

Dear Mr. Brad Adams,

In more than 20 years of operation, Huayou has fully realized that sustainable development is not only an active response to the SDGs and national policies, but also an important path to deal with the global energy structure transformation and climate change risks. By strengthening ESG management, it could ensure the sustainable development of enterprises, and promote business for goodness, and make due contribution to the development of a community with a shared future for mankind with a responsible attitude.

Huayou fully understands the sustainability challenges often associated with nickel processing in Indonesia. We are committed to maintaining sustainable and socially responsible operations at our nickel processing facilities in the country. Huayou's nickel HPAL project in IWIP helps to build a major new industrial solution for the country through the development of world leading sustainable and safe processing infrastructure in Indonesia. It takes limonite waste through our advanced hydrometallurgy process, extracts commercially viable volumes of nickel, cobalt from the ore. This process not only drastically reduces potentially harmful limonite tailing, but also creates more wealth from Indonesia's natural resources and saves mineral resources to a great extent.

It's also currently the world's largest laterite nickel ore hydrometallurgy project, takes the fourth-generation laterite nickel ore high-pressure acid leaching (HPAL) technology, which is characterized by having a great industrial influence, energy and resource saving, and a comprehensive recycling process of various valuable metals. It is one of the few large-scale processing facilities in Indonesia to use hydrometallurgy at its facilities while emitting only about 1/8 of carbon emissions if using pyrometallurgy. Our scope 1 and scope 2 emissions are also further reduced through our ability to draw energy from the waste heat steam generation of our sulfuric acid plant, which will meet more than 40% of site electricity demand.

Related to IWIP

1. It is our understanding that Zhejiang Huayou Cobalt Co., Ltd. (Huayou) holds a 30 percent stake in IWIP. How does Huayou ensure that companies operating at IWIP are in full compliance with Indonesian laws and regulations? Does it conduct regular, unannounced audits?

It is important to note that Huayou is a minority shareholder in IWIP with less share of 30%. Summarizing what Huayou's aware and information from IMIP, below measures are taken to ensure that companies operating at IWIP are in full compliance with Indonesian laws and regulations.

The Legal Permitting Process of PT IWIP

Before PT IWIP builds an industrial area, after obtaining a principle permit, the Company must submit a feasibility study (FS) to the Indonesian Government. The FS preparation process involves the participation of all stakeholders, including and especially the government and local communities.

- The FS must then be accompanied by an Environmental Impact Analysis (Amdal). The Amdal document contains all explanations about industrial areas, including the required land area.
- The land area must also be integrated with the Spatial Planning and Regional Planning (RTRW) where the industrial area is built.
- On the process of preparing an Amdal, the company is obliged to conduct a public consultation (public hearing) and explain all issues of concern to stakeholders in detail, including if there are issues in land acquisition.
- After the Amdal is approved, the Company begins the land acquisition process by first carrying out socialization. The socialization process is announced and involves the local government (village to district/city) and the community.
- The socialization process continues with negotiations with each land owner (if the land to be acquired is privately owned and not forest/land owned by the government). Negotiations are carried out by referring to agreements and decisions taken together during the socialization.

IWIP ESG Management

IWIP Park attaches great importance to ESG and sustainable development, and has established the ESG and Sustainable Development Committee. The Chairman of majority shareholder of IWIP is the Chairman of the committee, while the vice president is the executive director, and operating companies in the park are members. The secretariat of the Committee has an office with one manager and three ESG full-time staff, and it leads the ESG management of the IWIP park including important ESG topics like community intervention, environmental protection, labor safety, biodiversity conservation and others.

At present, IWIP has published its ESG related policy as **IWIP Human Rights Policy**, **IWIP ESG Policy**, **IWIP Cultural Heritage Protection Policy**, and **IWIP OHS and Environmental Protection Policy**. IWIP has also formed the **IWIP ESG Code of Conduct** for any companies who are operating in IWIP. Companies including us are required to commit to those policies and follow closely to the ESG code of conduct to reduce the impact on the surrounding area in the process of production and operation, and get along harmoniously with the community, environment and employees.

For more information, please refer to the **ESG & Sustainability Report** that the Park plans to release in 2024.

2. Is Huayou planning to invest in renewable energy at IWIP? If so, please provide more information about its plans.

Climate change & decarbonation is one of the most important topics of Huayou Group's ESG policy. The HPAL processing facility we invested to develop minerals in IWIP emits about 1/8 carbon of RKEF. Our scope 1 and scope 2 emissions are also further reduced through our ability to draw energy from the waste heat steam generation of our sulfuric acid plant, which will meet more than 40% of site electricity demand. We plan to install solar power in our facilities in IWIP in 2024 and forward to further improve the percentage of renewable and green power.

3. We understand that Huayou aims to achieve carbon neutrality on the materials side by 2030 and a carbon neutral supply chain by 2050. How does Huayou take the total planned 3.78 GW of power produced by coal at IWIP into account in assessing its compliance with its climate commitments?

It is important to note that Huayou is a minority shareholder in IWIP, and we do not have control of management or operations at the park. In addition to the climate change efforts we have committed and done in Huayou's own facility, below is the information and plan we learn from the IWIP.

Energy Management Committee of IWIP

The Energy Management Committee is established under the ESG and Sustainable Development Committee of IWIP, where the head of the Energy Department of the Park takes responsibility to coordinate and implement the IWIP/WBN(mine) comprehensive energy efficiency optimization policies and plans, set energy consumption reduction and emission reduction targets and supervise the implementation, and determine and evaluate potential energy efficiency improvement opportunities. It also carries out carbon emission calculation for the companies in the park.

IWIP Energy Efficiency Improvement

By continuously optimizing the planning of nickel ore transportation routes, monitoring unit fuel consumption and updating more cost-effective transport vehicles based on statistical data, it can effectively reduce unit fossil fuel consumption and improve transport efficiency. The smart logistics platform planned and built by IWIP is expected to realize intelligent logistics management and improve transportation efficiency on the basis of reducing the use cost of personnel and equipment.

Renewable Energy Plan of IWIP

Solar Energy: IWIP plans to construct a total of 2GW solar power generation projects and to put into use in the third quarter of 2026, of which the 2MW project has started construction and is expected to be put into use in the first quarter of 2024.

Wind power: IWIP plans to construct a total of 300MW wind power generation projects, and the preliminary 5MW wind power project has been implemented;

Electric Truck: IWIP plans to invest 50 electric mining trucks in 2024, and build a network of electrical changing stations along the mine road, actively reduce fossil energy consumption

and carbon emissions, and gradually replace the existing fuel oil and mining trucks in the future.

4. Please describe the process of acquiring land prior to the development of the industrial park. Did PT IWIP hold public meetings with local communities about the proposed project? If so, please provide information about the dates, locations, and attendance of those meetings. In addition, please detail the information provided to communities at those meetings.

Please refer to the statement of question No.1 as above.

5. What steps is Huayou taking, if any, to ensure that industrial activities at IWIP do not contribute to human rights or environmental harms?

Please also refer to the statement of question No.1 as above.

Regarding smelting operations at IWIP

1. It is our understanding that Huayou and its subsidiaries are invested in at least three nickel refining plants at IWIP. Please provide a full list of Huayou investments at IWIP.

Correct. They are PT Huafei Nickel Cobalt, PT Huake Nickel Indonesia and PT Youshan Indonesia.

2. Where does Huayou source nickel ore and other raw materials from for its smelting operations at IWIP? Please provide a list of mines used to source raw nickel ore.

The raw material of nickel ore in IWIP is managed by the park and as we traced our ore to Huafei's facilities, it mainly comes from the mine of WBN (Weddy Bay Nickel).

3. What due diligence, if any, does Huayou conduct to ensure that IWIP facilities in which it is invested do not cause environmental or human rights harms?

Huayou Cobalt and its investment projects always attach importance to sustainable development, actively respond to the United Nations Sustainable Development Goals (UN-SDGs), follow the international guidelines and standards of ESG and sustainable development, fully integrate ESG concepts and standards into enterprise operations by comprehensively implementing its ESG management system. Huayou Cobalt also focuses on a wide range of stakeholders, creates long-term value, and is committed to building a responsible international corporate image.

Following Huayou headquarters' ESG policy¹ and management system, as its subsidiaries, facilities in IWIP have constructed own ESG management system as well as responsible sourcing due diligence management system to closely manage its own ESG risks associated with its operations and mineral supply chain.

Regarding monitoring and assurance, Headquarters do annual internal ESG assessment to make sure the constancy of ESG policies and management system. The project would also open to do external third party ESG assessment with stakeholders in the supply chain to find gaps to improve in 2024 and forward².

PT Huafei has completed the environmental impact assessment (EIA) and biodiversity assessment. PT Huafei has also got the EIA permit (AMDAL) for both the factory and its tailing permanent dry stacking site, as well as the wastewater discharge permit.

4. Does Huayou conduct or hire third parties to conduct audits at the IWIP facilities it

¹ Huayou's ESG Policy: <https://en.huayou.com/social12.html>

² We plan to do IFC E&S Performance third party assessment in 2024. We also check certification of ISO 14001, ISO 9001, ISO45001, SMK 3 (IND Occupational Health Standardization), PROPER (IND Environmental Performance Evaluation)

invests in? If so, please provide information on each audit that has been undertaken, including the identity of the organization conducting the audit and the results of the audit.

Huayou has conducted internal audit by the ESG department from headquarters to facilities at the IWIP. Now facilities in IWIP are implementing CA to fill the gaps identified by the assessment. We plan to do third party audit of ESG system by ERM, and RMI or RCI assessment for responsible sourcing.

5. Please provide information about freshwater usage and wastewater treatment for Huayou facilities at IWIP. How do the facilities in which you are invested manage wastewater? Where does hot water from industrial facilities, including coal plants, go?

Huayou has a clear policy and requirement of wastewater treatment in its ESG management system. Take PT Huafei as an example. The production wastewater of Huafei passes through neutralization, solid-liquid separation, inclined plate settlement and full precipitation treatment to reach the standard value and then discharge into the sea. Huafei has installed online wastewater monitoring equipment in the sea water outlet to monitor the TSS, PH value, ammonia nitrogen, COD and other indicators of the wastewater to ensure that the wastewater discharge meets the standards.

In terms of domestic wastewater of PT Huafei, there are two domestic wastewater treatment stations in the factory, and the treated domestic wastewater is reused for production. It's fully recycled without discharge.

6. Please describe the waste management systems for Huayou facilities at IWIP. What is the process for dealing with industrial waste, including tailing and coal ash? Where is waste deposited?

Huayou takes tailing treatment as the most important topic of its ESG system and always pays close attention to ensure that the related risks caused by tailing treatment to the environment, community and operation are minimized.

PT Huafei's main solid waste is tailing.

All HPAL projects invested by Huayou adopt the international advanced tailing dry stacking technology, including PT Huafei in IWIP. Compared to the wet discharge tailing storage facility (TSF), tailing dry stacking technology can be the greatest degree of water saving, and most effectively avoid the risk of safety of tailing in Indonesia. In the process of tailing treatment, it adds calcium hydroxide in tailing slurry to adjust the PH value, and remove most part of the heavy metals in the liquid phase, and after thickening process, tailing can be separated from slurry, and them will be transferred to filter workshop to remove moisture. The average water content of the tailing after filter is about 30%, before being transported to the tailing dry stacking yard for storage. For the whole tailing dry stacking operation, we have set of whole process management system containing of design, approval, construction, operation,

monitoring and emergency response to ensure the safe operation of the tailing yard. Huafei project has invested heavily to build a JIRA tailing permanent dry stacking storage yard with world-class environmental safety management standards. The design unit is an internationally renowned company - Mecater, and the construction is carried out under the strict supervision of European standards.

7. Where does Huayou send nickel that it smelts at its facilities at IWIP? What country or countries is that nickel exported to? Does Huayou track its full supply chain?

The nickel product that PT Huafei is producing is Mixed Hydroxide Precipitate (MHP). It's a crude chemical and it will be transported to Huayou's manufacturing bases in China to do further refining process to produce pure battery grade of Nickel chemicals for applications like cathode materials of EV battery. We can track to our tier one clients only though.

8. Is any nickel mined or smelted by Huayou in North Maluku exported to companies operating in the Xinjiang Uygur Autonomous Region?

None of our tier one clients has operating in the Xinjiang Uygur Autonomous Region.

9. We understand that Huayou has agreements with Tesla, Volkswagen, and Ford to supply nickel, including nickel sourced from Indonesia. Does the nickel supplied pursuant to those agreements currently come from Huayou operations at IWIP? In the future, will the nickel supplied pursuant to those agreements come from Huayou operations at IWIP? If not, where will Huayou source the nickel to fulfill those agreements?

Negative. At the moment, Huayou operations at IWIP to EV cathode battery industry is still at a very early stage of trial production.

For current supply agreements with our clients in the EV cathode battery industry, we have shared all information that required by clients including supply chain mapping. Though, we can't share detailed information of the supply chain since it's confidential as required by the supply agreements.

10. Please provide a full list of the automobile companies that purchase nickel from Huayou's operations in North Maluku and in Indonesia.

Sorry that we can't share this kind of information since it's confidential.

Kind Regards

Bryce Lee - Head of ESG & Sustainability.

Zhejiang Huayou Cobalt Co.,Ltd.