2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

REPORT

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REPORT DESCRIPTION

SCOPE OF THE REPORT

Huayue Nickel Cobalt (Indonesia) Co., Ltd. issued the first report in April 2020; this report is the second report. The information and data in the report primarily cover various practical activities related to Environmental, Social, and Governance (ESG) issues carried out by the Company from 1 January 2021, to 31 December 2021 (most of the data and information are from 2021).

FORMULATION PRINCIPLE

This report is formulated with reference to the Environmental, Social and Governance (ESG) Reporting Guidelines (hereinafter referred to as ESG Reporting Guidelines) and Social Responsibility Guidelines (GB/T36000-2015).

CONTENT SELECTION

During the preparation of this report, the company followed the reporting principles of importance, quantification, balance, and consistency in the ESG reporting guidelines, disclosed the relevant contents required in Part A, Part B, and Part C of the guidelines, and focused on the efforts and positive impact of the company on substantive issues related to economy, environment and society in recent years.

RELEASE METHOD

The report is published once a year in the form of an online version in April each year. The online version can be consulted on the company's website (website: www.huayou.com). The Report is written in the Chinese language.

REFERENCE DESCRIPTION

In this report, Huayue Nickel Cobalt (Indonesia) Co., Ltd. is referred to as "Huayue Nickel Cobalt", "Huayue" or "the Company". Zhejiang Huayou Cobalt Industry Co., Ltd. is abbreviated as "Huayou Cobalt Industry", "Huayou" or "the Group". Other references not mentioned here shall be subject to the description in the text.

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COMPANY OVERVIEW

Huayue Nickel Cobalt (Indonesia) Co., Ltd. was established in November 2018. Huayou Cobalt Industry (the world's largest cobalt producer) jointly invested with the Qingshan Group and Luoyang Molybdenum Industry in establishing Huayue. Huayue is specialized in large-scale projects such as domestic-and-foreign resource development, nickel-cobalt metal smelting, and deep processing of middle and downstream products, in order to gather upstream nickel resources, middle-end material manufacturing, and downstream power battery market, intending to provide a solid raw-material guarantee for the new energy industry.

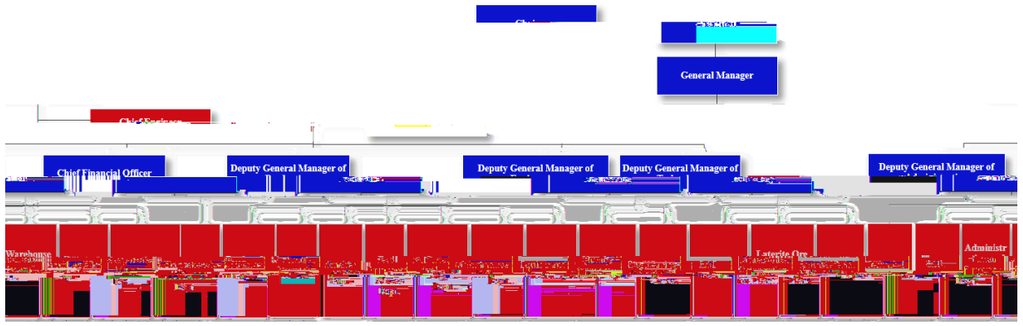
HUAYOU COBALT

TSINGSHAN GROUP

LUOYANG MOLYBDENUM

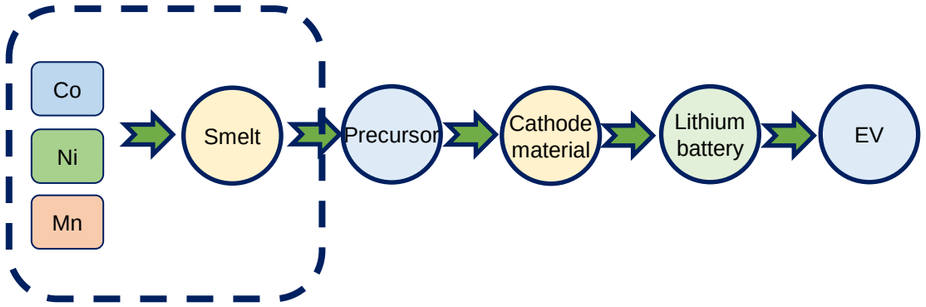
Organizational Structure of the Company

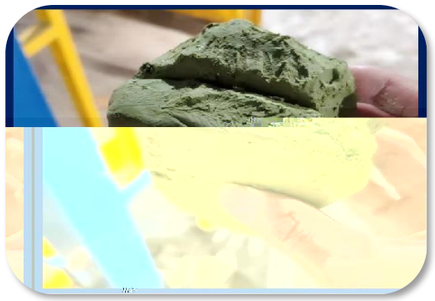
The Company has established a perfect legal person structure according to law. Following the principle of lean and efficient, the Company adjusts and optimizes its Organizational Structure; improves its management and control system; ensures the healthy operation, production, as well as other business activities; improves the corporate governance structure, and standardizes the operation.



PROJECT OVERVIEW

The Huayue Nickel Cobalt Project is backed by Indonesia's unique laterite-nickel resources, with a total investment of 1.28 billion USD. The primary product is nickel-cobalt hydroxide, of which the designed annual output of nickel metal is about 61.000 tons. The Project held the first batch of products off-line ceremony on November 28, 2021.





PRODUCT PHOTOS

ACHIEVEMENTS

Under the heavy pressure of the COVID-19, the Huayue Project has achieved the largest scale, the fastest construction speed, the least investment, and the shortest production time in comparison with similar projects in the world. It has an epoch-making impact on the pattern of the global nickel production industry and the field of nickel consumption.

PROJECT CONSTRUCTION AND PRODUCTION

RELEVANT STAKEHOLDERS

STAKEHOLDERS

Stakeholders	Substantive Issues of Concern	Huayue 2021	Communication Method
Staff	Career development / salary and welfare / occupational health / employee rights and interests	Competitive salary, clear training plan, and development space, "iron army plan" and other training programs to create excellent cadres; The coverage rate of physical examination of employees is 100%, and the qualification rate of occupational hazard factors is 100%; protect the rights and interests of employees through open-day online and offline suggestion boxes, forums and other ways or channels.	Email / bulletin board / annual summary / report / working meeting
Customers	Product / service / development strategy	Stable product quality and continuous output; Nickel content is consistent with that of mainstream market products; Push forward according to the production plan.	Email / telephone / on-site visit / video conference / review / annual meeting / network platform
Shareholders and Investors	Input and output / corruption	The project investment is within the scope of the feasibility study, and the investment amount is the least among similar projects; The project has completed the production target as planned, and the construction speed is the fastest for similar projects; In accordance with the anti-corruption code of Zhejiang cobalt and Huayou Co., Ltd. G09108, the company strictly restricts the anti-corruption behavior of overseas employees.	Shareholders' meeting / Financial Report
Suppliers and contractors	Supply chain / capital flow	Suppliers come from all over the world, including many world-famous brands, and strictly regulate and restrict supplier behavior in accordance with g09109 business partner management manual of Zhejiang Huayou cobalt Industry Co., Ltd. issued by Huayou cobalt industry in 2021; The current funds are paid in time without adverse complaints.	Annual meeting / telephone / email / inspection
Community	Community construction	Actively donate epidemic prevention materials, and the company's employees actively participate in the love fund; During the construction and production of the project, pay attention to the construction of safety and environment, actively organize safety education and training, and pay attention to the health and safety of employees; Pay attention to the environmental impact of the project, adhere to the concept of "green + ecology", and adhere to energy conservation, emission reduction, and cleaner production.	Visit / telephone / survey
Government and regulatory agencies	Tax payment / legality / investment / safety and environmental protection	Conduct compliant production and operation in accordance with Indonesian regulations and policies without any administrative punishment records; Provide about 5000 local jobs in total.	Email / correspondence / telephone / communication through agent

ETHICS AND INTEGRITY

In order to facilitate the supervision of internal and external stakeholders on the company's clean government work, the company has established reporting and appeal channels.

Reporting channels:

Report letter: Audit and Supervision Department of Zhejiang Huayou Cobalt Industry Co., Ltd., No. 18, Wuzhen East Road,

ENVIRONMENTALLY FRIENDLY

ENVIRONMENTAL PROTECTION PROCESS

The project adopts the most advanced third-generation High-Pressure Acid Leaching Process. The energy consumption per/unit product, energy consumption per/unit product, and carbon emission per/unit product are only 1/4 to 1/5 of similar pyrometallurgical products. It is a typical green production technology, which is in line with the current industrial development concept of world technological change, full control of climate change, and the greenhouse effect.

POLLUTION PREVENTION

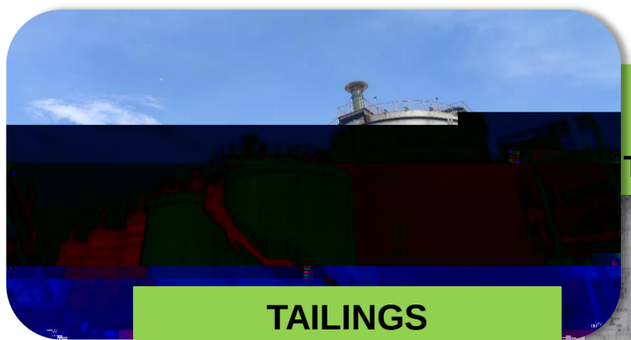
The company strictly abides by Indonesian laws and regulations and the environmental protection policies of the park, integrates the economic benefits of the enterprise with environmental protection, and formulates various environmental protection related systems such as water pollution prevention and control procedures, waste gas pollution prevention and control procedure and solid waste prevention and control procedure, so as to promote sustainable development.

WASTE WATER

In the construction stage, a temporary clarifier shall be built to collect rainwater for concrete production and maintenance; sedimentation tanks shall be built to ensure that all indicators of wastewater discharged into the river meet the quality standards of the government and the IMIP Park.

INTEGRATED DOMESTIC SEWAGE TREATMENT DEVICE

In the production stage, the waste water from the smelting plant is discharged into the tailings neutralization system; domestic sewage mainly contains suspended solids, CODCr, ammonia nitrogen and other harmful substances, which are pretreated in septic tank and then treated by buried integrated domestic sewage treatment facilities; the rainwater collected in the initial stage of the project is pumped to the tailings neutralization tank after being collected in their respective collection tanks. The waste water is discharged into the sea after reaching the standard after treatment.

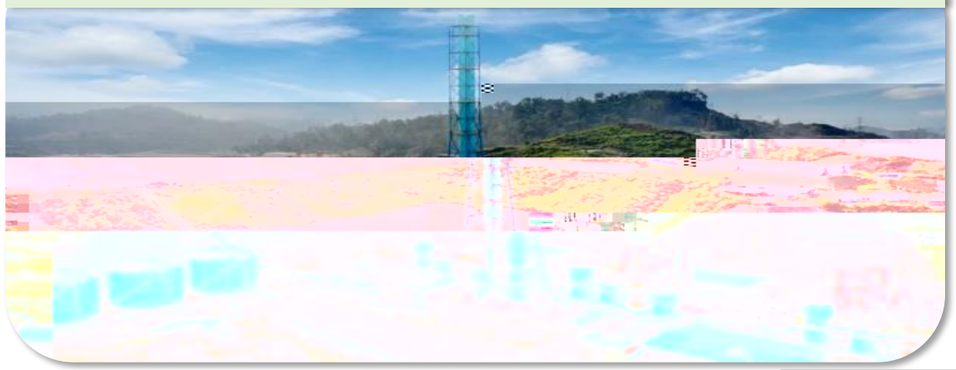


TAILINGS NEUTRALIZATION SYSTEM

INTEGRATED DOMESTIC SEWAGE TREATMENT PROCESS

EXHAUST GASES

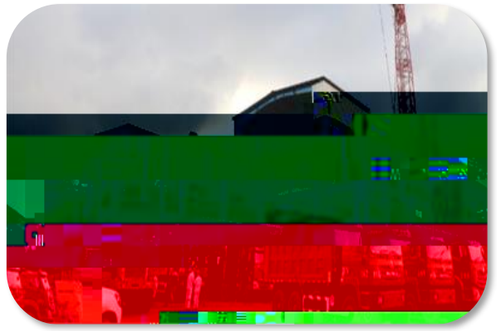
The flue gas generated when the sulfur-based sulfuric acid plant is put into operation is sent to the flue gas desulfurization system through the valve and treated by sodium salt desulfurization technology. The flue gas after desulfurization is discharged through the chimney; In the hydrometallurgy process, the flue gas is discharged through the aeration tank and storage tank. Its main components include acid mist and carbon dioxide, which are discharged after washing.



NOISE

TAILINGS

The tailings slurry is neutralized by lime milk to adjust the pH range. At the same time, compressed air or oxygen oxidation precipitation is used to remove heavy metals such as magnesium, manganese and nickel. The tailings are then thickened and pressure filtered to form dry slag.



At present, according to the laws and regulations of the Indonesian government, the Huayue project has obtained the license for tailings dry stacking and wastewater discharge to the sea.

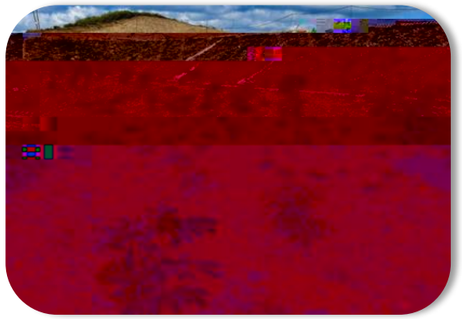
DUST

During the reporting period, the company took several measures

GREENING

During the project construction in the reporting period, the company formulates the environmental protection management plan every half a year in combination with the actual situation, implements various environmental protection measures according to the requirements of

SLOPE RESTORATION



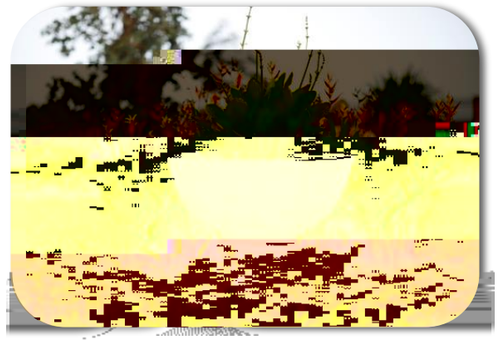
According to the principle of "unnecessary and no disturbance", the company strictly forbids damaging the original soil vegetation at will. The damaged original soil vegetation shall be protected by re-greening and concrete shotcrete curing.

SLOPE GREENING RESTORATION

41.000㎡

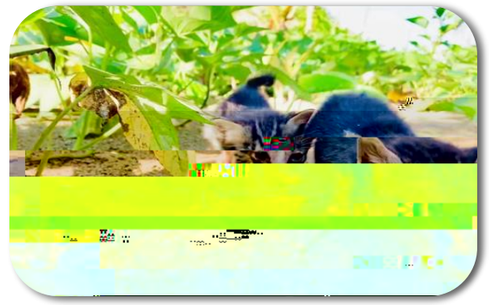
GREENING OF PLANT AREA

Adhering to the safety and environment management concept of "safety and environmental protection is greater than heaven", the Company plans to build the Huayue project into a garden factory.



TRANSPLANT MANGO AND PAPAYA TREES

More than 80 trees



GREENING OF LIVING AREA

32.000㎡

TRANSPLANT MANTIANXING, YULONGCAO, XIANGRIJU, ETC

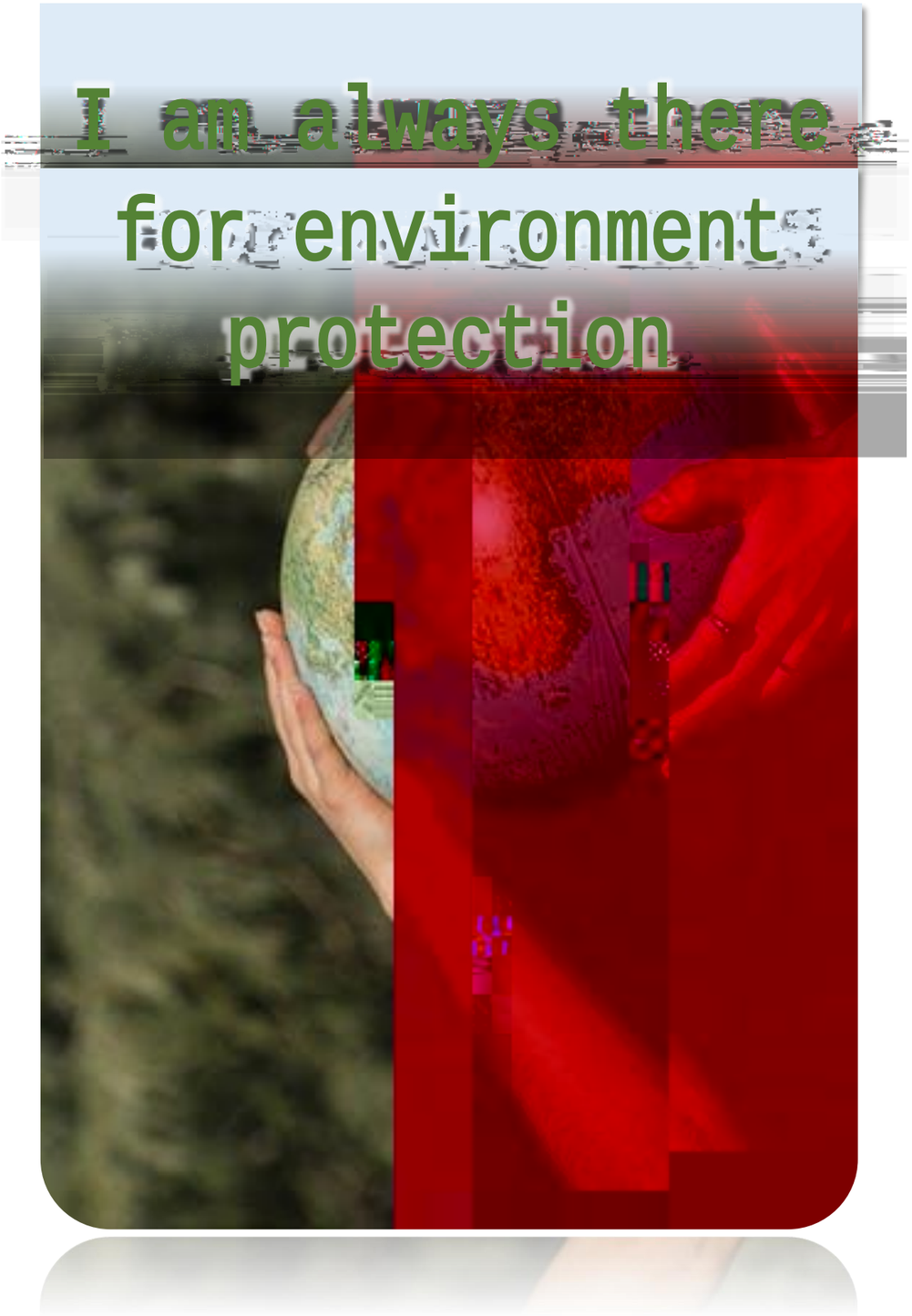
More than 24500 plants

the

ENVIRONMENTAL INDICATORS

ENVIRONMENTAL INDICATORS IN 2021

ENVIRONMENTAL INDICATORS	2021
Purchased power consumption (kWh/year)	27552000
Purchased steam consumption (kJ/year)	0
Consumption of ore raw materials (t/a)	320826
Total slag produced (t/a)	213843
Waste rock volume (t/a)	14279
Water consumption (t/a)	318067
Wastewater discharge (t/a)	291201
Sewage treatment up to standard discharge rate (%)	100%
Greenhouse gas emissions (t/a)	Direct greenhouse gas emission: 7358.64t/a Indirect greenhouse gas emissions: 26450t/a
Total Sox emission (t/a)	23.8t/a
Number of chemical leakage accidents (times/year)	0
Emission rate up to standard (%)	100%
Number/amount of environmental fines imposed by the government	0

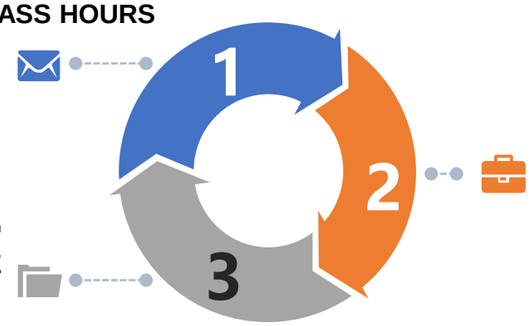


PEOPLE ORIENTED

The company strictly abides by the relevant laws and regulations of the country where it is located; formulates the company system, leave management system, salary management system, K3 management system, and other relevant systems or policies related to the protection of employees' human rights; ; reports human rights violations by setting up open-day online and offline suggestion boxes, holding seminars and other ways or channels.

AVERAGE CLASS HOURS

78h/ /



TRAINING COVERAGE

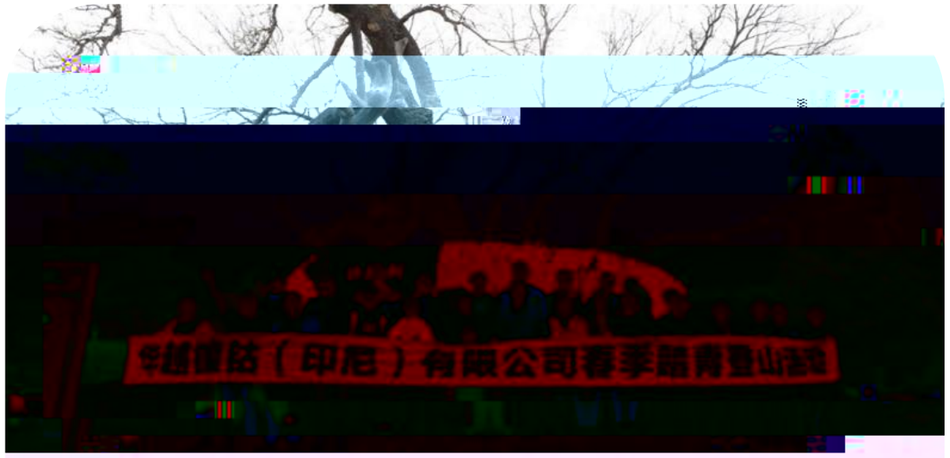
100%

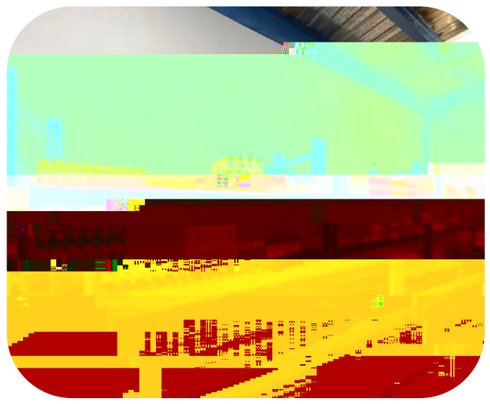
TOTAL TRAINING HOURS THROUGHOUT THE YEAR

10558 CLASS HOURS

The company wholeheartedly serves employees, solves urgent and difficult problems, cares and cares, enhances employees' sense of acquisition, happiness and security, and promotes the formation of a strong atmosphere in which enterprises care for employees and employees contribute to the enterprise.

The company has formulated relevant systems to provide all employees with various social insurance benefits according to law. In addition, the company also provides various forms of employee benefits, such as holiday benefits, clothing benefits, transportation benefits, employee event benefits, physical examination, home leave, annual leave and free vaccination for employees during the COVID-19. In 2021, the social insurance coverage rate of the company's employees will be 100%.

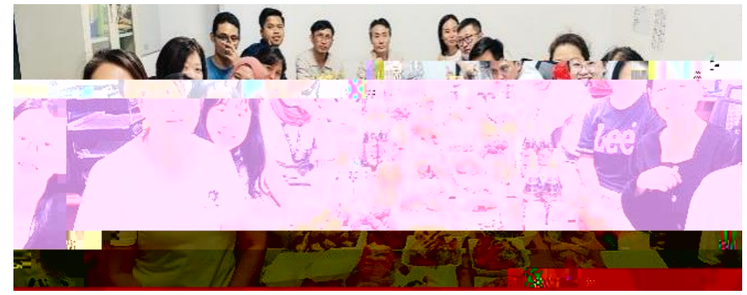


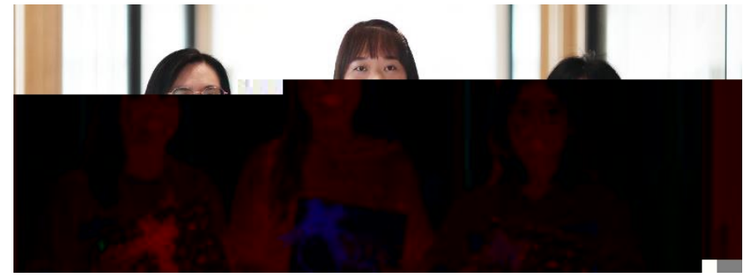


EMPLOYEE CARE

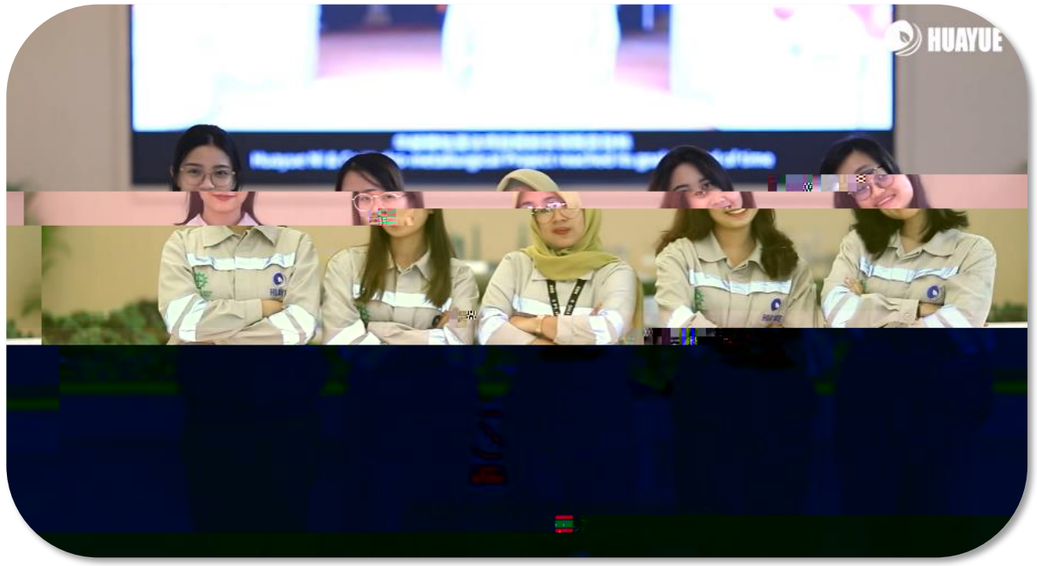
"3.8" INTERNATIONAL WOMEN'S DAY ACTIVITIES

The company actively organizes "3.8" International Women's Day activities. On women's day, the company sets holiday holidays for female employees to prepare various activities, gifts and benefits.





PHOTOGRAPHY CONTEST



FEMALE CARE

In accordance with national laws and local policies, the company has defined the relevant standards of employees' maternity leave in the company's measures for the management of employees' attendance and leave, so as to fully protect employees' reproductive rights.

EMPLOYEE DEVELOPMENT

The company attaches great importance to employees' personal career development. The percentage of employees who regularly receive performance and career development assessments: 100%. In 2021, 10558 hours of employee training were organized, and the average training hours of employees reached 78 hours/person/year.

Project	2021
Proportion of male employees participating in training	92.7%
Proportion of female employees participating in training	7.3%
Proportion of female employees participating in training Proportion of all kinds of personnel participating in training (Senior / middle / grass-roots)	（0.2%/1.9%/97.9%）
Training hours per male employee	78
Training hours per female employee	78
Average training hours of various personnel (Senior / middle / grass-roots)	2/4/80

STAFF TRAINING

For college students, social recruiters, on-the-job personnel and other different types of employees, targeted training programs in knowledge theory, skill practice, compliance management, and other aspects have been formulated, which are carried out irregularly to comprehensively improve the overall quality of employees.

COLLEGE STUDENTS' DEFENSE

DIVERSITY OF GOVERNANCE INSTITUTIONS AND EMPLOYEES

Project	2021
Total number	2356
Number of male employees (person)	2184
Number of female employees (person)	172
Proportion of R&D personnel (%)	2%
Age agency analysis (under 30 / 30-39 / 40-49 / over 50)	71.05%/18.85%/7.9%/2.2%
Proportion of female managers in middle management and above	16%
Proportion of personnel with different degrees (Doctor / Master / Bachelor / college / high school and below)	0.04%/2.2%/25.9%/11.04%/60.82%
Number of new employees	783

SALARY SYSTEM

The company has designed a scientific, fair, reasonable, and competitive salary system and formulated the salary management measures. Adhering to the principle of equal pay for equal work and equality between men and women; the company has laid a solid foundation for the introduction and training of management and technical talents and provided sufficient human security for the sustainable development of the project.

EQUALITY AND INCLUSIVE

The company always adheres to the employment principle of "equality, fairness, and justice", and provides equal employment opportunities for personnel of different nationalities, nationalities, races,

HEALTH AND SAFETY

General and above safety accident rate

Number of deaths on duty (person / year)

Number of occupational diseases (times / year)

Physical examination coverage rate of occupational disease posts (%)

Total safety investment (10000 yuan / year)

Number of government safety fines (times / year) / amount (yuan / year)

RESOLUTELY GUARD THE SAFETY RED LINE

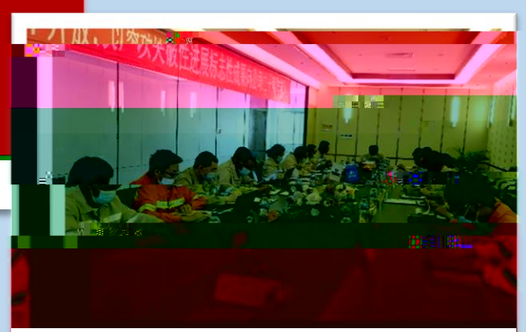
CONDUCT SAFETY EDUCATION IN VARIOUS FORMS

The company primarily aims to improve the safety awareness of employees and takes safety education and training as the leading role to carry out induction safety education and training, pre-shift safety activities, and special safety education and training for new employees, so as to create a good safe working atmosphere.

The company adopts various education and training methods, such as on-site publicity and implementation, centralized training in the conference room, pre-shift operation slogans, special activities of safety month, etc., to implement safety education and training and improve employees' safety awareness.

During the reporting period, 4881 new employees' induction safety education and training were carried out, and the personnel education and training coverage rate was 100%; 1.210.423 person-times of pre-class education; 8.688 person-times of special safety education were carried out.

Monthly safety activities



Safety Education Seminar

IMPROVE THE CONSTRUCTION SYSTEM

The company adheres to the concept of “health and safety management first”.

Summarize the project’s experience in the construction stage; prepare and revise the safety management system of engineering construction contractors suitable for the local situation of Indonesia; establish and improve the company's safety production management system while ensuring the overall controllability of safety management during the construction period.

Focus on key problems, establish a perfect safety management system and management system, formulate safety technical measures for relevant operations in combination with local laws, regulations, and policy requirements of Indonesia, standardize the behavior of production operators, and continuously improve the safety management system during project construction and production to ensure its applicability and enforceability.

During the reporting period, revise and improve the safety production responsibility system, safety management system for special dangerous operations, in-plant traffic safety management system, company public security management system, and other documents; and complete the transition from construction period to production period.

In depth investigation and treatment of hidden dangers

Sign safety management agreement with the contractor,

Strictly implement the responsibility of safety supervision,

Carry out in-depth investigation and treatment of hidden dangers,

Adhering to the principle of "planned inspection, standard rectification, time limit for implementation and feedback for completion",

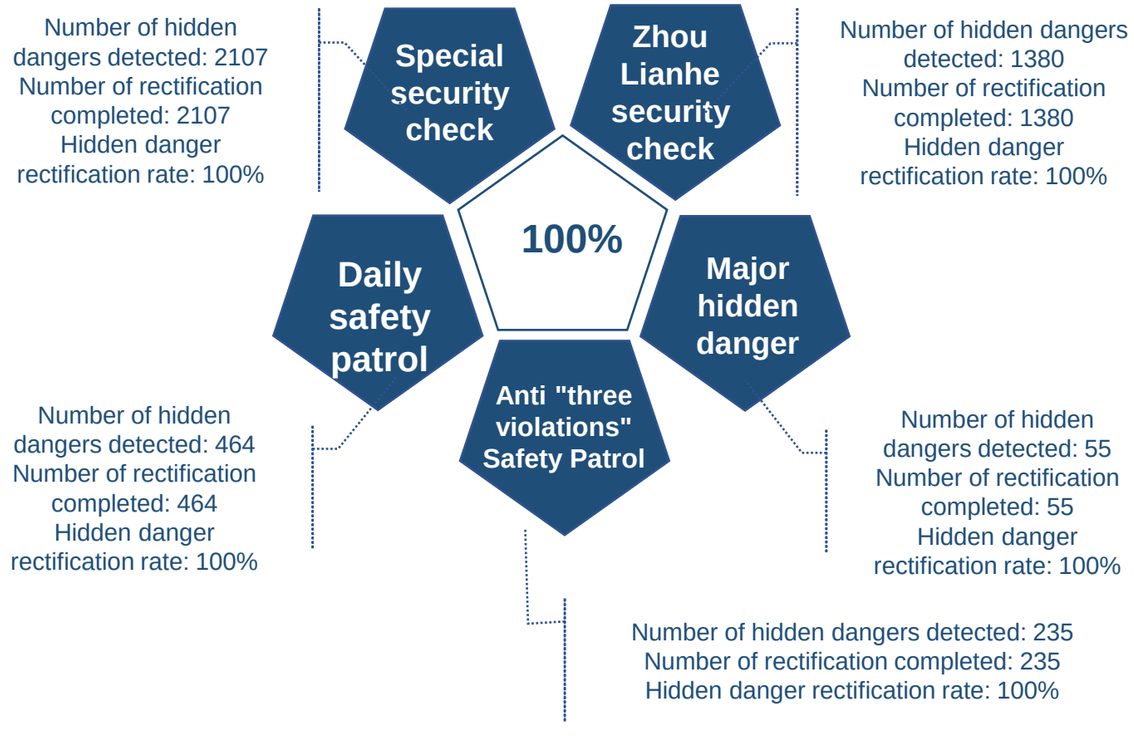
Find problems in time and urge rectification,

Ensure the overall safety and controllability of the site during the reporting period.

Risk control and troubleshooting

To further strengthen the concept of safety development; continue to promote the company's safety risk classification identification, control, and hidden danger investigation and treatment; improve the safety production awareness of all employees; maintain the long-term stability of the company's safety production situation, the company targeted the investigation and treatment of hidden dangers in the form of daily safety inspection, weekly joint safety inspection, special safety inspection and anti "three violations" safety inspection according to the actual situation of project construction, Ensure the overall control of the company's safety management.

Five 100%



FIRE SAFETY AND EMERGENCY RESCUE MANAGEMENT

The company implements the fire-fighting policy of "prevention first, a combination of prevention and elimination", prevents fire accidents, ensures the company's property safety and employee personal safety, and promotes the sustainable and healthy development of the company. The company has earnestly done a good job in the prevention of production safety accidents and emergency rescue and teaching, actively improved the ability and level of emergency rescue and teaching, firmly established the rescue concept of people-oriented and life first, further improved the working mechanism and consolidated the grass-roots foundation, so as to vigorously reduce casualties and property losses caused by accidents and disasters, and effectively reduce the harm and level of accidents.

Safety and environment training

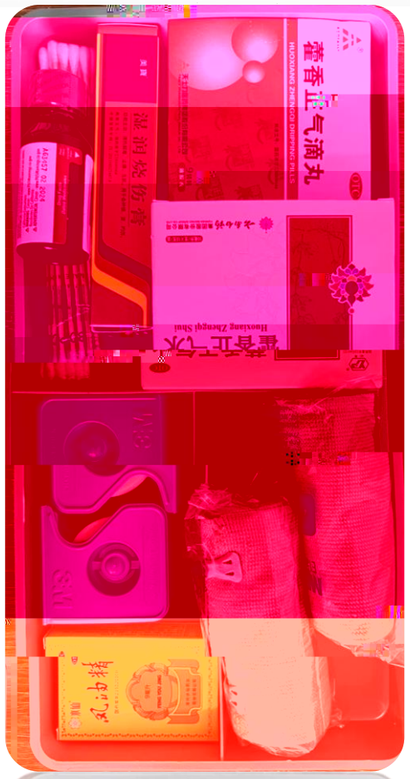
Fire drill

FIRE SAFETY AND EMERGENCY RESCUE MANAGEMENT

THE PRIMARY FIRE SAFETY WORK CONDUCTED DURING THE REPORTING PERIOD

In key fire prevention areas such as dormitories and canteens, sufficient and effective fire-fighting equipment shall be equipped as required.

Improve the spot inspection record card of fire-fighting facilities, delimit the fire-fighting responsibility area, designate the responsible person, conduct spot inspection of fire-fighting facilities regularly and fill in the records.

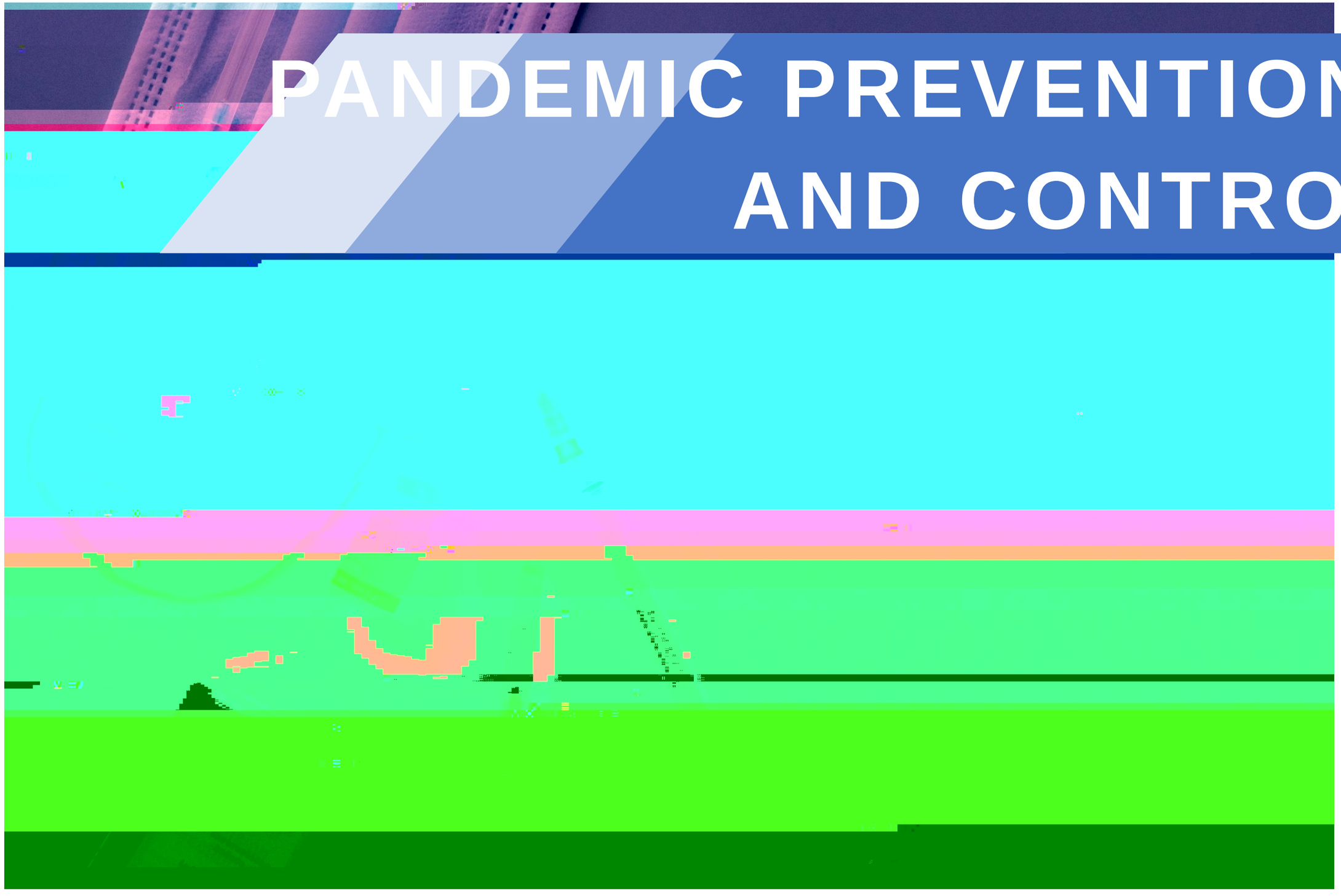


Organize the evaluation of hazardous and harmful factors in each stage of production and construction, investigate emergency resources, provide sufficient emergency rescue equipment, instruments and equipment, and standardize the storage and use of emergency drugs.

Carry out special safety education and training for the use and maintenance of personnel of the fire-fighting facilities.

Formulate fire-drill plan and fire-drill implementation plan, and regularly carry out fire emergency drill.

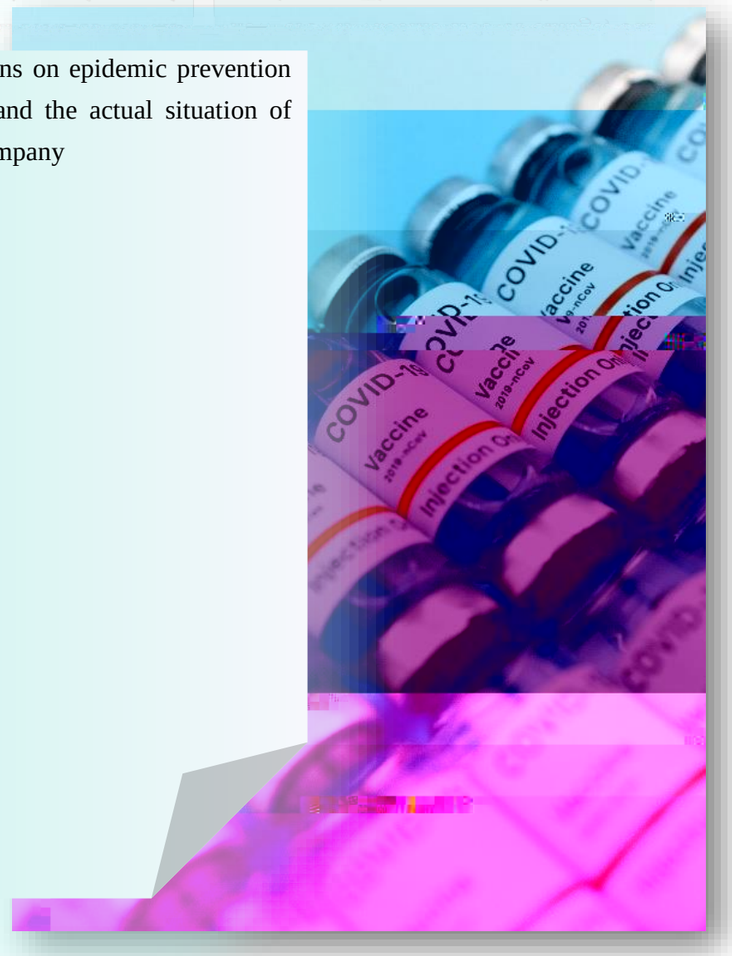
PANDEMIC PREVENTION AND CONTROL



PANDEMIC PREVENTION AND CONTROL

During the reporting period, the COVID-19 pandemic was still at a high level, new variants continued to appear, the risk of epidemic spread increased, and the prevention and control situation was severe and complex. Huayue vaccinated all employees with the new crown vaccine free of charge, building a strict epidemic prevention fortress for all employees. The company adheres to the combination of normal prevention and control and emergency response and adheres to scientific, accurate, and strict epidemic prevention and control.

According to the regulations on epidemic prevention and control in Indonesia and the actual situation of epidemic control in the company



SUPPLY CHAIN

RESPONSIBLE SUPPLY CHAIN

Huayue regards sustainable development as its concept
To build a world-class laterite nickel hydrometallurgy project

Suppliers come from all over the world, covering internationally renowned first-line brands in the industry. They have established long-term cooperative relations with mining enterprises in the industry and officially implemented them, ensuring a sustainable raw material supply chain.

SUPPLY CHAIN MANAGEMENT SYSTEM

Starting with the construction of its own corporate social responsibility management system, the company has continuously improved the requirements for supply chain partners, from the transmission of basic documents such as the basic supplier code of conduct to the filling in of the corporate social responsibility checklist, and then to the on-site audit of key and core suppliers. The company has gradually been improving the supply chain corporate social responsibility management system to contribute to the sustainable development of the industry.

SUPPLY CHAIN SUPERVISION

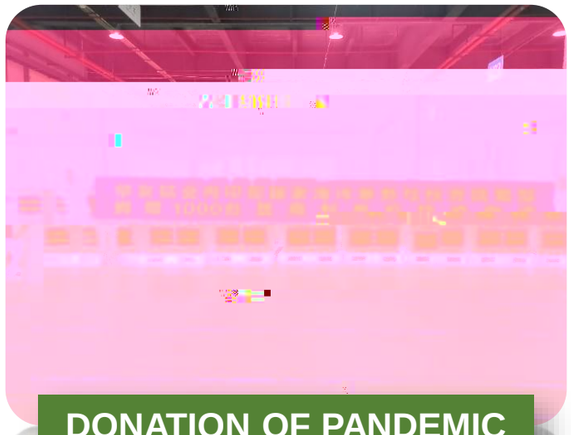
At the stage of selecting business partners, Huayue shall have the Supply Chain Management Department carry out detailed adjustments, including market environment, production and operation, safety and environmental protection, intellectual property rights, human rights protection, and background investigation of key managers; major core materials will be organized to the supplier's production site/performance site for investigation, and the cooperation relationship will be confirmed after ensuring that the needs of Huayue project are met.

In the process of selecting suppliers, sort out the environmental protection and service requirements in advance, select matching suppliers, and realize supervision and management through sample delivery, on-site audit, performance investigation, daily evaluation, and other means.

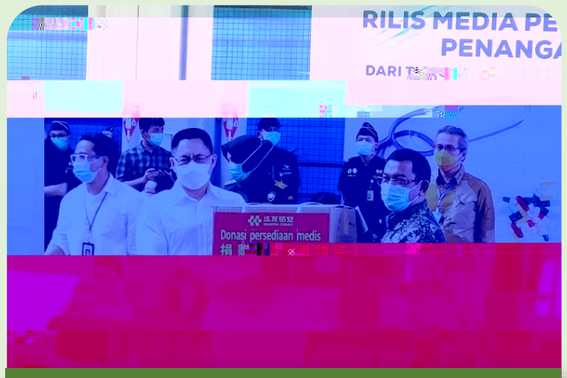
COMMUNITY BUILDING

COMMUNITY BUILDING

Huayue has actively been donating pandemic prevention materials and providing assistance to all sectors of society. During the construction and operation of the Project, a total of more than 5.000 direct jobs were provided to the local area, indirectly driving the local economic development of Indonesia.

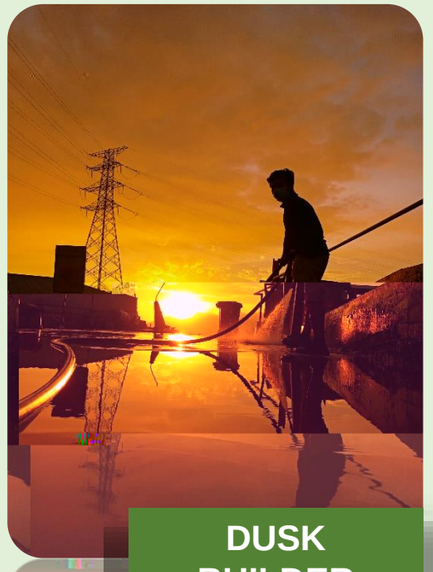


DONATION OF PANDEMIC PREVENTION MATERIALS



DONATION OF PANDEMIC PREVENTION MATERIALS

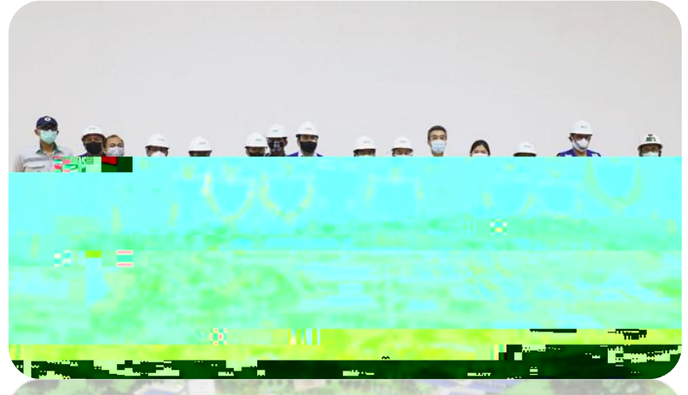
Maintains good relations with local communities. Organizes employees to carry out various activities to enhance friendship, understand local culture and live in harmony. Create a large number of employment opportunities and develop vocational skills for local people.



DUSK BUILDER

Operating in accordance with laws and regulations has opened the curtain of innovation and upgrading of Indonesia's nickel resources to the new energy industry. The Huayue project has been highly affirmed and supported by Indonesian national leaders at all levels.

GOVERNMENT VISIT



Dear Readers, Hello