

Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Ganzhou Tengyuan Cobalt New Material CO., LTD.				
Assessment Date	03/18/2024-03/20/2024				
Assessed Material	Cobalt				
LME-listed Brand	TENGYUAN				
Assessment Type	<input checked="" type="checkbox"/> Main Assessment <input type="checkbox"/> Tracking Assessment				
Assessment Result	<input type="checkbox"/> AAA	<input type="checkbox"/> AA	<input checked="" type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C
Assessment Firm	China Standard Conformity Assessment CO., LTD (CSCA)				
Assessor	Mao Qingsong, Hou Chao				

Instruction

Objective

This assessment program is an independent third-party assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCCMC) based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, aiming to assess the performance of the company's due diligence management system and process, and support the company to identify the gaps that need further improvements and develop corresponding improvement measures.

Basis of the Assessment

The assessment is based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, hereinafter referred to as *the Guidelines*. The companies shall meet the content of "Companies should" in *the Guidelines*. "Companies should" refers to specific requirements of *the Guidelines* for companies' due diligence management, as well as the specific refinement of the requirements, which is consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition)*.

Explanation of Conformity Degree

Conformity: Indicates that the company's management system, policies, procedures or processes meet the requirements of corresponding provisions of *the Guidelines*.

Need improvement: Indicates that the company's management system, policies, procedures or processes partially meet the requirements of corresponding provisions of *the Guidelines*, but lack some necessary elements or content, or can not prove or lack evidence to prove that they are substantively functional, and further measures are needed to improve its performance.

Non-conformity: Indicates that the company's management system, policies, procedures, or processes cannot meet the requirements of corresponding provisions of *the Guidelines*, resulting in systematic and repetitive non-conformities.

Not applicable: Indicates that corresponding provisions of *the Guidelines* do not apply to the Company.

Zero tolerance: If any of the following situations occurs, it is a "zero tolerance" situation.

1. Misrepresentation, deliberately forging false evidence or vouchers;
2. Any form of support for illegal control, or illegal taxation and extortion by non-state armed groups;
3. Any form of torture, cruel, inhuman and degrading treatment;
4. Directly cause or contribute to forced or compulsory labor;
5. Cause or contribute to widespread sexual violence;
6. The worst forms of child labor;
7. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide;
8. Other situations generally considered unacceptable.

Explanation of Assessment Results

The overall assessment result is based on the percentages of "non-conformity" items and "need improvement" items. The China Chamber of Commerce of Metals, Minerals & Chemical Importers & Exporters (CCCMC) provides the following suggestions on the assessment results:

Level AAA: There is no "non-conformity" items, indicating that the company has excellent supply chain due diligence management performance.

Level AA: the percentage of "Need improvement" items does not exceed 15% of all applicable items, and the percentage of "non-conformity" items does not exceed 5% of all applicable items.

Level A: the percentage of "Need improvement" items does not exceed 25% of all applicable items, and the percentage of "non-conformity"

items does not exceed 10% of all applicable items.

Level B: the percentage of "Need improvement" items does not exceed 35% of all applicable items, and the percentage of "non-conformity" items does not exceed 20% of all applicable items.

Level C: The above level cannot be reached or there is any "zero tolerance" situation.

Description of Assessment Type

The assessment is divided into main assessment and tracking assessment. The main assessment needs to be carried out once a year. The tracking assessment is conducted every six months or during the re-assessment (main assessment) based on the conformity degree and assessment results.

1. Assessed Party

Company Name	Ganzhou Tengyuan Cobalt New Material CO., LTD.
Refinery Name	Ganzhou Tengyuan Cobalt New Material CO., LTD.
Location	No. 9 Xijin Avenue, Ganzhou Hi-Tech Industrial Development Zone, Ganxian District, Ganzhou City, Jiangxi Province, China
Profile Number	DDMSC-CNCo0045

2. Assessment Results

Type	<input checked="" type="checkbox"/> Main Assessment		<input type="checkbox"/> Tracking Assessment		
Result	<input type="checkbox"/> Level AAA	<input type="checkbox"/> Level AA	<input checked="" type="checkbox"/> Level A	<input type="checkbox"/> Level B	<input type="checkbox"/> Level C

3. Assessment Scope

Materials	Cobalt
LME-listed Brand	TENGYUAN
Types of Materials	<input type="checkbox"/> Mine materials <input type="checkbox"/> Recycled materials <input checked="" type="checkbox"/> Both
Assessment Period	<input checked="" type="checkbox"/> 12 months: 03/01/2023-02/29/2024 <input type="checkbox"/> Less than 12 months:

4. Summary of Assessment Results

Assessment Result	A
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Step 1: Establishing A Corporate Due Diligence System	
Develop and adopt due diligence policy.	The Company has formulated and approved <i>Ganzhou Tengyuan Cobalt New Material Co.,Ltd. Due Diligence Policy for Supply Chain of Minerals</i> , which is in line with the requirements of the <i>Chinese Due Diligence Guidelines for Mineral Supply Chain</i> .
Structure appropriate internal management systems.	The Company has established an organizational structure for cobalt supply chain due diligence, established a Mineral Supply Chain Management Committee and a Supply Chain Management Office. The Company assigned due diligence responsibilities to relevant senior management and employees.
Establish a system of controls and transparency over the supply chain.	The Company has established a supply chain control and transparency system to collect and understand the traceability information of its mineral supply chain. For suppliers that trigger warning signs, the Company required further collection of mineral supply chain traceability information for supply chain warning signal review.
Strengthen engagement with suppliers.	The Company formulated the <i>Supplier Declaration and Commitment</i> and <i>Supplier Code of Conduct</i> , and required suppliers to sign a receipt letter, to ensure that suppliers comply with policies that are consistent with the Company's due diligence policy. The Company assists its suppliers in capacity building on a regular basis, to promote and improve their due diligence management performance.
Establish a company level grievance mechanism and/or	The Company has established a <i>Grievance Measures for Mineral Supply Chain Due Diligence</i> , identified grievance mechanisms at the industry level and committed to participating in such industrial

participate an industrial level grievance mechanism.	mechanisms.
Step 2: Risk Identification and Assessment	
Conduct warning signs review, and identify the scope of the risk assessment of the mineral supply chain based on the results of warning signs review.	The Company has formulated the <i>Mineral Supply Chain Risk Management Procedure</i> and the <i>Conflict Affected and High-Risk Areas Identification Procedure</i> , and carried out warning sign review on suppliers. The Company has formulated and implemented information verification procedure and verified information by requiring suppliers to fill in the <i>Know Your Supplier Survey Questionnaire (KYS Questionnaire)</i> and <i>Supply Chain Traceability Form</i> .
When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain.	The Company has identified the warning sign on its supply chains. The company has established the on-the-ground assessment team to conduct the on-the-ground assessment on its corresponding supply chains based on the identified warning signs and completed the on-the-ground assessment report. The report includes the on-the-ground assessment team, the method of collecting on-the-ground assessment information, assessment checklist, assessment conclusions and solutions & measures. The Company conducted on-the-ground assessment to understand the specific conditions of the entire supply chain (extraction, trade, transport, export, etc.). The Company needs to further specify the requirements of on-the-ground assessment team members' capacity and further improve the on-the-ground assessment checklist.
Assess risks in the supply chain.	The Company has established the <i>Mineral Supply Chain Risk Management Procedure</i> , conducted supply chain due diligence risk assessment accordingly, and summarized risk assessment results. Further improvement is needed in the completeness of the assessment scope.
Step 3: Risk Prevention and Mitigation	
Report risk assessment results internally.	The Company's supply chain due diligence risk assessment results can be reported to senior managers.
Develop and adopt risk	The Company has formulated and approved a <i>Risk Mitigation Plan</i> , covering mitigation strategies and

management plan.	response plans to address different types of risks.
Implement risk management plan, monitor and track performance of risk mitigation strategies.	The Company maintains communication with stakeholders, jointly promotes the implementation of the <i>Risk Mitigation Plan</i> , and regularly monitors the effectiveness of risk mitigation strategies.
Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed.	The Company clearly stipulates that in the process of implementing the Risk Management Plan, it will conduct continuous monitoring and additional assessment of risks that need to be mitigated.
Step 4: Internal and External Assessment	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance.	The Company has carried out the internal assessment of the mineral supply chain due diligence system and completed the assessment report. In the Company's internal assessment system, the requirements for the qualification and capacity of internal assessors need further clarification and improvement.
Companies should designate the second or third party to conduct assessment when applicable.	This assessment is the third-party independent assessment of cobalt supply chain due diligence management for the Company.
When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results.	The Company commits to release the <i>Summary Report of Supply Chain Due Diligence Assessment</i> to the public.
Step 5: Reporting and Communication	
Develop due diligence progress report	The Company compiled the <i>Ganzhou Tengyuan Cobalt New Material CO., LTD. Supply Chain Due Diligence Report (2022-2023)</i> .

With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary.	<p>The Company released the <i>Ganzhou Tengyuan Cobalt New Material CO., LTD. Supply Chain Due Diligence Report (2022-2023)</i> on its official website.</p> <p>Link: https://www.tycogz.com/public/uploads/files/20231219/9ed58107762d0336cb8ec3bb768bdb92.pdf </p>
Step 6: Provide for or Cooperate in Remediation When Appropriate	
When the company recognize that it has caused or contributed to actual adverse impacts, they should mitigate these impacts by providing for or cooperating in remediation when appropriate.	N/A
Companies provide conditions or cooperate with existing remedial mechanisms in a timely manner.	N/A