



2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

ZHEJIANG HUAYOU COBALT CO., LTD.

根在中华 友遍天下

Rooted in China Befriends Worldwide

About this Report

The Environmental, Social and Governance Report (the "Report" or "ESG Report") of Zhejiang Huayou Cobalt Co., Ltd. ("Huayou" or "the Company") describes Huayou's environmental, social, and governance ("ESG") practices and performance in 2022, in order to take effective communication with various stakeholders and systematically respond to the expectations and requirements of the stakeholders.

Report Period

This Report covers the period from January 1, 2022, to December 31, 2022, and in order 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.

Names and abbreviations for companies involved in this report

- Zhejiang Huayou Cobalt Co., Ltd. ("Huayou", "Group", "the Company", or "we" or "us"), which can also mean Tongxiang factory when referring to the production indicators.
- Quzhou Huayou Cobalt New Material Co., Ltd. ("Huayou Quzhou" or "Cobalt New Material")
- Huayou New Energy Technology (Quzhou) Co., Ltd. ("Quzhou New Energy")
- Zhejiang Huayou New Energy Technology Co., Ltd. ("Huayou New Energy")
- Zhejiang Huayou Recycling Technology Co., Ltd. ("Huayou Recycling")
- Quzhou Huayou Resource Recycling Technology Co., Ltd. ("Huayou Resource Recycling" or "Resource Recycling")
- Jiangsu Huayou Energy Technology Co., Ltd. ("Jiangsu Huayou")
- Huajin New Energy Materials (Quzhou) Co., Ltd. ("Huajin Company" or "Huajin")
- Zhejiang Huayou-POSCO ESM Co., Ltd. ("Huayou POSCO")
- Tianjin B&M Science and Technology Co., Ltd. ("Tianjin B&M")
- Chengdu B&M Science and Technology Co., Ltd. ("Chengdu B&M")
- CONGO DONGFANG INTERNATIONAL MINING SAS ("CDM" or "CDM Company")
- A MINIERE DE KASOMBO SAS ("MIKAS" or "MIKAS company")
- PT.HUAYUE NICKEL COBALT ("Huayue" or "Indonesia Huayue Nickel Hydrometallurgy Process Project")
- PROSPECT LITHIUM ZIMBABWE (PVT) LTD ("PROSPECT LITHIUM Company")

Source of Information

The information disclosed in this Report is sourced from internal official documents, statistical reports, and annual reports of Huayou Cobalt.

The data disclosed in this Report is sourced from Huayou Cobalt's raw data actually running, publicly available government data, annual financial data, internal related statistical reports, third-party questionnaire surveys, third-party evaluation interviews, etc. The financial data in this Report is dominated in RMB. In case of any inconsistency with the financial report, the financial report shall prevail.

Basis of the Report

- 2030 Sustainable Development Goals (SDGs) of the United Nations
- Global Reporting Initiative Sustainable Reporting Standards (GRI Standards)
- Chinese CSR Report Preparation Guide (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences
- China National Standards Social Responsibility Report Preparation Guide (GB/T36001-2015)
- ISO 26000: Guidance on Social Responsibility (2010) of the International Organization for Standardization
- Guidelines No. 1 for the Application of Self-regulatory Rules for Companies Listed on the Shanghai Stock Exchange – Standardized Operation issued by the Shanghai Stock Exchange

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 www.huayou.com. Please feel free to contact us if you have any questions, suggestions, or comments via email at csr@huayou.com.

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Chairman's speech

The year of 2022 marks the 20th anniversary of the founding of Huayou Cobalt. In this year, we, with prioritizing stability while pursuing progress rapidly, made a series of breakthroughs and landmark achievements, and realized a historic leap from the Top 500 Manufacturing Private Enterprises in China to the Top 500 Private Enterprises in China, which meant a historic progress and historic achievement.

In this year, we made breakthroughs and landmark achievements in sustainable development. With great efforts to low-carbon manufacturing, green development and ESG system construction, we received new progress and achievements in sustainable development, such as building zero-carbon factories, emphasizing green design of industrial products, and releasing carbon peak and carbon-neutral action reports.

In this year, we made breakthroughs and landmark achievements in high-performance growth. Contributed by increased production and sales, optimized product structure, expanded market share, improved industry status, and significantly enhanced operational quality and profitability, we created a business performance that the revenue increased by RMB 10 billion in three consecutive years.

In this year, we made breakthroughs and landmark achievements in high-quality development. We would complete the ten-year mission in five years at a firm and strong pace due to Huayue's satisfaction in the production and standardization requirements ahead of schedule, smooth construction of the lithium mine project in Zimbabwe, expansion of Quzhou Park, development of Yulin Base, groundbreaking of Tongxiang Times Lithium Battery Material Project, and more prominent full-industrial-chain characteristics in new energy lithium-ion battery materials.

In this year, we made breakthroughs and landmark achievements in high-level opening up. Through

participation in global resource allocation, engagement in the global industrial division of labor, and competition in the global market, we promoted the industrial chain opening, international cooperation, and global layout, resulting in a more solid business pattern composing of overseas resources, domestic manufacturing, the global market. Therefore, we became more confident in high-level opening.

At Huayou's 20th anniversary celebration, we reviewed the Company's growth history and development achievements, and summarized Three Insights, Four Confidences, and Five Lessons. By taking history as a mirror to create the future, we should adhere to the transformational, open, innovative, green, and common development, and continue to take the "three-in-one" transformation route with Huayou's characteristics including controlling resources in upstream, expanding market in downstream and improving capacity in mid-stream.

The year 2023 is a year of great significance for the Company to stabilize performance, consolidate achievements and solidify foundations, and achieve the goal of completing the ten-year mission in five years. We should strive for excellence and quality improvement and spare no efforts to consolidate and maintain a good operation, in order to fully keep up and strengthen the hard-won development momentum.

There is a long way to go, and therefore, we must take each step steadily, firmly, and solidly.

In 2023, we will seize industrial opportunities by virtue of stage characteristics, implement the operating philosophy of comprehensive planning, strengthened protection, optimized structure and risk control, improve the overall coordination among production, supply and market sales, and match resources and production capacity with customer needs more appropriately. We should strive for excellence, quality improvement and work together to promote the magnificent process of completing the ten-year mission in five years.

In 2023, we will firmly guard the bottom line to ensure the Company's safe operation; maintain, improve and achieve more excellent business performance; work hard and keep up a strong development momentum; drive innovation to support the Company's transformation and upgrading; fulfill our responsibilities and enhance our comprehensive performance capabilities; achieve further growth in production and sales, expansion in market shares and improvement in performance, and make another great achievement based on the Company's 20 years of development.

In 2023, we will accelerate the construction of projects at home and abroad, promote the development of domestic and overseas parks, and contribute the opening-up and cooperation at home and abroad, to strengthen the cross-border business pattern composing of overseas resources, domestic manufacturing and global markets, and to optimize product structure, industrial system and development space, whereby we can add the strategic depth of industrial chain to promote high-quality transformation and development of controlling resources in upstream, expanding market in downstream and improving capacity in mid-stream.

The year of 2023 is full of hope and anticipation. We will, depending on the Company's 20 years of development, further deepen Three Insights, strengthen Four Confidences, and practice Five Lessons. Working hard and forging ahead in unity, we will strive for the high-quality and sustainable development of the Company on the journey of completing the ten-year mission in five years!

Chairman of Zhejiang Huayou Cobalt Co., Ltd.

A stylized handwritten signature in black ink, consisting of several bold, connected strokes.

Key Performance 2022



Economic performance



Revenue RMB 63.034 billion	Net profits attributable to the Parent RMB 3.91 billion
R&D investment RMB 1.709 billion	R&D employees 1,496
Number of patents held 311	Number of intellectual property rights held 418
Number of registered trademarks held 95	Number of software copyrights held 11
Customer satisfaction average score for "Cathode Products" of new energy industry groups 93.67	

Environment performance



Water consumption in circulation 6,401,406 m ³
Total recycled hazardous waste 2,542.16 ton
Transaction volume of participated clean power transaction in Zhejiang Province 30 million kWh
Total investment in environmental protection RMB 702.6707 million
Huayue Nickel Hydrometallurgy Process Project restored 53,286 m ² green slopes
Transplanted more than 740,000 plants

Social Performance



Total employees 29,757
Employees' total training hours 400,754.6
Total employees receiving ESG training 10,769
Total ESG special training hours 15,424
Suppliers with continuous cooperation 2,300
Total inputs in social public welfare at home and abroad RMB 18.2682 million

Huayou Cobalt's Experience in 2022

About Huayou Cobalt

Company profile



Zhejiang Huayou Cobalt Co., Ltd. is a new high-tech enterprise founded in 2002 and specializing in research and development, manufacturing business of new energy Li-ion battery materials and new cobalt materials.

Business sector layout



After twenty years of development, we have completed the global layout of the headquarters in Zhejiang Province with overseas mineral resources security, and manufacturing bases in China while markets in the world. We've also formed five business units including New Energy Industry, New Material Industry, Indonesian Nickel Industry, African Resource Industry, and Recycling Industry, and created a new energy lithium-ion battery industrial ecology from cobalt and nickel mineral development and green refining of non-ferrous metals to further processing of Li-ion battery cathode materials, with reusing and recycling.

Enterprise mission, strategy and basic principles



With the mission of creating value for the customers and leading industrial development, Huayou Cobalt is firmly to develop the business with the 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", and is committed to becoming the global leader in new energy Li-ion battery materials industry.



Tongxiang Headquarters



Tianjin Base



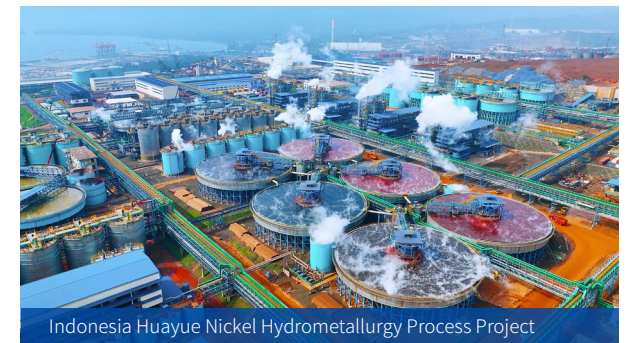
Chengdu Base



Guangxi Base



Quzhou Base



Indonesia Huayue Nickel Hydrometallurgy Process Project



Africa Administrative Department

Huayou Cobalt's Sustainable Development

ESG management structure

In recent years, the importance of integrating the concepts and practices of the Environmental, Social and Governance (ESG) into enterprise operation and investment risk control, value creation, and the promotion of sustainable development of business and the whole society is worldwide recognized. Huayou Cobalt, based on its industry nature and the goal of creating value for all partners and the development of human society, has strived to match ESG concept with business development and achieved industry leadership, in order to deeply reflect our responsibility in the global sustainable development field, and consolidate and promote the harmonious coexistence of corporate operations, community construction, and ecological environment.

Huayou Cobalt has established the Environmental, Social and Governance (ESG) and Sustainable Development Strategy Committee ("Strategy Committee") under the Board of Directors, and the ESG and Sustainable Development Management Committee ("Management Committee") responsible for implementing ESG policies and systems at the operational level. It has also established the ESG and Sustainable Development Department 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.



Huayou Cobalt's ESG system development roadmap

2022

- Drafting ESG policies and management structure
- Formulating the Group's ESG system development roadmap and three-year ESG optimization plan
- Initially formulating and optimizing the Group's ESG management structure

2023

- Improving ESG procedures and current situation analysis
- Building and improving the Group Headquarters' ESG management capacity
- Gradually piloting the implementation of ESG management procedures
- Responding and optimizing the ESG management procedures at the Group Headquarters
- Establishing an ESG management structure with clear responsibilities and effective implementation for the Group Headquarters and industrial groups

2024

- Building ESG corporate culture with Huayou's characteristics
- Continuously optimizing ESG management procedures and cultivating ESG management capabilities for personnel at all levels
- Continuously optimizing the ESG management structure for the Group Headquarters and industrial groups

Stakeholder communication

Attaching great importance to communication and exchange with internal and external stakeholders, the Company has maintained close contact with stakeholders through diverse channels. Therefore, it can deeply understand the demands and expectations of various stakeholders and gain trust and support from all parties, resulting in continuous improvement of ESG management work.

Stakeholders	Expectations and requirements	Communication and response
Shareholder	<ul style="list-style-type: none"> Operating in compliance with laws and regulations Stable performance growth Protection of shareholder rights and interests Adequate information disclosure Investor relations management Anti-corruption 	<ul style="list-style-type: none"> Compliance operation Complete risk management Information disclosure Smooth communication channels for investors Zero tolerance for corrupt behavior
Government and regulatory agencies	<ul style="list-style-type: none"> Operating in compliance with laws and regulations Comply with regulatory requirements Responding to national development policies 	<ul style="list-style-type: none"> Complying with laws and regulations Cooperation with regulatory inspections Information disclosure
Customer	<ul style="list-style-type: none"> High-quality products After-sales service Privacy protection 	<ul style="list-style-type: none"> Innovative research and development design Responsible marketing High-quality and efficient service Protection of customer privacy and security
Employee	<ul style="list-style-type: none"> Employment and rights protection Employee compensation and welfare Career development and training Employee safety and health Democratic communication 	<ul style="list-style-type: none"> Protection of employee rights and interests Transparent salary system Smooth promotion system Abundant employee care Sound democratic management
Supplier	<ul style="list-style-type: none"> Supply chain management Sincere and friendly cooperation 	<ul style="list-style-type: none"> Transparent and responsible procurement Supplier assessment
Industry	<ul style="list-style-type: none"> Innovative development 	<ul style="list-style-type: none"> Participation in industry exchanges Industry-university-research cooperation
Environment	<ul style="list-style-type: none"> Low-carbon operation Environmental protection action 	<ul style="list-style-type: none"> Environmental-friendly factory construction Waste management Green office operation
Community and public	<ul style="list-style-type: none"> Local community development Rural vitalization 	<ul style="list-style-type: none"> Public welfare donation Volunteer activities Pairing assistance

Material topics analysis

With the purpose of gaining a better understanding of the expectations and requirements of various stakeholders and guiding the specific implementation of daily ESG management work, the Company actively invites stakeholders to participate in substantive issue assessment to clarify the issues crucial to the Company's business and stakeholders. These issues are then addressed and disclosed in this report.



Corporate governance

- Corporate governance
- Governance by the Board of Directors, Board of Supervisors and General Meeting of Shareholders
- Anti-corruption and integrity advocacy
- Guiding through party building
- Information disclosure
- Investor management
- Risk management and internal control
- Intellectual property



Environmental responsibility

- Carbon emission
- Pollutant monitoring
- Pollutant emission
- Environmental information disclosure
- Tailing management
- Water resource
- Biodiversity
- Mine reclamation



Social responsibility

- Human rights and labor administration
- Employee rights and benefits
- Occupational health and safety
- Chemicals management
- Emergency response procedures
- Supplier environment and social risk management
- Life cycle management for mineral development projects
- Community relationship
- Indigenous population
- Land acquisition and relocation and resident resettlement
- Cultural Heritage



Events in 2022

4 Apr.

On April 24, Chengdu B&M Science and Technology Co., Ltd. became the world's first cathode material "zero carbon" factory that passed the SGS PAS2060 system certification.



5 May

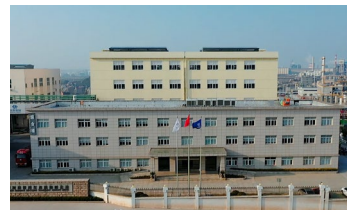
On May 25, BMW Group and Huayou Recycling held a signing ceremony for the cooperation of power battery cascade utilization and closed-loop recycling of battery materials.



On May 30, Huayou Cobalt established a cathode material joint venture company with Korea LG Chemical.



In May, Quzhou Huayou Resource Recycling Technology Co., Ltd. was awarded the PAS2060 Carbon Neutral Certification issued by SGS, becoming the world's first resource recycling "zero-carbon" factory.



6 Jun.

On June 3, Huayou Cobalt and PT.PLN executed a memorandum of understanding on green power supply cooperation, which marked an important step for Huayou in the "green power" road in Indonesian and another vivid practice for the development concept of "innovation, coordination, openness, green and sharing".



7 Jul.

On July 26, Huayou Recycling and LG Energy Solution reached a cooperation intention on the recycling and reuse of waste power batteries.



In July, Huayou Cobalt, Ford Automobile, and Vale S.A. jointly created a new model of battery material supply chain to strengthen upstream and downstream technical cooperation and accelerate technological progress in the industry chain, so as to jointly promote the healthy development of the lithium battery material industry.



7 Jul.

On July 31, Huayou signed a supply framework agreement with Tesla.

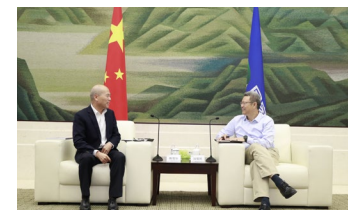


On July 31, at the 2022 mid-year work conference held by the Group, Jiang Siyao, the ERM partner, was invited to train ESG management system for Huayou Cobalt.



8 Aug.

On August 23, Chen Xuehua, the Chairman of Huayou Cobalt, visited Qian Zhimin, the Secretary of the Party Members Group and Chairman of the State Power Investment Corporation Limited, to make in-depth communication on further deepening strategic cooperation. Huayou expected that both parties can cooperate in comprehensive energy development, green factories, and other aspects, to accelerate the project implementation, build together, and win the future together.



8 Aug.

On August 24, Huayou Cobalt was awarded the "2022 Zimbabwe Best Investment Deal Award", which encouraged Huayou Cobalt to continuously promote the common development between us and the social economy of the place where we invested with adherence to the social responsibility concept of "Wherever we invest, we must contribute to the local economy and society".



9 Sep.

In September, CDM executed the Social Responsibility Letter with communities around, committing to invest USD 4.25 million in the next five years to build a total of 25 projects for the well-being of persons in the local communities where CDM invested.



11 Nov.

On November 13, Chen Xuehua, the Chairman of Huayou Cobalt, attended the G20 summit and executed a definitive cooperation agreement with PT Vale Indonesia Tbk.



11 Nov.

On November 15 and 16, Chen Xuehua, the Chairman of Huayou Cobalt, was invited to attend the G20 Summit and had a meeting with Joko Widodo, the President of Indonesia.

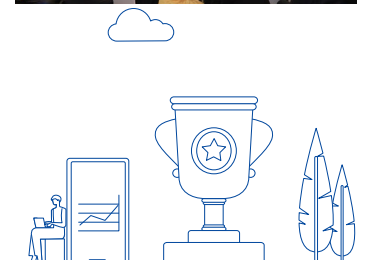


12 Dec.

On December 19, the Celebration of the 20th Anniversary of Huayou Cobalt was grandly held in Tongxiang City. Chen Xuehua, the Chairman of Huayou Cobalt, delivered a speech entitled "Rooted in China Benefits Worldwide, Striving Forward for the Great Course of Building Huayou into a Century-old Enterprise".



On December 19, the China · Huayou 7th Annual International Conference with the theme of "Build Together and Win the Future Together" was grandly opened in Tongxiang City.





Highlights in 2022

Top 500 Private Enterprises in China

Top 500 Manufacturing Enterprises in China

Fortune China 500

"Leading Enterprises in High-quality Development" by World Zhejiang Entrepreneurship

Top 500 New Economic Enterprises in China

Top 500 Listed Companies in China by Market Capitalization

Hurun Top 100 Sustainable Development Private Enterprises in China

Top 50 Forbes China Sustainable Development Industrial Enterprises in 2022

2022 Top 100 Private Enterprises in Zhejiang Province

Top 10 Power Battery Supply Chains in China

The World's First "Zero-carbon" Recycling Factory

The World's First Cathode Material "Zero-carbon" Factory

ESG Pioneer Award

Zimbabwe Best Investment Deal Award

National Intellectual Property Advantage Enterprise

Carbon Neutrality Demonstration Award

01

Corporate Governance

Concept

Huayou Cobalt continues to improve its corporate governance level and establish internal control and risk management systems in strict accordance with laws, regulations, and relevant industry requirements. The Company attaches great importance to information disclosure and effectively discloses all major information related to the company's operation to stakeholders. Focusing on business ethics and Communist Party of China construction, the company continuously strengthens the construction of anti-corruption Mechanisms and education, earnestly studies and listens to the outline the Communist Party of China, and practically promotes the company's long-term development.

Our actions

- Improvement of corporate governance
- Internal control and risk management
- Compliance and business ethics
- Information security protection
- Guiding through the party-building

Contribution to SDGs

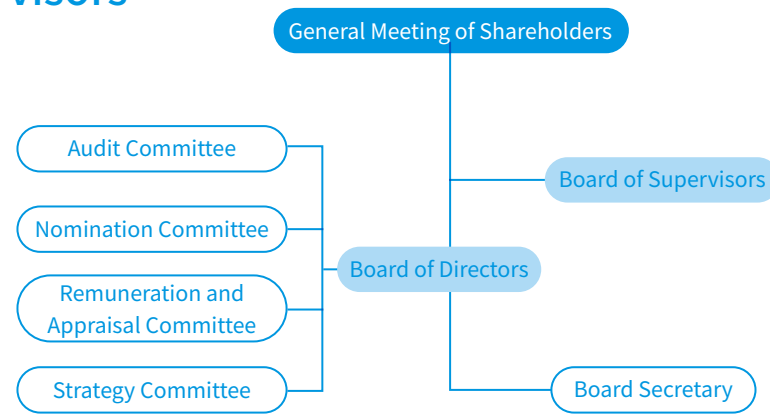


Improvement of corporate governance

In accordance with the requirements of laws and regulations such as the *Company Law*, *Securities Law*, and *Rules Governing the Listing of Stocks*, Huayou Cobalt regulates company operations, improves information disclosure systems, enhances corporate governance, safeguards the long-term healthy development of the enterprise, and protects the legitimate rights and interests of the Company and investors. With adherence to the concept of "Build Together and Win the Future Together", it scientifically and efficiently promotes Huayou's sustainable development, and fulfills corresponding decision-making procedures in major investments, external guarantees, related party transactions, and other major matters as required.

Operation of general meeting of shareholders, the board of directors, board of supervisors

Huayou's general meeting of shareholders, board of directors, board of supervisors, and various specialized committees under the board of directors perform their duties in accordance with the laws and operate in a standardized manner. Huayou has no significant illegal or irregular behaviors, experiences no situation that funds are occupied by its actual controllers and other enterprises controlled by them, and provides no illegal guarantees for its actual controllers and other enterprises controlled by them.



General Meeting of Shareholders	Board of Directors	Board of Supervisors
<p>The Company convenes and holds the general meeting of shareholders in strict accordance with relevant regulations such as the <i>Company Law</i>, the <i>Company's Articles of Association</i>, and the <i>Rules of Procedure for the General Meeting of Shareholders</i>. 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.</p>	<p>The Board of Directors of the Company operates in accordance with laws and regulations such as the <i>Company Law</i>, the <i>Company's Articles of Association</i>, and the <i>Rules of Procedure for the Board of Directors</i>. The board of directors has established the Audit Committee, Nomination 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.</p>	<p>The Board of Supervisors of the Company fulfills its duties in accordance with the provisions of the <i>Company's Articles of Association</i> and the <i>Rules of Procedure for the Board of Supervisors</i> 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.</p>

Responsibilities of the Board of Directors, Board of Supervisors and General Meeting of Shareholders



2022

The Company has a total of

3 independent directors

4 non-executive directors

6 general meetings of shareholders

21 conferences of board of directors

16 conferences of board of supervisors

Information disclosure

Huayou discloses relevant information truthfully, accurately, timely, and completely in strict accordance with relevant laws and regulations, as well as provisions such as the *Company's Articles of Association* and *Information Disclosure Management System*. Huayou designates the Secretary of the Board to be responsible for information disclosure, who is required to take calls from shareholders and investors seriously, and ensure that all shareholders and investors fairly and timely obtain information that the company should disclose.

Disclosing environmental information in line with the laws is an important corporate environmental management system, a fundamental component of the ecological civilization system, and a significant measure to advance the modernization of system and capacity for ecological environment governance. Huayou has formulated the *Environmental Information Disclosure Management Standards* in accordance with relevant laws, regulations, and documents such as the *Environmental Protection Law*, *Law on Promotion of Cleaner Production* and *Plan for the Reform of the Legal Disclosure System of Environmental Information*. This document specifies the activities of the Company and its subsidiaries of disclosing environmental information and fulfilling the obligation of environmental information disclosure in accordance with the laws. Through this document, Huayou may understand its environmental behavior and relevant impact, and thus enables the accounting of business results more scientific and objective, which is beneficial to improving internal management and at the same time, for enhancing Huayou's image to shareholders and investors by demonstrating the optimal solution of combining economic and environmental benefits.



In 2022

Huayou disclosed **4** regular reports

183 temporary announcements

Internal control and risk management

Huayou Cobalt has formulated the Company's *General Outline of Internal Control Management, Supervision Management System, Management Measures for Internal Auditors, and Reporting Management System* in accordance with relevant laws and regulations such as *the Company Law, Securities Law, Basic Standard for Enterprise Internal Control, and Supervision Law*.

Internal control

The company's risk-oriented *General Outline of Internal Control Management* takes business processes as the carrier to integrate 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.



Design internal control management framework

Led by the Internal Control Department of the Group, the Company has formulated the framework of the *Internal Control Risk Matrix* in accordance with the relevant normative requirements of the *Basic Standard for Enterprise Internal Control and Guidelines for the Application of Enterprise Internal Control* jointly issued by the Ministry of Finance and other four ministries, which determines the internal control objectives of various business activities and internal control management responsibility units, and clarifies the management responsibilities.



Develop internal control strategies

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, and design risk response strategies with reference to the Company's overall risk tolerance, thus forming internal control management-related documents such as the *Internal Control Risk Matrix and Internal Control Management Testing Paper*.

Internal control management planning



Assess and determine risk levels

The Internal Control Department of the Group organizes various internal control management responsibility units to assess and determine the level of the risks in various business activities according to the risk level assessment criteria.

Risk management

Huayou continues to optimize and improve its comprehensive risk management system and operational standards. The board of directors and relevant departments supervise risk management measures and execution thereof, and continuously strengthen the prevention from any potential risks in the business process, in order to improve risk management effectiveness and safeguard the long-term development of Huayou.

Low risk

- The risk, if occurs, may have an impact on the production and operation of a single department.
- The risk, if occurs, will not lead to significant or material misstatements in financial reports.
- The risk, if occurs, will not lead to regulatory penalties for or attention to the enterprise.

Medium risk

- The risk, if occurs, may have an impact on the production and operation of multiple departments.
- The risk, if occurs, may lead to material misstatements in financial reports.
- The risk, if occurs, may lead to regulatory attention to the enterprise.

High risk

- The risk, if occurs, may have a significant impact on the formulation and execution of the overall strategy of the company.
- The risk, if occurs, may lead to significant misstatements in financial reports.
- The risk, if occurs, may lead to regulatory penalties for the enterprise.

Risk level assessment criteria

The Company clarifies professional ethics, interpersonal relationships, and professional competence that internal audit personnel should undertake according to the *Management Measures for Internal Auditors* in order to strengthen the management of the internal audit personnel of the company, continuously improve the business ability and work quality of the internal auditors, quantify the performance evaluation criteria for internal auditors, and guarantee normal operation and continuous improvement of the Company's audit and supervision system. Meanwhile, with the purpose of maintaining the Company's business order, preventing business risks, strengthening supervision, contributing to compliance with administrative discipline, improving management and operational efficiency, and encouraging employees to abide by the law, the Company supervises and evaluates its functions according to the *Supervision Management System* to ensure that the Company's policies and related regulations are implemented and exercised.

Reporting management

The Company has established the *Reporting Management System* to regulate reporting behaviors, strengthened supervision over the Company's various management work, severely cracked down on illegal and disciplinary behaviors such as harming the Company's interests and disrupting the Company's development, actively encouraged employees to report all kinds of behaviors that harm the Company's interests, protected the legitimate rights and interests of reporters, and rewarded those who make meritorious reports.

Functional management	Responsibility
<p>Chairman of the Group</p>	<ul style="list-style-type: none"> • Approval of investigation into major events or cases involving illegal crimes
<p>CEO of the Group</p>	<ul style="list-style-type: none"> • Approval of investigation into reported matters • Responsible for reviewing investigation reports and giving instructions
<p>Audit and Supervision Department of the Group</p>	<ul style="list-style-type: none"> • Acceptance of reported matters • Responsible for managing the reporting hotline, mailbox, and email, and receiving, processing, or forwarding reported information regarding violations • Responsible for registering reported information, managing reported materials, and maintaining confidentiality • Responsible for investigating reported matters that meet the investigation conditions and issuing investigation reports • Reporting to the CEO the investigation results of reported cases
<p>Related departments</p>	<ul style="list-style-type: none"> • Cooperating with the Supervision Department of the Audit and Supervision Center to take investigation, and providing professional technical support for such investigation

Departmental responsibilities after accepting a report

Reporting channels

Mailing address
Audit and Supervision Center of Zhejiang Huayou Cobalt Co., Ltd. (Person in Charge)

Reporting hotline
0573-88589103

Email
report@huayou.com

The Company's reporting box

- The reporting box opens once a week (excluding holidays), and if the date of the box opening day is a holiday, the box may be postponed to open on the next working day following the holiday.
- When opening the box, there must be at least two people on-site to witness and supervise whether there are any reported letters in the reporting box.



Compliance and business ethics

Huayou has established the compliance concept of "compliance by all, leadership by senior management, compliance with laws and regulations, and achieve a steady and far-reaching progress" in the form of a system, guiding company employees to "hold discipline in awe and respect cautiously with no bottom line crossed", strictly implement compliance requirements and resolutely resist violations, in order to promote organizational compliance operation, business compliance management, and personal compliance acts to ensure a steady and far-reaching progress of the Company.

In 2022, the Company's Legal Department and Securities Management Department jointly formed a "Compliance Training Team" to carry out compliance culture promotion activities in various regional industrial bases such as Nanjing City, Yulin City of Guangxi, and Quzhou City. The compliance training consists of two parts, Training on the *Construction of Compliance Management System for Compliance with Rules and Regulations and Legal Operation and Interpretation for Rules on Corporate Information Disclosure and Standardized Operation*, which has achieved fruitful results.



Compliance Management Lecture in Quzhou Base

Anti-corruption system

The Company has established the *Anti-commercial Bribery and Anti-Foreign Corruption Compliance Manual* and complied with all applicable laws, regulations, and relevant international conventions in the countries and regions where it operates. It has built an anti-corruption and compliant process and system under the guidance of the Company's principles, and taken a series of measures, including clarifying the main ways to prevent commercial bribery, forms of commercial bribery, and preventive measures, to implement anti-corruption and compliance practices in all global subsidiaries.

Internal financial and accounting system

- Record truthfully
- The Company can offer discounts to the trading counterparty or pay commissions to intermediaries, provided that these discounts and commissions are recorded truthfully subject to the amount and payment method agreed upon in the contract under the provisions of financial and accounting system in the financial accounts reflecting its production and operation activities or administrative expenses and income established by both parties in accordance with the laws

Employee management

- Learning and mastering anti-commercial bribery knowledge
- If the company employees bribe to seek trading opportunities or competitive advantages for the Company, this behavior will be deemed as bribery by the Company and the employees, if their behavior constitutes a crime, will also be investigated for criminal responsibility

Main ways to prevent commercial bribery

Business partner management

- When the Company signs a contract with a business partner, it should require the other party to sign an anti-commercial bribery agreement or an anti-corruption agreement and other related documents in advance, issue an anti-commercial bribery commitment, or add anti-commercial bribery clauses into the contract

In 2022, the Company established the new *Anti-corruption Promotion Liaison System*. Through the implementation of this system together with anti-corruption promotion activities with festivals as the theme, the Company has comprehensively enhanced the enthusiasm and sense of honor of various organizations and departments in promoting anti-corruption culture and fully mobilized employees' participation in anti-corruption activities, thus making all staffs fully understand, obey, and comply with the anti-corruption codes.



The Company has joined the Enterprise Anti-Fraud Alliance

Anti-corruption education

Based on the *Construction Project for Anti-corruption Education System*, the Company has initially completed the construction of the anti-corruption education system through the training mechanism of red line and bottom line, the promotion mechanism of anti-corruption articles, the process of theme activities, and the evaluation mechanism of anti-corruption promotion. By carrying out the construction of an anti-corruption education system project, the Company promotes the establishment of correct values among party members, cadres, and ordinary employees, further enhancing the awareness of compliance with discipline and anti-corruption in politics and improving the ability to distinguish right from wrong, fight against corruption and resist various risks.

Red line and bottom line training mechanism

The Company conducts various types of red line and bottom line training through on-site teaching, remote teaching, and recorded course playback, and has developed two courses, *Huayou's Character of Anti-corruption and Cleanliness and Warning Education on the Dangers of Pornography, Gambling, and Drug Abuse*.

Details of red line and bottom line training mechanism

Education on red lines and bottom lines has become a part of new employee training, and has been included in the courses of the "'You' Endeavor" program in the Group, the "'You Endeavor" program held in Guangxi Province, and the "New 'You' Class" training camp held in Quzhou City.

Through special red line and bottom line education, the awareness of anti-corruption and self-discipline of group cadres and personnel in key positions has been improved. The Company also carries out a number of educational activities for anti-corruption warning in the purchasing center, the African Region, and other places.

By issuing red line and bottom line educational materials, multiple organizations are encouraged to independently carry out anti-corruption education and training. For example, organizations in Tongxiang, Quzhou, and African Region have carried out anti-corruption warning education independently.

Information security protection

Strengthened information security management

In order to strengthen the internal information security control and confidentiality management of the Company, and ensure the safe, reliable, and efficient operation of the Company's IT system, Huayou has formulated various rules and systems such as the *Information Security Management Measures*, *Information Security Strong Regulated Unit Data Security Management Measures*, and *Company Office Collaboration Tool Management Measures*. At the same time, the Company divides different levels of information security control according to the degree of confidentiality and formulates corresponding data security control measures.

The Company's information management departments at various levels organize and implement security controls in respect of venues, networks, terminals, mobile storage, internet access, instant messaging tools, antivirus software, AD domain control policy deployment, document encryption, etc., and the Information Center is responsible for conducting regular inspections and issuing inspection reports and rectification opinions. The Company plans to build information security management system (ISO 27001) in 2023.

Protection of customer privacy

In order to protect customers' legitimate rights and interests and prevent the leakage of customer information and trade secrets, Huayou has formulated the *Confidentiality Management Measures*, which regulates the trade secret management in respect of secret classification, secret level management, declaration of technical secrets and business secrets, risk of leakage and prevention, etc.

When the Company executes a contract or an agreement involving corporate trade secrets, it will specifically stipulate a "confidentiality clause" therein or execute a separate confidentiality agreement to explicit the confidentiality obligations of both parties to the contract. If either party or both parties to the contract disclose or use the trade secrets stipulated in the contract without authorization, such behavior constitutes a breach of contract and the breaching party/parties will be held responsible for corresponding breach of contract liabilities. The Company has promulgated relevant regulations on material naming and customer abbreviations and used letter and number combinations for naming, which can keep relevant information confidential to some extent.

In addition, the Company signs confidentiality agreements with newly hired employees and non-competition agreements with employees in special positions, and enhances efforts to promote employee awareness. This, in turn, improves the confidentiality awareness of all employees.

Information security strong regulated unit

Information security generally regulated unit

Information security control classification

成都巴奥科技有限责任公司
ISO/IEC 27001:2013
Information Security Management System

Chengdu B&M passed the ISO 27001 Certification for Information Security Management System

Case

Guangxi Huayou's 9th "You Enterprise Spirit" Anti-corruption Education

There were 63 people participating in the Company's 9th "You Enterprise Spirit" anti-corruption education, including managers at the medium and below medium levels, new employees, and interns. With abundant training contents, this training received a favorable rating from trainees. Employees take the initiative to learn and receive education and constantly elevate their moral beliefs, ideal sentiments, and willpower qualities, so as to form a stable concept of anti-corruption governance ethics.



Guangxi Huayou 9th "You Enterprise Spirit" anti-corruption Education



During the reporting period

various types of red line and bottom line trainings are held in a total of

46 training activities

with **4,096** people participating

Campaigns on anti-corruption practices



The Company publishes anti-corruption promotion articles through WeChat subscription account "Anti-corruption Huayou" and Huayou Community. During the reporting period, the Company has published a total of 23 anti-corruption promotion articles, which have been viewed by 18,772 readers cumulatively.



On public holidays, the Company reminded employees to consciously abide by various regulations of anti-corruption and self-discipline and strictly prohibit violations by posting posters, so as to uphold the bottom line of "integrity" and create a clean and positive holiday atmosphere.



The Company also launched anti-corruption promotion campaigns with the theme of "International Anti-Corruption Day | Working Together to Fight against Corruption", involving various regional bases such as Tongxiang headquarters, Quzhou, Guangxi, Tianjin, Chengdu, Jiangsu, Indonesia, Africa, etc., which effectively expanded the coverage of anti-corruption culture at the company level, and further promoted the construction of corporate's anti-corruption culture.

Guiding through the Party building

Guiding through Party building is the cornerstone of all work. Doing a good job in Party building can effectively enhance the organizational strength of grassroots party organizations and the execution ability of party members, which may play a strong role in promoting social development. With adherence to the overall leadership of the Party, Huayou Cobalt conscientiously implements the decision-making and deployment of the CPC Central Committee and superior Party committees, and continuously strengthens various constructions of the Party, to consolidate the foundation for the high-quality development of the Company.



Case Party members and cadres of the Company watch the 20th National Congress of the Communist Party of China

In October 2022, Chen Xuehua, Chairman of the Company, led all party members, cadres, and employees to watch the live broadcast the opening ceremony of the 20th National Congress. Employees in Huayou Quzhou Industrial Park, Huayou POSCO, Guangxi Base, and the Management Headquarters of the African Region also watched the opening ceremony at the same time. After carefully listening to General Secretary Xi Jinping's report, party members and employees exchanged and shared their learning experiences and feelings, driving a wave of learning about the 20th National Congress and promoting the spirit of the revolution throughout the company headquarters, industrial groups, and subsidiaries.



Tongxiang



Quzhou

Case Party building education activity titled "Celebrating the 20th Anniversary and Embarking on a Red Journey"

In July 2022, party members from Quzhou base in the Company's new energy industry group conducted a party-building education activity with the theme of "Celebrating the 20th Anniversary and Embarking on a Red Journey" in the revolutionary holy land - Xiyuan Village of Changshan County. A total of 15 party members and employee representatives participated in this event. During the activity, all personnel filled out the Military Service Certificate and put on Red Army uniform. Party members moved forward with the Party flag raised high, and learned how to transport Red Army food, carry stretchers, and dress wounds. This activity enhanced team participation and interaction, strengthened the cohesion and centripetal force of the party branch, and reflected the upward spirit of the party members.



02

Environment and Safety

Concept

Huayou Cobalt continuously improves its EHS information management through continuously strengthened construction of the EHS management system and capacity and the established EHS management organizational structure with a clear division of powers and responsibilities. It has invested more in energy saving and environmental protection to continuously improve its green manufacturing capability and fostered an EHS culture within the Company to continuously improve the safety and environmental protection awareness of its employees. It adheres to green development and firmly holds the bottom line of safe and compliant production, so as to guarantee the high-quality and sustainable development of the Company.

Our actions

- EHS management system
- Addressing climate change
- Green development
- Safe production



Contribution to SDGs

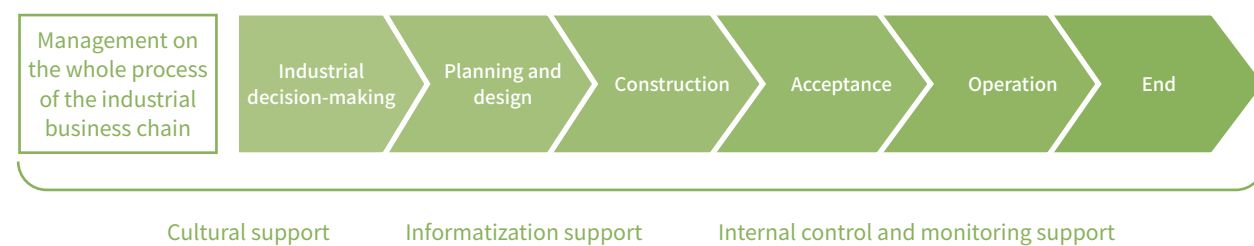
3 GOOD HEALTH AND WELL-BEING 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	

EHS management system





With adherence to the EHS concept of "Safety and environmental protection are more important than anything else", Huayou Cobalt is committed to improving the EHS management standardization in strict compliance with the laws, regulations, and system requirements related to environment and production safety and with reference to the latest international norms, standards, and best practices. The Company has formulated and promptly revised its internal management systems, such as the *General Provisions on Environmental Protection Management*, *General Provisions on Safety Production Management*, and *EHS Compliance Risk Management Standards*, strictly controlled its environmental and safety risks and deeply fulfilled its responsibilities for environmental protection and safety production, so as to promote the Company's green manufacturing and safe production to realize sustainable high-quality development.

With continuous improvement on the EHS management system of the Group Headquarters and the five industrial groups, the Company implements the closed-loop EHS management mechanism for the whole process of the industrial business chain. It sets up a special EHS organizational structure equipped with professional talents from four dimensions, namely, "EHS planning support, safety risk management, environmental risk management, and project risk management", so as to provide a solid systemic and organizational guarantee for the EHS management.

Closed-loop EHS management mechanism

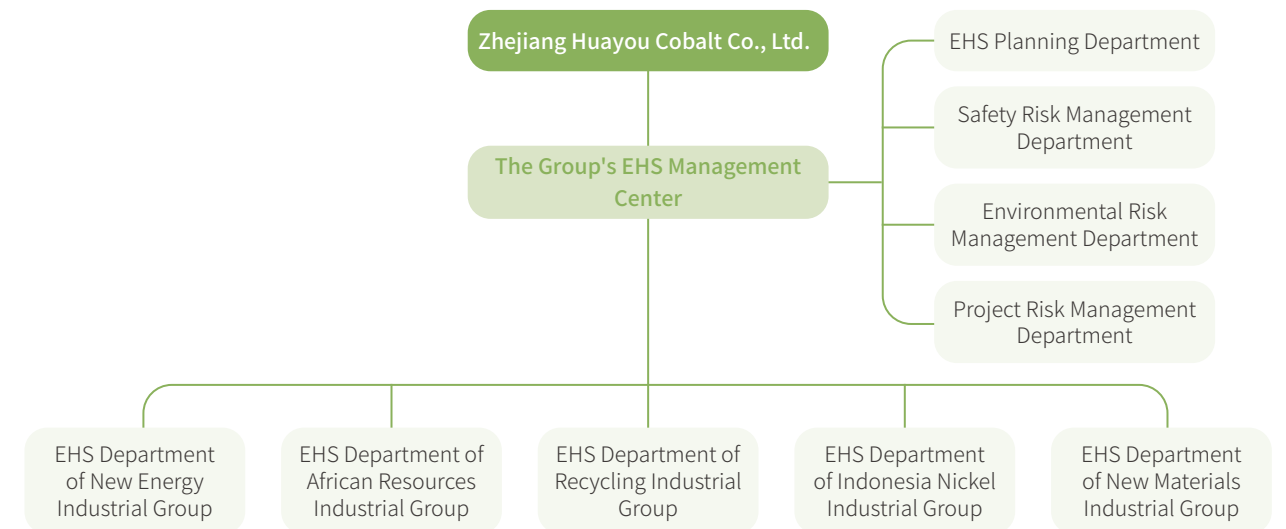


Four dimensions of EHS management system

- 
EHS Planning Support
 - Formulate EHS goals, EHS indicators and medium and long-term EHS work plans, and implement and promote informatized internal control and monitoring measures.
- Strictly implement the pollution control requirements of "meeting the standards steadily through reducing from headstream, strict control over the production process and improvement on the end-of-pipe technologies" to ensure that the environmental risk is under control in the whole process composing of generation, treatment, and discharge of pollutants.
Environmental risk management
- 
Safety risk management
 - Establish a sound management system for safety production according to the occupational health and safety management system and the production safety standardization system, and comprehensively control and continuously improve the safety production management under the cycle management mode of "Plan, Do, Check and Act (PDCA)".
- Ensure the implementation of environmental compliance during the construction period of the project and the Company's EHS system and mechanism.
Project risk management

EHS organizational structure

Huayou Cobalt has set up an EHS management organizational structure with a clear hierarchy and responsibilities, in which the Group's EHS Management Center acts as the core and the five industrial groups as the starting point to implement EHS management work to all subsidiaries, so as to ensure the efficient operation of all aspects of EHS management.



EHS goals

The Company regularly formulates overall EHS work goals, medium and long-term EHS work plans, and specific goals to ensure that the EHS management is in line with the Company's international industrial development strategy, so as to comprehensively plan the EHS management work and continuously promote the optimization of the Company's environmental protection and production safety. During the reporting period, the Company carried out an annual assessment and evaluation of its EHS work, in which all annual EHS indicators reached their goals. The evaluation results were also adopted as an important basis for the Company's assessment of the performance of its EHS management and departments.

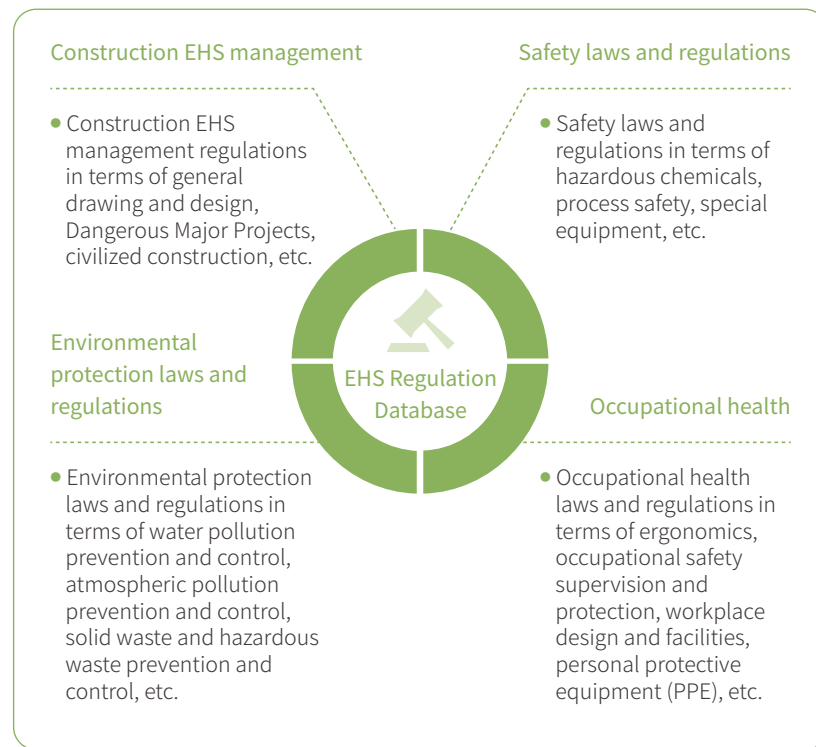


The Company has set up five major EHS management goals from 2022 to 2025, including no EHS administrative penalties, no occupational diseases, no fires and internal control mega-accidents, a 20% annual decrease in the incidence rate of other accidents and 100% compliance on disposal of all wastes

In 2022, Huayou Cobalt has reached all of the aforementioned goals

EHS regulation database

The Company carries out regular collection and updating of environmental protection and production safety laws and regulations and technical standards and establishes a knowledge base regarding laws and regulations, standards and specifications applicable to each industrial group, so as to clarify the laws and regulations applicable to each subsidiary and provide access to EHS laws and regulations to jointly enhance the efficiency of EHS compliance risk management. The Company's new database on EHS laws and regulations includes four modules, namely, safety, environmental protection, occupational health, and construction EHS management, to which the personnel in the EHS line are authorized to access. Therefore, knowledge of laws and regulations can be shared and inquired instantly on-demand, which guarantees the compliance and scientificity of the Company's EHS management work.



Complete Database of EHS Laws and Regulations



In 2022

the Company set up a complete database of EHS laws and regulations containing a total of **69** categories of EHS laws and regulations, in which **12** categories were relative to construction EHS management, **27** categories to safety laws and regulations, **20** categories to environmental protection laws and regulations and **10** categories to occupational health

Inspection and rectification of EHS hidden dangers

In order to ensure the timely identification of EHS risks and rectification of EHS hidden dangers, prevention of all kinds of EHS accidents from occurring, and achievement of environmental protection and safe production goals, the Company has formulated the *Management Measures for EHS Inspection and Rectification of Hidden Dangers* and the *Management Measures for Dangerous Sources Identification and Risk Evaluation and Control* under the principle of risk grading and control to implement the whole-process mechanism for EHS hidden danger identification in which the identified hidden dangers are classified, counted and analyzed. The Company also ensures subsequent treatment and improvement of hidden dangers for closed-loop management of risks, so as to continuously optimize the EHS management and guarantee the Company's long-term and sound development.



In 2022

the Company identified a total of **9,973** EHS hidden dangers throughout

After a systematic statistical analysis, the Company has remedied these dangers in priority to ensure that the EHS hidden dangers are treated and improved

Risk Level	Dangerous level	Representative colors	Hierarchical control levels
Significant risks	Extremely dangerous (Level 1)	●	Industrial groups, subsidiaries, departments (divisions), branch factories, workshops, workgroups, position control
Material risks	Highly dangerous (Level 2)	●	Industrial groups, subsidiaries, departments (divisions), branch factories, workshops, workgroups, position control
General risks	Medium dangerous (Level 3)	●	Subsidiaries, departments (divisions), branch factories, workshops, workgroups, position control
Low risks	Low dangerous (Level 4)	●	Workshops, workgroups, position control

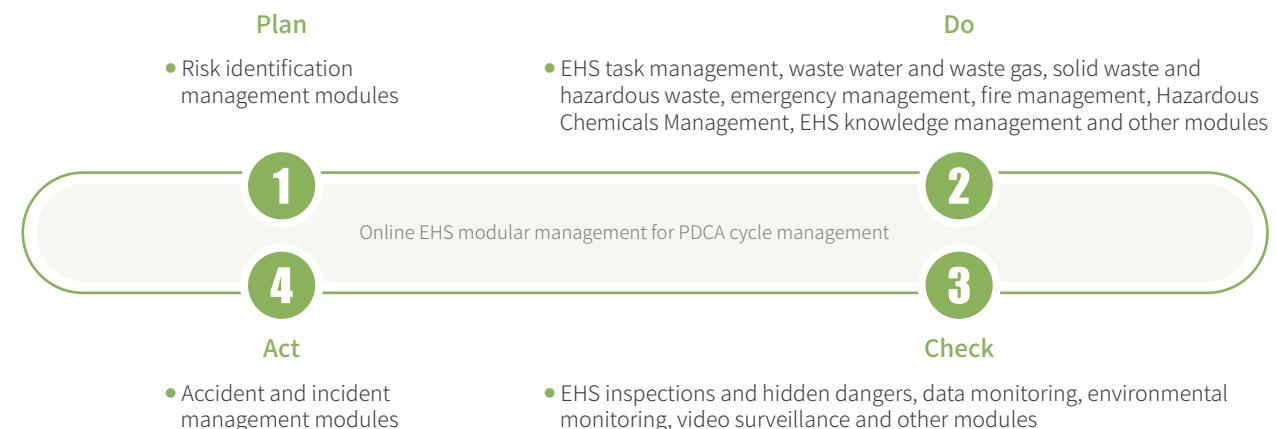
Measures for EHS risk classification management

Systematic analysis on EHS hidden dangers in 2022

In 2022, the Company's headquarters conducted a systematic analysis of EHS hidden dangers from four dimensions: unsafe human behaviors, unsafe matter conditions, management deficiencies, and environmental unsafe factors, in which the Company identified a total of 39 categories of EHS hidden dangers. The Company conducted strengthened management measures for these hidden dangers until the completion of closed-loop management.

EHS informatization management

The Company has adopted informatization and digital tools to improve the quality and efficiency of its overall EHS management and practiced the concept that the industrial internet and the EHS management system should be planned, deployed, and developed together. In 2022, the Company formally launched its EHS informatization management platform (Phase I) composed of a total of 24 EHS basic application modules covering all the elements relative to EHS normative and standardized management, which realized data interoperability and real-time monitoring and tracking management and promoted the construction of EHS culture through the training module, so as to improve the employees' EHS awareness and the Company's overall EHS management decision-making level and efficiency.



EHS training

Under a complete EHS training system, Huayou Cobalt has created the training brand of "EHS Academy" composed of three major courses (general, management, and professional courses), which covers safety, environmental protection, and occupational health, and has formulated corresponding training plans for employees in different grades and position and new employees. In addition, the Company has arranged written tests, oral tests, practical exercises, and other assessment forms for employees participating in the training to enable these employees to deeply understand and master EHS knowledge, so as to integrate EHS knowledge into the daily work practice to reduce EHS risks and support the achievement of EHS goals, thus driving the Company's sound, long-term and sustainable development.



In 2022

The Company conducted **493** EHS training sessions, and set up **10** types of employee training assessments, including oral, written, and practical tests

A total of **10,907** employees received EHS training and **100%** senior executives received EHS training

Case

Conducted a series of EHS empowerment training to enhance employees' EHS professional knowledge and skills

In 2022, the Company organized training aiming at the main EHS problems and weaknesses during the construction project period, using real cases to expand the thinking horizons and provide methodological experience for the grassroots from multiple levels. These trainings included special operation safety training and training on similar hidden safety danger inspection and remediation programs for construction projects, which helped strengthen the management capabilities of frontline staff in construction project environmental protection, three simultaneous system compliance and comprehensive EHS management, main responsibility implementation, and special operations management.

During the reporting period, the Company's headquarters organized a total of 14 construction project empowerment training sessions with 575 employees participating; more than 12 safety empowerment training sessions with 689 employees participating; and 6 environmental protection empowerment training sessions with 444 employees participating.



Carrying out EHS empowerment training for construction projects

Case

Conducted a series of *Basic EHS Education* courses to enhance the basic EHS knowledge and safety awareness for new employees

In 2022, the Company conducted a series of *Basic EHS Education* courses for new employees, which covers all basic modules and elements of EHS knowledge, to help new employees enhance their understanding of the Company's EHS concepts and policies and improve their basic EHS knowledge safety awareness, so as to guarantee the implementation and promotion of the Company's EHS management system.

During the reporting period, the Company's headquarters conducted 10 *Basic EHS Education* training sessions for new employees with a total of more than 600 employees participating.



Conducted a series of *Basic EHS Education* courses for new employees

Addressing climate change

Since addressing climate change and contributing to global carbon neutrality play an important role in its substantive ESG issues, Huayou Cobalt has established a top-down climate change response plan by incorporating climate change issues into its ESG governance framework, the implementation of which is fully supervised by the board of directors. We will analyze short, medium, and long-term climate change risks (including physical and transitional risks) for all assets and propose response strategies and disclose climate change issues that meet the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) before 2026.

In 2022, we first released Huayou Cobalt's *Dual Carbon Action Report* publicly, announcing the Company's carbon-neutral vision as well as plans and key measures to achieve carbon neutrality. We also formulated the *Global Clean Power Plan*, committing to continually increasing the proportion of clean energy and comprehensively promoting the Company's deep decarbonization throughout.

Our vision for carbon neutral

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.

Our performance goals

Percentage of clean electricity used in the park

2025
2030
2035

Clean electricity accounting for
35%

Clean electricity accounting for
67%

Clean electricity accounting for
100%

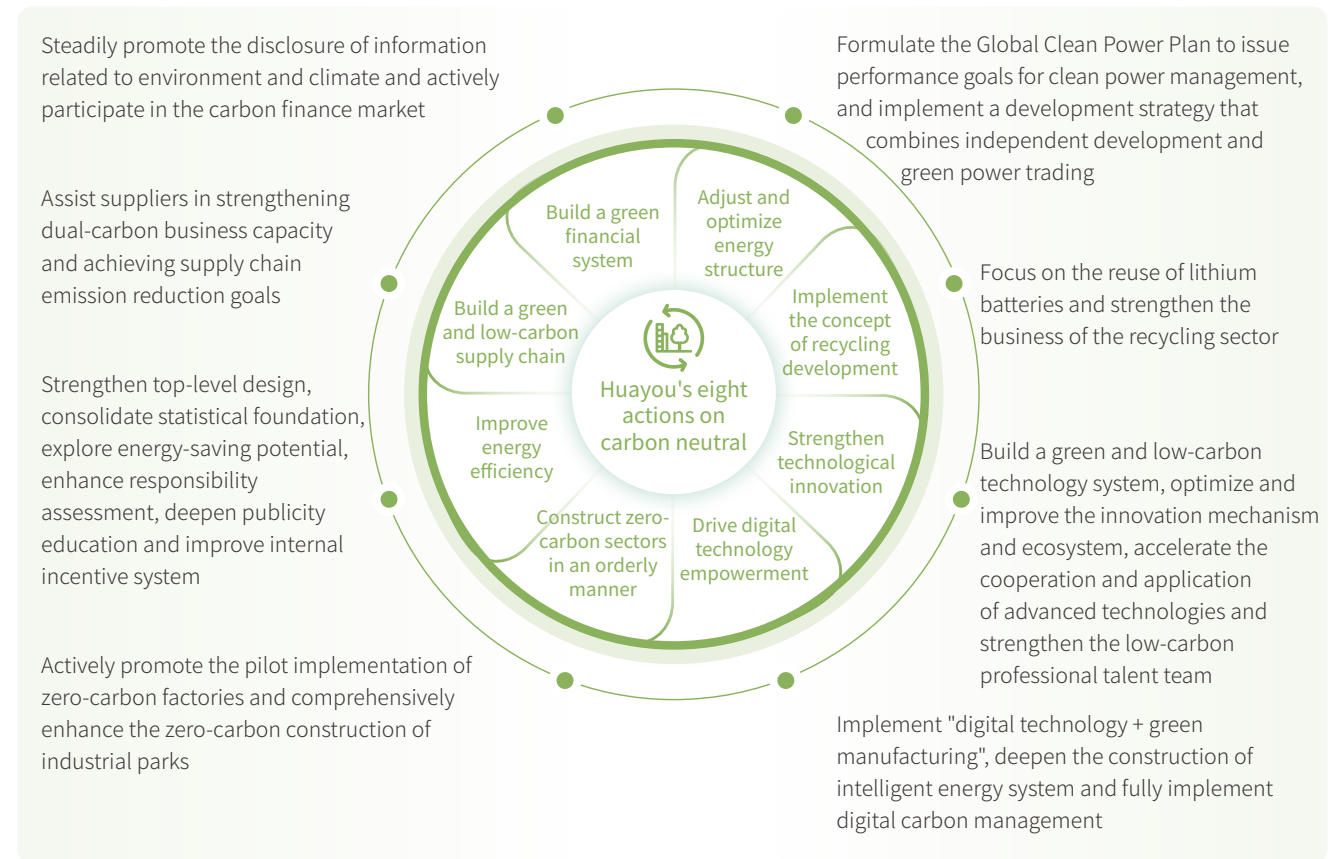
Product carbon emission per ton

50%

reduction in product carbon emission per ton before 2030

Our plan for carbon neutral roadmap

Initial decarbonization period	Continuous decarbonization period	Deep decarbonization period
2021-2030	2031-2040	2041-2050
<ul style="list-style-type: none"> • Promote the transformation of energy structure • Implement the concept of recycling development • Strengthen technological innovation • Drive digital technology empowerment • Construct zero-carbon sectors in an orderly manner • Improve energy efficiency • Build a green and low-carbon supply chain • Build a green financial system 	<ul style="list-style-type: none"> • Significantly increase the use of clean energy • Give full play to the empowerment of digital technology • Promote the near-zero carbon construction of industrial parks • Launch pilot projects for negative carbon technology • Deeply participate in the operation of carbon finance market • Main raw and subsidiary materials purchased meet the company's carbon intensity goal 	<ul style="list-style-type: none"> • Promote clean energy and apply mature technology • Use negative carbon technology and carbon offsetting <div style="text-align: center; margin-top: 20px;"> </div>



Huayou's eight actions on carbon neutral

Greenhouse gas emissions

Adopting the year 2021 as the baseline, the Company, as gradually carried out internal carbon emission verification and scientific statistical assessments, has established a sound ESG management organizational structure with clear responsibilities for each department, and formulated its vision for carbon neutrality, and planned the action path. The Company will continue to reduce the intensity of greenhouse gas emissions from operations through energy structure optimization, energy efficiency improvement by way of process optimization, water conservation, zero-carbon sector building, and deepened publicity education.

From January to December 2022, subsidiaries of the Company with stable production and operation had a greenhouse gas emissions of **1,324,000** tCO₂e (Scope 1 and Scope 2) at the organizational level.

Greenhouse gas emission performance

9 subsidiaries of the Company with stable production and operation have obtained the certification of ISO14064:2018 Greenhouse Gas Emissions and Removals Quantification and Reporting System for two consecutive years.

The Company has accounted for more than **30** products in the industrial chain for carbon footprint emissions and obtained the declaration certificates.

Note 1: Companies within Huayou Group with stable production include Huayou Cobalt, Huayou POSCO, Cobalt New Material, Quzhou New Energy, Resource Recycling, Huajin Company, Chengdu B&M, CDM, MIKAS, Jiangsu Huayou, Indonesia Huayue Nickel Hydrometallurgy Process Project, in which partial data from projects newly put into operation in 2022 have not been verified by a third party.

Carbon neutral practice

Promote zero-carbon factory certifications

In 2022, multiple factories of the Company successively obtained the "zero-carbon" factory certification. Huayou will become a lithium battery lifecycle manager by continuously exploring green technologies in the battery industry chain and practicing innovative operation modes, and supplying customers with green, environmentally friendly, and low-carbon products. In responding to the national "dual carbon" call with high-quality manufacturing, Huayou will make its own contributions to the global carbon-neutral career.

In 2022, Chengdu B&M Science and Technology Co., Ltd. became the world's first cathode material "zero-carbon" factory since passed the SGS PAS2060 certification.

In 2022, Quzhou Huayou Resource Recycling Technology Co., Ltd. was awarded the PAS2060 Carbon Neutral Certification issued by SGS, becoming the world's first resource recycling "zero-carbon" factory.

Huayou Cobalt's zero-carbon factory certifications in 2022

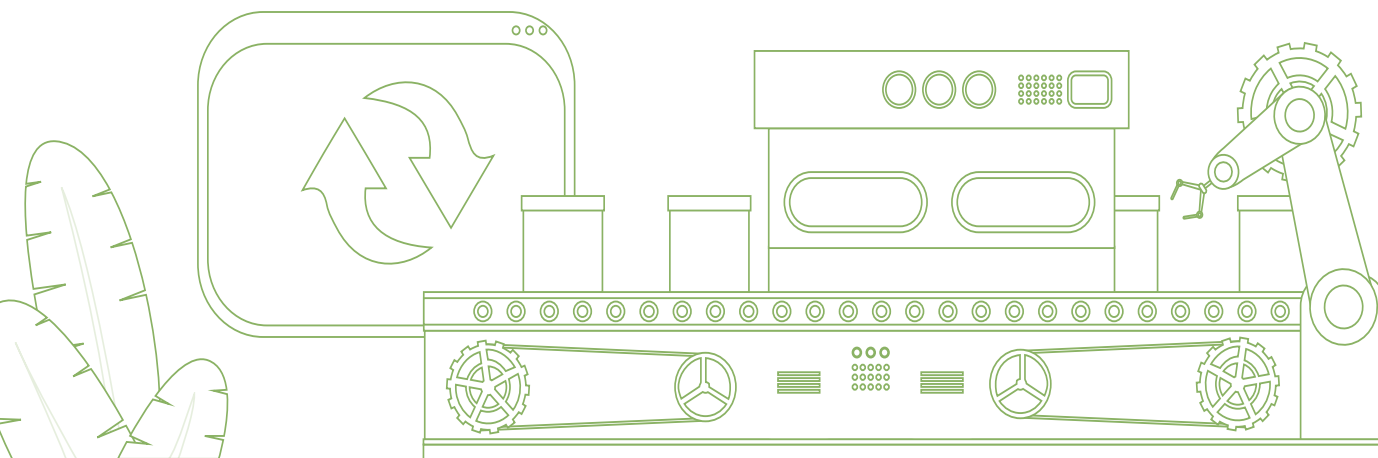
In 2022, Jiangsu Huayou Energy Technology Co., Ltd. passed SGS's "carbon neutrality" audit and became the world's first "zero-carbon" factory for power battery cascade utilization.

In 2022, Huayou New Energy Technology (Quzhou) Co., Ltd. passed the "Carbon Neutral" audit and certification by SGS, an international authoritative testing and certification organization, becoming the first zero-carbon plant in the Company's precursor sector.



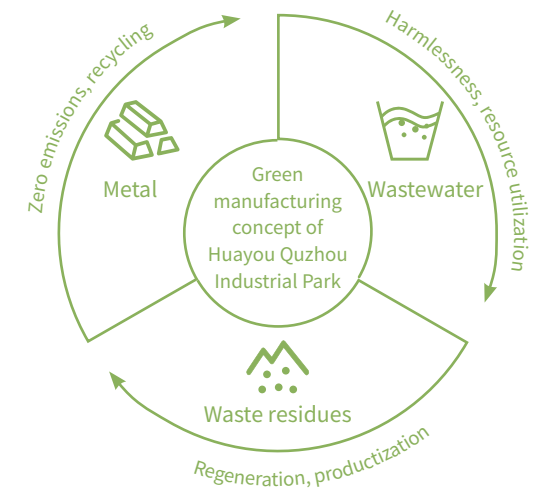
In 2022

four companies under Huayou, namely Chengdu B&M, Resource Recycling, Jiangsu Huayou and Quzhou New Energy, were certified as "Zero-carbon" factories



Huayou Quzhou comprehensively enhances the near-zero-carbon construction of industrial park to practice green manufacturing

The Company continues to promote the near-zero-carbon construction of Quzhou industrial park, committed to realizing zero discharge of wastewater from cobalt smelting and deep processing, resourcing all waste residues and purifying all metals into valuable products, in order to form a green manufacturing circle for the whole process of cobalt product manufacturing. During the reporting period, the total investment in environmental protection facilities of Huayou Quzhou Industrial Park was as high as RMB700 million, accounting for more than 20% of the total investment in the project.



Recycling

100,000 tons of ammonium sulphate system: the 100,000 tons of ammonium sulphate MVR evaporation can guarantee zero discharge of smelting wastewater containing ammonium and realize 100% recycling of wastewater.
2000m³/d de-ammonia system: ammonia nitrogen <10mg/L after ternary wastewater treatment, which is far below the national standard, so that the ammonia water can be recycled.
Membrane treatment combined with evaporation technology: the first joint application of seawater desalination technology achieves 97.08% reuse rate for water.
Spray pyrolysis of tricobalt tetraoxide: this technology is fully automated, and acid can be reproduced and recycled.



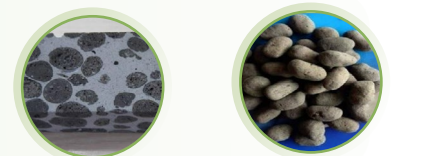
Emission reduction

Organic waste gas treatment system: the organic consumption of cobalt per ton is greatly reduced, namely, less than 5kg/tCO, which means the impact on the external environment is minimized.
Acid mist absorption tower: the tower can ensure that the acid mist and harmful gases are emitted conforming to the standards after they are absorbed at multiple levels.
Dust Absorption Tower: the high-precision dust absorption system with filtering accuracy of 0.1um can increase the product yield at the discharge port to 99%.



Resource utilization

For resource utilization of waste residues, the Company cooperates with cement and ceramic plants to convert residues into cement, ceramic and other building products.



Indonesia Huayue Nickel Hydrometallurgy Process Project

With the goals of "leading technology, resource conservation, environment-friendly and ESG governance", Indonesia Huayue Nickel Hydrometallurgy Process Project continues to promote the Company's sustainable development in Indonesia, resulting in harmonious and symbiotic development between the business operation and the community construction and ecological environment. Insisting on "people-oriented", this project attaches importance to the health and safety of employees and creates a green and friendly workplace environment.

Technology optimization

Third-generation nickel laterite ore high-pressure acid leaching process

This project that adopts the third-generation nickel laterite high-pressure acid leaching process, which is characterized by high technical barriers, material industry impact, energy saving and environmental protection, resource saving, and comprehensive recovery of multiple valuable metals, has created a world record of the largest scale, best environmental protection, fastest construction and shortest mass production time among similar projects. With an experienced high-pressure acid leaching technology team and production operation team for nickel laterite ore as well as the independent design and operation abilities, Huayou has laid a solid technical foundation for the development practice of nickel laterite ore.

Resource conservation

Indonesia Huayue Nickel Hydrometallurgy Process Project is currently the world's most environmental-friendly hydrometallurgy process project with lowest carbon emissions

1. Comparing with similar hydrometallurgy process projects, the electricity consumed in Huayue's high-pressure acid hydrometallurgy process decreases by 50%-70%, which is mainly achieved through waste heat power generation from the sulphuric acid plant and other projects.
2. Huayue extracts valuable metals from limonite ore through advanced hydrometallurgy technology, which makes full and effective use of the waste ore that could not be utilised originally, and therefore greatly saves mineral resources. In addition, the nickel hydrometallurgy process developed by Huayue can also sort out the chromium and manganese metal elements contained in the raw ores, so as to improve the utilization efficiency and increase the added value of the raw ores.
3. Huayue maximizes the efficiency of water consumption by means of various technical optimization and water saving measures, including: wastewater from deoxygenated water preparation by acid plant for ore washing, integrated utilization of recycled water adoption for smelting plant preparation system; and rainwater collection and sedimentation system. Huayue, due to continuous attentions to the possible impact of water consumption on the surrounding ecological environment and communities, received no complaints of getting water from stakeholders throughout 2022.

Environment-friendly

Carbon Emission Management

Huayue's current carbon emissions are 8.5tCO₂/t Ni, about 1/8 of those of similar thermal projects. It intends to realize the goal of "Zero Carbon Emission" by 2050. In the future, Huayue plans to achieve the emission reduction goal by gradually reducing the use of limestone, utilizing power generated from the low-temperature preheating section of the sulphuric acid plant, and using electrification for transport vehicles.

Biodiversity and ecological conservation

Huayue engaged an Indonesian third-party biodiversity consulting company to conduct a full biodiversity survey of the area where Huayue is located and issued a biodiversity survey report and an action plan report. Huayue has restored 53,286 square meters of green areas in its plants with 740,000 trees transplanted and is planning to restore 100,000 square meters of green areas. In the future, Huayue will actively look for more opportunities to carry out biodiversity off-site compensation work.

Wastewater discharge under standards and regular testing

Huayue Project will add limestone or lime milk to the wastewater during the treatment process to ensure that the PH value of the wastewater is 6-9 and that the chromium content meets the requirements of the Indonesian government's discharge permit before the wastewater is discharged. This process is also applicable to the tailings slurry and sulphuric acid from our high-pressure acid leaching (HPAL) process in order to comply with the discharge standards. Meanwhile, groundwater quality is regularly monitored to prevent potential contamination of local soil and groundwater.

Tailings dry stacking technology for sustainable tailings management

Indonesia Huayue Nickel Hydrometallurgy Process Project has adopted the internationally advanced tailings dry stacking technology and abandoned the traditional method of filling tailings in deep-sea landfills. We constructed a filter press plant and a dry tailings dump to save floor space and greatly reduce the safety risks of tailings storage through the application of tailings dry stacking technology, while making full use of reclaimed water to reduce water consumption and realize a sustainable production model.

In the planning and design of tailings dry stacking facilities, we fully consider factors such as environmental protection, terrain, and transport and reasonably plan the location and capacity of the dry stacking plant, so as to reduce risks and the direct impact of the enterprise on the environment.

In the operation and management of the tailing dry stack facility, we set up a special management department that is responsible for formulating the operating procedures of the tailing stack plant and establishing the emergency plan and the accident recovery plan. We control the water content of tailings through strict equipment selection requirements and fully consider the environmental protection measures during the transportation. The Company conducts regular internal monitoring of safety and environmental protection, proactively accepting supervision by government departments and quickly responding to community complaints with active continuous improvements.

Huayue strictly complies with the requirements of local environmental protection regulations. We build the base layer, leakage monitoring system layer, barrier layer, leachate collection and transfer system layer, and operational protection layer at the bottom of the tailings dry stack yard and supplement with a drainage system. This drainage system, at the same time effectively reducing the wastewater amount and relieving the treatment pressure, can avoid a large amount of rainwater entering the tailings dry stack yard to wash away the tailings and cause the loss of tailings, thus further reducing the environmental impacts of the production and operation.



Developing the recycling industry vigorously to join hands with industrial partners to realize zero- carbon emission

By virtue of its own advantages in six fields, namely, green intelligent manufacturing, accurate traceability system, safe monitoring and protection, leading core technology, well-regulated standard setting and perfect recycling system, the Company designs its layout in the recycling industry by vigorously developing the power battery recycling business, promoting the proposal and construction of the city lithium battery energy integrated service center and emphasizing the concept of green recycling development throughout the product manufacturing, process technology research and development, cooperation model building, and other links, to contribute to the low-carbon recycling ecology in the whole life cycle management of lithium batteries.

2022

Huayou Recycling Industry Group has achieved 100% "zero carbon" for the comprehensive utilization production of domestic decommissioned batteries.

Huayou Recycling has the highest recycling cooperation rate in China with respect to the decommissioned batteries of passenger vehicle enterprises.

	Recycling 10,000 tons of batteries	Recycling 50,000 tons of batteries	Recycling 100,000 tons of batteries
Total carbon emission reductions contributed through recycled battery materials	20,000~30,000 tons	120,000~160,000 tons	240,000~320,000 tons
Total carbon emission reductions that are equivalent to planting	2~3 million trees	12~16 million trees	24~32 million trees

Huayou and BMW innovate the closed-up cooperation approach involving the whole industry chain of "recycling system, cascade utilization, resource utilization, and waste-to-materials"

In May 2022, Huayou Recycling and BMW Group executed a cooperation agreement for power battery cascade utilization and recycling of battery materials, according to which the two parties would create an innovative cooperation model for closed-loop recycling and cascade utilization, thus realizing the closed-loop recycling and closed-loop management of power battery raw materials for the first time.

In this model, BMW provides decommissioned power batteries to Huayou, and Huayou, after dismantling, utilizing in cascade, and regenerating and refining these batteries, provides BMW with an equivalent amount of lithium metal. This cooperation model not only deepens the cascade utilization of power batteries, but also allows decommissioned batteries to return to Huayou's recycling system, hence the residual value of batteries can be fully utilized. The extracted materials such as "nickel, cobalt, and lithium" are reused as raw materials to provide to cooperative enterprise battery suppliers for manufacturing power batteries, which achieves closed-loop recycling and utilization of power battery raw materials and provides safe, green, and sustainable waste power battery recycling and utilization services for cooperative enterprises. Therefore, a closed-loop management model involving the entire industry chain of "recycling system, cascade utilization, resource utilization, and waste-to-materials" has been formed.



Huayou cooperates with Volkswagen China to build a demonstration project for decommissioned power batteries

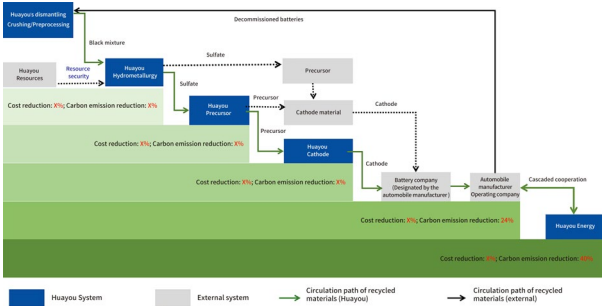
Huayou Recycling cooperates with Volkswagen Group (China) to build a demonstration project of "30KW/78KWh full-time domain active balancing cascade mobile energy storage system" for decommissioned power batteries. This system is built based on Volkswagen's decommissioned ternary power batteries, using Huayou's decommissioned power battery fast sorting technology, efficient and safe BMS management technology, and full-time domain balancing technology. While maintaining the structure of the original battery pack, a digital control system is tailored to ensure the safe operation of the energy storage equipment. This system boasted the functions of power supplementation, capacity increase, high and low electricity demand period balance, and emergency power use, etc., which can achieve optimal power operation through intelligent matching.

This project is another exploratory development for the decommissioned power battery market after the two parties announced in March 2022 that they would jointly lay out the battery raw material supply chain, in which the two parties will work together to build a sustainable closed-loop value chain around the whole life cycle of the battery, namely, from raw material acquisition to recycling utilization.



Huayou cooperates with Volkswagen China to build a demonstration project for decommissioned power batteries

Through this cooperation model, core raw materials extracted in high proportion can be 100% returned to the customer's own supply chain system and carbon emissions from recycled products can reduce by more than 40% in the case of cascade utilization, and about 30% in the case of the recycling utilization.



Huayou's cascade utilization solution for power batteries



Signing ceremony between Huayou Recycling and BMW



Green development

Practicing green and low-carbon development is the only way for enterprises to achieve high-quality development. In strict accordance with environmental laws and regulations, Huayou Cobalt continuously improves the construction of the environmental management system with focuses on both production and environmental protection, resolutely following the basic environmental protection policy of "protection and prevention first with comprehensive treatment and full participation with concerted management". By aligning with the industry standards and best practices related to environmental risk management, Huayou Cobalt places environmental protection at a high strategic level of the Company and integrates environmental management into all aspects of production and management.



ISO14001 Environmental Management System Certificate



ISO50001 Energy Management System Certificate

Waste management

In strict accordance with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*, and other laws and regulations of host countries, the Company strictly controls various emissions restrictions in the production process and improves the treatment capacity of waste gas, wastewater and waste residues to continuously reduce pollutant emissions. The Company has continuously strengthened its monitoring standards and upgraded the Company's emissions monitoring system and treatment facilities to ensure that all of the Company's pollutant emissions meet the environmental standards of the locations in which it operates.

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. It monitors the water quality of various links of wastewater, and strictly detects industrial wastewater from mining and smelting processes for pollutants such as 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.



In 2022

The Company's wastewater discharge totaled in **24,342,630.87** cubic meters, and wastewater discharge for RMB 10,000 revenue was **3.86** cubic meters

Name of the Company or subsidiaries	Name and unit of main and characteristic pollutants	Total emissions / emission concentration*
Huayou Cobalt (Tongxiang Factory)	Total wastewater discharge (m ³)	647,554
	Chemical oxygen demand (COD) (mg/L)	150
	Suspended solids (mg/L)	27
	Ammonia nitrogen (mg/L)	3.95
	Total phosphorus (mg/L)	0.57
	pH	7.34
Cobalt New Material	Total wastewater discharge (m ³)	3,329,692
	Chemical oxygen demand (COD) (mg/L)	220.8722
	Suspended solids (mg/L)	1.148
	Ammonia nitrogen (mg/L)	6.4702
	Total phosphorus (mg/L)	0.8489
	pH	7.291
Quzhou New Energy	Total wastewater discharge (m ³)	2,533,676
	Chemical oxygen demand (COD) (mg/L)	27.08
	Ammonia nitrogen (mg/L)	5.53
	Total phosphorus (mg/L)	0.16
Resource Recycling	Total wastewater discharge (m ³)	722,080
	Chemical oxygen demand (COD)(mg/L)	90
	Suspended solids (mg/L)	62
	Ammonia nitrogen (mg/L)	0.75
	Total phosphorus (mg/L)	0.92
	pH	7.5

In 2022
The Company has suffered no administrative penalties and no environmental accidents, and achieved **100%** of compliant disposal of wastes

Name of the Company or subsidiaries	Name and unit of main and characteristic pollutants	Total emissions / emission concentration*
Huajin	Total wastewater discharge (m ³)	16,722
	Chemical oxygen demand (COD)(mg/L)	21.11
	Five-day biochemical oxygen demand (BOD ₅)(mg/L)	30.74
	Suspended solids (mg/L)	10.33
	Ammonia nitrogen (mg/L)	1.73
	Total phosphorus (mg/L)	0.073
	pH	8.01
Huayou POSCO	Total wastewater discharge (m ³)	249,480.64
	Chemical oxygen demand (COD)(mg/L)	10.95
	Five-day biochemical oxygen demand (BOD ₅)(mg/L)	11.95
	Suspended solids (mg/L)	2.92
	Ammonia nitrogen (mg/L)	2.73
	Total phosphorus (mg/L)	0.094
	pH	7.7
Tianjin B&M	Chemical oxygen demand (COD)(mg/L)	180.5
	Ammonia nitrogen (mg/L)	15.56
	Total phosphorus (mg/L)	3.553
Chengdu B&M	Chemical oxygen demand (COD)(mg/L)	161
	Five-day biochemical oxygen demand (BOD ₅)(mg/L)	58.3
	Suspended solids (mg/L)	38.3
	Ammonia nitrogen (mg/L)	29.4
	Total phosphorus (mg/L)	2.6
Huayue	pH	7.3~7.4
	Total wastewater discharge (m ³)	16,843,426.23

Subsidiaries' discharge of main wastewater pollutants (*emission concentration refers to concentration under integrated management)

Case Application of MVR system to achieve comprehensive utilization of workshop wastewater

In 2022, the Company connected Quzhou New Energy's and Huajin New Energy's wastewater treatment facilities through the process technology for separating high and low concentration industrial wastewater to share the existing wastewater deamination, evaporation, and other wastewater treatment capacity of the two companies' wastewater treatment facilities, which significantly reduced the cost of wastewater treatment and solved the problem of limited wastewater discharge of the precursor manufacturing system in Quzhou region. This project which was invested about RMB 300 million in total would accomplish the synergistic benefits of joint treatment to reduce the cost of a single ton of wastewater through MVR treatment.

Case CDM factory strictly monitors wastewater discharge

CDM Company's wastewater mainly comes from mining and smelting processes. At the end of each month, the Company takes samples of drinking water and discharged water from the mining headquarters and CDM headquarters and sends these samples to the professional institution at the University of Lubumbashi for testing. In 2022, all water quality test results met the relevant local requirements. In addition, CDM also stipulates that internal testing must be carried out on industrial wastewater samples every week, and production and business activities can only continue on the condition that the testing is qualified. In the CDM factory, the industrial wastewater and domestic sewage are treated separately, and a clear discharge path is planned on site. This discharge path sets up three discharge outlets and a five-level sedimentation tank, where the wastewater, after being collected in the drainage ditch, flows into the five-level sedimentation tank and returns to the production system for recycling. The five-level sedimentation tank is strictly controlled by the wet process factory. When it doesn't rain, no wastewater is allowed to flow out. Once wastewater flows out, the Company will investigate and process it according to the Company's environmental accident investigation procedures.



Satellite image of CDM plant sedimentation tank and discharge outlets

Waste gas management

The Company strictly complies with the requirements of the *Atmospheric Pollution Prevention and Control Law* and other local laws and regulations where its factories are located. The Company collects and processes the dust of integrated emissions through dust removal equipment, and controls the dust of fugitive emissions through professional waste gas treatment equipment and necessary dust control measures. For the treatment of waste gas generated in the smelting process, the Company 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 IFC standards. During the smelting process, the production waste gases such as sulfur dioxide and acid mist, after collected by the air duct, enter the alkali spray tower for absorption and treatment; the dust and tail gases generated are respectively discharged into the high altitude after being treated by bag dust removal and water film dust reduction; the organic waste gases generated are collected and treated by RTO incineration; in 2022, the waste gases from the Company's production and operation are all discharged in compliance with the standards, and no other violations such as exceeding the standards have taken place.

In 2022

the Company's waste gas emission totaled in **16,619.81** million cubic meters

and waste gas emission for RMB 10,000 revenue was **2,636.65** cubic meters



Name of the Company or subsidiaries	Name and unit of main and characteristic pollutants	Total emissions / emission concentration
Huayou Cobalt (Tongxiang Factory)	Total waste gas emissions (m ³)	1,415,131,200
	Particulate matter (mg/m ³)	6.1
	Non-methane hydrocarbon (mg/m ³)	10.1
	Nitrogen oxides (mg/m ³)	<6
	Sulfur oxides (mg/m ³)	<3
Cobalt New Material	Total waste gas emissions (m ³)	7,448,472,030
	Particulate matter (mg/m ³)	5.5293
	Non-methane hydrocarbon (mg/m ³)	15.575
	Nitrogen oxides (mg/m ³)	23.815
	Sulfur oxides (mg/m ³)	4.91667
Quzhou New Energy	Total waste gas emissions (m ³)	894,231,360
	Particulate matter (mg/m ³)	2.81
Resource Recycling	Total waste gas emissions (m ³)	1,646,900,640
	Particulate matter (mg/m ³)	1.2
	Non-methane hydrocarbon (mg/m ³)	12.3
	Nitrogen oxides (mg/m ³)	<3
	Sulfur oxides (mg/m ³)	<3
Huajin	Total waste gas emissions(m ³)	335,126,191.60
	Particulate matter(mg/m ³)	2.67
Huayou POSCO	Total waste gas emissions (m ³)	171,842,384.00
	Particulate matter (mg/m ³)	3.135
Tianjin B&M	Total waste gas emissions (m ³)	212,702,400
	Particulate matter (mg/m ³)	1.9
Chengdu B&M	Total waste gas emissions (m ³)	1,514,827,200
	Particulate matter (mg/m ³)	211.3
Huayue	Total waste gas emissions (m ³)	2,980,574,380
	Sulfur oxides (mg/m ³)	346.913

Subsidiaries' emission of main waste gas pollutants

Case MIKAS Company strictly abides by the local environmental protection management methods to ensure that the waste gas is treated and discharged in compliance with the standards

Since its production, MIKAS Company, the subsidiary in the Africa Region, has strictly complied with the *Environmental Protection Management Measures for the African Region* and local environmental protection laws and regulations. During the production process of the Company, the acid mist waste gas generated by acid production and leaching is discharged into the atmosphere after being treated by an acid suction tower, and the waste gas generated by grinding and flash evaporation of particles is discharged into the atmosphere after being collected by a bag filter. MIKAS Company conducts irregular monitoring of the air quality in and around the factory to ensure that the waste gas generated during the production process is effectively treated to minimize the impact on the atmosphere.



MIKAS Phase I Waste Gas Treatment System for Acid Production System (Left)
MIKAS Phase II Waste Gas Treatment System for Acid Production System (Right)

In 2022
MIKAS conducted **32** atmospheric environmental sampling actions, and all of the test results met the standards
No environmental pollution incidents took place and no environmental protection penalties were imposed by the local government

Solid and hazardous waste management

Waste residues generated from the Company's production process include general solid waste and hazardous waste. The Company strictly complies with China's environmental protection 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*, *Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill*, and *Standard for Pollution Control on Hazardous Waste Storage*, as well as relevant national environmental protection laws and regulations of the jurisdiction where the projects are located, and reduces its impacts on the environment and lowers risks by reasonably storing, treating, and recycling waste residues. The Company encourages each factory to innovate in technologies and improve processes, minimize waste generation, and achieve source reduction, process control, compliant treatment, and recycling use, so as to fulfill our commitment to ecological environmental protection.

In 2022
the Company's general solid waste totaled in **9.4883** million tons
general industrial solid waste for RMB 10,000 revenue was **1.51** tons
hazardous waste totaled in **8,890.30** tons
and recycled hazardous waste totaled in **2,542.16** tons

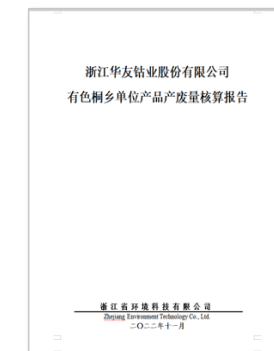
Name of the Company or subsidiaries	Name and unit of main and characteristic pollutants	Generation
Huayou Cobalt (Tongxiang Factory)	Total general solid waste (ton)	2,247.22
	Total hazardous waste (ton)	262.34
	Total recycled hazardous waste (ton)	155.4
Cobalt New Material	Total general solid waste (ton)	55,091.331
	Total hazardous waste (ton)	7,059.8107
	Total recycled hazardous waste (ton)	2,344.274
Quzhou New Energy	Total general solid waste (ton)	65.247
	Total hazardous waste (ton)	407.344
	Total recycled hazardous waste (ton)	6.837
Resource Recycling	Total general solid waste (ton)	63.32
	Total recyclable waste (ton)	1,160
	Total hazardous waste (ton)	895.754
	Total recycled hazardous waste (ton)	32.448
Huajin	Total general solid waste (ton)	45.065
	Total recyclable waste (ton)	45.065
	Total hazardous waste (ton)	73.218
	Total recycled hazardous waste (ton)	3.2
Huayou POSCO	Total general solid waste (ton)	321.1
	Total recyclable waste (ton)	108.6
	Total hazardous waste (ton)	28.74
Tianjin B&M	Total general solid waste (ton)	409.83
	Total recyclable waste (ton)	409.83
	Total hazardous waste (ton)	10.03
Chengdu B&M	Total general solid waste (ton)	7,983.326
	Total hazardous waste (ton)	153.0625
Huayue	Total general solid waste (ton)	8,414,928.02

Subsidiaries' generation of solid wastes

Case The Company takes Non-ferrous Tongxiang as a pilot base to build an accounting standard and control mechanism for waste amount per unit product

In 2022, the Company took Non-ferrous Tongxiang as a pilot base to build an accounting standard and control mechanism for waste amount per unit product in view of the characteristic that the production process of the Company's metallurgical projects may generate a large amount of solid waste, with the purpose to form a set of accounting standard and control mechanisms for waste amount per unit product at the Group level and set up an intuitive and scientific waste control indicator and analysis method to guide the selection of clean raw materials in the front-end purchasing process.

The project has issued the *Report on Accounting of Non-ferrous Tongxiang Waste Amount Per Unit Product of Zhejiang Huayou Cobalt Industry Co., Ltd.*, which has established the accounting standard for Non-ferrous Tongxiang waste amount per unit product, and can be used as one of the standards to measure the clean production level of each production workshop in Tongxiang and other projects within the Group that use similar raw materials and production processes and as a reference basis for guiding the standardized management of solid wastes in each company. This report, as establishing the method of accounting for the generation and discharge of industrial pollution sources, has provided a theoretical basis for the accounting of waste amount per unit product planned in the future.



Report on Accounting of Non-ferrous Tongxiang Waste Amount Per Unit Product of Zhejiang Huayou Cobalt Industry Co., Ltd.

Case Increase environmental protection investment and optimize process to reduce waste generation from the source

In 2022, the Company, through more investment in environmental protection and active optimization in industrial process and production flow, completed the reduction of the most important solid waste when transforming the 30,000 t/a (metal amount) high-purity ternary power battery grade nickel sulphate project. Detailed measures for reducing the solid waste included:

- 1** General solid waste resource treatment: building a new 3,000t/a waste ton bag resource recycling production line, which can produce 1,800t/a recycled plastic ions;
- 2** Expansion of supporting hazardous waste incinerators for plants: upgrading the capacity of the existing incinerators while building new incinerators to enhance the capacity and efficiency used to treat the Company's self-produced hazardous wastes, which in total may reach a total of 3,000t/a hazardous waste incineration capacity.



Quzhou Huayou's 30,000t/a (metal amount) high-purity ternary power battery grade nickel sulphate project - trial production of ice nickel and cobalt and alloy leaching sub-project.

Case Huajin receives green design product certification through achievement of zero solid waste to landfill

The solid waste from the Huajin Project mainly includes reverse osmosis membranes, waste engine oil, waste cloth bags, waste packaging bags, laboratory waste liquid, empty chemical reagent bottles, waste filter cloth, waste paint drums, waste engine oil drums, activated carbon waste from the pure water preparation system, and household garbage. Among them, the industrial solid waste is entrusted to professional solid waste companies for disposal, while the household garbage is entrusted to the environmental sanitation department for unified transportation. In addition, Huajin has built a hazardous waste temporary storage (about 100m²) that has been treated with anti-seepage and anti-corrosion measures. In this storage, wastes are stored by classification and partition with identification signs set up, and video surveillance equipment is installed and connected to the environmental protection department.

In August 2022, Huajin Company successfully passed the UL2799 Platinum-level Certification for Zero Waste to Landfill, confirming that the waste in Huajin Company's factory has achieved the standard of zero waste to landfill. The Company continuously adopts measures including design improvement, use of clean energy and raw materials, adoption of advanced process technologies and equipment, management improvement, comprehensive utilization, and adoption of pollution prevention and control technologies that can achieve the national regulations for total pollutant discharge control indicators. Through a series of inspections and audits, we finally obtained the highest platinum-level certification, with an overall resource conversion rate of 91%.



Safety production

Huayou Cobalt fulfills its responsibility for production safety in accordance with the laws and regulations. With adheres to the management goal of "safety and prevention first", Huayou Cobalt formulates and regularly updates the *General Principles of Production Safety Management, Measures for the Management of Hazardous Sources Identification, Risk Evaluation and Control*, and other systems and norms and establishes a dual prevention mechanism for safety risk management and hidden danger investigation and treatment to continuously improve the safety management and prevent and



reduce the safety accidents, so as to create a healthy and safe working environment for employees and effectively guarantee the Company's operation in a safe and stable way.

2022 Occupational Health and Safety Indicator						
Company	Number of lost working hour accidents (time /year)	Annual lost working hours due to accidents (hour /year)	* 1,000,000 Lost working hours rate per million working hours (total lost working hours/total actual working hours * 1,000,000)	Injury incident rate per million working hours (number of lost working hour accidents/total actual working hours * 1,000,000)	Coverage rate of medical examination for occupational diseases(%)	Total safety investment (RMB 10,000/year)
Chengdu B&M	3	1,080	153.2	0.4	100	724
Cobalt New Material	12	5,116	347.2	0.81	100	3,500
CDM	0	0	0	0	100	3,447
MIKAS	0	0	0	0	100	0.04
Huajin	0	0	0	0	100	2,152
Huayou POSCO	0	0	0	0	100	203.47
Quzhou New Energy	3	66	1.1	0.5	100	1,205.73
Tianjin B&M	0	0	0	0	100	474.3
Tongxiang Factory	2	1,257	1,610.86	2.563	100	1,130
Resource Recycling	5	1,216	498.25	2.05	100	776.34
Huayue	3	12,720	997.54	0.16	100	2,396
Jiangsu Huayou	0	0	0	0	100	9.8

Overview of 2022 Occupational Health and Safety Indicators

In 2022, the Company suffered 0 occupational diseases, 2 work-related deaths (Huayue) and 0 safety fines imposed by the government.

Inspection of hidden safety dangers

In order to further strengthen the safety risk control, the Company cooperates with external experts to sort out the areas of inspection. The Company takes Tongxiang and Quzhou as the pilot units to determine the inspection standards and systematically inspect the intrinsic safety problems and hidden dangers and works with the external experts timely to diagnose the existing problems and establish a mechanism to continuously track the problem. In addition, the Company forms a list of problems that have already occurred and carries out the same kind of safety hidden danger inspection in the Company's newly-invested construction projects, so as to manage and control the new projects to avoid the same problems. The Company is organizing to prepare the compilation and improvement recommendation handbook for safety and environmental design and construction problems to establish a mechanism for future management and control.



In 2022

in the hidden danger investigation and diagnosis of Tongxiang and Quzhou, experts diagnosed a total of **477** hidden danger problems and the units rectified **374** items according to the plan with a rectification rate of **78.41**%, and temporary control measures have been formulated for unfinished rectification items with continuous tracking

Safety emergency drills

During the reporting period, in accordance with the provisions of the Company's EHS management system, the Company carried out safety and fire-fighting training and emergency drills at all levels of subsidiaries in respect of various types of safety hazards. The training contents included occupational health first-aid knowledge training, cardiopulmonary resuscitation emergency operation training, and fire-fighting equipment operation training. The drills included emergency disposal drills for waste mineral oil transfer and leakage, emergency drills for hazardous waste disposal, and emergency drills for firefighting. These emergency drills cover all aspects of employees' production work and consider actual conditions of the subsidiaries in different regions of the world, so that they improve the employees' response to hidden dangers regarding safety and their awareness and practical ability to safety operation and production.



In 2022

The company's headquarters and subsidiaries at all levels conducted more than **180** safety emergency drills



Cardiopulmonary resuscitation drills



Emergency disposal drill for waste mineral oil transfer and leakage



Fire-fighting equipment operation training



Fire extinguisher safety hidden danger inspection

Work safety training

With advocacy and implementation of the Work Safety Law, the Company vigorously carries out theme advocacy activities to enhance the safety responsibility awareness of all employees and makes every effort to do a good job in safety prevention to resolutely stabilize safety situations. The training contents mainly include root cause analysis (RCA) training, fire-fighting knowledge, laboratory special safety training, etc., which further enhance the knowledge and skills of employees in basic safety and strengthen their safety awareness.

Case

RCA special training to continuously improve the professional ability of the production safety management team

In order to further prevent the emergence of unsafe violations, the Company, starting with safety expertise training, helps employees review and analyze the root causes of safety accidents through RCA (Root Cause Analysis of Accidents) special training to enhance employees' knowledge and skills of root cause analysis of accidents. In 2022, the Company completed the first RCA special training in Quzhou and Guangxi bases with a total of 44 participants, which deepened the training participants' understanding and awareness of the training contents by integrating teaching aids demonstration activities with real accident cases and arranging the evidence list collation and training test for all participants to complete.



RCA on-site training in Guangxi base



RCA on-site training in Quzhou base

Case

Carry out "Work Safety Month" series of thematic educational activities

In 2022, the Company actively organized a series of activities for the "Work Safety Month", focusing on the theme of "being the first responsible person in compliance with the Work Safety Law" in all subsidiaries. The great variety of educational activities, which included the Work Safety Month kick-off meeting, theme training, theme publicity and signature campaign, EHS knowledge contest, Work Safety Month theme photography contest, and essay contest, deepened employees' awareness of work safety and empowered and improved work safety management.



Work Safety Month Kick-off Meeting



Work Safety Theme Training



Work Safety Month Knowledge Contest

03

Supply Chain and Product Liability

Concept

Huayou hopes to achieve win-win cooperation for common growth with suppliers, customers, and the industry. The Company is committed to establishing and maintaining long-term stable supply chain relationships, and continuously improving product quality and services to meet customer needs. Meanwhile, the Company actively participates in industry exchanges and cooperation, and continuously learns and innovates, to contribute to the development of the industry.

Our actions

- Management of sustainable mineral supply chain
- Quality management
- R&D innovation
- Services to customers
- Common progress with the industry

Contribution to SDGs



Management of sustainable mineral supply chain

Attaching great importance to corporate social responsibility and sustainable development, Huayou Cobalt has maintained responsible mineral supply chain management as an important part of its ESG management system with a focus on the global new energy lithium-ion materials industry. The Company is committed to improving the responsible mineral supply chain management system and promoting the sustainable development of the mineral supply chain to contribute to the continuous progress of the new energy industry.

Priorities of sustainable mineral supply chain management

Innovative "Six-step Approach" responsible supply chain management system

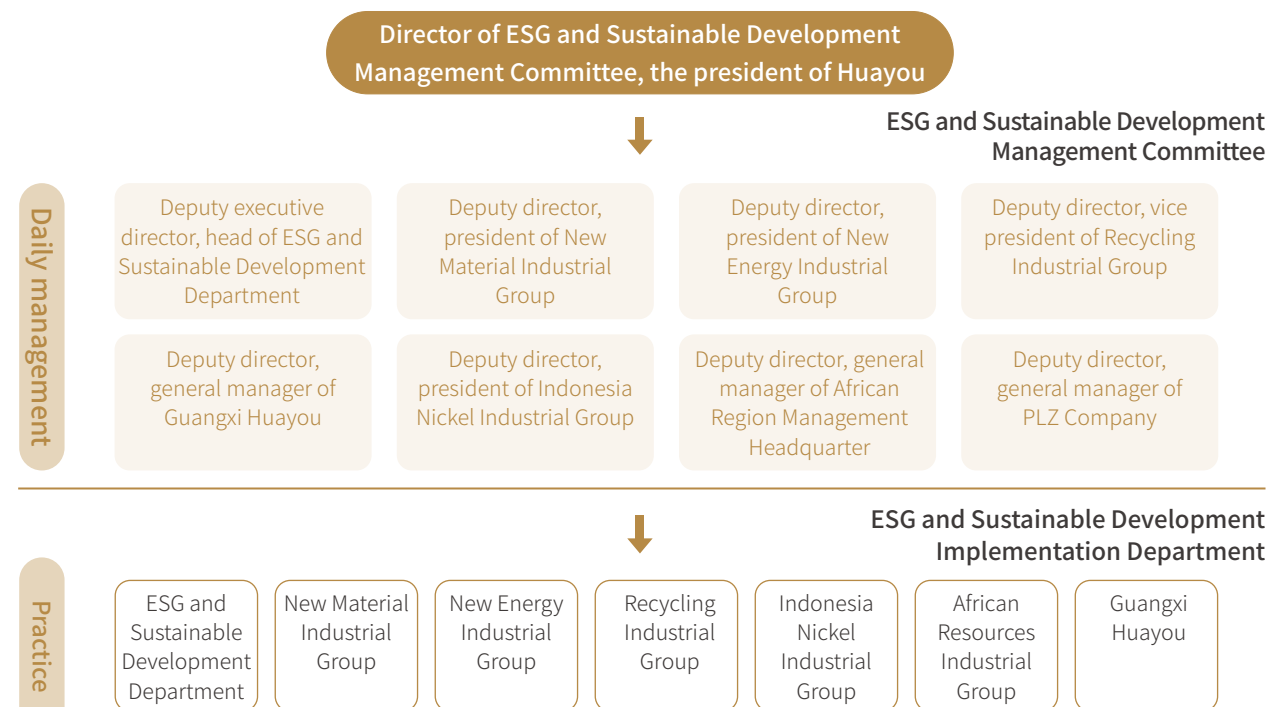
- Huayou has created and improved a "Six-step Approach" responsible supply chain management system to effectively assess supply chain risks and supervise suppliers to mitigate the corresponding risks, in order to ensure the transparency and sustainability of the Company's mineral supply chain.

Implementing RCI standards

- Huayou, together with its upstream and midstream suppliers and partners, has implemented the Responsible Critical Mineral Initiative (RCI) standards to systematically carry out risk management in the mineral supply chain, in order to enhance the transparency of the management system, contribute to the continuous improvement of the international mineral supply chain management and promote the advanced supply chain management practices in the industry.

Responsible supply chain management system

Starting from the construction of its own responsible mineral supply chain management system, the Company continuously enhances its requirements for mineral co-operative suppliers. In 2022, the Company continued to carry out its responsible mineral supply chain management in accordance with the six-step approach framework and the requirements of the responsible management procedure, through which the responsible cobalt supply chain was built steadily and the construction of a responsible nickel supply chain showed initial results.



Structure of the responsible supply chain management



In 2022

The Company introduced more than **500** new suppliers

accounting for **22%**

frozen (suspended)/eliminated **187** suppliers

accounting for **8.1%**

and continuously cooperated with more than **2,300** suppliers

Operate the "Six-step Approach" responsible supply chain management framework

The Company actively takes reasonable measures to formulate the *Policy for a Responsible Global Supply Chain of Minerals from High-Risk Areas* in accordance with the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains* ("Chinese Guidelines") and *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* ("OECD Guidelines"), and becomes the first company in the industry to establish and operate the "Six-step Approach" responsible management framework. Huayou strives to carry out responsible management to identify, prevent, or mitigate any negative impact risks related to mineral extraction conditions and supplier relationships in conflict-affected or high-risk areas.

Step I

Establishment of a sound responsible management system

- Establish responsible mineral supply chain management policies and management systems
- Develop a *Supplier Code of Conduct* for supplier screening
- Develop standards to require mineral suppliers to exercise responsible management on the sourcing of cobalt and nickel in mineral products throughout their supply chains in accordance with OECD guidelines

Step II

Supply chain risk identification and assessment

- Establish a workflow and system for risk identification by: 1. sending and collecting supplier questionnaires 2. establishing a management approach for the identification of conflict-affected or high-risk areas (CAHRAs) 3. consulting with suppliers for risk assessment through the internet and other methods 4. on-site visits 5. third-party audits

Step III

Formulation of mitigation plan for supply chain risks

- Formulate differentiated risk mitigation plans for different sizes of suppliers from different regions, including but not limited to: 1. addition to the raw material procurement contract the review process of a review node of the ESG and Sustainable Development Department; 2. third-party independent audits of the system's operational effectiveness; 3. due diligence questionnaire for suppliers' responsible management; 4. annual work monitoring schedule

Operate the "Six-step Approach" responsible supply chain management framework

Step IV

Carrying out independent third-party audits

- Operate the responsible mineral supply chain management system to promote the full implementation of the responsible supply chain management. In 2022, Huayou was audited with an industry RMI audit

Step V

Report on the process of responsible supply chain management

- Disclose annual responsible management reports on official website
- Encourage peers and supply chain partners to practice responsible supply chain management.
- Actively participate in global responsible mineral supply chain management events and forums to promote responsible mineral supply chain management and relative practices across the industry

Step VI

Implementation of landing projects

- In 2022, in a ceremony held in Lubumbashi City, CDM, Huayou Cobalt's subsidiary in Africa, executed the *Social Responsibility Letter* with communities around the mining areas, committing to invest USD 4.25 million in the next five years. With these invested funds that would be used to build a total of 25 projects covering local community roads, power supply, water supply, education, medical care, environment, agriculture, occupational training, etc., CDM actively undertakes social responsibilities for the development of surrounding communities, striving to play an active role in community construction and development for seeking the well-being of the people in the communities where it invests

Case Releasing supplier management report in supplier conference

In December 2022, Huayou held its 2022 Annual Supplier Conference with the theme of "Accelerating the development of supply chain integration with more openness and deeper cooperation". One of the important highlights of this Supplier Conference is the release of the 2022 *Supplier Management Report of Huayou Cobalt*. This report jointly issued by the Group Purchasing Center and various industrial groups proposed specific plans and requirements to build the core competitiveness of the supply chain. Huayou hopes to maintain mutual trust and deepen cooperation with its suppliers, and work with them together to build an open and sustainable supply chain ecosystem.



Annual Supplier Conference

Responsible initiative for mineral supply chain

As the vice-chairman of the board of directors and a founding member of the Responsible Critical Mineral Initiative (hereinafter referred to as RCI), Huayou Cobalt is actively promoting the sustainable development of the international mineral value chain. With full awareness of the risks associated with the mineral supply chain, Huayou Cobalt keeps its supply chain management system in line with the RCI standards, and always insists on enhancing the transparency of its supply chain management and working closely with the RCI in the areas of responsible cobalt supply chain pilot projects and supply chain responsibility audits to contribute to the promotion and publicity of the advanced industrial practices of responsible cobalt supply chain management.



Quality management

With adherence to the quality policy of "surpassing customer expectations with excellent quality" and the quality management concept of "doing things correctly at the first time" and "zero-defect quality management", Huayou steadily develops the ISO 9001 quality management system, and introduces the IATF 16949 management system together with its supporting quality five tools (APQP/FMEA/PPAP/MSA/SPC), so as to improve the whole process management from product design and development to after-sales service to ensure the entire process is under control.



Subsidiaries passed the ISO 9001 Certification for Quality Management Systems and the IATF 16949 Certification for Automotive Industry Quality Management Systems.

The Company holds Quality Month activities every year, with various forms of activities such as quality knowledge competitions, quality essays, quality interviews, and quality QCC improvement activities, creating a work atmosphere where everyone cares about quality, values quality, pursues quality, creates quality, and enjoys quality.



Quality policy announcement slogan

Quality knowledge competition

R&D innovation

Technology product research and development

Adhering to the research and development concept of "The Quick Man is One Step Ahead, Don't till the Land after Rainy Season" and upholding the research and development ideas of "One generation in production, one generation in development and one generation in pre-research at the same time", Huayou has established a sound product/technology R&D management system that can support its own strategic development to create a product lifecycle management process, which creates the best working conditions for new product development and standardizes the management process from research and development, production to sales, thus accelerating the speed of development decisions and guaranteeing the efficiency of product development.

Huayou made significant breakthroughs in the development of ternary cathode products and lithium cobalt oxide products in 2022, successfully entering into the international supply chain of high-end new energy vehicle power lithium battery and 3C lithium battery. In terms of product development, Huayou adopts the core tool widely used in the industry - APQP, to achieve pre-control and continuous improvement; in terms of research and development project management, combined with the actual situation of the Company, Huayou fully integrates the research and development process to form the R&D Project Management Measures, which simplifies the project approval and monitoring process, and effectively promotes the smooth development of R&D projects.



The project "Research and Application of Key technology for High-nickel Oxide Materials used for High-energy-density Power Batteries" won the first prize of Tianjin Science and Technology Progress Award

Case Development and industrialization of 9-series single crystal product used for high-nickel power batteries

The Company innovatively develops and uses new elements for multipoint cation doping, multifunctional composite coating between shallow surface grain boundaries of synthetic materials, and other technologies to reduce the DCR growth in the high-temperature cycling process and improve product performance; and initiatively develops a new anti-impurity lithium technology that is easy to operate with high yield and can improve product performance while improving mass production stability. At present, the company has achieved mass production of 9-series single crystal product. This product, entering into platforms of well-known automotive enterprises, has been applied to multiple project terminals at home and abroad. It is the best 9-series single crystal product in terms of comprehensive performance.

Case Development of 6-series high-voltage power battery platform material

By introducing solid-phase reaction functional elements, the company achieves directional doping of elements and deep control of particle infiltration, improving the stability of the product's bulk phase lattice; through key technology breakthroughs such as lattice-oriented doping and multi-element synergistic coating, the company effectively solves the industry's technical problems such as high impedance, structural collapse, and poor interface stability under high voltage of materials; through fine formula design, the company reduces costs and manufactures products with performance better than those of peer companies. This product has been placed in the top tier of the industry and enlisted in platforms of well-known automotive enterprises to assist in seizing market shares.

Case Development and industrialization of 4.50V high-end lithium cobalt oxide

The Company has improved the overall performance of the 4.50V product from aspects of formula design, mixing, and sintering platform optimization; improved the bulk phase stability of the material from the design end and material reaction mechanism to reduce interface side reactions; and developed a simple and fast characterization method to achieve rapid screening of key processing performance of materials. This product has achieved mass production, and fully equaled or surpassed other products in terms of the coverage of high-end mobile phone projects in core customers.

Intellectual property protection

Attaching great importance to the application and protection of intellectual property rights, Huayou formulates the *Intellectual Property Management Measures* to standardize the relevant provisions of intellectual property protection and infringement, and integrate intellectual property risk management throughout the entire business process to prevent risks in the workflow. The Company passed the re-certification of the intellectual property management system in 2021 and passed the first supervision audit in 2022.



The Company passed the certification for intellectual property management system



Chengdu B&M passed the certification for intellectual property management system

List of 2022 intellectual property demonstration enterprises in Zhejiang Province		
No.	Enterprise name	Located city/district/county
364	Zhejiang Huayou Cobalt Co., Ltd.	Tongxiang City, Jiaxing City
468	Quzhou Huayou Cobalt New Material Co., Ltd.	Quzhou Economic Development Zone
469	Huayou New Energy Technology (Quzhou) Co., Ltd.	Quzhou Economic Development Zone

The Company was awarded the 2022 Intellectual Property Demonstration Enterprise in Zhejiang Province




A Method for Preparing High Density Lithium Nickel Cobalt Manganese Oxide Cathode Material of Tianjin B&M **won the 2022 Tianjin Patent Excellence Award**

	2020	2021	2022
Number of patents held	194	262	311
Number of new patent applications per year	77	81	191
Number of intellectual properties held	294	364	418
Increased number of intellectual properties per year	77	89	193
Number of trademark and text registration rights held	89	91	95
Number of software copyrights held	11	11	11

Services to customers

Customer satisfaction

Based on the requirements of the *Customer Service Management Process*, Huayou actively identifies customers' explicit and implicit needs through multiple channels such as customer visits, satisfaction surveys, and internal self-evaluation, and continuously improves and increases customer satisfaction through communication. The Company analyzes and improves customer feedback in a timely manner, verifies and confirms the effectiveness of improvement measures through follow-up visits and effectiveness confirmation, so as to continuously improve customer satisfaction.

 Huayou New Energy Industry Group's "Cathode Product" scored **93.67** in average for customer satisfaction in 2022, which is an improvement comparing with the overall score in 2021

Statistics table for customer satisfaction survey						
No.	Customer name	Customer evaluation score	Self-evaluation score	Total score	Evaluated level	Note
1	Customer A	92	100	93.6	B	
2	Customer B	97	87	95	B	
3	Customer C	93	77	89.8	B	
4	Customer D	84	98	86.8	B	
5	Customer E	98	100	98.4	A	
6	Customer F	98	100	98.4	A	
Average score		93.67	93.67	93.67		
Customer rating criteria		Total score = Customer evaluation score * 80% + Self-evaluation score * 20%				

Customer complaint management

Huayou attaches importance to customers' feedback and takes proactive actions to promptly address any product abnormal problems complained about by customers. After receiving feedback on abnormal situations, the company conducts a cause investigation and formulates a rectification plan for the first time, in order to ensure that the rights and interests of customers are protected to the maximum.



Customer complaint management process

Common progress with the industry

In addition to its own development, Huayou also pays attention to the future of the new energy lithium-ion materials and cobalt materials R&D and manufacturing industry. On the one hand, the Company actively participates in industry communications to gain an in-depth understanding of the current industry development, cutting-edge technologies, and future trends; on the other hand, the Company attaches great importance to talents and supply more talents to the industry through university-enterprise cooperation.

Industry Workshop

With adherence to the cooperation and development concept of "Build Together and Win the Future Together", Huayou responds to difficulties and challenges with greater openness and seeks development and win-win situation through better cooperation. Huayou actively participates in industry seminars and holds international annual meetings to inject momentum into the development and progress of the industry.

Case Multiple parties converge to hold the 7th International Annual Conference

In December 2022, the company held the Huayou 7th Annual International Conference with the theme of "Build Together and Win the Future Together". Against the backdrop of the great changes unseen in a century in the world, the new energy industry has broken through difficulties and gone against the trend. More than 500 partners, customer representatives, and supplier representatives at home and abroad, as well as relevant financial institutions, securities institutions, media institutions, etc., gathered in Tongxiang City to build consensus, overcome difficulties and challenges, and converge strong forces and surging momentum, so as to jointly create a bright future for the high-quality development of the new energy industry.



Huayou 7th Annual International Conference

Case Three parties join hands to create a new model of battery material supply chain

As a leading enterprise in the world's green manufacturing of new energy lithium-ion battery materials, the company has strengthened upstream and downstream technical cooperation with Vale S.A. Indonesia and Ford Automobile and executed memorandums of cooperation with them. According to the strategic cooperation intention reached between the company and Vale S.A. Indonesia in the early stage, both parties, after full and friendly negotiations, propose to introduce Ford Automobile to jointly plan and build a high-pressure acid leaching hydrometallurgy process project. Meanwhile, upon completion of the project, the company will supply Ford Automobile with about 84,000 tons of nickel equivalent battery materials products annually. This tripartite cooperation will accelerate technological progress in the industrial chain, and promote the healthy development of the lithium battery material industry.



Ford Automobile and Vale S.A. Indonesia visited and provided guidance for Indonesia Huayue Nickel Hydrometallurgy Process Project

University-enterprise cooperation

General Secretary Xi Jinping pointed out in the report of the 20th National Congress of the Communist Party of China that "we will promote closer enterprise-led collaboration between industries, universities, and research institutes, stay goal-oriented, and promote the industrial application of scientific and technological advances". Huayou actively promotes school-enterprise cooperation, continuously explores talent training channels, innovates talent training models, and jointly promotes coordinated development of industry, education, and talents.

Case Establishment of Huayou New Materials Institute

In June 2022, the Group signed an agreement with Quzhou Vocational and Technical College to jointly establish the Huayou New Materials Institute of Quzhou College of Technology, taking a crucial step for Quzhou's leading enterprises to fully participate in vocational education reform and jointly build industrial colleges, which promotes the deep integration of industry and education and is of great significance for improving the level of skilled personnel training and industrial development.



The establishment of Huayou New Materials Institute is a breakthrough progress for the company to practice the basic principle of "talent-oriented" and will play a positive role in the company's talent supply and career development.

—CEO of the Group
Chen Hongliang



Establishment of Huayou New Materials Institute

Case Holding "Industry-University-Research Collaboration" Strategic Summit

In November 2022, the "Industry-University-Research Collaboration" Strategic Summit of Huayou Cobalt Indonesia and the Signing Ceremony of Huayou's Local Talent Training Cooperation Project in Indonesia were jointly held in Bali, Indonesia. This summit with the theme of "Young Dream, We Care" aimed to jointly build a talent team for the Indonesian new energy lithium-ion battery industry chain, continuously shape new development momentum and advantages and jointly build high-quality development of the "Belt and Road Initiative". During the execution ceremony, the company, as one party, and the Indonesian Coordinating Ministry of Maritime and Investment Affairs and different universities of Indonesia, as the other party collectively, executed memorandums of understanding and reached a cooperation intention the joint creation of multilevel talent cultivation model, talent echelon construction, internship and employment, and other dimensions. Huayou will take its own advantages to contribute to the integration of Indonesia's "industrial chain" and "innovation chain" with the "talent chain", and continue to contribute to the progress of the industry and the economic and social development of Indonesia.



"Industry-University-Research Collaboration" Strategic Summit

04

Employee

Concept

Since its establishment, Huayou Cobalt has deeply realized that employees are the foundation of enterprise development. The Company provides competitive compensation and benefits and a development platform, while also attaching great importance to employees' physical and mental health. Under the core values, the Company has conducted detailed regulations for employee benefits, promotion and training, occupational health, etc., and established a sound human resource management system.

Our actions

- Legal employment
- Employee training
- Caring for employees



Contribution to SDGs

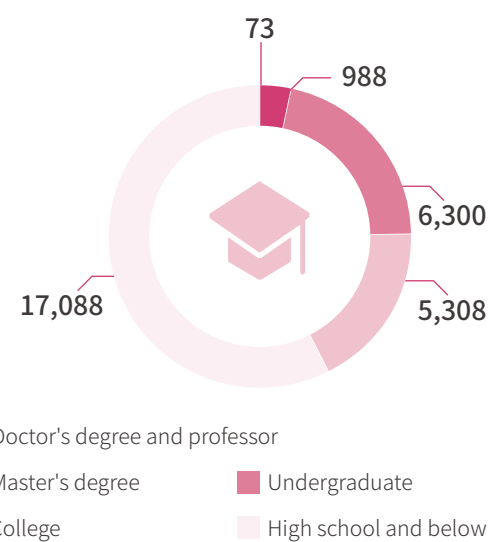
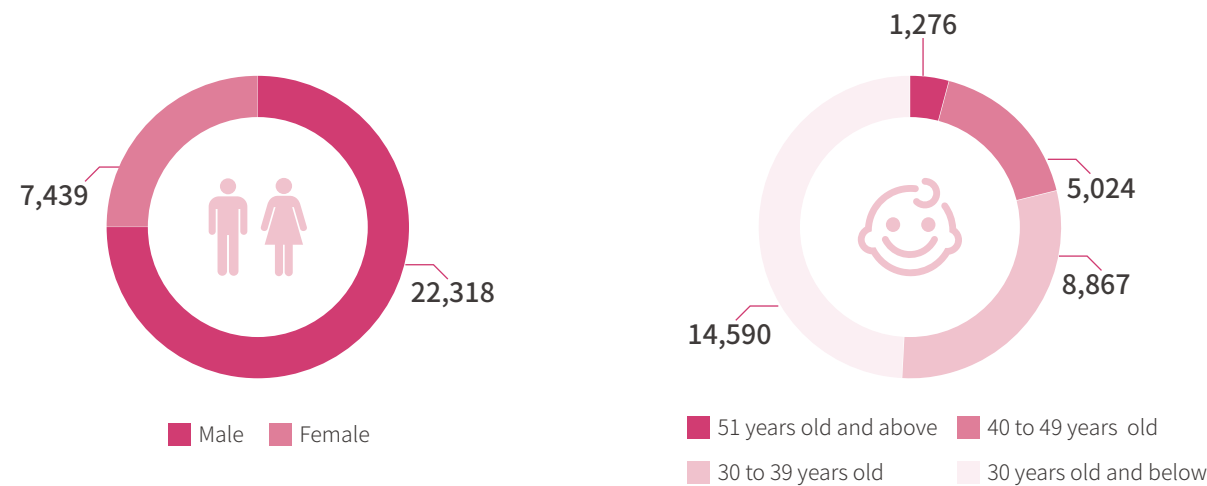
3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES

Legal employment

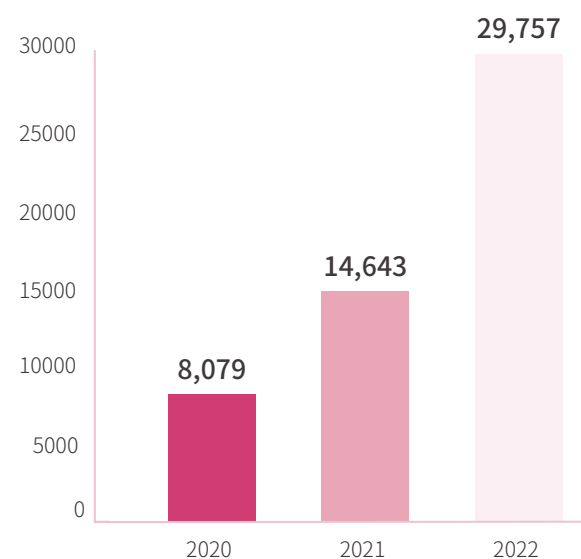
In strict accordance with the requirements of laws and regulations such as the *Company Law* and the *Employment Contract Law*, Huayou Cobalt safeguards employees to enjoy labor rights and fulfill labor obligations in accordance with the laws and ensures that every employee has equal opportunities and treatment in recruitment and allocation, promotion and development, as well as compensation and benefits.

Employee composition

As the Company's international business deepens, the employee composition becomes more diverse. With adherence to the employment principle of "equality, fairness, and justice", the company provides equal opportunities to all applicants who meet the labor employment conditions stipulated by the state. At any stage of personnel selection, job applicants are not discriminated against based on their nationality, race, skin color, ethnicity, religion, age, disability, gender, marital status, sexual orientation, discriminatory medical examinations, whether union members or not, or political parties.



2022 Company employee composition



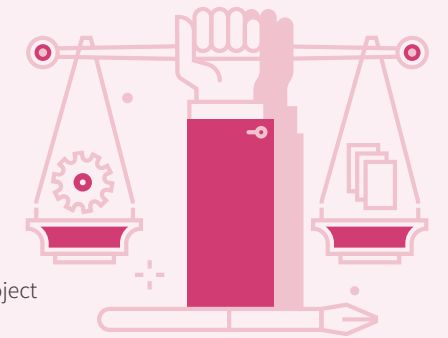
Total employees of the Company in the past three years

Employees' rights and interests

Huayou attaches great importance to the protection of the rights and interests of its internal and supply chain employees and put forward eleven commitments to uphold human rights in *Huayou Cobalt's ESG Policies*.

Huayou Cobalt ESG Policy - Human Rights Commitment

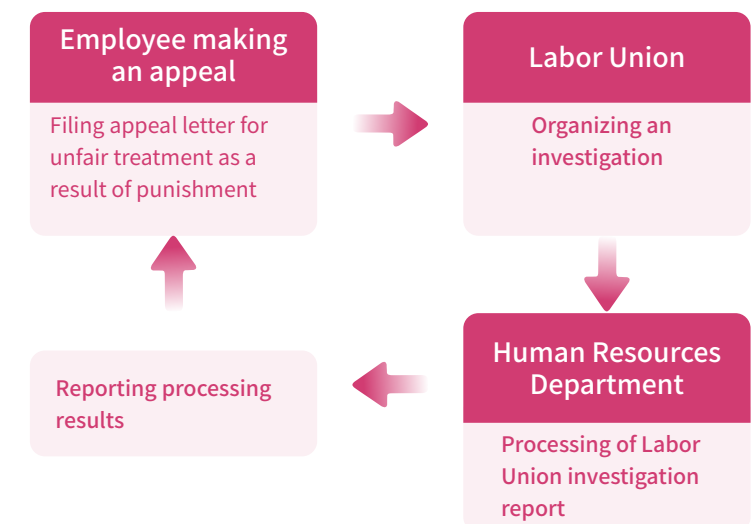
- Not hire or use forced labor in any form
- Ensure the company's operations involve no modern slavery
- No hire or use child labor
- Eliminate discrimination in employment and hiring
- Tolerate no infringement or personal insult regardless of any form
- Protect employees' occupational health and safety
- Protect the health and safety of the surrounding community where the project is located
- Respect the rights of employees to freely associate and engage in collective bargaining subject to the laws and regulations of the host country
- Actively disclose information, maintain continuous interactions with stakeholders, and actively respond to relevant appeals from stakeholders
- Focus on and protect the interests of vulnerable groups
- When operating in regions and countries with relatively high human rights risks, conduct human rights due diligence or human rights risk assessments in accordance with international best practices, and take measures to reduce risks of human rights



The Company adheres to the principle of equal pay for equal work, and provides a fair and competitive salary structure for each employee. The Company regularly conducts performance evaluations and salary analyses to ensure that all subsidiaries treat employees fairly and that all employees enjoy fair compensation and benefits.

Democratic communication

The Company is committed to creating a working environment that can solve practical problems and encourages employees to raise questions, opinions, and suggestions to the Labor Union. The Company has formulated employee appeal channels in accordance with the *Employee Rewards and Punishments Management Measures*, in order to ensure the Company's employee complaint channels are unobstructed, guide internal employees to use internal complaint tools reasonably and effectively, standardize internal employee complaints and handling, and protecting the privacy of whistleblowers.

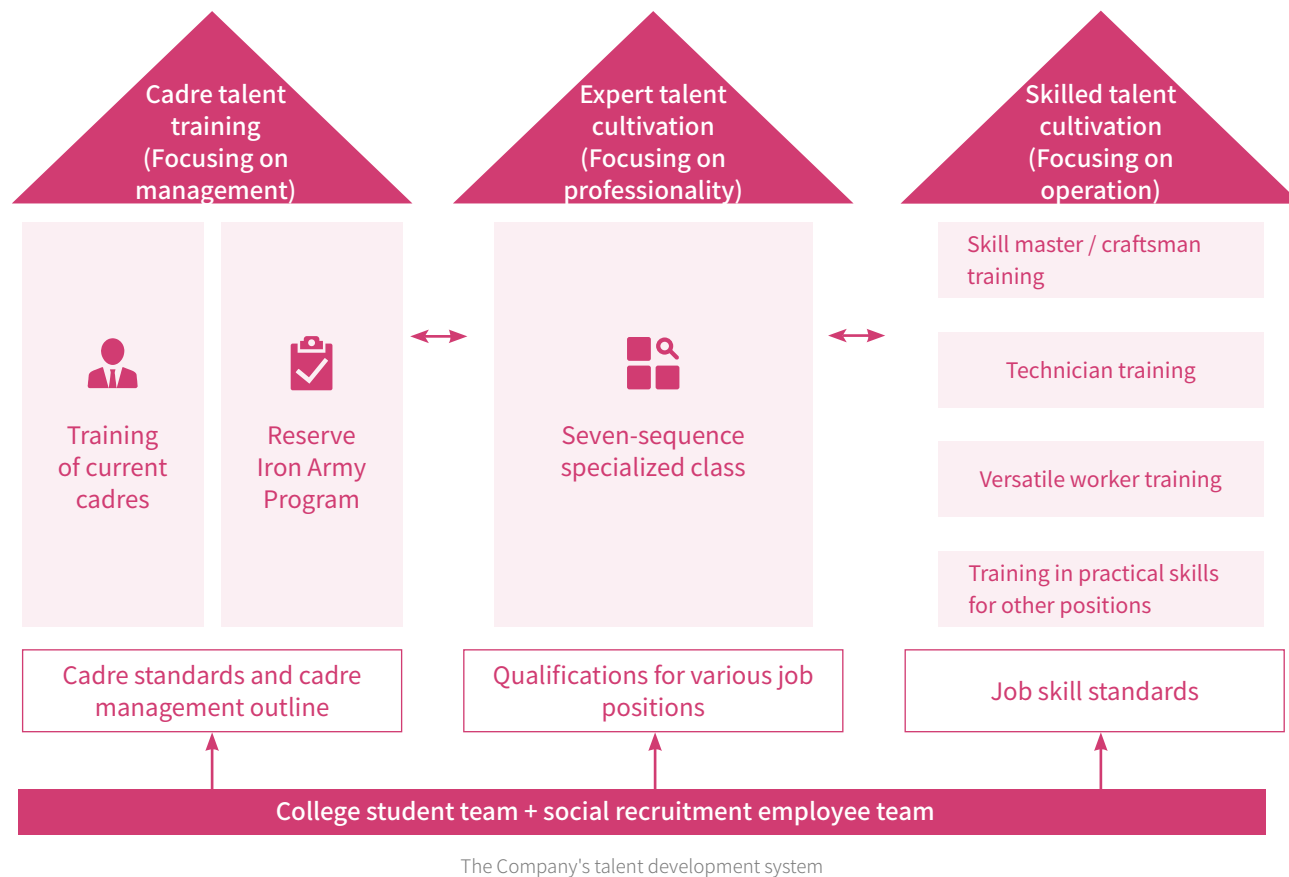


Employee training

Huayou Cobalt has established a sound occupational development system and boasted rich training contents to improve employees' comprehensive quality, production efficiency, and service level, which can establish a good corporate image and enhance employees' sense of belonging and ownership responsibility.

Training system

Since the cultivation and development of talents are important guarantees for the company's strategic achievement and business development, the company has established a management college and formulated a talent training system covering all employees to cultivate and build a group of professional and technical teams and cadre management teams that are loyal to the company, forging ahead in unity, and capable of winning battles. The company is committed to providing a good working environment for each employee, enabling employees to achieve occupational development suitable for themselves, and realizing their personal values respectively.



Training and learning

In 2022, the Company carried out various training activities to help new employees quickly integrate into the collective while empowering employees to realize their own values. The training activities created a good learning atmosphere by way of diversified learning activities such as classroom lectures, thematic seminars, action learning, experiential training, and coaching, which promoted employees' rapid integration into the Company and enhanced their enthusiasm for professional skill learning.

The Company deeply understands that ESG is conducive to guiding enterprises to implement green and innovative development concepts, motivating the Company to build a resource-saving and environmentally friendly enterprise, and thus deals with the relationship between corporate development, economic growth, and sustainable development of the environment in a better way. Therefore, the Company provided ESG-related training for employees in 2022, enabling ESG concepts to be the belief of every employee and laying the foundation for the Company to adhere to the ESG development path in the future.

Case "You'Endeavor" trainings for new employees

New employee trainings play a motivational role for new employees as these trainings can help new employees quickly become familiar with the company, understand the business, and master the necessary skills. Huayou actively carries out "You' Endeavor" trainings for new employees with the purpose for helping employees quickly open the way for their work, interact with others more in activities, and understand the corporate culture, corporate profile, personnel system, departmental operations, etc in a short time. Mapping important work methods and experiences into team-building activities not only demonstrates the company's sincerity, respect and tolerance to everyone, but also contribute to new employees' quick integration into the Huayou family.



Project of "You'Endeavor" training for new employees

Case Human resources system - ESG special training

The Company organized relevant special training activities in order to enhance the awareness and understanding of ESG among employees in the human resources department and consider the optimization direction of human resources work.



Human resources system - ESG special training

In 2022,

- a total of RMB **9.2** million was invested in training funds
- a total of **10,769** employees received ESG special training
- the total of **114,111** employees participated in the training
- the ESG training hours totaled in **15,424** hours
- the training time totaled in **400,754.6** hours
- a total of **10,907** employees participated in environmental protection training

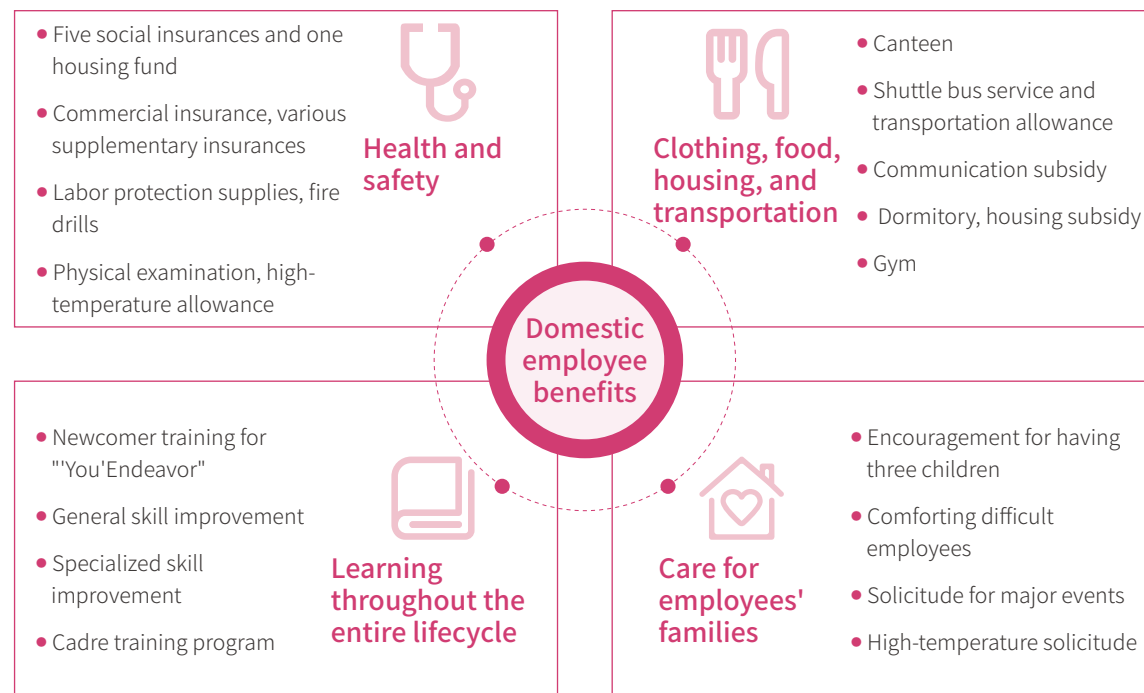
Caring for employees

Huayou Cobalt has established a sound welfare system for employees at home and abroad in order to promote two-way communication between the company and employees, the management and employees, enhance the company's cohesion and centripetal force, and shape an excellent corporate culture. Meanwhile, the Company irregularly holds diversified cultural activities for employees to enrich their spiritual lives.

Employee benefits

With adherence to the concept of "Strategy-oriented, Talent-based", the Company designs diversified and humanized welfare contents from the aspects of employee health and safety, learning and development, richness of leisure life, and benefits for employees' families, to continuously improve employee satisfaction and happiness.

With the globalization of the company, the company has not only designed a variety of benefits for domestic employees, but also designed a number of benefit projects for employees sent overseas, foreign employees working in China, and local employees abroad, based on respecting local culture, customs, and religion and combining them with local actual conditions.



Benefits for employees sent overseas

- Postponement subsidy / Waiver of leave subsidy
- Dragon Boat Festival benefit
- Benefit for returning to China for family visit
- Reimbursement of quarantine expense upon returning to China
- Partnered with International SOS to provide Huayou's overseas workforce with global medical, security and mental assistance services

Benefits for foreign employees working in China

- Overseas family visit
- Social insurance

Benefits for local employees abroad

- Congo: cornstarch, loyalty awards, Christmas benefits
- Indonesia: religious allowance

Employee activities

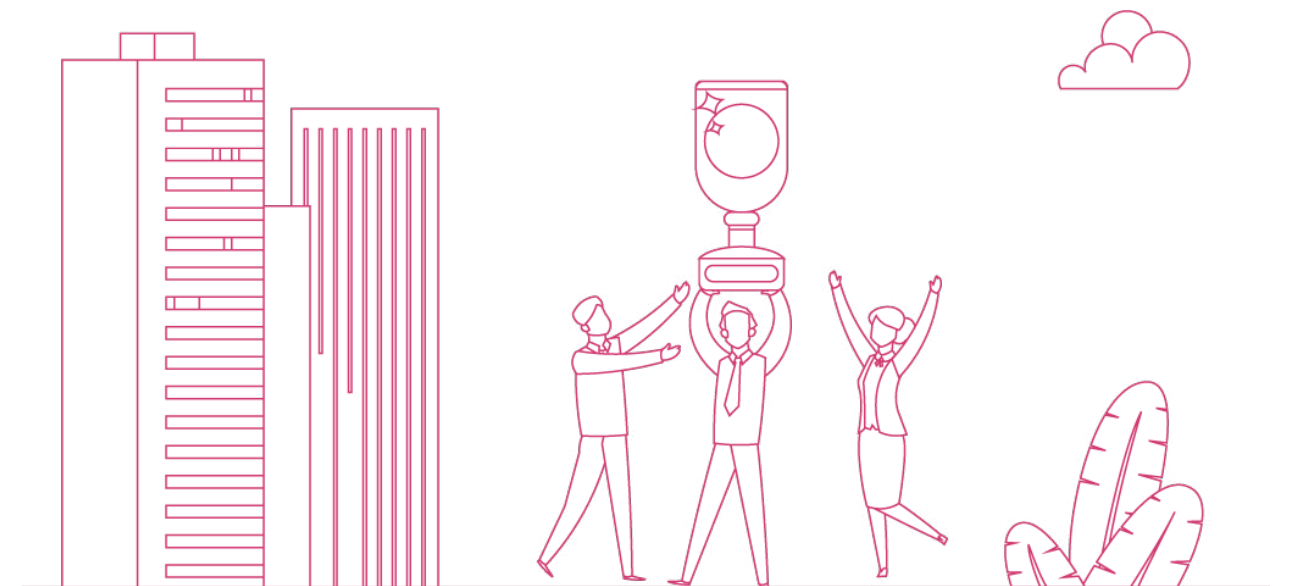
Huayou values the physical and mental health of its employees and constantly enriches their leisure time. Striving to create a positive corporate culture, the Company organizes a variety of cultural and sports activities to make every employee work happily and live healthily, meet the spiritual and cultural needs of employees, and create a harmonious working atmosphere.

Case Activities in the International Women's Day

The Company organizes various activities on Women's Day each year and gives a half-day off in order to enrich the cultural life of female employees, activate the Company's cultural atmosphere, and allow all female employees to have a healthy, happy, warm, unforgettable, and meaningful holiday.



Photos of on-site activities for International Women's Day held by the Company at home and abroad



Case Employee parent-child activities

The Company pays attention to the growth of employees' children, holding various activities such as the "Children's Day" employee-parent-child evening party and parent-child study tours to provide a platform for children to exchange and demonstrate their achievements, creating opportunities for the second generation of Huayou to get a close look at their parents' work environment and understand Huayou's extraordinary entrepreneurial history and lofty ideals, thus bringing a relaxed and pleasant atmosphere to the Company.



Children's Day parent-child evening party



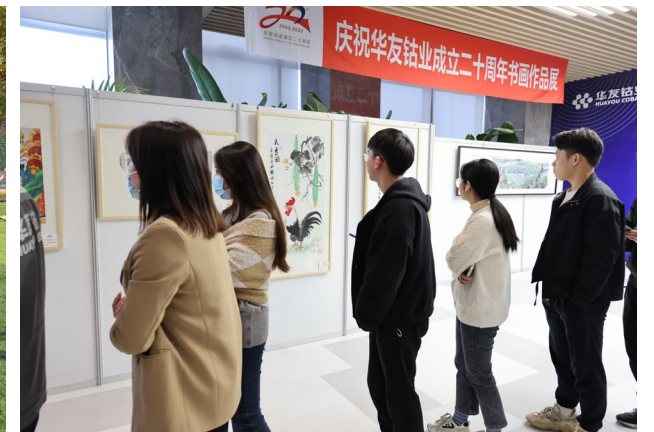
Parent-child study tour activities

Case Competition activities

The Company irregularly organizes various competition activities, such as employee skills competitions, football and basketball games, calligraphy and painting competitions, speech competitions, safety knowledge competitions, etc., in order to demonstrate the vigorous vitality of group struggle, hard work, and upward mobility, inspire the passion of young teams, and continue to promote Huayou spirit of "self-improvement and pursuit of excellence".



Soccer games in headquarters



Calligraphy and painting exhibition for celebration of the 20th anniversary of Huayou Cobalt

Case Youth activities

Huayou Quzhou Industrial Park holds a fellowship activity for young employees with the theme of "Glad to meet 'You' in the full bloom of youth" through online and offline platforms, helping Huayou's single young employees solve their marriage and love problems in a way that young people enjoy, to build a Huayou "Family" culture.



Fellowship activity for young employees



05

Community Relationship

Concept

Such is the case that important stakeholders in the business operating environment, communities, and enterprises have a natural connection. Therefore, enterprises are to be prosperous based on the exchange and interaction with the communities where they are located. A good community environment is of great significance to the survival and development of enterprises. With adherence to the investing concept of "Wherever we invest, we must contribute to the local economy and society", the Company contributes to the sustainable development of the community where the Company locates as much as possible, and undertakes corporate social responsibility actively.

Our actions

- Charity and public welfare
- Rural vitalization
- Fulfillment of responsibilities overseas

Contribution to SDGs



Charity and public welfare

For more than 20 years of since its founding, Huayou Cobalt has always regarded local community development as an important task with adherence to the sharing of development achievements with the society, contributing to build a harmonious society and striving to become a model for common prosperity.

 In 2022
the Company invested more than RMB **18** million in local and overseas community development

Charity funds

- Huayou Charity and Common Prosperity Fund: In December 2022, on the celebration of its 20th anniversary, the Company donated RMB 50 million to establish the Huayou Charity and Common Prosperity Fund, which was used entirely for the construction of beautiful villages, scientific research and education facilities, and assistance to families in difficulties.
- Common Prosperity and Charity Fund: In July 2022, on the 10th anniversary of Huayou Quzhou Industrial Park, Huayou Quzhou contributed RMB 20 million to establish the Common Prosperity and Charity Fund.
- Huayou RMB 10 million Endowment Fund: In 2022, the fourth year from the establishment of "Huayou RMB 10 million Endowment Fund" in Tongxiang, the Company donated RMB 500,000 to such fund, all of which were used for public welfare activities such as funding poor students in Tongxiang to realize their dreams of going to colleges and universities.

Donation for education

- In 2022, the second year that Huayou established the "Chongxue Award" in Tongxiang Economic Development Zone (Gaoqiao Street), the Company donated RMB 330,000 to such award, all of which were used to reward outstanding primary and secondary school students in this development zone (Gaoqiao Street).

Contribution to employment

- Huayou Quzhou Industrial Park has attracted more than 10,000 local residents to work in for 10 years since its establishment, effectively driving the development of the local economy.



Huayou Cobalt Charity and Common Prosperity Fund



Charity and Common Prosperity Fund



Award Ceremony of "Chongxue Award" in Tongxiang Economic Development Zone renamed by Huayou Cobalt

Case "One-Day Charity Donation" Activity for Spring Festival Love Fund

On the first day of returning to work after the Spring Festival in February 2022, the Party Committee, Labor Union, and Youth League Committee of the Group jointly organized the "One-Day Charity Donation" Activity for the Spring Festival Love Fund. All cadre and employees of the headquarters participated in this activity actively, and each subsidiary and joint venture carried out this activity synchronously. This charity activity is intended to raise funds for the Love Fund, encouraging employees to contribute love within their capabilities, help those in need, and send hope and care to them. On the day of the activity, the headquarters received a total of more than RMB 350,000 donations, and other subsidiaries also received more than RMB 100,000 donations, all of which were deposited into the headquarters' Love Fund and used to help disadvantaged groups in society.



Donation Site of Group's Headquarters



Active participation of subsidiary employees in donations

In 2022, in response to the spread of the Covid-19 pandemic at home and abroad and the scattered outbreaks in surrounding areas, members and volunteers from the Party Committee, Labor Union, Youth League Committee and administrative and logistics organizations of Huayou continued to carry out security work such as gate inspection, regional disinfection, and routine nucleic acid testing, bravely undertaking Huayou's social responsibilities through voluntary services, contributing the community to overcome difficulties with the purpose of demonstrating the power of Huayou.



 Volunteers' style

Rural revitalization

 In 2022
the Company invested nearly RMB **2.5** million in projects related to the rural revitalization and common prosperity

Huayou Cobalt actively responds to the national rural revitalization strategy to contribute to the high-quality development and construction of a demonstration zone for common prosperity in Zhejiang province in order to fulfill social responsibilities.

Case The Company donated RMB 2.498 million to the "Company + Farmer" Automated Chicken Farming Assistance Project to contribute to rural revitalization

In September 2022, the Company donated nearly RMB 2.5 million, which was specially used in the "Company + Farmer" Automated Chicken Farming Project of Wens Foodstuff Group in Fuqian Village, Wanyao County, Jiangshan City.



Donation ceremony of rural revitalization project fund by Huayou Cobalt

Fulfillment of responsibilities overseas

During the global operation of the Company, with adherence to the investment concept of "contributing to the local economy and society where it makes investments and seeks development", the Company has established the good image of Chinese enterprise by respecting local religions and customs and enhancing the well-being of local residents through community investment projects.

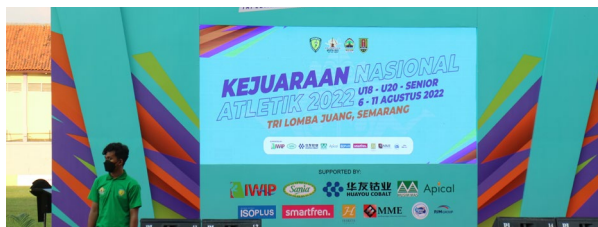


In 2022

the Company invested over RMB **13** million overseas in total to support overseas community development activities of African and Indonesian Regions

Case Huayou funded IDR 1 billion to the Indonesian National Athletics Championships

In August 2022, the Indonesian National Athletics Championships opened, in which 1,500 athletes from 34 provinces in Indonesia participated, and 300 officials attended the opening ceremony. Huayou, as one of the title sponsors of the national athletics championships this year, funded the organizer IDR 1 billion (equivalent to RMB 500,000) to contribute to the development of Indonesia's sports industry and publication of sports culture, so as to strengthen the public cohesion while providing opportunities for many local ordinary people to enjoy sports and watch exciting sports events.



Huayou acted as one of the title sponsors



Photo of Huayou Sponsorship Representative and Luhut Panjaitan (the Minister of Indonesian Coordinating Ministry of Maritime and Investment Affairs)

Case Huayou African Region executed the Social Responsibility Letter to actively contribute to the development of surrounding communities

Huayou actively undertakes social responsibilities for the development of surrounding communities, striving to play an active role in community construction and development to seek the well-being of the people in the communities where it invests. In 2022, CDM and MIKAS, Huayou Cobalt's subsidiaries, signed the Social Responsibility Letter with communities around their factories and mining areas, committing to invest USD 4.25 million and USD 1.5 million in the next five years respectively, which would be used to build a total of 35 projects covering local community roads, power supply, water supply, education, medical care, environment, agriculture, occupational training, etc.

In the next five years, Huayou African Region will gradually implement the projects executed subject to the *Social Responsibility Letter* to enlarge the impact of social responsibility projects and ensure the livelihood and education projects to effectively benefit local communities, so that the community people can feel more sense of gain.



Photo of CDM's execution of Social Responsibility Letter



Photo of MIKAS's execution of Social Responsibility Letter

Case Support for post-earthquake reconstruction

In November 2022, a 5.6 magnitude earthquake occurred in Cianjur, West Java, Indonesia, causing significant casualties and housing collapse. Governments of Cianjur in the earthquake-stricken launched earthquake emergency responses and declared that the disaster area would have been in a state of emergency for one month. Both the Chairman of Huayou and the Chairman of Vale S.A. expressed their sadness for the victims and decided to jointly donate IDR 5 billion (equivalent to RMB 2.2 million) to the affected areas for disaster relief. In such donated amount, Huayou contributed RMB 1.1 million approximately for the support of post-disaster reconstruction in the earthquake-stricken area, in order to help the affected people to return to normal life as soon as possible.



Chairman of Huayou and Chairman of Vale S.A. Indonesia jointly donated for the earthquake relief in Indonesia

Data Overview



Category	Indicator	Unit	2022	
Environment	Total volume of purchased water	m ³	24,314,278.61	
	Total volume of recycled water	m ³	6,401,406.00	
	Total water consumption	m ³	30,201,968.25 ⁴	
	Total wastewater discharge ¹	m ³	24,342,630.87 ⁴	
	Total waste gas emissions ²	10,000 m ³	1,661,980.78	
	Total general solid waste ³	t	9,488,285.33 ⁴	
	Total recyclable waste	t	1,723.50	
	Total hazardous waste	t	8,890.30	
	Total recycled hazardous waste	t	2,542.16	
	Total greenhouse gas emissions	10,000 tCO ₂ e	132.40 ⁵	
	Investment in environmental protection	RMB 10,000	70,267.07	
Society	R&D personnel	Person	1,496	
	Proportion of R&D personnel	%	5.03	
	Total employees	Person	29,757	
	Employee training hours	H	400,754.60	
	Total investment in employees training	RMB 10,000	919.70	
	Total investment in social welfare	RMB 10,000	1,826.82 ⁶	
	Number of lost-work-related safety accidents	Time	28	
	Work-related deaths	Person	2	
	Number of occupational diseases	Time	0	
	Annual lost working hours due to accidents	H	21,455	
	Lost workday incident rate per million working hours	Total lost working hours/ total actual working hours * 1,000,000		3,608.15
	Injury incident rate per million working hours	Number of lost working hour accidents/total actual working hours * 1,000,000		6.483
	Coverage rate of medical examination for occupational diseases	%		100
	Safety investment	RMB 10,000		16,018.68
Number of fines imposed by the government due to safety accidents	Time		0	

Note ¹: In 2022, total wastewater discharge data were the data consolidated from Huayou Cobalt, Cobalt New Material, Huajin, Huayou POSCO, Huayou New Energy, Resource Recycling, and Indonesia Huayue Nickel Hydrometallurgy Process Project.
 Note ²: In 2022, waste gas emission data were the data consolidated from Huayou Cobalt, Chengdu B&M, Cobalt New Material, Huajin, Huayou POSCO, Huayou New Energy, Tianjin B&M, Resource Recycling, and Indonesia Huayue Nickel Hydrometallurgy Process Project.
 Note ³: In 2022, general solid waste data were the data consolidated from Huayou Cobalt, Chengdu B&M, Cobalt New Material, CDM, Huajin, Huayou POSCO, Huayou New Energy, Tianjin B&M, Resource Recycling, and Indonesia Huayue Nickel Hydrometallurgy Process Project.
 Note ⁴: The total water consumption, wastewater discharge, and total general solid waste increased significantly in 2022, since Huayou Cobalt newly added the data of Indonesia Huayue Nickel Hydrometallurgy Process Project in 2022. Please refer to page 40 of the main text for technical optimization and water-saving measures of the Indonesia Huayue Nickel Hydrometallurgy Process Project.
 Note ⁵: Total amount of Scope 1 and Scope 2 emissions, (Companies within Huayou Group with stable production: Huayou Cobalt, Huayou POSCO, Quzhou Cobalt New, Quzhou New Energy, Resource Recycling, Huajin New Energy, Chengdu B&M, CDM, MIKAS, Jiangsu Huayou, Indonesia Huayue Nickel Hydrometallurgy Process Project), in which partial data from projects newly put into operation in 2022 have not been verified by a third party.
 Note ⁶: Donations denominated in foreign currencies are calculated at the real-time exchange rate.

Benchmarking

GRI content index			
Statement of used	Huayou Cobalt has reported the information cited in this GRI content index for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.		
GRI 1 Used	GRI 1: Foundation 2021		
GRI Standards	Disclosure	Location	
GRI 2: General Disclosures	G2-1	Organizational details	About Huayou Cobalt, Improvement of corporate governance
	G2-2	Entities included in the organization's sustainability reporting	About this Report
	G2-3	Reporting period, frequency and contact point	About this Report
	G2-4	Restatements of information	Key Performance
	G2-6	Activities, value chain and other business relationships	About Huayou Cobalt, Management of sustainable mineral supply chain, Quality management
	G2-7	Employees	Legal employment
	G2-8	Workers who are not employees	Refer to Huayou Cobalt's Annual Report
	G2-9	Governance structure and composition	Improvement of corporate governance, Refer to Huayou Cobalt's Annual Report
	G2-10	Nomination and selection of the highest governance body	Improvement of corporate governance, Refer to Huayou Cobalt's Annual Report
	G2-11	Chair of the highest governance body	Refer to Huayou Cobalt's Annual Report
	G2-12	Role of the highest governance body in overseeing the management of impacts	Improvement of corporate governance
	G2-13	Delegation of responsibility for managing impacts	Improvement of corporate governance
	G2-14	Role of the highest governance body in sustainability reporting	Huayou Cobalt's sustainable development, Improvement of corporate governance
	G2-15	Conflicts of interest	Improvement of corporate governance, Supplier compliance management
G2-16	Communication of critical concerns	Huayou Cobalt's sustainable development	
G2-17	Collective knowledge of the highest governance body	Huayou Cobalt's sustainable development	
G2-19	Remuneration policies	Refer to Huayou Cobalt's Annual Report	
G2-20	Process to determine remuneration	Refer to Huayou Cobalt's Annual Report	
G2-21	Annual total compensation ratio	Refer to Huayou Cobalt's Annual Report	
G2-22	Statement on sustainable development strategy	Huayou Cobalt's sustainable development, Addressing climate change	
G2-23	Policy commitments	Legal employment, EHS management system	
G2-24	Embedding policy commitments	Legal employment, EHS management system	
G2-25	Processes to remediate negative impacts	Internal control and risk management	
G2-26	Mechanisms for seeking advice and raising concerns	Internal control and risk management	
G2-27	Compliance with laws and regulations	Compliance and business ethics	
G2-28	Membership associations	Not Applicable	
G2-29	Approach to stakeholder engagement	Huayou Cobalt's sustainable development	
G2-30	Collective bargaining agreements	Legal employment	
GRI 3: Material Topics	G3-1	Process to determine material topics	Huayou Cobalt's sustainable development
	G3-2	List of material topics	Huayou Cobalt's sustainable development
	G3-3	Management of material topics	Huayou Cobalt's sustainable development
GRI 201: Economic Performance	G201-1	Direct economic value generated and distributed	Refer to Huayou Cobalt's Annual Report
	G201-2	Financial implications and other risks and opportunities due to climate change	Addressing climate change
	G201-3	Defined benefit plan obligations and other retirement plans	Care for employees
	G201-4	Financial assistance received from government	Refer to Huayou Cobalt's Annual Report
GRI 203: Indirect Economic Impacts	G203-1	Infrastructure investments and services supported	Charity and public welfare, Rural vitalization, Fulfillment of responsibilities overseas
	G203-2	Significant indirect economic impacts	Common progress with the industry, Rural vitalization
GRI 205: Anti-corruption	G205-1	Operations assessed for risks related to corruption	Compliance and business ethics
	G205-2	Communication and training about anti-corruption policies and procedures	Compliance and business ethics
	G205-3	Confirmed incidents of corruption and actions taken	Not Applicable
GRI 206: Anti-competitive Behavior	G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable

GRI Standards		Disclosure	Location
GRI 207: Tax	G207-1	Approach to tax	Refer to Huayou Cobalt's Annual Report
	G207-2	Tax governance, control, and risk management	Refer to Huayou Cobalt's Annual Report
	G207-3	Stakeholder engagement and management of concerns related to tax	Refer to Huayou Cobalt's Annual Report
	G207-4	Country-by-country reporting	Refer to Huayou Cobalt's Annual Report
GRI 301: Materials	G301-1	Materials used by weight or volume	Green development
	G301-2	Recycled input materials used	Green development
	G301-3	Reclaimed products and their packaging materials	Green development
GRI 302: Energy	G302-4	Reduction of energy consumption	Green development
	G302-5	Reductions in energy requirements of products and services	Green development
GRI 303: Water and Effluents	G303-1	Interactions with water as a shared resource	Green development
	G303-2	Management of water discharge-related impacts	Green development
	G303-5	Water consumption	Data overview
GRI 305: Emissions	G305-1	Direct (Scope 1) GHG emissions	Addressing climate change
	G305-2	Energy indirect (Scope 2) GHG emissions	Addressing climate change
	G305-3	Other indirect (Scope 3) GHG emissions	Addressing climate change
	G305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Green development
GRI 306: Waste	G306-1	Waste generation and significant waste-related impacts	Green development
	G306-2	Management of significant waste-related impacts	Green development
	G306-3	Waste generated	Green development
	G306-4	Waste diverted from disposal	Green development
	G306-5	Waste directed to disposal	Green development
GRI 308: Supplier Environmental Assessment	G308-1	New suppliers that were screened using environmental criteria	Management of sustainable mineral supply chain
	G308-2	Negative environmental impacts in the supply chain and actions taken	Management of sustainable mineral supply chain
GRI 401: Employment	G401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for employees
	G401-3	Parental leave	Caring for employees
GRI 403: Occupational Health and Safety	G403-1	Occupational health and safety management system	Safety production
	G403-2	Hazard identification, risk assessment, and incident investigation	Safety production
	G403-3	Occupational health services	Safety production
	G403-4	Worker participation, consultation, and communication on occupational health and safety	Safety production
	G403-5	Worker training on occupational health and safety	Safety production
	G403-6	Promotion of worker health	Safety production
	G403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety production
	G403-8	Workers covered by an occupational health and safety management system	Safety production

GRI Standards		Disclosure	Location
GRI 404: Training and Education	G404-1	Average hours of training per year per employee	Employee training
	G404-2	Programs for upgrading employee skills and transition assistance programs	Employee training
GRI 405: Diversity and Equal Opportunity	G405-1	Diversity of governance bodies and employees	Improvement of corporate governance, Legal employment
GRI 406: Non-discrimination	G406-1	Incidents of discrimination and corrective actions taken	Not Applicable
GRI 407: Freedom of Association and Collective Bargaining	G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
GRI 408: Child Labor	G408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable
GRI 409: Forced or Compulsory Labor	G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable
GRI 411: Rights of Indigenous Peoples	G411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
GRI 413: Local Communities	G413-1	Operations with local community engagement, impact assessments, and development programs	Charity and public welfare, Rural vitalization, Fulfillment of responsibilities overseas
	G413-2	Operations with significant actual and potential negative impacts on local communities	Not Applicable
GRI 414: Supplier Social Assessment	G414-1	New suppliers that were screened using social criteria	Management of sustainable mineral supply chain
	G414-2	Negative social impacts in the supply chain and actions taken	Not Applicable
GRI 415: Public Policy	G415-1	Political contributions	Not Applicable
GRI 416: Customer Health and Safety	G416-1	Assessment of the health and safety impacts of product and service categories	Quality management
	G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
GRI 417: Marketing and Labeling	G417-1	Requirements for product and service information and labeling	Quality management
	G417-2	Incidents of non-compliance concerning product and service information and labeling	Not Applicable
	G417-3	Incidents of non-compliance concerning marketing communications	Not Applicable
GRI 418: Customer Privacy	G418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable

Readers' Feedback

Dear readers,

Thank you very much for reading the *2022 Environmental, Social and Governance (ESG) Report of Zhejiang Huayou Cobalt Co., Ltd.* In order to provide you and other stakeholders with more valuable information and effectively promote the Company's ability and level to fulfill corporate social responsibilities, we sincerely look forward to your comments and suggestions.

Multiple choice question (please tick ✓ in the appropriate place)

1. What do you think of this report ?

Very good Good Fair Poor Very Poor

2. What do you think of the response and disclosure of stakeholder concerns?

Very good Good Fair Poor Very Poor

3. What do you think of Huayou Cobalt's fulfillment of economic responsibilities?

Very good Good Fair Poor Very Poor

4. What do you think of Huayou Cobalt's fulfillment of environmental responsibilities?

Very good Good Fair Poor Very Poor

5. What do you think of Huayou Cobalt's safety management?

Very good Good Fair Poor Very Poor

6. What do you think of Huayou Cobalt's fulfillment responsibilities toward employees?

Very good Good Fair Poor Very Poor

7. What do you think of Huayou Cobalt's fulfillment responsibilities toward community?

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. Do you think that the content and layout design of this report are easy to read?

Yes No

Open question

Do you have any comments or suggestions on Huayou Cobalt's fulfillment of social responsibilities and this Report?



华友钴业
HUAYOU COBALT

