TCL Zhonghuan Renewable Energy Technology Co., Ltd.

Supplier Traceability Management Policy

1. Introduction

The core business of TCL Zhonghuan Renewable Energy Technology Co., Ltd. (hereinafter referred to as “TCL Zhonghuan”, “we” or “the Company”) has long focused on the new energy photovoltaic (PV) industry and the semiconductor materials industry, and the Company has always regarded the development of a sustainable supply chain as one of its core corporate strategies. To effectively enhance the transparency and traceability of its supply chain, respond to the growing compliance demands of customers, investors and regulators, meet the requirements of the relevant laws and regulations of destination countries for exports, and effectively implement international industry standards such as the SEIA Solar Supply Chain Traceability Protocol (hereinafter referred to as “SEIA”) and the Solar Stewardship Initiative Traceability Standard (hereinafter referred to as “SSI”), TCL Zhonghuan has formulated and released this Supplier Traceability Management Policy with reference to the five-step due diligence framework set out in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

2. Scope

This Policy applies to TCL Zhonghuan’s headquarters and all of its wholly owned and controlled subsidiaries. It applies to all external suppliers involved in silicon-containing materials within TCL Zhonghuan’s photovoltaic product supply chain, including manufacturers, traders, and outsourced processors of materials covering quartz mining, metallurgical-grade silicon, polysilicon, silicon ingots, silicon wafers, cells, and modules.

Where adjustments to the scope of the SEIA or SSI standards, specific customer requirements, or supply chain capacity-building needs require traceability management to be extended to other materials, this Policy may also be applied by reference.

3. Policy Objectives

Through this Policy, TCL Zhonghuan is committed to achieving the following core objectives:

◆ Build end-to-end traceability capabilities covering the entire silicon material industry chain; and, in line with customer needs, risk assessment results and industry requirements, continuously improve the mechanisms for identifying material sources, recording transfers and tracking information, so as to enhance supply chain transparency and the level of traceability management;

◆ Eliminate the risk of using minerals sourced from areas of armed conflict or minerals associated with human rights violations in the supply chain;

◆ Drive upstream suppliers to establish standardized traceability management systems and raise the overall compliance level of the supply chain;

◆ Meet the certification requirements of international standards such as SEIA and SSI, as well as the regulatory compliance needs of destination countries for exports.

4. Strategies

4.1 Strategic-Level Principles

◆ Based on suppliers' geographical origin, material type and historical compliance performance, place particular emphasis on strengthening traceability control at high-risk procurement nodes.

◆ Traceability management shall establish traceability mechanisms around the key stages of the supply chain, identifying and recording the source, transfer and processing information of key raw materials and products, and shall continuously expand the coverage of traceability management.

◆ Continuously optimize traceability management mechanisms and processes in light of the evolution of industry standards, regulatory updates and supplier performance feedback.

◆ On the premise of protecting commercially sensitive information in accordance with the law and responding to national supply chain and industrial security requirements, provide stakeholders with the necessary disclosure of supply chain source information.

4.2 Traceability Implementation Principles

◆ Establish a unique traceability identification mechanism for materials brought within the scope of traceability management, ensuring that the relevant information is identifiable, searchable and traceable.

◆ Traceability information shall be passed between all nodes of the supply chain without any break, with no data gaps or information silos.

◆ Traceability records shall be truthful, accurate and complete, and shall be fixed in an appropriate manner to prevent subsequent tampering or falsification.

◆ Through internal self-inspection, verification of supplier information and other appropriate means, regularly verify the authenticity and completeness of traceability information; where necessary, an independent third party may be engaged to conduct verification.

4.3 Requirements for Building Suppliers' Traceability Systems

(1) System Documentation

Suppliers shall, in accordance with the requirements of the SSI standard, establish and maintain a documented traceability management system. This system shall cover at least the following key management procedures: the physical segregation and dedicated-area storage management of material batches; the assignment and maintenance of unique traceability identifiers throughout the entire process; mechanisms for verifying and confirming upstream source materials; and procedures for managing sub-suppliers and aggregating data.

(2) Basic Resource Assurance

Suppliers shall provide the resource support necessary for the effective operation of the system, including: warehousing and production information systems capable of managing material batches; archiving facilities or systems capable of securely retaining traceability documents and records for no less than ten years; and dedicated or part-time personnel who have received professional training in traceability management.

(3) Specific Requirements for Suppliers of Different Business Types

Traders shall retain in full and submit the complete traceability documentation covering the procurement, sale and logistics of the materials they handle, ensuring that the trading chain is clear and unbroken. Outsourced processors shall implement strict physical segregation of the materials entrusted to them for processing, assign dedicated identifiers, and establish traceability records linked to the production process; they are strictly prohibited from subcontracting without authorization or from disposing of entrusted materials without authorization.

4.4 Supply Chain Traceability Risk Identification and Control

(1) Graded Risk Assessment

TCL Zhonghuan conducts dynamic, full-lifecycle traceability risk assessments of suppliers across three dimensions: first, an assessment of traceability qualifications, examining the standardization and completeness of a supplier's system; second, an order-level assessment of traceability implementation, verifying the accuracy and consistency of traceability information in actual deliveries; and third, an assessment of overall ESG performance, focusing on labor rights, environmental compliance and governance transparency. Based on the overall assessment results, suppliers are classified into three risk levels—high, medium and low—which then serve as the basis for differentiating the intensity of oversight.

(2) Control Measures for High-Risk Suppliers

- For suppliers rated as high-risk, admission restrictions or purchase quotas will be applied, audit frequency will be increased, and clear time-bound rectification targets will be set;
- For suppliers with serious compliance problems such as the mixed-batch storage of materials or missing or falsified traceability documentation, escalating control measures will be taken in accordance with the severity of the circumstances, ranging from the sealing and disposal of the materials in question and the suspension of orders through to the termination of cooperation.

(3) Responsible Minerals Commitment

TCL Zhonghuan solemnly commits to strictly complying with domestic and international laws, regulations and international norms, including the United Nations Global Compact, the Dodd-Frank Act, the EU Conflict Minerals Regulation and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We insist on not sourcing minerals from conflict regions and use only non-conflict minerals from reliable sources or those verified by authoritative mechanisms, responsibly sourcing mineral raw materials used in our products such as tantalum, tin, tungsten and gold (3TG) and silicon. This commitment applies to all tiers of the supply chain and is an irrevocable bottom-line principle.

4.5 Audit Mechanisms and Continuous Improvement

(1) Regular Audit Arrangements

TCL Zhonghuan will conduct regular audits of the actual operation of suppliers' traceability systems. Audit methods include, but are not limited to, remote document reviews, online audits, and on-site audits. All audits will be performed by personnel with the appropriate professional qualifications to ensure the objectivity and impartiality of the audit process.

(2) Corrective Action and Closed-Loop Management

For non-conformities identified during audits, TCL Zhonghuan will require suppliers to submit a root cause analysis and a corrective action plan within a specified time limit, and will continuously track and re-verify the implementation of the corrective measures. The completion of corrective actions will form an important part of the supplier’ s overall performance evaluation and will directly affect decisions on cooperation qualification and order volume.

(3) Promotion of Industry Certification

TCL Zhonghuan actively encourages and supports suppliers in joining international industry organizations such as the SSI and SEIA, and proactively drives suppliers to progressively complete SSI certification.

4.6 Information Disclosure and Stakeholder Communication

Each year, TCL Zhonghuan reports the annual performance of supply chain traceability management to the Company’s management, covering the completion of key performance indicators, the identification of major risks and the corresponding response measures, and the results of improvements in the overall level of traceability;

We will actively participate in industry and supplier engagement and communication, and organize training and exchange activities on supplier traceability capabilities from time to time. We will provide guidance and support to upstream suppliers in establishing and improving their traceability systems, and work together to continuously enhance traceability across the supply chain.

5. Grievance and Complaint Mechanism

To ensure the effective implementation of this Policy, TCL Zhonghuan has established diversified channels for communication and for raising complaints. Employees, suppliers, partners, customers and other stakeholders may, through the following means, report on an anonymous or named basis any non-conformity or suspected violation identified during the implementation of supply chain traceability. The Company undertakes to investigate all complaints independently, handle them impartially, and provide feedback on the outcome to the reporting party within a reasonable time, while protecting the lawful rights and interests and the personal information security of whistleblowers in accordance with the law.

- Compliance whistleblowing email: jubao@tzeco.com
- Compliance service hotline: +86-022-23789766-8022
- Address for written complaints: No. 10 Haitai South Road, Huayuan Industrial Zone, Tianjin, China

6. Policy Review and Update

The Board of Directors is the highest decision-making and supervisory body for the Company’s supplier traceability management. The issuance of this Policy and the commitments contained herein has been endorsed by the Company’s senior management. The Company shall formally review this Policy at least once a year. The review shall take into account changes in applicable laws, regulations and regulatory requirements; updates to international standards and industry guidelines; changes in customer requirements; and adjustments to the Company’s relevant internal policies. Based on the review results and actual needs, the Company shall revise this Policy as appropriate to ensure that it remains current and applicable.

This Policy is published on TCL Zhonghuan’s official website for reference by all stakeholders. Its implementation and the related key performance indicators are disclosed annually in the Company’s sustainability report.