

## Changchun Chemical (Panjin) Co., Ltd

### 2023 Annual Report on Copper Supply Chain Responsible

#### Sourcing Due Diligence Management

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#### 1. Company Profile

Changchun Chemical (Panjin) Co., Ltd. (hereinafter referred to as "Changchun Chemical" or the "Company") was established in 2011 and is located in Liaodongwan New District, Panjin City, Liaoning Province, China, and has been carrying out copper foil business since 2019. At present, the new copper wire is mainly used as raw material to produce lithium battery 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 is also increasing year by year, and various minerals used in lithium-ion batteries have also been concerned by all walks of life. The Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance on Responsible Supply Chain of Ores from Conflict-Affected and High-Risk Areas (hereinafter referred to as the "OECD Guidance") established a due diligence management system for the copper supply chain in 2022 and conducted due diligence on the company's copper supply chain for the period from January 1, 2023 ~ December 31, 2023

#### 2. Due diligence system and practice

In order to ensure the scientific and effective operation of the due diligence management system established by the Company, the Company has established its own five-step due diligence framework system in accordance with the OECD Guidelines to conduct corresponding due diligence management of the copper-containing materials, suppliers and supply chains involved. Meanwhile, to ensure consistency with the OECD Guidance, this report will also present the company's copper supply chain due diligence practices for the year 2023 in the order of a five-step framework.

**Step 1: The company has established a strong due diligence investigation and management system**

The Company first established the "Changchun Group Mineral Supply Chain Responsible Sourcing Due Diligence Management Policy" (hereinafter referred to as the "Policy"), which mainly covers all the risks involved in Appendix II of the OECD Guidelines and occupational health and safety risks, and clearly explains the management methods of various risks. The Policy has been posted on the Group of Companies website and can be viewed by clicking on the link: <https://www.ccp.com.tw/ccpweb.nsf/ProfileZH?OpenAgent&ProfileName=DDMPoliCy>, and the Company has communicated the Policy to all suppliers of copper-containing materials and keeps a record of the corresponding communication.

The company has provided sufficient internal support for the due diligence management system, and appointed the manager of the company's production department as the management representative of the due diligence management system, responsible for the management and supervision of the system, and provided necessary resource support. The responsibilities of the individual departments are defined in the company's procedure documents.

In June 2023, the company released the course "Copper Due Diligence Education and Training" in Changchun e-College, and conducted internal training on the copper supply chain due diligence management system for system members, so that system members fully understand the risks of the mineral supply chain, their respective responsibilities in the system and how to better implement the management system.

In December 2023, the Company conducted an annual management review of the operation of the due diligence management system in 2023, and output the 2023 annual management review report in accordance with the requirements of the Responsible Procurement Due Diligence Management Manual to ensure the effective operation of the due diligence management system established by the Company. The Executive Secretary will organize the members of the system to hold a management review meeting and report to the general manager and the management representative of the due diligence management system on the operation of the due diligence system in 2023.

The company has established a public appeal mechanism for the due diligence system of the copper supply chain, which is attached to the Policy and publicized on the website of the group company, which can be viewed at the following URL: <https://www.ccp.com.tw/ccpweb.nsf/ProfileZH?OpenAgent&ProfileName=DDMPoliCY>. The grievance mechanism allows any stakeholder to lodge an anonymous complaint about issues in the company's copper supply chain, and the company has established a grievance handling procedure to investigate and process grievances received. The company has not received any complaints related to it from January 2023 ~ December 2023.

Our company maintains a long-term and stable cooperative relationship with the direct suppliers of copper-containing materials. In order to allow suppliers to fully understand the company's due diligence requirements, the company has communicated the "Supply Chain Policy" to all suppliers, and signed the "Commitment to Comply with the Due Diligence Management Policy for Responsible Procurement of Changchun Group's Mineral Supply Chain" with suppliers. The company is also committed to building the due diligence capacity of suppliers, and shares the company's due diligence practice experience and training materials with suppliers.

The company has established the Know Your Supplier Questionnaire to obtain basic information about its direct suppliers, including basic information about suppliers, shareholder and beneficiary information, business structure, and due diligence. The questionnaire was used to find out the supplier's supply chain structure and whether the supplier/shareholder/beneficiary was involved in any sanctions list.

For new suppliers, the company has established a new supplier approval process, and at the same time, the requirements of due diligence are one of the criteria for evaluating new suppliers.

The company has fully identified all direct suppliers of copper-containing materials through its material management system. A supply chain map was designed to be sent to all direct suppliers to identify the ultimate source of materials, and through the supply chain map replied by the suppliers, the company identified the raw materials purchased by the company, including new copper wire and recycled copper, as well as the countries and regions involved in the supply chain. The company has developed the "Supplier Field Assessment Form" to verify the "Supply Chain Map", "KYS Know Your Supplier" provided by the supplier and the establishment of the copper due diligence management system through online videos.

For identified recycled copper, the Company retains evidence (e.g., purchase contract, material photos, test reports, etc.) that identifies the material received as recycled and identifies its direct supplier. The company has trained its suppliers on the copper due diligence management system and keeps training records.

The company does its best to identify the origin of materials and the countries and regions in transit and/or transit in the supply chain through the Supply Chain Map and the Know Your Supplier Questionnaire, and the identified materials are from large-scale mechanical mining.

The Company has established a due diligence management system record retention process, and all documentation related to the copper supply chain due diligence management system is required to be retained for at least five years, not limited to paper and/or electronic documents. In accordance with the Company's

financial rules and regulations, all transactions in copper-containing raw materials and products do not involve cash transactions.

## **Step 2: Supply chain due diligence risk identification and assessment**

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 2023, the company received a total of two downstream customer needs, both of which were about investigating the establishment of our copper due diligence management system, and the company actively cooperated with customer requirements to truthfully fill in the establishment of the company's copper due diligence management system and gave a satisfactory reply. This year, the company conducted on-site visits or online video exchanges with all copper suppliers, and the company is also continuing to promote suppliers and refiners in the supply chain to join third-party industry program certification to achieve compliance throughout the supply chain. In 2024, the company will continue to cooperate with customer audits and promote suppliers to join the industry audit.