

2024

Mineral Supply Chain Due Diligence Report

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Description of the report

Scope of the report

The information and data in this report primarily covers the period from January 1, 2024 to December 31, 2024 for the Company's practical activities of due diligence management of the mineral supply chain. Based on the continuity and comparative nature of the report, some of the data and information is not limited to 2024.

Principles of preparation

This report has been prepared with reference to *the Chinese Due Diligence Guidelines For Mineral Supply Chain* and *the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (hereinafter referred to as the China Guidance and the OECD Guidance), as well as the requirements of the Responsible Mining Initiative (RMI).

Content preparation

The Company reports on its compliance and performance in due diligence management of the minerals supply chain in accordance with the principles of stakeholder engagement and the sustainable development context of the China Guidelines and the OECD Guidelines, and in accordance with a six-step process.

Publishing method

This report is available in electronic form for your perusal in both English and Chinese. In the event of ambiguity in the understanding of the two texts, please refer to the Chinese version.

You can read the electronic version of the report by visiting the company's official website at <https://www.huayou.com>. If you have any questions or suggestions regarding this report, please send an e-mail to csr@huayou.com.

Designation

Zhejinag Huayou Cobalt Company Limited is referred to as "Huayou Cobalt", "Huayou", "the

Company" or "we" in this report; Quzhou Huayou Cobalt New Material Co. Ltd. is referred to as "Quzhou Cobalt New Material"; Guangxi Huayou New Material Company Limited is referred to as "Guangxi New Material"; PT Huayue Nickel Cobalt is referred to as "Huayue"; PT Huafei Nickel Cobalt is referred to as Huafei and PT Huake Nickel Indonesia is referred to as "Huake", Other references not mentioned herein shall be based on the descriptions in the text.

Copyright statement

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Mineral supply chain due diligence management

In more than two decades of business operation, Huayou Cobalt fully realizes that ESG and sustainable development is not only an effective practice to actively respond to the global sustainable development goals and national policies, but also an important path choice to cope with the transition of global energy structure and the risk of climate change.

In 2015, Huayou started to build an ESG and sustainability management system. Taking into account its own business characteristics and global extractive industry and international best practices, Huayou develops and implements a comprehensive ESG policy and management system based on the principles of honesty, equality, and transparency by comprehensively communicating with stakeholders and understanding their major concerns. Responsible supply chain is an important issue of ESG, and the company attaches great importance to and continuously strengthens the construction of supply chain, and improves the supplier management system from various perspectives, such as access assessment, risk control, supplier communication and assistance. We are committed to establishing long-term and stable cooperative relationships with upstream and downstream suppliers to enhance the safety and green level of our supply chain. Due diligence management of the mineral supply chain has become an important cornerstone of Huayou Cobalt's sustainable development.

This report is an annual summary of the Company's mineral supply chain due diligence management efforts. Huayou has started from enhancing the construction of the due diligence management system for the mineral supply chain, and has continuously improved the management of the mineral cooperative suppliers. We formulated the Responsible Global Mineral Supply Chain Policy for Minerals from High-Risk Regions, Supplier Standards for Responsible Mineral Procurement and Supplier Code of Conduct in accordance with the requirements of the *the Chinese Due Diligence Guidelines For Mineral Supply Chain* and *the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. At the same time, we will manage the three-tier mineral supply chain due diligence management structure of "Group-Industry-Subsidiaries" to ensure the implementation of the policy, to meet the requirements and expectations of customers and the market for responsible mineral procurement,

to enhance the Company's international reputation and market acceptance, to improve the Company's internal supply chain management system, and to enhance the awareness and control of the subsidiaries on the risks of the mineral supply chain. It will also improve the Company's internal supply chain management system to increase the awareness and control of mineral supply chain risks among its subsidiaries, enhance the traceability and stability of the mineral supply chain, and minimize the disruption of the supply chain caused by conflicts and risks of regulatory weaknesses.

The Company continues to improve its own mineral supply chain due diligence management system, and continuously enhances its ability to manage the responsible sourcing of cooperative mineral suppliers. The Company works with its suppliers to raise their awareness of responsible sourcing, assist them in building their responsible management capacity, communicate to them the Company's mineral supply chain policy and the Supplier Code of Conduct and other documents, and incorporate the due diligence management policy and requirements into the commercial contracts and require them to provide feedback on the KYC, and the Company evaluates their risks based on information from multiple channels, conducts on-site evaluations of the suppliers according to the results of the risk evaluations, or requires them to carry out third-party The Company assesses its risks based on multi-channel information, conducts on-site assessments of its suppliers or requires them to conduct third-party independent assessments based on the results of the risk assessment, and continuously tracks the effectiveness of risk mitigation. The Company continues to improve its due diligence management system for the mineral supply chain, and constantly improves its risk management capability for the supply chain, contributing to the sustainable development of the industry.



Above, Huayou held a supplier conference with 165 cooperative units and nearly 500 guests attending the conference, which elaborated Huayou's core business philosophy, put forward the future direction of cooperation and requirements, and redefined Huayou's supply chain strategy to the suppliers.

The company actively participates in international and industry dialogues to keep abreast of industry solutions for responsible supply chain due diligence management in the minerals sector and to provide feedback on the issues it encounters as it builds its own business.



Above: Huayou Cobalt participated in the 17th Mineral Supply Chain Forum organized by OECD, and Li Zhongning, Head of ESG and Sustainability Department of the Group, was invited as a speaker in the sessions of "Promoting Responsible Battery Supply Chain - Grievance Mechanisms for Remedial Measures", "Implementing EU Battery Regulation: Opportunities and Challenges", and "Implementation of EU Battery Regulation: Opportunities and Challenges". He comprehensively introduced the good practices of due diligence management in Huayou's mineral supply chain, conveyed the demands of enterprises, put forward industry governance initiatives, and promoted the sustainable development of mineral supply chain management.



Above: Huayou Cobalt was invited to participate in the Sedex Conference on Sustainable and Responsible Supply Chains, and Li Zhongning, Director of ESG and Sustainability Department of the Group, delivered a keynote speech on behalf of the company. At the conference, Mr. Li, on behalf of Huayou, called on stakeholders in the supply chain to form a synergy and contribute to the green, transparent and sustainable development of the global supply chain.

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

During the reporting period, Huayou Cobalt continued to carry out due diligence management of the Company's mineral supply chain in accordance with the six-step framework and due diligence management program requirements, and all work was carried out in an orderly manner under the promotion of the Company's "Mineral Supply Chain Due Diligence Management Work Group".

The ESG and Sustainable Development Department at the Group headquarters, in collaboration with the supply chain due diligence management function of the Industrial Group (the ESG department of the Industrial Group), and with the assistance of the raw material procurement department, educates suppliers on the awareness of mineral due diligence management and conveys due diligence management policies and requirements. The Company analyzes and evaluates the risks of suppliers through the "Know Your Counterparty Questionnaire (KYC)" and public information collected on the internet and other platforms, and after submitting them to the Company for approval, the Company communicates the results of the risk assessment and risk mitigation plan to the suppliers and supervises the suppliers to carry out the corresponding risk

mitigation. The key nodes in the Company's mineral supply chain have been audited by an independent third party, and the management performance is publicly disclosed through this report and the "Huayou Cobalt 2024 Annual Environmental, Social and Governance (ESG) Report ".



Step 1: Establish a Due Diligence Management System

The Company has established a Mineral Supply Chain Due Diligence Management System and related procedural documents in accordance with the China Guidance and the OECD Guidance, including Responsible Global Mineral Supply Chain Policy for Minerals from High Risk Regions, Supplier Code of Conduct, and Supplier Criteria for Responsible Sourcing of Minerals .

In order to ensure the orderly progress of the mineral supply chain due diligence management, the Company has set up the "**Mineral Supply Chain Due Diligence Management Team**", which consists of the ESG and Sustainable Development Department of the headquarters, the Raw Material Procurement Department of the headquarters and the supply chain due diligence management departments of each industrial group. As a professional team under the ESG and Sustainable Development Management Committee, it is responsible for providing technical and supervisory guarantee for the due diligence management of the Company's mineral supply chain.

■ **Mineral Supply Chain Due Diligence Management Policy**

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

■ Supplier Code of Conduct

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

■ Supplier Criteria for Responsible Procurement of Minerals

Based on the Supplier Code of Conduct, the Company has developed specific standards for suppliers of responsibly sourced minerals, requiring mineral suppliers to conduct due diligence management throughout their supply chain regarding the source of minerals in accordance with the China Guidelines and the OECD Guidelines, and to determine whether they are sourced from identified high-risk areas. If so, the supplier should provide Huayou with reasonable documentary evidence of its sourcing and due diligence activities.

If a supplier violates any of the above guidelines or standards, or its direct or indirect suppliers are deemed to have violated such guidelines or standards, Huayou will require the supplier to implement corrective actions by a date reasonably determined so that the supplier can require the appropriate supply chain participants to address the identified risks. If such a supplier with a violation of the standard fails to mitigate or eliminate the risk or even refuses to take any measures as required by Huayou, Huayou will decide to terminate, in whole or in part, the contract, agreement, purchase order or any other arrangement with the supplier.

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

■ Establishment of Supply Chain Control and Transparency Systems

In order to better manage supply chain risks and increase supply chain transparency, the Mineral Supply Chain Due Diligence Management Team supervises the raw material procurement department, supply chain due diligence management department, production and warehousing and other relevant departments to implement the requirements of the management process and keep proper accounts, ensure that all information required for supply chain traceability is collected and archived, and that the relevant supporting documents and records are retained for at least 10 years with clear written requirements. The Company requires smelter suppliers to provide information on the origin of raw materials, the full name and geographic location of suppliers, transportation routes and modes of transportation, as well as the trade names and types of minerals that can prove the source of the raw materials, and also collects information on the ownership of direct suppliers and other known upstream enterprises (including beneficial ownership information). If warning signs are detected during a "red flag review" to identify risks, further chain-of-custody or mineral supply chain traceability information will be requested.

Currently, the Company's refineries involved in the production of nickel, cobalt and other raw materials in mines are: (1) Quzhou Huayou Cobalt New Materials Company Limited, Address: 18, Niexin Road, Hi-Tech Industrial Park Quzhou, Zhejiang Province; (2) Guangxi Huayou New Materials Company Limited, Address: No. 28, Huayou Boulevard, Longtan Industrial Park, Bobai County, Yulin City, Guangxi Zhuang Autonomous Region; (3) Zhejinag Huayou Cobalt Co.,Ltd , Address: No. 18, Wuzhen East Road, Tongxiang City, Jiaxing, Zhejiang Province.

Quzhou Cobalt New Material's nickel raw materials are mainly supplied by MHP (crude nickel cobalt hydroxide) from Huayou's subsidiaries, Huayue and Huafei, Huayue's production address is Morowali Industrial Park (IMIP), Sulawesi Island, Indonesia, and the transportation routes are mainly from Labota Jetty, an Indonesian port, to Zhapu/Ningbo ports in China, and Huayue's nickel laterite ores are mainly sourced from the mines in the Sulawesi Island, Indonesia¹ . Huafei's production address is Wedabay Industrial Park (IWIP) in Hamahela Island, Maluku

¹ The nickel supply chain map (up to the mine) of Quzhou Huayou Cobalt New Material Co., Ltd. is not easily disclosed in full as it involves confidential information about the company's purchases, but it was presented in full transparency during the audit.

Province, Indonesia, and the transportation route is mainly from Weda Port, an Indonesian port, to Zhapu/Ningbo ports in China, and Huafei's nickel laterite ore raw materials are mainly sourced from mines in Hamahela Island.

Quzhou Cobalt New Material's cobalt raw materials are partly from MHP (crude nickel cobalt hydroxide) of Huayue and Huafei of Indonesia and partly from crude cobalt hydroxide of the Democratic Republic of the Congo, and the transportation route is from the continent of Africa by land to the port of Durban of South Africa, and then from the port of Durban to the port of Zhapu/Ningbo of China by sea.²

Guangxi New Materials is currently only involved in the smelting of nickel metal, its nickel raw materials are mainly supplied by Huayou's subsidiaries, Huayue and Huafei, MHP (Crude Nickel Cobalt Hydroxide), and Nickel Matte supplied by Huayke, Huayke plant is located in the Wedabay Industrial Park (IWIP) on Hamarheira Island in the province of Maluku, Indonesia, and the transportation routes are mainly from the Indonesian port of Weed Port to the Chinese port of Zhapu/Qinzhou, and Huayke's laterite raw materials are mainly sourced from the Hamahela Island mine³ .

Zhejiang Huayou's cobalt raw materials are mainly come from crude cobalt hydroxide in the Democratic Republic of Congo, and the transportation route is from the African continent to the port of Durban in South Africa by land, and then from the port of Durban to the port of Zhapu/Ningbo in China by sea⁴ .

In order to better regulate supplier risk, the Company's overseas crude refineries have set up supplier access criteria, requiring their suppliers to provide basic information such as mining licenses, certificates of origin, business registration certificates, articles of incorporation, tax codes, etc.

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

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

⁴ The cobalt supply chain map (up to the mine) of Zhejiang Huayou Co., Ltd. cannot be fully disclosed because it involves confidential information about the company's purchases, but it was presented in full transparency during the audit.

We understand that transparency is an opportunity and a foundation for us to build partnerships with our stakeholders. Indonesia, the country where the three Indonesian crude refineries are located, is a member of the Extractive Industries Transparency Initiative (EITI), and strictly adheres to Indonesia's local Resource Extractive Industries Transparency Initiative (EITI) Principles, effectively demonstrating the organization's commitment to supporting the EITI Principles, and promoting transparency and accountability in the resource extractive industries. The organization is a member of the Resource Extraction Industry Transparency Initiative (EITI).

■ Strengthening cooperation with suppliers

In order to strengthen its influence on suppliers, the Company urges suppliers to implement the published supply chain policies, requires suppliers to sign the *Supplier Code of Conduct* and incorporate the due diligence management clauses of the mineral supply chain into business contracts, and requires suppliers to fill in the feedback KYC according to the actual situation. Meanwhile, Huayou assisted suppliers to improve their supply chain due diligence management performance and comply with the supply chain policy. Huayue, Huafei and Huake are all controlled subsidiaries of Huayou and have long-term and stable cooperative relationships as their own suppliers. The company guides and supervises them to carry out ESG system construction and improve mineral supply chain due diligence management practices.

Huayue, Huafei and Huake hold weekly routine meetings with mine suppliers to maintain close communication and work on continuous improvement of risk management and compliance, involving the Purchasing Department, the processing plant, the ESG Department, the Quality Assurance Department, etc. The communication includes the supply of nickel laterite ores, the quality of the ores, the transportation situation, the supplier's improvement in Environmental, Social and Governance (ESG), the progress of the compliance, the and any emerging risk factors. These interactions ensure that suppliers are aware of and comply with the Company's Responsible Sourcing Policy and provide them with suggestions and support for improvement where necessary, further cementing the cooperation between the two parties on responsible supply chain management.

■ Stakeholder Communication

Huayou not only maintains good communication with upstream suppliers, but also actively cooperates with downstream customers in their investigations of the company's supply chain due diligence management, and submits all kinds of information in a timely manner upon request. In the process of rectification based on the results of the production site assessment of direct suppliers, the company also actively communicates with external customers and local park enterprises to listen to the rectification suggestions of all parties, and makes unremitting efforts to build a green and sustainable supply chain.

In addition, in order to enhance the company's supply chain due diligence management capability, Huayou actively participates in relevant industry training, industry conferences and industry standard development, such as participation in 2024 training and industry conferences.

■ Record-keeping systems

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

■ Complaint mechanisms

Huayou has established a grievance mechanism and posted it on the Company's website (www.huayou.com). Huayou encourages stakeholders to make suggestions, comments or complaints about the Company's ESG and due diligence management of the mineral supply chain. Stakeholders can contact us by phone or by filling in the Information Collection Form, and complaints from stakeholders about the Company's due diligence management of the mineral supply chain can also be lodged through the mailbox of the Assessment Center of the Chamber of Commerce of Minmetals (the mailbox for receipt of complaints is: rbc@cccmcc.org.cn). Based on the content of the complaint, Huayou will organize research and analysis of the complaint issue, fully communicate with the relevant parties on the handling of the complaint, and undertake to

keep the information of the person who provides suggestions, opinions or complaints strictly confidential. Any dissatisfaction or suggestion related to the due diligence management of our mineral supply chain can be fed back to us through the above channels, and we will promptly analyze, verify and deal with it, and feed back the relevant handling results. Below is the contact information for grievances:

China

Tel: 0573-88589950

E-mail: csr@huayou.com

Address: Huayou Cobalt R&D Building, No. 79 Wuzhen East Road, Tongxiang City (ESG & Sustainability Department)

Africa

Tel: +243841206837

E-mail: RSE@huayou.com

Address: CDM (African Resource Industries Group), Likasi Road, Jorisit Neighborhood, Anakas District, Lubumbashi, Upper Katanga Province

Indonesia

Tel: +081223930989/+082198735711

Email: HYNC@huayou.com

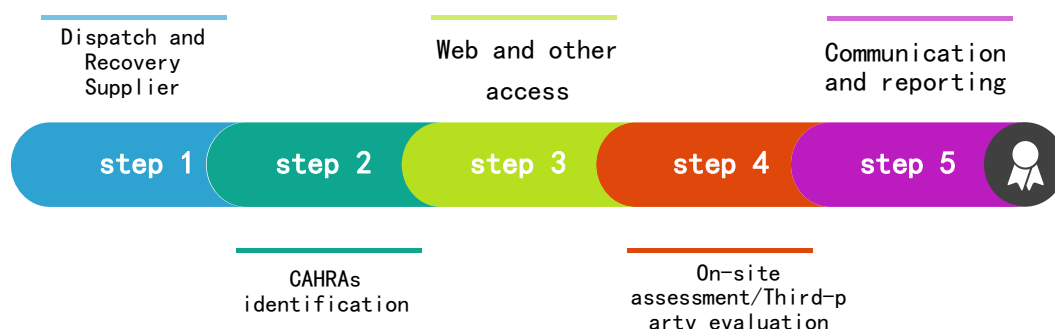
Address: IMIP Park, Morowali, Central Sulawesi, Indonesia (Indonesian Nickel Industry Group)

During the reporting period, 0 representations were received from stakeholders.

Step 2: Risk Identification and Assessment

Risk identification and assessment is the foundation of due diligence management, therefore,

Hurray has established a risk identification related work system and process to comprehensively identify and assess risks, mainly in the following ways:



1. During the reporting period, the Company continued to carry out various tasks in accordance with the requirements of the supply chain due diligence management program for raw material suppliers:

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

(2) Send and collect KYC questionnaires as a way to learn about suppliers' compliance, raw material sources, transportation and responsible sourcing practices.

At the same time, we also asked our direct suppliers to the refinery to replicate our supply chain management efforts upstream to the mines, and through continuous efforts and exchanges, the results are gradually being realized.

The Know Your Clients Questionnaire (KYC) was successfully sent and returned to our suppliers and the feedback is summarized below:

- ✓ The KYC form is filled out more completely (including company information, mine information, supply chain map and transportation route); the participants in the supply chain are all legally registered companies, with all kinds of documents and qualifications;
- ✓ Cobalt raw materials mainly come from the Democratic Republic of the Congo and Indonesia, and the mining method is mechanized large-scale mining, which does not involve hand mining, and the management of the mining area is relatively standardized.

- ✓ Nickel raw materials mainly come from Indonesia, the mining method is mechanized large-scale mining, does not involve hand mining, the mine management is relatively standardized.
- 2. In accordance with the Company's established **management method for identifying Conflict-Affected and High-Risk Areas (CAHRAs)**, we have conducted a comprehensive assessment of whether the countries of origin of raw materials are high-risk countries and regions based on clear information about the countries of origin of raw materials in the mineral supply chain and the countries of transportation routes. The main references for the CAHRA identification process include: the UN Sanctions List , the US Dodd-Frank Act , the EU CAHRAs List of the EU Conflict Minerals Regulation 2017/821, the Heidelberg Conflict Barometer, the Rule of law Index (World Justice Project), and the World Justice Project (World Justice Project). World Justice Project); Human Development Index (HDI).

During the reporting period, through the review of suppliers' warning signals, we identified that the Democratic Republic of the Congo, the country of origin of cobalt, belonged to the high-risk countries on the above list and triggered warning signals, which was a high-risk procurement; Indonesia, the country of origin of nickel, did not belong to the CAHRAs, and therefore did not trigger warning signals on the place of origin or transit, did not trigger warning signals on the suppliers, did not trigger warning signals on the specific circumstances, and was a low-risk procurement.

- 3. Through official public information, media or NGO reports, customer feedback, and other channels, identifies the due diligence management of the mineral supply chain of raw material suppliers, to understand whether there is any negative information and reports, and to assess whether there is any category of risk in the supply chain (risks related to mining, trading, processing, and exporting from "conflict-affected and high-risk areas") and whether there is any violation of national laws and other relevant international instruments. The supply chain is assessed for the presence of category 1 risks (risks associated with mining, trading, processing and exporting from "conflict-affected and high-risk areas", risks of

contributing to conflict and serious human rights abuses) as well as violations of national laws and other relevant international instruments.

During the reporting period, we have not identified the following risks⁵ :

- a. Risk of contributing to, benefiting from, assisting, facilitating, procuring or having access to any entity that contributes to, benefits from, assists or facilitates gross human rights violations;
 - b. Risks arising from the provision of direct or indirect support to, or the conduct of procurement by, non-State armed organizations, or from contacts with any party that provides direct or indirect support to, or conducts procurement by, non-State armed organizations;
 - c. Risks related to the arming of public or private security;
 - d. Contributing to the risk of gross negligence, including conduct in which the business or any of its business relationships is directly or indirectly involved.
4. For high-risk suppliers triggering warning signals, due diligence management needs to be strengthened, and the company requires them to carry out independent third-party assessments and provide assessment reports. For low-risk suppliers that have not triggered warning signals, the company's on-site assessment team carries out on-site visits to the mines to understand the on-site control of the mining suppliers on the minerals, so as to reduce the risk at the source and enhance the transparency of the supply chain.

During the reporting period, cobalt suppliers located in the high-risk area of the Democratic Republic of the Congo passed independent third-party assessments, including RMI/RMAP and CCCMC's Mineral Supply Chain Due Diligence Management Assessment, and we assessed their risk controls by monitoring the status of their audit reports.

The Company focuses on field visits to mines in Indonesia located in low-risk zones, and collects necessary internal and external ESG-related assessment reports and mine information, including

⁵ Risks refer to "Category 1 Risks" as set out in the second edition of the China Minerals Supply Chain Due Diligence Management Guide.

but not limited to certificates of origin, mining licenses, business registration certificates, and field assessment information, to ensure that all mines are legally compliant and have complete credentials and continue to promote the construction of ESG and risk assessment of the mines.

5. We will summarize the risks identified in the above ways, formulate a risk assessment report on mineral suppliers, and fully communicate the corresponding risk situation with suppliers and other stakeholders to jointly establish practical improvement actions.

Step 3: Risks Prevention and Mitigation

The Company's Supply Chain Due Diligence Management Department reports the results of the identified risk assessment (including actual and potential risks) to the Mineral Supply Chain Due Diligence Management Team, and develops and approves a risk management plan after consulting with suppliers and affected stakeholders. The risk mitigation plan is reviewed and approved by the Mineral Supply Chain Due Diligence Management Team Leader and then implemented. The Supply Chain Due Diligence Management Department regularly follows up on the supplier's risk mitigation progress and reports on it in a timely manner. If significant changes occur in the supply chain during the process, the plan will be adjusted or additional assessments will be conducted as needed. The Supply Chain Due Diligence Management Department of the Company is responsible for regularly supervising the suppliers to carry out the relevant work in accordance with the requirements until all non-conformities/improvements are closed.

In its risk management program, the Company manages risks through the following mitigation strategies:

- a. Continued trading in the process of mitigating significant risks;
- b. Temporary suspension of trading during ongoing mitigation of significant risks;
- c. If efforts to mitigate the risk fail, or if the business believes that the risk cannot be mitigated, or that the risk is unacceptable, the terminate the relationship with the supplier.

Step 4: Conduct internal and external assessments

Huayou actively operates the mineral supply chain due diligence management system, actively cooperates with the supply chain audit demands of downstream customers, and communicates with upstream enterprises on existing problems and improvement plans to promote the comprehensive development of supply chain due diligence management. During the reporting period, the headquarters of Huayou conducted internal audits of ESG and supply chain due diligence management audits of the supply chains of its subsidiaries and invited an independent third party to conduct external audits, and formulated a risk mitigation plan (CAP) to rectify the problems identified in the audits in accordance with the requirements.

The cobalt raw materials of Zhejiang Huayou and Quzhou Cobalt New Material have passed the RMI/RMAP assessment; the nickel raw materials of Quzhou Cobalt New Material have passed the CCCMC Mineral Supply Chain Due Diligence Management assessment and obtained Grade AA certification; the nickel raw materials of Guangxi New Materials have passed the CCCMC Mineral Supply Chain Due Diligence Management assessment and obtained Grade A certification; the nickel and cobalt raw materials of Huayue have passed the RMI/RMAP assessment; and the cobalt and nickel raw materials of Huafei have formally applied to conduct RMI/RMAP assessment, and the on-site assessment is scheduled for April 21, 2025. Detailed results can be found on the official websites of RMI and CCCMC.

Company name: Zhejinag Huayou Cobalt Co.,Ltd.
Enterprise number: CID003225
Address: No.18, Wuzhen East Road, Tongxiang City, Jiaxing, Zhejiang, China
Metal assessed: cobalt
Evaluated: 10/22-24/24
Assessment Scope: 1/7/22 - 9/30/24
Appraisal company: SGS
Assessment status: Compliant
Link to report:

<https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Zhejiang%20Huayou%20Cobalt%20Public%20Report.pdf>

Company name: Quzhou Huayou Cobalt New Material Co. Ltd.

Enterprise number: CID003255

Address: No.18,Bingxin Road,Quzhou Hi-Tech Industrial Park,Zhejiang,China

Metal assessed: cobalt

Evaluated: 10/22-24/24

Assessment Scope: 1/7/22 - 9/30/24

Appraisal company: SGS

Assessment status: Compliant

Report Link:

<https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Quzhou%20Huayou%20Cobalt%20Public%20Report.pdf>

Company name: Quzhou Huayou Cobalt New Material Co. Ltd.

Enterprise number: DDMSC0026

Address: No.18,Bingxin Road,Quzhou Hi-Tech Industrial Park,Zhejiang,China

Metal assessed: nickel

Evaluation: 11/13-14/24

Assessment Scope: 01/11/23 - 10/31/24

Appraisal Company: CIBS Hexin (Beijing) Certification Co.

Assessment result: AA

Link to report:

<https://www.shuzih.com/pub/5effd16059aa1265fb7f6688b3177f0c/b3e06b6d332144f19a68bf16bf8f84d1.pdf>

Company name: Guangxi Huayou New Material Co. Ltd.

Enterprise number: DDMSC0041

Address: No.28 Huayou Avenue, Longtan Industrial Park, Bobai County, Yulin City, Guangxi Zhuang Autonomous Region, China
Metal assessed: nickel
Evaluated: 12/13/24
Assessment Scope: 01/12/23 - 11/30/24
Appraisal Company: Fangyuan Logo Certification Group Co.
Assessment result: A
Link to report: https://www.shuzih.com/pub/5effd16059aa1265fb7f6688b3177f0c/e2e0e1e2c4ab4444a9446008f310feac.pdf

Company name: PT HUAYUE NICKEL COBALT
Enterprise No.: CID004004 CID004524
Company Address: IMIP Industrial Park, Morowali, Central Sulawesi, Indonesia
Metal assessed: Nickel Cobalt
Evaluation: 7/22/24/24
Assessment Scope: 01/07/23 - 06/30/24
Appraisal firm: TUV-Rheinland
Assessment status: Compliant
Link to report: https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/PT%20HUAYUE%20NICKEL%20COBALT.pdf

Company name: : PT HUAFEI NICKEL COBALT
Enterprise No.: CID005214 CID005213
Company Address: Widabe Industrial Park (IWIP), Hamahera Island, Maluku, Indonesia
Metal assessed: Nickel Cobalt
Date of assessment: 4/21/25 - 4/23/25 (as of this reporting period, no on-site assessment has been conducted)
Assessment status: Active

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

Public reporting is a fundamental responsibility of all stakeholders upstream and downstream in the mineral supply chain to make the supply chain more responsible. Every year, Huayou publicly releases the Mineral Supply Chain Due Diligence Management Report and the Environmental, Social and Governance (ESG) Report. The relevant reports prove our commitment and we welcome your feedback, and encourage all of our counterparts and supply chain partners to engage in responsible supply chain due diligence management and to promote the green and healthy development of the industry.

In addition, Huayou has been actively participating in global mineral supply chain due diligence management events and forums to promote mineral supply chain due diligence management requirements and practices to the whole industry, as well as to listen to more experiences and ideas on mineral supply chain due diligence management.

Step 6: Provide conditions or cooperate in remediation when appropriate

Remediation is not an integral part of the due diligence management process, but rather a separate key process that needs to be provided for and supported in due diligence management. During the reporting period, the company did not experience any incidents that required measures to be taken for remediation.

Zhejinag Huayou Cobalt Co.,Ltd.

April 18, 2025

Reader Feedback Form

Dear Reader:

Hello!

Thank you very much for reading the Supply Chain Due Diligence Management Report of Huayou Cobalt in your busy schedule. In order to provide you and other stakeholders with more valuable information and effectively promote the Company's ability and level of supply chain due diligence management, we sincerely look forward to your comments and suggestions.

Multiple choice questions (please mark ✓ in the appropriate place)

1. Your overall assessment of this report is:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Poor

2. What is the report's responsiveness to and disclosure of stakeholder concerns?

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Poor

3. How do you think Huayou Cobalt is doing in terms of supply chain due diligence?

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Poor

4 Do you find the organization and layout of this report easy to read?

☐ Yes ☐ No

open-ended question

Do you have any comments or suggestions about Huayou Cobalt's supply chain due diligence management and this report?

