



Dunext Supply chain sustainability statement

At Dunext, we procure materials, technical products, components and services mainly in China. We aim to promote supply chain stability while providing our customers with high-quality products and services. We expect our suppliers to respect our ethical, social and compliance standards and apply these to their own supply chains.



Our Objectives and Governance to sustainable procurement

In 2023, the total value of the goods and services we purchased from around 40 suppliers was approximately 1 million USD. With our supplier management objectives, we aim for compliance with fundamental environmental and social standards in addition to high quality, reliable delivery, and competitive prices. Therefore, we have introduced relevant strategies and processes to prevent violations of supply chain standards and continuously improve our sustainability performance. We also encourage our suppliers to adopt practices that reduce their environmental impact and deliver community benefits in relation to their own operations.

To achieve our supply sustainability goals, our Procurement team is working closely with our suppliers. We aim to create transparency in all our sourcing regions and fully integrate sustainability into all our value chains. To this end, we have defined two key indicators, which is country and Industry, to measure our journey towards increasing this transparency by evaluating the sustainability performance of our relevant suppliers with valid sustainability assessments qualitatively.

We view our approach to supply chain sustainability as a journey and continuously work to improve and develop our objectives and governance policies and processes. While doing so, we consider all applicable legal requirements and initiate corresponding measures where necessary.

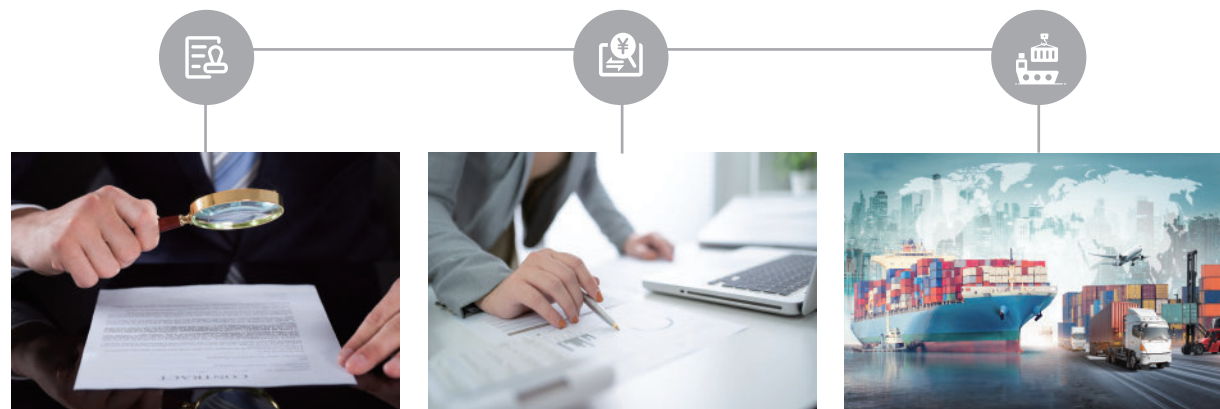


Optimized risk management flow

To ensure security of supply, we select our suppliers based on criteria such as country risk, material risk, supplier risk, and their strategic importance to the business. This process helps our sourcing managers identify potential mitigation actions with relevant suppliers and supports them in making improvements. It comprises main elements as below:

- **Supplier Risk Assessments:** to capture the overarching risks at the supplier level, considering multiple risk domains.
- **Material Staging Design:** to identify and mitigate the risks of the materials used in our most significant finished products.
- **Alert system:** to notify our procurement organization about risk events arising with any of our suppliers.
- **Risk Mitigation tracking:** to create and monitor risk mitigation activities in related teams and continually improve.

We calculate risk factors for suppliers and components by multiplying risk probability and risk impact. We also include criteria for identifying supplier relationships impacted by key sustainability risks, such as mineral sourcing. In 2023, numerous initiatives were developed to ensure our supply continuity including second supply source qualifications, material price checking, port delay monitoring.



Supply chain performance evaluation

At Dunext, we deeply understand that well-managed supply chain processes are an important differentiator in the highly competitive environment of commoditized markets. Supply chain transparency is a key, and we are increasingly developing one-stop-shops for supply chain communication and reporting. The foundation is aligned metrics that drive intended behavior at the management and operational levels. Ultimately, this will create value for both Dunext and customers.



Our integrated performance evaluation in Supply Chain and Operations focuses on:



Through Supply chain performance evaluation, we continue to improve our business practices and operations to manage risk while increasing total value within the supply chain. We are committed to upholding our business ethics by supporting business opportunities and capacity building for local and diverse suppliers through our supply chain.

Apart From above, we also implemented below key initiatives for supply chain sustainability optimization :

Production and supply resource capacity development: Dunext focuses on outsourcing production and is also developing in-house manufacturing capabilities. We have established long-term strategic partnerships with multiple manufacturing service suppliers. Production and supply capabilities are shared between Dunext and suppliers, and between multiple suppliers, to ensure we always have a backup for production capacity improvement.



Supply and demand visibility: Dunext works closely with suppliers to ensure that demand forecasts, purchase orders, and supplier inventory are all visible through integrated work flow. This ensures that we receive timely demand information and have adequate supply.

Lean Logistics network: We work with logistics partners to develop and verify independent and manageable logistics solutions, and address uncertainties in supply chain security and availability, making global logistics networks more resilient.

Spare parts plan: Dunext reserves spare parts according to market demand and historical usage for our customers and partners before a product reaches its end of life. After a product reaches its end of life, we reserve enough spare parts to cover the full lifecycle of our products. This prevents any impact on the operational continuity of live customer networks.



Supply sustainability at Dunext ties directly to our company's vision, mission, and values. We are mindful that our business, operations, and sourcing practices affect our team members, our customers, our communities and our planet. We continuously strengthen our supply chain stability and sustainability.