Zhejiang Dingli Machinery Co., Ltd.

Sustainable Procurement Policy

1. General Provisions

Zhejiang Dingli Machinery Co., Ltd. (hereinafter referred to as 'the Company' or 'we') is committed to promoting sustainable procurement by integrating Environmental, Social, and Governance (ESG) principles into supply chain management. This policy aims to ensure that the supply chain complies with international ESG standards, reduces environmental and social risks, promotes fair trade, and supports suppliers in their sustainable development transformation. The Company requires all suppliers to comply with this policy and continuously improve sustainable procurement performance.

2. Statement and Commitment

The Company incorporates the concept of sustainable development throughout the entire supply chain management process, promoting green, fair, and responsible procurement practices. We are committed to giving priority to suppliers with sound environmental management systems and labor and human rights management systems, and to jointly building a more resilient and inclusive value chain with our suppliers.

3. Scope of Application

This policy applies to all suppliers, contractors, subcontractors, and outsourced personnel who establish business cooperation relationships with the Company.

4. Transparent Procurement

The Company adheres to 'the principles of openness, fairness, and impartiality' in transactions, integrating the concept of transparent procurement into every link of the value chain to ensure traceability of procured items. We avoid any interference from personal interests, do not engage in unfair competition or malicious business practices, and jointly create a clean, efficient, and honest cooperative atmosphere with partners.

5. Green Procurement

The Company embeds green and low-carbon concepts into the early stages of supply chain management processes, including category research, supplier sourcing, qualification pre-assessment, and tendering. We provide training for procurement staff on social and environmental issues within the supply chain and strive to prioritize the use of green and healthy materials in procurement to minimize adverse environmental and social impacts. Where appropriate, priority is given to materials and products that meet the following conditions:

(1)Reduce the use of raw materials in the production process;

(2)Reduce energy and water consumption;

(3)Lower the environmental impact throughout the product or service life cycle;

(4)Increase material recycling and reuse;

(5)Are non-toxic and non-polluting to humans and the environment;

(6)The origin of raw materials excludes nature reserves and their surrounding areas, and materials do not come from conflict mineral sources.

6. Incorporating Social Responsibility Performance into Procurement Evaluation

In the full life cycle management of the supply chain, we include respect and protection of human rights, health and safety, business ethics, and employee diversity as evaluation criteria. We assess suppliers based on national, industry, and product-specific risks and include social and environmental clauses in supplier contracts. Sustainable development performance is incorporated into supplier performance evaluations. Preference is given to suppliers with outstanding social responsibility performance to promote sustainable development among suppliers, subcontractors, and lower-tier suppliers.

7. Formulation and Promotion of the Supplier Code of Conduct

We have formulated the 'Supplier Code of Conduct' to communicate requirements and expectations to suppliers in areas such as labor and human rights, health and safety, environment, business ethics, and sustainability. Necessary training, promotion, and guidance are provided to employees, suppliers, and other relevant parties. Suppliers must comply with all applicable laws and regulations in the countries or regions where they conduct business and adhere to the relevant ethical, labor and human rights, environmental protection, and occupational health and safety requirements set forth in the 'Supplier Code of Conduct.'

8. Supplier Auditing and Incentive Measures

A comprehensive supplier auditing and incentive mechanism is established. Suppliers undergo systematic Corporate Social Responsibility (CSR) risk assessments in areas including environmental compliance, labor rights, and business ethics. We improve supplier evaluation systems to positively influence supply chain social responsibility management awareness and promote performance improvement among partners. Strict supplier screening is conducted through questionnaires and on-site audits to ensure compliance with environmental and social responsibility standards. For issues identified during audits, the Company provides targeted training and improvement support to help suppliers enhance sustainable management capabilities. Incentive measures such as order prioritization and additional points in bidding encourage outstanding suppliers to continue improving.

9. Supplementary Provisions

(1)This policy has been reviewed and approved by the Board's Strategy and ESG Committee and senior management to ensure alignment with our ESG strategy.

(2)The Board's Strategy and ESG Committee regularly reviews the Company's sustainable procurement policies and performance to ensure implementation and supervision.