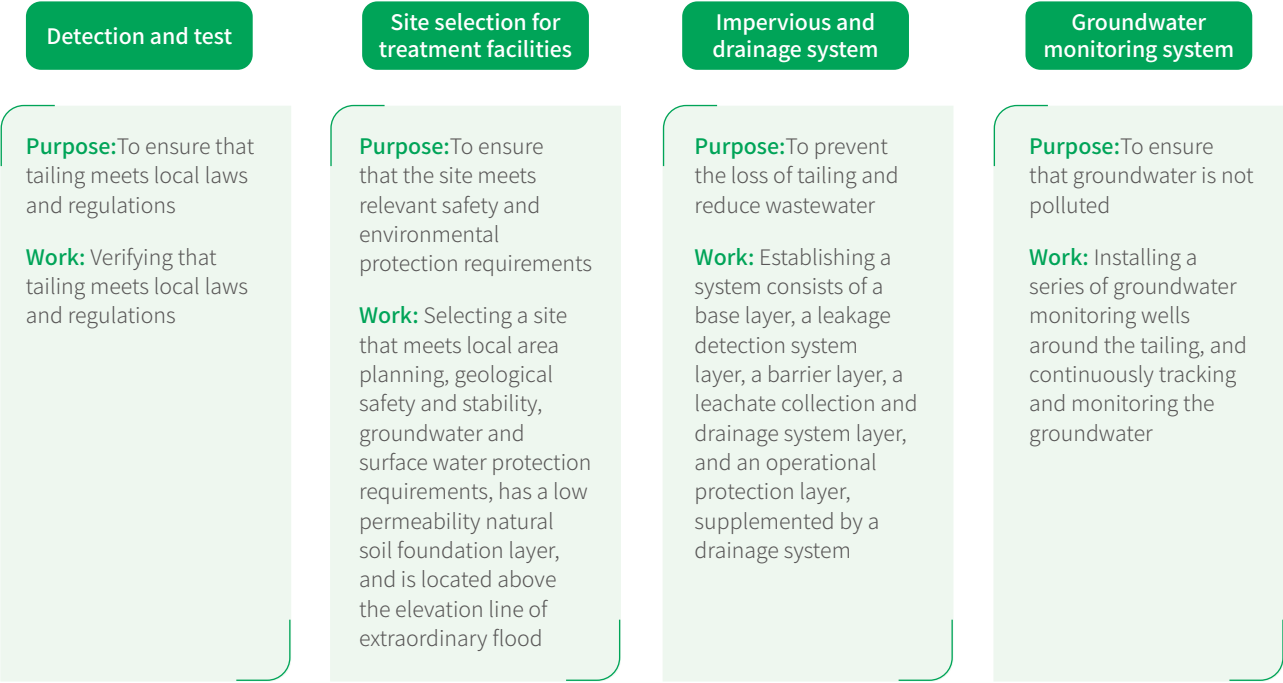
Tailing management

As one of the products from the sorting operation in ore beneficiation, tailing cannot be further sorted under current technical and economic conditions due to their low content of useful components. Mine tailing usually covers a large area and consist of fine particles, which is easy to cause air pollution, groundwater pollution, and other environmental pollution, especially with strong winds, heavy rain, and other weather conditions. Therefore, specialized treatment is necessary to avoid environmental pollution.

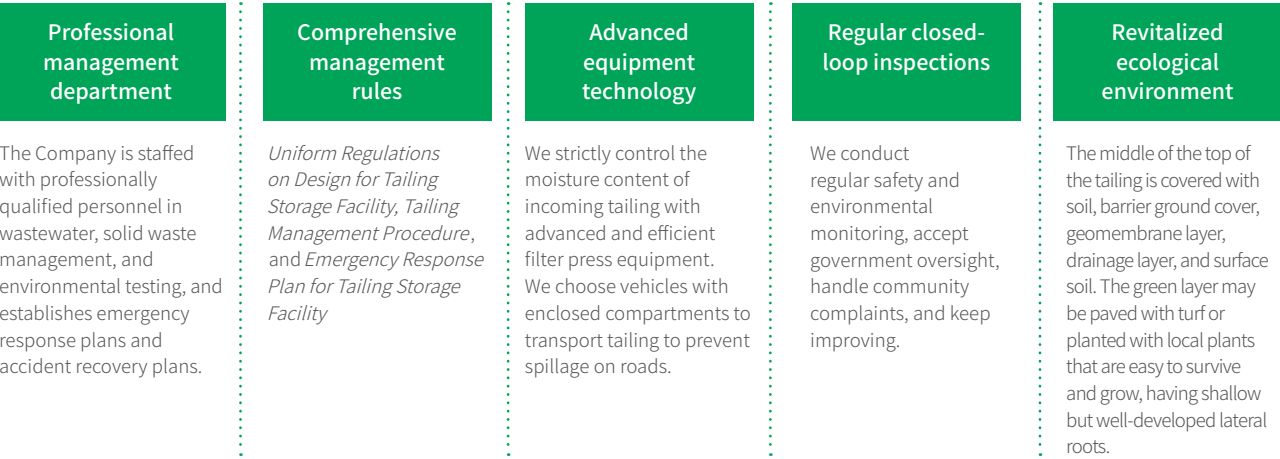
The construction, operation, maintenance, and management of tailing ponds require substantial human, material, and financial resources. Any negligence may lead to significant safety accidents and property losses. Tailing pond dam failures have occurred both domestically and internationally, highlighting the extremely high requirements for the safety and stability of tailing dams.

Huayou Cobalt strictly adheres to the laws and regulations of its operating locations for the design and management of tailing facilities. The Company also continuously seeks to apply international best practices to address various environmental and safety challenges that may arise in tailing management. We have formulated an ESG policy that includes a section on tailing management, setting out management requirements for tailing management across the globe.

The Company designs tailing facilities from a lifecycle and risk analysis perspective, conducts risk level and accident impact assessments, and carries out tracking and monitoring in accordance with regulatory requirements.



Planning, Design and Construction of Tailing Facilities



Tailing Operation Management



Tailing emergency response mechanism

Currently, Huayou has fully mastered the internationally advanced dry stack technology for tailing. This technology has been widely applied in the nickel laterite high-pressure acid leaching (HPAL) projects invested and constructed in Indonesia, including the successfully completed and operational Huayue and Huafei projects, as well as the Pomala project being developed in collaboration with Vale (Indonesia) and Ford Motor Company.

case Sustainable tailing management: dry stack technology for tailing



Huayou always attaches great importance to the treatment of tailing. The Indonesia Huayue Nickel Hydrometallurgy Process Project has adopted the internationally advanced dry stack technology for tailing, which is safer, more environmentally friendly, and more sustainable. The design and construction of the facility are carried out in accordance with Indonesian regulations and technical permits. A professional tailing management department has been established, with a series of management procedures developed, including the *Uniform Regulations on Design for Tailing Storage Facility*, the *Tailing Management Procedure*, and the *Emergency Response Plan for Tailing Storage Facility* to standardize the daily operation and emergency response of the tailing storage facility.



The tailing slurry produced by hydrometallurgical processes is neutralized, thickened, and filtered to produce dry tailing with an approximate moisture content of 31%. The dry tailing is transported to the tailing storage facility for stacking. Meanwhile, in accordance with Indonesian regulations, the tailing has undergone tests for TCLP, LD50, and NOAEL, all of which indicate non-toxicity. The overflow from the thickener and the tailing filter cake are subjected to sedimentation and treatment, resulting in wastewater that meets the standards for discharge.



Tailing Pretreatment Production Facility



Tailing Filtering and Loading

The tailing storage facility has been granted a technical permit for storage by the Indonesian government and is designed and built in compliance with the permit's specifications, including impermeability systems, drainage systems, and groundwater monitoring systems.

Huayue has also established a professional tailing management organization and developed a series of management procedures and record forms to standardize the design, construction, operation, and emergency response of the tailing storage facility throughout its lifecycle.

The tailing storage facility is planned reasonably with layered stacking, spreading, and compaction to ensure the safety and stability of the tailing body. Rainwater and leachate within the tailing storage facility are collected in a sump, clarified, and fully recycled into the production system. Transport vehicles are washed to prevent environmental pollution from carryover. Regular on-site inspections and emergency drills are conducted to reduce the risk of safety and environmental incidents and to enhance emergency response capabilities.

Huayue regularly organizes assessments of the tailing storage facility's operations and commissions qualified third-party monitoring units to monitor the quality of groundwater and sump water, with a compliance rate of 100%. Additionally, it regularly discloses operation reports and external monitoring reports, and uploads them to the Indonesian government's environmental information system for government oversight. Huayue also maintains communication with stakeholders to avoid significant competition over water resources with surrounding communities and to prevent adverse impacts on the local ecological environment.

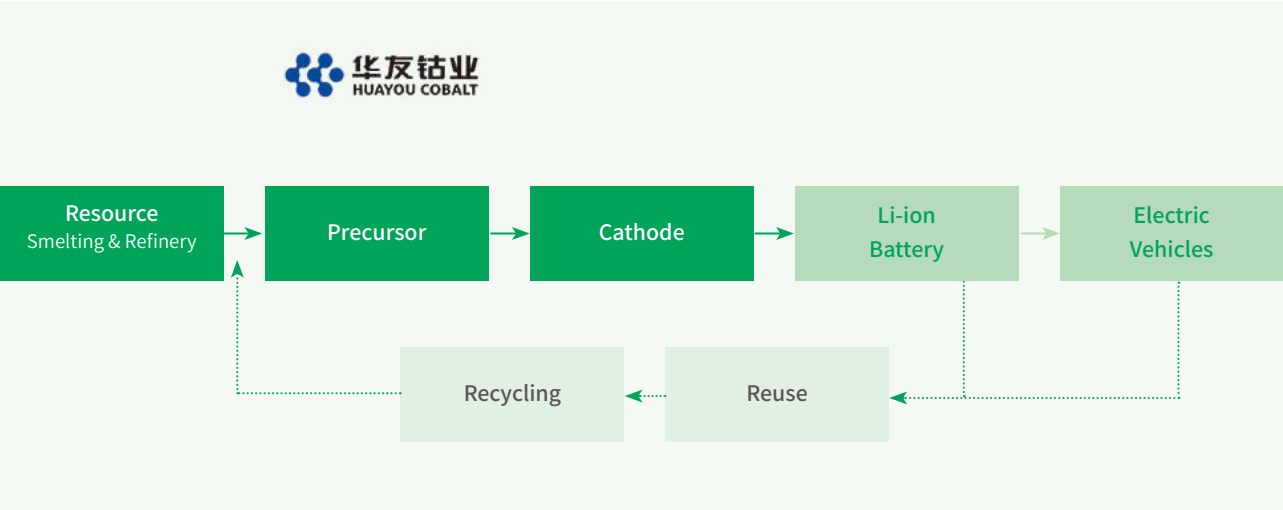
After the tailing storage facility is no longer in use, Huayue will carry out closure and vegetation restoration in accordance with Indonesian regulations, government requirements, and international tailing management standards.



Groundwater Monitoring Well

Circular economy

Huayou has already established a comprehensive new energy lithium battery industry, covering everything from the development of cobalt and nickel resources, and green refining, to the deep processing of lithium battery cathode materials, and the recycling of resources. Huayou Recycling Industry Group, by leveraging the advantages of its integrated industrial structure, focuses on the comprehensive utilization of power batteries and has proposed a solution of a "low-carbon ecosystem for the entire lifecycle management of lithium batteries".



We have participated in the formulation of national and industry standards related to recycling, reuse, environmental protection, and safety

more than **10**

Huayou Recycling is a leading company in China that holds dual qualifications for resource recycling and reuse. In 2018, Quzhou Huayou Cobalt New Material Co., Ltd. was included in the first batch of companies listed under the *Industry Standard Conditions for Comprehensive Utilization of Waste Power Batteries from New Energy Vehicles* by the Ministry of Industry and Information Technology (MIIT). In 2020, the company was included in the second batch of the same MIIT list. In 2022, it was included in the fourth batch of the list.

Huayou Recycling plays a key role in the connection and coordination of Huayou's integrated industrial structure and is committed to the development vision of "promoting energy transition and creating green earth". With core advantages such as low-carbon, green, and recycling manufacturing capabilities, diverse cooperation models, a comprehensive recycling system, and leading technical levels in comprehensive benefits, Huayou Recycling has created a complete low-carbon circular ecosystem for the entire lifecycle management of lithium batteries, achieving a closed-loop path for the recycling of decommissioned power batteries. Leveraging the company's integrated lithium battery material industry chain, Huayou Recycling offers a global, safe, harmless, and sustainable solution for decommissioned power batteries through its comprehensive capabilities in recovery, reuse, pre-treatment, and recycling. Huayou Recycling collaborates deeply with major domestic and international automotive brands such as BMW, Volkswagen, Toyota, FAW, Chang'an, GAC, SAIC, and NIO, as well as leading battery companies, in areas such as battery asset management, overseas recycling, reuse, aftermarket services, and "waste materials for new raw materials" renewable resources. This collaboration aims to empower the industry chain with the circular chain and to stimulate green and low-carbon development with renewable resources.

Huayou Recycling is not only the first in the industry to achieve end-to-end digital process monitoring for the "recovery, sorting, R&D, manufacture, operation, and monitoring" of decommissioned batteries, but also maintain high recovery rates of lithium, cobalt, and nickel resources, effectively reducing carbon emissions and achieving international leading comprehensive benefits in the realm of recovery rate, carbon emission reduction, waste reduction, and low cost.

Meanwhile, Huayou Recycling actively participates in industry co-construction. We have participated in the formulation of more than 10 national and industry standards related to recycling, reuse, environmental protection, and safety, contributing to standardizing the recycling of decommissioned power batteries.

Huayou Cobalt has gradually accumulated mature, practical, and sustainable cooperation cases by empowering its industry partners, and continuously weaves a "strategic relationship network" with partners worldwide.



Huayou Recycling has officially signed a joint venture agreement with LG Energy Solution, expanding its overseas battery recycling business and strengthening its circular economy system.



Huayou Recycling held a delivery ceremony for "Huayou Recycling Lithium Battery Materials for BMW New Energy Vehicles" in collaboration with BMW, closely working together to reduce the carbon footprint of power batteries across their entire lifecycle.



Huayou Recycling and Encory have signed a memorandum of understanding on the comprehensive utilization of European decommissioned batteries, jointly working on the recycling and reuse of decommissioned batteries and integrating the industry in a closed loop with vehicle manufacturers.



Huayou Recycling held a handover ceremony for the comprehensive utilization of decommissioned power batteries in collaboration with Volkswagen Group (China), marking the achievement of their cooperation and becoming a demonstration project for the "full-time domain active balancing cascade mobile energy storage system".

Amid the global wave of green development, Huayou Recycling steadfastly implements the concept of "driving innovation, recycling development", committed to driving the low-carbon transition of enterprises and fulfilling the mission of recycling. By enhancing energy efficiency, optimizing production processes, and improving recycling systems, the company contributes to global sustainable development. The efforts of Huayou Cobalt have been widely recognized within and outside the industry.

Huayou Energy has won the "Bluetech Carbon Neutrality Pioneers Award" nomination issued by the Bluetech Clean Air Alliance for its technology in the reuse of decommissioned power batteries.



Huayou Recycling actively implements the ESG concept, with its subsidiaries Huayou Resource Recycling and Huayou Energy respectively awarded the titles of the world's first "zero carbon" resource recycling factory and the world's first "zero carbon" factory for the reuse of power storage batteries.



The World's First "Zero Carbon" Reuse Factory



The World's First "Zero Carbon" Resource Recycling Factory



Huayou Recycling has won the "Zero Carbon Pioneer Case" award from 36Kr for its *Eco-Mode for the Whole Lifecycle Management of Power Lithium Batteries* solution, making it the only company in the industry to receive this recognition.



Huayou Recycling has joined the Global Battery Alliance (GBA) with the goal of energy conservation, carbon reduction, and sustainable development, to help create an ecosystem for the entire lifecycle of lithium batteries. Both parties emphasize maximizing the value of resources and energy, establishing an efficient and convenient battery traceability and management system, to further achieve a sustainable and transparent battery value chain.



Huayou Recycling has been honored with the "13th, 2023, China Battery New Energy Industry Annual Innovation Award" for its innovative business model and technological advantages.



03

Prioritizing Quality for A Win-win Cooperation

Huayou Cobalt is committed to building a sustainable supply chain and enhancing the effectiveness and sustainability of resource utilization. In addition, we attach importance to recycling economy while focusing on exploring intelligent manufacturing, to reduce production costs and improve operational efficiency. To provide customers with innovative, high-quality products, we constantly achieve technological breakthroughs in a rapidly changing market environment, strictly control quality, and respond to customers with diligent and responsible attitude.



100%

Suppliers signed the
Anti-corruption Agreement

2,000

The Company released the Green
Cooperation Initiative to Suppli-
ers, launched the initiative with
more than suppliers

RMB 1.441 billion

R&D spending

4,689

Technological R&D
employees

12

Provincial R&D platforms

2

National R&D platforms

Sustainable supply chain

Supplier management

Total number of suppliers

2,771

Eliminated suppliers

73

New suppliers introduced

695

Suppliers with continuous cooperation

1,800

Suppliers signed the *Anti-corruption Agreement*

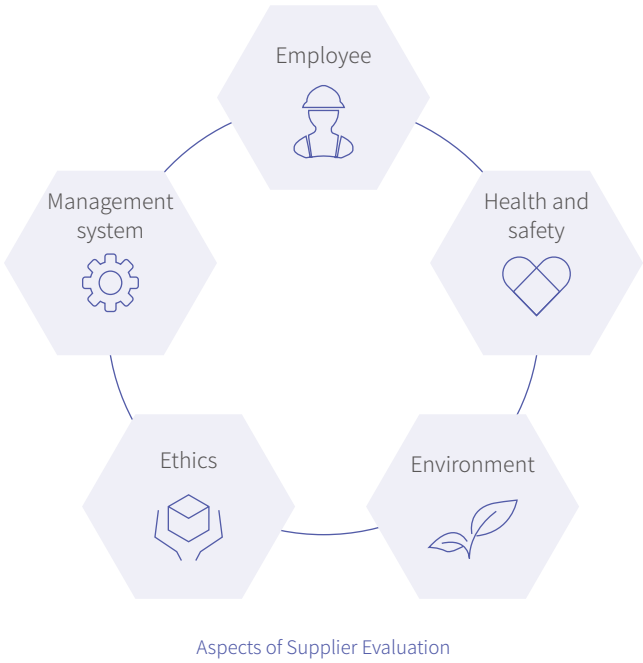
100%

Huayou Cobalt has been consistently strengthening its supply chain construction, improving its supplier management system from multiple perspectives such as access evaluation, risk control, supplier communication and assistance. We are committed to establishing long-term and stable cooperative relationships with upstream and downstream suppliers, with the aim to enhance the safe and green development of supply chain. Beyond that, the Company actively engages with partners in various industries within the ecosystem to establish a good environment characterized by joint construction, win-win and sharing, and leverage respective strengths to jointly address market challenges, achieve common development, and promote common progress in the industry.

Huayou Cobalt's suppliers mainly consist of mineral raw material suppliers and other material suppliers. To further standardize the Company's supplier management work, Huayou Cobalt has developed the *Management Measures for Supplier of the Group's Procurement Center* and the *Supplier Handbook* to guide us in carrying out supplier access, audit, evaluation and classification management. Furthermore, we have established a full-process supplier management system, to reduce procurement risks, assure procurement quality, and create a healthy and standardized supply-demand relationship.



To better manage suppliers, Huayou Cobalt has established a Supplier Evaluation Group to be responsible for the implementation of supplier access, audit, assessment, etc. The head of the Supplier Evaluation Group is the head of the Supplier Management Department of the Group's Procurement Center, and the group members consist of staff from the Procurement Center, demand departments, quality, technology, safety, and environmental protection as well as other relevant departments, with the aim to ensure that suppliers meet our requirements in terms of quality, environment, compliance and the like.



To establish a healthy and transparent supply-demand relationship, safeguard the legitimate rights and interests of both parties, and ensure the compliance and efficiency of procurement, we have formulated the *Supplier Code of Conduct* and require suppliers to sign the *Supplier Anti-corruption Commitment* to regulate their behaviors. Beyond that, the Company's Audit and Supervision Center is responsible for supervising the integrity of supplier in cooperation, and has established a working system of pre-control, in-process supervision, and post-investigation of supplier's integrity behaviors, thus preventing corruptions in procurement.

Due diligence management of mineral supply chain

In today's globalized business environment, due diligence management of mineral supply chain has become an important cornerstone of Huayou Cobalt's sustainable development. Efficient due diligence management of mineral supply chain can help Huayou Cobalt improve the transparency of mineral procurement, reduce risks such as conflicts of interest, satisfy different needs of various stakeholders, maintain community relations, reduce social conflicts, and enhance the Company's image and reputation.

Huayou has been consistently improving its management on mineral suppliers starting with the establishment of due diligence management system of mineral supply chain. In accordance with the requirements of the *Chinese Deu Diligence Guidelines for Responsible Mineral Supply Chains* and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, we have formulated the *Policy for a Responsible Global Supply Chain of Minerals from High-Risk Areas*, the *Supplier Standards for Responsible Mineral Procurement*, and the *Supplier Code of Conduct*. Furthermore, we

have established a Mineral Supply Chain Due Diligence Management Group under the ESG and Sustainable Development Management Committee in the Group to coordinate and manage the due diligence of the Company's mineral supply chain. The establishment of Huayou Cobalt's supply chain due diligence management system aims to better meet market requirements for responsible mineral procurement, and improve the Company's awareness and control of mineral supply chain risks.

As important metals in battery production, nickel, cobalt, manganese, lithium and the like play a pivotal role in the green transformation across the globe. Huayou Cobalt is keenly aware that the transparency of the mineral supply chain is crucial for the sustainable development of the entire industrial chain and earning customer trust. Therefore, the Group continues to implement due diligence management of the Group's mineral supply chain in accordance with the six-step approach framework and responsible management procedure, which has shown initial results.



Six-step Approach Framework for Due Diligence Management of Mineral Supply Chain of Huayou Cobalt



Quzhou Huayou Cobalt New Material Co., Ltd. Accepted Review from the Independent Third Party—China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) and Obtained A-rating



Guangxi Huayou New Material Co., Ltd. Accepted Review from the Independent Third Party—China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) and Obtained A-rating

In order to continuously improve the management on responsible procurement for mineral suppliers in cooperation, the Company has gradually improved its risk management of supply chain by improving suppliers' awareness and capacities, incorporating due diligence management policies into commercial contracts or agreements with suppliers, completing questionnaire on due diligence management of the Company's supply chain, conducting on-site visits, audits, and continuous tracking of risk mitigation effects for key and core suppliers based on risk assessments; the Company supervises corresponding risk mitigation measures of the suppliers, thus contributing to the sustainable development of the industry.

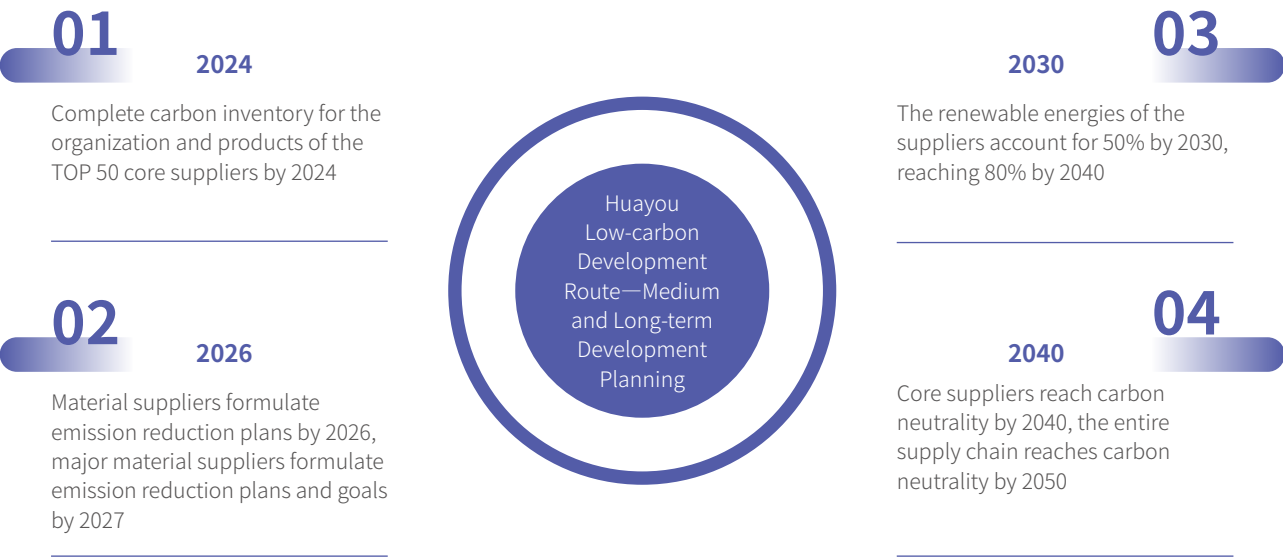
In April 2023, Huayou Cobalt was invited to participate in the 2023 OECD Forum on Responsible Mineral Supply Chains organized by the Organization for Economic Cooperation and Development (OECD), and delivered a keynote speech at the section of "From Mine to Battery, Responsible Nickel Supply Chain for Renewable Energy", introduced Huayou Cobalt's positive practices in ESG and sustainable development based on its integrated industrial chain starting with the development of laterite nickel in Indonesia, and offered suggestions for the industry.



Green supply chain

Huayou Cobalt is committed to working with partners to expand new low-carbon fields and promote the green development of supply chain. We prioritize the procurement from green and low-carbon suppliers, and incorporate relevant requirement on low-carbon management into our supplier management measures to continuously improve suppliers' performance in environmental protection.

Supply chain low-carbon development planning of Huayou:



Based on the categories of goods or services provided by suppliers, nearly 100 suppliers were selected according to four sectors: New Energy Industrial Group, Subsidiary Material Industrial Group, New Material Industrial Group, and Recycling Industrial Group. A survey questionnaire was sent via email, and over 60% of the suppliers responded positively, mainly in the chemical raw material and chemical product manufacturing industry, non-metallic mineral industry, rubber and plastic products, and comprehensive utilization of waste resources.

Through on-site visits, survey, and training, we conducted awareness training and quantitative verification of GHG emissions for the selected suppliers, guided them in collecting data, calculating emissions, establishing GHG emission reduction targets, setting up renewable energy development goals, and cultivating their awareness of zero-carbon construction and carbon neutrality commitments. We empowered suppliers in carbon peaking

and carbon neutrality, and signed carbon emission reduction alliance agreement with them.

On the afternoon of November 24th, Huayou Cobalt's "China · Huayou 8th Annual Supplier Conference" themed "Open Cooperation, Quality Improvement and Cost Reduction, and Jointly Surmounting the New Industry Development Cycle" was held in Tongxiang, with over 100 supplier representatives at home and abroad and more than 200 guests. Huayou released the *Huayou Low-carbon Supply Chain Planning* at the conference.

We investigate the suppliers' green development abilities. We have developed the *Survey Questionnaire on Carbon Management Status of Huayou Cobalt Suppliers* to understand the status of carbon management in various companies, providing a basis for Huayou Cobalt to take more effective actions to promote carbon emission reduction in the supply chain. In addition, we have added

four "Special Provisions on Environmental and Low-carbon Development" suggestions to the standard contract text, with the aim to deeply convey Huayou Cobalt's determination in building a green supply chain to suppliers.

We have joined hands with suppliers to launch a low-carbon initiative. In 2023, we released the *Green Cooperation Initiative to Suppliers*, launched the initiative with more than 2,000 upstream suppliers, aiming to clarify Huayou Cobalt's requirements and expectations for low-carbon development of suppliers, and encourage suppliers to set corresponding emission reduction targets for their own industrial chains, establish carbon management teams, continuously enhance the energy conservation and environmental protection concept among enterprises and employees, gradually release the potential of low-carbon development, and reduce carbon emissions throughout the entire industrial chain.

We assist suppliers in improving low-carbon development capabilities. We conduct carbon peaking and carbon neutrality exchange training on suppliers having large impact on the Group's carbon emissions, including climate change, greenhouse gas inventory, carbon peaking and carbon neutrality management system, etc., aiming to improve the suppliers' carbon emission management. We carry out supply chain collaboration and carbon reduction management projects. As for suppliers of principal raw materials, subsidiary materials, packaging materials and consumables, we conduct on-site carbon peaking and carbon neutrality communication, exchange management, technology, and process carbon reduction paths, and create green manufacturing, product life cycle management and collaborative carbon reduction concepts.



B&M—CNGR Communication on Collaborative Carbon Emission Reduction



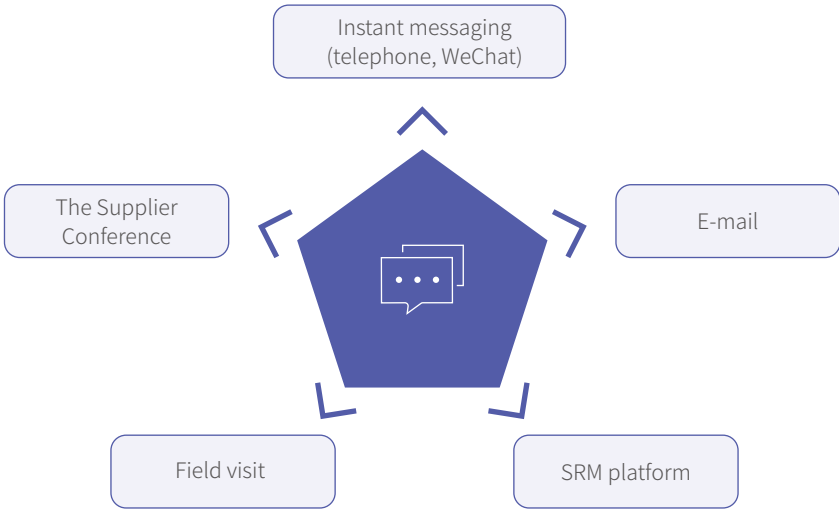
B&M—TYEELI Communication on Collaborative Carbon Emission Reduction



B&M—Cologne Communication on Collaborative Carbon Emission Reduction

Supplier communication and empowerment

Huayou Cobalt adopts diversified ways to conduct in-depth communication with suppliers, convey Huayou Cobalt's latest concepts and requirements in procurement, continuously promote the collaboration and common development with its upstream and downstream supply chains, and enhance the in-depth understanding and cooperation between the two parties.



Communication Modes with Suppliers

With today's accelerating pace of globalization, procurement localization has become an important means for enterprises to reduce costs, improve competitiveness, and empower suppliers. Huayou Cobalt has been consistently committed to promoting localized procurement to achieve optimal allocation of resources and maximize economic benefits.

case Localized procurement of Huayue

Huayue has established cooperative relationships with farmers and contractors in surrounding villages to purchase fresh vegetables and meat locally every month. Within the reporting period, Huayue had purchased agricultural products with a total value of IDR 28.854 billion. Through this localized procurement method, we support the development of local agriculture and aquaculture, and provide a stable and healthy supply of green food for the Company. More importantly, this approach helps protect and inherit local agricultural traditions and culture, maintain the uniqueness and sustainability of local communities.



R&D innovation

Product R&D

R&D spending

RMB1.441billion

Technological R&D employees

4,689

Provincial R&D platform

12

National R&D platform

2

Huayou Cobalt relies on technological innovation to shape new development momentum, and regards innovation as an inherent requirement for high-quality industrial development. We continue to increase R&D spending, recruit R&D talents, strengthen internal and external scientific research exchanges, and create a corporate development engine through technological and management innovation to drive the Company's steady and rapid development.

Technology drives development and innovation leads the future. As an excellent enterprise in the operation evaluation of National Enterprise Technology Center, we boast strong R&D team and R&D platform resources. In 2023, we obtained qualifications such as "Zhejiang Foreign Expert Workstation", and we have established a number of advanced scientific research institutions and open scientific research platforms such as "Zhejiang Provincial Key Enterprise Research Institute and National Postdoctoral Research Station". We uphold the attitude of "embracing all talents", continue to carry out talent introduction and cultivation, increase R&D spending, strengthen technological innovation, thus laying a solid foundation for Huayou Cobalt's technological innovation.

Innovation is the primary driving force for enterprise development. The Company has carried out a wide range of innovative management initiatives to continuously promote Huayou Cobalt's R&D and innovation. During the reporting period, the Company continued to optimize its innovation management mechanism, revised and released management policies such as the *R&D Project Management Measures*, standardized R&D activities from the full-process perspective of R&D project initiation, process control, project acceptance, and post evaluation, thus laying a solid foundation for the Group's R&D innovation.

Forward-looking planning	Under the guidance of the Company's medium and long-term strategic planning, we work with the R&D departments of various business sectors to complete the draft of the Company's technology planning, and have submitted the <i>Huayou Cobalt Technology Planning (2023-2025)</i> to the Company.
Sound management	Establish the "Huayou Technology Development and Planning Committee" to review and decide on the Company's technology development plans and policies, offer professional advices and technical guidance, ensure the implementation of the plans, guide major technological decision-making, key product development and technological projects, and solve core technological problems.
Continuous tracking	The Technology Management Center strengthens the tracking and promotion mechanism for IPD product project on a monthly basis, tracks and reports key R&D projects, and completes the <i>Major (330) R&D Projects Post-evaluation Report</i> for submission to the Company.
Comprehensive evaluation	The Technology Management Center conducts research and analysis on the Company's various R&D activities, determines relevant dimensions and principles of the R&D organization evaluation mechanism, and prepares the <i>Company's R&D Activity Evaluation Report</i> .

R&D Management Measures of Huayou Cobalt

In order to encourage employees to innovate and progress, and stimulate their enthusiasm for continuous invention and technological innovation, Huayou Cobalt has built an extensive innovation platform for employees, launched a wide range of innovative R&D incentives, tapped into employees' own potential, and promoted the Company's innovative development.

Innovative R&D incentive	Implement "project allowance and incentive" for major R&D projects. Implement "project incentive" for major and general R&D projects.
Special incentive	Develop the <i>Management Measures for Awards of Service Invention</i> , which rewards service inventors on a quarterly basis according to corresponding standards, thus encouraging and motivating innovation among all employees.
Awards	Organize evaluation of new product development awards and scientific and technological progress awards according to the Group's evaluation plan for the year.

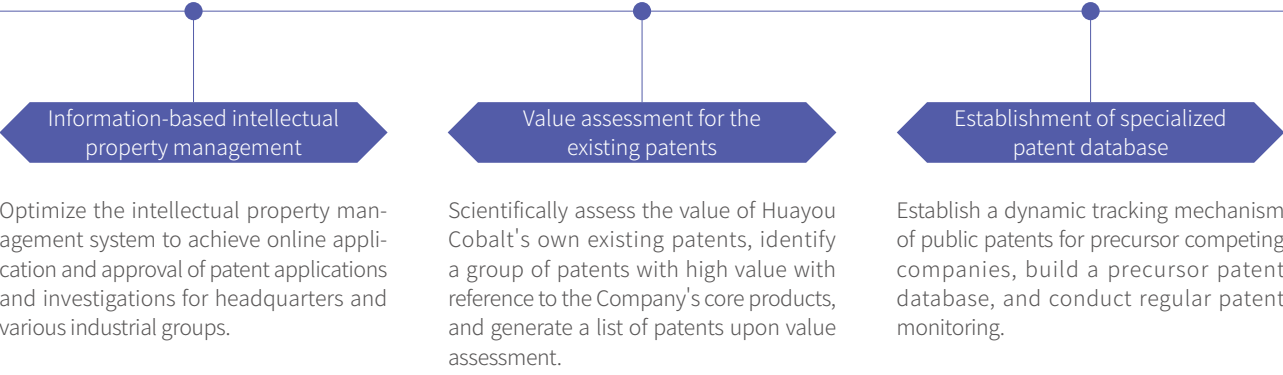
Innovation Incentives of Huayou Cobalt

Intellectual property management

The Company attaches great importance to intellectual property and is committed to protecting the legitimate rights and interests of the Company's innovation achievements and intellectual property rights through a variety of measures. During the reporting period, the Company continued to optimize and improve various intellectual property management systems, and successively optimized/ formulated policies such as the *Patent Application Management Measures*, the *Trade Secret Management Measures*, the *Control Measures for Intellectual Property Risks in Overseas Investment Project*, and the *Intellectual Property Dispute Handling*

Control Procedures. Furthermore, we paid attention to the management of exclusive rights of trademarks, and formulated policies such as the *Trademark Management Measures*, with the aim to consistently carry out trademark copyright compliance management.

During the reporting period, the Company obtained a total of 397 authorized patents, including 226 invention patents, 169 utility models, and 3 industrial design patents. In 2023, 52 new patents were granted, including 29 invention patents and 23 utility models.



Intellectual Property Management Measures of Huayou Cobalt

New patents were granted

52

Including nvention patents

29

Utility models

23

The Company holds training sessions related to intellectual property on a regular basis, covering topics such as intellectual property management, intellectual property risks, patent preparation, trademark and copyright compliance, with the aim to comprehensively cultivate employees' awareness of intellectual property protection, enable them to gain a deeper understanding of the importance of intellectual property and protection measures, and improve the Company's intellectual property protection awareness and ability.



Specialized Lecture on "How the Technological Innovation Is Converted into Product Patent Protection" Organized by the Headquarters



High-end Specialized Lecture on "Corporate Intellectual Property (Patent) Strategy"

Win-win cooperation

Following the strategy of open communication and win-win cooperation, Huayou Cobalt proactively participates in the preparation of national and industry standards, filling the standard gaps in nickel and cobalt hydrometallurgy from raw materials to end products in China while contributing its technological strength and experience to the entire industry. This undertaking helps promote Chinese manufacturing enterprises to explore advanced technologies, accelerate the elimination of obsolete equipment, reduce energy consumption, achieve green production and sustainable development.



Huayou Cobalt joins hands with external organizations to initiate research, aiming to promote technological innovation and industrial upgrading, expand research fields, accelerate technology R&D and product innovation, and jointly address to market challenges and opportunities. We increase investment in R&D talents and funds, strengthen the construction of international scientific research environment, facilitating an open global R&D innovation ecosystem.



Huayou Recycling and the world-renowned battery manufacturer HOPPECKE reached a strategic cooperation agreement in the city of Brilon on the North Rhine, Germany. Both parties will cooperate in the development of cascade utilization product research and manufacturing centers as well as recycling and pre-treatment in Europe, creating a European research center for the cascade utilization of decommissioned power batteries.



Huayou Recycling and Fraunhofer-Gesellschaft, Germany signed an agreement in Stuttgart to launch the first batch of pilot projects and future strategic cooperation. Both parties will carry out extensive and intensive technical exploration and research cooperation in the field of recycling of decommissioned power batteries in Europe.



Huayou Energy participated in the construction of the public service platform for the recycling and utilization of renewable resources for new energy vehicle power batteries, and applied its practical experiences to assist the platform construction.

Intelligent manufacturing

As a company engaged in rapid development, Huayou Cobalt has promoted operation automation, digitalization and intelligence as the strategic focus of its development. In order to realize the vision of "automatic production line, digitalized operation, and intelligent manufacturing", Huayou Cobalt is being committed to creating a borderless information flow, connecting the main processes of production and operation, breaking internal and external boundaries within the enterprise, realizing information sharing and business collaboration between the Group and various industrial sectors, inside and outside the enterprise, and finally empowering the initiation of Huayou's intelligent manufacturing.

Huayou Cobalt has defined the advancement principles and guidelines of intelligent manufacturing, and determined the industrial Internet platform as its technical base for intelligent manufacturing. Based on this platform, the Intelligent Manufacturing Research Institute has independently implemented and created a wide range of industrial APPs with Huayou characteristics and industry characteristics, and completed project acceptance. The successful implementation of these projects not only proves the feasibility of Huayou Cobalt's intelligent manufacturing, but also lays a solid foundation for the Company's "Integration of Shortened Process, Automatic Production Line, Digital Operation, Large-scale Equipment, Intelligent Manufacturing and Green Industry" and "Ultimate Manufacturing" strategies.

- Huayou Resource Recycling's self-developed battery dismantling and tracing system was successfully launched and accepted
- Guangxi base's self-developed production statistics system (a supporting project of the Guangxi SAP Restructuring Project, involving five companies) was successfully launched and accepted
- Huayou Quzhou's self-developed electrolytic nickel barcode system was successfully launched and accepted
- Huayou Quzhou's self-developed indicator management system was successfully launched and accepted
- The LIMS self-developed by five companies including Quzhou Nonferrous was successfully launched and accepted

Progress of Industrial APPs with Huayou Characteristics and Industry Characteristics



Product responsibility

Excellent product quality underpins the healthy development of enterprises. Huayou Cobalt adheres to the customer philosophy of "everything for customers and everything from customers" and the quality philosophy of "product is personality". The spirit of "self-improvement and pursuit of excellence" has been deeply rooted in the corporate culture and has become the core competitiveness of Huayou Cobalt. We have been continuously rewarding the trust of the market with excellent quality.

Product quality

Huayou Cobalt has established a sound product quality management system. We have improved product quality management certification by developing and optimizing product quality management systems, setting quality management goals and indicators, to control production quality by system, reduce potential risk of product quality problems and effectively protect the interests of customers.

Product quality-related systems	Various industrial groups have developed more than 100 internal policies and systems related to product quality management, covering aspects such as raw material testing, production quality control, handling of non-conforming products, and quality accidents.
Quality goals	Zero product recall
System certification	<div><div>[Huayou Indonesia Nikel Industrial Group]</div><div>Obtained GB/T19001-2016 idt ISO9001:2015 quality management system certification</div><div>[Huayou New Material Industrial Group]</div><div>Guangxi base, Quzhou base and Tongxiang base obtained IATF16949 quality system SGS certification and ISO9001 quality management system certification</div><div>[Huayou New Energy Industrial Group]</div><div>Guangxi base and Quzhou base obtained IATF16949 quality system SGS certification</div><div>[Huayou Recycling Industrial Group]</div><div>Jiangsu base obtained GB/T19001-2016/ISO9001:2015 quality management system certification</div></div>

We consistently promote industrial standardization and keep up with higher standards. In 2023, the Company was successfully approved as a company with "National High-tech Industrial Standardization Pilot Project". Through the high-tech industrial standardization pilot project, Huayou Cobalt has improved its overall standardization and regulated its standard system architecture. We continue to improve the standard system of the entire industrial chain of "raw materials-smelting-precursor-cathode-recycling (cascade) utilization", raise the standardization awareness among all employees, improve the quality and reliability of products, and promote the standardization of Huayou Cobalt to be geared into international standards.

case

The testing centers of Chengdu B&M and Huayue obtained CNAS qualification certificates

During the reporting period, testing centers of Chengdu B&M and Huayue successfully passed the China National Accreditation Service for Conformity Assessment (CNAS) assessment and obtained laboratory accreditation certificates, of which the testing center of Huayue was the first laboratory in Indonesia to obtain "CNAS certification for crude nickel hydroxide".



Huayue Project in Indonesia

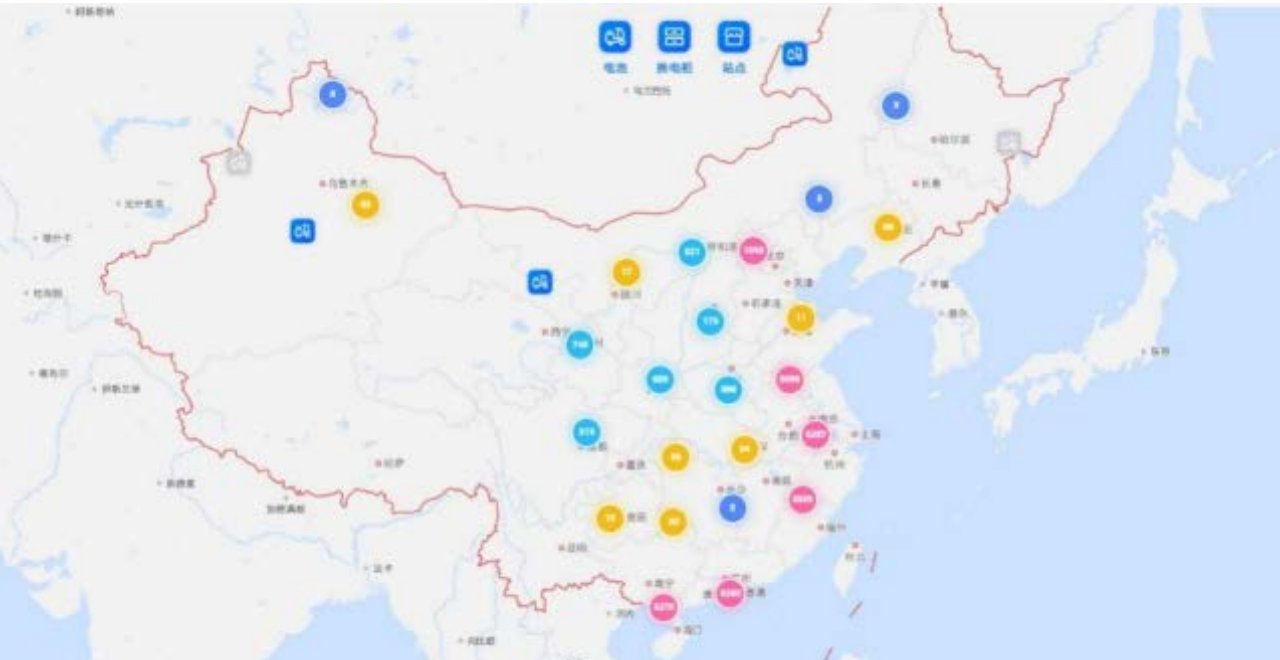
The Laboratory Accreditation Certificate obtained from CNAS marks that testing centers of Chengdu B&M and Huayue are in possession of internationally recognized management and testing capabilities, which will further ensure the Company's product quality, strengthen the Company's product quality control capabilities, and enhance the Company's comprehensive competitiveness.

To achieve full-process product quality control, we are constantly improving our production testing level and continuously moving towards automation, intelligence, and real-time product testing.

- Huayou New Material Industrial Group has put 14 automatic samplers and 9 potentiometric titrators into use, achieving automatic detection and sampling system and improving accuracy
- Several industrial groups have newly developed LIMS intelligent inspection and testing platform that is able to automatically collect, upload, analyze, and intelligently manage data, thus laying an important foundation for the Group's digital inspection management
- Huayou New Material Industrial Group has established an online monitoring DCS system for various indicators to achieve real-time quality control

Product Quality Improvement Measures of Huayou Cobalt

The Company further improves its quality risk control capability, improves product recall management procedures, and explores product traceability system. To standardize the product recall control process, we have formulated the Non-conforming Product Control Procedure, the Product After-sales Process Specification, the After-sales Repair Battery Inspection Standard, the Customer Complaint Handling Specification, and other systems, clarifying the product recall standards and processes, ensuring the integrity of product recall process and the efficiency of product recall. In case of customer complaints, the Technical Quality Department will first analyze the causes and handle them according to the reasons and relevant systems. In addition, Huayou Recycling has developed a product traceability system platform, which can better manage and supervise the operation status and traceability of the cascade products, and ensure the quality and safety of cascade products. During the reporting period, the Company reported no any product recall.



Huayou Recycling's Product Traceability Platform

Huayou Cobalt is consistently engaged in quality culture building, further integrating corporate culture, and creating a good atmosphere of quality awareness among all employees by organizing quality training seminars, quality knowledge contests, and quality debates, thus effectively enhancing the cohesion among employees and enriching their amateur lives.

case

The Group organized quality knowledge contest

During the Quality Month Activity in 2023, Huayou Cobalt's various industrial groups carried out quality knowledge contests. Each industrial group organized employees to participate in the quality knowledge contest in an orderly manner. Through answering questions about quality knowledge issues, it inspired employees' learning passion and work enthusiasm, and promoted the training and promotion of quality knowledge and quality awareness, thereby enhancing the Company's overall quality.



Quality Training Lectures

case New Material Industrial Group organized quality debate



In October 2023, Huayou New Material Industry Group successfully held 7 quality debate activities. This event was mainly organized for all employees of Huayou New Material Industry Group. Through this event, we successfully mobilized employees' passion for work and pursuit of quality, and stimulated their learning enthusiasm. It strengthened employees' awarenesses of quality, and created a good cultural atmosphere of all- staff involvement and joint attention to quality.



Quality Debate

case Huayou New Energy Industrial Group organized quality training lectures



During the Quality Month Activity in 2023, Huayou New Energy Industrial Group organized a quality training lecture. The event invited director-level cadres in Huayou New Energy Industrial Group as lecturers to elaborate the quality management of various quality modules in a simple way based on the theme of "zero defect" quality concept. Through leadership roles and classroom sharing, it led cadres and employees at all levels to implement "zero defect" quality concept, thereby further solidifying the zero-defect quality culture, and promoting the continuous improvement of enterprise quality management level.



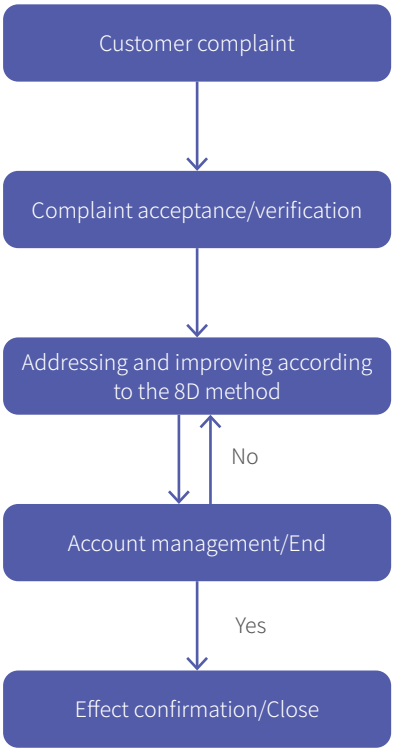
Quality Training Lecture

Services to
customers

Huayou Cobalt is always oriented towards user needs, constantly pursuing higher-quality services, and is committed to implement responsible marketing. We join hands with global customers to move towards the future, and strive to provide customers with excellent product experience by improving our customer service system, proactively listening to customer needs, optimizing customer complaint management, and conducting regular customer satisfaction surveys.

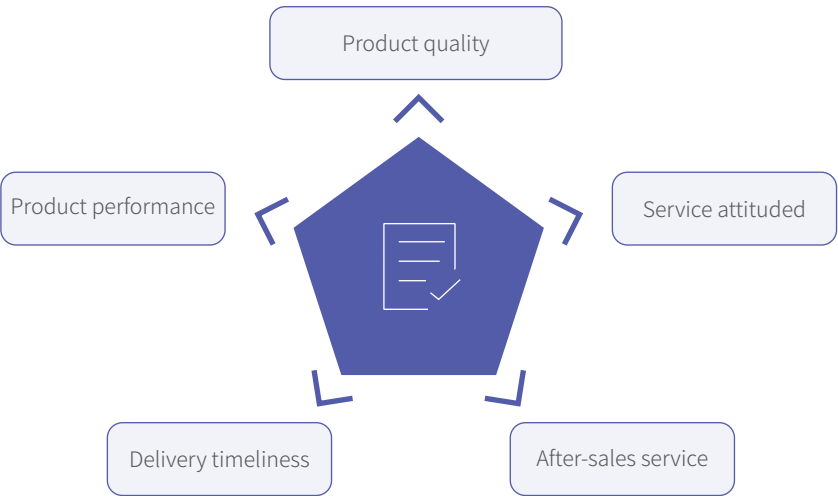
In terms of after-sales service, we have developed systems such as the Product After-sales Process Specification, the After-

sales Repair Battery Inspection Standard, the Customer Complaint Handling Specification, and the Customer Service Management Process. In case of customer complaints, we will handle complaints in strict accordance with the customer complaint management process. We will analyze the reasons for complaints internally and handle them according to the causes and relevant systems to continuously improve our products. According to the 8D Working Guide, we will adopt the 8D problem solving approach to identify the root cause of customer complaints, take actions to eliminate the root cause, and implement permanent countermeasures.



Customer satisfaction is a direct reflection of our work results and an important guide for our path forward. We are always committed to optimizing our products and services and consistently improving customer satisfaction. We continue to

conduct annual customer satisfaction surveys. For consumer feedback with dissatisfaction, we analyze the raw data item by item. In 2023, our customer satisfaction reached 90.56.



Major Assessment Items in Customer Satisfaction Survey



04 People-oriented Approach for Shared Growth with Employees

Huayou Cobalt attaches great importance to employee value and respects the labor achievements of employees. We are committed to creating a fair and open work environment and building an employee system compatible with international standards. The Company is committed to attracting a variety of talents across the globe with a diversified and inclusive corporate culture, and maximizing employee rights and interests through fair hiring processes, sound employee development system, generous employee benefits, smooth communication channels, and scientific safety management, with the aim to achieve a win-win situation for both employees and the Company.



100%
Physical examination
coverage rate of occupa-
tional disease posts

0 Time
Occupational
disease occurrence
frequency

RMB 180 million
Total investment in
safety production and
occupational health

Compliance and employment diversity

The Company strictly complies with relevant domestic and international legal requirements such as *the Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and *Indonesia's Labor Law*. We have made a commitment to respect the human rights of all employees and affected communities in the *Huayou Cobalt's ESG Policies*¹⁰. In order to ensure our implementation, we have developed and improved a series of regulations and management systems related to equal employment and legal compliance, such as the *Recruitment Management System* and the *Labor Contract Management Measures*, and pledged to prohibit all forms of discrimination. We will not discriminate against employees based on gender, race, religion, age, disability, nationality, political parties, sexual orientation, pregnancy or other factors in formulating and implementing policies such as recruitment, hiring, compensation, welfare, training, work allocation, promotion, punishment, dismissal or retirement, with the aim to ensure that every employee enjoys equal labor rights, thereby creating a scientific and standardized management system to protect the legitimate rights and interests of employees.

The Company clearly stipulates in internal documents such as the *Huayou Healthy Workplace Management Regulations* and the *Management Procedures for Prohibition of Child Labor, Forced Labor, Inhuman Treatment, Discrimination, and Respect for Freedom of Association* that child labor and forced labor are not allowed, and the use of debt (including debt bondage), slavery, prison or indentured labor is strictly prohibited during recruitment. All employees must be employed voluntarily. We will strictly verify the identity and age of applicants, and review the identity documents of each candidate. Forced labor, bullying and harassment are strictly prohibited, and relevant mechanisms are established to report and supervise illegal employment.

Establish reporting mechanism

Encourage employees and the public to report any violations of laws and regulations related to child labor and forced labor.

The Company carries out various forms of recruitment to attract talents from all walks of life. Huayou Cobalt mainly adopts two channels for employment: campus recruitment and social recruitment. Such employment means as internal referrals and employee referrals are used as a supplement while conducting campus talks and job fairs.

Recruitment methods

Campus recruitment

- The Company usually cooperates with major universities to recruit through campus talks, job fairs, and the like.

Social recruitment

- Huayou Cobalt mainly recruits through job-hunting websites, social media and talent markets.

Other recruitment methods

- Huayou Cobalt will also supplement its recruitment through internal referrals and employee referrals.

The Company attaches great importance to attracting talents and carries out multi-channel recruitment activities at home and abroad. We have signed university-enterprise cooperation agreements with 13 universities in Indonesia, including UGM and ITB, to organize campus job fairs, with a total of 112 college students recruited. Furthermore, we strengthen talent selection to continuously provide high-quality talents to the Group, thus promoting industrial development.

¹⁰ The *Huayou Cobalt's ESG Policies* is disclosed at <https://www.huayou.com/Public/Uploads/ueditor/upload/file/20240109/1704789121639211.pdf>



During the reporting period

Huayou Cobalt recruited a total of

15,140 people

through various channels

Registration rate¹¹

100%

Labor contract signing rate

100%

¹¹ Refers to the percentage of those actually employed among the people who received offers.

case Strengthen talent selection



Huayou Cobalt has strengthened its talent selection and signed cooperation agreements with 13 universities in Indonesia, including UGM and ITB, to organize campus recruitment, with a total of 112 college students recruited. 26 outstanding Indonesian undergraduates selected by the Indonesian Coordinating Ministry of Maritime and Investment Affairs, the Indonesian International Education Foundation, Northeastern University, and Huayue will enter Northeastern University to begin a three-year master's degree program in metallurgical engineering. This will contribute to the development of high-quality talents for the Indonesian new energy industry and promote the development of higher education and employment in Indonesia.



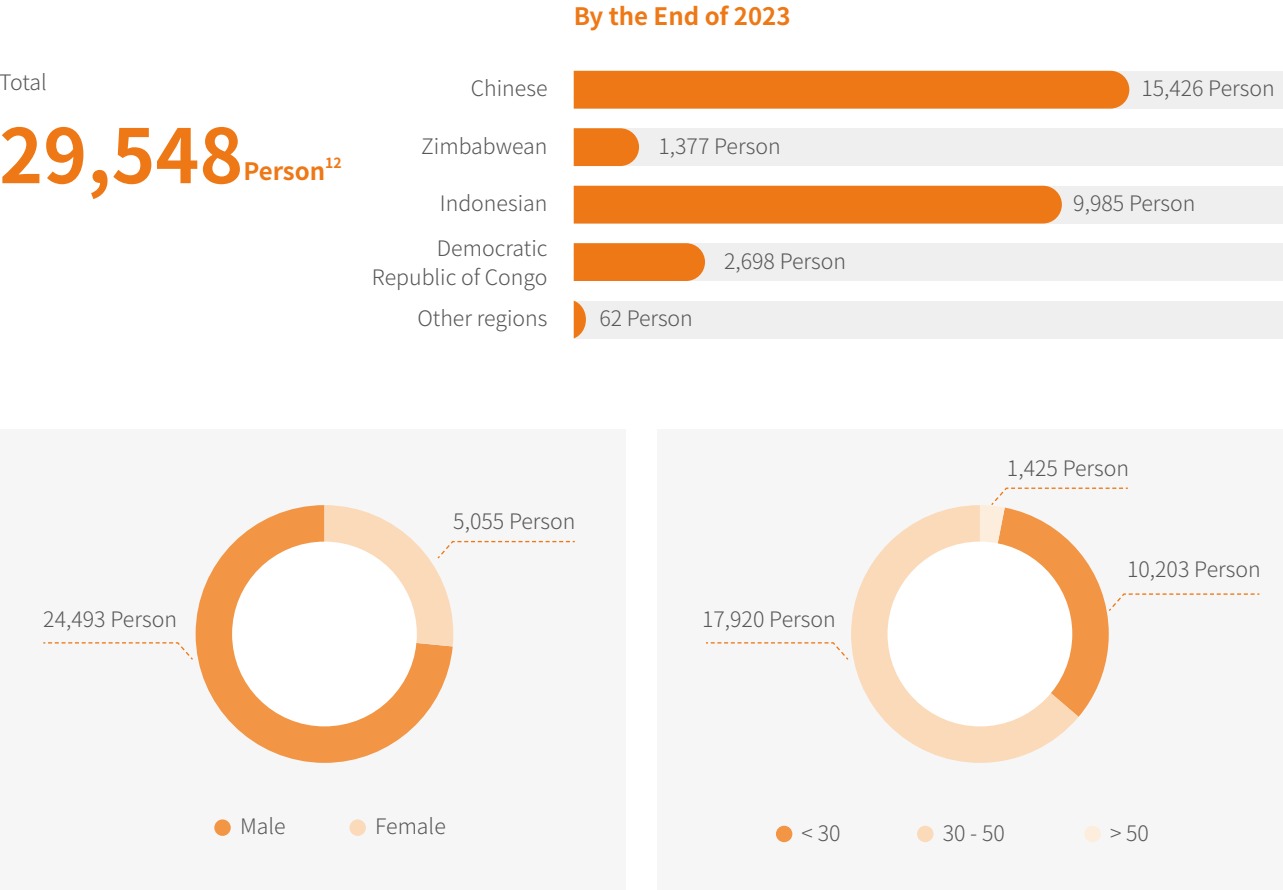
case "Talent Scout Program" Interviewer Empowerment Project



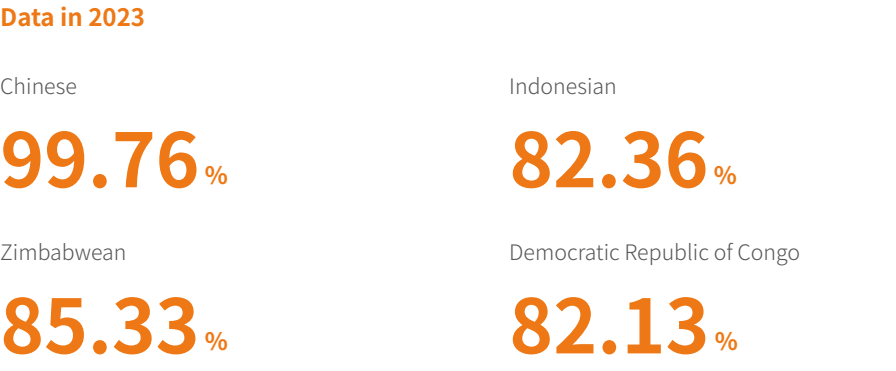
With its rapid development, Huayou Cobalt's talent recruitment work has transformed from talent allocation to high-quality talent delivery. This puts forward higher work requirements for the recruitment department, and poses new challenges for the interviewers of business departments. To better improve the organizational and individual capabilities of the business departments in accurately describing talent demand, the fit between talents and positions, as well as the match between the talents and organizations, the Company initiated and organized the first Interviewer Training and Empowerment Project. The heads of domestic and overseas business departments and their designated personnel with interview experiences are provided with opportunities for professional skills improvement in talent recruitment, with 45 participants.



Employee composition overview



The Company proactively demonstrates its corporate responsibility and implements localized employment policies. Through local talent training and employment projects, local employment plans, education, training, internship services, we have promoted the employment and entrepreneurship of local residents, increased the employment rate of local residents, and ultimately promoted local economic development. The following table sets out the localized employment rates in different regions in 2023:




¹² Only includes the Company's own employees

case

The Arcadia Project in Zimbabwe created job opportunities for residents of local communities

The Arcadia Project is the main asset of PROSPECT LITHIUM ZIMBABWE (PVT) LTD, with a total investment of UDS 665 million and an annual processing capacity of 4.5 million tons of ore. It is the Company's largest single investment project, which has created thousands of jobs, and driven local economic development, promoted the upgrading of local industrial chain, thereby making positive contributions to promoting China—Africa economic and trade cooperation.

Since its commencement in April 2022, more than 2,500 residents from the surrounding communities have been involved in the project construction. Stable work and generous benefit packages provide income sources for more than 2,500 families, bring more diversified employment options and development directions to local residents, and cultivate a large number of qualified technical and management talents for Zimbabwe.



The Arcadia Project


Beyond that, we have clearly stated that we resolutely oppose discrimination of any form and assured that the legitimate rights and interests of employees in terms of employment, promotion, compensation, etc. are not affected by nationality, ethnicity, gender, religion, marital status, disability, gender identity, sexual orientation, etc. In addition, we offer equal employment opportunities for talents from all professional backgrounds to ensure that there is no discrimination in recruitment and protect employees' labor practices and human rights.

Foreign employees

10,255

Ethnic minority employees


1,444



case

Huayue built Mosque for Muslims and Church for Christians

Considering the freedom of religious belief among employees, Huayou set up prayer rooms and other religious places of worship for Muslims in the park and office buildings. There are 9 prayer rooms in the Huayue project alone. The Company provides an extra month of holiday bonus to Muslim employees during Eid al-Fitr. At the SCM mine, Huayue is the first enterprise in Indonesia to build both Mosque and Church. During the Islamic holy month of Ramadan, Huayue held an Iftar event together with employees of the SCM mine and the villagers of Lalomerui Village in Konawe.



The Mosque and Church Built by Huayue

Employee training and development

Employee training

The Company attaches great importance to the improvement and development of employees' professional skills, and has formulated the *Employee Training Management Measures* to standardize training activities. We have established a training system consisting of three parts including general capability, management capability, and specialized capability, to provide employees with scientific and comprehensive training contents, thus comprehensively improving their skills and professional qualities, building a high-quality talent team keeping pace with the times, and realizing the sustainable development of talents.



Management capability training

- Huayou Cobalt regularly conducts relevant courses for management talents through its existing internal training system in combination with external senior teacher resources, with the aim to improve the management skills of cadres and help them acquire better opportunities for capacity growth, thereby achieving efficient and convenient daily management.



General capability training

- Huayou Cobalt adopts online and offline training programs that integrate classroom lecture and internship to provide training services to employees, with the aim to enhance their general capabilities necessary for daily work in terms of communication skills, innovative thinking, and office efficiency, and enable them to better adapt to the work environment.



Specialized capability training

- Huayou Cobalt organizes targeted specialized training sessions based on the characteristics of different employees by such means as offline lectures, drills in production workshop, and post-training assignments in production practice scenarios, thus accumulating rich experiences for different departments to carry out sustainable work.

Employee Training System

case Management capability training—Cadre training

From March 10th to 12th, 2023, the 3rd training and graduation ceremony for the strategic reserve team of Huayou Iron Army (2nd) was successfully held in the training classroom of the R&D building of Tongxiang headquarters. 27 strategic reserve team members were selected from the management to participate in the training, and 6 students were simultaneously studying online overseas, with the aim to enhance the management capability of the leadership.



case General capability training—Specialized EHS training

In 2023, Huayou Cobalt carried out three EHS management skills enhancement and empowerment training programs, each with three stages, covering 415 professional employees from different departments of the Group. The training enhanced employees' EHS awareness from the perspectives of EHS responsibility, machinery safety, production workshop EHS hidden danger inspection, and new prevention skills in EHS industry.

Huayou Cobalt carried out EHS management skills enhancement and empowerment training programs

3



case Specialized training—Induction training for new employees

In terms of integration of new employees, Huayou Cobalt has created a three-level four-stage training system that make full use of the training resources of various industrial groups to help new employees integrate into Huayou's business. By the end of 2023, Huayou Cobalt had completed induction training for nearly 1,000 new employees, and achieved the training goal of completing the required knowledge and skills within one week upon registration and completing the cultural integration within one month.

Huayou Cobalt had completed induction training for nearly

1,000 new employees



To adapt to the characteristics of different talent teams, we have established a management college. We have customized training systems for management teams, professional teams, and technical teams, and developed different training standards based on skills and job qualification systems to provide employees at all stages with development platforms that suits their own characteristics.



Management talent team training

To improve the management capability of the management talent team, Huayou Cobalt organized the training of the Wolf Team and the Strategic Reserve Team, and invited experts from Shanghai Jiaotong University to provide specialized empowerment for the management capability and leadership of senior management.



Specialized talent team training

Huayou Cobalt organized empowerment training for different professional sequences, covering various lines such as R&D, process, finance, and audit. Based on job qualification standards, we have developed a learning map and established a professional learning curriculum system.



Technical talent team training

Huayou Cobalt has regularly organized capability improvement training for front-line technicians in various industrial groups, conducted regular training and exams for employees with different skills such as production, EHS, maintenance, etc., and implemented a skill standardization system and training work.

In addition, Huayou Cobalt seeks cooperation with relevant colleges and universities in the Group's location, invites experts and scholars in related fields, and organizes a wide range of external training activities to broaden the horizons of employees in terms of skills and achieve comprehensive development of talents' quality.

case External training on labor efficiency improvement and cadre echelon construction



The Company's sustainable development cannot be divorced from a "talented and outstanding" reserve cadre team. We invited Mr. Yang Jin, former head of the General Personnel Department of Huawei, to conduct a two-day training on "reserve cadre echelon construction". Mr. Yang shared and instructed back-up construction experiences, tools and processes for the headquarters and industrial groups, and laid a solid foundation for the formal launch of the Company's reserve echelon construction.



External Training on Cadre Echelon Construction

case The Company organized joint external training with School of Continuing Education of Quzhou College of Technology



In order to further enhance the work capability of employees and improve the organizational competitiveness of Huayou Quzhou Industrial Park, the Quzhou Regional Management Center, in accordance with the individualized training needs of various departments, jointly launched three skill training programs with the School of Continuing Education of Quzhou College of Technology, including pastry cook, photography PS editing, and human resource management, which created a good atmosphere for employee re-education and re-learning, and promoted the favorable integration between Huayou Quzhou Industrial Park and Quzhou City educational resources.



During the reporting period

Total training investment of the Company

RMB4.7757 million

Total training hour

959,373.2 hours

Average training hour

31.44 hours

Coverage rate in human rights training

100%

Academic improvement

- The Company encourages employees to participate in on-the-job academic improvement education, and advocates them to obtain external professional titles and job qualifications, and assists employees in applying for government subsidies for academic improvement and other talent incentives upon obtaining relevant academic qualifications and professional titles.

External professional title

- The Company has organized the applications of 25 external professional titles, including 9 senior professional titles, 8 intermediate professional titles, and 8 assistant professional titles. In terms of internal professional titles, the Company organized the applications of 542 internal professional titles, and 352 were approved, including 3 senior intermediate titles, 17 intermediate titles, and 332 assistant titles.

Qualification certificate

- The Company organizes employees to participate in lectures external professional training institutions to help them obtain special operation permits (boiler operation certificates, pressure vessel operation certificates, electrician operation certificates, etc.), and reimburse related certification fees.

Employee Training Incentive System

Employee
development

Huayou Cobalt fully respects the personal development aspirations of the employees and has established a staff promotion channel consisting of management and professional channels. In addition, the Company has developed internal employee development systems such as the *Job Qualification System Management Measures*, the *Position and Rank Management Measures*, the *Technical Position Evaluation and Employment Management Measures*, and the *Job Skills Standardization Management Measures*, which provide detailed descriptions of the performance evaluation system as a reference standard for employee development and promotion. During the reporting period, the Company conducted monthly, quarterly, and annual performance evaluations.

Monthly &
quarterly
evaluation

- Monthly performance evaluation was launched in 2023 to promptly evaluate employees' achievement of monthly performance goals. The evaluation dimensions mainly include performance indicators, post indicators, mandatory work, and comprehensive evaluation. The evaluation results will be used to allocate monthly/annual performance bonuses.

Annual
evaluation

- Huayou Cobalt's employee performance evaluation applies organizational performance results to individual cadre performance, facilitates the Group's core cadre to focus on achieving company goals, strategies, and operational objectives; and applies monthly/quarterly performance results to annual performance, thus providing process support and result data support.

Promotion
results

- In mid-2023, 62 employees were promoted to department head and above, and 232 employees were promoted to cadre at section level. In addition, a batch of employee promotions will be granted at the end of the year.

Huayou Cobalt attaches great importance to the comprehensive quality of employees, and does not regard performance as the sole criterion for promotion. We will conduct comprehensive assessments for employee promotion based on key events, key performance, value creation, cultural values, as well as other dimensions.

To improve the employee job qualification system, we consistently promote the establishment and implementation of standards for front-line technical workers and build a qualification system. In addition, we have developed a systematic talent development blueprint through talent review, so that employees choose the right development path to realize their personal value.

Establish job qualification system

- To encourage technical talents to show themselves, the Company provides employees with more career development opportunities, promotes the establishment of job qualification system, and has completed the establishment of seven professional sequences including process, equipment, quality, audit, human resources, etc. In addition, the Company continues to enhance the capability improvement path for professional technicians, open up the career development channel for technical talents, and effectively drive the development of employees' professional competence.

Optimize professional skills standardization

- The talent review has been integrated into daily work such as organizational structure adjustment, staff optimization, and reserve echelon construction. In 2023, the Company conducted corresponding talent review by departments based on mid-year/annual organizational structure adjustment, staff optimization, and organizational team at all levels, which serves as a reference for work development.

Conduct talent review

- The Company continues to optimize the establishment and implementation of standards for front-line skilled talents, standardize the evaluation mechanism for front-line job skill levels, and strengthen training for standardization, with the aim to promote the steady growth of job skill talents. In 2023, the Company organized annual skill standardization applications for 6,049 employees, among which 5,505 employees passed the assessment certification.

Talent Sequence Establishment of Huayou Cobalt



Employee compensation and benefits

Huayou Cobalt attaches great importance to the protection of the rights and interests of every employee, and has formulated policies and systems such as the *Employee Welfare Management Measures*, the *Salary Management Measures*, the *Annual Physical Examination Plan for Cadres*, the *Annual Physical Examination Plan for Employees*, and the *Attendance and Leave Management Measures*, thus providing a reference for the protection of employee rights and interests.

In terms of compensation system construction, we provide competitive salaries for our employees. We adjust our compensation and benefits based on production and operation situation as well as external market research data in real time, thereby striving to achieve industry and regional leadership. In addition, the Company has set up instant incentive and equity incen-

tive systems for employees to motivate their work enthusiasm, enhance the competitiveness of the Company in the talent market, such as the performance-based monthly instant incentive and year-end performance incentive.

In terms of welfare system construction, the Company attaches great importance to the management of welfare benefits for all employees. The welfare policy covers all employees. The Company has established a compensation system based on salary structure, annual salary adjustment, performance bonus and unrestricted stock as well as a welfare system based on five social insurances and one housing fund, commercial insurance, other allowance to create a more harmonious and happier working environment, and allow employees to feel care and warmth in their work.

Statutory benefits

Five social insurances and one housing fund, statutory festivals and holidays (annual leave and sick leave)



Additional benefits

Commercial insurance, housing subsidy, transportation



Employee Welfare System of Huayou Cobalt

case

The Group headquarters set up mother-and-child room



In 2023, five female employees at the Group's headquarters were taking breastfeeding leave, and 15 female employees are taking maternity leave. To further enhance the employee experience and care for women's health, the Company set up a "Huayou Love Mother-and-Child Room", the room was equipped with access control to ensure privacy and managed by special-assigned personnel. Refrigerators and disinfectors were provided to store breast milk, with the aim to provide humanized and convenient services for pregnant and lactating women, and effectively safeguard women's legitimate rights and interests.

Employees' rights & interests and communication

During the reporting period

Huayou Cobalt's trade union/collective agreement coverage rate reached

100%

To safeguard the rights and interests of employees, Huayou Cobalt has developed internal documents such as the *Management Procedures for Prohibition of Child Labor, Forced Labor, Inhuman Treatment, Discrimination, and Respect for Freedom of Association and the Labor Practice and Human Rights Policies*, thereby establishing a good communication mechanism for employees and provide reference for building smooth complaint channels.

The Company fully respects the political rights and freedom of association of the employees, and clearly stipulates that employees have the right to freely choose the application for membership in trade unions as well as party and

league organizations. Huayou Cobalt supports and participates in collective bargaining on collective labor contracts and salary negotiation in accordance with relevant regulations. During the reporting period, Huayou Cobalt's trade union/collective agreement coverage rate reached 100%.

The Company places emphasis on the communication with employees. Through smooth communication mechanism as well as complaint email, telephone, online WeChat official account and other channels, it is convenient for the Company to listen to employees' voices, understand their demands, and solve them in a timely manner.



Complaint email
report@huayou.com



Complaint telephone
0573-88589103



Online WeChat official account
"Anti-corruption Huayou"



Offline complaint channel
Complaint box



case Huayou Indonesia Nikel Industrial Group fully listens to employee complaints



Huayue Cobalt always cares about the employees' lives. We have established multiple communication channels to collect and understand their demands, and provide the promptest response and assistance. We set up an employee rights office, launch a "rationalization proposal" section and an "employee complaints" section on the internal platform, and provide a complaint box in the Company.

Huayue has established fair complaint procedures, provided anonymity protection, and achieved continuous improvements through transparent communication and feedback channels. In 2023, Huayue received a total of 73 rationalization proposals and 694 communication demands, mainly covering working and daily life, with 100% completion rate.

Penggunaan saya yang biasa MY FAVORITE



Huayou Cobalt attaches great importance to the various complaints from employees. In terms of working and life, we provide corresponding solutions to employees as soon as possible. In case of complicated problems, we will arrange experts and scholars in related fields to provide accurate solutions.

case The Company solved employee complaint—Noise barrier



In 2023, Huayou Indonesia Nikel Industrial Group discovered that external road traffic noise had an impact on employee rest through employee complaint channels. Upon on-site inspection by technicians and team research and collaboration, the Company built noise barrier for employees, which greatly improved their quality of life.

Occupational health and safety

Occupational health and safety management system

Huayou Cobalt attaches great importance to employee health and safety, adheres to the "people-oriented" development policy, and safeguards the employees' life and health rights. The Company strictly complies with relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Safety Production Law of the People's Republic of China, and upholds the safety management principle of "safety and, prevention first, comprehensive treatment". We have proposed commitments and requirements for ensuring the health

and safety of employees and contractors working at project sites in the Huayou Cobalt's ESG Policies, and are committed to achieving the goal of "zero death and zero occupational disease". During the reporting period, we reviewed relevant management processes, checked for gaps in various policies and systems and conducted correction, and revised some of the original policies, with the aim to ensure that our occupational health and safety management policies comply with the latest laws, regulations, and operational requirements.

During the reporting period, Huayou Cobalt and its subsidiaries passed ISO 45001 occupational health and safety management system certification.



ISO 45001 Occupational Health and Safety Management System Certification

By the end of the reporting period

Huayou Cobalt invested a total of in safety production and occupational health

RMB **181** million

Document preparation

- The Lock-out Tag-out (LOTO) Management System
- The Guidelines for Hazardous Operations in Construction Projects
- The Operation Management Measures for EHS Information System Platform (Trial)
- The Management Standard for Occupational Hazard Factor Detection in Workplace
- The General Rules for Occupational Health Management

Document revision

- The Accident/Incident Investigation and Handling Procedure

Indicator	Unit	2023
Work-related death	Person	1
Annul lost working hours due to accident	hours	14,791.50
Lost time injury accident	Nos.	31
Lost time injury rate (LTIR)	Per million working hours	0.62
Lost working hours per million working hours	Per million working hours	296.63

Safety risk management

The Company attaches great importance to safety risk management in production. To prevent accidents among employees in accordance with relevant regulatory requirements, Huayou Cobalt has implemented internal-external dual prevention mechanism, spares no effort to reduce various risks throughout the production chain. Furthermore, we reduce possible safety risks from daily supervision, compliance audit, accident analysis, and safety equipment allocation.

Daily supervision

To eliminate potential safety hazards and reduce EHS control risks, the Group's EHS Management Center conducts supervision and inspections on various bases and construction projects of the Group, with a total of 1,104 problems identified.

Compliance audit

The Company establishes EHS compliance audit standards and implement internal and external EHS audits, with 1,301 risk points identified.

Specialized inspection

Quzhou Nonferrous Metals Division conducted a specialized inspection on leakage, identified 105 potential hazards at site and summarized four major categories of problems for systematic rectification.

Accident analysis

Huayou Cobalt combines the analysis results of the Company's accidents conducted by third-party professional organizations over the past 5 years and the RCA accident analysis tool provided.

Safety equipment allocation

The Group provides employees involved in occupational hazards with appropriate personal protection equipment and guides them in correct use, ensuring the Company's safe production.

Safety Risk Supervision and Management

case Huayou Indonesia Nickel Industrial Group appoints safety experts

Huayou Indonesia Nickel Industrial Group attaches great importance to production safety. It engages relevant professionals from different fields to carry out supervision and management from multiple perspectives in daily work. The number of personnel and competence meet the Company's production safety and emergency rescue needs. The specific situation of safety talent allocation in different fields is described as follows:

Work safety and health expert in electrical, chemical and genera fields (Ahli K3)	Working environmental safety and health expert	Rescue personnel for workplace accidents
24	14	49
Corporate healthcare emergency rescue nursing personnel	Fire protection specialist	Special trade operator in confined space and special machineries
2	85	218

case Huayou Cobalt issued the *Special Rectification and Improvement Program for Hot Work* to reduce risks in hot work operations

In 2023, to further ensure safety in production, Huayou Cobalt issued the *Special Rectification and Improvement Program for Hot Work*, detailing the potential hazards in hot work, and the Company carried out rectification and improvement for hot work. We strengthen supervision on the hot work process through empowerment training. Upon completion of the program, the basic skills of risk management and control for hot work among employees were strengthened.



EHS audit

The Company establishes EHS compliance audit standards and regularly conducts internal and external EHS audits to ensure the effectiveness, compliance, and continuous improvement of the EHS management system. The Group's EHS Management Center assesses the performance of each subsidiary in EHS management, prepares monitoring reports to identify potential problems, and proposes corresponding improvement measures.

To reduce the risk in EHS management and control, the Company consistently conducts environmental audit. The Group's EHS Management Center conducts annual internal audits on all bases and construction projects of the Group. Professional third parties entrusted by the Company conduct external audits

on a regular basis, and all bases are subject to complete audit at least once every 3 years. Beyond that, the Company cooperates with customers to carry out two-party environmental audits to ensure that environmental management meets customer requirements. During the reporting period, a total of 1,301 EHS risk points were identified in internal and external EHS audits, and all identified risk points were rectified.

Furthermore, regular professional exchanges and mutual inspections are carried out between the Company's bases, monthly and quarterly assessments are organized to evaluate the management of each base and construction project, thus promoting and sharing good management experiences.

Construction of
safety culture

To comprehensively raise the safety awareness among employees, Huayou Cobalt spares no effort in safety promotion. We organize corresponding safety education according to the characteristics of different positions, and adopt a variety of activities such as fire drills, safety knowledge contests, safety production months and the like, to strengthen the emergency response capability of the Group's employees and integrate safety awareness into daily life and work.

case Huayue fire brigade participated in firefighting skill contest in IMIP Park

In October 2023, five firefighters from Huayou Indonesia Nickel Industrial Group's fire brigade participated in the annual "Firefighting Skill Contest" organized by IMIP Park, and ranked first in the 100-meter obstacle water target shooting event.



case Work Safety Month

According to national regulations and the Company's system requirements, the EHS Management Center organized a kick-off meeting for the "Work Safety Month" campaign, and promoted the implementation of various activities according to the Group's "Work Safety Month" Activity Program 2023. This event effectively promoted the Company's EHS culture construction atmosphere, and achieved significant improvement in employee participation and safety management awareness. The highlights of the Work Safety Month are as follows:

- EHS themed essay
 - A total of 144 essays were received, among which 3 were rated the first prize, 5 were rated the second prize and 10 were rated the third prize
- National work safety knowledge contest
 - With 5,585 contestants
- Huayou Learning EHS mini video study
 - 18 safety knowledge mini videos were produced, a total of 1,681 employees completed the training
- EHS micro lesson contest
 - A total of 48 entries were received
- Live EHS knowledge quiz
 - 568 employees participated in the award-winning EHS knowledge quiz
- Fire emergency drill
 - With 800 participants.



case Completed the safety experience hall



The safety experience hall built by Huayou Indonesia Nickel Industrial Group has 13 safety experience items, including helmet impact and falling from openings. It adopts a three-dimensional safety education model, and combines the first-person view of tactile experience, the third-person view of intuitive understanding, and simulated virtual scenarios to simulate various possible safety accidents at job site. The participants can feel the immersive dangers of unsafe operations or equipment and facilities, so that they can truly realize the necessity of wearing and using personal protection equipment (PPEs) in compliance with regulations, improve their safety awareness and skills, and master the safety operation specifications and emergency response measures.



case Grassroots EHS management personnel skill improvement program



To comprehensively improve the skills and capabilities of grassroots EHS management personnel, ensure the Company's safe production and project construction, and meet the Company's requirements of "safety and environmental protection are more important than anything else" and "being the first responsible person in compliance with the Work Safety Law", the Company planned and organized serial training for skill improvement among grassroots EHS management personnel. The program focused on raising the awareness of EHS responsibility, improving the latest EHS skills such as mechanical safety and production workshop hidden safety dangers inspection, combining training with practice. Through offline lectures, drills in production workshop, and post-training assignments in production practice scenarios, and recruiting business backbone as mentors and professional reviewers, the EHS management capabilities of participating employees were effectively improved. In 2023, this program was carried out in three sessions, each with three stages, covering grassroots management personnel in EHS, production, equipment and other professional departments in Tongxiang, Quzhou and Guangxi, with a total of 415 professional employees. This program accumulated 14 safety courses with Huayou characteristics, providing rich experience for the Company to consistently organize EHS training.

Occupational health management

To protect employees from occupational hazards, the Group has developed internal systems such as the Management Standard for Occupational Hazard Factor Detection in Workplace and the General Rules for Occupational Health Management. We carry out occupational health physical examinations for employees in accordance with relevant regulations and requirements to ensure that they are in good physical condition in work. During the reporting period, all industrial groups of Huayou Cobalt have improved the construction of occupational health management systems.

We continue to carry out occupational health and safety evaluations and conduct regular inspections of occupational hazards.

We have developed an occupational health management evaluation sheet based on the General Rules for Occupational Health Management, which is broken down into 12 inspection elements and 68 audit topics. In addition, the Company has guided 15 companies to complete self-assessments, with the aim to ensure legal and compliant occupational health management.

During the reporting period, each industrial group and subsidiaries of Huayou had conduct occupational hazards tests on a regular basis. Huayou Cobalt invested a total of RMB 45 million in occupational health. All employees at occupational disease post were subject to physical examination, with 0 occupational diseases.

2023

Coverage rate of medical examination for occupational diseases

100%

Number of occupational diseases

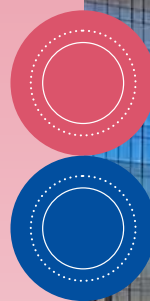
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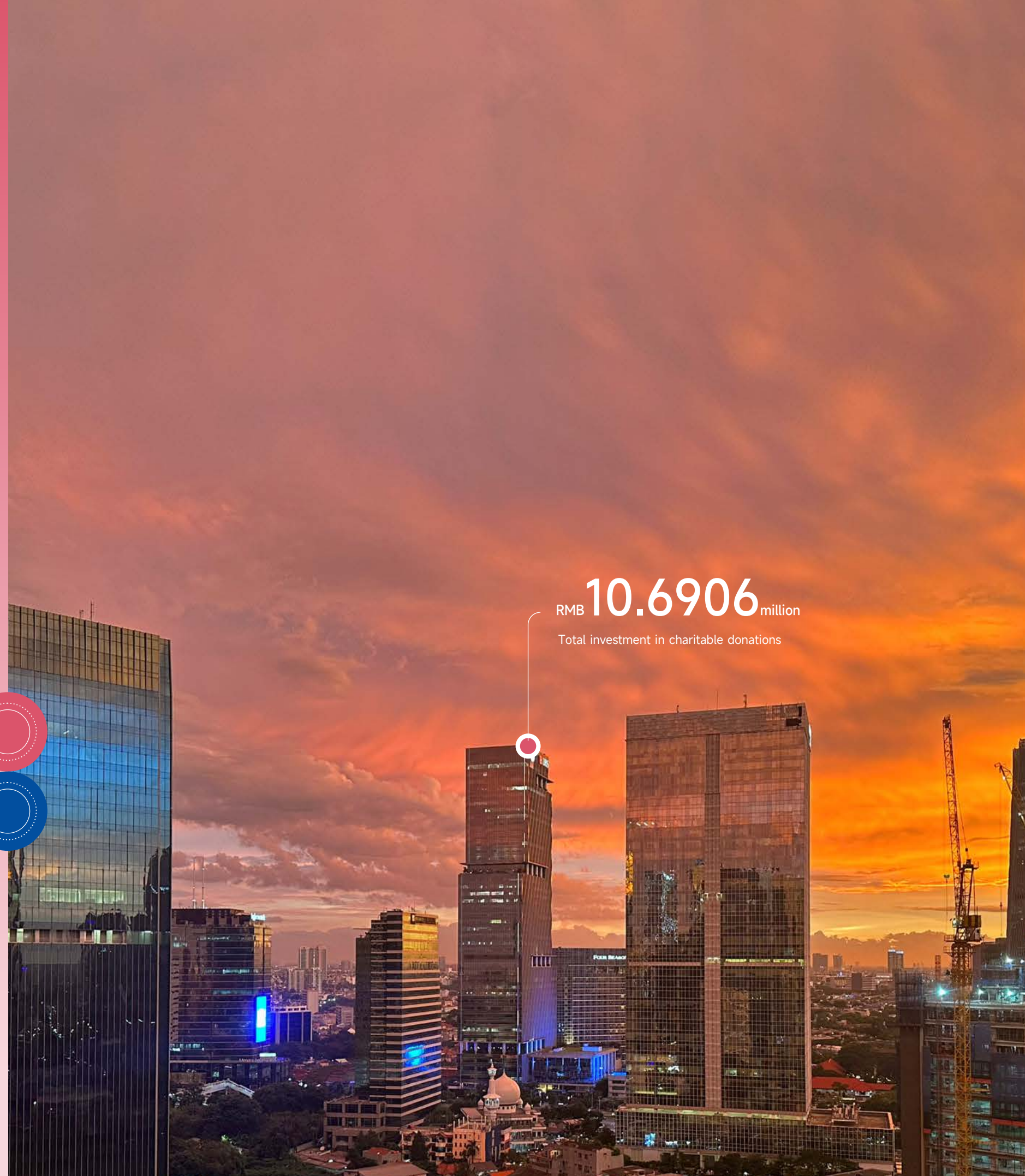
05

Befriending Worldwide for Common Prosperity

As a responsible and international enterprise, Huayou Cobalt is keenly aware that the corporate development cannot be divorced from the support of people from all communities at home and abroad. Upholding the investment philosophy of “Wherever we invest, we contribute to the local economy and society”, we keep participating in rural revitalization, fulfilling our overseas responsibilities, and sincerely giving back to society by participating in various charitable donations and public welfare affairs, thus passing on love and warmth to people in need across the globe.



RMB **10.6906** million
Total investment in charitable donations

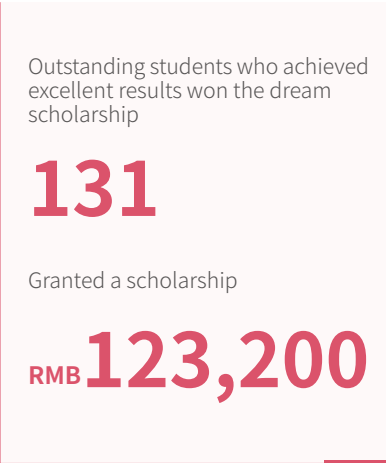


Region	Charitable donations	Total Investment
Domestic	The Headquarter	Around RMB 1,4524 million
	Quzhou Regional Management Center	Around RMB 1,1524 million
Overseas	Guangxi Regional Management Center	Around RMB 83,300
	Indonesian Nickel Industry	Around RMB 1,8667 million
	African Resource Industry	Around RMB 5,7381 million
	New Energy Industry	Around RMB 397,700

Public Donations of Huayou Cobalt in 2023

Education assistance

In October 2023



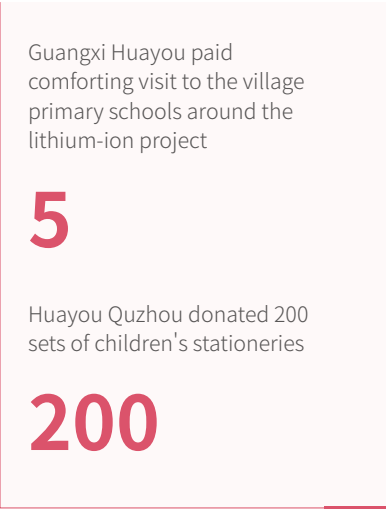
Huayou Cobalt is deeply aware that education is a national priority for promoting social progress and rejuvenation. Therefore, we attach great importance to our investment and contribution in education and support the development of education through a variety of forms.

In December 2022, Chairman Chen Xuehua donated RMB 50 million to establish the "Huayou Common Prosperity Fund" on behalf of the Company at the 20th anniversary celebration of Huayou Cobalt. In October 2023, the charity projects "Huayou Dream" and "Huayou Chongxue Award" scholarships under the fund were granted for the first time, with a total of 183 students receiving awards. The "Huayou Dream Award" granted a scholarship of RMB 560,000 to 52 students from Tongxiang City who entered prestigious schools for further study. The "Huayou Chongxue Award" granted a scholarship of RMB 123,200 to 131 outstanding students who achieved excellent results in the final exams in Tongxiang Qixin School and won the dream scholarship. Huayou Cobalt's donation in education aims to inspire students to be diligent in study, and strive to grow into talents useful to the country.



Award Ceremony of "Chongxue Award"

On the International Children's Day in 2023



Huayou Cobalt's regional management centers are also active in supporting the local education. On the International Children's Day in 2023, Guangxi Huayou paid comforting visit to the five village primary schools around the lithium-ion project, and donated school bags, pencils and other supplies as gifts for Children's Day. Huayou Quzhou Industrial Park paid comforting visit to the Baisha Primary School and donated 200 sets of children's stationeries.



Guangxi Huayou Paying Comforting Visit to Village Primary Schools around the Lithium-ion Project

Care for all

In 2023

Huayou paid comforting visits
to families receiving subsistence
allowance in Lijia Lane

2

As a responsible enterprise, Huayou Cobalt is concerned about the development of the local community. The Company has created a harmonious community atmosphere of neighborhood watch through mutual assistance and cooperation between the community and enterprise. In 2023, Huayou paid two comforting visits to families receiving subsistence allowance in Lijia Lane, provided condolence money and gifts, and subsidized the infrastructure and civilization construction of Tongqing Community. In addition, Huayou paid comforting visit to the nursing staff of Tongxiang Leprosy Hospital and the elderly of Longxiang Nursing Home, and provided them with condolence gifts.



Huayou Paying Comforting Visit to Longxiang Nursing Home

In 2023

Lu Ximing, chairman of the
Huayou Quzhou Industrial Park
Labor Union, led a team to pay
comforting visit to including
Tangdi

4 villages

Deliver assistance funds
topoverty-stricken households

16

On January 19, 2023, Lu Ximing, chairman of the Huayou Quzhou Industrial Park Labor Union, led a team to pay comforting visit to four villages including Tangdi and Pengjia to deliver assistance funds to 16 poverty-stricken households and provide condolence gifts to surrounding villages. In August 2023, the Guangxi Huayou Labor Union organized an activity to deliver cool drinks to four grassroots public security units around the Huayou Guangxi Industrial Park in summer, sending comfort to the police officers and workers under high temperatures.



Huayou Guangxi Delivering Cool Drinks in Summer

Spread
kindness

In 2023

Charity was distributed to 21 needy
employees in this year

RMB 157,800

Relief funds was distributed to 2
extremely poor employees

RMB 60,000

Huayou Cobalt is always active in conducting public welfare activities, organizes internal donation activities to help employees in need to overcome difficulties, and calls upon employees to participate in blood donation activities to pass love and warmth on through practical actions.

On January 28, 2023, the Party Committee, Labor Union and the Youth League Committee of the Group organized headquarters to carry out "One-Day Donation" event jointly with subsidiaries in Quzhou and Guangxi. Through the event, the fund strength was raised and expanded to help needy families of employees. RMB 157,800 of charity was distributed to 21 needy employees in this year, and RMB 60,000 of relief funds was distributed to 2 extremely poor employees on May 22.



One-Day Donation Campaign

The trickle of blood reflects love, and little dedication demonstrates warmth. To proactively fulfill social responsibilities and support the development of public welfare undertakings, Huayou headquarters and its subsidiaries in Quzhou and Guangxi carried out voluntary blood donation activities. The majority of cadres and employees responded to the call, with over 200 employees participating in blood donation, illustrating the power of love with practical actions and conveying the hope of life with warm blood.



Voluntary Blood Donation

Rural revitalization

During the Reporting

we donated to Fenghuang Village,
 Baimaqiao Township

RMB200,000

Huayou Cobalt actively explores long-term mechanisms in supporting rural revitalization, promotes the construction of clean energy such as rural PV projects, develops PV industries in qualified regions for poverty alleviation, helps consolidate the achievements of poverty alleviation, and promotes common prosperity.

case Roof distributed PV project in Yugan County, Shangrao City

To implement the requirements for the construction of clean energy such as rural PV projects in the *State Council's Suggestions on Comprehensively Promoting Rural Revitalization in 2022*, during the Reporting Period, we donated RMB 200,000 to Fenghuang Village, Baimaqiao Township, Yugan County in the form of poverty alleviation donations for its roof distributed photovoltaic power station construction project. This project will bring a stable source of income to the collective economy of Fenghuang Village in the future, thus helping its rural revitalization.

Community co-construction

Domestic community co-construction

Those who dare to take responsibility must have courage, and those who can take responsibility must have strategies. Huayou Cobalt has always adhered to the investment philosophy of "Wherever we invest, we contribute to the local economy and society", and has achieved remarkable results in employment, infrastructure construction, and educational support. Beyond that, Huayou Cobalt respects local culture, attaches great importance to local biodiversity and religious beliefs, truly achieving assuming responsibility with courage, capability, and attitude.

case Maintenance of responsible road section in the co-constructed community

To actively respond to the requirements of Tongxiang's Civilized City Work Center, the Party Committee, Labor Union, and the Youth League Committee of the Group organized 30 party volunteers to carry out a voluntary road cleaning on Wuzhen East Road on March 5, 2023 by picking up garbages, cleaning public facilities, and leveling greening. The Company provided material support for the local community hospital staff dormitory in 2023, helping Tongxiang build a national civilized city.

case Lending Huayou's dormitory materials to the Second People's Hospital of Bobai County

On December 18, 2023, the Second People's Hospital of Bobai County was opening, but there was no furniture for staff dormitory. Therefore, they requested to borrow the furniture in dormitory #3 of our talent apartment for one year free of charge. After internal communication, the Company agreed and provided the support.

On December 26, 2023, the staff of the Second People's Hospital successfully moved in, and the hospital began trial operations the next day. Guangxi Huayou's help has solved the accommodation needs of local hospital staff, contributed to local medical care, and relieved the urgent situation of local medical supplies.

Overseas community co-construction

case Upgrading 26.8KM road in Ruwa, Zimbabwe

The bridge from Ruwa area and the surrounding communities of the PLZ company has been in disrepair for many years and severely damaged. The surrounding residents have difficulty traveling and traffic accidents occur frequently. The Company has developed and implemented a detailed upgrade plan for the bridge, which has been well received by residents of the communities along the road and the local government, laying the foundation for community development, prosperity, and stability.



Before



After

case Building water wells for KAWAMA and KASHIMBALA communities in Congo

Drinking water has been a major problem for local people for a long time, the few hand-operated wells in the area are inefficient and time-consuming, and cannot effectively meet the water needs of villagers. To reduce the risk of villagers contracting diseases due to impure water and solve the problem of water supply for villagers, Huayou Congo built four solar-powered wells for the KAWAMA community and three solar-powered wells for the KASHIMBALA community from May to December 2023.



Water Well in KASHIMBALA

Appendix 1: Performance Indicators

Economic performance	Unit	2023
Revenue	RMB billion	66.304
Net profit attributable to shareholders	RMB billion	3.351

Environment performance	Unit	2023
Greenhouse gas emissions		
Total greenhouse gas emissions (Scope 1 and Scope 2)	10,000 tCO ₂ e	171.72
Emission intensity of non-ferrous metal products	tCO ₂ e/ ton of metal	4.04
Emission intensity of trnary precursor	tCO ₂ e/ ton of entity	1.50
Emission intensity of cathode material	tCO ₂ e/ ton of entity	1.74
Energy consumption		
Coal	ton	117,139.60
Gasoline	litre	266,810.97
Diesel	litre	53,149,280.80
Direct energy consumption	tce	151,339.45
Purchased electricity	MWh	1,985,222.22
Indirect energy consumption	tce	243,983.81
Installed capacity of clean electricity	MW	11.90
Clean electricity generation - photovoltaic	MWh	2270
Use ratio of clean electricity	%	34
Water consumption		
Total water intake	ton	34,613,021.17
Water intake intensity	ton /RMB million revenue	522.04
Water consumption in circulation	ton	39,748,463.56
Circulating water consumption rate	%	53.45
Total wastewater discharge	ton	28,585,592.45
Wastewater discharge intensity	ton /RMB10,000 revenue	4.31
Total COD emissions	ton	361.51
Total ammonia nitrogen emissions	ton	17.53

Environment performance	Unit	2023
Waste gas emissions		
Total exhaust emissions	Million m ³	21,846.23
Total particulate matter emissions	ton	288.47
Total non-methane hydrocarbon emissions	ton	3.54
Total sulfur dioxide (SO ₂) emissions	ton	1,944.87
Total nitrogen oxides (NOx) emissions	ton	341.03
Waste management		
Total production of hazardous waste	ton	21,953.52
Hazardous waste production intensity	ton/RMB million revenue	0.33
Total comprehensive utilization of hazardous waste	ton	3,997.81
Total generation of general solid waste	ton	1,367,805.31
General solid waste production intensity	ton/RMB million revenue	20.63
Total comprehensive utilization of general solid waste	ton	1,318,848.82
Other		
Economic benefits from utilization of hazardous waste	RMB million	260.463
Total investment in environmental protection	RMB million	4.6
Zero-carbon factory	/	4
State-level green factory	/	4

Safety performance	Unit	2023
Occupational health and safety		
Total investment in safety production and occupational health	RMB million	181
Number of work-related deaths	Person	1
Annual lost working hours due to accidents	H	14,791.50
Lost time injuries (LTI)	/	31
Lost time injury frequency rate (LTIR)	1 million working hours	0.62
Total lost worktime rate (TLWR)	1 million working hours	296.63
Physical examination coverage rate of occupational disease posts	%	100
Occupational disease occurrence frequency	Time	0

Social performance	Unit	2023
Supplier management		
Total suppliers	/	2,771
Eliminated suppliers	/	73
Newly introduced suppliers	/	695
Suppliers with continuous cooperation	/	1,800
Supplier integrity agreement signing rate	%	100
Innovative R&D		
R&D investment	RMB billion	1.441
Number of technical R&D personnel	Person	4,689
Provincial R&D platforms	/	12
National R&D platforms	/	2
Cumulative authorized patents	/	397
Cumulative invention patents	/	226
Accumulated utility model patents	/	169
Cumulative design patents	/	3
Newly granted patents	/	52
New invention patents	/	29
Newly utility model patents	/	23
Numbers of national standards involved in formulating	/	8
Numbers of industrial standards involved in formulating	/	12
Leading industry standard	/	4
Number of employees		
Total employees	Person	29,548
By geographic region		
Number of employees in China	Person	15,426
Number of employees in Zimbabwe	Person	1,377
Number of employees in Indonesia	Person	9,985
Number of employees in Congo Gold	Person	2,698
Number of employees in other regions	Person	62
By gender		
Number of male employees	Person	24,493
Number of female employees	Person	5,055
By age		
Number of employees under 30 years old (exclusive)	Person	10,203

Social performance	Unit	2023
Number of employees aged 30 to 50 (exclusive)	Person	17,920
Number of employees aged 50 and above	Person	1,425
Local employment rate		
Localized employment rate in China	%	99.76
Localized employment rate in Zimbabwe	%	85.33
Localized employment rate in Indonesia	%	82.36
Localized employment rate in Congo Kim	%	82.13
Number of foreign employees	person	10,255
Number of minority employees	person	1,444
Employee training		
Total training duration	H	959,373.2
Total training hours per employee	H	31.44
Training fund investment	RMB million	4.7757
Percentage of employees participating in the training	%	98.38
Total person-times of training participants	Person-time	500,281
Trade union		
Union/collective agreement coverage percentage	%	100
Charity		
Total investment in charitable donations	RMB million	10.6906

Governance performance	Unit	2023
Company governance		
Independent directors	/	3
Non-executive directors	/	4
General Meetings of Shareholders	/	5
Conferences of Board of Directors	/	22
Conferences of Board of Supervisors	/	13
Regular reports	/	4
Temporary announcements	/	178
Anti-corruption		
Integrity training	Session	48
Person-times of participating in integrity training	Person-time	5,375
Festival integrity promotion	Session	869
Person-times of festival integrity promotion	Person-time	30,017

Appendix 2: GRI Content Index

Disclosure Item	Disclosure	Location
Universal Standards		
GRI 2: General Disclosures		
The organization and its reporting practices		
2-1	Organizational details	About this Report
2-2	Entities included in the organization's sustainability reporting	About this Report
2-3	Reporting period, frequency and contact point	About this Report
Activities and workers		
2-6	Activities, value chain and other business relationships	Prioritizing Quality for A Win-win Cooperation
2-7	Employees	People-oriented Approach for Shared Growth with Employees
Governance		
2-9	Governance structure and composition	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
2-10	Nomination and selection of the highest governance body	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
2-11	Chair of the highest governance body.	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
2-12	Role of the highest Role of the highest governance body in overseeing the management of impacts	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
2-13	Delegation of responsibility for managing impacts	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
2-14	Role of the highest governance body in sustainability reporting	Sustainability management – ESG governance
2-16	Communication of critical concerns	Sustainability management –Stakeholder communication
2-18	Evaluation of the performance of the highest governance body	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
2-19	Remuneration policies	People-oriented Approach for Shared Growth with Employees –Employee compensation and benefits
2-20	Process to determine remuneration	People-oriented Approach for Shared Growth with Employees –Employee compensation and benefits
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Sustainability management –ESG management policy
2-23	Policy commitments	Sustainability management –ESG management policy
2-24	Embedding policy commitments	Sustainability management –ESG management policy
2-25	Processes to remediate negative impacts	Sustainability management –ESG management policy
2-26	Mechanisms for seeking advice and raising concerns	Sustainability management –Stakeholder communication
2-27	Compliance with laws and regulations	Sustainability management –ESG management policy
2-28	Membership associations	Sustainability management –Engagement in industrial sustainable development
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability management –Stakeholder communication
2-30	Collective bargaining agreements	People-oriented Approach for Shared Growth with Employees –Employees' rights & interests and communication
GRI 3: Material Topics		
3-1	Process to determine material topics	Sustainability management -Identification and analysis of material issues

Disclosure Item	Disclosure	Location
3-2	List of material topics	Sustainability management - Identification and analysis of material issues
3-3	Management of material topics	Sustainability management - Identification and analysis of material issues
Topic Standards		
GRI 201: Economic Performance		
201-2	Financial implications and other risks and opportunities due to climate change	Green and Low-carbon Development for Harmony with Nature –Addressing climate change
201-3	Defined benefit plan obligations and other retirement plans	People-oriented Approach for Shared Growth with Employees –Employees' rights & interests and communication
201-4	Financial assistance received from government	Governance Compliance as A Cornerstone for Robust Development –Corporate governance
GRI 204: Procurement Practices		
204-1	Proportion of spending on local suppliers	Prioritizing Quality for A Win-win Cooperation - Sustainable supply chain
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Governance Compliance as A Cornerstone for Robust Development – Business ethics
205-2	Communication and training about anti-corruption policies and procedures	Governance Compliance as A Cornerstone for Robust Development – Business ethics
205-3	Confirmed incidents of corruption and actions taken	Governance Compliance as A Cornerstone for Robust Development – Business ethics
GRI 206: Anti-competitive Behavior		
206-1	Legal actions for anticompetitive behavior, anti-trust, and monopoly practices	Governance Compliance as A Cornerstone for Robust Development – Business ethics
GRI 302: Energy		
302-1	Energy consumption within the organization	Green and Low-carbon Development for Harmony with Nature – Energy management
302-3	Energy intensity	Green and Low-carbon Development for Harmony with Nature – Energy management
302-4	Reduction of energy consumption	Green and Low-carbon Development for Harmony with Nature – Energy management
GRI 303: Water and Effluents		
303-1	Interactions with water as a shared resource	Green and Low-carbon Development for Harmony with Nature – Water resource management
303-2	Management of water discharge related impacts	Green and Low-carbon Development for Harmony with Nature – Water resource management
303-3	Water withdrawal	Green and Low-carbon Development for Harmony with Nature – Water resource management
303-4	Water discharge	Green and Low-carbon Development for Harmony with Nature – Water resource management
303-5	Water consumption	Green and Low-carbon Development for Harmony with Nature – Water resource management
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Green and Low-carbon Development for Harmony with Nature – Biodiversity
304-2	Significant impacts of activities, products and services on biodiversity	Green and Low-carbon Development for Harmony with Nature – Biodiversity
304-3	Habitats protected or restored	Green and Low-carbon Development for Harmony with Nature – Biodiversity
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Green and Low-carbon Development for Harmony with Nature –Greenhouse gas emissions

Disclosure Item	Disclosure	Location
305-2	Energy indirect (Scope 2) GHG emissions	Green and Low-carbon Development for Harmony with Nature –Greenhouse gas emissions
305-4	GHG emissions intensity	Green and Low-carbon Development for Harmony with Nature –Greenhouse gas emissions
305-5	Reduction of GHG emissions	Green and Low-carbon Development for Harmony with Nature –Greenhouse gas emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.	Green and Low-carbon Development for Harmony with Nature –Pollutant emission management
GRI 306: 6: Effluents and Waste		
306-1	Water discharge by quality and destination	Green and Low-carbon Development for Harmony with Nature –Pollutant emission management
306-2	Waste by type and disposal method	Green and Low-carbon Development for Harmony with Nature –Pollutant emission management
306-3	Significant spills	Green and Low-carbon Development for Harmony with Nature –Pollutant emission management
306-4	Transportation of hazardous waste	Green and Low-carbon Development for Harmony with Nature –Pollutant emission management
306-5	Water bodies affected by water discharges and/or runoff	Green and Low-carbon Development for Harmony with Nature –Pollutant emission management
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Prioritizing Quality for A Win-win Cooperation - Sustainable supply chain
308-2	Negative environmental impacts in the supply chain and actions taken	Prioritizing Quality for A Win-win Cooperation - Sustainable supply chain
GRI 401: Employment		
401-1	New employee hires and employee turnover	People-oriented Approach for Shared Growth with Employees –Compliance and employment diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	People-oriented Approach for Shared Growth with Employees –Employees' rights & interests and communication
401-3	Parental leave	People-oriented Approach for Shared Growth with Employees –Employees' rights & interests and communication
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-2	Hazard identification, risk assessment, and incident investigation	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-3	Occupational health services	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-5	Worker training on occupational health and safety	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-6	Promotion of worker health	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-8	Workers covered by an occupational health and safety management system	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-9	Work-related injuries	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
403-10	Work-related ill health	People-oriented Approach for Shared Growth with Employees –Occupational health and safety

Disclosure Item	Disclosure	Location
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
404-2	Programs for upgrading employee skills and transition assistance programs	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
404-3	Percentage of employees receiving regular performance and career development reviews.	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	People-oriented Approach for Shared Growth with Employees –Occupational health and safety
405-2	Ratio of basic salary and remuneration of women to men	People-oriented Approach for Shared Growth with Employees –Employee compensation and benefits
GRI 406 : Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	People-oriented Approach for Shared Growth with Employees –Compliance and employment divers
GRI 407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People-oriented Approach for Shared Growth with Employees –Employees' rights & interests and communication
GRI 408: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	People-oriented Approach for Shared Growth with Employees –Compliance and employment divers
GRI 409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	People-oriented Approach for Shared Growth with Employees –Compliance and employment divers
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Befriending Worldwide for Common Prosperity –Community co-construction
413-2	Operations with significant actual and potential negative impacts on local communities	Befriending Worldwide for Common Prosperity –Community co-construction
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Prioritizing Quality for A Win-win Cooperation - Sustainable supply chain
414-2	Negative social impacts in the supply chain and actions taken	Prioritizing Quality for A Win-win Cooperation - Sustainable supply chain
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Prioritizing Quality for A Win-win Cooperation –Product responsibility
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Prioritizing Quality for A Win-win Cooperation –Product responsibility
GRI 417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	Prioritizing Quality for A Win-win Cooperation –Product responsibility
417-2	Incidents of non-compliance concerning product and service information and labeling	Prioritizing Quality for A Win-win Cooperation –Product responsibility
417-3	Incidents of non-compliance concerning marketing communications	Prioritizing Quality for A Win-win Cooperation –Product responsibility

Reader Feedback Form

Dear Readers,

Thank you for your time to read the 2023 Environmental, Social and Governance Report of Huayou Colbait Co., Ltd. In order to provide you and other stakeholders with more valuable information and effectively promote the ability and performance of the Company in fulfilling corporate social responsibility, we sincerely look forward to your comments and suggestions.

Multiple-choice question (Please tick as appropriate)

1. Your overall rating of this Report:

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

2. The responses and disclosure of this Report to stakeholders' concerns?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

3. The performance of Huayou Cobalt in economic responsibility?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

4. The performance of Huayou Cobalt in environmental responsibility?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

5. The performance of Huayou Cobalt in safety management?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

6. The performance of Huayou Cobalt in employee responsibility?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

7. The performance of Huayou Cobalt in community responsibility?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

8. Are the information, indicators and data disclosed in this Report clear, accurate and complete?

☐ Very Good ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

9. Are the content and layout of this Report are easy to read?

☐ Yes ☐ No

Open question

What are your comments and suggestions on the performance of Huayou Colbait in fulfilling social responsibility and this Report?



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