

## Chang Chun Petrochemical Co., Ltd.

### 2022 Annual Report on Copper Supply Chain Responsible

#### Sourcing Due Diligence Management

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#### 1. Company Profile

Changchun Petrochemical Co., Ltd. (hereinafter referred to as "Changchun Petrochemical" or "the Company") was established in 1949. Since 1987, it has independently developed the manufacturing technology of copper foil and established a production factory in Miaoli, Taiwan (address: No. 245, Wenshan, Wunshan District, Miaoli City, Taiwan), which has been in mass production since 1988. The company mainly uses recycled copper wire and new copper wire as raw materials to produce copper foil 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, 2022 to December 31, 2022.

#### 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 2022 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 the group product manager of copper foil as the management representative for the system, responsible for its management and supervision, and providing necessary resource support. The responsibilities of each department have been defined in company documents.

In September 2022, the company gathered the relevant personnel responsible for the due diligence management system and conducted education and training on the copper supply chain due diligence management system, enabling everyone to fully understand the risks of mineral supply chains, their respective responsibilities in the system, and how to better implement the system. The company also retained the training materials, photos, and sign-in sheets.

In January 2023, the company conducted an annual management review of its due diligence management system for 2022, and compiled the annual management review report for 2022 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. Since the establishment and publicizing of the complaints mechanism, the company has not received any relevant complaints.

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". For suppliers who require more time to evaluate and sign the "Commitment Letter", the company maintains ongoing communication with them. The company is also committed to building the due diligence capacity of its suppliers and has shared its due diligence practices and training materials with them.

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 recycled and 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.

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.

For the identified new copper, the company makes every effort to identify the origin of the material and the transit and/or destination countries and regions in the supply chain through the "Supply Chain Mapping" and "Know Your Supplier Questionnaire."

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 and medium-risk suppliers have been identified, all of which are due to their refiner in the supply chain not participating in industry audits or have not yet been verified as conformant by 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 refiners in their supply chain to achieve consensus on joining industry audits.
2. Promote the participation of refiners 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 compliant, they will be downgraded from medium risk to low risk.

For suppliers identified as medium risk, the company has developed the following risk mitigation plan:

1. Verify the progress of industry audits for refiners in the supply chain.
2. Once verified as conformant after the audit, the risk level will be reduced from medium to low.

During the process of developing the aforementioned risk mitigation plan, the company engaged in sufficient communication with the high-risk suppliers and refineries. A dedicated officer was assigned to each high-risk supplier to execute the risk mitigation plan. Currently, the company is actively communicating with the suppliers to promote their participation in industry audits and urge them to achieve compliance as soon as possible. The company maintains a frequency of every three months (and adjusts as needed) to confirm the execution of the risk assessment and continuously follow up on its implementation. If the aforementioned risk mitigation plan fails or cannot be implemented, the company will consider discontinuing cooperation with the supplier and replacing them with compliant suppliers that have been continuously developed.

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.**

Since 2021, the company has undergone two consecutive second-party audits of its due diligence system commissioned by customers. During the audit process, the company has been continuously improving its due diligence management. In 2022, the company conducted on-site and online visits to the due diligence management systems of its suppliers. Meanwhile, the company is actively promoting the participation of its suppliers and refiners in the industry audit to ensure compliance throughout the entire supply chain. In 2023, the company will continue to cooperate with customer audits and promote supplier audits.