

Huayou Cobalt:

Building an ESG system with Huayou characteristics to facilitate a higher-quality sustainable development

Since the establishment in 2002, Huayou has committed to the sustainable development concept of Innovation, Coordination, Green, Openness, Sharing, upheld the safety and environmental concept of "Safety and environmental protection are of the utmost importance", adhered to the promise of "Create value for clients, Achieve growth for employees, Deliver returns for shareholders, Contribute to the industry, Take responsibility for society", and attached great importance to the internal sustainable development of the company, thus being a leader in the social responsibility construction.

In recent years, the importance of integrating the concepts and practices of the Environmental, Social and Governance (ESG) into enterprise operation and investment risk control, value creation, and the promotion of sustainable development of business and the whole society is recognized worldwide.

As a world leader in the integration of green manufacturing business of new energy lithium-ion battery materials and an action sample of ESG listed companies, Huayou Cobalt has fully recognized that sustainable development is not only the heading of new energy and new materials industry, but also the key to addressing the global energy structure transformation and climate change risk. At present, Huayou is developing ESG strategy and management program. The strategic project aims to put Huayou in a global leadership position on sustainability, aligning the company with best practice in the Electric Vehicle (EV) and technology sectors, the company's two major markets.

Huayou has appointed ERM, the world's largest pure play sustainability consultancy, to help develop a four-phase program that will enable the company to embed a new ESG approach across its own operations through to its cobalt, copper, lithium and nickel supply chains.

This project will build on the significant progress the company has made over the last decade in adopting market leading responsible and sustainable business practice. In its cobalt operations, the company is regularly independently audited against globally

recognised responsible sourcing standards including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains. The company is also already actively adhering to the UN Guiding Principles on Business and Human Rights. In its evolving nickel project, the company has already established a specific in-country ESG team, and the new ESG program is planned to be piloted at the Indonesia operation.

Phase one of the project will establish the current ESG position of the business and alignment with its established priority ESG areas including biodiversity, GHGs management, and positive engagement with indigenous communities. Key ESG risk will also be identified as part of a wide scale materiality assessment before mapping a long term ESG strategy. Phases two through to four will then focus on ESG strategy roll-out, from policy and management procedures to setting KPIs through to training.

Mr. Chen Hongliang, CEO of Huayou Cobalt, said:

“This is another significant step forward for Huayou Cobalt in ensuring that our business and our supply chain partners are adhering to globally recognised ESG best practice.

“We understand that social and environmental risks and issues beyond our control will continue to arise – however through this new ESG strategy, we aim to embed continual improvement across our supply chains and to make sure our operations positively impact the communities we work in.”

Piers Touzel, ERM Greater China Managing Partner, said:

“We look forward to working with Huayou to strengthen its ESG management system, drawing on our deep experience from around the world, so as to help Huayou meet the

Based on the nature of industry and the goals to achieve, Huayou adheres to the concept of creating value for all partners and the development of human society, and makes our due contribution to the development of a community with a shared future for mankind in a responsible way.