

# **Zhejiang Huayou Cobalt Co., Ltd.**

## **Supplier Standard for Responsible Sourcing of Cobalt**

### **1.0 Purpose**

This Supplier Standard for Responsible Sourcing of Cobalt (“Standard”) supplements Huayou’s Supplier Code of Conduct (the “Code”) by providing additional detail regarding materials, and the use of materials for goods, sold to Huayou or Huayou’s Suppliers. Huayou’s Suppliers shall meet this Standard to be in compliance with the Code. The terms and conditions of the Code are incorporated in this Standard, and this Standard shall govern and be deemed to modify the Code if there are any conflicting provisions. The Standard shall be incorporated into all legal contracts with suppliers.

### **2.0 Scope**

This Standard applies to all Huayou suppliers, their subcontractors, and their next-tier suppliers (each a “Supplier”; collectively, “Suppliers”) producing cobalt containing material or goods for use in Huayou’s products or providing services in connection with Huayou’s products that contain cobalt. This Standard describes restrictions applicable to all cobalt containing goods to ensure that the materials, components and procurement and production processes for goods sold to Huayou or Huayou’s Suppliers comply with the provisions of the Huayou Supplier Code of Conduct. Any questions regarding this Standard should be directed to the Supplier Responsibility Group at [CSR@Huayou.com](mailto:CSR@Huayou.com).

### **3.0 Supplier Code of Conduct Requirements**

Suppliers shall exercise due diligence in accordance with the Chinese Due Diligence Guidance for Responsible Mineral Supply Chains and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and

High-Risk Areas (the “Chinese Guidance and OECD Guidance”), on their entire supply chain with respect to the sourcing of all cobalt, contained in their products, to determine whether cobalt is from the Democratic Republic of the Congo (the “DRC”) or any other identified high risk area and, if so, to determine whether the cobalt directly or indirectly finance human rights abuses especially worst forms of child labour.

Suppliers shall satisfy the reporting and sourcing requirements of this Standard. Huayou reserves the right to audit Suppliers for compliance as described in the Huayou Supplier Code of Conduct.

## **4.0 Supplier Responsibility Standards**

### **4.1 High-Risk Area Minerals Restriction**

Suppliers that produce goods containing cobalt must adopt Huayou Due Diligence Policy for a Responsible Global Supply Chain of Cobalt (the “Huayou Due Diligence Policy”) that is consistent with the Huayou Supplier Code of Conduct. Suppliers must distribute their Cobalt Due Diligence policy to all of their subcontractors and suppliers that provide materials for the process or manufacture of goods.

Suppliers may only use cobalt, in processes and goods if the Supplier can reasonably demonstrate that it has exercised due diligence in accordance with the Chinese Guidance/OECD Guidance to identify and address the Worst Forms of Child Labour in the minerals supply chain regarding the source and chain of custody of such cobalt, and satisfied the reporting and sourcing requirements of this Standard.

If the Supplier cannot reasonably demonstrate that (i) it has exercised due diligence in accordance with the Chinese Guidance and OECD Guidance with respect to any cobalt in any process or goods, and (ii) it has satisfied the reporting and sourcing requirements of this Standard, with respect to such cobalt , then the Supplier shall not use the affected cobalt in any process or goods.

The Supplier shall provide to Huayou reasonable documentary evidence of the Supplier's reporting, sourcing and due diligence activities, and shall make such records available to Huayou upon request.

Suppliers shall distribute this Standard to all relevant procurement personnel and factory management for all of the Supplier's facilities producing goods and must ensure their facilities' compliance with the obligations and requirements in this Standard. Suppliers that wish to request support or additional training from Huayou may contact [CSR@Huayou.com](mailto:CSR@Huayou.com).

## **4.2 Due Diligence Declaration**

The Chinese Guidance establishes a framework for exercising due diligence to determine the source and chain of custody of cobalt.

Relevant due diligence procedures shall be used by the supplier to declare herewith:

- to be fully committed to ensuring that its use and sale of Cobalt do not contribute to the human rights abuses in high risk countries;
- to exercise due diligence on the source and chain of custody of goods containing cobalt in its supply chain (e.g., by application of a nationally or internationally recognized supply chain due diligence standard such as the Chinese Guidance and OECD Guidance );
- to make available to Huayou – upon Huayou's written request – all documentation and supporting evidence that demonstrate its due diligence measures;
- to agree that Huayou or a 3<sup>rd</sup>party appointed by Huayou and reasonably acceptable to supplier, shall be entitled to conduct inspections at supplier's premises and of supplier's supply chain, including transportation routes and mine sites of origin, in order to verify supplier's compliance with the Code with full cooperation and support by supplier.

- to immediately notify Huayou in case a supplier should become aware of any relevant warning signs in its supply chain indicating that any goods may not be free of human rights abuses especially free of the worst forms of child labor, as described in the Chinese Guidance and OECD Guidances. Supplier must immediately notify Huayou in writing at [CSR@Huayou.com](mailto:CSR@Huayou.com). Such notification must include reasonable tracking information to identify which goods may contain the affected cobalt.

Huayou reserves the right to disengage business activity with any supplier who fails to meet the requirements of the Standard.

\_\_\_\_\_ **Place**

\_\_\_\_\_ **Date**

\_\_\_\_\_ **Company, seal (if applicable)**

\_\_\_\_\_ **Signature(s)**

\_\_\_\_\_ **Name(s), Title(s)**