



# 2024

## COMPLIANCE REPORT



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## Chairman's Statement



Since its establishment in 2002, Zhejiang Huayou Cobalt Co., Ltd. has been committed to the mission of “Creating Value for Customers, Leading Industry Development”. Adhering to the development strategy of “Two New Areas and Three Trends”, the Company constantly strives to become stronger and pursues excellence, and has achieved remarkable achievements. After more than two decades of development, the Company has been ranked among the Top 500 Chinese Enterprises and the Top 500 Chinese Private Enterprises. Huayou has built a business pattern of overseas resources, international manufacturing, and global market, and established five business sectors, namely, new energy industry, new material industry, Indonesia nickel industry, Africa resource industry and recycling industry. Our business covers a whole industry chain of new energy lithium-ion battery materials, including the development of nickel, cobalt, lithium and copper resources, green refining of non-ferrous metals, research and development and manufacturing of lithium-ion battery materials, and recycling and utilization of resources. Huayou's outstanding performance and development are attributed not only to the continuous efforts of all Huayou employees but also to the Company's strong commitment to compliance management.

Compliance management is a crucial foundation for modern corporate management, an essential requirement for the international development of enterprises, and a key guarantee for a company's sustainable growth. It also represents the non-negotiable bottom line and red line for a company's operations. We have witnessed countless times that while businesses may overcome commercial risks and turn losses into profits, a major non-compliance can instantly derail the entire organization. At present, the world is undergoing profound changes unseen in a century, while China is also shaping a new development paradigm featuring a domestic economic cycle as the mainstay, complemented by dual domestic and international circulations. In this complex and ever-changing environment, it is even more imperative for us to adhere to lawful and compliant operations, effectively prevent major risks, and lay a solid foundation for Huayou's long-term, century-spanning development.

Since its founding, Huayou has consistently upheld the highest standards of business ethics, with integrity as one of its core values. We strive to ensure all employees adhere to the highest ethical standards and comply with all applicable laws and regulations, both domestic and international. It is the belief and action, for the Company and for each Huayou employee, that we earn only clean money and do only clean business. All Huayou employees are expected to embrace a compliance mindset, adhere to compliance requirements, promote a culture of integrity, and remain vigilant against compliance risks. We also aspire to work hand in hand with our business partners to foster a clean, fair, and upright business environment.

Chairman of Huayou Cobalt

陈雪平

## President's Message



The year 2024 marks a pivotal year for Huayou's "Trinity" transformation and development, a year of deepening the "Two New Areas and Three Trends" strategy, and a year of advancing the "Ten-Year Mission to Be Completed in Five Years." As Huayou expands its business scope, strengthens its industrial presence, and grows more and more internationally, compliance operation has become a critical safeguard for the Company's safe development. By adopting a more proactive approach to compliance operation, Huayou ensures healthy and sustainable growth while reinforcing trust in business partnerships, drives business expansion, and fosters competitive advantages.

### I. Embracing Global Standards, Exploring Local Practices

As a globally operating company, our compliance management must align with the cross-border business pattern of overseas resources, international manufacturing, and global market. This requires not only benchmarking against international standards but also addressing localization needs in each operational region. On the basis of meeting the compliance standards set by headquarters, each subsidiary should flexibly adapt its approach in line with its specific business risk profile and local regulatory requirements. It is essential to explore a compliance management system that integrates both international standards and local practices, effectively mitigating compliance risks. This will support Huayou's high-quality development and help showcase a positive corporate image to the world throughout its internationalization journey.

### II. Collaboration for Shared Success, Building a World-Class Enterprise

At present, Huayou is striving toward its vision of becoming the global leader in new energy lithium-ion battery materials. Our compliance management must extend beyond regulatory requirements to meet stakeholders' expectations. We foster collaborative exchanges with partners and stakeholders with an open mindset. By learning from advanced compliance practices and sharing our valuable experiences, we aim to build trust through dialogue and interaction, and showcase Huayou's spirit through collaboration and shared success. We aim to make compliance a core part of Huayou's brand strength and product competitiveness, supporting the Company in fulfilling its mission of "creating value for customers and leading industry development", while continuously driving green and sustainable development to create a better future for humanity!

President and Director  
of  
Compliance Committee of Huayou Cobalt



# Compliance Honors



Advanced Enterprise in Compliance Management  
of Zhejiang Province  
Zhejiang Province Association of Corporate Counsel



Jiaxing City Pilot Enterprise  
for Key Compliance Program Construction  
Office of CPC Jiaxing City Municipal Committee of  
Comprehensive Law-Based Governance  
Jiaxing City Municipal Bureau of Justice of Zhejiang Province



Compliance and Risk Management  
In-house Team of the Year: East China  
Asian Legal Business



Award for Innovation in Compliance Management  
Legal Daily



2024 Outstanding Practices Case  
of Listed Company Boards  
China Association for Public Companies



2023 Best Practice Case  
of Annual Report Briefing by a Listed Company  
China Association for Public Companies



Standard Pioneer Award  
British Standards Institution (BSI)



Integrity Excellence Award  
Enterprise Anti-Fraud Alliance



Outstanding Case in Capability Evaluation  
of Innovation and Intellectual Property Management  
National Intellectual Property Administration



Human Resources Excellence Award  
Human Resources Media Company HRoot

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# 01 Compliance Overview

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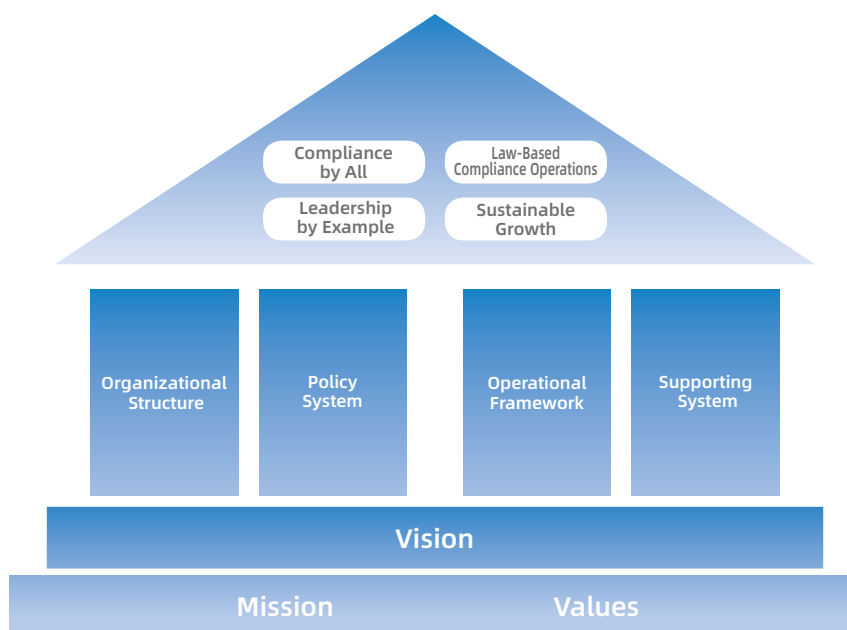


## “1 + N” Compliance Management System

Consistently under the guidance of the mission of “Becoming the Global Leader in New Energy Lithium-ion Battery Materials”, grounded in its mission of “Creating Value for Customers, Leading Industry Development” as well as its core values of “Integrity, Innovation, Responsibility, Learning, Passion”, the Company has established a comprehensive “1+N” compliance management system that aligns with international compliance standards and global advanced practices.



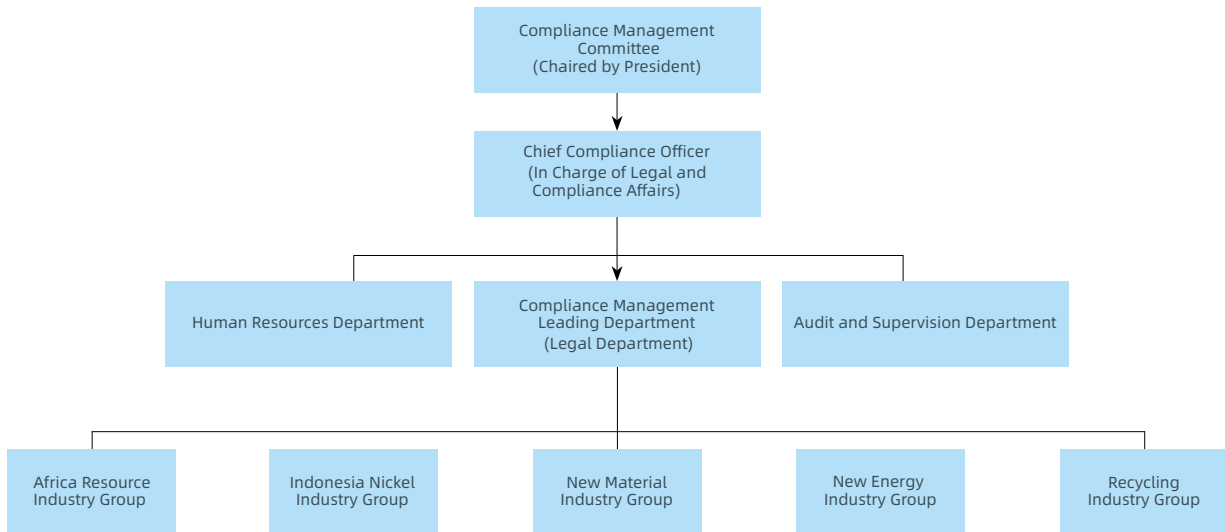
The Company's compliance management is underpinned by a four-pillar framework of organizational structure, policy system, operational framework, and supporting system. The N key compliance areas comprehensively cover all aspects of the Company's business operations, ensuring both effective execution and ongoing optimization of compliance management practices, thus supporting the Company's high-quality development.



Framework of the Comprehensive Compliance Management System

## Three-Tier Organizational Structure

Huayou attaches great importance to the development of its compliance organization and is committed to building a comprehensive, efficient and collaborative compliance structure. The organization fully encompasses the decision-making, management and operational levels, ensuring that the concept of compliance is embedded across all levels - from strategic planning to day-to-day operations.



The Company adheres to compliance risk management as a core and has established a three-lines-of-defense model. Business units serve as the first line of defense, the Legal Department as the second, and the Audit and Supervision Department as the third. This structure ensures clearly defined powers and responsibilities, effective collaboration, and practical and efficient compliance management, thereby strengthening the prevention and control of compliance risks and ensuring the effective implementation of compliance initiatives.



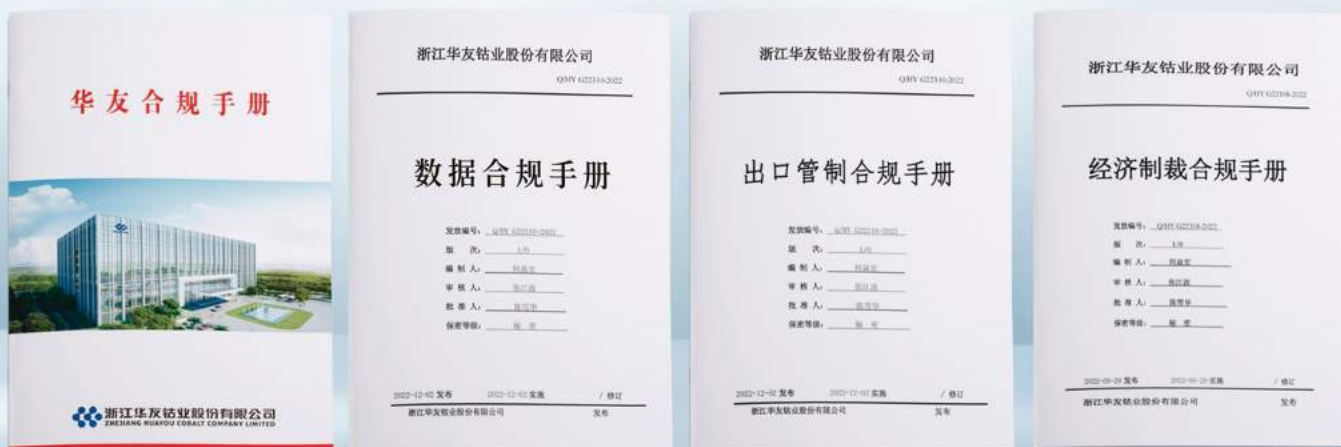
## Three-Tier Organizational Structure

The Company's compliance policy system is composed of three tiers: foundational policy documents, specialized manuals, and compliance forms, ensuring both comprehensive coverage and practical applicability.

**Foundational Policy Documents:** such as *Huayou Compliance Manual* and *the Compliance Management Rules*, which establish the fundamental framework and requirements for compliance management, providing overarching guidance and principles for the policy system.

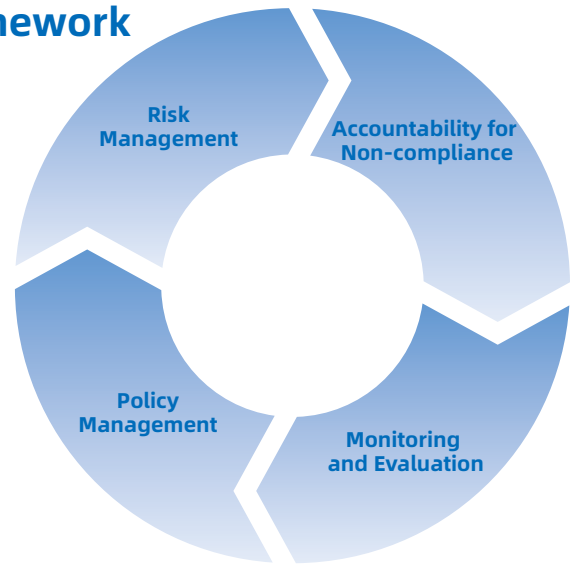
**Specialized Manuals:** such as the *Economic Sanctions Compliance Manual* and *the Export Control Compliance Manual*, which delineate operational procedures and steps, and elaborate compliance requirements for different specialized areas.

**Compliance Forms:** Including the *Compliance Objective Monitoring Form*, *Compliance Obligations, Risks, and Controls Overview*, and *Compliance Work Summary Sheet*, which provide concrete support and implementation rules, serving as tools for recording and monitoring daily compliance activities.



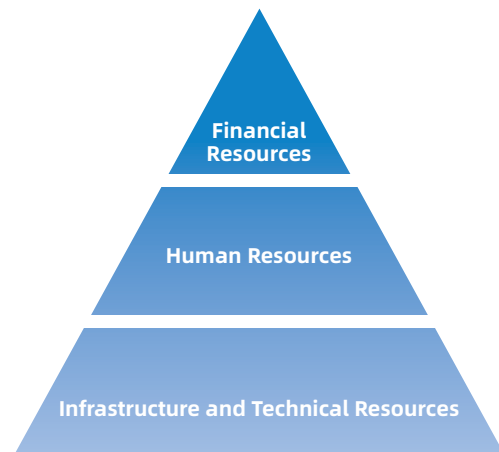
## Four-Dimensional Operational Framework

The Company has established a sound closed-loop mechanism for compliance operation, under which, through risk identification, assessment and control, it conducts periodic risk assessments and develops risk-specific control measures to maintain risks within acceptable thresholds. Clear procedures are in place to determine accountability and address violations, with strict enforcement to safeguard the integrity of the compliance framework. The Company monitors and evaluates compliance operation in a dynamic manner by internal audits, compliance inspections and other means, to promptly identify and rectify compliance issues, and ensure the effective operation of the compliance management system.



## Three-Pillar Supporting System

The Company provides comprehensive support for compliance management through adequate allocation of human, financial, and infrastructure resources. The Human Resources Department offers staffing and personnel support, the Finance Department ensures budget and funding support, and the IT Department provides system and technical support - together ensuring the effective implementation and continuous optimization of the compliance system.



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## 02 Compliance Overview

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# Compliance Management System

## 2021 Year of Planning and Construction

Huayou established a comprehensive compliance framework encompassing organizational structure, policy systems, operation mechanisms and safeguard measures. Guided by the construction of compliance management system, Huayou began to form a “1+N” compliance management system with N special areas fully covering the Company's business operation needs.

## 2022 Year of Consolidation and Improvement

Huayou has embedded compliance requirements into onboarding and operational processes, integrating compliance into all aspects of its business operations. At the same time, special compliance modules, e.g., economic sanctions and antitrust, have been concurrently advanced, expanding the coverage of these special compliance modules.

## 2023 Year of Certification and Promotion

Huayou Cobalt has successfully obtained ISO 37301 and GB/T 35770 compliance management system certifications, becoming the first company in the global new energy lithium-ion battery materials industry to achieve this recognition.

## 2024 Year of Deepening and Expanding

In line with its goal of high-quality globalization and development, Huayou selected seven representative subsidiaries in five places in China and abroad to carry out the construction of the compliance management system, gradually setting up a compliance management system for integrated industrial chain of new energy lithium-ion battery materials covering resource development, green metal smelting, new energy lithium-ion battery materials manufacturing and waste battery recycling.

## Integrated Industrial Chain

### Creating Huayou's Distinctive Integrated Industrial Chain Compliance Management System

Huayou introduced third-party certification agencies to complete the construction and certification of its compliance management system for integrated industrial chain of new energy lithium-ion battery materials. Seven subsidiaries, i.e., PT Huayue Nickel Cobalt, Prospect Lithium Zimbabwe (Private) Limited, Quzhou Huayou Cobalt New Materials Co., Ltd., Huayou New Energy Technology (Quzhou) Co., Ltd., Quzhou Huayou Resource Recycling Technology Co., Ltd., Guangxi Huayou Lithium Industry Co., Ltd. and Zhejiang Huayou Recycling Technology Co., Ltd., have successfully obtained ISO 37301 compliance management system certification from BSI, thus creating Huayou's distinctive integrated industrial chain compliance management system, covering mining resources development - green metal smelting - new energy lithium-ion battery materials - waste battery recycling, and becoming the first enterprise in the world to complete the certification of an integrated compliance management system for new energy lithium battery materials.



New Energy Lithium Battery Materials Integrated Industrial Chain Compliance Management System Award Certification Ceremony





Zhejiang Huayou Cobalt Co., Ltd.



Prospect Lithium  
Zimbabwe(Private)  
Limited



PT Huayue  
Nickel Cobalt



Quzhou Huayou  
New Materials  
Co., Cobalt Ltd.



Quzhou Huayou  
Resource Recycling  
Technology Co., Ltd.



Gunagxi Huayou  
Lithium Industry  
Co., Ltd.



Chengdu B&M  
Science and  
Technology Co., Ltd.



Tianjin B&M  
Science and  
Technology Co., Ltd.



Huayou New Energy  
Technology (Quzhou)  
Co., Ltd.



Zhejiang Huayou  
Circular Technology  
Co., Ltd.



## PT Huayue and PLZ

### Breakthrough in Achieving the First Overseas Compliance Certification

PT Huayue Nickel Cobalt became the first enterprise in Indonesian nickel industry to complete the construction and certification of ISO 37301 compliance management system and Prospect Lithium Zimbabwe (Private) Limited (PLZ) became the first enterprise in Zimbabwe to complete the construction and certification of ISO 37301 compliance management system, which systematically improved Huayou's overseas compliance management capabilities.



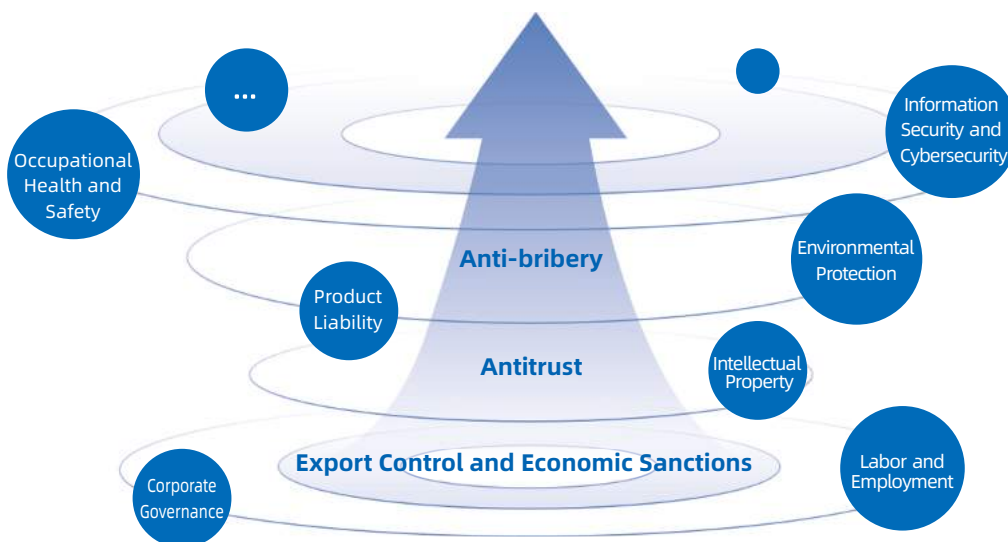
Prospect Lithium Zimbabwe (Private) Limited



PT Huayue Nickel Cobalt

### Constantly Expanding the Scope of Compliance Certification

The scope of compliance has been expanded from the initial three areas of anti-bribery, antitrust and export control and economic sanctions to ten areas of corporate governance, anti-bribery, antitrust, export control and economic sanctions, intellectual property, information security and cybersecurity, product liability, environmental protection, occupational health and safety, and labor and employment. The scope of Huayou's certification has been expanded from R&D and manufacturing in China to global R&D, sales and production management and manufacturing in China.



## Strengthening the Compliance Organization

Group Headquarters Takes the Lead. A Compliance Management Committee has been established, supported by an organizational structure centered around the Chief Compliance Officer. The President sets the tone from the top by serving as the Chair of the Compliance Committee, while the Chief Compliance Officer is responsible for overseeing the company's compliance management. This "critical minority" plays a pivotal leadership role, ensuring both the authority and effectiveness of the compliance program and providing strong leadership and strategic direction for its implementation across the organization.

Full Coverage of Industry Groups. Chief Compliance Officers have been carefully appointed to key business segments, with senior executives from each industrial group assuming the roles. This includes the Africa Resource Industry Group, Indonesia Nickel Industry Group, New Materials Industry Group, New Energy Industry Group and Recycling Industry Group. These appointments reflect not only the strong commitment to compliance within each industrial group, but also the Company's strategic initiative to elevate compliance standards and risk control capabilities across its global operations.

## Establishing a Performance Evaluation Mechanism

### Institutionalization and Regularization of Compliance Performance Evaluation

Institutionalization of Compliance Performance Evaluation. *The Huayou Organizational Performance Management Measures*, for the first time, formally incorporated compliance performance evaluation into the organizational performance assessment. The measures also define the management rules for compliance performance evaluations, specifying six evaluation indicators. Compliance performance evaluations will be conducted once every six months based on these indicators.

### Zero Tolerance for Non-compliance behavior

Compliance Performance Accountability System. The Company has incorporated compliance performance evaluations into the economic responsibility statement of each department, thereby strengthening compliance responsibility of department heads. *The Management Measures for Accountability for Non-Compliance Behavior* provide a clear framework for the timely handling of violations, reflecting the Company's zero-tolerance policy toward non-compliant behavior.





## Strengthening Risk Prevention

Daily compliance consultations and focusing on prevention in advance. Effective communication in daily compliance consultations enables timely identification and prevention of compliance risks, significantly reducing the possibility of non-compliance behavior.

Legal consultations Over

**1678** cases

Over **10**  
times increase compared to last year

Consultations mainly focused on  
**Labor and Employment,  
Economic Sanctions,  
Personal Data Protection**

Monthly compliance reports focusing on in-process control. The *Risk Management Measures* have been developed to integrate compliance risk management into the Company's overall operations, as well as into the management systems and business processes of all departments and functional units. Compliance obligations, risks, and control measures are regularly reviewed and updated to ensure full coverage across all business processes. For each identified risk, a monthly compliance report is submitted to enable timely identification and resolution of emerging issues and risks.

Compliance  
Obligations

**316** items

High Risks  
Identified

**40** items

Monthly Compliance  
Reports

**278** reports

The total number of high-risk compliance issues has declined, indicating initial effectiveness of compliance controls.

Annual centralized compliance audits focusing on post-event response. The Company has established a compliance audit model with internal audits as the focus and external audits as a supplement, including ISO 37301 Compliance Management System, ISO 37001:2016 Anti-Bribery Management System, ISO 27001 Information Security Management System, and ISO 56005:2022 Innovation Management-Intellectual Property Management System Level 3 Certification.

### Internal Audit

Subsidiaries

**10**

Major Non-compliance

**0** items

Minor Non-compliance

**31** items

Observation

**31** items

### External Audit

Subsidiaries

**10**

Major Non-compliance

**0** items

Minor Non-compliance

**21** items

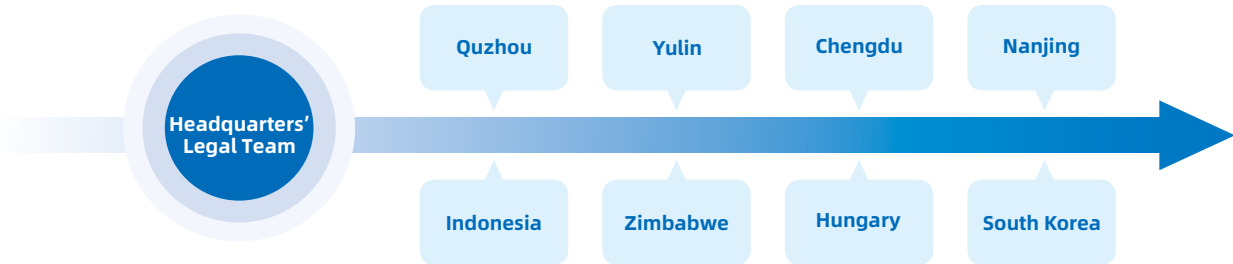
Observation

**70** items

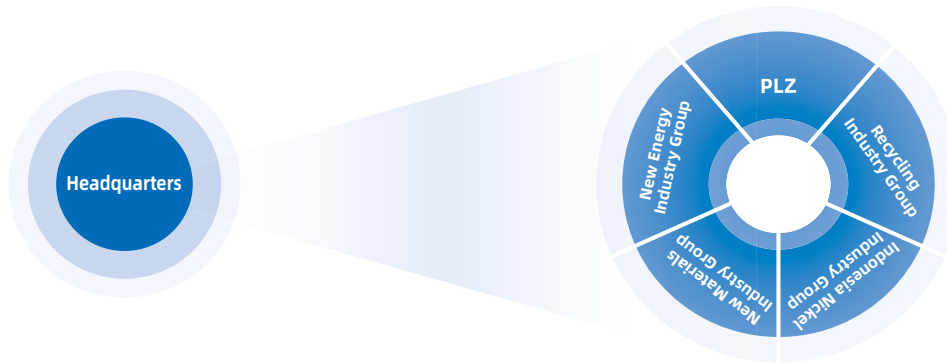


## Enhancing Team Capabilities

Maximizing our legal team's potential. The Company has strengthened the legal and compliance team by establishing a 1+8 legal team structure, consisting of legal staff from headquarters and regional teams. It has introduced legal talents through multiple channels and utilized legal talents through multiple initiatives, which has played a key role in standardizing management, preventing risks and protecting the rights and interests.



Building compliance teams across all industry groups. The Indonesia Nickel Industry Group has established a Compliance Management Department. The New Materials Industry Group has set up a Compliance Committee Office. The New Energy Industry Group has designated the Legal Department to lead compliance management efforts. The Recycling Industry Group has established a Compliance Committee Office. PLZ has established a Compliance Office. These developments mark the continued growth and enhancement of compliance team capabilities across all industry groups.



Mobilizing and activating compliance liaisons network. Huayou has strengthened the construction of its compliance liaison team, cultivating over 300 compliance liaisons through regular compliance liaison training, which has provided strong support for the effective operation of the compliance management system.



Compliance Liaison Empowerment Training - Guangxi



Compliance Liaison Empowerment Training - Tongxiang



Compliance Liaison Empowerment Training - Chengdu



Compliance Liaison Empowerment Training - Quzhou

## Compliance Training System

### Enhancing Compliance Training for Management Team

Training Sessions for  
Directors, Supervisors  
and Executives

**7** sessions

Compliance Training  
for Management  
Personne

**400**+ persons



Integrity and Economic Crime Prevention Forum

### Emphasizing Training for New Employees

**Compliance Training Courses for New Employee:** Courses include *Construction and Implementation of Huayou's Comprehensive Compliance Management System*, *Interpretation of the Company's Rules on Information Disclosure and Standardized Operation*, *Integrity and Honesty: The Huayou Ethos*, with a total of **400** participants in 9 training sessions for new employees.

### Conducting Specialized Training

#### Specialized training courses

Compliance, Internal Control, ESG, Safety, Environmental Protection, Policy, Discipline.....

#### Compliance Liaison Training Sessions

6 sessions **170** participants

#### Integrity Advocacy

546 sessions **16670** participants

#### Integrity warning education

39 sessions **3760** participants



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## 03 Specialized Compliance

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## Corporate Governance: Awarded Outstanding Practice Case

Under the strict regulatory environment for listed companies, Huayou has always insisted on compliance governance and standardized operations, actively exploring innovative corporate governance models, optimizing the board governance mechanism, the mechanism of appointment and performance of duties of directors, diversification and professionalization construction, information disclosure management and investor relationship management.



Awarded for 2024 Outstanding Practice Case of Listed Company Board of Directors



Awarded for 2023 Best Practice in Listed Company Annual Report Performance Briefing

Board	Convening Board Meetings <b>12</b>	Reviewing Proposals <b>60+</b>
Authorization Mechanism	<i>Board Authorization Management System, Working Rules of the General Manager, List of Three Major and One Significant Issues, List of Authority and Responsibility for Shareholders' Meeting, Board of Directors, Board of Supervisors Board and Management</i>	
Information Disclosure	<i>Information Disclosure Management System, Internal Reporting System for Material Information, nearly 200 periodic announcements, ad hoc announcements, and documents were disclosed domestically and internationally, achieving zero complaints.</i>	



## Integrity and Anti-corruption Successfully Obtaining ISO 37001 Anti-Bribery Management System Certification

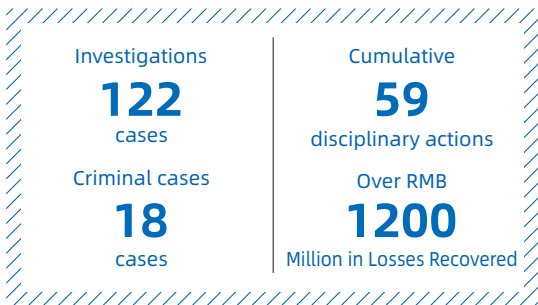
Huayou successfully obtained the ISO 37001:2016 Anti-Bribery Management System Certification, becoming the first company in the industry to obtain this certification. Huayou received the Standard Pioneer Award from BSI and the Integrity Excellence Award from the Anti-Fraud Alliance.



Huayou Cobalt Awarded the Standard Pioneer Award by BSI



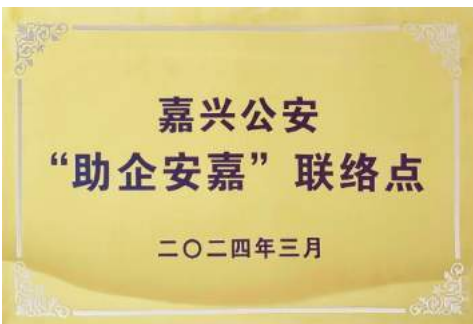
Huayou Cobalt obtained the ISO 37001:2016 Anti-Bribery Management System Certification



Huayou Cobalt obtained the Integrity Excellence Award

ISO 37001:2016 Anti-Bribery Management System Certification

The Company strengthened cooperation and communication with public security, procuratorial and judicial organs, by organizing activities such as police-enterprise collaboration and prosecutor-enterprise forums, becoming a liaison point of Jiaxing Public Security for "Helping Enterprises for a Safe Jiaxing Initiative".



## Business Partnership

### Building Open, Transparent and Green Supply Chains Together

Huayou has implemented stricter supplier admission standards, incorporating green low-carbon practices, compliance management and environmental protection accidents into supplier qualification reviews, and conducted more comprehensive audits, screening economic sanctions lists and performing on-site audits to cover human rights issues such as child labor and overtime work, and imposed higher requirements on suppliers, upgrading integrity commitments to integrity agreements, and carried out export compliance management training for 8 export-related suppliers. On December 7, 2024, Huayou hosted the 2024 Huayou Supplier Conference under the theme of “Thirty Years of Growth with Gratitude: Competing for Excellence, Winning Together for the Future”, which emphasized that suppliers need to enhance risk control on exported materials and need to pay more attention to customs compliance, logistics compliance and packaging compliance. Furthermore, the Company has strengthened supplier compliance training and put forward compliance requirements for suppliers to build a low-carbon supply chain and conduct transparent procurement.



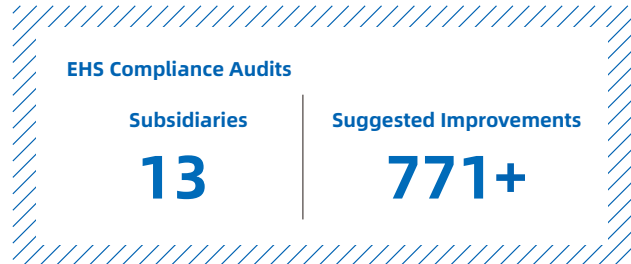
2024 Huayou Supplier Conference

A total of **997** suppliers were onboarded (all of which have signed compliance investigation documents). During cooperation, **57** suppliers were identified with deficiencies in terms of quality, delivery or service (all of which have been rectified). Disciplinary action was taken against **14** suppliers, with fines totaling RMB 4.57 million. Additionally, **420** suppliers were either suspended or removed.



## Environment, Health and Safety: PT Huayue Awarded Gold Certificate for Implementation of Occupational Safety and Health Management System (SMK3)

PT Huayue Nickel Cobalt was awarded gold certificate (highest level) for implementation of the "Occupational Safety and Health Management System (SMK3)", making it the first company in the Indonesia Morowali Industrial Park (IMIP) to receive this certification. PT Huafei Nickel Cobalt obtained ISO 9001, ISO 14001, and ISO 45001 certifications, marking a new step for PT Huafei in international standardization management.



14 companies including Zhejiang Huayou Cobalt Co., Ltd. and Quzhou Huayou Cobalt New Materials Co., Ltd., have completed certification surveillance audits or re-certification audits, and maintained their EHS compliance level.



PT Huafei obtained three ISO certificates for quality, environment and occupational health

PT Huayue awarded the SMK3 Occupational Safety and Health Gold Certificate (the highest level)



## Trade Compliance

### Strengthening Import & Export Trade Compliance Management

Zhejiang Huayou Cobalt Co., Ltd., Quzhou Huayou Cobalt New Materials Co., Ltd., Huayou New Energy Technology (Quzhou) Co., Ltd., and Huajin New Energy Materials (Quzhou) Co., Ltd. have passed import and export compliance & AEO compliance audits, and maintained their AEO advanced certification status.

A comprehensive compliance review and supervision of the whole process of processing trade were conducted and the *Management Measures for Processing Trade Operations of the Group* was formulated. We made every effort to promote the development of bonded processing business across the entire nickel electroplating production lines in Guangxi and Quzhou. The Guangxi base applied for a processing trade manual and introduced deep processing transit operations for the first time, and successfully secured exemption from guarantees, ensuring the timely fulfillment of import and export needs for raw materials and finished products.



Zhejiang Huayou  
Cobalt Co., Ltd.

Quzhou Huayou  
Cobalt New Materials Co., Ltd.

Huayou New Energy  
Technology (Quzhou) Co., Ltd.

Huajin New Energy  
Materials (Quzhou) Co., Ltd.





## Intellectual Property

### ISO 56005 Certification Obtained to Strengthen Overseas IP Protection

Huayou successfully achieved the ISO 56005:2022 (Innovation Management - Intellectual Property Management System) level 3 certification, demonstrating a global advanced level of innovation and intellectual property management capabilities. Recognized as an “Outstanding Case in Capability Evaluation of Innovation and Intellectual Property Management (2023-2024)”, Huayou was invited to share its experience at a meeting organized by the Zhejiang Administration for Market Regulation. By establishing a cutting-edge intellectual property information system platform, Huayou enabled online processing for the application, review, and approval of patents, trademarks, copyrights, and other IP rights and significantly improved efficiency. Huayou also issued the *Measures for Intellectual Property Risk Control for Overseas Investment Projects (trial)* to further promote the implementation of intellectual property risk control measures for overseas investment projects and continue the international expansion and protection of its patents and trademarks.



Huayou obtained certificate of level 3 innovation and intellectual property management capabilities

Patent Applications

**1364**

Valid Patent Grants

**562**

Invention Patents

**281**



## Overseas Investment: Country-specific Legal Environment Research

The Company has achieved remarkable results in overseas compliance. Huayou was invited as the only corporate representative to attend the 2024 Conference of Zhejiang Province on Cross-Border Legal Affairs, where it shared its experience in cross-border legal compliance.



Huayou Cobalt invited to attend the Conference of Zhejiang Province on Cross-Border Legal Affairs



### Enhancing Pre-Investment Legal Due Diligence and Jurisdictional Legal Environment Research

#### Combining External and Internal Expertise throughout the Investment Process

As of 2024, Huayou's overseas investments span over **10** countries and regions, including Indonesia, South Korea, Japan, Australia, Zimbabwe, Morocco, Hungary, and the United States.

#### Optimizing Post-Investment Process

Huayou has achieved standardized, clearly defined, end-to-end closed-loop management of investment operations. The financial principles of "budgeting, forecasting, accounting, and decision-making" have been integrated into each stage of the investment process, enabling scientific and process-driven control throughout the investment lifecycle to ensure target achievement and risk controllability.

## Information Security

### Enhancing Safeguards and Adopting a Strategy Focusing on Prevention

Huayou successfully passed the ISO 27001 and TISAX certification surveillance audits, and maintained an advanced level of information security compliance. Continued efforts were made to promote endpoint security and enhance endpoint protection capabilities. An emergency response plan was established to ensure timely and effective handling of security incidents. Tiered control measures were implemented across departments to strengthen data security capabilities. Additional protections were deployed for vulnerabilities through enhancements to firewalls, security monitoring, bastion hosts, and server security products. A total of 11 government-issued information security alerts - primarily system vulnerability warnings - were received and all have been addressed and rectified.



Passed ISO 27001 certification surveillance audit



## Labor and Employment

### Strengthening Audits to Prevent Major Employment Risks

Huayou conducted human resources audits, and explored and established an HR-ESG management system in line with overseas employment compliance and ESG management requirements. In accordance with legal, internal control, audit, and ESG management requirements, Huayou prepared a comprehensive risk list for human resources audits, and initially established a risk control and compliance mechanism for the HR system. The Company also strengthened the compliance awareness of its employees through the “Youfenjin” new employee training program.



CDM participated in a collective bargaining seminar organized by the National Employment Office of the Democratic Republic of the Congo (DRC)

Integrity Agreement **100%**  
Non-Disclosure Agreement **100%**  
Non-Compete Agreement **Key Positions**



## Finance and Tax

### Compliance Reflected by Repeated Recognition by Tax Authorities

The Zhejiang Provincial Tax Service of the State Taxation Administration awarded the Company an honorary plaque recognizing it as a “Zhejiang Province Tax Compliance Cooperation Agreement Signatory.” This marks a new milestone in collaborative efforts between the Company and the tax authorities.



The Company and Zhejiang Provincial Tax Service signed a Tax Compliance Cooperation Agreement

PT Huafei Nickel Cobalt was awarded the “2023 Largest Customs Duty Contributor Importer Award” by the Ternate Customs of North Maluku Province, Indonesia for its significant contributions to the local economy. PT Huayue Nickel Cobalt once again won the “Outstanding Taxpayer Award” for the 2023 fiscal year from the South Jakarta Tax Office, marking consecutive recognition of its achievements and further highlighting the Company’s long-term sound and compliant development.



Awarded Indonesia’s 2023  
Top Customs Duty-Contributing Importer



Awarded Indonesia’s 2023  
Top Customs Duty-Contributing Importer



Awarded the Outstanding Taxpayer  
Award for Indonesia’s 2023 Fiscal  
Year by the South Jakarta Tax Office

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## 04 Compliance Culture

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## Proactive Outreach

Huayou compliance team actively engaged in global compliance communications by visiting leading companies, participating in industry forums, and contributing to international standard discussions. The team visited renowned companies such as Tongwei, Alibaba and ZTE, and participated in the 1st WELEGAL Legal Seminar on Outbound Investment by Chinese Enterprises and the 6th Legal Festival, where it was invited to share its experience regarding legal services for outbound investment in and trade with Indonesia. The team also participated in key compliance forums including the 2024 China Global Compliance Summit, the 2024 Compliance Plus Forum, the China Business Law Forum, and the Corporate Governance and Compliance Management Seminar. Huayou attended the 2024 ISO TC/309 Plenary Session and Compliance Experts Workshop, where it actively engaged in the development of compliance standards and shared compliance experience from the perspective of Chinese enterprises, aiming to become a global benchmark for compliance.



Huayou invited to attend the WELEGAL 615 Legal Seminar on Outbound Investment by Chinese Enterprises



## Proactive Integration of External Expertise

Huayou engaged 25 internationally renowned law firms and established a panel of law firms comprising 72 leading domestic and international law firms. It also invited external legal and compliance experts to conduct over 20 training sessions/exchange programs at Huayou, which enabled Huayou staff to develop a global perspective, enhanced the professional capabilities of its legal and compliance team, and ensured the effective operation of its compliance management system.



## Recognized Achievements

Huayou's outstanding performance in compliance management is widely recognized. It has been awarded a number of prestigious honors such as the 2023 Advanced Enterprise in Compliance Management of Zhejiang Province, the 2023 Outstanding Case in Compliance Management of Zhejiang Province, and the 2024 ALB Compliance and Risk Management In-house Team of the Year: East China. These honors affirm the Company's capabilities in compliance management, and greatly expand the influence of its compliance brand.



2022 ALB China  
Top 15 In-house Team



2023 ALB In-house Team  
of the Year: East China



2024 ALB Compliance and Risk Management  
In-house Team of the Year: East China



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## Important Notice

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## Reporting Period

The data in this Report covers the period from January 1, 2024, to December 31, 2024.

## Scope of Disclosure

The substantive content in this Report covers Zhejiang Huayou Cobalt Co., Ltd. and its subsidiaries, and the scope of disclosure under this Report is consistent with that under the Annual Report. Any indicator whose scope of disclosure is not fully consistent with that under the Annual Report will be highlighted in the main context.

## Definitions

For the purpose of convenience, unless otherwise required by the context, the following terms shall have the meanings set forth below:

Huayou Cobalt/ Huayou/ Group/ Company/ we/ us	Zhejiang Huayou Cobalt Co., Ltd. and its subsidiaries
PT Huayue	PT Huayue Nickel Cobalt
PT Huafei	PT Huafei Nickel Cobalt
PLZ	Prospect Lithium Zimbabwe (Private) Limited

## Data Statement

The information and data disclosed in this Report are derived from the Company's Annual Report and have been reviewed by relevant departments. The Company warrants that this Report contains no false records or misleading statements, and that it is responsible for the authenticity and accuracy of its content.



## Contact Us

We welcome feedback on our compliance efforts from all communities. If you have any comments or suggestions regarding our compliance management, please feel free to contact us via email:

[compliance@huayou.com](mailto:compliance@huayou.com)

We encourage every employee and business partner to report violations. If you become aware of any violation of company policies, you may report such violation via email:

[report@huayou.com](mailto:report@huayou.com)

We accept anonymous whistleblowing and undertake to strictly protect the confidentiality of both whistleblowers and the content of report. The Company has zero tolerance to retaliation. Any violation of such policy will be subject to serious disciplinary action to safeguard the legitimate rights and interests of whistleblowers.







