

# SAMT Platinum

## Compliance Report 2021

March 2022




Table 1: Refiner's details	
Refiner name:	Solar Applied Materials Technology Corporation (henceforth "SOLAR")
Refiner location:	1) Solar Headquarters: No.1, Gonye 3rd Rd., Tainan Technology Industrial Park, Tainan City, 70995 Taiwan 2) Solar Park: No.1, Sec. 2, Huanyuan E. Rd., Liuying District, Tainan City, 73659 Taiwan 3) ESTP Plant: No. 16, Gong 1st Rd., Environmental Science & Technology Park, Liuying District, Tainan City, 73659 Taiwan
Reporting year-end	December 31, 2020
Time period of compliance	January 1, 2021 – December 31, 2021
Date of Report	March 4, 2022
Senior Management responsible for this report:	Chii-Feng Huang, General Manager 
<p>SOLAR was founded in 1978 and currently has around 1,200 employees. SOLAR offers key materials and an integrated service model for optoelectronics, information technology, petrochemicals and consumer electronics industries. The company has four major categories of products, including precious chemicals, special chemicals, resources recycling platinum sputtering targets. SOLAR is certified by ISO 9001, IATF 16949, OHSAS 18000, ISO 14001, and ISO 50001 standards. 2019 SOLAR obtained the BS 8001 : 2017 Circular Economy Certification. In 2020, implement ISO 14064-1 the self-examination of greenhouse gas emissions, and in 2021, obtain a verification statement from third-party institution.</p>	

Table 2: Summary of activities undertaken to demonstrate compliance
<p><b>Step 1: Establish strong company management systems</b></p> <p><b>Compliance Statement with Requirement:</b></p> <ul style="list-style-type: none"> <li>○ We have fully complied with Step 1: Establish strong management systems.</li> </ul> <p><b>1. Has the refiner adopted a company policy regarding due diligence for supply chains of Platinum?</b></p> <p><b>Comments and Demonstration of Compliance:</b></p> <ul style="list-style-type: none"> <li>○ SOLAR had updated its Raw Materials Responsible Sourcing and Supply Chain Commitment on March 28, 2019 to align with the LPPM Platinum/Palladium Guidance, which is consistent with the Model Policy set forth in <i>Annex II of OECD Due Diligence Guidances for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance)</i> and other standards, specifically on environment and sustainability compliance. It had been made publicly available at <a href="http://www.solartech.com.tw/en/responsibility_supply_policy.html">http://www.solartech.com.tw/en/responsibility_supply_policy.html</a></li> <li>○ SOLAR had implement ISO 14064-1 the self-examination of greenhouse gas emissions in 2020, and obtain a verification statement from third-party institution in 2021.</li> </ul> <p>Environmental policy as:</p> <p><a href="http://www.solartech.com.tw/en/responsibility_envir_security.html">http://www.solartech.com.tw/en/responsibility_envir_security.html</a></p>



**2. Has the refiner set up an internal management structure to support supply chain due diligence?**

- SOLAR had created an internal management structure to support supply chain due diligence activities.

**Comments and Demonstration of Compliance:**

- This consisted of
  - ✓ General Manager, Mr. Chii Feng Huang, who is a Director of the Board, assigns relevant members to establish a due diligence committee.
  - ✓ Assigning responsibility for responsible minerals sourcing to the company Compliance Officer (Ms. Jamie Chen) who reported directly to the General Manager (Mr. C.F. Huang)
  - ✓ The establishment of a Due Diligence Assessment Committee with members consisting of supervisors of different business units. The committee will hold a meeting to review the progress of due diligence per year and report to General Manager.
  - ✓ Relevant functional departments including precious metals business, production, sourcing, sales, quality system, and warehouse participated in the implementation of due diligence practices. The role and responsibility of each department was documented.
  - ✓ Annual Management Review of due diligence practices was defined. The latest review was conducted on March 7, 2022. The related records were maintained, including sourcing practices and analysis, supply chain risk assessment, audit schedule etc.

**3. Has the refiner established a strong internal system of due diligence, controls and transparency over the supply chains of Platinum, including traceability and identification of other supply chain actors?**

**Comments and Demonstration of Compliance:**

- *Incoming Precious Metals Document SOP* (document number: RIC-SP-GI0001): defined the transactions monitoring and consistent verification process.
- The company's ERP system (Oracle Application System) was utilized for storing information about Purchase Orders and Solar Merchandise Authorizations: platinum bearing materials received, shipment and inventory were controlled and recorded; unique reference number to each input and output were given.
- The number of transactions is 8,451 in 2021. SOLAR maintained and filed traceability records for each transaction, including the incoming material photos, gross/net weight, assay, purchasing records, warehouse releasing and receiving records, invoice, packing list, air waybill, custom declaration, bill of lading, transportation records, etc..
- Record Management Procedure (document number: ESQP-0004): defined that due diligence records will be preserved for a period of at least five (5) years.
- Annual training and irregular refresher trainings were developed. The latest internal training sessions on "Responsible Minerals Management Procedure ver.7" and practical operation Q&A were held on March 7, 2022. Training materials and attendance lists were maintained.

**4. Has the refiner strengthened company engagement with Platinum supplying counterparties, and where possible, assist Platinum supplying counterparties in building due diligence capabilities?**

**Comments and Demonstration of Compliance:**

- The sourcing requirements were communicated to all counterparties and the written acknowledgement was requested.

- SOLAR participated in a local bureau project on anti-money laundering and combatting the financing of terrorism (AML-CFT) since the January 2018, through which SOLAR has access to search for the suspicious suppliers or beneficial owners.
  - Payment through official bank transfer was implemented, and cash transactions were not allowed.
- 5. Has the refiner established a company - wide communication mechanism to promote broad based employee participation and risk identification to management?**  
**Comments and Demonstration of Compliance:**
- A grievance mechanism for both internal employees and external stakeholder to voice concerns over the supply chain or a newly identified risk. A functional mail box has been established and also could contact designated senior manager. Supporting procedure was documented in the *Integrity Manual* (REG-LAW-0011), and reporting platform was added into the Supply Chain Policy as:  
[http://www.solartech.com.tw/en/responsibility\\_business\\_conduct.html](http://www.solartech.com.tw/en/responsibility_business_conduct.html) .  
 No any compliants received through the reporting period.

## Step 2: Identify and assess risk in the supply chain

### Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and assess risks in the supply chain.

#### 1. Does the refiner have a process to identify risks in the supply chain?

SOLAR has a process to identify and assess supply chain risks in accordance with Annex II of the OECD Guidance and environmental compliance.

### Compliance Statement with Requirement:

- SOLAR defined the conflict-affected and high-risk areas (CAHRAs) criteria based on (1) Heidelberg Conflict Barometer; (2) the covered countries listed by the Dodd Frank Act; (3) Control Risk Worldmap; (4) INFORM worldmap; and (5) Regulation (EU) 2017/821. No suppliers, beneficial owners, transportation route or country of origin are at the CAHRAs.
- SOLAR designed *Questionnaire – Precious Metal Supplier Information* based on OECD due diligence guidance to conduct the know-your-customer (KYC) process. Meanwhile, *Conflict metals and Precious Metal Sourcing Policy Form* was sent to counterparties for commitment to comply with responsible sourcing policy. Besides collecting KYC information from the counterparties, SOLAR searched and assessed its counterparties' information from public sources. SOLAR was a member of a local bureau (Taiwan Depository and Clearing Corporation) and able to access to sanction lists and AML-CFT database worldwide.
- No red flags are identified.

#### 2. Does the refiner assess risks in light of the standards of their due diligence system?

SOLAR assesses the risk in light of the standards of our due diligence system.

### Comments and Demonstration of Compliance:

- Updated *Responsible Minerals Management Procedure* (document number: ESQP-0038): defined scope, organization structure, identification and assessment risks, criteria for Low-risk/Middle-risk/High-risk/Prohibit-trading supply chain, Know Your Counterparty process, management review, training, etc.
- SOLAR established the risk assessment procedures with consideration of KYC Questionnaire, origin of platinum, appearance of recycled materials, transportation route and etc. The

following tools were developed to collect information and assess the supplying counterparties:

- ✓ *Previous metals Supply Chain Risk Assessment Forms* – Different supplier types were assessed using different forms; the contents covered basic information about location, business type, disclosure of financial report and beneficial owners, whether listed on stock exchange etc.).
- ✓ *Comprehensive Assessment Form* - Different suppliers types were assessed using different forms; the contents covered information on materials sourcing channels, production capacity, due diligence practices, supplying status to SOLAR, history of government punishment or fine, whether company or beneficial owners are listed on sanctions lists etc.)
- Implementation of the supply chain risk assessment:
  - ✓ Each counterparty was assessed based on two, above-noted approaches, and the sum of two assessment scores was used to decide whether the counterparty was Low-risk/Middle-risk/High-risk/Prohibit-trading supply chain.
  - ✓ Assessment aspects covered the minimum criteria defined in LPPM guidances.
- There were two suppliers assessed as medium-risk, one supplier was jewelry retailer and the other was individual. So far, SOLAR didn't build business relationship with that jewelry retailer in 2021. For individual, we only accept solid wastes containing precious metals which he collected. In addition, there was no high risk supplier or sourcing in 2021.
- Pending storage area was separated for suspicious materials or receipts with inconsistencies. No such case happened in 2021.
- SOLAR maintained and updated the LPPM Good Delivery Listed refiners.

### **3. Does the refiner report risk assessment to the designated manager?**

#### **Comments and Demonstration of Compliance:**

- Assigning responsibility for responsible minerals sourcing to the company Compliance Officer (Ms. Jamie Chen) who reviews the risk assessment results and reports directly to the General Manager.

### **Step 3: Design and implement a management strategy to respond to identified risks**

#### **Comments and Demonstration of Compliance:**

- SOLAR established a risk mitigation process and three (3) strategies were defined: conditional trade with mitigation; disengaging trade till re-assessment and re-approval; prohibit trade. An internal reporting process was defined.
- There were no high-risk / medium-risk suppliers or high-risk / medium-risk sourcing identified in 2021. All the materials were sourced from non-CAHRAs in 2021.

### **Step 4: Arrange for an independent third-party audit of the supply chain due diligence**

#### **Compliance Statement with Requirement:**

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

#### **Comments and Demonstration of Compliance:**

- SOLAR engaged with the audit body RCS Global Ltd will be executed in March/16~18, 2022. It is the 3rd time to have LPPM RPPG audit. A copy of the assessment report, Compliance Report

along with the Assurance Report will be shared with the LPPM Chief Executive for review against their published requirements for refiners.

#### **Step 5 - Report on supply chain due diligence**

##### **Compliance Statement with Requirement:**

We have fully complied with Step 5: Report on supply chain due diligence.

##### **Comments**

- SOLAR posted its supply chain policy and the Compliance Report along with the Assurance Report will be published on SOLAR company website.

[http://www.solartech.com.tw/en/responsibility\\_supply\\_policy.html](http://www.solartech.com.tw/en/responsibility_supply_policy.html)

#### **Table 3: Management conclusion**

**Is the refiner in compliance with the requirements of the Platinum/Palladium Guidance and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict - Affected and High - Risk Areas for the reporting period?**

Yes, SOLAR implemented effective management systems, procedures, processes and practices to conform to the requirements of above guidances as explained above in Table 2, for the reporting year ended 31 December 2021.

SOLAR is committed to continuous improvement and that is monitored internally on a regular basis. Any corrective actions identified will be implemented shortly.

#### **Table 4: Other report comments**

If readers of this report wish to provide any feedback to SOLAR please contact the compliance officer at: [jamie.chen@solartech.com.tw](mailto:jamie.chen@solartech.com.tw)