

Environment, Health and Safety (EHS) Policy

1 Purpose:

Specify the environment, health and safety (EHS) management concepts and work directions of the Company and provide guidelines for creating healthy and safe working environment and protecting the regional environment.

2 Scope:

This policy applies to Zhejiang Huayou Cobalt Co., Ltd. and its controlled subsidiaries (hereinafter referred to as “the Company” or “we”).

3 Responsibilities:

3.1 The Safety and Environmental Protection Department shall be responsible for the interpretation, training, guidance and supervision of this policy.

3.2 All levels of management shall be responsible for the effective implementation of the EHS policy of the entity.

4 Policy Statement:

4.1 EHS Concept:

EHS is the most important concern.

4.2 The principles of our health, safety and environment policy are:

Observation of rules and laws, scientific management and customer satisfaction;

Energy saving and consumption reduction, clean production and emission compliance;

People orientation, combination of prevention and control and harmonious development.

4.3 Our basic commitments:

We will minimize the work-related accidents and diseases, try to provide a safe and healthy working environment for the workers, improve the quality of the products and services, ensure the continuity of production, enhance the workers' stability and boost their morale.

During the manufacture, we will minimize the adverse effects on the society, environment and natural resources, protect the health and safety of the public, and improve the environment, health and safety performance of the Company in a sustainable way.

We will give full play to the role as an industrial leader, jointly advocate the idea of sustainable development with the suppliers and customers, and lead the enterprises of the industry chain to jointly reduce the resource consumption and produce more

environmental-friendly and renewable products.

4.4 Supplier's responsibilities:

We also require our suppliers to observe this policy and make constantly improvement. The Company shall carry out a series of supplier supervision activities and regularly review and exchange with our suppliers, to confirm their observation of this policy.

4.5 Our health and safety policy:

Persist in people orientation, try to create a healthy, safe and comfortable working environment for the employees, and take up the bounden duties of protecting the physical and mental health of the employees.

Fulfill the responsibility for safety production according to the laws and regulations, insist on the management objectives of "safety first and precaution crucial", constantly improve the level of safety management, prevent and reduce the safety accidents, fulfill the social responsibilities and promote the harmonious development of the Company, the employees and the society.

1) Occupational safety

Through continuous optimization of process design, engineering technology and management control, preventive maintenance, safe operation documents and continuous safety knowledge training, the Company effectively controls the potential risks that workers may encounter in the workplace. If the hazards cannot be controlled effectively through the above methods, the Company shall provide the workers with appropriate and well-maintained personal protective equipment (PPE).

When entering the factory, all persons must strictly observe the related provisions on occupational health management.

2) Emergency preparedness

Identify all possible emergency situations, carry on the preliminary confirmation and evaluate all kinds of emergency situations and events, through the implementation of contingency plans and strain process to emergency situations and events by minimizing the negative impact, including urgent report, informing the workers of the evacuation procedure, training and drills for the workers, suitable fire detection and suppression apparatus, abundant exit facility and recovery plan.

All employees shall participate in the accident emergency drill and master the emergency rescue skills related to emergency situations.

3) Occupational injuries and diseases

The Company shall develop suitable procedures and systems to prevent, manage, and track and report the occupational injuries and diseases, including the following provisions: encouraging the workers to report; classifying and recording the injury and disease cases; providing necessary treatment; investigating the cases and carrying out the corrective measures to eliminating the similar conditions; and helping the

workers return to their posts.

4) Industrial hygiene

The Company shall identify, evaluate and control the hazards brought to the workers by dust, the chemical, biological, physical and social psychology factors. Effective control of hazard factors and implementation of effective protective measures to protect workers' health.

5) Work with high physical demands

The Company shall identify, evaluate and control the effects of high physical labor on the workers, including manually handling the materials, lifting heavy objects repeatedly, standing for a long time and assembly work with high repeatability or strength.

6) Machine guarding

The Company shall perform risk assessment against the production equipment and other machine every year. In addition, the Company shall carry out the potential hazards identification and control activities on a regular basis, provide physical protection devices, interlocks and barriers for the machines that may harm the workers, and properly maintain the machines.

7) Public hygiene, food and living quarters

The Company shall provide the workers with clean toilet facilities, drinking water, wholesome food and storage facilities and tableware. The Company's living quarters for the workers shall be kept clean and safe, and shall provide suitable emergency exits, hot water for bathing, sufficient heating and ventilation, reasonable personal space and reasonable access permission.

4.6 Our environment policy:

Green manufacturing is a common ideal of all staff of Huayou, as well as a solemn commitment and practical action of Huayou as a social citizen and world citizen; harmony and mutual benefit is the meaning of building green Huayou.

The Company shall attach importance to both production and environmental protection and firmly follow the "principle of four nots": not at a cost of environmental pollution, nor the safety and health of the employees, nor waste of resources, nor violation of laws.

The Company shall take various measures to promote resource conservation and environmental protection, persist in the course of sustainable development, undertake the responsibility for environmental protection to the greatest extent, and try to build a resource-conserving and environment-friendly high-tech enterprise. Besides, we shall create a beautiful living environment for human beings with our products and services and realize the coordination and mutual promotion between environmental protection and enterprise revenue.

1) Environmental permits and reporting

The Company shall obtain all necessary environmental permits, approval documents and registration certificates, maintain and update them regularly, and strictly abide by environmental regulations and policies.

2) Pollution prevention and resource conservation

The Company shall reduce or eliminate all types of consumptions (through strengthening technology development and practice, and continuously reducing the unit consumption of products and emission of pollutants, including water and energy, various raw materials and auxiliary materials) from the source or through practices (such as improving the production, maintenance and process facility, replacing the materials, saving the natural resources, recycling and reusing the materials).

We shall educate and train our employees to use more environment-friendly working and living styles, reduce waste and save water and electricity, to mitigate the influence on the living environment.

In addition, we shall actively take part in the environment renovation and tree planting of the community, to promote the construction of ecological civilization in local region and constantly improve the environmental quality.

Establish a power battery recycling system, to regenerate and recycle the national scarce resources such as cobalt and nickel and so on, to serve the new energy automobile industry chain, to promote the healthy and orderly development of the new energy automobile industry; exploit "urban mines" to save natural resources, and participate in the reduction of carbon emissions in the new energy automobile industry chain to contribute to the control of global warming.

3) Hazardous substances

The Company shall identify and control the chemical substances and other substances that may cause hazards when released into the environment, and ensure safe treatment, transportation, storage, use, recycle or reuse and disposal of these substances.

4) Waste water and solid wastes

The waste water and solid wastes produced by the operation, industry processing and health facilities shall be classified, monitored, controlled and treated as required before being discharged or disposed.

The Company shall realize circular economy and green development by reducing and recycling the solid wastes during the manufacture, recycling and reusing the waste battery materials in the industrial chain and other measures.

By adopting the most reasonable technological process and equipment and lean production, the Company shall minimize the waste of raw and auxiliary materials as well as energy and water resources, improve the recovery of the materials and reduce the emission of the wastes.

5) Air emissions

The volatile organic compounds, dust particles, acid mist and other air emissions produced during the operation of the Company shall be classified, monitored, controlled and treated as required before being discharged or disposed.

The Company shall realize the vision of reducing atmospheric pollution by providing new energy materials required by the batteries of electric vehicles to customers.

6) Product content control

The Company shall comply with all applicable laws and regulations and customer requirements about prohibiting or limiting specific substances (including the identifications related to recycle and disposal).

5. Review

In principle, the Safety and Environmental Protection Department of the Company shall organize the related departments to perform a review every year.

Review comments of 2019:

1. Add the content about the positive actions and meaning of the Recycling Technology Section of the Company to promote the healthy development of the new energy automobile industrial chain, save natural resources and control the global warming;
2. Modify “5. Management Review” as “5. Review”;
3. In order to fit in with “internationalization” of the Company’s strategy of “Two New Areas and Three Trends”, the Chinese version shall be taken as the baseline to modify the English version, and shall prevail in case of ambiguity.

December 30, 2019