

Zhejiang Huayou Cobalt Co., Ltd

Local Procurement Policy

1. Summary

In the context of globalization, Zhejiang Huayou Cobalt Co., Ltd. (hereinafter referred to as the Company) recognizes that localized procurement is not only an important way to support the local economy, but also a manifestation of corporate social responsibility. Through localized procurement, the company can better adapt to market changes, improve the stability and efficiency of the supply chain, and promote the development of local suppliers. This policy aims to clarify the principles, processes, and objectives of the company's localized procurement, in order to guide the behavior of all relevant departments and employees in procurement activities.

The purpose of the local procurement policy is to prioritize local suppliers, promote local economic development, and enhance the company's competitiveness and brand image in the region. At the same time, this policy also aims to reduce operational risks and enhance the ability to respond to market fluctuations by establishing a stable local supply network.

2. Scope of Application

This policy applies to all subsidiaries of Huayou Cobalt worldwide. All departments involved in procurement activities should follow the guiding principles of this policy and actively establish cooperative relationships with local suppliers.

3. Governance Structure and Responsibilities

The Board of Directors, as the highest responsible body, approves and fully supports the implementation of this policy; The ESG and Sustainable Development Management Committee is responsible for interpreting, guiding, and continuously improving this policy, as well as overseeing and guiding its implementation.

The ESG and Professional Sustainability Team and Procurement Center are responsible for carrying out specific work tasks, integrating localized procurement work into daily operations, and regularly reporting on work progress and effectiveness.

4. Local Procurement Measures

- 4.1 Definition of Local Suppliers: In this policy, local suppliers refer to enterprises whose registered and main operating locations are both in the region where the company's business activities are located. These suppliers should be able to provide products and services that meet the company's quality standards and respond promptly to the company's needs.
- 4.2 Procurement principle: When making procurement decisions, the company will give priority to local suppliers, but at the same time ensure the cost-effectiveness of procurement. Procurement activities should be open and transparent, ensuring that all qualified suppliers have a fair opportunity to participate in bidding.
- 4.3 Procurement Process: The procurement department should develop a detailed procurement process, including requirements analysis, market research, supplier selection, contract negotiation, order management, performance evaluation, and feedback collection. This process aims to ensure the efficiency and fairness of procurement activities.
- 4.4 Supplier Evaluation and Selection: Supplier evaluation will be based on multiple dimensions such as financial stability, delivery capability, quality control, technical capability, price, and service. The company will establish a standardized evaluation system to ensure the selection of the most suitable suppliers.
- 4.5 Localization Procurement Goals: The company sets specific localization procurement goals based on actual operational conditions, including the proportion of local procurement to total procurement, the increase in the number of local suppliers, etc. These goals will be adjusted regularly based on the company's business development and market conditions.
- 4.6 Supplier Development Plan: The company will assist local suppliers in improving their production capacity and service level through technical support, training, and knowledge sharing. The company will also encourage suppliers to participate in product development and innovation to meet the company's long-term needs.
- 4.7 Cost Control: While ensuring quality and service, the company will control procurement costs through negotiation, long-term contracts, and procurement strategy optimization. The company will regularly review procurement activities to ensure cost-effectiveness.

4.8 Partnership: The company is committed to establishing long-term and stable partnerships with local suppliers. The company will clarify the rights and obligations of both parties through contracts and agreements to ensure the continuity and stability of cooperation.

5. Supplement

This policy is effective from the date of approval by the Board of Directors, and we will regularly refine and update it to ensure that it meets the changing expectations of various stakeholders and adapts to changes in relevant guidelines and standards.

Through the implementation of localized procurement policies, the company will promote local economic development while improving its competitiveness and market response speed. The company looks forward to achieving sustainable development goals through close cooperation with local suppliers.

This policy shall come into effect from the date of publication, and all company employees and related suppliers shall comply with the provisions of this policy, jointly contributing to the long-term development of the company and the prosperity of the regional economy.