

ESG Policy of Huayou Cobalt



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1. INTRODUCTION

Zhejiang Huayou Cobalt Limited (hereinafter referred to as "Huayou Cobalt") is a high-tech enterprise engaged in the research, development and manufacturing of new energy lithium battery materials and cobalt new materials, with three major businesses: resource development, new materials and new energy manufacturing. The business type covers the new energy lithium battery industry ecology consisting of development and smelting of cobalt and nickel resources, the deep processing of lithium battery cathode materials and the recycling of resources. With the mission of creating value for the customers and leading the industry advancement, Huayou Cobalt is committed to becoming a global leader in new energy lithium battery materials. In its 20 years of business operation, Huayou Cobalt is fully aware that sustainable development is not only the development direction of the industries of new energy and



2. SCOPE OF APPLICATION

This Policy applies to Huayou Cobalt subsidiaries around the world, including those controlled (directly or indirectly) or operated by Huayou Cobalt around the world. Huayou Cobalt also undertakes to influence joint ventures not controlled by the Company and urge such joint ventures to act in accordance with the provisions of this Policy.

3. POLICY COMMITMENTS

Climate change and energy consumption

Huayou Cobalt has incorporated climate change issues into its ESG governance framework, the Board of Directors comprehensively supervises implementation, and Huayou Cobalt has established a top-down addressing plan to climate change. We will work with global stakeholders to achieve carbon neutrality of Scope 1 and Scope 2 emissions by 2050 in line with the Paris Agreement. We will analyse the short, medium and long-term climate change risks (both physical risks and transformational risks) for all assets and propose strategies to address such risks. We will make climate change issue disclosures that meet the requirements of the Task Force on Climate Related Financial Disclosures (TCFD) by 2026. Huayou Cobalt seeks to improve energy security, ensures to own affordable and reliable energy, develops viable technologies to reduce energy consumption intensity, and actively promotes the transformation of the energy structure and increases the proportion of utilized renewable and low-carbon energy.

Pollutant emissions

Huayou Cobalt will apply advanced technologies to reduce or lower pollutant emission levels (including exhaust gas, wastewater and solid waste) for each of its assets, and adopt more stringent emission limits as far as possible within the applicable ~~World Bank~~ *World Bank Group Environmental, Health and Safety Guidelines* (WBG EHS Guidelines)¹ and standards of the host country. Huayou Cobalt will disclose pollutant emission ~~amount~~ progressively in accordance with internationally accepted requirements (e.g. GRI, HKSE disclosure requirements, etc.). For all types of pollutants/waste generated by the projects

Huayou Cobalt strictly complies with the regulatory requirements for biodiversity impact assessment and management in the host country and implements the management of biodiversity impacts throughout the life cycle of the project.

Huayou Cobalt is committed to protecting the natural habitats and endangered species within the impact areas of the mine and undertakes not to construct project at the World Heritage Sites², IUCN Protected Area Categories I-III³ and the core areas of UNESCO biosphere reserves⁴. Huayou Cobalt will respect the statutory protected areas⁵ and ensure that new projects or altered projects do not change the protection values of such areas.

Tailings management

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

quality monitoring, assessment of risks and opportunities of resource consumption, proactive communication with neighboring communities and other stakeholders to avoid significant contribution to greenhouse gas emissions in terms of value chain.

Indigenous people

Huayou Cobalt recognizes that indigenous people have unique cultures, histories, practices and identities and will respect indigenous people's rights, traditional knowledge, cultural heritage and the ecosystems on which they depend throughout the life cycle of the project. Free, prior and informed consent (FPIC)⁶ is obtained from affected indigenous people communities prior to project construction and operation. An ongoing partnership is established and maintained with the indigenous people affected by the project throughout the project life cycle to avoid or minimize adverse impacts on indigenous people, Huayou Cobalt will also create culturally appropriate sustainable development benefits and opportunities for indigenous people wherever possible to help them achieve sustainable economic and social development goals.

Involuntary migration

Huayou Cobalt undertakes to minimize the occupation of land (especially high-quality land) for project construction by optimizing project design plans and site selection and considering possible alternatives. Huayou Cobalt will avoid and minimize physical migration caused by the project as far as permitted by the policies and regulations of the host country, compensate migrated communities and individuals for the loss of assets at full replacement cost, focus on the restoration of livelihoods of involuntary migrants and create employment opportunities for the resettlement households affected by the project.

Human rights

Huayou Company respects the human rights of all employees and affected communities to avoid

OCN

Eliminate discrimination in hiring and employment;

Intolerance of any form of violation and abuse of personality;

Protect the occupational health and safety of employees;

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

Respect the rights of employees to freedom of association and collective bargaining, to the extent permitted by the regulations of the host

IRMA

In accordance with the International Responsible Mining Assurance (IRMA, 2020) to avoid, minimize, restore or compensate for adverse impacts.

Health and safety

Huayou Cobalt complies with the occupational health and safety laws and regulations of the host country, identifies and assesses risks of safety and occupational health in its operations, manages and monitors the impact of the risks, ensures the health and safety of its employees and contractors working at project sites, and achieves the work goal of "zero death and zero occupational disease" by establishing a safety management committee.

To prevent occupational diseases and work-related injuries, Huayou Cobalt will identify and assess occupational health hazards and unsafe behaviours and conditions present at the work sites, manage their risks, and regularly monitor and report the health and safety status of our employees.

For projects already in operation, the operating company and worker representatives will form a joint health and safety committee or equivalent body to regularly inspect the work environment to identify the various hazards to which workers may be exposed in the workplace and to assess the effectiveness of occupational health and safety control and protection measures.

Community health and safety

Huayou Cobalt takes full account of the health and safety risks posed by the project to the affected communities and avoids or minimizes risks to the affected communities by optimizing the design, construction and operation and closing of the structural elements or components of the project to protect the safety of people and property.

Taking into account the characteristics of its own industry, Huayou Cobalt will carry out an assessment of the risks and impacts that may be suffered by the community's health and safety during the life cycle of the project, focus on the potential risks to the community in terms of tailings facilities, soil and groundwater pollution prevention and control,

