

## Mineral Supply Chain Due Diligence Assessment

### Summary Report

Assessed Party	Ganzhou Hanrui New Energy Technology Co., Ltd				
Assessment Date	09/26/2024-09/28/2024				
Assessed Material	Cobalt				
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 Quality Mark Certification Group				
Assessor	Lu Da ,Zhang Sen; Intern Assessor:Wang LiXin				

## 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) and Cobalt Refiner SupplyChain Due Diligence Standard (Version 2.0), 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*, and *Cobalt Refiner Supply Chain Due Diligence Standard (Version 2.0)*. 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 (CCCCMC) 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 Hanrui New Energy Technology Co., Ltd
Refiner Name	Ganzhou Hanrui New Energy Technology Co., Ltd
Location	No. 9 Xijin Fourth Road, Ganzhou High tech Industrial Development Zone, Ganxian District, Ganzhou City, Jiangxi Province
Profile Number	DDMSC-CNCo0067

## 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
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: (08/01/2023-07/31/2024) <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.	Ganzhou Hanrui New Energy Technology Co., Ltd. is a wholly-owned subsidiary of Nanjing Hanrui Cobalt Industry Co., Ltd. (hereinafter referred to as the "Group Company"). The Company clarifies that the <i>Hanrui Cobalt Responsible Mineral Supply Chain Due Diligence Policy and Commitment</i> formulated and released by the Group Company is applicable to Ganzhou Hanrui New Energy Technology Co., Ltd., which complies with the requirements of the <i>Chinese Due Diligence Guidelines for Mineral Supply Chain</i> .
Structure appropriate internal management systems.	The Company has established a Supply Chain Due Diligence Management Committee and set up a Joint Office for Supply Chain Due Diligence Management across departments, responsible for the operation of the supply chain due diligence management system and assigning the responsibility of due diligence management to relevant 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 and developed a <i>Supplier Classification Management Procedure</i> to collect and understand the Company's mineral supply chain traceability information. For suppliers that trigger warning signs, the Company required to further collect mineral supply chain traceability information needed for reviewing supply chain warning signs.

Strengthen engagement with suppliers.	The Company has formulated the <i>Supply Chain Due Diligence Management Statement and Commitment</i> and <i>Supplier Code of Conduct</i> , and required suppliers to sign a Receipt Letter to ensure that they comply with policies consistent with the Company's supply chain due diligence management policy. The Company needs to further improve their ability to assist suppliers in jointly carrying out capacity building and enhancing their due diligence management performance.
Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism.	The Company has established the <i>Grievance Mechanism for Supply Chain Due Diligence</i> which includes record, response and settlement of the grievance. The Company has identified and committed to participating in the grievance mechanism at the industry level.
<b>Step 2: Risk Identification and Assessment</b>	
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 developed the <i>Cobalt Supply Chain Risk Management Procedure</i> and the <i>Conflict Affected and High Risk Areas (CAHRAs) Identification Management Measures</i> , and conducted warning sign review on suppliers. The Company has developed and implemented an information verification procedure, and verified information by collecting the <i>Know Your Supplier (KYS) Questionnaire</i> and <i>Supply Chain Traceability Form</i> from the suppliers. Further improvement is needed in the completeness of in the collection of supply chain traceability information that triggers warning signs.
When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain.	During this assessment period, the Company identified supply chain warning signs. Due to the limited accessibility of supply chain, the Company has not yet been able to implement on-the-ground assessments, but has developed <i>On-the-ground Assessment Procedure</i> and <i>On-the-ground Assessment Tool</i> and is currently communicating and coordinating with suppliers.
Assess risks in the supply chain.	The Company has conducted a supply chain risk assessment and formed a <i>Risk Identification and Assessment Report</i> . The scope of the assessment is not yet complete.

<b>Step 3: Risk Prevention and Mitigation</b>	
Report risk assessment results internally.	The Company's supply chain risk assessment results can be reported to senior managers.
Develop and adopt risk management plan.	The Company has developed and approved the <i>Risk Management Plan</i> , covering mitigation strategies for different types of risks.
Implement risk management plan, monitor and track performance of risk mitigation strategies.	The Company has implemented the <i>Risk Management Plan</i> , further efforts are need to strengthen in communication and cooperation with multi-stakeholders such as suppliers and industry organizations to monitor the implementation of the <i>Risk Management Plan</i> and promote the supply chain partners to improve the level of due diligence management.
Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed.	The Company has clearly stipulated that it will conduct continuous monitoring and additional assessment of risks that need to be mitigated when there are changes in the actual situation or supply chain during implementation of the <i>Risk Management Plan</i> .
<b>Step 4: Internal and External Assessment</b>	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance.	The Company has conducted internal assessment and completed an <i>Internal Assessment Report</i> . Further efforts are needed in strengthening capacity building of supply chain due diligence management for internal assessors.
Companies should designate the second or third party to conduct assessment when applicable.	It's the first time for the Company to participate in the independent third-party assessment of cobalt supply chain due diligence management.



When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results.	The Company has committed to releasing the <i>Assessment Summary Report of Supply Chain Due Diligence</i> to the public.
<b>Step 5: Reporting and Communication</b>	
Develop due diligence progress report	The Company compiled the <i>2023-2024 Cobalt Supply Chain Due Diligence Report of Ganzhou Hanrui New Energy Technology Co., Ltd.</i> , Further improvement is needed in terms of the completeness of the disclosed content in the report.
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary.	The Company has publicly released the <i>2023-2024 Cobalt Supply Chain Due Diligence Report of Ganzhou Hanrui New Energy Technology Co., Ltd.</i> Link: <a href="https://oss.lcweb01.cn/jzt/66f3cf8efc06360f1d130402/file/20240930/9c87603e479927976d6c0208c6dae6bf.pdf">https://oss.lcweb01.cn/jzt/66f3cf8efc06360f1d130402/file/20240930/9c87603e479927976d6c0208c6dae6bf.pdf</a>
<b>Step 6: Provide for or Cooperate in Remediation When Appropriate</b>	
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