

# CORPORATE SOCIAL RESPONSIBILITY REPORT 2018



浙江华友钴业股份有限公司  
ZHEJIANG HUAYOU COBALT COMPANY LIMITED



# About the Report

## Scope

This report is the fourth Corporate Social Responsibility (CSR) Report issued by Zhejiang Huayou Cobalt Co., Ltd. . The information and data of the report covers social responsibility activities of the Company from January 1, 2018 to December 31, 2018. Based on the continuity and comparability of the report, some data and information are not limited to the period of 2018. Compared with the third report issued in May, 2018, there is no significant change on the report scope and aspect boundary.

## Compilation Principle

This report is compiled based on the requirements of GRI (Global Reporting Initiative) Standards (Core program) and referred to the UN SDGs (United Nations Sustainable Development Goals) requirements; it also meets the relevant requirements of Notice on Strengthening Social Responsibility of Listed Companies issued by Shanghai Stock Exchange.

## Content Selection

In the process of content selection, the Company complies with the stakeholder engagement principle, sustainable development background principle, materiality principle, integrity principle, balance principle, comparability principle, accuracy principle, timeliness principle, clarity principle, and reliability principle of GRI Standards, and makes statements in the aspects of economy, society and environment; the report focuses on the Company's responsibilities in aspects of staff management, environmental management, business ethics management, supply chain management, product liability and society/community charity management. The data and information collection of this report is carried out according to the existing workflow of the Company. In order to improve the credibility of the report, the Company entrusts Bureau Veritas to carry out the third party report verification.

## Alternative Reference

Zhejiang Huayou Cobalt Co., Ltd. is also referred to in this report as "Huayou Cobalt", "Huayou", "the Company", "we" and "Huayou Headquarters"; Quzhou Huayou Cobalt Materials Co., Ltd., the mother company of Huayou Non-ferrous Industrial Group, is also referred to in this report as "Quzhou Huayou" or "Huayou Non-ferrous"; Huayou New Energy (Quzhou) Co., Ltd., the mother company of Huayou New Energy Industrial Group, is also referred to in this report as "Huayou New Energy" or "New Energy"; Quzhou Huayou Resource Recycling Technology Co., Ltd., a subsidiary company of "Quzhou Huayou", is also referred to in this report as "Resource Recycling"; Zhejiang Huayou Recycling Technology Co., Ltd. is also referred to in this report as "Huayou Recycling"; Huayou's subsidiary company in DRC - Congo Dongfang International Mining SAS., a key company of "Huayou Resource Industrial Group", is also referred to in this report as "CDM"; Huayou's subsidiary company in DRC - LA MINIERE DE KASOMBO SAS., another key company of "Huayou Resource Industrial Group", is also referred to in this report as "MIKAS". Huayou Cobalt reserves the copyright of this report.

## Publish Method

"Publish Methods This report is published in electronic version and printed version every year. The electronic version is available in the Company's official website (www.huayou.com) . This report is made in Chinese and English, and the Chinese version shall prevail in case of any discrepancy between two versions. "

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# The Chairman's Speech





In 2018, we achieved a historic leap forward. Under the overall goal of "great-leap-forward RMB 10 billion", we implemented the business policy of adjusting the structure, expanding the market, eliminating inventory, and preventing risks, and realized an operating income of over RMB 10 billion, entered the ranks of 10 billion enterprise groups, and entered the Top 500 Private Enterprise Manufacturing Industries in China for the first time.

In 2018, we promoted development in a broader context. Under the strategic direction of "Trinity" transformation and "Two-New Areas & Three Trends", we grasped the new features, achieved new breakthroughs, built the big development pattern of the company, completed and put into operation the Huahai Phase I, renewable resources and other projects, and started construction of a number of strategic major projects.

In 2018, we highlighted the characteristics of Huayou. Huayou adheres to the belief of "Rooted in the China, making friends all over the world", deepens the "three major perceptions", strengthens the "three major self-confidence", broadens the transformation of the "trinity". A number of joint venture projects were landed and commenced with practical action to realize the development concept of "build together win the future together".

In 2018, we fulfilled our social responsibilities. Carrying out the development thought of "Lucid waters and lush mountains are invaluable assets" and implementing the concept of "Safety and Environmental Protection shall be Given Priority", we achieve new achievements in safe production and environmental protection. Cobalt supply chain due diligence management system was being improved constantly; Cooperation between the DRC Modern Agriculture Demonstration Park and the FAO has been deepened; Quzhou Cobalt New Material Co., Ltd. was included in the list of the first batch of enterprises meeting the Industry Specification Conditions for the Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles, which was issued by the Ministry of Industry and Information Technology.

2019 is a year of both opportunities and challenges. We should firmly adhere to strategic orientation, problem orientation, goal orientation, grasp the opportunities in the challenges, seek breakthroughs in the difficulties, operate steadily, develop steadily, and accelerate and promote the transformation and upgrading of the company. In the second pioneering work, the past, present and future of Huayou will be linked together.

We should vigorously promote the leading strategy. The company has determined the competitive strategy of "product leadership and cost leadership", which is the objective requirement of high-quality development and the inevitable requirement of customer-centric and creating value for customers. We should vigorously promote the competitive strategy of "product leadership and cost leadership", focus on the mainstream market, mainstream customers, increase market leadership, strengthen research and development support, enhance manufacturing capacity, and improve the product competitiveness and cost competitiveness of the company.

It is necessary to lay a solid foundation for the development of the company. Foundation is an important point to ensure stability development. We should strengthen the construction of grass roots, foundations and basic skills in accordance with the management thought of "standardization, refinement and management optimization"; strengthen the organization construction of the company according to the organization principle of "unifying thought, command and action"; create new advantages for development following the project system of "Trinity". strengthen the body and the foundation, and tamp the foundation of the sustainable development of the company.

We must fully fulfill our social responsibility. Performing social responsibility consciously is the proper meaning of modern enterprises. We should firmly implement the development concept of "Lush mountains and lucid waters", firmly implement the safety and environmental protection concept of "Given Priority", build a Modern Agriculture Demonstration Park in Africa, firmly promote the construction of due diligence management system in the cobalt supply chain, build waste power battery recycling network, create high-quality industrial ecology, and fulfill social responsibility better and more comprehensively.

Hope comes from persistence, growth comes from commitment, and strength comes from challenge. No matter how the situation changes, we must do our own thing well. We are engaged in the cause that we really like, the cause that we really love, the cause that we really pursue, we regard this kind of cause as the responsibility, as the mission.

Chairman of Zhejiang Huayou Cobalt Co., Ltd;

March, 2019



# Introduction of Huayou









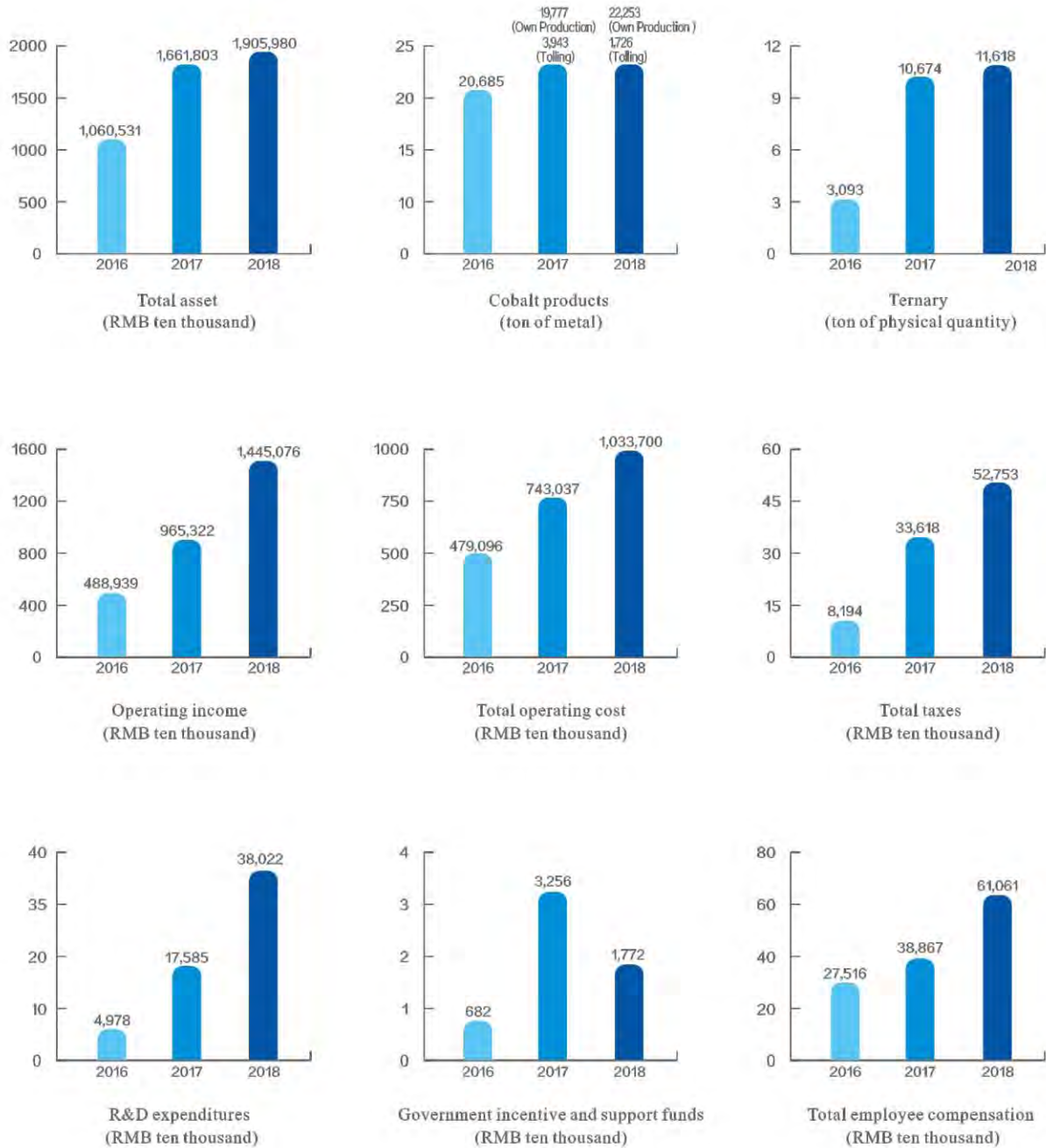
Founded in 2002, headquartered at No.18, Wuzhendong Road, Economic Development Zone, Tongxiang, Zhejiang Province, Huayou Cobalt was listed on Shanghai Stock Exchange with stock code 603799 in 2015. It is a high-tech enterprise specializing in the manufacture of new energy materials for lithium battery, deep processing of new materials for cobalt and mining, processing and smelting of non-ferrous metals, such as cobalt and copper. It mainly produces precursors of lithium battery cathode materials, cobalt chemicals and copper/nickel metals.

After more than ten years of development and accumulation, Huayou Cobalt has completed the spatial layout with its headquarters in Tongxiang, resources guarantee in Africa, manufacturing base in Quzhou, and market in the whole world. It has formed a longitudinal integrated industrial structure with self-owned mineral resources as the guarantee, new cobalt materials as the core, copper and nickel products as the auxiliary, mining, beneficiation, metallurgy and deep processing of new materials as a whole.

The company insists on the management idea of "continuous value creation, casting the career ideal, proceeding from the customer concept, carrying out the management idea of product research and development, quality, safety and environmental protection, investment and development, to realize continuous growth and recognition, and adheres to the operation philosophy of "being pledged to strive for Huayou's career ideal", and the customer concept of "all for the customer and all from the customer"; The product R& D concept of "Seizing the opportunity and following the rules"; The quality concept of "Product produced by a company representing the moral quality of this company"; The safety and environmental protection concept of "Safety and Environmental Protection shall be Given Priority"; The investment philosophy of "No matter where you invest, you must contribute to the local economy and society"; And the development concept of "Innovation, coordination, openness, green and sharing".

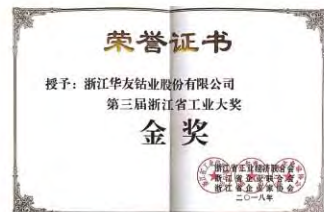


## 2018 Business performance review





# Company Honor:





Honorary title	Award unit	Time awarded
2017 Top 30 Zhejiang Local Private Enterprises in Transnational Operation	Zhejiang Overseas Investment Enterprises Association	2018.01
2017 Advanced Unit for Talent Work	Office of CPC Tongxiang Municipal Committee; Tongxiang People's Government Office	2018.03
2017 Top Ten Enterprises	Tongxiang Economic Development Zone (Gaoqiao Street)	2018.03
2017 Top Ten Taxpayers	Tongxiang Economic Development Zone (Gaoqiao Street)	2018.03
2017 Top Ten Highlighted Contributing Industrial Enterprises	CPC Tongxiang Municipal Committee; Tongxiang People's Government	2018.03
2017 "Top Ten" Technological Progressive Enterprises	Tongxiang People's Government Office	2018.03
2017 First Prize in Science and Technology Progress	Tongxiang People's Government Office	2018.03
Ranked 425 among Top 500 Private Enterprise Manufacturing Industries in China in 2018	All-China Federation of Industry and Commerce	2018.08
Top 100 Manufacturing Enterprises in Zhejiang Province	Zhejiang Provincial Enterprise Federation; Zhejiang Provincial Entrepreneur Association; Zhejiang Provincial Federation of Industrial Economics	2018.09
Top 100 Fastest Growing Enterprises in Zhejiang Province	Zhejiang Provincial Enterprise Federation; Zhejiang Provincial Entrepreneur Association; Zhejiang Provincial Federation of Industrial Economics	2018.09
2017 Top 10 Excellent Units in International investment cooperation of Jiaxing	CPC Jiaxing Municipal Party Committee; Jiaxing People's Government	2018.10
2017 Top 10 Excellent Enterprises of Listed Companies in Jiaxing	CPC Jiaxing Municipal Party Committee; Jiaxing People's Government	2018.10
2018 Top 30 Zhejiang Local Private Enterprises in Transnational Operation	Zhejiang Overseas Investment Enterprises Association	2018.10
2017 Jinniu Most Valuable Investment Award (Jinniu Award)	Sponsored by China Securities Journal	2018.11
Forty Benchmark Units of Chinese Corporate Culture in 40 Years of Reform and Opening-up	China Research Institute of Enterprise Culture	2018.11
The third Zhejiang Industry Gold Award	Zhejiang Provincial Federation of Industrial Economics; Zhejiang Provincial Enterprise Federation; Zhejiang Provincial Entrepreneur Association	2018.
Top Ten Highlighted Contributing Industrial Enterprises (2018)	CPC Tongxiang Municipal Committee; Tongxiang People's Government	2019.02
Key Talents Evaluation and Incentive Advanced Units (2018)	Tongxiang Municipal Committee of the Communist Party of China talent work leading group office	2019.02

# Organization Governance









Good corporate governance is the internal driving force for enterprises to achieve sustainable development. In recent years, the company has been promoting the organic combination of internal governance and production and operation. In 2018, the company established the three-level organizational structure of "Group - Industry Group - Subsidiary", to perfect the management and control system of the company, and ensured the healthy operation of the company's production and operation and other business activities; And improved the structure of corporate governance and standardized the operation of the company.

Continuously optimizing and improving the corporate social responsibility system, practicing the concept of "build together win the future together", more scientifically and efficiently promoted the sustainable development of the company.

In 2018, the company was awarded the Ecovadis Silver Certificate for another time followed 2017. After a lapse of 10 years, the company was again awarded the honorary title of "Golden Bee Enterprise", and became the "Candidate Enterprise for the 2018 China ESG Beautiful 50 Index Component Stock".

ecovadis

**ZHEJIANG HUAYOU COBALT CO LTD (GROUP)**

has been awarded a  
**Silver medal**

as a recognition of their EcoVadis CSR (Corporate Social Responsibility) Rating

- JANUARY 2019 -



Valid until: January 2020

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## Management system:

In principle, system certification and day-to-day management are accomplished by the industry Group, which organizes its internal system certification: Quality, occupational health and safety are the three basic management systems, which must be imported; The import and certification of other systems shall be implemented as required according to the business model.

The day-to-day management of the system includes daily audit, supervisory audit, management review and second party audit; Daily audit is rolling management, and system operation inspection will be conducted at least once in the year for each system implementation unit; Supervision audit is the three-party supervision audit of the system certification unit performed once a year, with the system certification as the standard; The work of management review shall be conducted once a year, which is basically implemented in combination with the annual business plan meeting of the company. Through the work summary and plan, the realization degree and improvement plan of the annual system objectives are sorted out; The second party audit is the audit of our customers against our company. Through the above multi-channel and multi-dimensional audit, ensure the normal operation of the system, ensure the continuous improvement of management requirements and the continuous development of management optimization

### System certification:

**Headquarters certification system:** Intellectual property management system, safety standardization management system, two integration management system, excellent performance; In 2019, the company plans to enter Zhejiang Manufacturing Certification System

**Nonferrous Industry Group:** The company has obtained the certification of ISO9001, ISO14001, ISO45001, ISO50001 energy management system, measurement management system; Unaccredited ISO 17025 (Laboratory System) imported; In 2019, the company plans to have Intellectual Property Rights, Integration of Industrialization and Industrialization and IATF16949 certified.

**New Energy Industry Group:** the company has obtained the certification of ISO9001, ISO14001, ISO45001 and IATF16949; In 2019, the company plans to obtained the certification of the integration of informatization and industrialization.

### Performance of the system:

Since 2010, the company began to introduce the excellent performance management mode, and after continuous self-evaluation, improvement and optimization, the company applied for the Mayor's Quality Award of Jiaxing City in 2017, and won the honorary title of "2017 Mayor's Quality Award of Jiaxing City" in 2018.



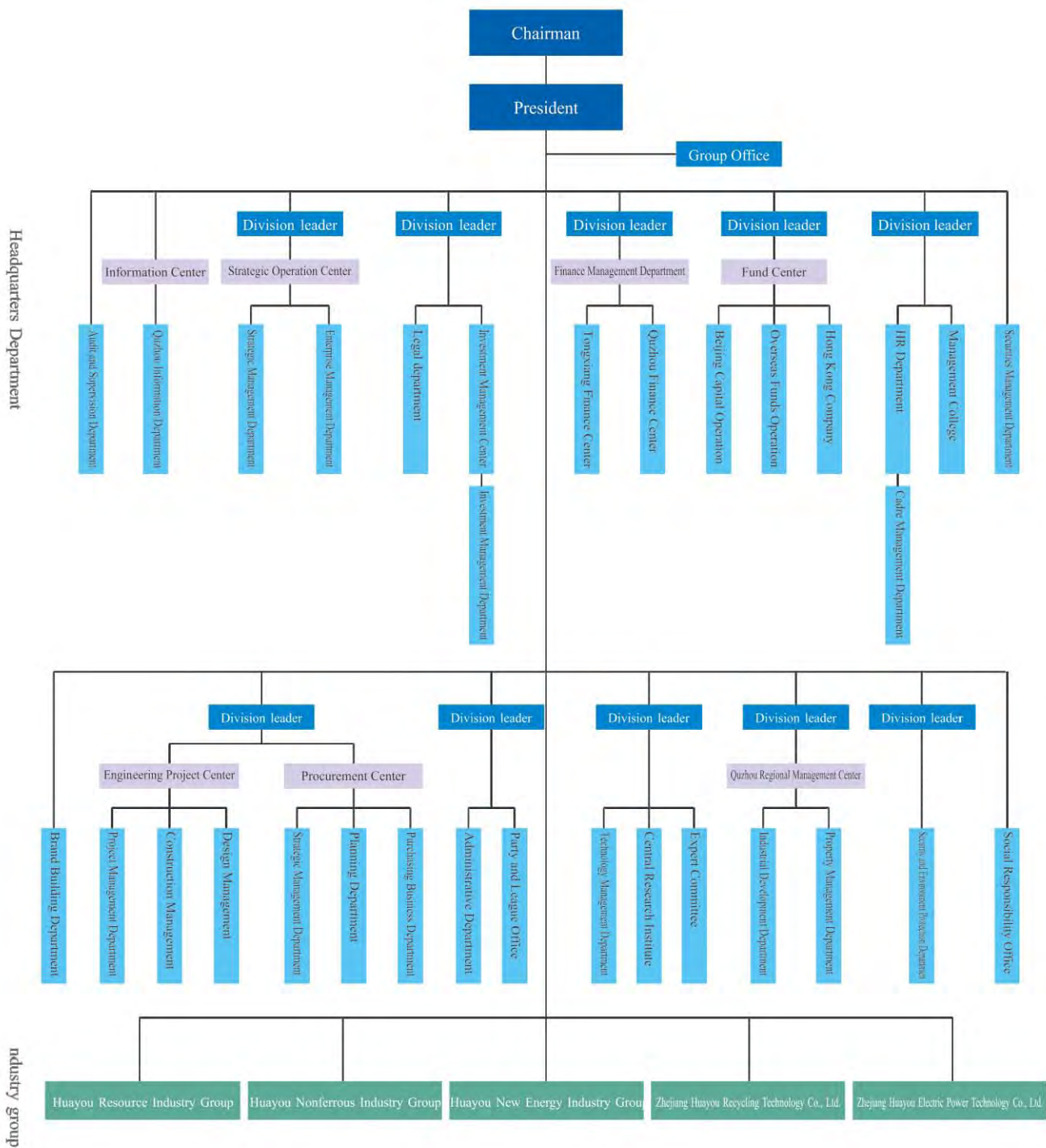
In 2018, the company responded positively to the call of the State and, in order to promote the effective integration of industrialization and informatization, the Headquarters Group took the lead in introducing the integrated management system of "Two Chemicals", which was certified and passed. In 2019, the Nonferrous Industry Group and the New Energy Industry Group also carried out the import of the quantitative integration management system to further promote the integration of informatization and industrialization of the company.

Since the "13th Five-Year Plan", we have practiced a "trinity" transformation road of controlling resources upstream, developing markets downstream and enhancing capabilities in the middle, with Huayou characteristics; It opened up a development mode of industrial agglomeration, enterprise cluster, integration and park industrialization, with Huayou characteristics. Under this development mode with Huayou characteristics, the company has also raised the corporate social responsibility construction to a strategic height. After the establishment of the Corporate Social Responsibility Office in 2016, the company established the Corporate Social Responsibility Executive Committee, which is headed by the Chairman of the Group, and the President of the company is responsible for the specific corporate social responsibility strategic deployment. A number of relevant department leaders serve as members of the Committee. The company also actively participates in industry associations and occupies seats. The company is the Vice Chairman Unit of the Responsible Cobalt Initiative (RCI); The company is a member of Jiaxing Corporate Social Responsibility Alliance; In 2018, the company joined the Corporate Social Responsibility Association of Zhejiang as a Vice President Unit.





# Huayou Group Organization Chart



# The Stakeholder's Participation and Materiality Analysis







In the process of sustainable development construction, the company attaches great importance to the interaction with stakeholders, pays attention to the views of stakeholders, and constantly meets the expectations and needs of stakeholders. The company has established various channels, such as: telephone, e-mail, annual international conference, international forum, industry exchanges and visits to strengthen communication with stakeholders. In order to involve stakeholders more fully and directly in the construction of corporate social responsibility, in the process of the 2018 Corporate Social Responsibility Report preparation, the company developed a stakeholder questionnaire. Based on a survey of internal and external stakeholders, responses were collected from 110 stakeholders, which were analyzed and ranked in relation to internal leadership and actual business practices by the company, resulting in substantive topics for this report and priorities for these substantive topics.



2018 Annual Conference



Chairman's Visit to Indonesia



Chairman attends Mauritius Business Forum of "The Belt and Road" Zhejiang Businessmen Travel



Annual International Conference of the company



CHIC Securities Investment Bank Management Committee leaders visit the company for inspection and investigation



"2018 Forum on the Development of Power Battery Recycling Industry" held successfully in Quzhou



Leaders of the Financial Business Department of China Minsheng Bank visits the company for inspection and investigation



Minister of South Korea POSCO Group, and his entourage come to Huayou for visits and exchanges



Leaders of China Development Bank visit the company for inspection and investigation



Executive of South Korea Samsung SDI comes to Huayou for visits and exchanges



## Stakeholders, issues of concern and means of communication

Stakeholder	Issues of concern	Means of communication
 Customer	High-quality and safe products, continuous improvement of economic performance, employee development and human rights protection, effective pollutant emission control, energy saving and consumption reduction, attractive compensation and benefits, occupational health and safety, responsible supply chain management, legal and compliance operation, and business ethics of the highest standards	Contracts/agreements, e-mails, letters, phone calls, field visits, videoconferences, audits, questionnaires, annual international conferences, web platforms, industry exchanges, international forums
 Shareholders and investors	Continuous improvement in economic performance, strong anti-corruption actions, responsible supply chain management, legal and compliance operation, business ethics of the highest standards, high-quality and safe products,	annual international conferences, financial reports, general meetings of shareholders, phone calls and e-mails
 Staff	Attractive remuneration packages, continuous improvement in economic performance, occupational health and safety, legal and compliance operation, business ethics of the highest standards	OA Platforms, e-mails, bulletin boards, annual summary, work conferences, intranet, web platforms, questionnaires, rationalization suggestions, complaint channels, complaint channels
 Government and regulatory agencies	Strong anti-corruption action, continuous improvement of economic performance, effective pollutant emission control, energy saving and consumption reduction, occupational health and safety, and legal and compliance operation	Phone calls, e-mails, meetings, documents, inspections, web platforms, trainings
 Suppliers and contractors	Continuous improvement in economic performance, responsible supply chain management, legal and compliance operation, business ethics of the highest standards	Supplier conferences, international annual meetings, phone calls, e-mails, web platforms, contracts/agreements, audits
 Media and non-governmental organizations	Strong anti-corruption action, legal and compliance operation, responsible supply chain management, business ethics of the highest standards	Telephone calls, documents, e-mail, meetings, international forums
 Trade associations/initiatives	Strong anti-corruption action, effective pollutant emission control, responsible supply chain management, business ethics of the highest standards	Phone calls, e-mails, meetings, industry communications, work conferences
 Community	Continuous community investment, energy saving and consumption reduction, responsible supply chain management	Phone calls, visits, surveys, Internet platforms





## Material Topics

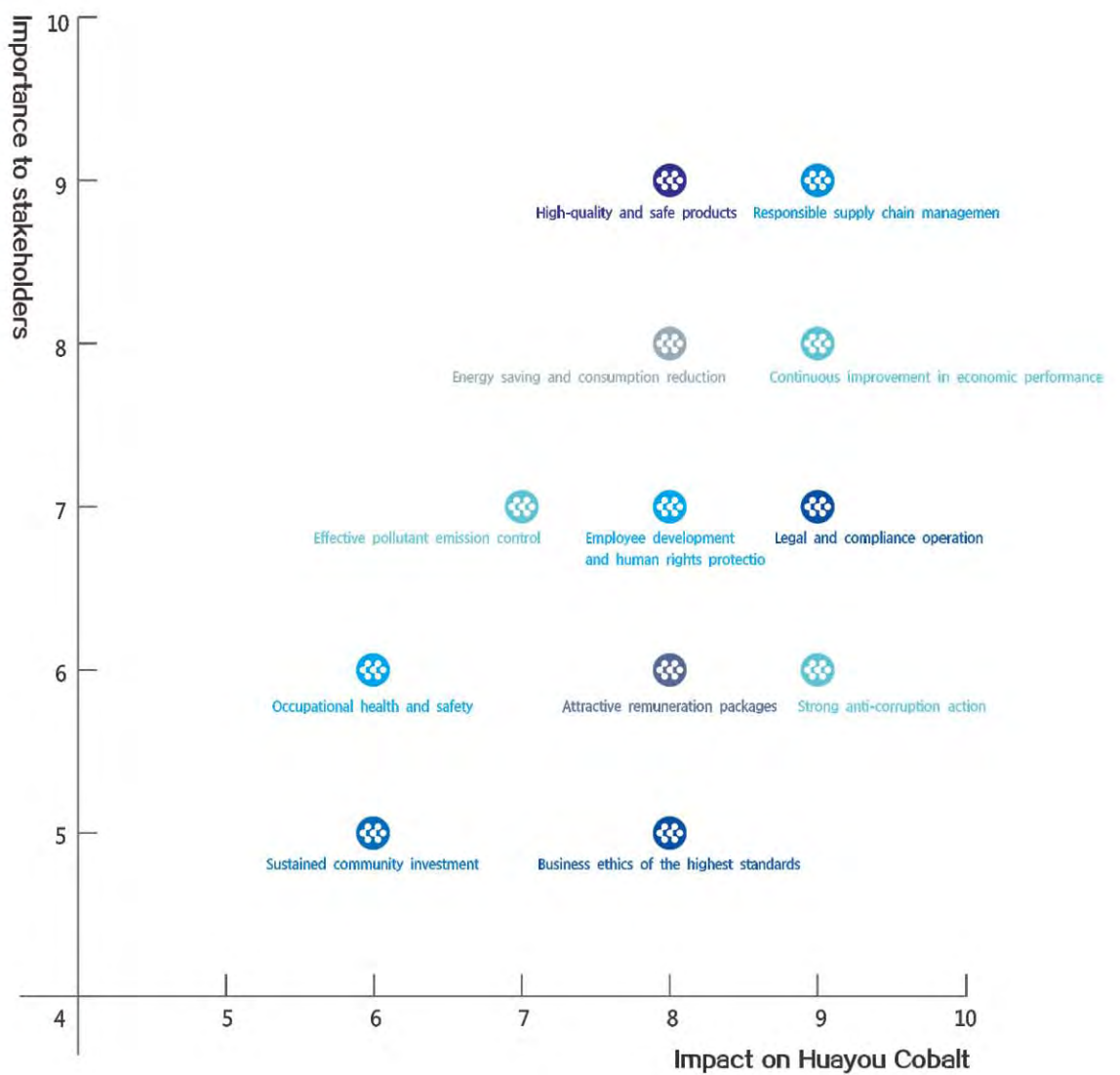
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The material topics include the issues affecting business operations and those concerned by the stakeholders. Huayou has included all issues into a matrix of issues, which could respectively reflect the attention of stakeholders (vertical priority) and impact on Huayou (horizontal priority).





## Matrix of Material Topics



# Labor Practices and Human Rights

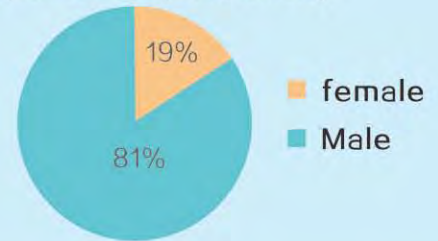




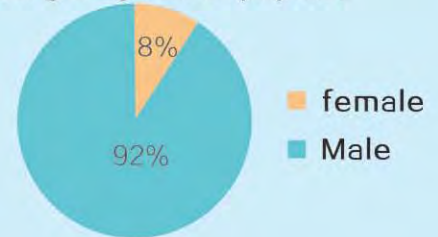




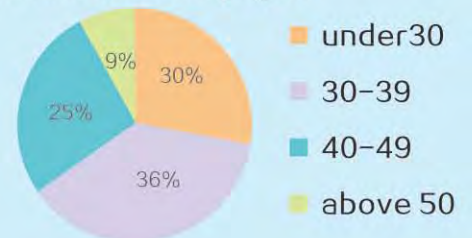
Male/female ratio(Male/female)



Male/female ratio at middle and high levels(Male/female)  
( excluding Congolese employees )



Age distribution of employees





## Diversified team

With the continuous deepening of the "Two New Areas & and Three Trends" strategy of Huayou Cobalt, the internationalization degree of the company is constantly improving, and the team is becoming more and more diversified. The company insists on the principle of "equality, fairness and impartiality" and provides equal employment opportunities for people of different nationalities, races, genders, ages and educational backgrounds. 6,199 employees with different skin colors from 4 different countries and 13 different races work for Huayou's century-long career in their respective positions.

The company respects and upholds international human rights law, strictly abides by national and local laws and regulations, establishes a standardized employment system, which strictly prohibits child labor, the use of debt (including debt slaves), slavery, prison or bound labor, and resolutely combats human trafficking. Continuously improve, optimize the human resources management system, protect the legitimate rights and interests of employees, protect the health and safety of employees, against forced labor, and against occupational discrimination. In 2018, there was no corporate discrimination case in the company.

With regard to labor and human rights policies, the company issues labor practices and human rights policies, conducts annual policy reviews, continuously improves and optimizes relevant policies, commits to respect the labor rights and human rights of all employees, and requires our suppliers to respect the labor rights and human rights of all their employees. Specifically, in the free choice of employment and equal employment, legal employment, regulatory management and non-forced labor, working hours, remuneration and benefits, communication and complaints, freedom of association and collective bargaining were clearly stated. The company has established trade union organizations in each place of operation, and the trade union organizations have signed collective contracts with the company on behalf of the employees.

With regard to the diversity of management culture, the company has formulated management systems and processes such as Local Employee Welfare Standards, Christmas Benefits for Local Employees and Education Allowance for DRC Employees in accordance with the different legal requirements and social and cultural characteristics of overseas companies, so as to effectively protect the legitimate rights and interests of overseas employees.

### 2018 Statistical table of human resources data

Item	Data
Total number of people (Nr.)	6199
Number of male workers(Nr.)	5326
Number of female workers(Nr.)	873
Percentage of research and development personnel	2.87%
Age analysis (under 30 years old/ 30-39 /40-49 / 50 and above)	1888/2272/1582/457
Number of Ethnic Minorities in Chinese Enterprises	13
Localization rate of overseas employees (total number of employees of DRC/ African Region)	77.43% (1857/2398)
Number of countries covered	4
Percentage of female managers at middle management level and above	25/283
Proportion of persons with different educational backgrounds (PhD/MA/Bachelor's degree/Junior College/Senior High School and below)	10/165/898/814/4312
Proportion of persons with disabilities	0.02%
Proportion of expatriate staff	29.99%
Number of new employees	2003

## 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.

2018, the Human Resource Department of Huayou Cobalt took as 4 big supports, including capacity building, institutional mechanism building, basic management construction, and talent guarantee and supply, as the basic point, and "Striver-oriented" qualification and cadre management program as the core, and the organization and resource were both guaranteed. It provided Huayou employees with unblocked career development channels and colorful stage, fully stimulated team vitality, improved ability and quality, and helped employees adapt to the continuous changes of post ability. Employees and enterprises worked hand in hand to strive for the early realization of the beautiful vision of "becoming a global leader of new energy lithium battery materials". 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.

According to statistics, Huayou invested RMB 1.882 million in training in 2018. There are many kinds of training courses, involving 1,770 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.

### 2016-2018 Statistics Table of Training Performance

Item	2016	2017	2018
Employee training hours (hours)	48,207	73,551	227,952
Employee Training Investment (RMB ten thousand)	269.4	199.6	188.2
Type of training course (item)	299	536	1,770
Percentage of employees reviewed for performance and career development (%)	100	100	100

### Introduction to job qualification system and employee career development

A post-based and competency-based qualification system has been established, and a dual-channel career development path of "management + specialty" has been set up for all types of employees to encourage the internal flow of talents. And constantly train employees relying on post standards.





## Establishment of job qualification system

### 1) Create a post-based and competency-based qualification management system

In 2018, the company established a complete management ethnic group and a Career Development Channel Map of Qualifications for 17 types of professional ethnic groups, completed the three pilot ethnic groups 12 posts and 58 job levels of job qualification standards compilation and development, developed the job qualification level certification evaluation system, and completed the three ethnic groups job qualification level of the initial certification work.



Launching conference of job qualification system management project



Sign-off version of job qualification criteria collection

### 2) Construction of post standard for skilled personnel with craftsmanship spirit

Establish a perfect normalized operation mechanism of standard building and standard performing of the first-line post skilled personnel, and set up 9 skill levels, namely, Junior I, Junior II, Medium I, Medium II, Senior I, Senior II, Technician I, Technician II and Senior Technician, to promote the steady growth of the post skilled personnel; Practice to promote learning, normalization to promote skills contest, constantly optimize the competition system, to establish a scientific hierarchical management mechanism, create an atmosphere to catch up with the super craftsmen, to help create a team of artisans. In 2018, Huayou Nonferrous Industry Group and New Energy Industry Group continued to carry out standard building and standard performing for skilled personnel for front-line posts, and gradually improved the job qualification system and skills evaluation standards for front-line posts.



## Employee Career Development

### 1) Construction of post title system

Establish a sound system of job titles, encourage employees to improve their professional competence and obtain internal titles through internal learning and external title evaluation, and scientifically and effectively cultivate, motivate and select a large number of highly skilled professional and technical leaders. In 2018, a total of 111 employees passed the internal junior, medium and senior title evaluation, and 21 employees were promoted through appraisal and appointment of technical positions.



On-the-spot defense of appraisal and appointment of technical positions

### 2) Cadre competition mechanism to build cadre team

2018 is a crucial year for Huayou to achieve a comprehensive great-leap-forward RMB 10 billion, an important year for building a big development pattern, and a year for striving for management reform. The rapid expansion of the business urgently needs a group of excellent management cadres who agree with Huayou Career Program and have excellent business performance, and who are willing to bear heavy responsibilities and perform their duties with high performance. In July 2018, the Group selected 44 management cadres at or above the departmental level and set a six-month inspection period.

After six-month inspection, counseling and training, 44 cadres achieved the transformation from technical experts to management personnel after exploring through their post experience at Huayou's career platform.



Cadre competition site



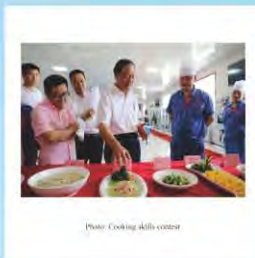
Induction training of cadre competition

## Building of Learning Platform

Build a platform to meet the online and mobile learning needs of all Huayou staff, increase the training coverage, improve the efficiency of training management, give full play to the company's excellent internal resources, and enhance the training effect. There are more than 20 course categories in the Huayou learning platform, more than 2,000 courses, students can choose their own courses according to their major, position, career planning and interest. Students can learn anytime and anywhere, which makes learning flexible, and enhances the enthusiasm of students, helps employees quickly improve their post competency, and effectively help Huayou train talents better and faster.

## Introduction to the Cultivation of College Students

Combined with NET-5M three-year five-stage training mode with Huayou characteristics, the company takes military training, team development, centralized training, production site internship, departmental internship, sharing exchange meetings, job description and defense and other comprehensive training methods, allocates department mentor for each college student, and promotes college students to "learn in the work, grow up in the post", thus providing reserve professional backbone talents and grass-roots management talents for the sustainable development of the Group. In 2018, Huayou trained 85 college students graduated in 2017 and 206 college students graduated in 2018.







## Career Development of Overseas Employees

### 1) 2018 Training briefing

In 2018, 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.



Activities for Safe Production Month in the African Region



CDM Safety and Environmental Protection Management Enhancement Project Training

### 2) Introduction to job qualification system, employee career development channel and learning platform

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.

### 3) Cultivation of college students

In 2018, a total of 19 new college students joined Huayou Overseas Company. According to the Cultivation Plan for College Students formulated by the Human Resources 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 2018 have adapted to the change from students to social people, and better adapted to the overseas working environment.



## Employee Compensation and Benefits

Compensation and benefits is a very important factor to attract and retain talents, and also an important guarantee to improve the lives of employees. Huayou Cobalt insists that the salary level is competitive in the same industry and the region, allowing employees to work decently and live in dignity. 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 weekdays and 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.



Leaders of the company conveying greetings to the front-line employees on the first day of the Lunar New Year

**Compensation growth rate of grass-roots staff in 2018:15%**

**Ratio of minimum wage of grass-roots employees to local minimum wage in 2018: 157%**

**Coverage rate of social security packages and housing provident fund for Chinese employees: 100%**

**Overseas Employee Benefit Coverage: 100%**



## Statistics Table of Employee Compensation Benefit Performance Data

Item	2016	2017	2018
Grass-roots employee compensation growth rate (%) (excluding DRC employees)	8	11.63	15
Basic wage ratio of men and women in the same position	1:1	1:1	1:1
Labor contract signing rate of employees (%)	100	100	100
Coverage rate of social security packages and housing provident fund for Chinese employees (%)	100	100	100
Benefit coverage for DRC employees (%)	100	100	100



## Concern for the well-being of overseas employees

1

In accordance with the decree on post salary adjustment signed by President Kabila of the Democratic Republic of the Congo and relevant laws and regulations, the Huayou Overseas Company adjusted the salary in July 2018, and new post-level salary system and established post qualification assessment criteria. The average salary of DRC employees increased by 11% in 2018. The company increased the salary income of employees on the basis of implementing the laws and regulations of DRC.

2

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.

3

The company provides free medical care for the employees and their families. The company has 3 Chinese doctors and nurses in the infirmary, and 2 doctors and 3 nurses from DRC. In 2018, it met the demand for 17,606 visits by DRC employees and their families, of which 6,084 were assigned to hospitals contracted by the company.

## Occupational health and safety management

Over the years, the company has persisted in earnestly implementing and implementing the national occupational health and safety production guidelines, policies and the spirit of documents, actively learning advanced occupational health and safety management models at home and abroad, combining with its own reality, comprehensively constructing occupational health and safety management system, production safety standardization system, and constantly improving occupational health and safety management level. In 2018, the company achieved the following important results:

1

Introduce Shanghai Bowman and Company Consulting Co., Ltd., a well-known EHS professional consulting organization in China, to guide and promote the reform of the safety and environmental protection management system and mechanism of the Group, and enhance the capabilities of safety and environmental protection risk identification and risk management and control, so as to lay a solid foundation for the Group's three-year strategic plan for safety and environmental protection management.



Consulting Unit Introduction Meeting

2

Firmly promoted the implementation of the "Two Duties for One Post" responsibility system for safety and environmental protection within the scope of the Group. The company re-combs and perfects the safety, environmental protection, fire-fighting and occupational health management responsibilities for the main management posts of the production systems, and further implements the "Two Duties for One Post", that is, to be responsible for the corresponding safety, environmental protection, fire-fighting and occupational health management work of the posts while managing the specific business.



3

According to the Zhejiang Provincial Three-Year Action Plan for Comprehensive Management of Safety Production, and Guiding Opinions on the Promotion and Application of Smart Electricity Technology in Zhejiang Province, the company evaluates the domestic company comprehensively on the installation of on-line monitoring system for power usage temperature, leakage index and current load, thus improving intrinsic safety level of the company, achieving the purpose of monitoring power usage safety in the whole process, and realizing self-discovery and elimination of hidden dangers in the electrical system. At present, Nonferrous Tongxiang and the New Energy Quzhou Company have completed the installation of smart electricity system.

4

To further improve the organizational structure of regional safety and environmental protection management in Africa, the Social Responsibility Office, Safety and Environmental Protection Dispatching Department of CDM Company and the Safety and Environmental Protection Dispatching Department of MIKAS were established in early 2018 in the African region, which were staffed with 6 full-time safety and environmental management personnel from the Chinese side and 7 safety and environmental management personnel from the DRC. The EHS Committee of CDM and MIKAS was also established, which established the responsibilities of committee members at all levels. The committee holds meetings regularly every month, where department heads and relevant part-time safety and environmental protection personnel should attend. A team of part-time safety and environmental protection personnel was set up, including 37 members from the Chinese side and 3 members from the DRC, further improving the occupational health and safety management level.

5

Each subsidiary company shall do a good job in risk identification and control, training, inspection, emergency drill, occupational health and physical examination, and improvement of working environment in accordance with the Occupational Health and Safety Management System and the requirements of Production Safety Standardization.





Fire fight drill

### Completion of occupational health and safety management indicators in 2018

Occupational health/safety data	African company	Nonferrous Quzhou	New energy	Resource regeneration (August-December)	Joint-stock company
Occurrence times of man-hour loss cases (times/year)	13	18	0	3	1
Number of deaths in service (person/year)	0	0	0	0	0
Occurrence of occupational diseases (cases/ year)	0	0	0	0	0
Annual data of man-hour loss cases (hours lost/year)	440	10,538	0	1,074	264
Accident rate per million man-hours loss	2.49	3.27	0	10.01	0.55
Accident severity rate per million man-hours loss	91.17	1,914.84	0	3,582.49	145.24
Total amount of safety investment (RMB ten thousand /year)	780	1103	498	1,671	993
Government safety fines imposed Times/amount	0	0	0	0	0



Monitoring index	2016	2017
Total amount of safety investment (RMB ten thousand /year)	1167	3272
Occurrence times of safety accident cases (times/year)	27	20
Occurrence of occupational diseases (cases/ year)	0	0
Occupational disease post physical examination coverage rate (%)	100%	100%

Because there were new companies established in 2018 and some of the data were disclosed only in 2018, the above data are not compared with the data for 2016 and 2017, which are only provided for reference:



# Environment







The company is committed to becoming a global leader in new energy materials for lithium battery, and realize the coordination and promotion of environmental protection and enterprise benefits. It strictly implements the requirements of environmental protection laws and regulations such as the Environmental Protection Law, the Environmental Impact Assessment Law, various special environmental protection laws, and the environmental protection management regulations of construction projects in the course of project construction, production and operation, and complies with the provisions of the competent ecological and environmental authorities.

The company exercises unified leadership and centralized management over the environmental protection, and the main responsible persons of the company shall be fully responsible for the environmental protection management. The company establishes an environmental protection management system composed of the leaders of various departments, environmental protection administrators, technicians and environmental protection management personnel, and sets up an EHS committee to be responsible for leading, organizing, planning and coordinating the environmental protection management work of various departments of the company.

A full-time organization and staff were also set up environmental protection management, to be responsible for the company's internal environmental protection monitoring, inspection and other management tasks. The company regularly collects and organizes environmental protection laws and regulations, publicity and education work. The company establishes responsibility system for environmental protection, including environmental protection and pollution reduction into the plan, participates in the formulation of environmental protection development plans for factories, draws up environmental protection work plans, participates in the preparation and implementation of environmental protection management plans or measures for factories, participates in the preparation, revision and exercise of control plans for preventing sudden pollution accidents in factories and environmental protection plans for factories, and cooperates with monitoring departments in monitoring pollutants.

The company builds environmental protection facilities for waste water, waste gas, solid waste and noise treatment, discharges all pollutants up to standard after treatment, and disposes of solid waste in compliance with regulations.



## African company

The drainage ditches of the plant area were combed and reconstructed. Through the repairment of the original damaged drainage ditches, the purpose of rainwater and sewage diversion in the plant area was basically achieved.

Drainage ditch



A recovery pond of 6\*2.5\*4m (length, width, height) to the west of the original recovery pond of 3# blast furnace drainage ditch was built and was used together with the original recovery pond. Submerged pump and relevant pipelines were configured to recover domestic wastewater to the tailings pond to prevent substandard discharge.

Wastewater recycling pool



A concrete sedimentation tank Level-5 of 50\*3\*3m (length, width and height) was newly built near the west wall of the wet-process sulphuric acid plant, which is mainly used for recovering the external drainage of the whole wet-process area in dry season to prevent substandard drainage.

Sedimentation tank Level-5







## Huayou Headquarters

In 2018, based on the concept of "Safety and Environmental Protection shall be Given Priority", the company had, after careful scheme comparison and on-the-spot investigation, built a new set of VOCS waste gas treatment plant with an investment of more than RMB 1 million. The plant employs the process of "heat exchanger cooling + secondary alkali washing spray tower + dry filter + microwave photocatalysis + highly activated biological deodorization" for treatment, which greatly improves the treatment capacity of VOCS and reduces the VOCS emission of Huayou Cobalt by nearly 1/3 on the original basis.



Construction drawing of VVOCS governance facilities

In order to effectively control and manage garbage of the company, the resource value, economic value and environmental value are fully integrated to improve the garbage classification system and strengthen the management of domestic garbage. It reflects Huayou's contribution to the cause of garbage classification and its social responsibility for environmental protection. The company carried out garbage classification since 2018.



Classification of waste in workshop site



Waste classification warehouse of the company



## New energy

### Transformation of dust removal system

#### Transformation of water mist dedusting system

In the first half of 2018, the Equipment Department revamped the water mist dedusting device at the end of the dedusting system of Quzhou New Energy Workshop, adding circulating water tank and water tank mixer, and revamped the water spray pipe and internal sprinkler head, thus enhancing the effect of water mist dedusting, increasing the material recovery rate and reducing the pollutant discharge.



#### Cyclone dust collector added to Line 6 #



In the second half of 2018, a cyclone dust collector was installed in the dust removal system pipeline of Quzhou New Energy Production Line 6# before entering the bag filter, which improved the material recovery rate and reduced the pollutant discharge.



## Quzhou Huayou

In 2018, the company invested RMB 11 million to set up a set of RTO equipment in the extraction workshop to collect the extracted VOC and incinerate it to improve the peculiar smell of the environment.



## Environmental Management Performance of Previous Years

Environmental data	African company	Nonferrous Quzhou	New energy	Resource regeneration (August-December)	Joint-stock company
Outsourced electricity consumption (KWH/year)	63,866,186	200,937,650	17,446,425	4,703,545	23,582,100
Outsourced steam consumption (KJ/year)	0	930,949,193,000	2,594,081,685	3,573,792	81,130,068,400
Natural gas consumption (NM3/year)	0	3,624,630	0	9,128	662,700
Consumption of ore raw materials (tons/year)	1,757,053	134,780	0	599	18,262
Fresh water consumption (tons/year)	1,231,299	1,941,535	375,088	23,955	593,983
Recycling volume of water resources (tons/year)	1,101,346	1,041,848	0	121,612	108,900
Number of chemical leakage accidents (times/year)	0	0	0	0	0
Amount invested in environmental protection (ten thousand yuan/year)	1,558	1,100	317	1,002	1,050
Wastewater treatment discharge rate up to standard (%)	100%	100%	100%	100%	100%
Exhaust gas emission rate up to standard (%)	100%	100%	100%	100%	100%
Government environmental protection fines imposed Times/amount	0	0	0	0	0



## Pollutant Treatment Performance Data Sheet

Environmental indexes	2016 Tongxiang/Quzhou	2017 Tongxiang/Quzhou
Number of chemical leakage accidents (times/year)	0/0	0/0
Wastewater treatment discharge rate up to standard (%)	100/100	100/100
Exhaust emission criteria (%)	100/100	100/100

## Statistical Table of Resource and Energy Consumption

Environmental indexes	2016 Tongxiang/Quzhou	2017 Tongxiang/Quzhou
Outsourced electricity consumption (KWH/year)	26.068089 million/ /120.49 million	23.58 million/ /160.29 million
Outsourced steam consumption (ten thousand tons/year)	3.8964/18.0341	3.92/21.3
Natural gas consumption (NM3/year)	640.907 thousand / 4.26 million	951 thousand /4.59 million
Consumption of ore raw materials (ten thousand tons/year)	1.525/10.2074	1.623/10.12

## Statistical Table of Comprehensive Utilization of Resources

Environmental indexes	2016 Tongxiang/Quzhou	2017 Tongxiang/Quzhou
Water consumption (ten thousand tons/year)	38.2750/110.0426	41.48/160.2
Comprehensive utilization of wastes (cobalt-copper smelting slag) (ten thousand tons/year)	0.905988/6.778	0.39/8.59
Material volume for recycling (tons/year)	6/-	100/100

Because there were new companies established in 2018 and some of the data were disclosed only in 2018, the above data are not compared with the data for 2016 and 2017, which are only provided for reference.

# Business Ethics







Since its inception, Huayou Cobalt has always upheld the highest standards of business ethics, and takes "integrity" as one of the core values of the enterprise. The company, in the course of operation, abides by the law, and publicly pledges to oppose any form of corruption, embezzlement of public funds or extortion; avoids all forms of conflicts of interest; respects intellectual property rights and protect customer information; abides by the law of the market, and resists false advertisement and unfair competition; and discloses information in accordance with the requirements of information disclosure of listed companies; the company establishes effective channels of communication to facilitate complaints and prosecutions and provide identity protection for complainants and prosecutors, and prohibits any form of retaliation; and respects the privacy of all people who do business with the company. The company has also formulated the Code of Business Ethics and Conduct, and ensures that all employees can scrupulously abide by the highest requirements of business ethics, abide by applicable laws and regulations at home and abroad, realizing self-restraint and public service, thus contributing to the centennial Huayou's everlasting inheritance.



## Anti-corruption

### A、 Institutional culture construction

The company attaches great importance to anti-corruption and anti-commercial bribery, and, formulates Code of Business Ethics and Conduct, Administrative Measures for Business Reception and Gift Reimbursement, Gift Management Methods, Management Method For Employee Receiving Gift Money and Gifts, Reporting Management System and Regulations on Prohibition of Business Cooperation with Units with Relatives, Friends or Business Interests Related to Company Cadres in compliance with all applicable laws and regulations of the country or region in which the operation is conducted and relevant international conventions and in accordance with characteristics of its own business. The company also guide the performance of employees by opening their performance through the OA platform, requires employees to establish the awareness of honesty and discipline, implements it in all links of work, and strengthens the construction of compliance culture and business ethics.

### B、 Establishment of a supervision department

Huayou sets up Audit and Supervision Department and makes it as the first-level department of the group headquarters. The department directly reports to Group President, and is responsible for the overall management of the internal audit of the Group, performs audit functions of Group subsidiaries, thus doing well in project construction, financial activities and economical responsibilities through process supervision and project recall. The Department also seeks truth from facts, and builds independent and objective image in the global subsidiaries to implement anti-corruption, anti-commercial bribery practices. It severely punishes performance violations of discipline, which not only purifies the ranks of business managers, but also timely finds management loopholes, effectively maintaining the survival and development of enterprises.

### C、 Preventing conflicts of interest

At present, the international community generally believes that conflict of interest is an important source of corruption, and management and prevention of conflict of interest are the key strategy to effectively prevent corruption. Therefore, Huayou requests the Audit and Supervision Department to conduct commercial bribery investigations on business partners in accordance with the Regulations on Prohibition of Business Cooperation with Units with Relatives, Friends or Business Interests Related to Company Cadres in March and September of each year. As per the requirement, all suppliers shall sign a Letter of Undertaking for No Relatives, Friends or Business Interests in order to make clear relevant requirements such as anti-commercial bribery. During the two audits in 2018, no direct or indirect participation of the company's cadres in relevant suppliers was found, and no unqualified suppliers were found; Of the 15 suppliers selected in September, 3 of them didn't sign the Letter of Undertaking for No Relatives, Friends or Business Interests and had been requested for replacement.

### D、 Provide access to information

Huayou has established and improved a reporting system, widening complaint channels, encouraging informed reporting of irregularities, mobilizing and giving full play to the positive role of employees and stakeholders in reporting corruption and commercial bribery, and formally promulgating the Reporting Management System to all employees through the OA platform on November 16, 2018, and providing reporting phones and e-mail addresses to all stakeholders through the official website. Audit and Supervision Department is responsible for receiving, investigating, approving and directing reports by the Group President, Reporting Management System clearly stipulates that all whistle-blowing information is strictly confidential; anonymous reporting is allowed. Information leaks, investigation obstructing and retaliation are strictly prohibited. For reporting information, the whistle-blower will be rewarded according to the value of the infringement, and the information of the whistle-blower will be kept secret. In 2018, a total of six incidents were reported, one of which was a corruption matter, and one of the person involved in the case was eventually dissuaded.



**Ways of reporting:**

- 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.: 0573-88589103;
- ③ E-mail: report@huayou.com;
- ④ Reporting box: Unpacking once a week (except holidays), the unpacking time is 9:30-10:30 every Monday morning.

**Reporting management process:**

The undertaker of the Audit and Supervision Department shall record the reporting items according to the reporting information, register the Report Registration Form of Petition Letter, submit it to the person in charge of the Audit and Supervision Department for re-examination and signature, and appoint a special person to be responsible for the investigation after reporting to the president or chairman of the board of directors for approval;

The undertaker or investigation team must conduct the investigation confidentially and hear the arguments of the person to be reported, and may request the relevant department to assist in obtaining sufficient investigation evidence to form a trial report (including handling opinions);

Opinions on the handling of the reported matters shall be given within 60 days and shall be reported to the President for approval; opinions on the handling of the reported matters entrusted by the company for investigation shall be given within 30 days and shall be reported to the President for approval;

The Audit and Supervision Department shall handle matters according to relevant provisions according to the examination and approval results;

The undertaker or the investigation team shall notify the whistle-blower in writing of the result of the handling within 5 working days after the handling of the reporting is completed;

The undertaker shall file all the report materials after the processing is completed.

The Audit and Supervision Department shall maintain the same working hours as other administrative departments from 8:00 to 11:15, 13: 30-17:00, Monday to Friday, 6.75 hours a day; 8:00-11:15, 13:30-16:30 on Saturdays, 6.25 hours, guaranteed 40 hours a week.

Patent maintenance



## Patent maintenance

In 2018, the company applied for 28 patents and newly authorized 15 patents (4 of which were invention patents and 11 utility model patents), bringing the total number of valid patents to 78 (46 of which were invention patents and 32 utility model patents).

In 2018, Huayou New Energy Technology (Quzhou) Co., Ltd. passed the certification of intellectual property management system.



In order to make all employees aware of the company's code of business ethics and conduct, the company has arranged relevant training for all new employees.



In order to enable stakeholders in major business locations at home and abroad to lodge complaints on issues related to the company's corporate social responsibility, the company has published a complaint mechanism on its official website. The specific channels for

### Social responsibility management:

#### China

Tel.: 0573-88589950  
E-mail: CSR@huayou.com  
Address: No.18 Wuzhendong Road, Tongxiang City, Huayou Cobalt (Social Responsibility Office)

#### DRC

Tel.: +243 841206837  
E-mail: RSE@huayou.com  
Address: Likasi Road, Jorisit Block, Anaks District, Lubumbashi Municipality, Province du Haut Katanga, CDM (Social Responsibility Office),

### Cobalt supply chain due diligence management

#### China

Tel.: 0573-88589950  
E-mail: CSR@huayou.com or Brycelee@huayou.com  
Address: No.18 Wuzhendong Road, Tongxiang City, Huayou Cobalt (Social Responsibility Office)

#### DRC

Tel.: +243 841206837  
E-mail: RSE@huayou.com  
Address: Likasi Road, Jorisit Block, Anaks District, Lubumbashi Municipality, Province du Haut Katanga, CDM (Social Responsibility Office),



## Grievance mechanisms

Huayou encourages stakeholders to seriously and responsibly make comments or suggestions on corporate social responsibility management, especially supply chain due diligence management, to help the company improve its performance; At the same time, it also accepts complaints from stakeholders, and provides proper, unblocked channels and proper, fair ways to deal with complaints, to ensure that the work of the company is carried out in an orderly manner.



**I. Ways of complaints**

Complaints methods include: Telephone and Written (including EMAIL). Stakeholders may make comments, suggestions or complaints to Huayou by telephone, mail or letter.

**II. Reception of complaints**

Huayou Social Responsibility Office is the department responsible for handling complaints, with a special person responsible for receiving each opinion, suggestion or complaint submitted by stakeholders, and acknowledging receipt within two working days after submission.

**III. Review of appeals**

1. A complaint shall be admissible if:

it is related to the due diligence management of the supply chain of Huayou Cobalt, including any identified risks;

it could identify deficiencies, inconsistencies or deficiencies in the due diligence system;

Including sufficient objective evidence to reasonably support the allegations of the complainant;

It violates the requirements of the Human Rights and Labor Practices Policy and the Environment, Health and Safety Policy;

It violates the requirements of the Code of Business Ethics and Conduct;

Submit in good faith

2. A complaint shall not be accepted if:

It is irrelevant to the due diligence management of the supply chain of Huayou Cobalt;

It is related to issues other than control, influence or responsibility of Huayou Cobalt;

It lacks sufficient objective evidence to support the complaint reasonably;

It is not submitted in good faith.

3. All complaints must be based on facts and truthful contents. Assumptions and false contents shall not be used as the basis for complaints. No malicious attacks and slander shall be allowed.

**IV. Handling of complaints**

If the complaint does not meet the conditions of Item 1, Huayou Cobalt will notify the complainant of the decision, including the reasons for Huayou's refusal to appeal. If necessary, Huayou may advise the complainant to submit the complaint to other parties.

If applicable, Huayou will inform the complainant of the complaint mechanism of the specific certification scheme related to the complaint.

Once the complaint is accepted, Huayou Social Responsibility Office will organize relevant departments to investigate all the elements of the complaint and inform the complainant of the investigation results and the corrective measures (if any) determined for resolving the complaint within 7 working days (the results shall be notified in a manner consistent with the confidentiality policy).

Huayou Cobalt takes one of the following actions to address each complaint:

Acceptance of complaints and adopting corrective action

Acceptance of complaints and not adopting corrective action

Dismissing complaint

Publish the outcome or inform the complainant

**V. Confidentiality of information**

After receiving the complaint information, the social responsibility office shall be responsible for the preservation of the information, the transmission of the information review, and the processing and feedback of the information. Disclosure to persons outside the office is prohibited without the consent of the person in charge of the director's office. If there is a violation, the related party shall be punished in accordance with the company's regulations on rewards and punishments.

**VI. Complainant protection**

The handling personnel shall keep the complaint information strictly confidential. The complaint materials shall be strictly managed as confidential information, and no one may access them without the approval of the company's main leader or the leader in charge. It is strictly forbidden to transfer the complaint materials to the respondent, or to retaliate against the whistle-blowers. The relevant party shall protect the legitimate rights and interests of the whistle-blowers, and to transfer to the judicial organs for handling serious confidentiality leaks that cause damage to the legitimate rights and interests of the whistle-blowers.

# Product Responsibility









Huayou's quality concept is "Product produced by a company representing the moral quality of this company";

Huayou's product research and development philosophy is "Seizing the opportunity and following the rules";

Huayou's customer philosophy is "all for the customer and all from the customer"

As a leading supplier of lithium battery new energy materials, the company always pays close attention to the quality of products, strictly controls the substances restricted in use, increases the breakthroughs in R&D technology, improves the technological process, enhances the R&D capabilities of R&D personnel, takes customer satisfaction as its own responsibility, and continuously provides reliable, safe and environmentally friendly products to customers and consumers.

Year	2017	2018
Customer Satisfaction Index (CSI)	84.02	82.28

## Relevant contents of research and development achievements:

### 1., Short-range lithium recovery technology:

At present, lithium is recover from that liquid after the recovery of cobalt, nickel and manganese in the domestic battery material, and the process flow is long and the lithium recovery rate is low, which is less than 85%; In addition, if the battery material directly enters the subsequent extraction system without roasting, the organic matter in it will affect the system; In order to solve the above problems, the "short-range lithium recovery technology" is specially developed; that is, after the ternary battery material is roasted, lithium is recovered by water leaching, and the lithium recovery rate can reach more than 91%, thus shortening the process flow; In addition, most of the manufacturers on the market use sodium phosphate precipitated lithium for lithium recovery, thus producing a large number of intermediate products of lithium phosphate. It is difficult to convert lithium phosphate into lithium carbonate because of its stable performance; therefore, the market price is low. In view of this situation, the technology of recovering lithium from lithium phosphate is specially developed, which opens up a wider source of raw materials and a more inclusive process system for lithium resources. The technology has been patented as A Process for Recovering Lithium from Lithium Iron Phosphate.

### 2., Purification technology of SS before cop extraction:

Solvent extraction has become an important part of hydrometallurgy of copper because of its advantages of non-pollution, low energy consumption and easy operation. However, in most hydrometallurgy plants, it is often affected by the high SS in the liquor before copper extraction. It has become a difficult problem to deal with in the industry. The company has created a new purification process for SS removal from copper extraction solution, reducing SS content in copper extraction solution and increasing the utilization rate of copper extractant. The company realizes copper extraction continuous operation, and improves the production capacity of copper extraction workshop and staff operation management; The technology has been patented as A Process for the Removal of SS from Leachate in the Cobalt-nickel Industry.

### 3., Electrooxidation technology of treating wastewater containing heavy metal such as nickel and cobalt:

The existing treatment methods of metallurgical industry wastewater have the disadvantages of high treatment cost and incomplete recovery of valuable metals, and some of them may bring secondary pollution. The electro-oxidation technology is easy to operate and low in cost. It can effectively recover valuable metals and increase the content of cobalt and nickel in the recovered materials. It provides a new treatment method for the follow-up wastewater treatment. The technology has been patented as A Process for Recovering Valuable Metals from Industrial Effluents and Removing Ammonia Nitrogen To Reduce COD.

### 4., Three-phase substance reduce technology of an extraction system:

The original high-acid stripping process would leave many strip liquor particles, have low transmittance, and would generate three-phase slag which is difficult to clean, thus causing high treatment cost and large organic phase loss. The company has developed a "low acid-subsection" stripping technology, which can reduce the acid concentration and optimize the stripping conditions without decreasing the concentration of cobalt in stripping solution and increasing the total amount of acid. The three-phase slag can be reduced by more than 50%, which solves the problem of high output of three-phase slag and large loss of extractant in the extraction process, and improves the recovery rate of cobalt. This technology had been applied for an invention patent A Process for the Reduction of Tri-phases from a Cobalt-nickel Hydrometallurgical Extraction System, and the patent has been filled.

### 5., Iron recycling technology:

In order to realize the harmonious development of waste disposal, resources, energy and environment, Fe<sup>2+</sup> in the leaching solution of white alloy was used as the raw material to prepare ferric phosphate, and realize resource utilization of iron. Such method could not only reduce iron removal efficiency, but also reduce iron removal cost and iron slag generation, and at the same time realize the conversion from waste slag to product, reduce solid waste generation, and alleviate the environmental protection pressure of the company. The technology has been patented as A Method for Recovering Iron from Alloy Leachate in the Cobalt-nickel Industry.

### 6., 302A4 cobalt tetroxide (16~18μm) process research project:

The nanocrystalline of basic cobalt aluminum carbonate was prepared by controlled crystallization technology, and the nanocrystalline was dispersed in cobalt carbonate particles uniformly to improve the uniformity of aluminum distribution, which solved the problem of aluminum distribution unevenly caused by aluminum flakes precipitated on the surface of particles. This technology had been applied for an invention patent A Preparation Method of Cobalt Tetroxide Uniformly Doped with Aluminum in Large Particle Size, and the patent has been accepted. Relevant research results of this project were published in the journal World Nonferrous Metals in the title of "Research on Improving the Homogeneity of Aluminium-doped Cobalt Tetroxide".



### 7., 302A (6 ~ 20) cobalt tetroxide (16 ~ 18 μ m) process research project:

Analyze composition and morphology of aluminum in wet synthesis stage and the reason of non-uniform distribution of doped aluminum caused by the formation of flakes. Synthesize aluminum in the form of crystal in wet synthesis stage by controlling the synthesis conditions and control the size of crystal particles to ensure the uniformity of doping. The two-stage calcination process was firstly adopted to realize the local decomposition of aluminum-doped cobalt carbonate by low-temperature pre-decomposition technology and to form microporous channels, which is convenient for the timely release of CO<sub>2</sub> from subsequent pyrolysis to prevent cracking. In the second stage, high-temperature calcination is performed to simultaneously decompose aluminum compounds and cobalt carbonate. The high-temperature thermal decomposition technology used in this stage could achieve particle surface densification, finally forming aluminum doped cobalt tetroxide without cracking and with high tamping density and uniform aluminum distribution.

### 8., 302S spherical cobalt tetroxide research project in non-spherical polymeric form:

It is started from the synthesis of monodisperse seeds, and the controlled crystallization technique was used to make the newly generated particles grow along the seeds; therefore, the problem of poor morphology caused by the agglomeration growth of multiple particles in the synthesis growth process is solved. The company also developed two-stage calcination technology, and prepared spherical cobalt tetroxide with large particle size having no cracking, no micro powder, no multiple pellet aggregates, high TD and low impurity S content, which improves the quality of the existing 302S product, solves the hidden danger that the large-diameter tetra cobalt oxide crystal prepared by the downstream customers using multiple pellet aggregates has stripes, and has cracks at the stripes after a certain number of charging and discharging, thereby causing the cycle performance to be degraded. The electrochemical performance test by customer shows that the discharge specific capacity is more than 190mAh/g, and the performance retention is more than 98% in 50-week cycle, which meets the development needs of 4.4V lithium cobalt oxide (LCO).

### 9., 600 New cobalt tetroxide (2 ~ 6 μ m) product expansion test project:

Conventional small particle cobalt tetroxide and large particle cobalt tetroxide are important precursors for the preparation of 4.4V high voltage lithium cobalt oxide materials. The company takes the lead in adopting hydroxyl cobalt batch synthesis technology to prepare hydroxyl cobalt with high tamping and good uniformity, which breaks through the technical bottleneck of uneven particle size of overflow process in the industry and meets the requirements of high-end customers. The products have passed the certification of many customers.

### 10., 600A3 cobalt tetroxide (4 ~ 6 μ m) new product research project:

Aluminum-doped small particle cobalt tetroxide is a new product developed for the next generation of 4.45V high voltage lithium cobalt oxide. Based on hydroxyl cobalt system, the company takes the lead in adopting batch synthesis technology to develop aluminum-doped hydroxyl cobalt with high density, uniform size and uniform aluminum distribution. The product performance has passed the certification of downstream customers, and meets the requirements of high-end customers. This technology had been applied for an invention patent A Preparation Method of Spherical Cobalt Tetroxide Uniformly Doped with Aluminum in Small Particle Size, and the patent has been accepted.

### 11., Research project on lithium carbonate production by lithium hydroxide carbonization:

With the rapid development of new energy, the demand for lithium resources in the market is explosive growth. Upstream and downstream enterprises in the lithium battery industry have begun to actively prepare for lithium resources, stockpiling more lithium carbonate production technology, which has become a crucial step of the company in the layout of the lithium plate. The company developed the lithium hydroxide carbonization method to prepare lithium carbonate technology, and took the lead in the use of carbonization pyrolysis process, and established the optimal endpoint pH control value, which not only solved the problem of incomplete dissolution of lithium hydroxide in mother liquor, but also improved the yield of product and single kettle capacity, thus reducing the unit consumption of product. This method has been used in tonnage production, and the product has been approved and used by customers.

### 12., Energy storage type lithium ion battery adopts 18μmNCM523 ternary precursor with large particle size

In this project, the super pure nickel cobalt manganate was used as the main raw material, the alkali liquor as precipitant and ammonia water as complexant, and the wet homogeneous coprecipitation process was adopted to design the integrated filtration and washing machine, the continuous drying rotary kiln and the precision filter, in an effort to synthesize the large particle size NCM523 ternary precursor in combination with two-stage electromagnetic iron removal technology. The product has the characteristics of high tamping density, low impurity content, regular morphology, and is innovative in the purity of raw materials and process control; related technology has applied for 2 invention patents and 2 software copyright registrations. The product was identified by experts as a leading domestic product of its kind and was registered as a Scientific and Technological Achievements of Zhejiang Province on September 30, 2018.

### 13., Power type lithium ion battery adopts ternary precursor NCM523D

The high performance, spherical NCM523D ternary precursor was obtained by optimizing Ni-Co-Mn wet coprecipitation method, and primary particle and secondary particle controlled crystallization technology are combined to control precisely the main content, component proportion, particle size distribution and metal foreign matter, and form the spherical NCM523D ternary precursor with good mechanical properties. Innovations have been made in the process control of synthesis, washing and anti-oxidation. Relevant technology has been applied for 1 invention patent, which is appraised by experts to be in the leading level of the same kind of products in China. With the characteristics of high crystallinity, narrow particle size distribution and low impurity content, the product was highly praised by high-end customers and realized batch substitution for competitors. The product was registered as Scientific and Technological Achievements of Zhejiang Province on September 30, 2018.

### 14., High performance lithium ion battery adopts ternary precursor NCM523E

Self-developed high-purity nickel-cobalt-manganese ternary sulfate is adopted in the project as the main raw material, and through the control of feeding ratio, ammonia value, pH value, temperature and other process parameters, process technologies such as synthesis, washing and drying are optimized. In the project, the special equipment for mass production is designed to make Ni-Co-Mn ternary hydroxide, which is applied to the field of high performance lithium ion battery. The product has the characteristics of primary lamellar secondary spherical crystal structure, high purity, concentrated particle size distribution and so on. Relevant technology had been applied for 2 invention patents, which were registered as Scientific and Technological Achievements of Zhejiang Province on September 30, 2018 after being appraised by experts at the leading level of similar products in China.

### 15., Key high-tech products of power ternary precursor (NCM622)

With the development of new energy vehicle industry, all-electric vehicles (EV), plug-in hybrid electric vehicles (PHEV), hybrid electric vehicles (HEV) have become the main direction to increase endurance mileage, which has high demands on power battery energy density. According to the Medium and Long-term Development Plan of Automobile Industry, the specific energy of power battery will be more than 300Wh/kg by 2020, and the specific energy of power battery system will be 350Wh/kg by 2025. However, it is difficult to achieve the energy density of 300Wh/kg for single cell with NCM111 or NCM523 as cathode, and high nickel ternary materials are being gradually applied. According to the report of GGIB, ternary batteries in China are currently in the transition stage from NCM523 to NCM622. This project aims to develop ternary precursor of NCM622 and carry out synthesis and post-treatment process research. The product has the characteristics of high tamping density, low impurity content, regular morphology and so on. It has been applied for two invention patents and registered one software copyright. It was registered as a Scientific and Technological Achievements of Zhejiang Province on December 31, 2018 after being appraised by experts at the leading level in China.

### 16., New ternary precursor NCM811 for high-capacity power batteries

Driven by the new energy automobile industry and national policies, ternary materials with high energy density are the development direction of future batteries, but the existing ternary materials have the shortcomings that battery capacity and recyclability are difficult to take into account. Higher nickel content can improve battery capacity, but it will bring about poor lattice stability on the surface of materials, which will affect the improvement of material recyclability under high voltage. The NCM811 ternary precursor with high capacity density, excellent cycling performance, good safety performance and low cost was prepared by the CSTR technology process independently developed and designed in this project. One invention patent has been applied for, and the technology has been appraised by experts to be at the leading level in China. It was registered as a Scientific and Technological Achievements of Zhejiang Province on December 31, 2018.



# Product quality management:

01

System construction

2018, on the basis of steadily advancing ISO9001 quality management system, Huayou New Energy (Quzhou) Co., Ltd. and Quzhou Huayou Cobalt New Materials Co., Ltd. promote the quality policy oriented by customer demands, technological innovation, and brand building. The Automotive Industry Quality Management System (IATF16949: 2016) is introduced to carry out strict, systematic and comprehensive quality management in every link of procurement, process and product, and all quality work is carried out in a down-to-earth manner. For the key processes and key links that affect product quality, crucial monitoring and inspection are carried out to ensure that every link can be effectively monitored and the operation effectiveness of the quality management system can be continuously improved.

02

Supplier management

In 2018, Huayou New Energy (Quzhou) Co., Ltd. and Quzhou Huayou Cobalt New Materials Co., Ltd. implemented the Measures for Quality Management of Raw and Auxiliary Materials Suppliers, outputted supplier annual audit plan according to the influence of incoming materials on product quality, demand of user unit and supply situation of last year, carry out on-site audit and comprehensive evaluation for important suppliers for 14 times and 19 times respectively; It comprehensively evaluates supplier quality assurance capabilities from standardized management, exception management, change management, process monitoring and measurement to prompt suppliers to gradually establish a standardized quality management mechanism, and to promote the transformation of supplier quality management from "passive" to "active", effectively improving the quality of suppliers' products.

Huayou Africa Branch has set up a supplier account for raw materials procurement and accessories, and evaluates the quality of suppliers according to the impact of incoming materials on product quality and the supply situation of the previous year, so as to better provide the company with better quality raw materials and accessories.

03

Purchase quality management

Huayou New Energy (Quzhou) Co., Ltd. and Quzhou Huayou Cobalt New Materials Co., Ltd., based on raw materials, purchasing standards for auxiliary materials, packaging materials and other materials, have implemented management procedures such as Sampling Procedures, Acceptance Procedures for Raw and Auxiliary Materials/Packaging Consumables and Control Procedures for Non-conforming Products, sample and test each batch of incoming materials and materials, and have carried out acceptance work in accordance with procurement standards to ensure that each batch of incoming materials can be effectively monitored.

According to standards of procurement of raw materials, accessories, packaging materials, etc., Huayou Africa Branch implements the Local Procurement Management Approach, Measures for the Administration of Samples of External Raw and Auxiliary Materials, Management Methods for Acceptance and Warehousing of Materials Management, Business Management Methods of Raw Material Purchasing Department, Work Instructions for Raw Material Management Posts, Raw Material Acceptance and Warehousing Operation Standards and procedures of various raw and auxiliary materials testing standards and procedures to sample and test each batch of incoming materials, and carries out acceptance work in accordance with procurement standards to ensure that each batch of incoming materials can be effectively monitored.

04

Production process monitoring

In order to guarantee the product quality, Huayou New Energy (Quzhou) Co., Ltd. and Quzhou Huayou Cobalt New Materials Co., Ltd. formulate operation process instructions, quality control plan, equipment operation procedures, inspection operation instructions and so on for each post around the production process to ensure that the critical control points of the production process meet the requirements specified. In the production process, quality inspectors, technicians and team leaders in the department-level, workshop-level and team-level respectively are appointed to inspect the implementation of each process, and timely analyze, review and improve the quality data through daily and monthly regular meetings to ensure the realization of the predetermined quality objectives; Huayou Africa Branch formulates post operation process instructions, quality control engineering drawings, equipment operation instructions, inspection operation instructions, etc. around the production process to ensure that the critical control points of the production process meet the requirements. During the production process, the quality inspectors, workshop technicians and team leaders are appointed to inspect the implementation of each process, and analyze, review and improve the quality data in a timely manner through daily (morning meeting), monthly (monthly review meeting) meeting and other means to ensure the realization of the predetermined quality objectives.



05  
Product quality and shipping management

Huayou New Energy (Quzhou) Co., Ltd. and Quzhou Huayou Cobalt New Materials Co., Ltd. formulate enterprise internal control standards that are strict with industry standards, use SAP system for warehouse management, and apply SPC and other quality tools for quality statistical analysis to identify product quality variations and constantly improve product quality, ensuring that each batch of products can be delivered to customers on time and in accordance with the quality. Quzhou Huayou Cobalt New Materials Co., Ltd. formulates Finished Product Packaging Standard, Finished Product Management Post Work Instruction, Finished Product Sampling, Sample Preparation Operation Rules and various product technical standards to ensure product warehousing quality, and identifies product quality variation through standardized testing to constantly improve product quality. It also formulates Management Methods for Import and Export Business Operation Processes, standardizes shipment management, and ensures that each batch of products can be delivered to customers in good condition. (Information: Annex 3)

06  
Self-supervision and management of quality testing in Huayou Africa Branch

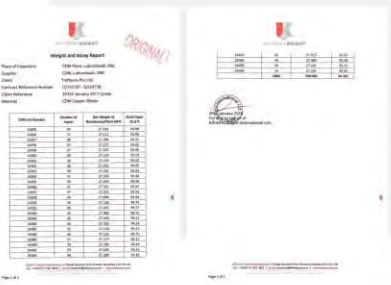
In order to ensure the accuracy of the company's test results, the company formulate the Management Methods for Sample Sampling in Laboratory to perform regular internal sampling in the department or by the company on all the tested inspection/test samples, so as to ensure the accuracy of the test results of raw and auxiliary materials and products; The Management Methods for Skill Grade Assessment of Local Employees has been formulated to regularly assess the testing skills of quality inspectors and continuously improve their testing skills.



Laboratory Technician Skills Assessment

07  
Product quality of Huayou Africa Branch

AHK (Third Party Inspection Organization) is entrusted to carry out the third-party inspection on the crude copper, electrodeposited copper and other copper products produced in Huayou Africa Branch to ensure the quality of the products and feedback the inspection results to the customers in a timely manner.



08  
RoHS/REACH regulation

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 cobalt tetroxide 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.

## Quality "spring thunder action" of Quzhou Huayou Cobalt New Materials Co., Ltd.

In order to further create the quality culture atmosphere of Quzhou Huayou Cobalt New Materials Co., Ltd. and enhance the quality awareness of the entire staff, the company launched the first Huayou Nonferrous Metals Quality "Spring Thunder Action" in 2018. This activity included "QCC Project Improvement" activity, quality audit PK competition and quality knowledge training and competition. The basic knowledge of quality management is strengthened through a series of quality knowledge training, and such quality knowledge competition activities could verify the training effect, enhance the quality awareness of the company's staff, improving the company's quality control ability.

In order to publicize the implementation of the quality inspection and assessment standards and enhance the quality knowledge and practical operation level of the quality system administrators, the company organize a "PK Competition for Quality Inspection" in June 2018, during which participants conducted on-site inspection in designated workshops. Through this activity, more employees clearly understand, know and use the quality inspection and assessment standards expertly.

The company established "QCC group" to solve the production and management problems encountered, and "QCC project improvement activities" in 2018 solved more than 20 problems, promoting the company in saving production costs, improving product quality and optimizing the management process.





# SUSTAINABLE DEVELOPMENT GOALS



# Responsible Supply Chain









While paying close attention to the construction of its own corporate social responsibility, Huayou Cobalt also concerns the corporate social responsibility performance of stakeholders in the supply chain, and requires suppliers to comply with the most basic corporate social responsibility requirements through the development of Suppliers' Code of Conduct. For supply chain management of cobalt ores in high-risk areas, the company has also developed a Due Diligence Policy for a Responsible Global Supply Chain of Cobalt (Third Edition) and a Supplier Standard for Responsible Sourcing of Cobalt to manage due diligence in the cobalt supply chain. The company also requires suppliers to cooperate with due diligence management and help suppliers to build their capacity. At the same time, the company plays its influence in the leading enterprises of the industry and actively guides the whole industry to carry out due diligence management.

Suppliers' corporate social responsibility performance has been incorporated into the daily management of the company. For key items in the supply chain, such as sulfuric acid, hydrochloric acid, liquid alkali and other related accessories and packaging bags and other related products, the company has carried out strict control, not only requires manufacturers to provide quality assurance agreement, but also requires them to provide effective MSDS or ROHS reports. The company takes environmental protection, labor practices, human rights and other related elements into account while formulating procurement standards. When purchasing the personal protective equipments (PPEs) for the workers, the company has put forward clear qualification requirements, and require suppliers to possess special labor insurance qualifications to supply the relevant products, so as to ensure the safety of employees and the effectiveness of products. The company also regulates supplier behavior in accordance with the Code of Business Ethics and Conduct, and incorporates business ethics into their cooperation agreements. The company is prohibited to engage in business cooperation with organizations that have relatives, friends or business interests with company cadres, and conducts on-site audits of major suppliers in terms of CSR labor, health and safety, environment and business ethics. Seven suppliers were audited on-site in 2018.

To make suppliers know more about the company's procurement policies and needs, the company's procurement management department communicate with suppliers through the company's international annual meetings, daily mail, telephone communication, on-site visits and other means. In the company's international annual meeting in 2018, the Procurement Center invited a total of 25 units to participate in, of which 24 units actually participated; and invited 55 individuals to participate in, of which 52 actually attended. During the meeting, the Procurement Center arranged communication and business negotiation with 6 core suppliers according to the original plan.

The company pays great attention to the development of the investment location, has built public service facilities in the material procurement and investment location, and supports the election behavior of the local government (such as donating T-shirts, colored flags, football, etc.). For the procurement of hazardous chemicals, the State has strict control over the qualification of hazardous chemicals. For this reason, the company trains the employees in the qualification of hazardous chemicals, and reports all explosive and poisonous products purchased to the public security organ for record.

## Responsible Cobalt Supply Chain Building

With the continuous development of electric vehicles, energy storage systems, smart phones, aerospace and other industries, the global demand for cobalt resources is showing a growing trend, and the sustainability of cobalt resources has attracted the attention of global stakeholders.

At the same time, international communities, including non-governmental organizations and prominent media, has given continuous report on human rights risks in the global cobalt supply chain, including human rights violations such as child labor in artisanal cobalt mining in the former Province du Haut Katanga of the DRC, and subsequent corruption and bribery in the production and operation of major cobalt mining companies, which have drawn worldwide attention on the cobalt supply chain.

Since 2016, when Amnesty International released the report This is what we die for (which mentioned the risk of child labor in artisanal mining in Huayou Cobalt supply chain), Huayou has been actively exploring ways to address the risks in the cobalt supply chain.

In the face of doubts and pressure from outside stakeholders, Huayou Cobalt clearly analyzes the root causes of child labor in the cobalt supply chain, namely poverty (it is confirmed by the 2017 report "Artisanal Mining, Livelihoods and Child Labor in the Cobalt Supply Chain of the Democratic Republic of the Congo" by CEGA (Center for Effective Global Action) of the University of California, Berkeley), and recognizes that risks in artisanal cobalt mining are fundamentally different from those in the supply chains of past conflict minerals.

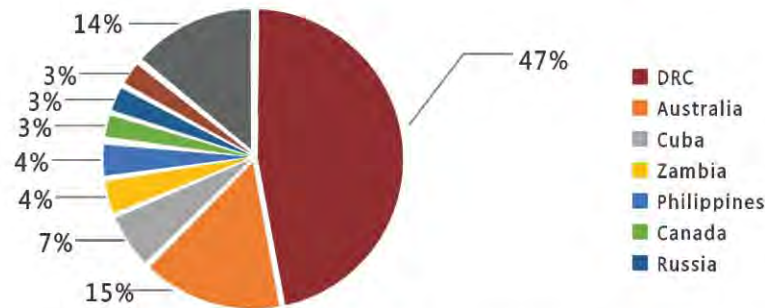
### Comparison table for conflict minerals and artisanal cobalt mining

Projects compared	Conflict minerals	Artisanal cobalt mining
Nature	Human rights violations stemming from political differences and triggered by conflict	Livelihood problems stemming from poverty
Responsible subject	Illegal armed groups	Community residents
Motivation	Actions taken subjectively by armed groups to secure funding for the conflict	Activities that communities are forced to undertake in order to earn a living
Purpose of governance	Prevent direct or indirect funding of conflict groups	Be able to effectively support community livelihoods and reduce risks in artisanal mining
Form of risk existence	Risk mine is the source triggering risk, and such risk is an static existence	Such risk is open and spontaneous, and the problem of child labor exists dynamically
Methods adopted and measures taken	It is more effective to cut off the supply chain routes and channels	The company adopts relief or remedial measures in affected communities through joint action



With the continuous development of the new energy automobile industry, the demand for lithium-ion power batteries is growing, and cobalt, an important component of lithium-ion power batteries, is attracting increasing attention. Nearly half of the cobalt reserves are located in the Democratic Republic of the Congo (DRC). Therefore, the development of the new energy automotive industry in the DRC will be severely restricted.

## Distribution of world resources (2016)



Understanding the complex political and economic environment in the DRC, experiencing the hardships of the local people, Huayou Cobalt cherished the vision of "becoming the global leader in new energy lithium battery materials", and resolutely chose to stay in the artisanal mining in the DRC to improve the artisanal mining through its own continuous efforts.

Huayou Cobalt referred to the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains (Chinese Guidelines) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition (OECD Guidance) in the process of establishing due diligence management system for cobalt supply chains. After more than 30 months of frank and arduous global operations, Huayou Cobalt quickly made up for its cognitive shortcomings, improved its ability to manage and control the operational risks of the supply chain, and achieved many milestones of success.

The due diligence management system of cobalt supply chain has been vigorously constructed since 2016. In 2017, Huayou Cobalt became the first company in the industry to complete the third-party audit of due diligence management system of cobalt supply chain, and established and operated the first responsible due diligence management system of cobalt supply chain in the industry.

In 2018, Huayou Cobalt drew on the experience of the previous year's trial run of the due diligence management system of the cobalt supply chain, summarized the problems arising from the audit process, combined with the requirements of stakeholders on due diligence management of the supply chain, and improved the system content on the basis of the original due diligence management system documents and tools of the cobalt supply chain. The company introduced due diligence management system of cobalt supply chain into Huayou internal management system, clarify the raw material procurement process and management functions, and build and release the Due Diligence Management Procedure of Cobalt Supply Chain, Due Diligence Management Method of Cobalt Supply Chain and Raw Material Procurement Execution Management Method.

During the construction of due diligence management system of cobalt supply chain, Huayou Cobalt found that: Under the traditional procurement model, most artisanal cobalt mining is traded on the free market, where the primary traders of smelters typically procure from the free market and export after processing by the smelters. In this model, aggregates are mixed in the trading market, and cannot be traced back to the supply chain; therefore, the risk is completely uncontrollable.

Therefore, in order to regulate the artisanal cobalt mining in the DRC, it is necessary to improve the cobalt supply chain compliance, change the traditional supply chain model, and avoid the cobalt free trade market. Risk shall be controlled at source and responsible artisanal cobalt mining shall be transported directly from the mine source to the smelter through a traceable management system.

In Huayou Africa Branch, we looked at the ASM Model Mine site, communicated with suppliers, and perfected due diligence management system and model mine standards according to the requirements of due diligence management of cobalt supply chain in combination with the actual situation in African Region. With the strong support of the local government of the DRC and the cooperation of various stakeholders, Huayou Cobalt and third-party institutions have successfully designed and developed a responsible artisanal cobalt mining procurement management system. During the standard-setting process of the system, a number of downstream enterprises also participated in the review and affirmed the system standard. Although the system standard has not been popularized in the whole industry, Huayou Cobalt has proved the suitability and feasibility of the standard through its own practice, and will make the whole industry accept and adopt the system standard through its own efforts.



**The management system regulates the artisanal cobalt mining supply chain in three main ways:**

The first is the source: source of aggregate is clear, including the legitimacy of the mining area, supplier compliance;

The second is risk control: the risk control of mineral resources means controlling of all kinds of risks during the mining process, including eliminating the risk of child labor by effectively prohibiting children from entering the artisanal mining work area, and gradually controlling the risks of occupational health and safety of miners;

The third is mineral traceability, which mainly refers to the mineral can be tracked for relevant information from mining to smelter processing.

Huayou Cobalt Mining Co., Ltd. called the normalized artisanal cobalt mining source mine as model mine (Model Mine).

In 2018, the company completed the establishment and release of systems such as the Responsible Artisanal Cobalt Mining Procurement Procedure in African Region, the Model Mines Standards, the Responsible Artisanal Cobalt Mining Procurement Management Approach in African Region and the Cobalt Supply Chain Due Diligence Approach in African Region. After the relevant system is released, Raw Material Purchasing Department, Resource Recycling Department and other relevant departments in Huayou Headquarters and Huayou Africa Branch were organize to consult and study, and require them to earnestly implement and convey the due diligence management requirements to suppliers.

While constantly improving its due diligence management system, Huayou constantly communicates with upstream and downstream enterprises, learns from industry organizations, and actively cooperates with the due diligence management audit of downstream enterprises.

During the construction of the project, Huayou Cobalt has always emphasized that attention should be paid not only to the supply chain management, but also to the local conditions of the investing countries and the root causes of the problems, so as to address the fundamental problems. While performing supply chains due diligence management in accordance with the five-step framework following the China Guide and OECD Guide, the company found that the five-step approach does not adequately address the root cause of risk (namely due to "poverty"), and realize that we should not only comb the supply chain map to avoid risks, but also need to work with stakeholders to address the root causes of landing projects. Therefore, Huayou Cobalt has repeatedly suggested that industry organizations should increase "community intervention" as the sixth step, that is, the six-step approach, and the company practices the "six-step approach" through its own actions. Through the project practice, Huayou Cobalt put forward recommendations on International Guidelines on Due Diligence of the OECD, and the sixth step has now been endorsed by the OECD.

**The six-step framework for due diligence**

Step I	Establish strong company management systems (Traditional)
Step II	Identify and assess risk in the supply chain (Traditional)
Step III	Design and implement a strategy to respond to identified risks (Traditional)
Step IV	Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain (Traditional)
Step V	Report on supply chain due diligence (Traditional)
Step VI	Community intervention (Breakthroughs)

Since the construction of the project, Huayou Cobalt has cooperated with local governments, communities, NGOs, cooperatives and other stakeholders to intervene in local communities: Initiate and assist the local government in the formation of a joint artisanal cobalt mining areas patrol comprising representatives of the Government and various stakeholders to sensitize and sensitize communities in the mining area and to patrol all artisanal mining areas, as well as free trade markets; Cooperate with the International NGO in providing financial support for its child labor assistance project in the mining areas of the DRC, with a view to returning the children to school; Construct a completely new school building (within the Kimbanguiste school) in the area where artisanal cobalt mining is concentrated (Kasulu region), which was opened in the summer of 2017, with six completely new classrooms that can accommodate more than 300 students; Set up Modern Agriculture Demonstration Park in the DRC to introduce Chinese agricultural technology to the DRC in combination with two famous universities in search of agricultural technology suitable for local growth. Huayou Cobalt agricultural project provides local universities with an agricultural practice base, as well as agricultural technology training for local communities. In April 2016, Huayou Cobalt agricultural project in the DRC was listed by the Food and Agriculture Organization of the United Nations (FAO) as a demonstration project of China's aid to Africa.

As Huayou Cobalt/CDM has achieved remarkable results in due diligence management of the cobalt supply chain in the DRC, The Minister of Mines of the DRC wrote to the General Manager of the CDM on February 22, 2018, expressed its appreciation and gratitude for the efforts made by the CDM to improve the supply chain of handpicked cobalt mines, hoped that the CDM will work to eliminate child labor in the supply chain based on work in being, and encouraged the CDM to work more closely with local NGOs and governments to improve the protection and regulation of children leaving handpicked areas and to help them reintegrate into society. At the same time, the mining minister has pledged to do his utmost to support CDM's work and work with it to build a reliable supply chain of artisanal cobalt.



In April 2018, Volvo Automobiles, LG Chemicals, Huayou New Energy, CDM and DNV GL, an independent third-party auditing company, conducted a comprehensive inspection and audit of the mining projects of Huayou Cobalt in DRC. This is the first time that a complete supply chain team inspected and audited the supply chain of DRC.

In June 2018, Huayou Cobalt signed supply chain social responsibility contracts with Fairphone and Signify in the Netherlands. The two downstream companies of the industry formally joined Huayou Cobalt Supply Chain Due Diligence Management Project, creating more responsible and sustainable cobalt supply chain through more artisanal mining demonstration projects and community livelihood projects in the Democratic Republic of Congo (DRC).

In view of the particularity of child labor risks, Huayou Cobalt has been monitoring the mining area from the source and commissioned Better Cobalt to monitor the mining area since June 2018. The company announced the cooperation through its official website in July and the cooperation will achieve real-time monitoring of the mining area, timely reporting and rapid mitigation of risks.

In July 2018, Huayou signed an audit agreement with Liz-Muller to audit the due diligence management system of the supply chain of Huayou Group.

In September 2018, the Third Mining Congress of the DRC was held in Kolwezi, DRC. The theme of the Congress was to develop the mining industry sustainably for the benefit of the local people under the new mining law. Huayou was invited to attend and speak at the meeting to introduce Huayou's action and experience in due diligence management in artisanal cobalt mining, which was warmly recognized and supported by the delegates at the meeting.

As a Chinese enterprise, Huayou Cobalt strongly expresses its responsible attitude and has achieved very good results through practice. Our management system is now being implemented worldwide as an industry standard.

In order to promote the development of due diligence management of the entire industry, as the vice chairman unit of the Responsible Cobalt Initiative (RCI), Huayou Cobalt has participated in international forums many times to promote the development of due diligence management of the cobalt supply chain, and called on more industry participants to join in the development of due diligence management.

We also take this opportunity here to call for: All parties involved in the cobalt industry could pay high attention to Human rights risks in the supply chain; All relevant parties in the cobalt industry can work together to start due diligence management and join Huayou Cobalt as early as possible to jointly create a more sustainable and healthy cobalt supply chain and contribute to the socio-economic development of the DRC.

# Public Welfare







The company's investment philosophy is "no matter where you invest, you must contribute to the local economy and society". The growth and expansion of the company are closely linked with the strong support and understanding of the local community, therefore, enterprises should also be grateful and return to the local community, perform public welfare undertakings in its power for local community, and let the community grow with the enterprise.

In 2018, the company's charitable expenses in China amounted to approximately RMB2,343,199 and that in Africa to approximately USD 198,958.

2018 was a year of historic significance for Huayou Cobalt to achieve a "great-leap-forward RMB 10 billion" and the company smoothly joint the Top 500 Private Enterprise Manufacturing Industries. While the enterprise grows stronger and bigger, the company concerns the society and the embodiment of social responsibility. In 2018, the headquarters of the company launched a series of charity activities, which greatly enhanced the influence of the enterprise and the cohesion of the workforce. The main activities are as follows:

## 1 Good neighborly and friendly relations of village communities

On February 6, 2018, on the eve of the Spring Festival, under the leadership of trade union chairman Zhang Jianhong, the trade union visited and condoled with more than 10 healers of the Municipal Dermatology Hospital and 46 elderly people of the Longxiang Street Nursing Home, delivering New Year presents, wishing them a happy New Year and life. On the same day, the condolence group went to Anle Village to condole the poor family of Zhang Jinfu in the village, and sent the New Year's consolation money and necessities of life such as rice and oil.

## 2 Caring for employees and strengthening the sense of belonging

On February 7, the trade union of the company offered support and sympathy to 6 employees in difficulty at the headquarters, deliver assistance money and food, encourage them to work safely, build up their confidence and courage in life, overcome temporary difficulties, and strive to get out of the predicament as soon as possible.



Chen Xiaoming, head of the administrative department of the group headquarters, delivering RMB 50,000 Yuan to Dong Xinfeng

## 3 Heart to heart with special needy families, providing necessary assistance

Two family members of Dong Xinfeng in Xiang Hou Village of Wuzhen suffer serious illness, and write to the company leaders for medical expenses funding. The company leaders attach great importance to this, instruct trade unions and special personnel to seriously verify, and carry out rescue if necessary. After checking, RMB50,000 directional donation was provided by the company to help the family pass through the crisis.



## 4 Participation in the "Six Campaigns"

From March to October, in order to welcome the arrival of the work of building an advanced clean city, the company responded positively to the calling of party committees and government at higher levels on the "six campaigns". Under the unified and coordinated deployment of the co-built areas, the Party organization of the company organizes Party members and employees to carry out continuous patrol inspection and maintenance in the responsible area of the company's long-road section, and organizes voluntary garbage clean activities for 3 times. They performed nearly 100 times of road patrols, involving more than 200 people; and also carried out four civilized persuasions, involving 12 people. They also participated in the centralized road improvement in the jointly constructed community for two times from May to June.



## 5 High-Speed Rail Volunteer Activities

On May 4, the General Party Branch, the Trade Union and the Youth League Committee of the company organized the Party and Youth League members and workers to go to the Tongxiang High-speed Railway Station to carry out voluntary service, providing window services such as ticket collection, free tea, and transportation consultation for the passing passengers, and showing the hospitality image of the people and enterprises of Tongxiang to the tourists.



## 6 Voluntary Blood Donation Activity

On November 2, 2018, the company organized eight young employees to visit the Economic Development Zone for voluntary blood donation activities.

## 7 Providing Scholarship in Golden Autumn for students from humble family

On August 23, Tongxiang Charity Association launched 9 companies including Tongkun, Jushi and Xinfengming to distribute charity grants to 76 needy students in the city. Huayou has been involved in this activity for more than 10 years.

## 8 Inheriting filial piety and caring for the elderly

On November 17, in order to celebrate the Mid-Autumn Festival and Double Ninth Festival, the Trade Union of the headquarters visited the elderly of Longxiang Home for the Aged in Wuzhen and carried out the activities of caring for the old people and filial piety inheritance with the co-built community (Baile Community), sending festive gifts and blessings to the old people of the Home for the Aged. In Baile Community, we made sweet-scented osmanthus desserts for the elderly in the community, and visited the elderly living alone to deliver holiday gifts to the elderly.

## 9 Caring for retired workers

On November 16, the trade union at the headquarters of the company invited Huayou retired staff and workers to have a social dinner together. The leaders of the company chatted with retired staff of Huayou, asked them about their life after retirement, introduced in detail the development achievements of the company in the recent period, and presented souvenirs of the activities.



## 10 Being Healthy and Enriching Spare Time

In order to promote the concept of "Being healthy, loving life", Huayou Headquarters established the "Huayou Brothers Company Football Team" in November 2018. Since its establishment, the team has absorbed nearly 40 cadres and amateur staff members from all walks of life of the company, basically adhering to weekly activities with no less than 10 participants each time. The formation of the team not only enriches the spare time life of Huayou young workers, but also improves the physical quality of the participants, and better displays the vitality of Huayou workers, laying a good foundation for healthy work and enhancing the quality of life.





# Quzhou Huayou

According to the requirements of the Group's public welfare activities, in 2019, Huayou Quzhou Company carried out public welfare undertakings and cultural activities in conjunction with Quzhou Municipal Government's activities of "Good-mannered Quzhou People" and "civilized city building", thus enhancing the regional influence and the cohesion of the workforce. The main activities are as follows:

## 1 Good neighborly and friendly relations, poverty alleviation and relief



Lu Ximing, Assistant General Manager of Huayou Quzhou Company, delivering condolences and money to poor households.

Quzhou Huayou inherits the investment philosophy of "contributing to the local economy and society in each place we invested", and spread Huayou friendly thoughts and thanksgiving culture to the place invested. Quzhou company has always attached importance to the establishment of good-neighborly and friendly relations with the local grass-roots streets, surrounding rural areas, and carried out interactive party organizations, cultural exchanges, annual visits to the Spring Festival, rural families in need of assistance and other activities to establish a good corporate image in the local enterprise.

On February 10, 2018, on the eve of the Spring Festival, Quzhou Huayou Company launched a two-day visit and consolation work around the city. Lu Ximing, Assistant General Manager of the company, visited eight surrounding village committees on behalf of Quzhou Industrial Base and sent festive greetings, condole 16 families in rural areas and delivered Spring Festival greetings.

## 2 Group caring, friendship deepening

Through the "enterprise-school interaction, caring and love" activity, Huayou Quzhou Company has established good relationship with Dacheng Elementary School and Xinxing Elementary School in Quzhou, and has always carried out annual youth friendship activities; it also sent stationery to the school on June 1st festival.

On the morning of June 1, 2018, Lu Ximing, Assistant General Manager of Quzhou Huayou Company, and his entourage came to Quzhou Dacheng Primary School to donate stationery (basketball, volleyball, table tennis, etc.) to students.



Lu Ximing, Assistant General Manager of Huayou Quzhou Company, visiting teachers and students of Dacheng Primary School



Shu Lichang, Director of Industrial Development Department of Huayou Quzhou Company, delivering summer and cooling products to the front-line sanitation workers of "City Beauty Master"

## 3 Stressing sanitation, loving sanitation workers

Adhering to the spirit of "integrity, innovation, responsibility, learning, passion", the company always fulfills its corporate social responsibility, actively carries out activities of caring the society and repaying the society, and cares for the urban "beauty" sanitation workers. In August 2018, the company participated in the sympathy activities for sanitation workers in green industrial clusters, and delivered 1,000 boxes of mineral water.

## 4 Healthy life, happy work

In order to promote the coordinated development of enterprise culture construction, improve enterprise cohesion, give full play to the role of youth as the main force, enrich employees' spare-time activities, and enhance friendship among Quzhou regional units, the company organized a series of youth activities with rich contents and various forms in 2018.

On May 4, 2018, the company established the Huayou Youth Volunteer Service Team and organized a youth volunteer activity with the theme of "Displaying Youth Vigor and Inheriting the Spirit of Contribution". Everyone is very energetic, full of passion, and the scene of the event presents a thriving scene.



The young volunteers of huayou quzhou company working together to participate "beautify my homeland" at the site of the factory.

## 5 Loving work, Caring Health

On June 12, 2018, Huayou Quzhou Company held the "Ankang Cup" balloon volleyball competition with the theme of "Working Together to Strive for the Leadership".



In 2018, the first two-month Huayou Yoga class, "Shaping Beautiful Body and Mind, Exhibiting Huayou Youth and Vigor", was held at the Fitness Activity Center of Quzhou Company.



## 6 Celebrating National Day loving the nation and the enterprise

During its sixteen years development, Huayou carries out its corporate culture continuously. In order to strengthen the construction of enterprise culture, improve enterprise cohesion, further deepen the study of Huayou Career Program and Huayou Cobalt 2018 Ideological and Cultural Construction Outline spirit, inspire the enthusiasm of the majority of employees to be positive and hard-working, the company held a recitation contest with the theme of "striving for Huayou Career and meeting better themselves".



Huayou Quzhou Company advocating a large-scale recitation contest themed on "Employees sharing a common fate with company"





Huayou Quzhou Company and Zhejiang Quhua Hospital holding blind date and friendship activities.

## 7 Delivering passion and friendship

On December 2, 2018, in order to build a friendship platform for young college students and create opportunities for foreign exchange, the company held a youth friendship event with Zhejiang Quhua Hospital under the theme of "Delivering passion and friendship". Young men and women share thoughts in a pleasant atmosphere enjoy relaxed games and find their own "like-minded" partner.



Photo shows Huayou participating in the First Good-mannered Quzhou People and Skill Competition of "Quzhou Be Polite and Staff and Workers" in Quzhou.

## 8 Good-mannered Quzhou people staff demeanor

On December 12, 2018, in order to further promote the socialist core values, the company mobilized employees to participate in the construction of Quzhou, the city with the best business environment in China and in civilized city building, the company selected four contestants to participate in the "Good-mannered Quzhou People" large-scale cultural event jointly organized by the Municipal Propaganda Department and the trade union.

## 9 Gifts from Companies to Celebrate the Birthday of the Motherland

Employees of the company participated in the corporate culture performance to celebrate the 40th anniversary of the founding of the People's Republic of China on December 26, 2018, and participated in recitation contest themed on Rooted in Huayou, making friends all over the world. The purpose of this activity is to publicize Huayou's enterprise spirit of continuous self-improvement and commitment to excellence, and to establish the advantage of Huayou as employer brand in the industry.



Employees of huayou attending a cultural evening hosted by quzhou municipal government on the theme of "new economy, new momentum, new quzhou" to commemorate the 40th anniversary of reform and opening up.

Since its establishment, CDM has always participated in various public welfare activities, adhering to the belief of “Rooted in the China, making friends all over the world”, and actively develops public welfare activities around the company and the community around the mining area. Major public welfare activities in 2018 are summarized as follows:

- ▶ CDM donated school supplies to the nearby LA PERENITE Comprehensive School and supplied living materials to the nearby poor residents of KASAPA community. On March 6, 2018, Chinese employees of CDM General Management Department donated 1,000 notebooks, 1,000 pens and 5 soccer balls to LA PERENITE Comprehensive School; On March 26, 2018, CDM donated corn flour, which is the staple food of the local population, and cooking oil to residents of the KASAPA community.



- ▶ There is an old saying in China, "If you want to be rich, you must first build roads." Owing to economic underdevelopment condition, most roads in Congo Kinshasa are unsurfaced roads, except for the main roads. During the rainy season, the roads into the CDM and within the community are muddy and difficult to cross. To this end, the CDM repairs the JOLI SITE road and the road extending to the MOÏSE market. This move was appreciated and praised by the Minister of Ministry of infrastructure, who encouraged CDM to continue its efforts to benefit the community villagers.



- ▶ DRC is a large and rare country. Due to the scarcity of water resources, it is difficult to grow vegetables, and most crops are imported except cassava and maize, making life extremely difficult for the local population. The SHAD Farm organized training for university students on rice planting in the countryside, taught students on how to grow vegetables and rice in the current season, bringing hope to the Congolese people thirst for knowledge and food. In 2018, the head of Huayou Cobalt Agricultural Project Subsidiary Company, as the sole enterprise representative, introduced the project cooperation mode of the combination of industry, university and research institute as well as the demonstration effect of the park at the High-level Forum on South-South Cooperation in Global Agriculture, which was recognized by FAO, the Ministry of Agriculture of the DRC and other parties.





▶ There are only a few wells in the local community, which are inadequate for nearby residents, and because of the long way to fetch water and the difficult living conditions of the residents. CDM drilled a manual well in the village of KAWAMA and placed a solar well in the village of KAMATETE to provide daily water for the villagers. During the acceptance of the KAMATETE well, a large number of residents gathered with water tanks, and their joy was overwhelming. In an interview with the media, the district governor and the villagers' representatives expressed their gratitude one after another.

▶ The people of the Democratic Republic of the Congo (DRC) are living in a harsh environment due to poverty, endemic diseases and bacterial breeding, as well as the lack of a good medical environment and timely medical treatment for the majority of the population, which has led to the constant danger to the lives of local people. To alleviate the difficulties of access to health care and the lack of medical supplies, in 2018, the CDM donated medicines to communities and associations and provided free medical examinations and distribution of medicines.

▶ Public welfare not only means donation or funding, to some extent, is also a process of cultural identity and feelings. In 2018, CDM representatives were invited to Saint-Louis School's annual closing ceremony, and celebrated the graduation with school's faculty and students happily.

## Participating in Accurate Poverty Alleviation and Accomplishing Counterpart Support

In 2018, in order to let the leaders and all employees of the company understand and support the public welfare construction of the company, the company invited teachers from external professional institutions to conduct a series of public welfare classes at the company's headquarters. In 2018, a total of three courses were conducted, namely, Corporate Public Welfare Communication, Corporate Participation in Precision Poverty Alleviation and Operation of Corporate Public Welfare Foundation.

Mr. Zhang Jinhui, Deputy Secretary-General of Hongyi Poverty Alleviation Foundation, said: "Contact with Huayou gives me the opportunity to observe closely how a multinational listed private enterprise practices and explores the path of social responsibility. Building responsibility competitiveness and encouraging second-time entrepreneurship have become the new goals and directions of Huayou. In the field of social responsibility, Huayou attaches great importance to the protection of employees' occupational safety risks, actively conducts research on the sustainable development of Congolese gold and cobalt mining communities, and carries out community infrastructure construction. Huayou are moving forward step by step on corporate public welfare, covering activities like subsidizing impoverished college students, performing community volunteer service of respecting the elderly, making enterprise public welfare staff propaganda, and implementing poverty alleviation in poverty-stricken areas. In the constant exploration, employees in Huayou participate in the public welfare awareness actively, and the planning and execution of enterprise public welfare projects are gradually move from fragmentation, randomization to systematization and maturity."

In 2018, Huayou Cobalt undertook two precise poverty alleviation projects in Heishui County, Sichuan Province. Heishui County is a glorious revolutionary history of the region, but it is also a national poverty-stricken county due to geographical reasons. In the activity "ten thousand enterprises help ten thousand villages and striving for a well-off life hand in hand", Huayou Cobalt, as the only private enterprise in Tongxiang City, independently supports Luoerba Village in Zhawo Township, which is the poorest in the locality, and contributes 100,000 yuan to Luoerba Village Ecological Fruit and Vegetable Professional Cooperative, which is specially used for the project of poverty alleviation workshop.

Another activity of the company is to set up a company in Heishui to carry out project investment, in order to achieve the industrial assistance of Heishui. Company's subsidiary Huayou Recycling makes investment to Heishui, and sets Heishui Huayou Recycling Technology Co., Ltd., laying solid foundation for the follow-up development of recycling industry in Sichuan. Only 11 days are used from the establishment of the company to the delivery of RMB 70 million registered capital, making local aid cadres praised.

"Huayou Cobalt is committed to making positive contributions to the local economic development and improvement of people's quality of life, and systematically combs its social responsibility concepts, management and practice, proactively releasing social responsibility reports to the outside world, and disclosing its practice and performance in the field of responsibility in detail. While promoting their own development, Huayou Cobalt leads partners to fulfill their responsibilities together, joins the Jiaying Corporate Social Responsibility League and actively contributes to the development of the League, playing a leading role, truly letting their own responsibility concept and practice affect more relevant parties, constantly sublimating the connotation of responsibility, forming a "responsibility community", and fulfilling their responsibilities dedicatedly."



Jiaying Corporate Social Responsibility Alliance

March 25, 2019

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# Statement of Report Verification

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## INDEPENDENT ASSURANCE STATEMENT

### Introduction and objectives of work

BUREAU VERITAS has been engaged by Zhejiang Huayou Cobalt Co., Ltd. (hereafter referred to as "Huayou Cobalt") to conduct an independent assurance to 2018 Corporate Social Responsibility Report (hereafter referred to as "the Report") of Huayou Cobalt. This Assurance Statement applies to the related information included within the scope of work described below. This information and its presentation in the report are the sole responsibility of the management of Huayou Cobalt. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent verification statements according to the objectivity and reliability of the disclosure of information on the basis of the collection, analysis and management process of the report.

### Scope of work

- Data and information included in the report for the report period from 2018.1.1 to 2018.12.31;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- The assessment team visited Huayou Cobalt head-quarters (located in No.18 Wuzhen E. Rd. Economic Development Zone of Tongxiang, Zhejiang Prov. P.R. China) and Quzhou Huayou Cobalt New Material Co.,Ltd,Huayou New Energy Technology ( Quzhou) Co.Ltd.(all located in No.18,Nianxin Road ,Hi-tech Industrial Park(Phase II), Quzhou, Zhejiang Province, P. R.C ), BV did not visit other site and its stakeholders.
- Excluded from the scope of our work is any assurance of information relating to:  
Activities outside the defined assurance period;  
Positional statements (statements of beliefs, goals, future intention and future commitment);  
Much of the operating financial data in this Report is taken from Huayou Cobalt Annual Reporting and accounts, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

### Methodology

- As part of its independent assurance, Bureau Veritas undertook the following activities:
    - Interviews with relevant personnel of Huayou Cobalt;
    - Review of documentary evidence produced by Huayou Cobalt;
    - Audit of sampled CSR performance data;
    - Assessment of data and information systems for collection, aggregation, analysis and review.
- Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the verification rules and instructions IASE3000, AA1000 and GRI. The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.





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#### Our Conclusions

On the basis of our methodology and the activities described above, it is our opinion that: The revised information included in the report are objective, reliable and free from material mistake or misstatement;

#### Objectivity

The information and data presented in the report is objective and reliable. Huayou Cobalt uses information system to collect and sort operation, HR, safety and environmental data. Through on-site verification, the evidence provided by Huayou Cobalt is reliable and traceable.

#### Completeness

The Report covered Zhejiang Huayou Cobalt Co., Ltd. and its wholly owned and holding subsidiaries. It focus on " Organization Governance "," The Stakeholders' Participation/Materiality Analysis ","Labor Practice and Human Rights" ," Environment "," Business Ethics"," Product Responsibility" ," Responsible Supply Chain"," Public Welfare" and also disclosure corporate social responsibility management, economic responsibility, and community responsibility which stakeholders concerned issues.

#### Materiality

According to CSR requirements of SASAC and Shanghai Stock Exchange, by reference to GRI and ISO26000 standards requirements, Huayou Cobalt identified and disclosed reasonably nonferrous metallurgy industry involving key CSR issues and key information.

#### Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society responsibility and Environmental management with almost 190 years history in providing independent assurance services. No member of the assurance team has a business relationship with Huayou Cobalt. We have conducted this verification independently, and there has been no conflict of interest.

Fanny Zou

General manager, Certification, I&F China  
Bureau Veritas I&F China  
2019-04-23

Jack Hu

Assurance Team Leader  
Bureau Veritas I&F China  
2019-04-23



# Reader Feedback

Dear Readers,

Greeting!

Thank you very much for reading the 2018 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?

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Introduction of Huayou           | <input type="checkbox"/> Organization Governance | <input type="checkbox"/> The Stakeholders' Participation&Materiality Analysis |
| <input type="checkbox"/> Labor Practices and Human Rights | <input type="checkbox"/> Environment             | <input type="checkbox"/> Business Ethics                                      |
| <input type="checkbox"/> Product Responsibility           | <input type="checkbox"/> Public Welfare          | <input type="checkbox"/> Responsible Supply Chain Management                  |

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

- |                    |                               |                               |                              |
|--------------------|-------------------------------|-------------------------------|------------------------------|
| Legibility         | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Bad |
| Integrity          | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Bad |
| Balance            | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Bad |
| Layout design      | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Bad |
| Overall impression | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Bad |

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

## 4. Please contact us:

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**华友钴业**  
**HUAYOU COBALT**

