

Chang Chun Chemical (Jiangsu) Co., Ltd.

2023 Annual Report on Copper Supply Chain Responsible

Sourcing Due Diligence Management

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1. Company Profile

Chang Chun Chemical (Jiangsu) Co., Ltd. (hereinafter referred to as "Chang Chun Chemical" or "the Company") was established in 2002, located at No. 101 Changchun Rd., Riverside Industrial Park, Changshu Economic & Technological Development Zone, Jiangsu, China. Since 2012, the company has been engaged in the copper foil business, mainly using new copper wire as raw material to produce copper foils of different specifications suitable for various industries.

With the rapid development of the new energy vehicle industry and the consumer electronics industry, the demand for lithium-ion batteries has been increasing year by year. The various minerals used in lithium-ion batteries have also been continuously concerned by various sectors. The copper foil produced by our company is a very important and critical material in lithium-ion batteries. In order to comply with domestic and foreign laws and regulations, as well as to meet customer due diligence requirements and fulfill the social responsibilities that the company should shoulder, the company established the Copper Supply Chain Due Diligence Management System in 2022 based on the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Edition 3" (hereinafter referred to as the "OECD Guidance"), and conducted due diligence on the company's copper supply chain from January 1, 2023 to December 31, 2023.

2. Due Diligence Management System and Practice

In order to ensure the effective operation of the company's due diligence management system, the company has established its own due diligence five-step framework system based on the "OECD Guidance" to conduct corresponding due diligence management on copper-containing materials, suppliers, and supply chains involved. At the same time, to ensure consistency with the "OECD Guidance", this report will also demonstrate the company's due diligence practices for copper supply chains in 2023 in accordance with the order of the five-step framework.

Step 1: Establish strong company due diligence management system .

The company first established the "CCPG Minerals Supply Chain Responsible Sourcing Due Diligence Management Policy" (hereinafter referred to as the "Policy"), which mainly covers all risks listed in Annex II of the "OECD Guidance" and occupational health and safety risks, and clearly specifies the management methods for various risks. The "Policy" has been publicly posted on the company's group website and can be viewed by clicking the link: <https://www.ccp.com.tw/ccpweb.nsf/ProfileEN?OpenAgent&ProfileName=DDMPolicy>. Additionally, the company has conveyed the "Policy" to all suppliers of copper-containing materials and has kept the corresponding communication records.

The company has provided sufficient internal support for the due diligence management system, appointing a company general manager as the management representative of the due diligence management system, responsible for the management and supervision of the system and providing necessary resource support. The responsibilities of each department are defined in the company's procedural documents.

In June 2023, the company released a course on "Copper Due Diligence Education and Training" at Changchun E-College, providing internal training for system members on the copper supply chain due diligence management system. This allowed system members to fully understand the risks of the mineral supply chain, their respective responsibilities in the system, and how to better implement the management system. An online assessment was conducted, and all system personnel passed the assessment. All exam records are kept at Changchun E-College.

In December 2023, the company conducted an annual management review of its due diligence management system for 2023, and compiled the annual management review report for 2023 to ensure the effective operation of the due diligence management system established by the company. The management review report has been reported to the president and the management representative of the due diligence management system, and conveyed to the relevant departments responsible for the system.

The company has established a public grievance and complaint channels for its copper supply chain due diligence system. The grievance channels is attached to the "Policy" and posted on the group's website, which can be accessed via the following link: <https://www.ccp.com.tw/ccpweb.nsf/ProfileEN?OpenAgent&ProfileName=DDMPolicy>. The grievance mechanism allows any stakeholder to submit complaints anonymously regarding issues in the company's copper supply chain. The company has established a process for investigating and handling the received complaints. The

company has not received any appeals related to it between January 2023 and December 2023.

The company maintains a long-term and stable cooperative relationship with its direct suppliers of copper-containing materials. In order to ensure that suppliers fully understand the company's due diligence requirements, the company has communicated the "Policy" to all suppliers and requested them to sign the "Commitment Letter to Compliance with the CCPG Minerals Supply Chain Responsible Sourcing Due Diligence Management Policy". The company is also committed to building the due diligence capacity of suppliers, and has shared the company's due diligence practical experience and training materials with suppliers.

The company has established a "Know Your Supplier Questionnaire" to gather basic information about direct suppliers, including their profile, shareholder, beneficial owner information, business structure, and due diligence status. The questionnaire aims to gain insight into the supplier's supply chain structure and whether the supplier, shareholder, or beneficial owner is listed on any sanctions lists.

For new suppliers, the company has established a review process and includes the due diligence requirements as one of the criteria for evaluating new suppliers.

The company has identified all direct suppliers of copper-containing materials through the material management system and has designed a "Supply Chain Mapping" to be sent to all direct suppliers to identify the ultimate source of the materials. Through the supply chain mapping returned by the suppliers, the company identified that the raw materials it purchases are new copper wires, as well as the countries and regions involved in the supply chain. The company has established a "Supplier On-site Evaluation Form" to verify the supply chain mapping provided by the suppliers through online and on-site visits. Verified the accuracy of the Supply Chain Mapping provided by the supplier, identified all copper refineries in the supply chain, and the supplier is currently in the stage of establishing their own due diligence management system.

The company retains evidence to determine that the material is recycled copper for the identified recycled copper, such as purchase contracts, material photos, inspection reports, etc., to prove that the received material is recycled and to identify its direct suppliers.

The company made its best effort to identify the country of origin of the materials and the intermediate and/or transit countries and regions involved in the supply chain through the "Supply Chain Mapping" and the "Know Your Supplier Questionnaire", and the identified materials all come from large-scale mechanical mining.

The company has established a record retention procedure for due diligence management system, and all records related to the copper supply chain due diligence management system must be retained for at least five years, in any form, whether paper or electronic files. In accordance with the company's financial regulations, all transactions involving copper-containing raw materials and products do not involve cash transactions.

Step 2 : Identify and assess risk in the supply chain

To fully identify risks in the company's copper supply chain, the company has established identification processes for Conflict-Affected and High-Risk Areas (CAHRAs) and red flag alert identification processes. The company uses the following human rights, conflict and governance, and international legal regulations to identify conflict-affected and high-risk areas in the supply chain, including:

- Heidelberg Conflict Barometer
- US DOL (ILAB) List of Products and List of Goods Produced by Child Labor or Forced Labor
- Rule of Law Index under WGI
- Dodd-Frank Wall Street Reform and Consumer Protection Act
- List of Conflict-Affected and High-Risk Areas as defined by the EU Conflict Minerals Regulation.
- United Nations sanctions list
- US Sanctions List

Based on the countries and regions collected by the "Supply Chain Mapping" and the assessment criteria for conflict-affected and high-risk areas cited by the company above, no conflict-affected and high-risk areas have been identified, and therefore no red flag have been identified. Therefore, the company has not identified any risks listed in the "Policy" after making its best efforts to conduct due diligence.

Although no red flags were identified, the company has nevertheless established an enhance due diligence process to address potential risks that may exist in the future supply chain.

The company has established risk assessment standards for both recycled copper and new copper. The risk assessment standard for recycled copper primarily focuses on the following aspects:

- Whether reasonable evidence can be provided to prove that the material is recycled copper
- Whether there are any unmanageable red flags in the supply chain

Based on the above aspects, the supply chain and suppliers of recycled copper have been evaluated as low risk.

The risk assessment criteria for new copper mainly includes the following aspects:

- Whether the supply chain refuses to provide supply chain information.
- Whether there are any red flags in the supply chain that cannot be eliminated.
- Whether any risks listed in the “Policy” have been identified in the supply chain.
- Whether the refiner in the supply chain have established a due diligence management system and have been verified as conformant by industry audits.

Based on the above criteria, high-risk suppliers have been identified, all of which are due to their refiner in the supply chain not participating in industry audits.

Step 3 : Risk mitigation for identified risk in the supply chain

Regarding the identified high-risk suppliers, the company has developed risk mitigation plans and continues to cooperate with the suppliers in the process of implementing risk mitigation. For high-risk suppliers, the company's risk mitigation plan is as follows:

1. Provide sufficient due diligence education and training to high-risk suppliers and the refiner in their supply chain to achieve consensus on joining industry audits.
2. Promote the participation of refiner in industry audit projects, such as RMI, LME, and The Copper Mark.
3. Track the progress of refiners' industry audits. Once they join the industry audit, they will be downgraded from high risk to medium risk.
4. Track the results of refiners' industry audits. Once they are verified as conformant, they will be downgraded from medium risk to low risk.

During the process of formulating the aforementioned risk mitigation plan, our company has had thorough communication with suppliers and refineries, and has assigned a specialist to each high-risk supplier to be responsible for executing the risk mitigation plan. Currently, we are actively communicating with our suppliers to encourage them to participate in industry projects and to expedite compliance. Our company specialist maintains a frequency of once every three months to confirm the execution status of the risk assessment with suppliers and continuously monitors their execution status. If the aforementioned risk mitigation plan fails or cannot be executed, our company will consider ceasing cooperation with the supplier and instead replace them with a compliant supplier that we have continuously developed. The company has developed copper recycling suppliers and continues to develop copper recycling suppliers, gradually replacing new line suppliers.

Any identified risks in the company's supply chain and the execution status of the risk mitigation plans have been reported to the management representative of the

due diligence management system and the senior management of the company.

Step 4 : Due diligence audit program the company participated.

In 2023, the company conducted on-site and online visits to suppliers' due diligence management systems. At the same time, the company has been continuously promoting the participation of suppliers and refiners in third-party industry projects to achieve compliance throughout the supply chain. In 2024, the company will continue to cooperate with customer audits and promote supplier audits.