



CoreMax Corporation Cobalt Supply Chain Due-diligence Report 2020



CoreMax Corporation Responsible Mineral Initiative Supply Chain Due-diligence
Management Team

Aug 2020

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Introduction to the report

Scope of the Report

The report is published by CoreMax Corporation for cobalt supply chain due-diligence purpose for year 2020, covering every management activity of cobalt supply chain due-diligence from 1st July 2019 to 31st July 2020.

Principles of the Report

CoreMax prepares this report in pursuance of the outline of “OECD Due Diligence Guidance for Responsible Supply Chains of Mineral from Conflict-Affected and High-Risk Areas”, “China Chamber of Commerce of Mineral and Chemicals (CCCMC)” and “RMI’s Cobalt Smelters/Refiners Supply Chain Due-diligence Management Standards”, which are incorporated to the Responsible Due-diligence Management Procedures of CoreMax.

CoreMax states and reports the performance of the due-diligence management of cobalt per OECD 5 steps mechanism

Reporting Route

1. The cobalt supply chain due-diligence report has been published on CoreMax official website www.coremaxcorp.com under section Corporate Social Responsibilities.
2. Republishing period is annually and updated when necessary.

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1. Company Introduction

Company Profile:

- ◆ Company name: CoreMax Corporation
- ◆ Company Address: 11 Wenhua Road, Hsinchu Industrial Park, Hsinchu County 3033035, Taiwan, R.O.C.
- ◆ Address of cobalt refining factory: 440 Zonghua Road, Toufen city, Miaoli County, Taiwan, R.O.C.
- ◆ Processing material: Crude Cobalt Hydroxide
- ◆ Period of assessment on the report: 1st July 2019~31st July 2020
- ◆ Assessment conclusion website: www.coremaxcorp.com
- ◆ The report prepared by: Responsible Mineral Supply Chain Due-diligence Management Team

Company Background:

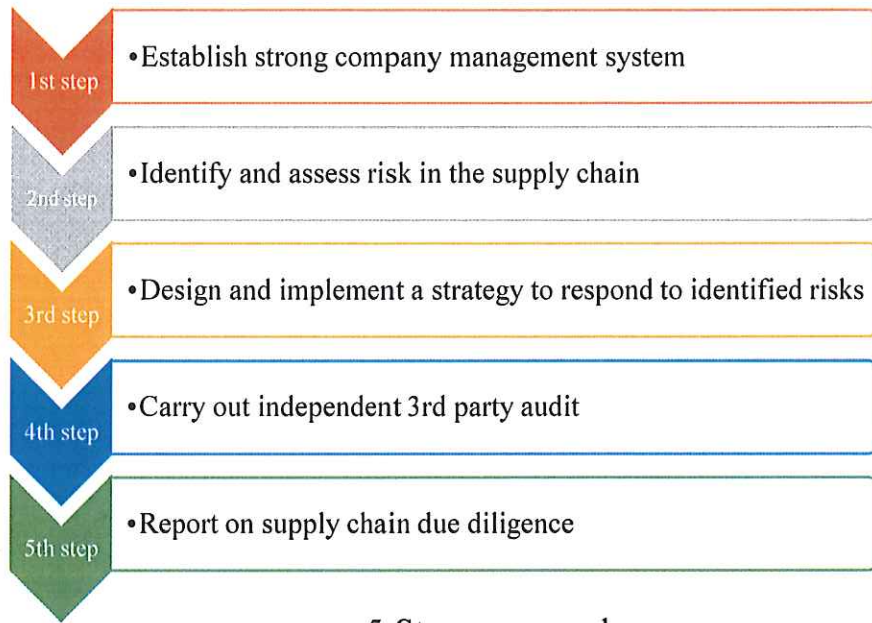
CoreMax Corporation was established in 1992, publicly listed on TWSE in 2017. The products and services of CoreMax includes Cobalt Hydroxide, Cobalt Oxide, Cobalt Sulfate, Cobalt based oxidation catalyst, Nickel Sulfate, Electronic Chemicals, Sulfuric Acid and Chemical Fertilizers.

CoreMax Group (incl. Uranus Chemicals Co., Ltd. and Heng-I Chemicals Co., Ltd.) is across three different regions in Taiwan, namely, Hsinchu City, Toufen County and Taichung City respectively. Moreover, there are three production bases in China, which are Zhuhai, Ningbo and Zhangzhou respectively. Furthermore, there is one Catalyst production factory in Rayong, Thailand.

In 2019, Toufen refinery was established to process Crude Cobalt Hydroxide, to produce battery cathode raw material, such as Cobalt Sulfate and other specialty chemicals such as Cobalt Oxide and Cobalt Hydroxide.

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2. Supply Chain Due-diligence Management Implementation



5 Steps approach

(OECD Regarding Due Diligence Guidance for Responsible Supply Chains of Mineral from Conflict-Affected and High-Risk Areas)

◆ 1st Step: Establish strong company management system

- CoreMax Supply Chain Policy

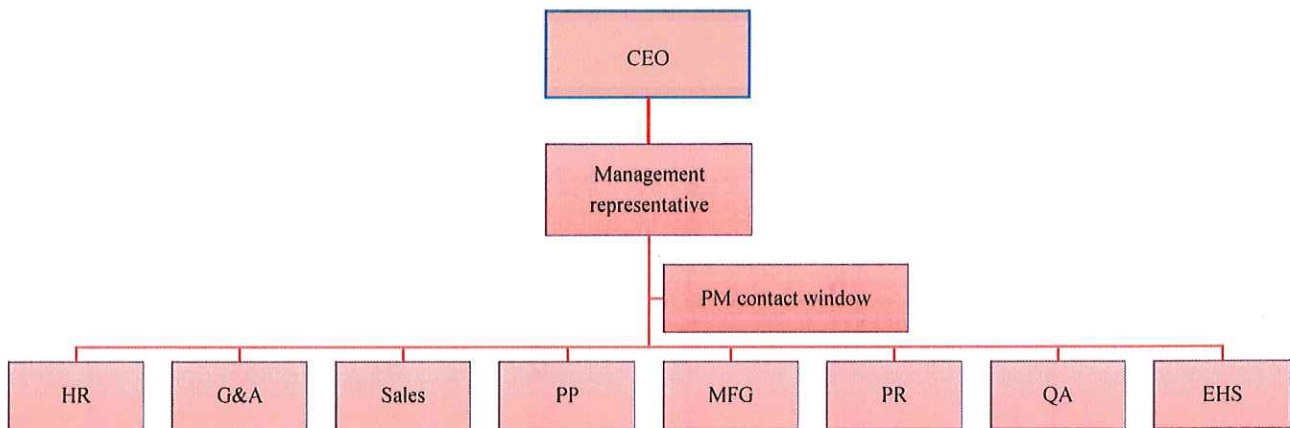
CoreMax has been aware of mining, trading, processing and exporting mineral from/in high risk area could lead to significant social impact. Therefore, in regard to respecting human rights and to avoid causing negative social impact, CoreMax has been committed to comply with the “OECD Due Diligence Guidance for Responsible Supply Chains of Mineral from Conflict-Affected and High-Risk Areas 3rd edition” issued by Organization for Economic Cooperation and Development (OECD) to formulate “Responsible Mineral Supply Chain Due-

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diligence Management Policy” and include the criteria of the policy in the responsible purchase contract or related agreement for the suppliers identified as sourcing from high risk areas.

Responsible Mineral Supply Chain Due-diligence Management Policy has been published on the official website of CoreMax www.coremaxcorp.com, and announced to both internal and external stakeholders.

- CoreMax Group Responsible Due-diligence Management Organizational Structure



Definitions:

HR-Human Resources Department, G&A-General and Administration Department, Sales-Sales Department, PP-Production Planning Department, MFG-Manufacturing Department, PR-Procurement Department, QA-Quality Assurance Department, EHS-Environment Health and Safety Department.

In order to carry out and complete “Responsible Mineral Supply Chain Due-Diligence Management Policy”, CoreMax has established the Responsible Mineral Supply Chain Due-diligence Management Team and the company CEO and the PR manager are the representative leader of the team, responsible for supervising implementation of the due-diligence management.

The team is constituted of the CEO and the managers of PR, cobalt and the

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product related HR, G&A, Sales, PP, MFG (incl. CoreMax Corp., Uranus Chemicals Co., Ltd.), QA and EHS departments.

- **Communication and Training**

1. CoreMax communicates with its employees periodically, imparts the related policy to the employees and acquires their feedback and continuously improves.
2. According to the supply chain due-diligence management training plan, providing the key personnel in the relevant departments training and assessment regularly.

- **Supply Chain Management and Internal Control**

1. Collecting suppliers' corporate information via KYS and kept in suppliers' database.
2. Requiring suppliers to obey CoreMax supply chain due-diligence management policy and suppliers' CSR and code of conduct. In addition, incorporate the related risk controls into the contract or the related agreement.
3. Establishing materials control system, ensuring the materials are identifiable, traceable, assessable and feasible to mitigate the risks.

- **Establish a Company Level Grievance Mechanism**

1. External: the spokesman of CoreMax is responsible for hearing the appeals from external stakeholders (incl. suppliers, shareholders, general public, residents, academic research institutions, government authorities), regarding the anonymously complaint and blow the whistle for behaviors of violations of responsible sourcing, conflict mineral management, RMI RMAP management system, child labor, money laundering, bribery, human right infringement, violation of code of conduct, and hence should execute inspection, imposing disciplinary, investigating and responding externally.

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2. Internal : Human Resources department is responsible for dealing with appeals and blow the whistle escalated internally in respect of violation of responsible sourcing, conflict mining management, RMI RMAP management system, child labor, labor, human right, code of conduct behavior, as well as carrying out investigation and imposing disciplinary.

◆ 2nd Step: Identify and assess risk in the supply chain





- Responsible Mineral Supply Chain Risk Management Process

Applicable to Conflict Affected High Risk Areas (CAHRAs) defined by RMAP standards criteria and OECD guidance.

1. Per “KYS questionnaire” establishing a list of suppliers’ information for cobalt smelting/refining manufactory.

2. Conflict Affected High Risk Areas (CAHRAs) stipulates :

In pursuance of RMI Responsible Mineral Initiates to provide “Risk Map”, marking the country of mine and transportation routes of suppliers, ensuring the rating and color indicated in Risk Map, the results of assessment are categorized into 4 levels in Risk Map, Red and Orange colors are deemed CAHRAs, while Yellow and Green are regarded not CAHRAs.

SN	Risk level	Color	Rating range	CAHRAs judgement
1	Severe	 Red	0 – 2.49	CAHRAs
2	High	 Orange	2.50 – 4.99	CAHRAs
3	Medium	 Yellow	5 – 7.49	Not CAHRAs
4	Low	 Green	7.50–10	Not CAHRAs

3. Per Responsible Mineral Supply Chain Risk Management Procedures

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formulated by CoreMax referring to “Risk Map”, which identified the cobalt material sources of CoreMax are originated from DRC which is deemed CAHRAs.

◆ **3rd Step: Design and implement a strategy to respond to identified risks**

● **Risk Mitigation and Strategy**

As the suppliers are identified as CAHRAs, CoreMax will conduct onsite assessment or communication with the suppliers in accordance with RMI RMAP procedures, in order to mitigate the risks.

The cobalt suppliers have been communicated by CoreMax to implement RMI RMAP procedures. As a result, the suppliers have agreed to implement RMI RMAP procedures, and are expected to be RMI RMAP certified by the 3rd party before Aug 2022 but subject to actual audit due to impact of COVID-19.

◆ **4th Step: Carry out independent 3rd party audit**

● **CoreMax Cobalt Refinery**

CoreMax has established a Responsible Mineral Supply Chain Due-diligence Management Team since July 2019. Actively collecting the information available from the supply chain per Due-diligence criteria through each functional teams. Also, utilizing RMI e-Learning to impart internal training and establish the required procedures and records system for Responsible Mineral Supply Chain Due-diligence, thus CoreMax is anticipated to be qualified for the 3rd party audit conducted by RMI RMAP to satisfy stakeholders internally and externally with conformance of cobalt supply chain criteria and transparency.

● **Suppliers of Raw Material (crude cobalt hydroxide)**

The CoreMax existing suppliers of crude cobalt hydroxide have been identified

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as sourced from CAHRAs, and hence CoreMax has been proactively communicating with the suppliers to conform with Responsible Mineral Supply Chain criteria bilaterally. In consequence, the suppliers have agreed and been establishing RMI RMAP procedures management system, meanwhile CoreMax has prepared Risk Response Action Plan. Furthermore, the suppliers have consented to carry out RMI RMAP procedures, and expected to be audited by the independent RMI RMAP audit from a 3rd party before Aug 2022 but subject to actual audit due to impact of COVID-19.

◆ 5th Step: Report on supply chain due diligence

CoreMax Supply Chain Due-diligence Management Report for cobalt has been organized and constituted by the Responsible Mineral Supply Chain Due-diligence Team, and the management representative convened the directors to review the report. Finally, authorized by the Chairman & CEO then published on CoreMax public official website www.coremaxcorp.com, for stakeholders' best interest.

Earnestly welcome any feedback and comment regarding the contents of the Cobalt Supply Chain Due-diligence Management issued by CoreMax.

CoreMax Corporation



Chairman & CEO Jim C Ho

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