

Due Diligence Report

Goode EIS (Suzhou) Co., Ltd. (referred to as "Goode") was established in 2008, headquartered in Wujiang District, Suzhou City, Jiangsu Province. The company's CID# is CID004401. The company's vision is to become a leader in clean energy electrical materials. It is an advanced electrical functional material technology company, specializing in the research and development, design, and production of low-carbon energy industries such as clean energy power generation (wind, solar, water, nuclear), ultra-high voltage transmission and distribution, and new energy electric vehicles. Selling insulation composite materials and parts, the company advocates the values of extreme, efficient, visionary, and innovative, and works together with global partners to move towards the "30-60 carbon target", helping the world transition to clean energy.

The company's main business is the design, production, and manufacturing of thermal runaway protection parts for new energy vehicles, serving major new energy host manufacturers worldwide. It has a strong technical research and development team with highly educated researchers. It also has internationally advanced equipment (instruments), nationally recognized laboratories, high-tech enterprises, and multiple technology platforms and product quality testing centers.

The company currently has over 800 employees and a group of industry-leading professional and management personnel. The company will continue to introduce scientific management methods, improve various aspects of management, enhance the company's competitiveness, and continuously meet the needs of customers, employees, and society.

In recent years, with the rapid development of the new energy vehicle industry, the global demand for mica has been increasing. In the process of continuously integrating into the international supply chain, Goode gradually realizes the various risks and problems existing in the mica supply chain, and realizes that enterprises have the responsibility to respect human rights, eliminate and control related risks.

The foundation of business success is compliance, integrity, and ethical operation. We

require business partners to jointly fulfill social responsibility and comply with due diligence management requirements.

This report summarizes Goode's compliance with the requirements of the "Due Diligence Guidelines for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas" during the fiscal year 2023 (January 1st, 2024-December 31th, 2024).

Responsible Supply Chain Policy of the Company

Since 2023, the company has been promoting the establishment of a mica supply chain due diligence management system, integrating it into its corporate management framework, which has received high recognition from all stakeholders. The company's due diligence management system aims to adhere to its supply chain policies, continuously monitor both internal and external raw material supply chains, and conduct mica supply chain due diligence investigations. The company aligns with guidelines such as the 'Responsible Mineral Supply Chain Due Diligence Guidelines' issued by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME), the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition' published by the Organisation for Economic Co-operation and Development (OECD), Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), and EU Regulation 2017/821 adopted by the European Parliament and Council on May 17, 2017. In accordance with these requirements, to avoid using conflict minerals that directly or indirectly fund armed groups or benefit them, or involve other severe human rights abuses in high-risk and conflict-affected areas, the company has established its own responsible supply chain policy. This report also follows the five-step framework outlined in the OECD guidelines to advance supply chain due diligence efforts.

Step 1: Establish a Comprehensive Enterprise Management System

- **Management Structure**

In accordance with the OECD Guidelines, Goode has developed management methods for raw materials from different countries and regions based on different risk levels. To this end, the company has established a Supply Chain Due Diligence Management Committee,

composed of key leaders of the company and responsible personnel from various departments, with overall control and decision-making authority.

The Supply Chain Due Diligence Management Committee holds regular meetings to determine and approve the qualification status of suppliers, identify and discuss CAHRAs risks, review risk assessment records, develop risk mitigation strategies, review internal and external audit results, and oversee the effective implementation and continuous improvement of the system.

Representatives of the management system are responsible for the comprehensive implementation of policies, coordinating the work of relevant departments (including supply chain management, quality, production, etc.) to ensure that each department continuously fulfills its roles and responsibilities related to due diligence plans and reports to senior management.

The company has appointed a commissioner responsible for the construction and maintenance of the due diligence management system, as well as overall implementation and execution.

- Supply Chain Due Diligence Management Policy

To prevent human rights violations such as child labor in the company's supply chain, Goode has formulated the "Mica Supply Chain Due Diligence Management Policy" (hereinafter referred to as the "Policy") based on the OECD guidelines. The Policy includes categories of risk management and methods to reduce risks and maintains zero tolerance for the following behaviors. Cooperation with any supplier that commits the following actions will be immediately suspended or interrupted:

- (1) Any form of torture, cruel, inhuman and degrading treatment;
- (2) Any form of forced or compulsory labor. Forced or compulsory labor means labor or services of any individual extracted under the threat of punishment and not voluntarily provided by that person;
- (3) The worst forms of child labor;
- (4) Other serious violations and abuses of human rights, such as widespread sexual violence;
- (5) War crimes or other serious violations of international humanitarian law, crimes against

humanity or genocide;

(6) Provide direct or indirect support to non-State armed groups;

(7) Provide direct or indirect support to public or private security forces that illegally collect taxes or extort money;

(8) Bribery and fraudulent misrepresentation of mineral origin;

(9) Engage in or support/finance money laundering, conflict and terrorist activities;

(10) Taxes, fees, and other payments paid to the government are opaque, and relevant payment vouchers cannot be provided;

(11) Mining resources on land without the consent of local and indigenous people, failing to respect and protect the culture and heritage of local and indigenous people, or mining operations that damage local traditional culture.

This Policy has been widely disseminated to stakeholders and is published on the official website, which can be accessed at: <https://www.goodeeis.com>.

The Supplier Code of Conduct (hereinafter referred to as the "Code") is aimed at ensuring that the company and its partners jointly avoid risks related to human rights, occupational health and safety, community rights, ecological and environmental protection, etc., in the supply chain. Goode requires its suppliers to comply with its Code of Conduct and sign a letter of commitment.

- Internal Control System

The company has very strict management system requirements for the supply chain, and has formulated a series of comprehensive supply chain control systems to ensure that conflict materials from conflict-affected areas are never procured or used. Measures and procedures are in place to prevent any conflicts and unidentified materials from entering the company's supply chain, and to prevent mineral extraction and trade from becoming conflicts, human rights violations, and unsafe sources.

1. The company has established its due diligence management system to align with the OECD Guidelines.
2. The company has conveyed the latest supply chain policies and procurement

requirements to all identified upstream suppliers.

3. Open and transparent procurement policies:

- 1) The company's raw material procurement statement is posted on the company's public website, ensuring that every supplier understands our procurement policies.
- 2) The company has issued "Supplier Selection Evaluation Control Procedures," "Procurement Control Procedures," and "Supply Chain Capacity Building Management Procedures" to all departments within the company, ensuring that relevant employees are aware of and comply with them.

4. Control measures for raw material procurement:

The company has developed and implemented process control procedures such as "Supplier Selection Evaluation Control Procedures," "Procurement Control Procedures," "Product Quality Advanced Planning Control Procedures," "Inspection and Testing Control Procedures," "Non-Conformance Control Procedures," "Identification and Traceability Control Procedures," and "Waste Management System" to limit and prevent any "conflict materials" and unidentified materials from entering the company's supply chain.

5. Traceable raw material tracking processes:

Through the implementation of the "Identification and Traceability Control Procedures," all raw materials are ensured to be traceable and controlled during their use.

6. Adoption of internationally recognized raw material transportation control systems and detection methods: The company strictly requires materials provided by suppliers to comply with Amendment Directive 2011/65/EU to the EU RoHS Directive, Appendix I, and has established the "Mica Paper Raw Material Procurement Specification."

7. Document retention period for due diligence management system procedures:

All procedure records related to the mica supply chain due diligence management system established by the company must be retained for five years or more.

8. Due diligence investigations of suppliers:

In accordance with the audit requirements of the OECD Guidelines and initiatives, the

company conducts due diligence investigations on raw material suppliers every year, re-evaluating their legality, quality assurance level, and compliance as the basis for accepting or canceling their supplier qualifications. If any non-compliance is found, we will require rectification. If the rectification cannot meet the requirements, we will immediately stop purchasing from the company and return the non-conforming materials purchased. The company will not consider them as qualified suppliers for at least two years.

9. Extensive public dissemination channels:

① Through due diligence investigations of upstream raw material suppliers, the company promotes the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," RMAP assessment standards, and requirements for transparency and responsible supply chains. At the same time, it reminds and urges upstream raw material suppliers to operate legally and comply with regulations, and not to operate any "conflict materials" or materials of unknown origin. Special clauses regarding "non-conflict" are specified in contracts with all suppliers, and all suppliers commit to supplying materials that are "non-conflict materials".

② The company actively participates in conferences organized by international organizations such as the OECD and regularly discusses with upstream customers to jointly understand the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," RMI audit standards, and requirements for transparency in responsible mineral supply chains.

10. Maintaining communication with upstream and downstream suppliers:

While maintaining communication with downstream customers, we conduct RMAP compliance audits of smelters supplying intermediate products to us upstream. In necessary cases, the company is usually willing to share supply chain data and information with upstream suppliers and downstream customers.

11. Actively fulfilling social responsibilities and building a compliant operation, with a socially responsible company image:

The company always integrates corporate economic development with social responsibility, ensuring technological innovation, safe production, employee rights, environmental

conservation, energy saving and emission reduction, and social welfare activities under the premise of legal and ethical operation.

- **Training and Capability Enhancement**

The company conducts various training methods including focused thematic training, internal WeChat groups, OA announcements, and billboard promotions to ensure that all employees, including senior management, fully understand the latest requirements of the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," Responsible Business Alliance's audit standards for mica supply chains, and requirements for supply chain transparency.

- **Grievance Mechanism**

Goode has established and publicly disclosed a grievance mechanism. This mechanism allows for anonymous reporting and protection of whistleblowers. Any relevant issues can be reported to the company through this channel. The Mica Supply Chain Due Diligence Team will evaluate all grievances and further report them to the company's management for the next step assessment, to determine appropriate resolution measures for the incident. For more information about the grievance mechanism, please visit Goode's official website:

<https://www.goodeeis.com>

Step 2: Identification and Assessment of Supply Chain Risks

Goode has developed a series of risk identification and assessment tools, and established a risk assessment procedure. The company reviews all collected information against laws and regulations, CAHRAs, sanction lists, and internal procurement requirements. The risk assessment categories include all risks outlined in the supply chain policy template and Appendix II of the "OECD Guidelines," as well as occupational health and safety risks.

- **CAHRAs Identification Procedure**

After determining the origin and transit regions of purchased materials through background checks, Goode runs the "CAHRAs Identification Procedure." This procedure identifies and evaluates areas "affected by conflict and high risk" based on armed conflict, human rights, and governance, using the following tools, which are updated at least annually:

- **Armed conflict:** Heidelberg Conflict Barometer, Dodd-Frank Act;

- Sanctions: EU sanctions list;
- Human rights: Human Development Index;

During the reporting period, the company procured mica raw materials exclusively from the mica production base of its subsidiary, Luhe factory. Additionally, it established traceability procedures for smelting plants within the supply chain, utilizing the RMI's EMRT report template to trace back step-by-step and confirm the source of the smelting plant for the products. The company conducted an evaluation of this subsidiary, totaling one, located in Luhe County, Shenzhen City, Guangdong Province.

Based on the evaluation results, the assessed supplier has been classified as a green risk supplier. If the company's incoming materials are identified as originating from high-risk areas, there is potential risk, which will trigger an alert signal from Goode. Enhanced due diligence will also be conducted on the supplier.

- Enhanced due diligence on suppliers is then conducted in the following ways.

Strengthen Due Diligence Management

Goode collects qualitative information on all suppliers through forms such as supplier surveys, on-site surveys, online research, and customer feedback.

Goode has established a comprehensive material traceability tool to collect traceability data for every transaction between suppliers and Goode.

Goode encourages suppliers to participate in industry-recognized third-party upstream assurance mechanisms, such as RMAP, and actively cooperates with verification programs participated in by Goode or other downstream customers, gradually mitigating the supply chain risks associated with procurement from high-risk areas.

- Risk Assessment and Outcomes

Following the five-step approach to accountability management, Goode has undertaken a series of accountability management initiatives. For mica raw materials sourced from countries triggering warning signals, the company has implemented risk mitigation measures and actively encouraged suppliers to engage in third-party independent audits. Currently, as a downstream supplier, Goode audits the mica raw material suppliers upstream, and the countries of origin for the raw materials are classified as low-risk

procurement areas.

Step 3: Developing and Implementing Mitigation Policies for Identified Risks

Once certain risks are identified, Goode collaborates with stakeholders to determine appropriate risk mitigation measures and develop reasonable risk mitigation plans. In addition to affected suppliers, other stakeholders may include supplier employees, security forces, community organizations, non-governmental organizations, and local governments. Establishing risk mitigation plans involves controlling and tracking accountability risks such as human rights violations and corruption among suppliers. These plans include risk types, descriptions, mitigation objectives, mitigation actions, timelines, and responsible parties, and are reviewed by the Mica Supply Chain Accountability Management Committee before implementation. Members of the supply chain accountability management team are responsible for monitoring and tracking the progress of risk mitigation plans. Additionally, the effectiveness of risk control measures is regularly assessed every six months or when there are other changes.

In accordance with the OECD Guidelines Annex II Model Policy, Goode employs three strategies for risk mitigation:

- Continuing transactions
- Suspending transactions
- Terminating transactions

Continuing transactions during measurable efforts to mitigate risks.

Temporarily suspending transactions while seeking measurable ongoing risk reduction measures.

Terminating transactions with suppliers after failed mitigation attempts or when the company reasonably deems risk mitigation to be impracticable or unacceptable.

Goode collaborates with suppliers to address identified gaps through training sessions, conference calls, email communications, etc. Supplier awareness of supply chain compliance is continuously improving, and internal compliance systems are being enhanced. As mentioned in Step 2, requiring suppliers to participate in and pass the

Responsible Minerals Assurance Process (RMAP) significantly reduces related risks.

Step 4: Independent Third-Party Assessment and Audit

In accordance with Step 4 of the OECD Due Diligence Guidelines, Goode actively responds to mineral supply chain due diligence requirements by participating in independent third-party audits, including industry audits. By 2024, Goode has completed the Responsible Minerals Initiative's downstream assessment program review (DAP), thereby entering the qualified list for mineral supply chains. Goode encourages all mineral suppliers to join the Responsible Mica Initiative organization and undergo annual capacity-building training from RMI (Mica). Within the 2024 fiscal year, Goode conducted three on-site audits of major mica suppliers' sources and two independent third-party audits.

Step Five: Public Reporting

Goode's responsible management report is published annually, marking the first release of the management report responsible. For detailed information, please visit the Goode official website: <https://www.goodeeis.com>.

Goode recognizes that public reporting is a fundamental responsibility for all stakeholders in the upstream and downstream mica supply chains. In the future, Goode will continue to enhance the responsible management system of mineral supply chains, gradually strengthen supply chain due diligence management, mitigate and eliminate risks in the supply chain, actively participate in industry projects, and advocate for the creation of transparent, sustainable, ethical, and responsible mica supply chains through collaboration between upstream and downstream stakeholders.

Goode EIS (Suzhou) Co., Ltd.

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