ESG Policy of Huayou Cobalt

1. INTRODUCTION

Zhejiang Huayou Cobalt Limited (hereinafter referred to as "Huayou Cobalt") is a high-tech enterprise engaged in the research, development and manufacturing of new energy lithium battery materials and cobalt new materials, with three major businesses: resource development, new materials and new energy manufacturing. The business type covers the new energy lithium battery industry ecology consisting of development and smelting of cobalt and nickel resources, the deep processing of lithium battery cathode materials and the recycling of resources. With the mission of creating value for the customers and leading the industry advancement, Huayou Cobalt is committed to becoming a global leader in new energy lithium battery materials. In its 20 years of business operation, Huayou Cobalt is fully aware that sustainable development is not only the development direction of the industries of new energy and new materials, but also is an important path choice to address the transformation of the global energy structure and the risk of climate change. Based on the nature of our industry and the pursuit of our goals, we uphold the concept of creating value for all our partners and the development of human society, and hope to enhance the ESG performance of our business by strengthening our own environmental, social and governance (ESG) management.

Combining with its business characteristics and the best practices of global mining industries and international standards, Huayou Cobalt conducts comprehensive communication with stakeholders to understand their major concerns, and works with external experts to evaluate the environmental and social experiences to select key ESG issues related to its business. On the basis of the principles of integrity, equality and transparency, We make corresponding policy commitments on the selected issues and aim to achieve consistency (aligning our business development direction with stakeholders' requirements through combining with industry expectations and international good practice), diversity (coordinating the development direction of each business lines

2. SCOPE OF APPLICATION

This Policy applies to Hu

Huayou C[illegible] and management in the [illegible] and implements [illegible] throughout the life cycle o[illegible] project.

Huayou Cobalt is committed to protecting the natural habitats and endangered species within the impact areas of each mine and undertakes not to construct project at the World Heritage Sites[2], IUCN Protected Area Categories I-III[3] and the core areas of UNESCO biosphere reserves[4]. Huayou Cobalt will respect the statutory protected areas[5] and ensure that new projects or altered projects do not change the protection values of such areas.

Tailings management

Huayou Cobalt carries out the design and management of tailings facilities in strict accordance with the laws and regulations of the host country. The design of tailings facilities will be based on a whole life cycle and risk analysis perspective (including risk level and accident impact assessment), taking into account various factors such as socio-economic, environmental, technical and project economic factors. The operation of the tailings facility will be the responsibility of a dedicated person, with appropriate contingency plans and accident recovery plans in place to ensure the long-term accident-free operation of the tailings facility.

In terms of tailings facility management, we will regularly disclose data on the responsibility and performance of the tailings facilities and maintain long-term communication with stakeholders to understand their opinions on the management of tailings facilities.

Water resource management

In strict accordance with the requirements of laws and regulations of the host country, Huayou Cobalt adheres to the principles of broadening source and saving cost, better water for better use and recycling of sewage, fully considers the carrying capacity of water resources and the carrying capacity of the water environment in production and construction, and actively adopts water conservation and alternative measures for the sustainable use of water resources.

Huayou Cobalt implements strong and transparent water resource management measures, in particular, including disclosure of the company's water in-taking and discharge, surface water hydrology and water

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World Heritage List: https://whc.unesco.org/en/list/, World Heritage Sites are clearly defined by UNESCO. World Heritage List: [illegible] explanation.

IUCN Protected Area Categories: [illegible]

quantitative analysis of local opportunities, local water consumption, relative with neighboring communities in terms of water resource use.

Indigenous people

Huayou Cobalt recognizes that indigenous people have unique cultural, historical practices and identities and will respect indigenous people's rights, traditional knowledge, cultural heritage and the ecosystems on which they depend throughout the life cycle of the project. Free, prior and informed consent (FPIC)[6] is obtained from affected indigenous people communities prior to project construction and operation. An ongoing partnership is established and maintained with the indigenous people affected by the project throughout the project life cycle to avoid or minimize adverse impacts on indigenous people, Huayou Cobalt will also create culturally

Elimination of discrimination and employment;

Intolerance of any form of violation and abuse of personality;

Protect the occupational health and safety of employees;

Protect the health and safety of the communities surrounding the project site;

Respect the rights of employees to freedom of association and effective bargaining to the extent permitted by the regulations of the host country;

Actively engage in information disclosure, maintain an ongoing interactive relationship with stakeholders and respond positively to relevant complaints from stakeholders;

Concern and protection of the interests of vulnerable groups;

Conduct human rights due diligence or human rights risk assessments in accordance with international best practice and take measures to mitigate human rights risks when operating in regions and countries with relatively high human rights risks.

Responsible supply chain

Huayou Cobalt adheres to the principle of doing business only with legal and compliant suppliers, and strives to enhance and promote sustainable management of the supply chain.

Huayou Cobalt undertakes to screen suppliers, and avoid as far as possible cooperating with the key suppliers where there is employment or use of child labour, forced labour or where there are significant safety concerns.

Cultural heritage

Huayou Cobalt undertakes to comply with the legal requirements of the host country in the design and implementation of the project, not to develop the project in a World Heritage Site, and to protect and respect the cultural heritage of the communities and indigenous people.

Huayou Cobalt will screen cultural heritage prior to the development of new projects or when there are significant changes to related activities to identify the risks and potential impacts of proposed related construction activities on replicable, non-replicable and significant cultural heritage[9]. If the screening indicates that there is potential for replicable, non-replicable or significant cultural heritage to be involved in related activities, the nature and scale of potential impacts shall be assessed and mitigation measures shall be proposed in accordance with the initiative requirements on cultural heritage under

[9] Cultural heritage refers to (1) tangible cultural heritage, such as tangible, movable or immovable objects, properties, places, buildings or complexes of archaeological (prehistoric), paleontological, historical, cultural, artistic and religious value; (2) unique natural environmental features or tangible objects of cultural value, such as sacred groves [...]

(IRMA, 2020) to avoid, minimize, restore or

Huayou Cobalt resists any form of discrimination and violence. Huayou Cobalt insists on treating employees equally regardless of their genders, races, religions, ages, disabilities, nationalities and gender orientations, actively provides employment opportunities for vulnerable groups and safeguards the legitimate rights and interests of female employees. Huayou Cobalt regulates labour employment management, strictly prohibits the employment of child labour and resists all forms of forced labour.

Huayou Cobalt will establish an effective and safe employee grievance mechanism for employees (including contractors' employees), regularly analyse and summarize employee grievances, and enhances and optimizes the Company's existing fair labour and working conditions management system based on the analysis results.

Business integrity and clean system building

Huayou Cobalt believes that integrity, cleanness and transparency are the cornerstones of business success and holds a zero-tolerance attitude towards any corrupt practices, with severe punishment whenever found. Huayou Cobalt insists on resisting any form of commercial bribery and corruption, and maintaining fairness, cleanness and transparency, and provides effective complaint and reporting channels to encourage informed reporting of violations.

Huayou Cobalt complies with the applicable laws and regulations of the host country and international conventions and carries out the establishment of a clean compliance system. Through system building, culture cultivation, compliance management and external communication, Huayou Cobalt will continue to strengthen the clean system.

Leadership and management

Huayou Cobalt continues to optimize its management structure, and conducts management, supervision and implementation of ESG work via the office or the committee. At the headquarters level, Huayou Cobalt has established a social responsibility office in the Group and an African region social responsibility office accordingly; corresponding working groups have been set up in subsidiaries. In the future, Huayou Cobalt plans to establish the sustainable development committee under the direct responsibility of members of the Board of Directors for conducting overall leadership for ESG management, to establish sustainable development office in each subsidiary and to establish a sound sustainable development management system covering the Group and the subsidiaries.

Huayou Cobalt has established an audit and inspection center which is directly under the direction of the highest level of the Group to ensure the independence of internal review and handling of complaints and reports.