

Chang Chun Chemical (Panjin) Co., Ltd.

2022 Annual Report on Copper Supply Chain Responsible

Sourcing Due Diligence Management

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1. Company Profile

Chang Chun Chemical (Panjin) Co., Ltd. (hereinafter referred to as "Chang Chun Chemical" or the "Company") was established in 2011, located in the Liaodongwan New Zone, Panjin, Liaoning, China. Since 2019, the company has been engaged in the copper foil business, mainly producing lithium-ion battery copper foils of different specifications applicable to various industries, using new copper wire as the raw material.

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 an executive vice president 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 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". 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.

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".

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 developed risk assessment standards, mainly evaluating from 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 : Supply chain due diligence risk mitigation

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 conformant, they will be downgraded from medium risk to low risk.

During the process of formulating the aforementioned risk mitigation plan, the company had sufficient communication with the suppliers and refining plants, and assigned a specialist to each high-risk supplier responsible for executing the risk mitigation plan. Currently, the company is actively communicating with the suppliers, urging them to join industry projects and to comply with regulations as soon as possible. The company's specialist maintains a quarterly frequency to determine the execution of risk assessments with the suppliers and continuously monitors their execution status. If the above-mentioned risk mitigation plan fails or cannot be executed, the company will consider terminating its cooperation with the supplier and replace them with compliant suppliers that are continually 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.

In 2022, the company underwent a second-party audit of its due diligence system commissioned by a customer. During the audit process, the company continuously improved its due diligence management. In the same year, the company conducted on-site and online visits to suppliers' due diligence management systems. At the same time, the company also continued to promote the inclusion of suppliers and refineries in third-party industry projects to achieve compliance throughout the entire supply chain. In 2023, the company will continue to cooperate with customer audits and promote supplier audits.