長春集團
CHANG CHUN GROUP

Chang Chun Petrochemical Co., Ltd.

2024 Annual Report on Copper Supply Chain Responsible Sourcing Due Diligence Management

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, 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, 2024 to December 31, 2024.

Time frame covered in this report:January 1, 2024 to December 31, 2024.
The interpretation of this report belongs to Chang Chun Petrochemical Co., Ltd.

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 2024 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 adequate internal support for the due diligence management system, such as establishing a management structure that includes the Quality Assurance Department, Procurement Department, Sales Department, and Production Department, and appointing the Group's Copper Foil Product Manager as the management representative for the due diligence management system, responsible for the management and supervision of the system and providing necessary resource support (including financial budgets).The responsibilities of each department are defined in the company's work instruction.

In May 2024, the company gathered the relevant personnel responsible for the due diligence management system and conducted education and training (e-learning platform) 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 implement the system better. The company also retained the training materials, photos, and sign-in sheets.

In December 2024, the company conducted an annual management review of its due diligence management system for 2024, and compiled the annual management review report for 2024 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. From January 2024 to December 2024, 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 structures, 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 are 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 copper wire and copper cathodes, 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. In 2024, the copper wire used for production has contained 100% recycled copper, and the purchased copper cathodes are not used for production. Therefore, through "Supplier On-site Evaluation Form", the company has verified the accuracy of the “Supply Chain Mapping” provided by the suppliers by understanding their procurement sources and internal material control processes. At the same time, the company also understood the supplier's own due diligence practices. Currently, all suppliers/refineries have been verified as conformant by industry audits(through LME or Copper Mark certification).

The material management system also includes a material recording and traceability process to ensure that each batch of materials is accurately recorded and traced.

The company retains evidence to determine that the material is recycled copper for identification, 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 newly identified copper supply chain and suppliers, the company has made every effort to identify the origin of materials and the smelters and/or transit and/or transit countries and regions in the supply chain through the "Supply Chain Map" and the "Know Your Supplier Questionnaire", and no materials from artisanal mines have been identified.

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

Conflict-affected and high-risk areas were not identified based on the countries and regions collected by the Supply Chain Map, as well as the criteria cited by the Appellant Company for the assessment of conflict-affected and high-risk areas. At the same time, according to the red flag warning signal recognition process, no red flag warning signal was identified.

Despite the fact that no warning signs were identified, the company has a process in place to identify possible risks in the supply chain.

Companies collect qualitative information from trusted sources to identify risks related to human rights, conflict, and governance in their supply chains. No such risk information was collected during the time frame in this report.

At the same time, the company has formulated risk identification and assessment standards for recycled copper and new copper, and the risk identification and assessment standards for recycled copper are mainly assessed from 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 identification and assessment criteria for new copper are mainly evaluated 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, the supply chain and suppliers of new copper have been evaluated as low risk.

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

The Company sets out the risk mitigation strategy and mitigation plan process in the Responsible Sourcing Due Diligence Management Manual.

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.

The company's supply chain risk identification results have been reported to the management representative and senior management of the due diligence management system.

Step 4：Due diligence audits in which the company participates and third-party audits of refineries in the supply chain

In 2024, the company hired a third-party audit agency, RCS Global, to conduct an independent responsible sourcing due diligence audit on the company, and the company made effective improvements on all audit points.

Since 2021, the company has been accepting customer-delegated due diligence system second-party audits for four consecutive years. During the audit process, the company has been continuously improving its own due diligence management system. In 2024, the company also conducted on-site and online audits of the supplier's due diligence management system. In 2025, the company will continue to cooperate with customer audits and promote supplier audits.

All refineries in the supply chain have been audited by third parties and have been certified by LME or Copper Mark.

Step 5: Annual report on supply chain due diligence work

The company's annual report on supply chain investigation work is published once a year, and may be updated irregularly as needed, and the report can be viewed on the official website. The Company will continue to pay attention to the laws, regulations, and industry requirements applicable to responsible supply chain due diligence to ensure the compliance of responsible supply chain due diligence.

We sincerely welcome comments and suggestions from all stakeholders on our supply chain due diligence work.