



# About the Report

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## Scope of Report

The present report is the 5th corporate social responsibility report issued by Zhejiang Huayou Cobalt Co., Ltd. The information and data mainly cover various corporate social responsibility practices of the Company from January 1, 2019 to December 31, 2019. Based on the continuity and comparison of the report, some data and information are not limited to 2019. The scope and content of this report have not changed significantly from the period of the fourth report released in May 2019.

## Preparation Principles

This report is prepared with reference to the GRI Standards issued by the Global Reporting Initiative (GRI), and the Environmental, Social and Governance (ESG) Reporting Guide, by combining the United Nations Sustainable Development Goals (UN SDGs) and ISO26000/GB/T36000-2015 (Guidance on Social Responsibility). This report conforms to the relevant requirements stipulated in the Notice of Shanghai Stock Exchange on Strengthening the Social Responsibility Assumption of Listed Companies and Issuing the Guidelines for Environmental Information Disclosure of Listed Companies released by Shanghai Stock Exchange.

## Content Selection

In preparing this report, the Company followed the GRI Standard principles of stakeholders' participation, sustainable development background, substance, integrity, balance, comparability, accuracy, timeliness, clarity and reliability, and made representations from the perspectives of economy, society and environment. The Company also followed the reporting principles of importance, quantification, balance and consistency specified in the ESG Reporting Guide, disclosed relevant contents required in Parts A, B and C, and highlighted the Company's responsibilities in labor practice, human rights management, environmental management, business ethics management, responsible supply chain management, product responsibility and public welfare management. The data and information collection herein is carried out in accordance with the procedures required by GRI Standard, ESG Reporting Guide and the Company's existing workflow. To improve the credibility of this report, the Company commissioned Bureau Veritas for third-party report verification.

## Release Mode

The report is released once a year in both print and online forms. The online version is available on our website (www.huayou.com). The report is prepared in both Chinese and English, and the Chinese version shall prevail in case of any ambiguity in understanding the text of the two versions.

## Description of Reference

In this report, Zhejiang Huayou Cobalt Co., Ltd. is referred to as "Huayou Cobalt" or "the Company" which can refer to the whole group or Tongxiang Factory regarding production index design; Quzhou Huayou Cobalt New Materials Co., Ltd. is referred to as "Quzhou Huayou"; Quzhou Huayou Resource Regeneration Technology Co., Ltd. is referred to as "Resource Regeneration"; Huayou New Energy Technology (Quzhou) Co., Ltd. is referred to as "Huayou New Energy"; Quzhou Huahai New Energy Technology Co., Ltd. is referred to as "Huahai New Energy"; Congo Dongfang International Mining Sprl is referred to as "CDM"; La Miniere De Kasombo SAS is referred to as "MIKAS"; Huajin New Energy Materials (Quzhou) Co., Ltd. is referred to as "Huajin"; Zhejiang Huayou Posco New Energy Materials Co., Ltd. is referred to as "Huayou Posco"; PT. HUAYUE NICKEL COBALT is referred to as "Huayue"; Zhejiang Huayou Recycling Technology Co., Ltd. is referred to as "Huayou Recycling"; and Zhejiang Huayou Electric Power Technology Co., Ltd. is referred to as "Huayou Electric Power".

## Copyright

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Responsible Supply Chain

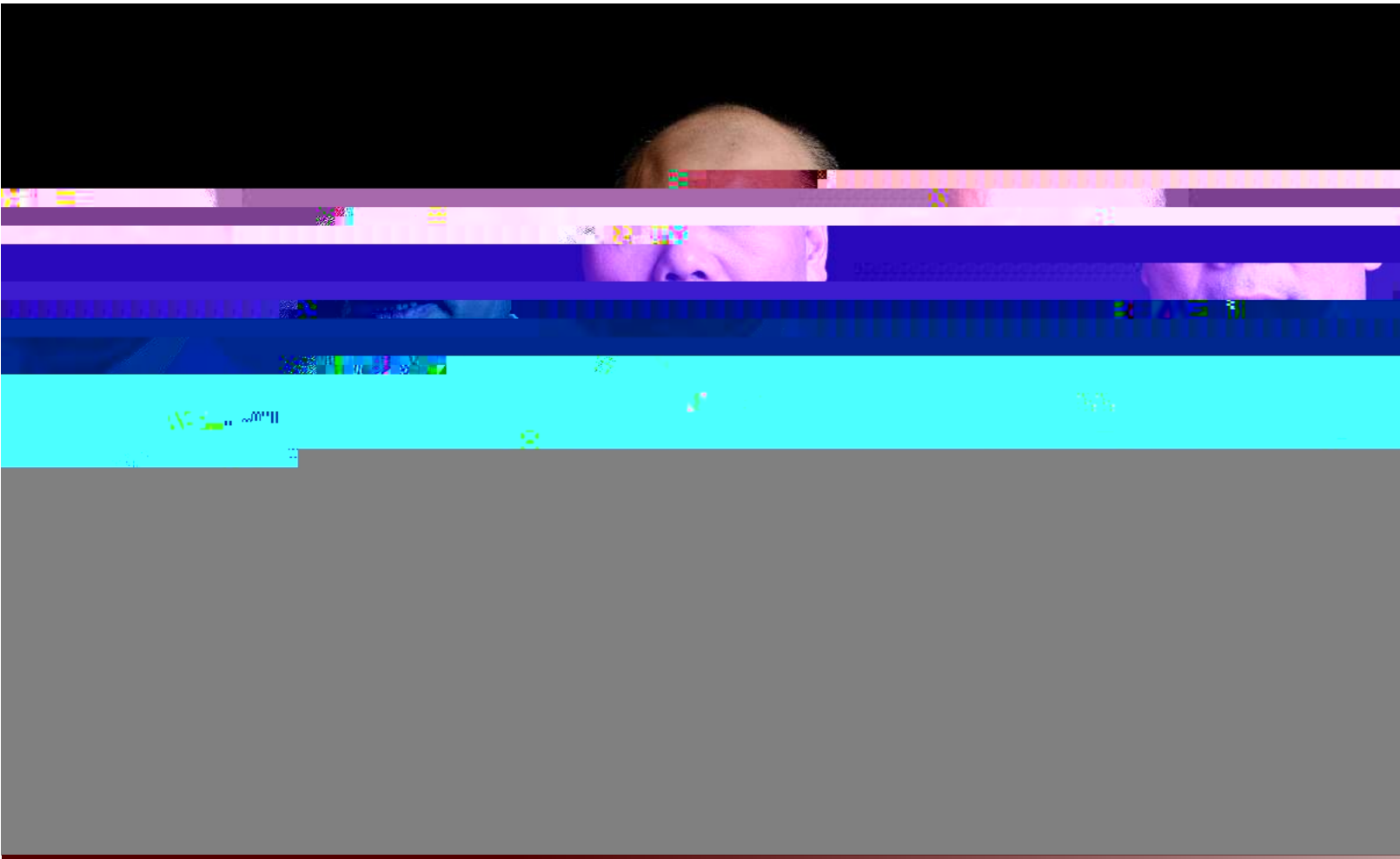
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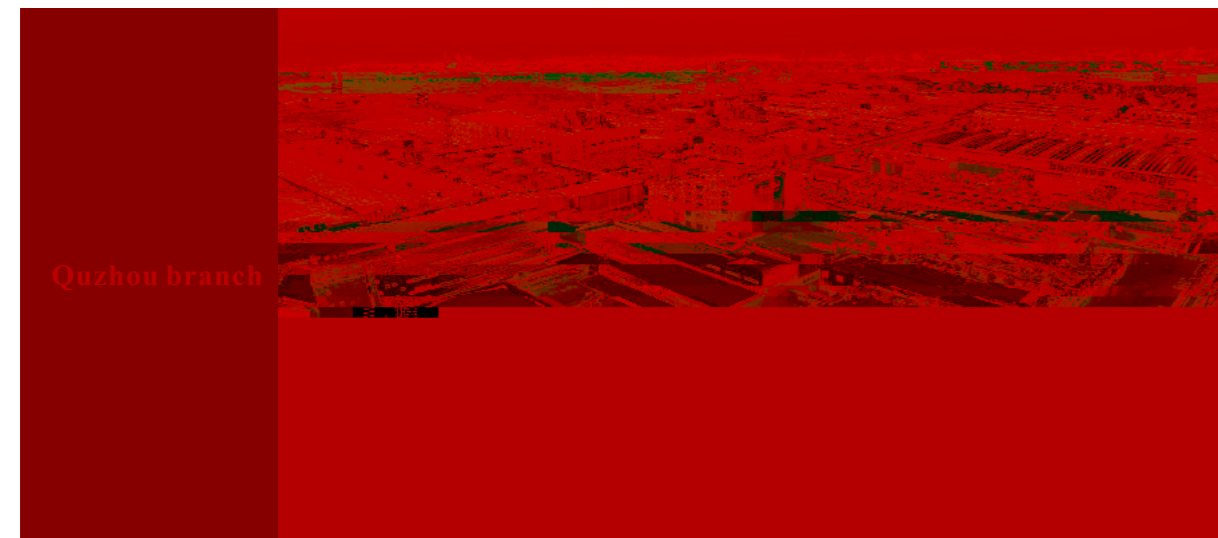


## The Chairman's Sp

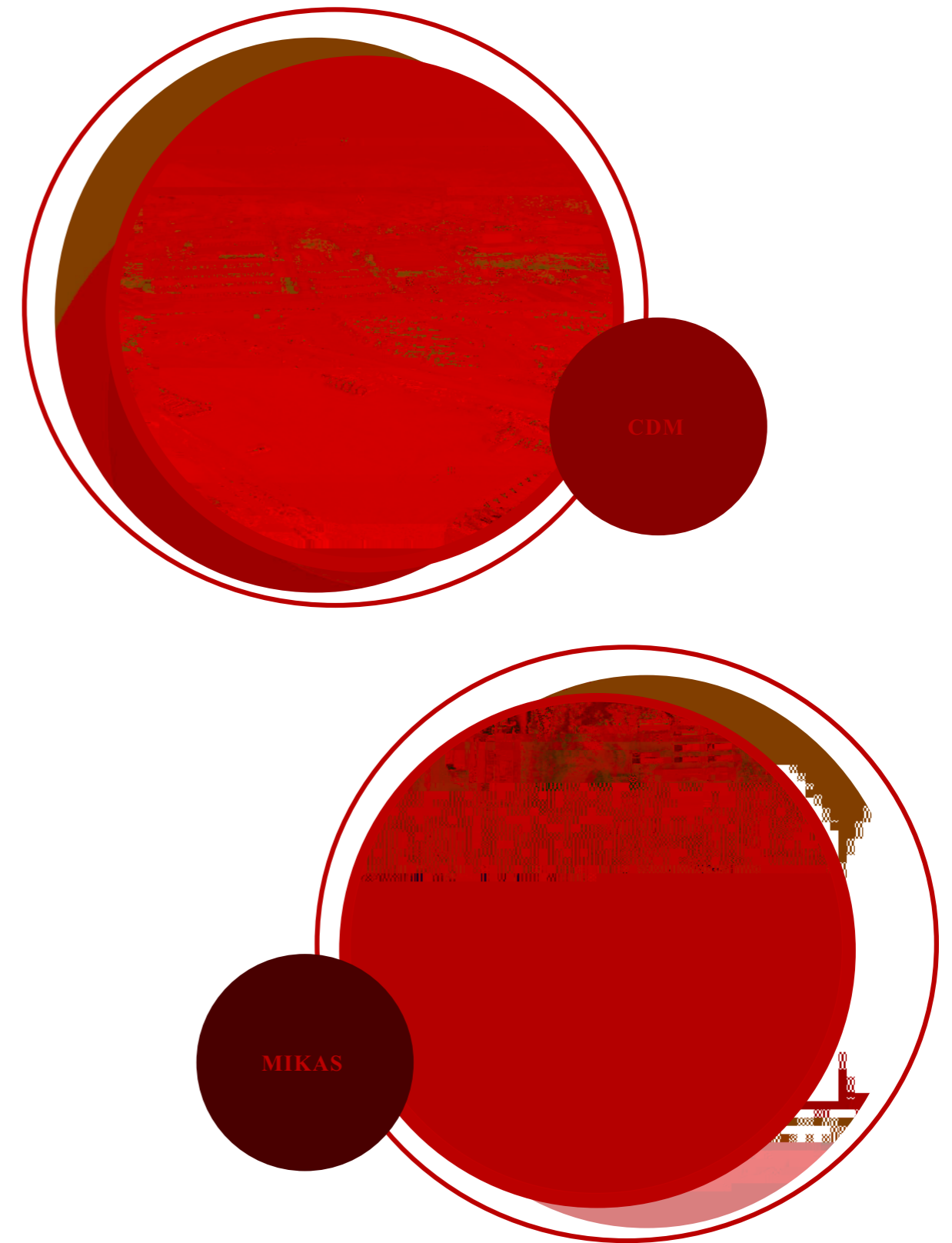
# Introduction of Huayou

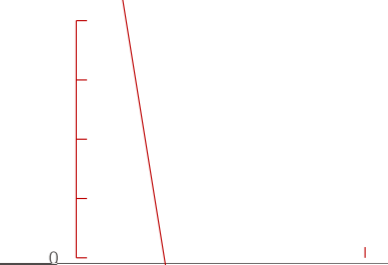
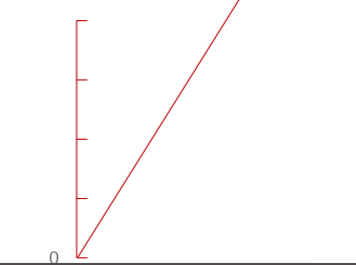
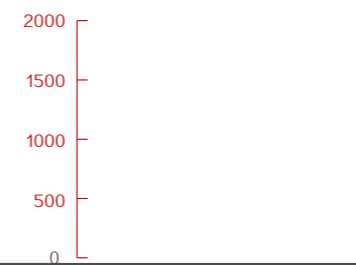
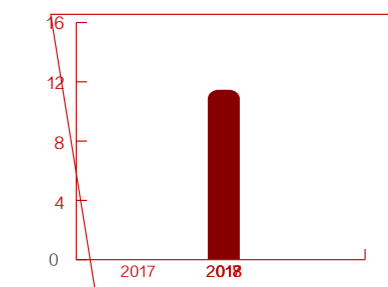
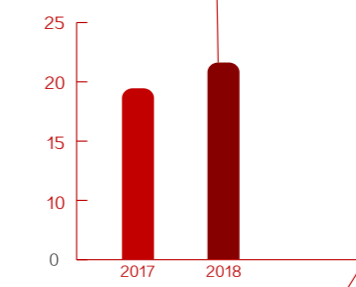
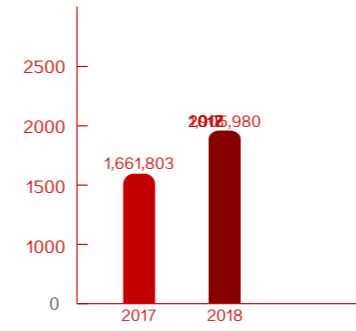
## Introduction of Huayou

Zhejiang Huayou Cobalt Co., Ltd. (hereinafter referred to as "Huayou Cobalt" or "the Company") is a high-tech enterprise specializing in the manufacture of new energy materials for lithium battery, deep processing of new materials for cobalt and mining, processing and smelting of non-ferrous metals, such as cobalt and copper. The Company was established in 2002 and headquartered at No. 18, Wuzhen East Road, Tongxiang City, Zhejiang Province. Main products of Huayou Cobalt (including the holding joint venture company) are lithium cathode materials, precursors of lithium cathode materials, cobalt chemicals, copper and nickel metals, such as cobalt tetroxide, cobalt sulfate, nickel sulfate, cobalt chloride, cobalt hydroxide, electrolytic copper, and electrolytic cobalt. The Company was listed on the Shanghai Stock Exchange in 2015 with stock code 603799. Great Mountain Enterprise Pte. Ltd., the Company's largest shareholder, and Zhejiang Huayou Holding Group Co., Ltd., the second largest shareholder, are the Persons Acting in Concert. Over ten years of development and growth has enabled Huayou Cobalt to establish a spatial layout of "headquarters in Tongxiang, resource guarantee in Africa, manufacture base in Quzhou, and market in the world", and also a vertically integrated industry structure combining the mining, dressing, smelting and new materials' deep processing, which is guaranteed by self-owned mineral resources, centering on cobalt new materials and supplemented by copper & nickel products.



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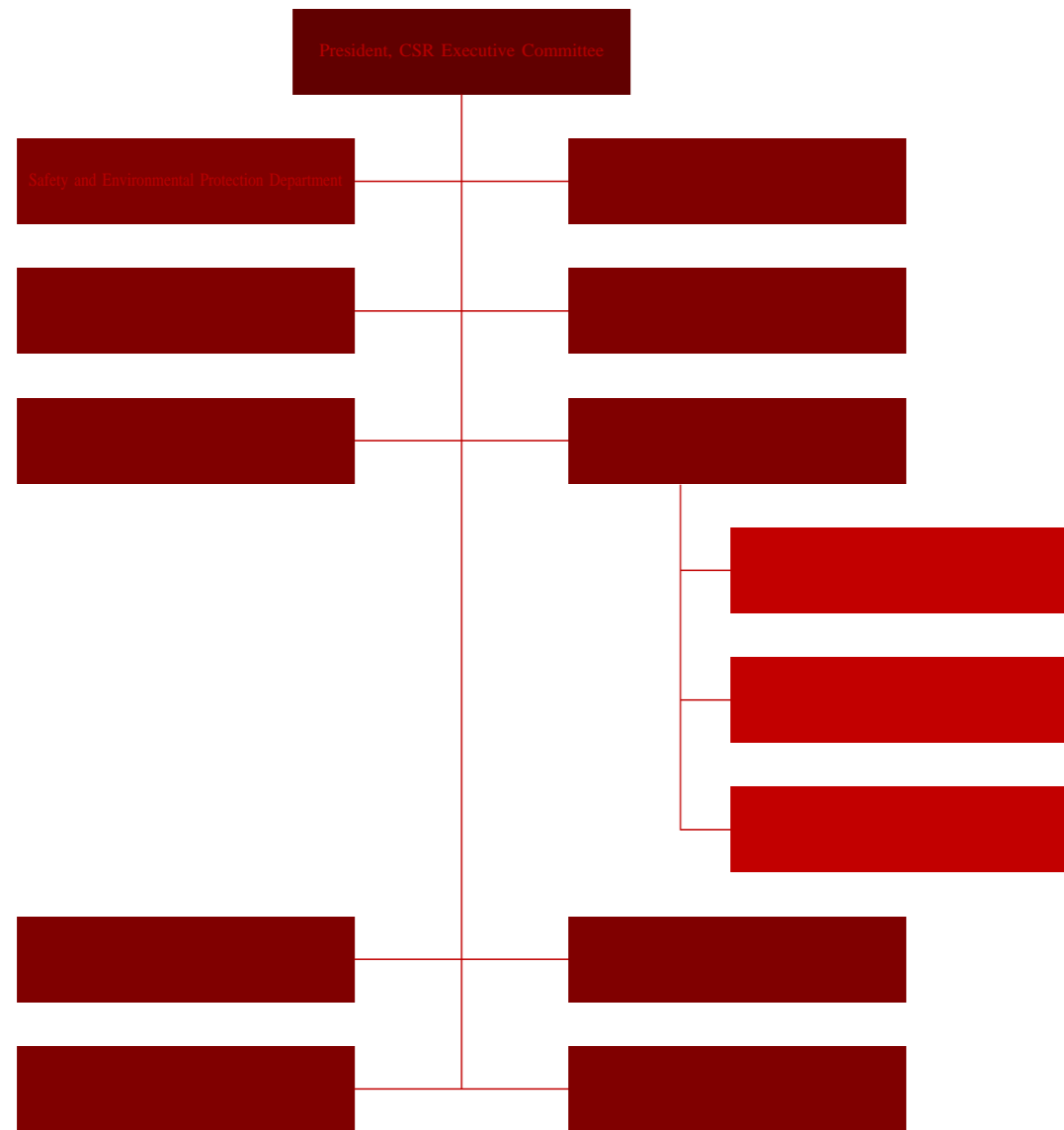
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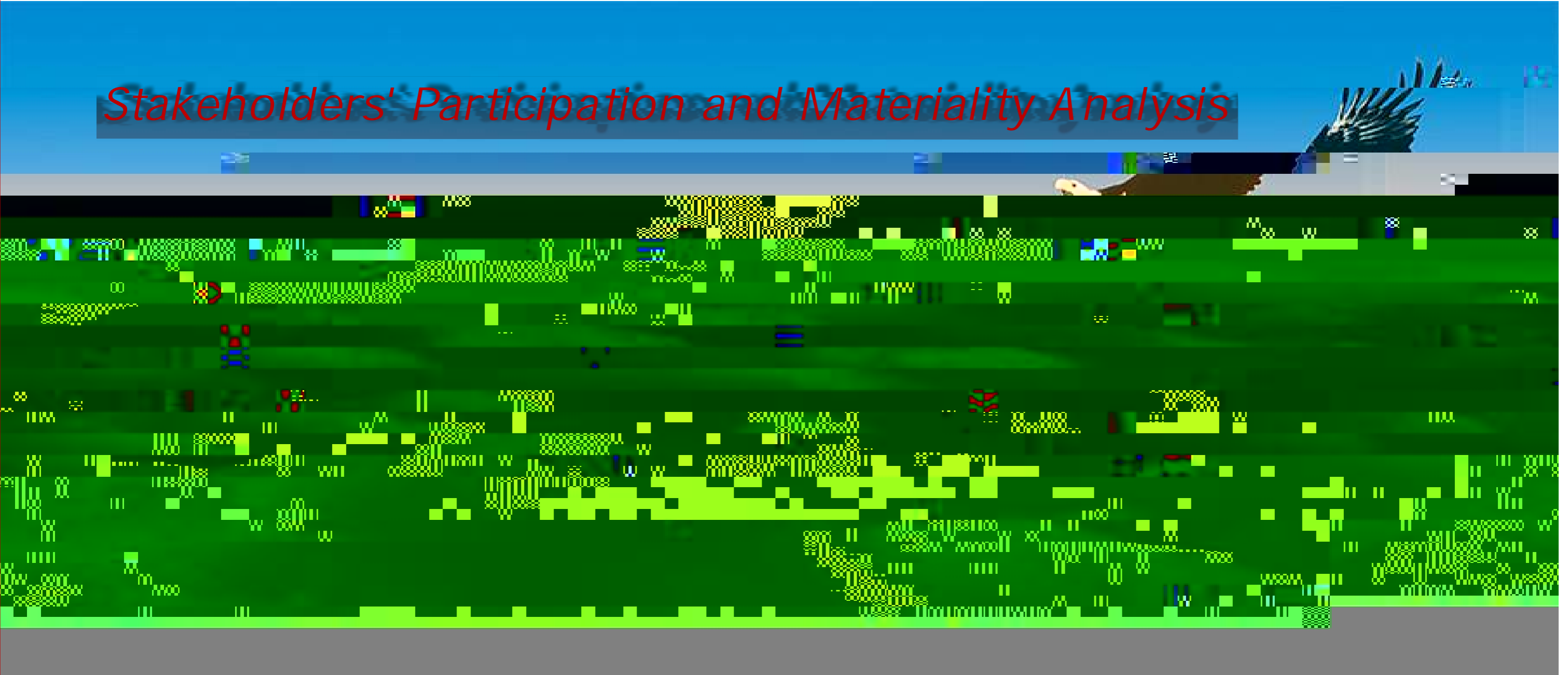


With the continuous expansion of the enterprise scale and the continuously explored industry, the Company is also increasingly influential at home and abroad. Becoming a responsible and respected enterprise has been put on the agenda. We will achieve proper corporate management to benefit the common people, give full play to our influence sustainably, emphasize corporate social responsibility, respond to national policies, and contribute to the common problems facing mankind.

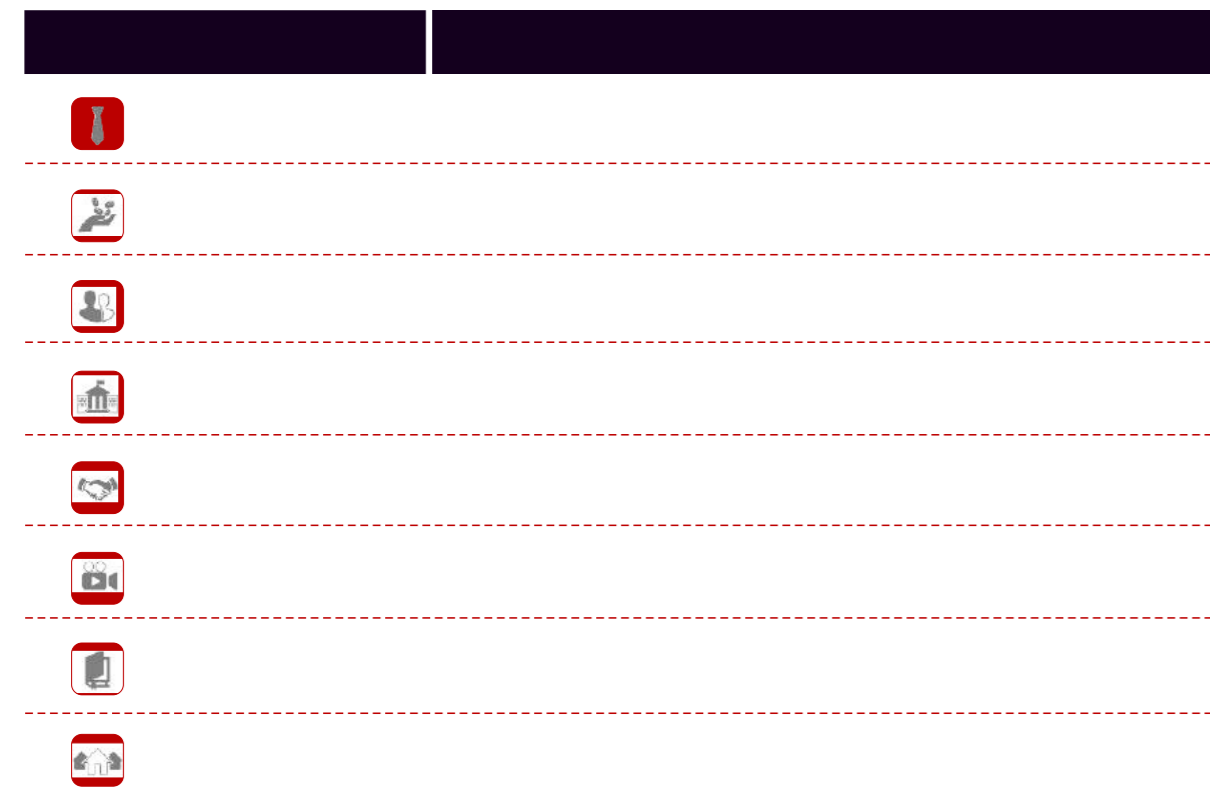
Since the successful A-share listing of the Company in 2015, the Board of Directors of the Company has conducted corporate governance as a standard listed company. In 2016, as the company attached great importance to sustainable development, the Social Responsibility Office was specially set up and successively set up in the African regions. In addition to the sucu M



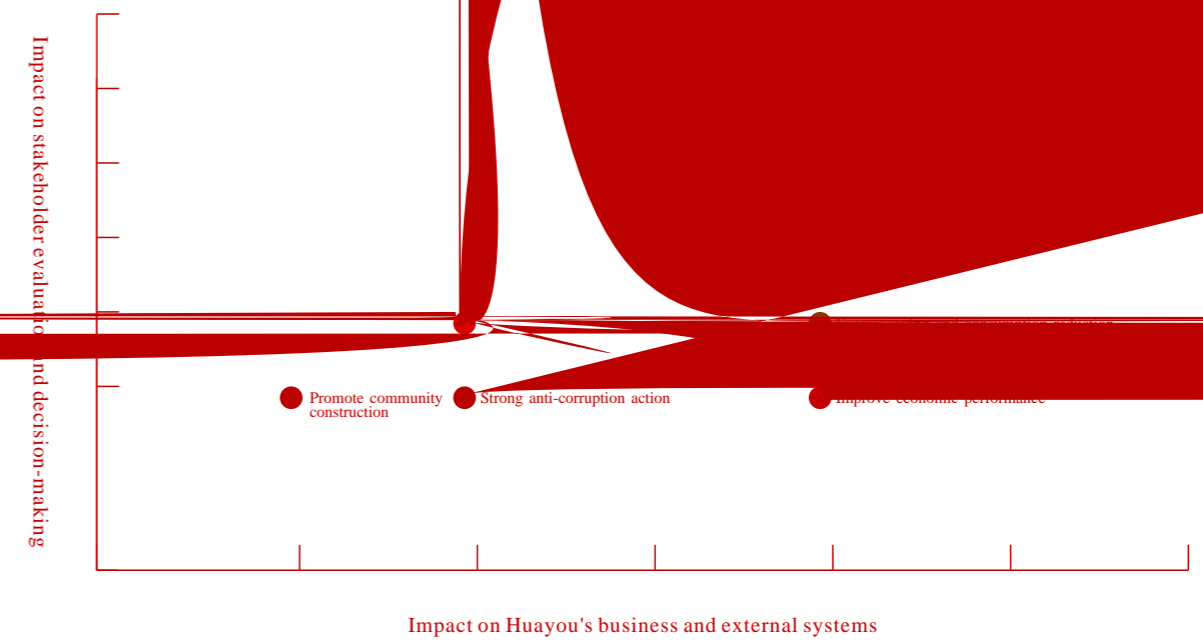
# *Stakeholders' Participation and Materiality Analysis*



## Stakeholders' Participation



## Substantive Issues



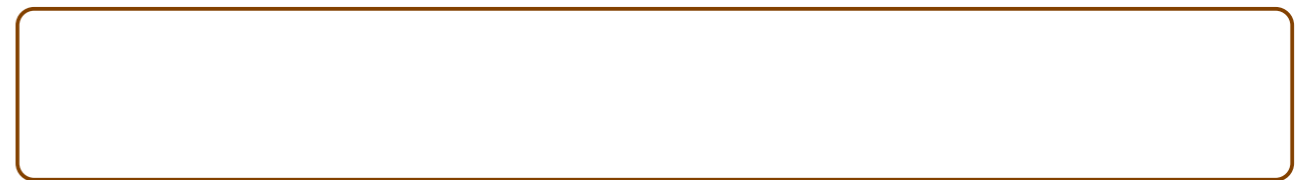
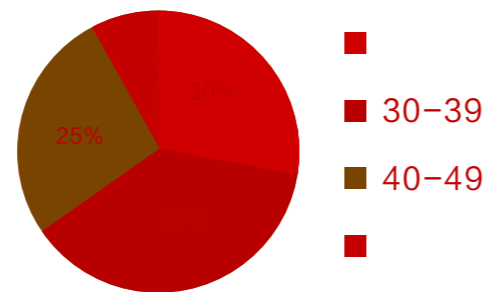
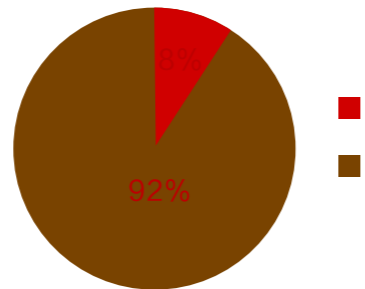
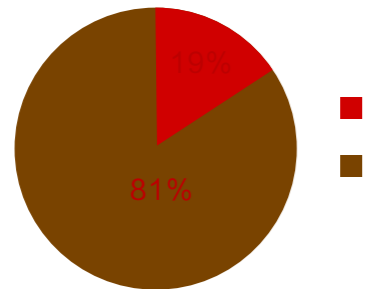


# *Labor Practice and Human Rights*

Diversified team



Male/female ratio(Male/female)



## Employee Development and Care

The company is committed to providing an equal, fair, diversified working environment, everyone is treated fairly at work, regardless of race, age, sex, religion, beliefs and other factors, and fair opportunities for employment will be given based on the ability of employees.

The company insists on people-oriented, pays attention to personnel's ability promotion and the career development, provides the vocational training and the development channel for the staff, to realize common growth and development of both the company and staff's.

In 2019, Huayou's human resources efforts remained be strategy-oriented, problem-oriented and goal-oriented, with the focus on the four major themes of consolidating the foundation, reducing costs and increasing efficiency, innovation and change, and organizational empowerment. To implement the striver-oriented concept of human resources, Huayou in 2019 focused on promoting the existing team to improve the management quality, accelerating the integration and contribution of new cadres, and echelon talent training and selection of college students, to promote the steady growth of business operation with high quality, efficiency and effect.

As a training base for outstanding employees, Huayou Cobalt Management College realizes the precipitation, management, dissemination and innovation of enterprise internal knowledge, enables enterprise staff to know more knowledge at lower cost and learn more quickly, and cultivates an excellent team of internal trainers and tutors, which rapidly promotes the transformation of the enterprise into a learning enterprise and enhances the core competitiveness of the enterprise.

2017-2019 Statistics Table of Training Performance

Item	2017	2018	2019
Number of employees	1,000	1,000	1,000
Number of training courses	1,000	1,000	1,000
Number of training hours	1,000	1,000	1,000
Number of training participants	1,000	1,000	1,000
Number of training projects	1,000	1,000	1,000
Number of training materials	1,000	1,000	1,000

Huayou invested RMB 1.454 million in training in 2019. There are many kinds of training courses, involving 1,677 kinds of courses, which carry out various types of training and learning activities in the form of classroom teaching, network learning, case study, action learning, outreach training and so on. The combination of the original credit system management and online & offline training provides a strong guarantee for training resources, and implements the concept of common growth and common development of the company and its employees.

## Career development of employees

In 2019, the Company has developed rapidly and the overall management level has been significantly improved. With the advancement of globalization and the development of the industry, the development channels and development opportunities for employees have become broader, providing employees with more opportunities for career development.

In 2019, the Company created an atmosphere of learning, exchange and competition based on ability improvement and skill competition, improved the work experience, raised the professional technical level and speed up the career development channel for employees. In terms of internal promotion, the Company established and implemented the internal promotion system, the promotion of employees is based on the principle of "openness, transparency and fairness", and the promotion of employees is based on the principle of "meritocracy".

## Competence growth of employees



Training for Systematic Ability Improvement of Professional Manager

Company Safety Training

Forklift skill competition

Maintenance skill competition

Works of chef skill competition



## Number of employees in Africa

At present, there are 2,746 Chinese and Congolese employees in the African Regional Management Headquarters, of whom 619 are Chinese and 2,127 are Congolese, with 2,634 male employees and 112 female employees.

In 2019, Huayou Resource further established and improved the training content and training system, and established and improved the team of instructors. It takes on-the-spot training, seminar and communication, case analysis, scenario simulation and other ways to improve the business skills and update the knowledge structure of employees.



Left: Training for local employees in Africa; Right: Training for local employees in Africa

### Training and education of Huayou resources section

The Company pays attention to the localization construction and the DRC local staff's use and the raise, to give full play to the role of local management and key employees in the company's management. Combined with the characteristics of overseas human resources, the company further improved institution and system construction, including the Regulations on the Management of Skills Grade Assessment for Technical Positions of Local Employees (Trial) and the System of Position Grades for Local Employees, and established skills assessment and post promotion system in line with local laws, providing channels for the career development and post promotion of employees, and enabling employees to focus more on their future direction of development and efforts. At the same time, the Company recruited Chinese overseas students to join us. These measures further promoted the localization process of corporate management, and achieved good economic and social effects.

### The company actively promotes the localization process of corporate management



In 2019, a total of 60 new college students joined Huayou Overseas Company. According to the Cultivation Plan for College Students formulated by the HR Department of the Group, combined with the actual situation overseas, and through one-to-one training and guidance by designated mentors, the Overseas Human Resources Department timely tracked the learning and growth of college students, and organized the assessment for the first three-month probation period and the fixed-post training phase, and timely fed back the assessment results to the employing department and the HR Department in the Group. After a six-month probation period, the college students graduated in 2019 have adapted to the change from students to social people, and better adapted to the overseas working environment.

### Cultivation of college students

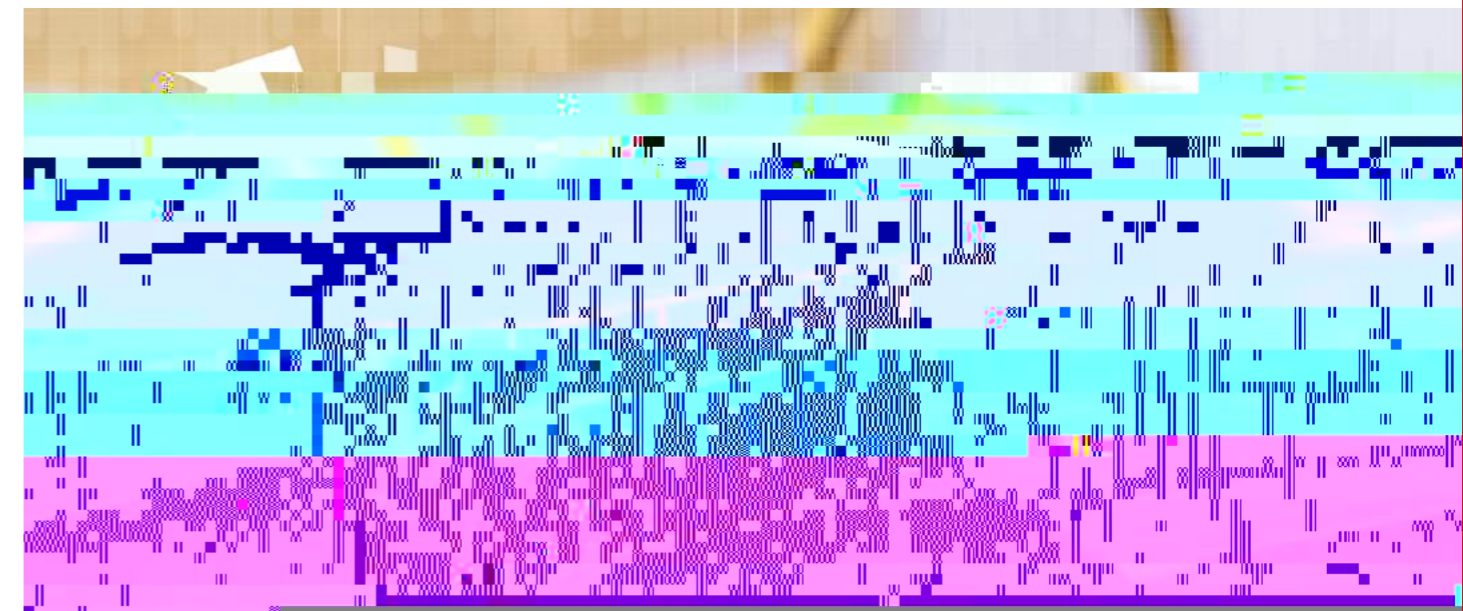
## Overview of Management Process and System for Employee Remuneration and Benefits in African Factory

### Overview of special welfare

01 Overseas companies carried out wage adjustment in January 2019 and established a new post-rank wage system and post qualification assessment standards. In 2019, the average wage growth rate of Congolese employees was 49%, and wage income of employees was further improved on the basis of practicing the laws and regulations of the DRC.

02 Overseas companies continue to improve the salary and benefit management system. In addition to the basic salary, employees also enjoy cash rewards or subsidies, such as seniority bonus, monthly performance bonus, inter-regional transfer bonus; Other benefits cover Christmas benefits, transportation allowance, family allowance, housing allowance, children's education allowance, family death allowance, etc.

03 The Company provides free medical care for the employees and their families. The company has 3 Chinese doctors and nurses in the infirmary, and 3 doctors and 5 nurses from DRC. In 2019, it met the demand for 26,428 visits by DRC employees and their families, of which 6,886 (company employees and their family members) were assigned to hospitals contracted by the Company.



## Employee Remuneration and Benefits

Remuneration and benefits are the material guarantee of employees' right to subsistence and development. Huayou insists a competitive compensation level in the industry and the local region, so that employees can live a dignified life. According to the requirements of laws and regulations, the company implements the comprehensive working hour calculation system for grass-roots employees, the standard working hour system for management and technical personnel, and strictly controls the overtime hours to protect the rest rights and interests of employees; if employees work overtime on holidays, we will give overtime pay according to law and take time off for work overtime on Sunday. The Company provides employees with "social security packages and housing provident fund" social welfare guarantee, and sets up reasonable salary structure, including post salary, performance salary, skill allowance, management allowance, overtime pay, post allowance, night shift allowance, monthly performance bonus, annual performance salary and other subsidies. It not only embodies the reasonable return to employees' labor, but also encourages employees to continuously improve their professional ability, reflects the cultural concept of "high performance, high income; enterprise efficiency, income increase", and guides employees to strive for common development and growth with the enterprise. In addition to the benefits provided by statute, the Company offers a variety of special benefits, such as: providing employees with event condolences, talent apartment, rental subsidy, talent allowance, commercial medical insurance and other welfare systems.



Chen Xuehua, Chairman of the Board of Directors of the Company, consoles workers at the production line on first day of the lunar year



Chen Xuehua, Chairman of the Board of Directors of the Company, consoles staff of the central laboratory of technology building on first day of the lunar year

Statistics Table of Employee Compensation Benefit Performance Data

Item	2017	2018	2019
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

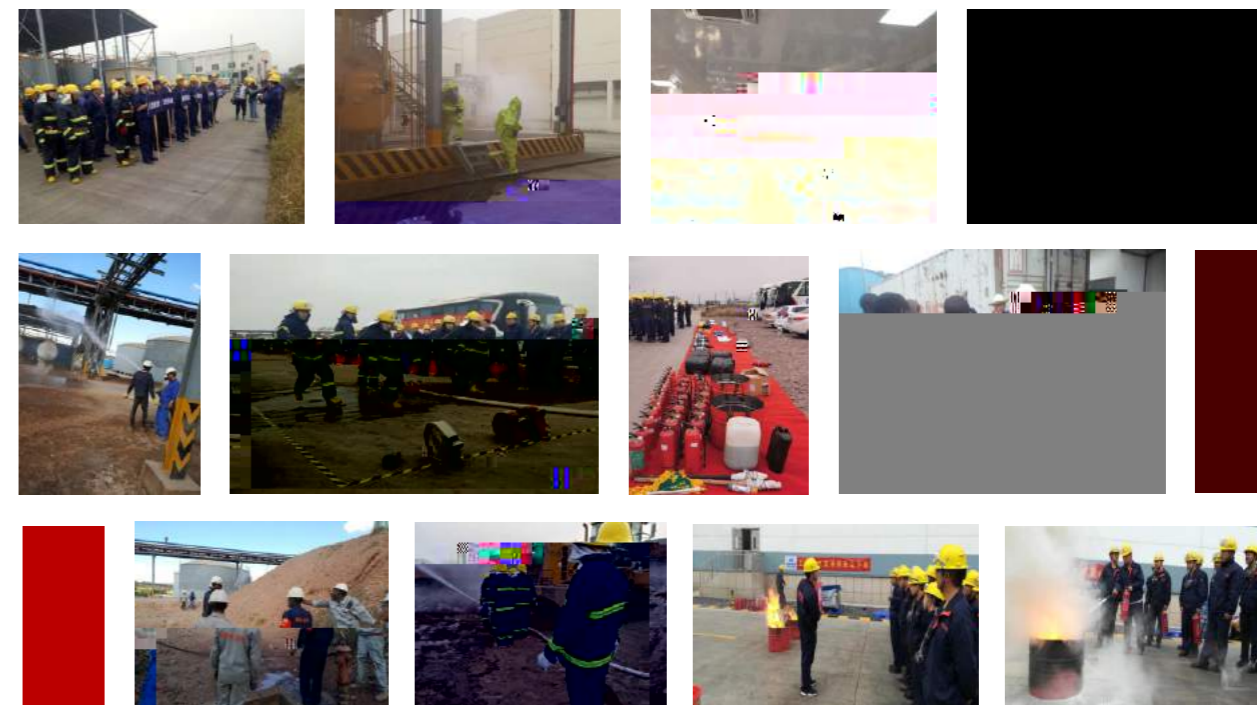
The Company regularly holds special employee satisfaction or feedback surveys, such as the canteen questionnaire survey conducted by the Food Committee; but the Company did not conduct a comprehensive employee satisfaction survey in 2019. The staff turnover rate in 2019 was

[Redacted]

## Occupational health and safety management

The Company adheres to the people-oriented principle, strive to create a healthy, safe and comfortable working environment for employees, and perform its deserved corporate duties to protect the physical and mental health of employees.

The Company has unified leadership and centralized management over occupational health and safety management. Main leaders of each branch are fully responsible for the overall management of occupational health and safety and establishing an occupational health and safety management system, and setting up an EHS Committee to lead, organize, plan and coordinate the occupational health and safety management of each department of own branch. In accordance with the law and regulations, the Company implements the responsibility for production safety, adheres to the management goal of "safety first and prevention crucial", and continually improves the level of safety management, to prevent and reduce the occurrence of safety accidents, fulfill social responsibilities, and promote the harmonious development of the Company, employees and society.



03



04

**Occupational safety**  
 We continue to improve and expand the safety program for workers caused by their physical, mental and other factors. We also actively conduct safety training and implementing various measures to protect workers' health.

05



06

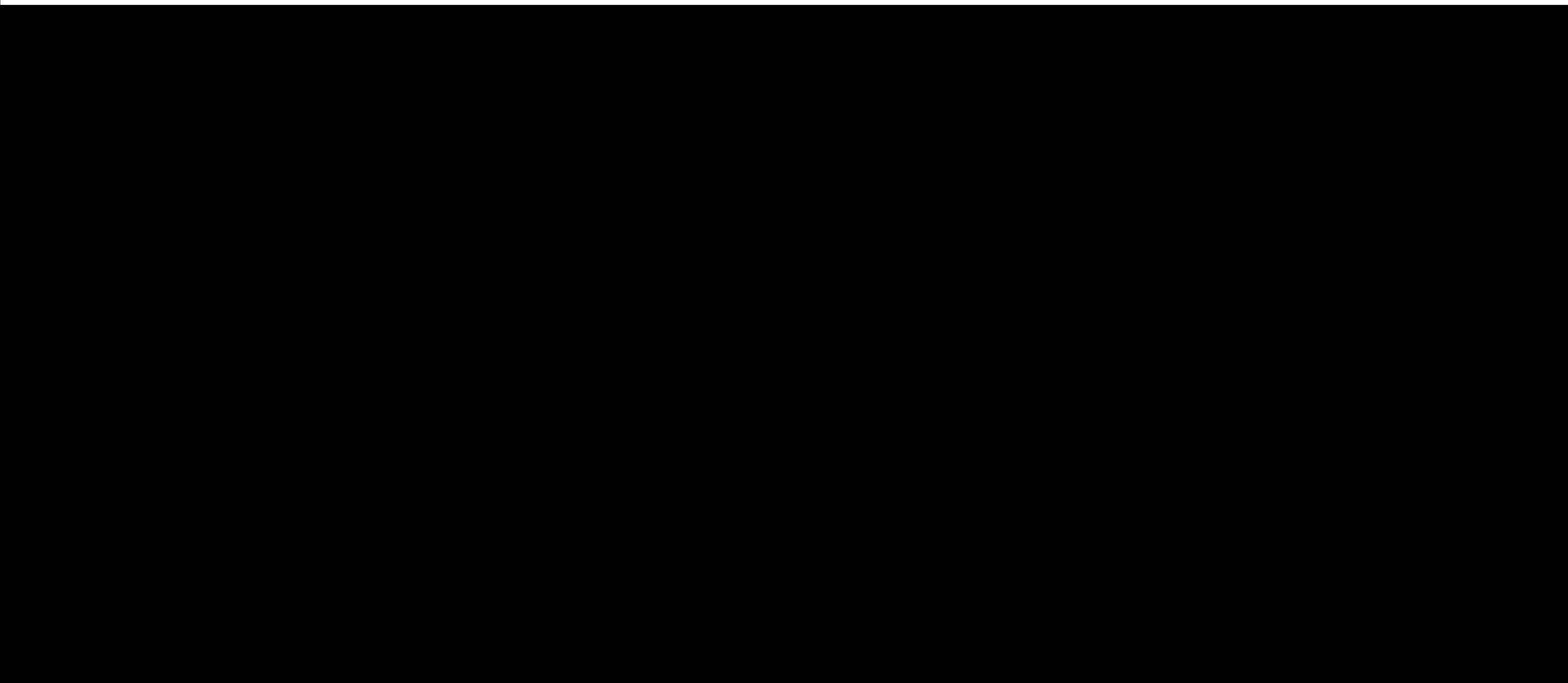
**Machine protection**  
 We have conducted the assessment of machine protection for all the workers in the company. Through machine inspection and treatment activities, to provide the best protection devices, devices and safety for workers that are safe, reliable, effective and easy to use.

07



**Occupational Health and Safety Indexes, 2017-2019**

Index	2017	2018	2019
Occupational safety			
Occupational health			
Machine protection			
Occupational safety			
Occupational health			
Machine protection			
Occupational safety			
Occupational health			
Machine protection			



Environment

01 Environment permit and report

The Company has obtained all necessary environmental permits, approvals and registration certificates, with regular maintenance and updating, and strictly abides by environmental protection laws and policies.

02 Pollution prevention and resource conservation

The Company reduces and eliminates all types of consumption (strengthening technological development and practice, and continually reducing product unit consumption and pollutant emissions, including water and energy, various raw and auxiliary materials) at the source or through practices (such as improving production, maintenance and facility processes, replacing materials, saving natural resources, material recovery and reuse).

We educate and train our employees to adopt a greener and more environmentally friendly work mode and lifestyle, to reduce waste, save water and electricity, and thus reduce the impact on living environment.

We actively participate in community environmental improvement and tree-planting greening, to promote the social and ecological civilization construction in the region, and continuously improve environmental quality.

03 Harmful substances

The Company identifies and controls the chemicals and other substances that are released to the environment and may result in danger, to ensure that all materials are treated, transported, stored, recycled, reused and disposed safely.

04 Waste water and solid waste

Waste water and solid wastes generated from operation, industrial processing and health facilities should be classified, monitored, controlled and treated before discharging or treatment according to the requirement.

Through minimizing and recycling solid wastes in the manufacturing process and recycling waste battery materials in the industrial chain, circular economy and green development can be realized. In 2019, the Company had about 18,759.76t cobalt materials totally (recycled materials were separately measured), about 6,773.36t copper materials, and about 2,301.74t nickel materials (recycled materials were separately measured). Recovered cobalt materials (materials extracted from downstream products in the Company's application industry chain) were 1,023t, accounting for 5.17% of total cobalt materials; recovered nickel materials (materials extracted from downstream products in the Company's application industry chain) were 2,063t, accounting for 47.27% of total nickel materials.

By adopting the most reasonable process flow & equipment and lean manufacturing mode, the waste of raw and auxiliary materials, energy and water resources can be minimized, the material recovery rate can be improved, and the waste emission can be reduced.

05 Air emissions

Air emissions such as volatile organic chemicals, dust particles, acid mist and other harmful substances generated by the Company during its operation shall be collected, monitored, controlled and treated as required before emission.

Providing customers with new energy materials needed by electric vehicle batteries, the Company can realize its vision of reducing air pollution.

06 Product content control

The Company complies with all applicable laws, regulations and customer requirements regarding the prohibition or restriction of specific substances (including marks on regeneration and disposal).



Environmental protection management



# *Business Ethics*

## Information security



■ 1、Enhance employees' awareness of information security

■ 2、Improve the organizational structure, and establish the information notification mechanism

### 1 Strengthen network security management

1.1 The Group's network security management divides the entire network into Internet access domain, outreach service domain, data center domain, intranet office domain and O&M management domain according to different regions and locations, and adopts corresponding security strategies and protection measures for different security domains.

1.2 In the Internet zone, L2-7 layer firewalls and intrusion detection equipment are deployed to conduct in-depth security threat analysis and detection of Internet inlet and outlet traffic.

1.3 To strengthen the secure interconnection between the headquarters and branches, the Company adopts the access mode of operator dedicated line links for large branches and IPSEC-VPN or SDWAN for small and medium-sized branches for secure interconnection.

1.4 Additionally, a highly available architecture is adopted for all equipment in the Company's core areas to ensure that there is no SPOF of equipment or links, which will affect business continuity.

1.5 Internet behavior management is deployed in Internet outlet areas, to standardize employees' Internet behavior, strengthen the audit of employees' Internet behavior, and rationally distribute Internet traffic.

### 2 Reinforce system security

2.1 Through the deployment of a unified patch upgrade system, anti-virus system, storage backup system and disaster recovery system, the business system is evaluated, and a security strategy suitable for the business is established to comprehensively strengthen the security of the host and application systems.

2.2 A security inspection shall be conducted regularly on data center

■ 2 Establishment of a supervision department

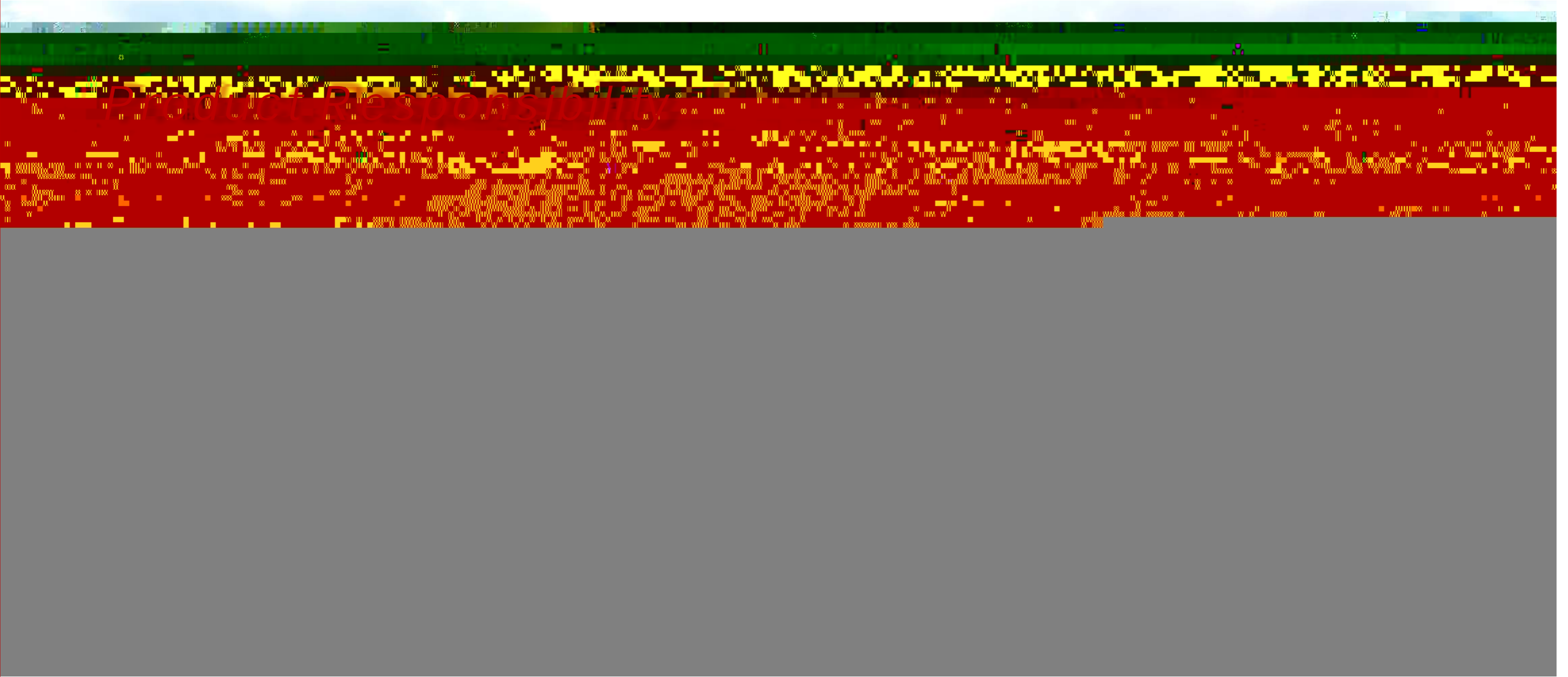
■ 3 Prevention of conflicts of interest

■ 4 Provision of reporting channels

Reporting channels include:

① Reporting letter, mailing address: Audit and Supervision Department (Principal),  
Zhejiang Huayou Cobalt Co., Ltd., No. 18 Wuzhendong Road, Tongxiang City, Zhejiang Province;

② Reporting Tel

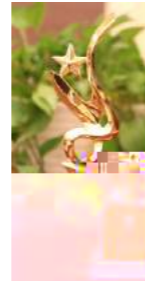


The Company's production involves a wide application field. Quality of the products will directly or indirectly affect the interests of stakeholders; so it is incumbent upon the Company to establish a quality management system, strengthen product design, produce high-quality, healthy, safe and green products, and contribute to the sustainable development of mankind.

In 2019, Huayou New Energy promoted the quality policy oriented by technological innovation and brand building, and officially obtained the certificate of (IATF16949: 2016) quality system certification issued by German TUV headquarters in December 2019. According to the system standards, the Company implements strict, systematic and comprehensive quality management in every link from feeding, process to product, and carries out various quality work solidly. For the key processes and key links that affect product quality, the Company implements key monitoring and testing, and adopts FMEA risk concept to ensure that each link can be effectively monitored and continuously improve the effectiveness of quality management system.



Certificate of IATF16949: 2016 Certification



Quzhou Municipal People's Government Quality Award 2018

In 2019, Quzhou Huayou continued to promote the quality policy oriented by customer demands. On the basis of steadily advancing ISO9001 quality management system, the quality management system IATF16949: 2016 for the automobile industry was introduced for strict, systematic and comprehensive quality management over each link of product realization. All quality work was carried out solidly; key monitoring and testing was implemented for key processes and key links that affected product quality to ensure that each link could be effectively monitored. The "systematization, precision, informatization and settlement" of quality management has been completed and phased results have been achieved. The Company has established a quality cost control to achieve a breakthrough from "0" to "1", and has applied for an advanced case of "seeking the best quality management results with quality cost as the breakthrough point" in Zhejiang Province. It was appraised as "2019 Top Ten Advanced Quality Management Method Demonstration Cases in Zhejiang Province", and won the "Quzhou Municipal People's Government Quality Award" in early 2019.

Implementing the Regulations on the Quality Management for Suppliers of Raw and Auxiliary Materials, Huayou New Energy carried out site audits and comprehensive evaluations of important suppliers for a total of 16 times in 2019 based the impact of incoming materials on product quality and the supply situation of the previous year. From standardized management, exception management, change management, process monitoring and measurement, it prompted suppliers to gradually establish a standardized quality management mechanism, and boosted the transformation of supplier quality management from "passive" to "active", effectively improving the quality of suppliers' products.

In 2019, the supplier access and evaluation management system was improved. According to the supply situation of incoming materials and user demands, Quzhou Huayou output the annual supplier audit plan, and totally completed 27 on-site supplier audits in 2019, thus comprehensively evaluating the supplier's quality assurance capability from system operation, abnormality management, change identification, process monitoring and measurement, laboratory management, feeding, warehousing, production process, finished product shipment control and other aspects. According to the Regulations on Access and Periodic Evaluation of Raw and Accessory Packaging Materials, the Company implemented the knock-out system management for suppliers, and developed special subjects to evaluate and improve the exclusive monopoly of suppliers. In 2019, the Company completed 14 exclusive supply improvements, with a total of 25 suppliers passing the audit and 2 failing the audit due to inability to provide system operation records or increased risk of supply capacity.

According to the procurement standards for raw materials, auxiliary materials, packaging materials and other materials, the Company implements various management procedures such as the Sampling Procedures, Acceptance Procedures for Raw and Accessory Materials/Packaging Consumables and Non-conforming Products Control Procedures. It samples and tests each batch of incoming materials and goods, and carries out acceptance following procurement standards to ensure that each batch of incoming materials can be effectively monitored.



To ensure the product quality, Huayou New Energy focuses on the production process and formulates operation process instructions, quality control plans, equipment operation procedures, and testing operation instructions for each post; so that the key control points in production processes can meet the specified requirements. Huayou New Energy makes full use of SPC (Statistical Process Control) process monitoring means to guide production, and takes timely measures when abnormalities are found. In the production process, a three-level supervision mechanism composing quality inspectors, technicians and team leaders is adopted to check the implementation of each process; and the quality data are promptly analyzed, reviewed and improved through daily and monthly regular meetings, thus ensuring the realization of scheduled quality objectives.

Quzhou Huayou has promoted TPM (Total Productive Maintenance) and hierarchical and grading equipment management, and has consolidated on-site basic management in strict accordance with the five principles of "fixed point, fixed period, fixed objective, fixed method and fixed person". Through lean manufacturing standardization - settlement of LPA hierarchical and classification audit standardization and building of model workshop, Quzhou Huayou strictly controls key control points in the production process, while creating an atmosphere for team management improvement and enhancing the production efficiency of the workshop.



Quzhou Huayou formulates internal control standards strictly in line with industry standards, and uses the SAP system for product warehousing management. In terms of product quality improvement, SPC (Statistical Process Control) improvement management was carried out in 2019, and total 53 key indicators were identified and incorporated into daily management. As a whole, the average value of product CPK (Process Capability Analysis Report Method) was increased by a gradient - the quantitative average value was increased by 20%, and the customer complaints of product stability and consistency was reduced by 43%. Additionally, a foreign matter management cycle promotion mechanism was established: Through the implementation of a series of management activities such as monthly plan-implementation-Quality Department inspection-monthly summary/evaluation-improvement and promotion/highlight promotion, the quality management level has been effectively promoted, the final annual target has been reached, and the foreign matter customer complaint has been reduced by 50%, ensuring that each batch of products can be delivered to customers on time and with good quality.



According to the Regulations on Customer Quality Information Processing, the Company timely collects all kinds of customer demands through multiple channels, and converts customer demands into internal shipment requirements to ensure that the quality requirements of shipped products continually meet customer requirements. For sold products, the customer usage is tracked through customer satisfaction surveys, daily communication and on-site visits, and the causes for abnormal product complaints reflected by customers are investigated promptly and the rectification report is replied to on time, to continuously improve customer satisfaction. According to feedback from third-party investigation agencies, the customer satisfaction in 2019 is 1.28 points higher than that in 2018.

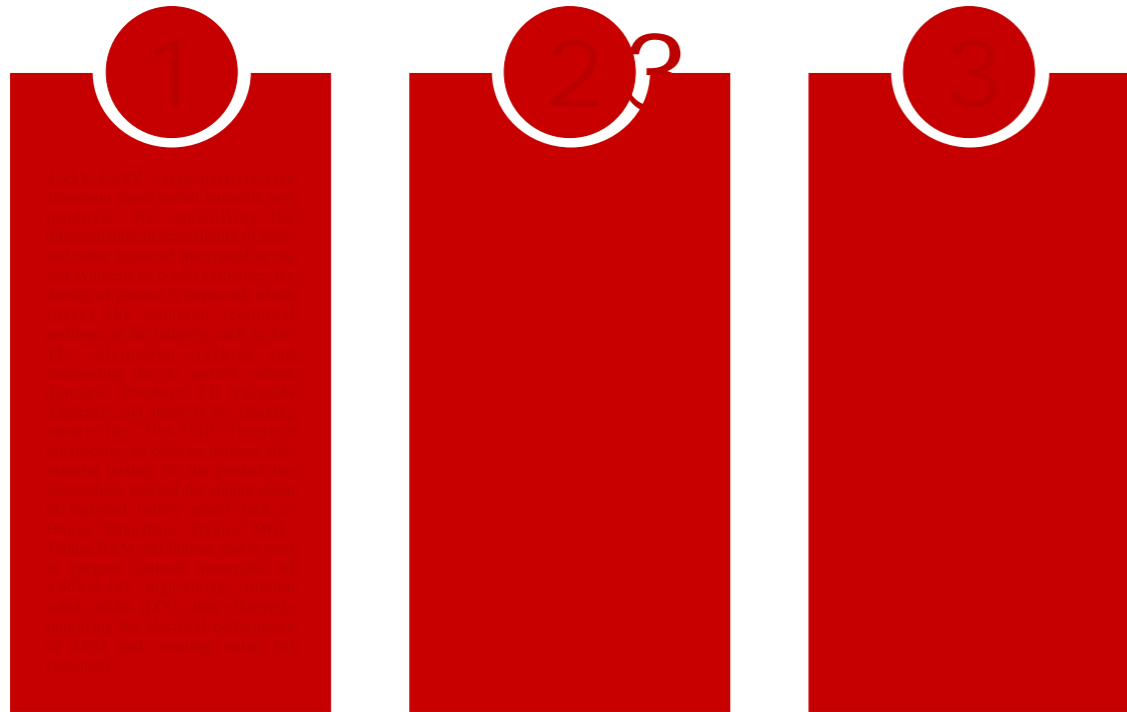
Customer Satisfaction Index	1.28	1.28	1.28	1.28
Customer Satisfaction Index	1.28	1.28	1.28	1.28



According to the requirements of RoHS/REACH of customers, the company signs environmental material management agreements with relevant suppliers for excipients and packaging materials that affect the quality of products, and requires suppliers to provide RoHS inspection reports for the materials supplied. Products such as nickel-cobalt-manganese hydroxide and cobaltous sulphate produced by the company are managed and controlled for environmental substances throughout the production process according to the Management Methods for Environmentally Harmful Substances. Meanwhile, external inspection institutions such as SGS are entrusted regularly to carry out RoHS/REACH/halogen inspection. All inspection results of our products meet the requirements, and the inspection reports are timely fed back to the customers.

## Key Achievements

### 1. New precursor products for lithium battery materials



## Quality Management

To further create a quality culture atmosphere for the whole company, all employees are mobilized to participate in quality construction, normalize the standardized management of production sites, and pool the wisdom and efforts of everyone to solve quality and production problems. So the second Huayou Nonferrous Metal "Spring Thunder Action" was planned to be carried out in 2019. This activity included four forms: "Spring Breeze and Rain" quality propaganda, "QCC Project Improvement" activity, "Still Standing" knowledge competition and "100-day Battle" special activity.

The basic knowledge of quality management is strengthened through a series of quality knowledge training, and such quality knowledge competition activities could not only verify the training effect, but also enhance the quality awareness of the company's staff and improve the company's quality control ability.

Through the establishment of the QCC Group, the Company makes concerted efforts to solve the problems encountered in production and management. In 2019, the "QCC Project Improvement Activity" was held in two phases, with 25 projects closed, and reducing costs and increasing efficiency by RMB 17.277 million/year. It effectively promoted intangible achievements such as process standard optimization, product stability improvement and customer evaluation improvement, and helped the Company to save production costs, improve product quality and optimize management processes.

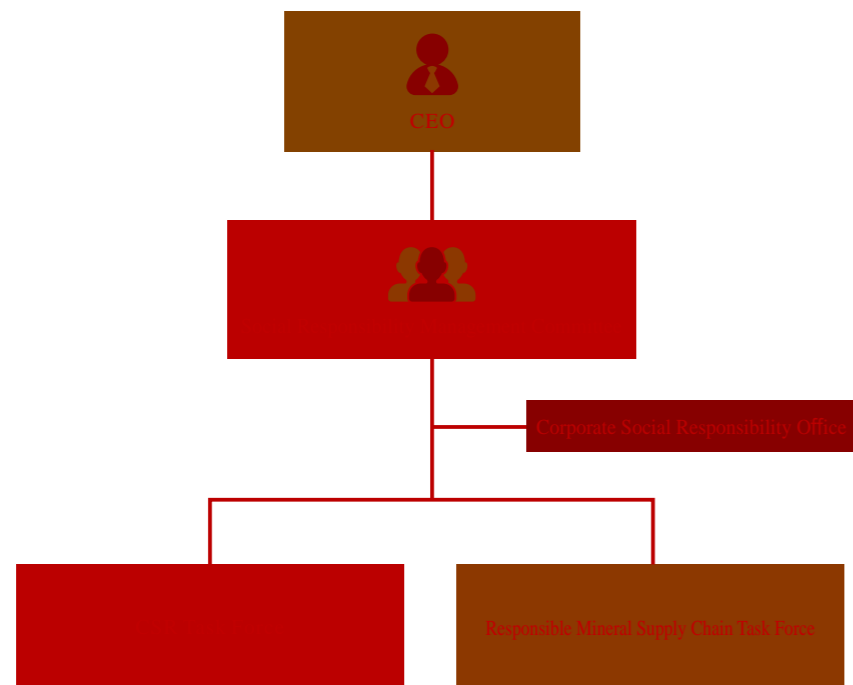
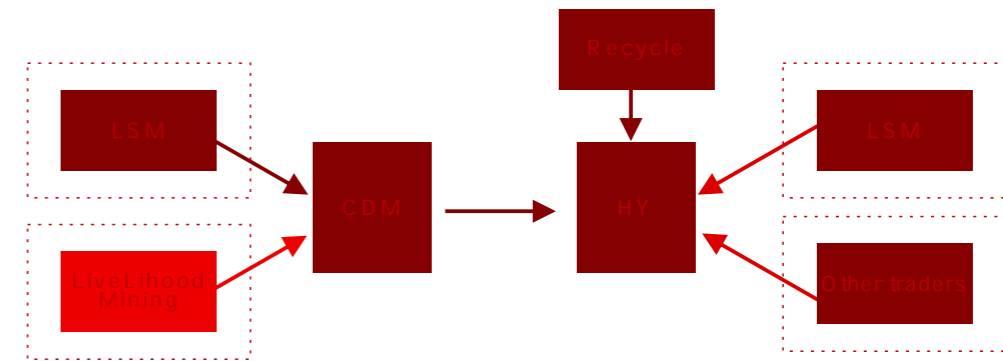
Knowledge competition



# Responsible Supply Chain



The due diligence management of Huayou Cobalt is mainly divided into two parts. The first is Huayou Group cobalt supply chain due diligence management which mainly carries out due diligence management on suppliers through the "five-step method" to collect relevant information on suppliers and their raw materials, including raw material mining, transportation, processing and other links, carries out risk assessment on suppliers, formulates and implements risk mitigation plans, etc. The second is cobalt supply chain due diligence management for ASM, which mainly eliminates and mitigates risks through the responsible mining system, including three points: first, the source of mineral aggregate shall be clear, including the legitimacy of the mining area, supplier compliance, etc; second, mineral risk control shall be conducted, which mainly requires the mining area to control all kinds of risks in the ASM process, including prohibiting children from entering the ASM area through effective ways to eliminate the risk of child labor in the cobalt supply chain.



• Responsible Supply Chain Complaint Mechanism

Huayou Cobalt and Quzhou Huayou are both RMI's Active Cobalt Refiners with Smelter ID CID003225 and CID003255 respectively. In October 2019, Huayou accepted the due diligence management pilot audit of the Responsible Mining Initiative (RMI). During the whole audit process, Huayou and RMI had many communications and exchanges, giving feedback on common problems in the industry and the particularity of cobalt supply chain. The Company, after receiving the audit report in February 2020, immediately formulated corrective and preventive measures, and submitted CAP (Corrective Action Plan) within the specified time.

In 2019, Huayou received a total of four due diligence management audits from the audits and customers.

Huayou Cobalt actively communicates with various external units, downstream enterprises and industry organizations on due diligence management while carrying out internal cobalt supply chain due diligence management, to promote the full development of due diligence management of supply chain.

In November 2019, the Organization for Economic Cooperation and Development (OECD) released a comprehensive analysis report on due diligence management and opportunities for copper and cobalt supply chains in the DRC in Kolwezi City of the DRC.

**Main opinions include the followings:**

1) Haut-Katanga Province and Lu Alaba Province shall not be considered as conflict areas; 2) Given the widespread risk of corruption in the large-scale mining industry, it is misleading to claim that the supply chain is "clean", sustainable or responsible simply because no ASM materials and small-scale mining materials are purchased, without provision of evidence indicating full due diligence management; 3) To build a more responsible supply chain, companies and governments shall take actions to carry out due diligence management in a more comprehensive and detailed way, while placing more emphasis on risk mitigation. More report contents can be downloaded from the OECD website.

From November 10 to 16, 2019, the Organization for Economic Cooperation and Development (OECD) cooperated with the Responsible Cobalt Initiative (RCI) and invited several international institutions (such as the Responsible Mining Initiative (RMI) and Sustainable Driving (SD)) and their members to the DRC to carry out cobalt supply chain due diligence management training, field investigations and stakeholder conferences.

As a pilot project of RCI, Huayou Cobalt has demonstrated its good practice of cobalt supply chain due diligence management in the DRC, mechanized mines and smelters, normalized ASM areas, agricultural demonstration parks and built vocational and technical training schools.

On June 15, 2019, Huayou Cobalt received official confirmation from the Global Battery Alliance (GBA) that Huayou's application procedure had been approved by its Council. Therefore, Huayou Cobalt became a full member of the Global Battery Alliance.

## Responsible Cobalt Initiative (RCI) and Responsible Mining Initiative (RMI)

1) In 2019, RCI and RMI signed a memorandum of understanding on cooperation to jointly promote due diligence management of responsible cobalt supply chain;

2) From March 4 to 6, Huayou Cobalt passed the RCI's pilot audit on cobalt supply chain due diligence management.

3) From October 16 to 18, Huayou Cobalt Industry passed the RMI's pilot audit on cobalt supply chain due diligence management.

## London Metal Exchange | LME:

Responsible Purchasing-London Metal Exchange White Paper: In October 2018, LME released a white paper outlining new initiatives to trade branded responsible metal procurement on its platform.

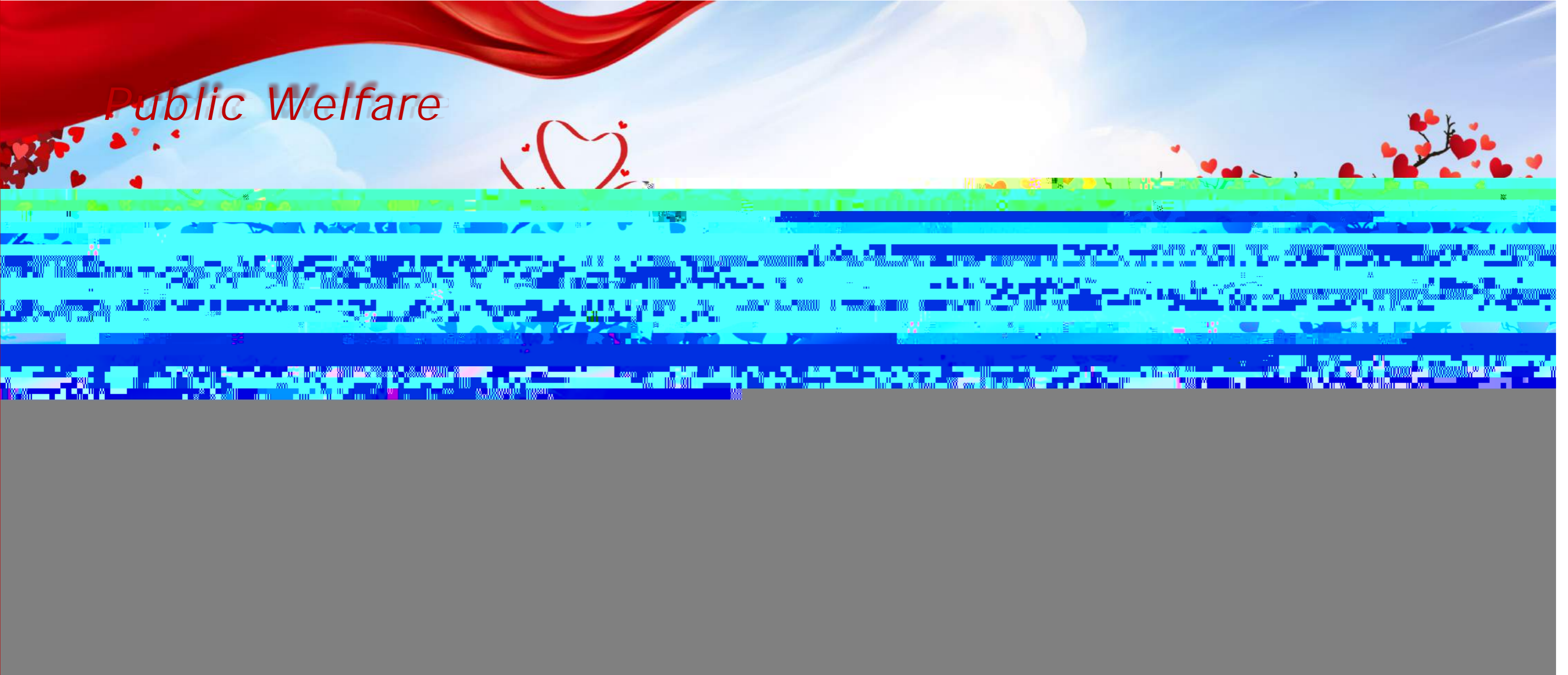
On July 16, the London Metal Exchange (LME) announced that it had officially incorporated electrolytic cobalt produced by Huayou Cobalt (Quzhou) Factory into the LME good delivery brand.

## Cobalt Supply Chain Due Diligence Management Cooperation Project | CSR MOU

Responsible Purchasing-London Metal Exchange White Paper: In October 2018, LME released a white paper outlining new initiatives to trade branded responsible metal procurement on its platform.

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# Public Welfare



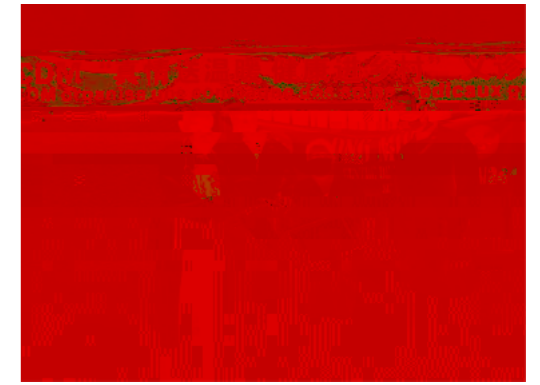




"Caring Community and Families"  
Theme Public Welfare Activity



Subsidizing Tuition Fees



The PE527 Development Committee, jointly initiated by CDM, local governments and community representatives, is a coordination and execu



CDM-donated Development Committee Office

















## Reader Feedback

Dear Readers,

Greeting!

Thank you very much for reading the 2019 Corporate Social Responsibility Report of Zhejiang Huayou Cobalt Co., Ltd. If you have any ideas or suggestions for this report, please fill in the following feedback form and send us your feedback form by mail, fax or email. We greatly appreciate your valuable opinions!

Name: \_\_\_\_\_ Contact phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

### 1. Which section do you think provides important information for you?

- Introduction of Huayou       Organization Governance       The Stakeholders' Participation&Materiality Analysis  
 Labor Practices and Human Rights       Environment       Business Ethics  
 Product Responsibility       Public Welfare       Responsible Supply Chain Management

### 2. How do you think about this report?

- Legibility       Good       Fair       Bad  
 Integrity       Good       Fair       Bad  
 Balance       Good       Fair       Bad  
 Layout design       Good       Fair       Bad  
 Overall impression       Good       Fair       Bad

### 3. Do you have any suggestion for our next annual report?

### 4. Please contact us:

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