SINENG Electric Co., Ltd.
Supplier Due Diligence Policy

1. Purpose

This Policy is established to standardize the Company's supplier due diligence and risk management practices, strengthen supplier lifecycle management, improve the supplier management system, optimize procurement resources, mitigate procurement risks, ensure procurement quality, control procurement costs, foster sound, strategic, win-win, and well-regulated supply-demand relationships, and safeguard the Company's legitimate rights and interests.

Pursuant to the requirements of the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* of the Organisation for Economic Co-operation and Development (OECD) and other applicable due diligence laws and regulations, this Policy sets out the Company's approach and strategy for supply chain due diligence and provides a full account of the Company's supply chain due diligence framework. It is intended both as a reference for employees to understand the basic requirements of supply chain due diligence and as the Company's official statement to external stakeholders of its commitment to responsible supply chain management and customer satisfaction.

2. Scope

This Policy is applicable to supplier risk screening, identification of crucial suppliers, and due diligence management in procurement activities across the Company's business units. The Company shall adopt management measures proportionate to the risk level of different suppliers, taking into account the nature of their business, the importance of the supplier relationship, and associated risks.

3. Terms and Definitions

(1) Supply Chain Due Diligence: Supply chain due diligence refers to the systematic management activities undertaken by the Company in establishing and maintaining supply chain relationships to identify, assess, prevent, mitigate, and track suppliers' environmental, social, and governance (ESG) performance.

(2) Supplier Screening: Supplier screening refers to the systematic desktop screening of suppliers' potential ESG-related adverse impact risks and business relevance based on procurement and supplier management data, publicly available information, and other reasonably accessible information. In principle, supplier screening shall serve as a preliminary step before further questionnaires, assessments, on-site audits, or targeted due diligence.

(3) Crucial Supplier: A crucial supplier refers to a supplier identified through supplier screening as having a relatively high potential risk of adverse ESG

impacts and/or a high degree of business relevance to the Company. A critical supplier identified solely on the basis of high business relevance may also be included within the scope of crucial suppliers.

(4) Business Relevance: Business relevance refers to the degree of importance of a supplier to the Company's business operations, taking into consideration such factors as procurement value or share of total procurement, procurement volume, the criticality of the products or services supplied, supply continuity, reliance on a single source, and substitutability.

(5) ESG: ESG stands for environmental, social, and governance, referring to sustainability-related issues that enterprises should take into consideration in their business activities.

(6) OECD Guidance: The OECD Guidance refers to the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas issued by the OECD, which serves as an important reference for this Policy.

4. Management Principles and Commitments

The Company is committed to responsible, transparent, and sustainable supply chain management and adheres to the following core principles:

(1) Compliant Operations: The Company shall strictly comply with the laws and regulations of the countries and regions in which it operates and observe internationally recognized industry standards and principles of business ethics.

(2) Risk-Oriented Approach: The Company shall adopt a risk-based classification and prioritization approach. Supplier screening shall take into account ESG risks as well as business relevance. The Company shall also consider risks specific to particular countries or regions, industries, and products or categories to identify suppliers requiring priority management.

(3) Collaborative Improvement: The Company shall establish long-term partnerships with suppliers based on trust and cooperation. Through capacity building and technical backing, the Company shall work collaboratively with suppliers to bolster the overall ESG performance of the supply chain, rather than simply applying a "one-size-fits-all" supplier elimination mechanism.

(4) Openness and Transparency: The Company shall maintain open communication with stakeholders, disclose its supply chain due diligence policies, measures, and performance as appropriate, and accept public oversight.

5. Organization and Overall Responsibilities

(1) Responsibilities of the Management: The management of the Company shall be responsible for approving this Policy, providing the necessary human, financial, and technical resources, ensuring the effective establishment and operation of the supply chain due diligence framework, and receiving regular reports on its operation.

(2) Responsibilities of the Coordinating Department: The Procurement

Department is the coordinating department responsible for supply chain due diligence. It shall take the lead in establishing and maintaining the supplier due diligence framework, developing relevant procedures, and coordinating the implementation of due diligence requirements across departments.

(3) Responsibilities of Supporting Departments: Relevant departments, including the Quality Department and the R&D Center, shall, within their respective areas of responsibility and in accordance with this Policy and relevant procedures, support the identification, assessment, and review of suppliers' ESG risks.

6. Management Objectives

Through the implementation of supply chain due diligence, the Company strives to achieve the following objectives:

(1) Identify Crucial Suppliers: The Company shall systematically identify crucial suppliers requiring priority management by considering both ESG risks and business relevance, and prioritize the allocation of oversight, assessment, and development resources to suppliers with higher levels of risk and business impact.

(2) Lower Compliance Risks: The Company shall comprehensively identify and mitigate risks such as environmental violations, human rights violations, and commercial bribery throughout the supply chain, so as to ensure that the business activities of both the Company and its suppliers comply with applicable laws and regulations and international standards.

(3) Ensure Supply Security: Through early warning and proactive intervention of risks, the Company shall reduce supply disruptions arising from unforeseen supplier compliance incidents and maintain the continuity and stability of the supply chain.

(4) Elevate Brand Value: Through in-depth cooperation with responsible suppliers, the Company shall build a green, compliant, and responsible supply chain brand, thereby strengthening the trust of customers and the public.

(5) Propel Sustainable Development: The Company shall work collaboratively with suppliers to continuously bolster environmental and social performance, contribute to reducing the lifecycle carbon footprint of the Company's energy storage and photovoltaic products, and jointly promote the green and low-carbon transition of the industry.

7. Operating Framework

7.1. Framework Development

The Company shall establish management mechanisms covering supplier screening, onboarding, performance assessments, on-site audits, corrective actions, ongoing oversight, and supplier exit, and define responsibilities, information sources, and control requirements through relevant procedures and risk assessment tools.

7.2. Supplier Screening and Identification of Crucial Suppliers

The Company shall conduct systematic desktop risk screening of suppliers based on supplier master data, procurement value and volume, categories of goods and services supplied, business continuity information, publicly available information, and other reasonably accessible internal and external information. The screening shall consider both ESG risks and business relevance, as well as risks specific to particular countries or regions, industries, and products or categories. The screening results shall be used to identify crucial suppliers and determine which suppliers should be prioritized for further due diligence, assessments, on-site audits, and ongoing oversight.

(1) Environmental Factors: The Company shall consider greenhouse gas emissions, energy consumption, water use, resource efficiency, pollutant emissions, waste management, biodiversity, and other matters that may have adverse environmental impacts.

(2) Social Factors: The Company shall consider child labor, forced labor, working hours and wages, discrimination and harassment, freedom of association and collective bargaining, occupational health and safety, the rights and interests of local communities, and other labor and human rights risks.

(3) Governance Factors: The Company shall consider corruption and bribery, conflicts of interest, business ethics, anti-competitive practices, and other business compliance risks.

(4) Business Relevance: The Company shall consider procurement value or share of total procurement, procurement volume, the criticality of the products or services supplied, the potential impact on the continuity of production and

business operations, reliance on a single source, replacement lead time, and substitutability, among other factors.

(5) Country- or Region-Specific Risks: The Company shall consider ESG risks that may arise from the political, social, economic, environmental, human rights, labor, and regulatory conditions of the countries or regions in which suppliers are located.

(6) Industry-Specific Risks: The Company shall consider inherent risks associated with the supplier's industry, including risks relating to labor conditions, occupational health and safety, energy consumption, resource intensity, emissions, and pollution potential.

(7) Product- or Category-Specific Risks: The Company shall consider risks associated with the supply chain structure, labor and human rights, land use, resource intensity, energy consumption, emissions, material toxicity, conflict minerals, and other relevant factors relating to the products, raw materials, or commodities supplied.

7.3. Screening Results and Priority Management

Based on supplier screening results, the Company shall maintain a list of crucial suppliers. Suppliers with higher ESG risks and/or higher business relevance shall be included within the scope of crucial suppliers. Critical suppliers identified primarily on the basis of business relevance may also be included within the scope of crucial suppliers. Crucial suppliers shall be prioritized for subsequent supplier ESG assessments and development plans.

7.4. Further Due Diligence and Assessments

Based on the preliminary screening, the Company shall conduct further due diligence and assessments in a manner proportionate to the supplier's level of risk and degree of importance, using questionnaires, document reviews, risk assessment tools, on-site audits, or other appropriate means.

7.5. Risk Mitigation and Improvement

For suppliers identified as presenting medium or high risks or significant actual or potential adverse impacts, the Company may establish differentiated risk mitigation and improvement requirements and require suppliers to take corrective actions within a reasonable timeframe. Suppliers that refuse to cooperate, provide false information, or remain unable to meet basic requirements after corrective actions may, depending on the severity of the risks, be subject to measures including restrictions on new business, suspension of procurement, or supplier exit.

7.6. Ongoing Oversight

The Company shall incorporate supply chain due diligence requirements into supplier on-site audits and continuously track suppliers' ESG performance to ensure the validity and adaptability of risk management measures.

8. Communication and Reporting Mechanism

8.1. Internal Communication

The Company shall communicate the key contents and requirements of this Policy to employees through training sessions, announcements, and other means, so as to ensure that personnel in procurement, quality, R&D, and other relevant functions fully understand their responsibilities and obligations in supply chain due diligence.

8.2. Supplier Communication

Through the Supplier Code of Conduct, procurement contracts, questionnaire instructions, communications, and other appropriate means, the Company shall provide suppliers with information regarding its supplier ESG management requirements, due diligence, assessment processes, corrective action requirements, and expectations for ongoing improvements, with the aim of helping suppliers understand and implement the applicable requirements.

8.3. Reporting Channels

The Company shall establish accessible reporting channels (reporting email/hotline) to encourage employees, suppliers, and members of the public to report violations within the supply chain, such as violations of business ethics, human rights abuses, and environmental disruptions. The Company shall keep whistleblower information strictly confidential and strictly prohibit retaliation in any form.