

Mica Electrical Materials (Luhe) Co., Ltd.

2023 Mica Supply Chain Due Diligence Report

1. Company Profile:

Mica Electrical Materials (Luhe) Co., Ltd. was established in 2000 and officially joined Goode EIS (Suzhou) Corp. Ltd. in May 2018. Mica Electrical Materials (Luhe) Co., Ltd., which located in Hedong Development Zone, Luhe County, Guangdong Province, the company's CID number is CID003987, covering an area of 33,902 square meters, with a construction area of 21,960 square meters.

We have developed our own advanced and scientific production equipment and have 27 production lines for various mica products. We mainly produce electrical insulation materials: mica paper, mica plate, mica tape, mica tube, mica roll, mica punch and special-shaped processing parts. With an annual design capacity of 10,000 tons of mica products, we are currently the main manufacturer of mica products in China. The products are mainly sold in Europe, America, Asia and the domestic market, and enjoy a good reputation in the domestic and international markets. We have 271 employees, with a group of industry-leading professional technical and management personnel, we will continue to introduce scientific management

methods, improve the company's management in all aspects, enhance the company's competitiveness, and continue to 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 is growing. In the process of continuous integration into the international supply chain, Mica Electrical Materials (Luhe) Co., Ltd. has gradually recognized the various risks and problems existing in the mica supply chain and realized that enterprises have the responsibility to respect human rights and eliminate and manage related risks.

Business success is based on compliance, integrity and ethical operations, and we require our business partners to share social responsibility and comply with Due Diligence requirements.

This report summarizes the compliance of Mica Electrical Materials (Luhe) Co., Ltd. with the requirements of the Due Diligence Guidance for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas during the 2023 fiscal year (January 1, 2023 – December 31, 2023).

2. the company's responsible supply chain policy:

Since this year, we have fully complied with the OECD guidelines on originating from conflict-affected and high-risk areas. In accordance with the guidelines and requirements, we have developed our own

Responsible Supply Chain Policy to avoid the use of conflict minerals that directly or indirectly finance or benefit from armed groups or that are involved in other serious human rights violations in high-risk and conflict-affected areas. This policy is available on the Goode website: www.goodeeis.com.

In line with the OECD guidelines, we have developed a management approach for raw materials from high-risk and low-risk sources according to different risk levels to ensure that we comply with the requirements of the five-step framework of the OECD guidelines. To this end, we have established a supply chain due diligence management team, which is led by the general manager, with the supply chain director as the management representative, and the team members include all the company's executives, procurement, quality, production, logistics, human resources, and EHS leaders.

3. Establish a sound enterprise management system

Step 1: Company management system

We have a very strict management system for the supply chain, and have developed a series of complete supply chain control systems, through the following measures and procedures to ensure that no raw materials from conflict-affected areas are procured and used, to prevent any conflict and unknown raw materials from entering the our supply chain, and to prevent the mining and trade of minerals from

becoming a source of conflict, human rights violations and insecurity. In October 2023, we reviewed and revised all our internal control procedures and documents, and we are committed to our supply chain policies and have established internal processes for due diligence in the following areas:

Our general manager is responsible for overseeing the design and implementation of the due diligence plan and risk management.

We appoint a management representative as the team leader of the due diligence team, which is responsible for organizing and coordinating the work of the main persons in charge of each department, ensuring that each department is committed to its duties, implementing the due diligence plan and reporting any warning signs and potential risks found.

In accordance with the requirements of the due diligence plan, we conduct one annual due diligence management system training of key personnel in all relevant departments. If the plan is updated, we will conduct additional training as needed.

Policy and internal control systems

1. We have established its due diligence management system to align it with OECD guidelines and RMAPs.
2. We have communicated its supply chain policies and sourcing requirements to all identified upstream suppliers.

3. Open and transparent procurement policy

(1) We publish the supply chain policy on the website so that each supplier has a clear understanding of our responsible sourcing policy.

(2) To ensure that we can work with our partners to avoid risks such as human rights, occupational health and safety, community rights, ecology and environmental protection in the supply chain. Mica Electrical Materials (Luhe) Co., Ltd. require our suppliers to comply with our Supplier Code of Conduct and sign a letter of commitment.

4. We conduct internal audits and management reviews on a regular basis, and take effective improvement and corrective actions in a timely manner when necessary to ensure that our business activities always meet the requirements of mineral due diligence management.

5. Raw material procurement and traceability control process

We formulate and implement five process control procedures, including "Supplier Management Control Procedures", "Procurement Control Procedures", "Inspection Procedures", "Finished Product Outbound Management Regulations", and "Product Identification and Traceability Management Procedures", to restrict and prevent any "conflict raw materials" and unknown raw materials from entering our supply chain. Through the implementation of the "Product Identification and Traceability Management Procedures", the traceability and control of all raw materials in the process of being

used are guaranteed. According to the requirements of the management system, we have established a supply chain traceability system to collect information on each batch of supply chain materials and upstream participants. Based on the actual relevant due diligence documents and records, traceability from finished product to raw material and from raw material to finished product can be completed.

6. Adopt raw material transportation control system and testing methods in line with international standards

We strictly abide by the regulations on the transportation of hazardous substances and have established and implemented the "Hazardous Substances Management List" and "REACH & RoHS Management Regulations".

7. Procurement, recycling and resource conservation

For the recycling and reuse of resources, we are committed to researching the recycling of resources and will pass Implement process improvement measures to make full use of resources.

8. Conduct due diligence on suppliers and maintain

In accordance with the audit requirements of OECD guidelines and initiatives, we conduct due diligence on raw material suppliers every year, and conduct review and verification of the legitimacy, quality assurance degree and compliance of suppliers as the basis for adopting or canceling their supplier qualifications. If we find any non-

conformity, we will require it to rectify, and after rectification, if it still cannot meet the requirements, we will immediately stop purchasing from the company and return the non-conforming raw materials purchased and cannot be listed as our qualified supplier for at least two years.

Mica Electrical Materials (Luhe) Co., Ltd. has established a complete internal control system and complete the due diligence management of raw materials through the effective operation of various procedures. We have established record-keeping procedures that require all records relating to the mica supply chain due diligence management system to be kept for five years or more.

Training & Capacity Building

The company trains all employees, including senior management, through centralized training, pre-shift and after-shift meetings, WeChat groups, OA publicity, off-line publicity, etc., so that they can fully understand the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals in Conflict-Affected Areas and High-Risk Areas" and the latest requirements of the Responsible Business Alliance on the verification standards of mica supply chain and the requirements of supply chain transparency.

Grievance mechanisms

Mica Electrical Materials (Luhe) Co., Ltd. has established and made

public grievance mechanisms. The grievance mechanism allows for anonymous reporting and protects the whistleblower. Any relevant issues can be reported to the company through this channel, and all grievance situations will be assessed by the Mica Supply Chain Compliance Officer team and further reported to the Company's management for further evaluation to determine the appropriate resolution for the incident.

For more information about the grievance mechanism, Tel: 0660-5663092 Email: mica@goodeeis.com.

Step 2: Identification and assessment of supply chain risks

Mica Electrical Materials (Luhe) Co., Ltd. will design a range of risk identification and assessment tools and establish risk assessment procedures.

We review all information collected based on laws and regulations, CAHRAs, sanctions lists, and internal procurement requirements. The risk assessment category covers all risks in Appendix II of the Due Diligence Guidance for Responsible Mineral Supply Chains in China and the OECD Due Diligence Guidance for Minerals from Conflict-Affected and High-Risk Areas (the "OECD Guidelines").

CAHRAs Recognition Procedure

(1) Supplier identification

We require all suppliers to fill out our KYC form, which includes

company information, business activities, beneficial ownership and holding ratio, management structure, financial information, regulatory environment, human resources, raw material sources, equipment, responsible supply chain policies, etc., to keep abreast of any changes in supplier information, and all our suppliers have completed and returned the form. Our Due Diligence Program Manager and the Procurement Team review and verify the authenticity of the KYC information and documents provided by the Supplier through relevant methods and means, and if the information is found to be untrue, inconsistent, erroneous or incomplete, we will require them to improve. If there is a problem or refuses to fill out the KYC form or provide relevant materials, it will not be included in our supplier shortlist and will not be able to become our qualified supplier. During the reporting period, no warning signs were identified in relation to the KYC forms submitted.

(2) Supplier management

We organize the evaluation of all suppliers every year, mainly from the requirements of legal and transparent traceability of mica raw materials and compliance with OECD due diligence guidelines, etc., to improve supplier access management.

(3) Identification of tools and criteria for identifying conflict-affected and high-risk areas (CAHRAS) and assessment of supply chain risks

Based on the results of discussions in the Company's Minerals Supply Chain Due Diligence Committee, several risk assessment tools have been identified as corporate risk assessment tools, covering human rights, conflict and governance. If the tool assesses that a region is not a high-risk area, then the area is suitable for low-risk source management, otherwise it is suitable for high-risk source management.

We document the countries and/or territories identified as CAHRA and refer to the program website for more information on CAHRA recognition in a timely manner. Information on the type and origin of the collected ingredient is reviewed for the purpose of identifying any warning signs, discrepancies or discrepancies related to suppliers or raw materials.

The risk assessment levels are as follows:

1. Low risk: No warning signs found: If a company can make a reasonable judgment that there are no warning signs in its supply chain or that the warning signals can be reasonably ruled out, there is no need to carry out additional due diligence management in the supply chain.
2. High risk: Warning signs, or unclear information: If a company finds that there are warning signs or warning signs in its supply chain, or cannot reasonably rule out the presence of one or more warning signs

or warning signs in its supply chain, we should strengthen its due diligence management.

During the reporting period, no CAHRAs or warning signs were identified in the company's mica supply chain, and the company was assessed as low risk. In 2023, we did not have high-risk procurement, and this year's audit did not find any related risks mentioned in Appendix II of OECD.

Strengthened due diligence management

Collect relevant qualitative information of all suppliers through supplier surveys, on-site surveys, network surveys, customer feedback, etc.; Mica Electrical Materials (Luhe) Co., Ltd. has established a complete set of material traceability tools to collect traceability information for every transaction between suppliers and ourselves; Suppliers are encouraged to participate in industry-recognized third-party upstream assurance mechanisms.

Step 3: Develop and implement a response policy to the identified risks

Once certain risks have been identified, we will work with stakeholders to determine appropriate risk mitigation measures and a reasonable risk mitigation plan. In addition to the affected suppliers, other stakeholders may also be included, such as supplier employees, security forces, community organizations, non-governmental

organizations, and local governments.

Establish a risk mitigation plan to control and track due diligence risks such as human rights and corruption of suppliers. The plan includes risk type, risk description, mitigation objectives, mitigation actions, timeline and responsible person, etc., and is reviewed by the Cobalt Supply Chain Due Diligence Committee before implementation. The supply chain compliance team is responsible for detecting and tracking the completion of risk mitigation programs. At the same time, the effectiveness of risk control measures is regularly assessed every 6 months or when there are other changes.

Step 4: Independent third-party assessment and audit

In accordance with the OECD Due Diligence Guidelines/China Guidelines, Step 4, Mica Electrical Materials (Luhe) Co., Ltd. actively responds to the due diligence requirements of the mica supply chain and participates in third-party audits to meet the expectations of stakeholders for compliance and transparency in the responsible minerals supply chain. Our company is scheduled to be audited by RMI in 2024.

Step 5: Make the report public

Mica Electrical Materials (Luhe) Co., Ltd. will publish the annual due

diligence report on the Group's official website
<https://www.goodeeis.com>.

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January 20, 2024