



# Coremax Corporation

## Cobalt Supply Chain Due-diligence Report

### 2021



RMI RMAP Responsible Mineral Initiative Supply Chain Due-diligence Management Team

Aug. 2021

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

# **Introduction to the report**

## **Scope of the Report**

The report is published by CoreMax Corporation for cobalt supply chain due-diligence purpose for year 2021, covering every management activity of cobalt supply chain due-diligence from 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021.

## **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 (CCCCMC)” 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](http://www.coremaxcorp.com) under section Corporate Social Responsibilities.
2. Republishing period is annually and updated when necessary.

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

# Contents

<b>1. Company Introduction -----</b>	<b>4</b>
1-1 Company Profile -----	4
1-2 Company Background -----	4
1-3 Coremax Group’s Core values and behavioral indicators ---	5
<b>2. Implementation of Supply Chain Due-diligence</b>	
<b>Management -----</b>	<b>8</b>
2-1 1 <sup>st</sup> step: Establish strong company management system -----	9
2-2 2 <sup>nd</sup> step: Identify and assess risk in the supply chain -----	12
2-3 3 <sup>rd</sup> step: Design and implement a strategy to respond to identified risks -----	14
2-4 4 <sup>th</sup> step: Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain -----	14
2-5 5 <sup>th</sup> step: Report on supply chain due diligence -----	15

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

# 1. Company Introduction

## 1-1 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: from 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021.
- ◆ Assessment conclusion website: [www.coremaxcorp.com](http://www.coremaxcorp.com)
- ◆ The report prepared by: RMI RMAP Responsible Mineral Supply Chain Due-diligence Management Team

## 1-2 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 two production bases in China, which are 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.

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

**1-3 Core values and behavioral indicators**

CoreMax follows the established strategy of “whole-process product management” and strives to cultivate outstanding talents and innovative technology production, to provide high-quality products and services to meet customers' expectations and improve CoreMax's business performance. CoreMax is committed to continuous improvements on all aspects of its operations and to create a common vision between colleagues.

In 2020, CoreMax announced its 5 major core values and 25 key behavioral indicators, and initially evaluating its executive managers on the basis of the "Evaluation Form for Core Values and Key Behavioral Indicators.

" In 2021, the Company plans to evaluate all employees. We expect that all group-wide employees should uphold the same values, and should display the behavior expected by the Company in their everyday working attitude and working methods. This will ensure cohesion among our employees, encourage everyone to work toward the same shared goals, and ultimately build a great corporate culture.

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

## CoreMax's core values and conduct guidelines

### Safety

- ✓ Underscoring individuals' safety and environmental responsibilities, protecting one's own safety and the safety of the personnel around one.
- ✓ Upholding operating procedures and regulations, striving to maintain reliable operating methods that are in accord with safety and environmental requirements.
- ✓ Respecting the professionalism and competence of personnel with environmental protection and safety duties, and complying with their instructions and suggestions.
- ✓ Strengthening professional environmental and safety knowledge, promoting continuing learning and the development of environmental, safety, and risk management skills in individuals and teams.
- ✓ No compromising environmental or safety principles for the sake of simplification of operating procedures or enhancement of commercial benefit.

### Employee

- ✓ Maintaining due respect for all employees of the Company.
- ✓ Respecting and affirming others' views and contributions.
- ✓ Valuing and affirming every employee's diverse knowledge, skills, and experience.
- ✓ Continued providing training and development opportunities, actively helping employees to grow.
- ✓ Pledging fair and equitable treatment of all employees, upholding the spirit of transparency, openness, and trust.

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

## Quality

- ✓ Taking the consistent attainment of the Company's quality requirements as a working goal.
- ✓ Understanding and conveying the importance of improving quality, striving to improve the quality of our products, work, and service.
- ✓ Establishing excellent partnerships with colleagues, engaging in close collaboration to resolve quality problems.
- ✓ Continuing analysis and improvement or re-integration of operating procedures, enhancing the quality of products, work, and service.
- ✓ Establishing comprehensive quality documents, performing regular tracking, maintaining all types of quality requirements, and ensuring that all quality systems are realized on a continuing basis.

## Innovation

- ✓ Accepting new information and ideas with an open and flexible attitude.
- ✓ Proactively cooperating with others, and continuing to improve existing operating procedures and systems on the basis of innovative ideas and methods in order to enhance working efficiency and effectiveness.
- ✓ Optimistically tackling challenging circumstances and situations, vigorously seeking out solutions.
- ✓ Continuing to express innovative thinking, making major contributions to the development of innovative solutions.
- ✓ Relying on imagination and vision to understand the possibilities, opportunities, and trends inherent in the course of matters.

## Enhance

- ✓ Performing one's own work with the highest professional standards
- ✓ Displaying the ability to innovate, taking excellence as a goal
- ✓ Feeling a sense of pride in one's work, continuing focus on the details of one's work and the working environment as a whole
- ✓ Displaying determination to do the job right at the first time, being able to learn lessons from errors when mistakes occurred
- ✓ Continued learning from all types of situations, making vigorous efforts to improve work performance and quality

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

## 2. Implementation of Supply Chain Due-diligence Management



### 5 Steps approach

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

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------



## 2-1 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 3<sup>rd</sup> edition” issued by Organization for Economic Cooperation and Development (OECD) to formulate “Responsible Mineral Supply Chain Due-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](http://www.coremaxcorp.com), and announced to both internal and external stakeholders.

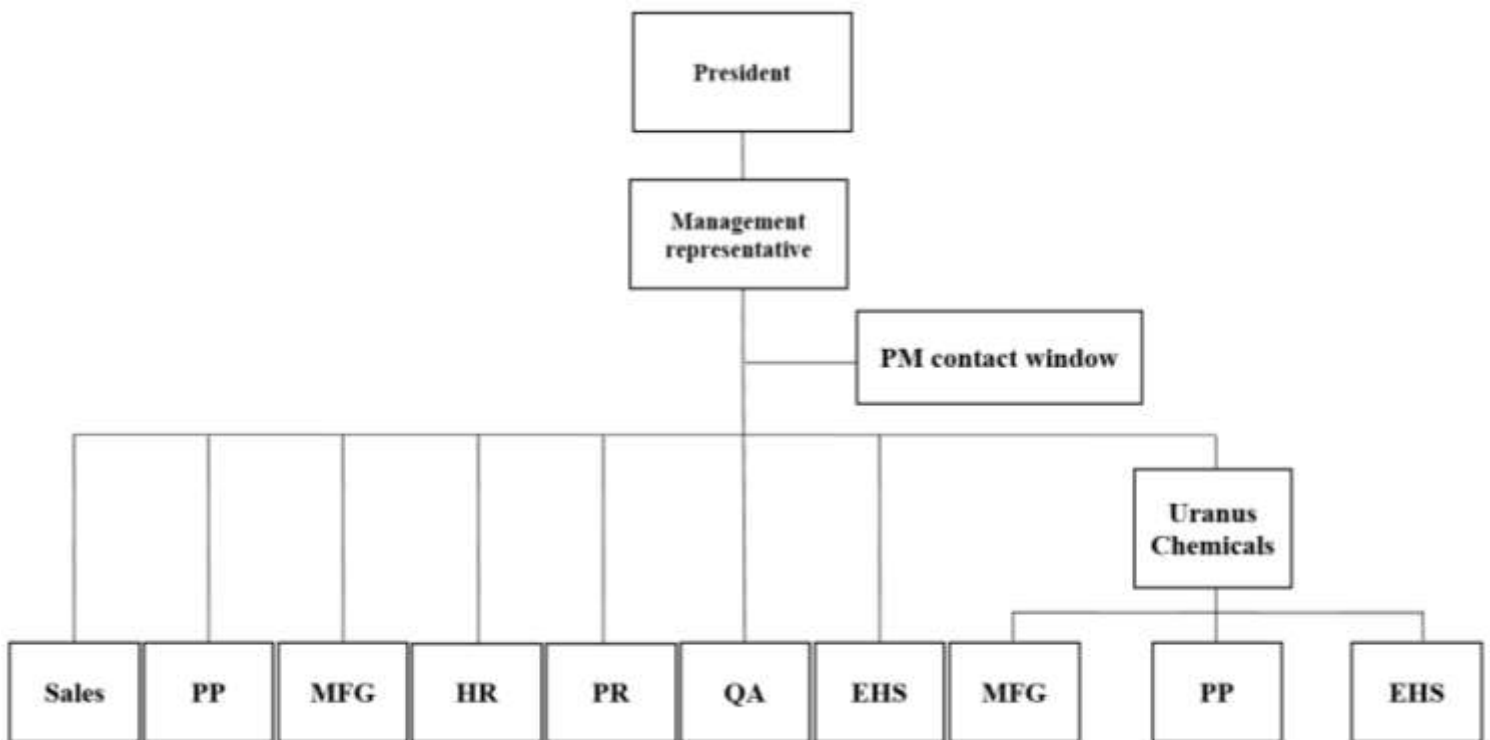
Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

◆ CoreMax Group Responsible Due-diligence Management Organizational Structure

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

The team is constituted of the President and the management representative, the cobalt product related Departments. incl. the Procurement, HR, Sales, PP, MFG (incl. CoreMax Corp., Uranus Chemicals Co., Ltd.), QA and EHS departments.

**RMI RMAP Responsible Mineral Supply Chain Due-diligence Management Team**



**Definitions:**

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

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

◆ 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.
2. Internal : Human Resources department is responsible for dealing with appeals and blow the whistle escalated internally in respect of violation of responsible

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

sourcing, conflict mining management, RMI RMAP management system, child labor, labor, human right, code of conduct behavior, as well as carry out investigation and impose disciplinary.

### 3. Complaint/Report channel

No.	Channel	Receiving method
1	Dpt. Manager	Report to Dpt. Manager directly.
2	Special line	(03)598-3101 Ext :3316 ; Ext:3320
3	CEO Mailbox	<a href="mailto:CEO@coremaxcorp.com">CEO@coremaxcorp.com</a>
	HR Mailbox	<a href="mailto:CMX.Communication@coremaxcorp.com">CMX.Communication@coremaxcorp.com</a>
	Stakeholders Mailbox	<a href="mailto:related_party@coremaxcorp.com">related_party@coremaxcorp.com</a>
4	Official website	<a href="https://www.coremaxcorp.com/zh-tw/contact-us">https://www.coremaxcorp.com/zh-tw/contact-us</a> Official website/Contact us/Fill out the fact/Send out
5	Suggestion box	Set at every site.
6	Fax	03-5983103

## 2-2 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 :

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

In pursuance of RMI Responsible Mineral Initiatives 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 formulated by CoreMax referring to “Risk Map”, which identified the cobalt material sources of CoreMax are originated from DRC which is deemed CAHRAs. (The latest version of CAHRAs risk identification and assessment record was completed in July 2021.)

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

## **2-3 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 passed the RMI RMAP third-party certification in April 2021.

## **2-4 4th Step: Carry out independent 3rd party audit**

### **◆ CoreMax and 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, the cobalt refinery of Coremax has passed RMI RMAP third-party certification in April 2021 for satisfy stakeholders internally and externally with conformance of cobalt supply chain criteria and transparency.

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------

◆ Suppliers of Raw Material (crude cobalt hydroxide)

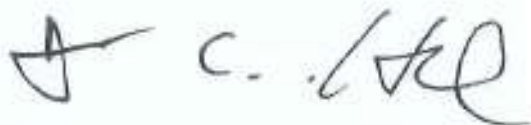
The CoreMax existing suppliers of crude cobalt hydroxide have been identified as sourced from CAHRAs, and hence CoreMax has been proactively communicating with the suppliers to conform with Responsible Mineral Supply Chain criteria bilaterally. In consequence, the suppliers have agreed and been establishing 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 the supplier have agreed to implement the RMI RMAP program and passed the RMI RMAP third-party certification in April 2021.

## 2-5 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](http://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



Jim C. Ho

Chairman & CEO

Date of preparation	5 <sup>th</sup> Aug. 2021	Date of issue	5 <sup>th</sup> Aug. 2021	Version	3 <sup>rd</sup> edition
---------------------	---------------------------	---------------	---------------------------	---------	-------------------------