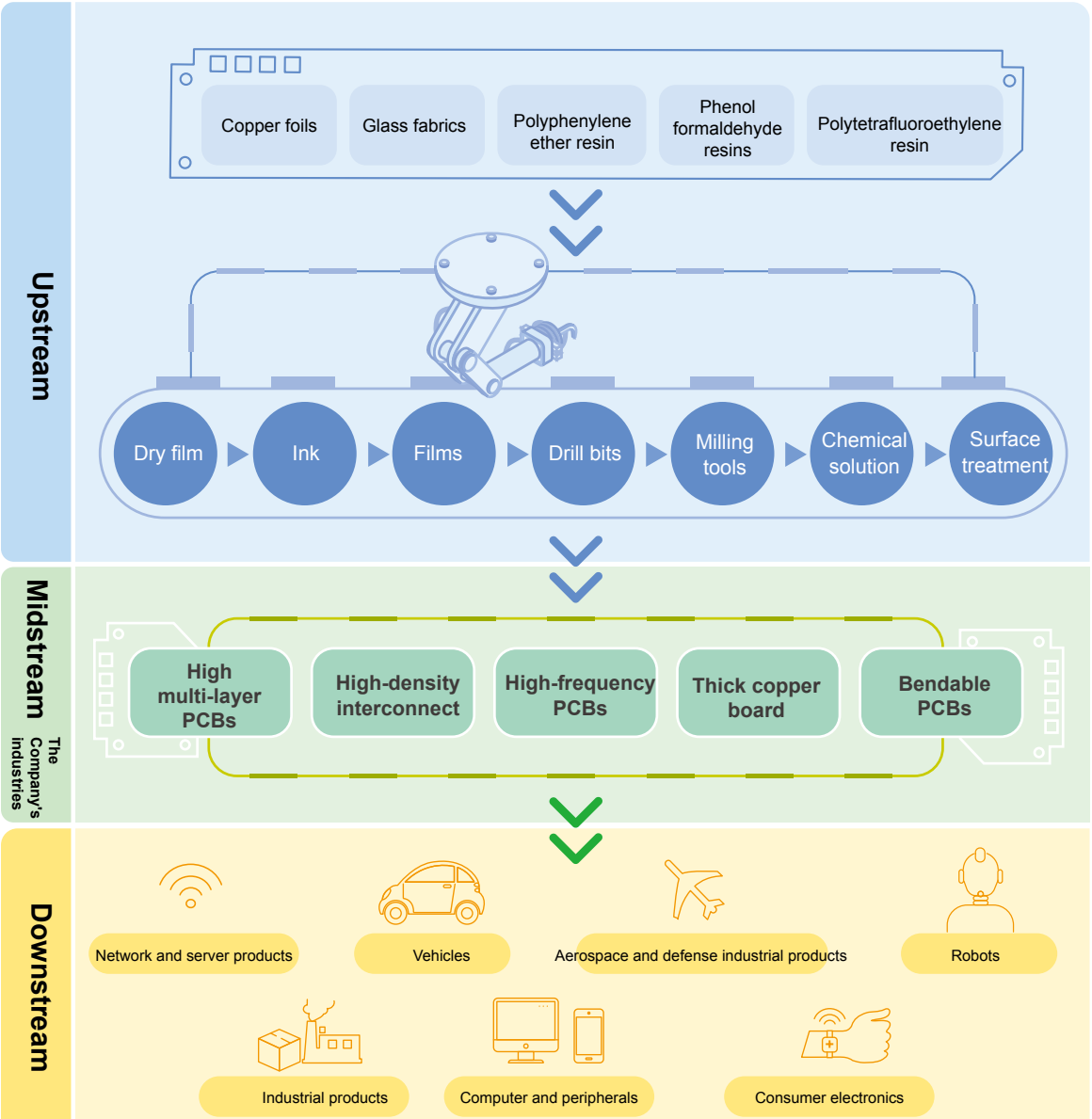


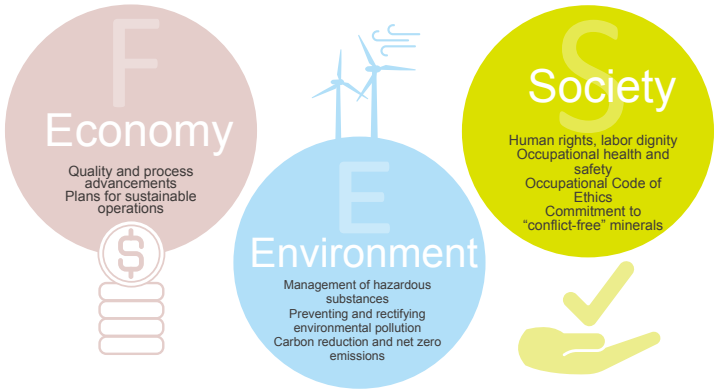
VII. Sustainable Supply Chain

Supply Chain Structure



Sustainable Operation Goals

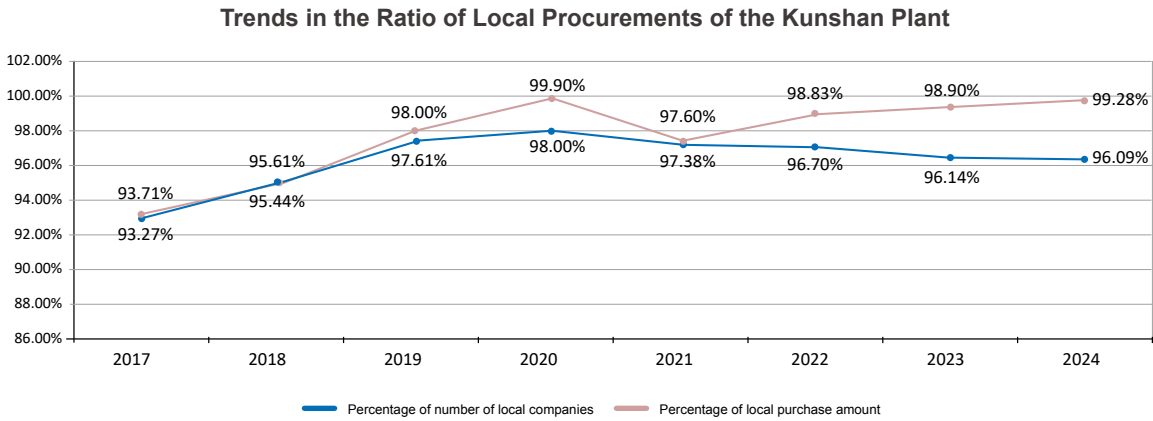
Dynamic is happy to work with suppliers to build a sustainable supply chain and continue to promote local procurement and supplier guidance projects to improve the overall standard in the following three aspects and achieve the goal of sustainable management:



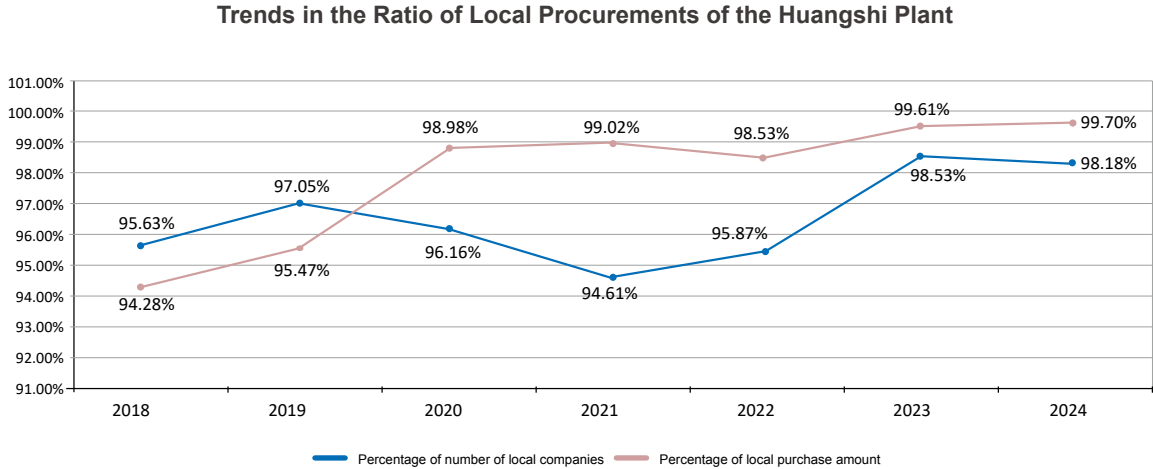
Local Procurement Strategy

Through localized collaboration and to create a win-win situation, Dynamic is working together to bring down cost, shorten lead times, reduce supply chain risks, and improve competitive advantages. Local procurement, moreover, is also an important indicator of corporate social responsibility and a sustainable development goal set by the United Nations in terms of supporting local economic developments, creating jobs, paying taxes, and attracting more funds.

In 2024, the Kunshan Plant continued to rely primarily on local suppliers. Local suppliers accounted for 96.09% of the total number of suppliers, while local procurement accounted for 99.28% of the total procurement amount, as shown in the figure below.

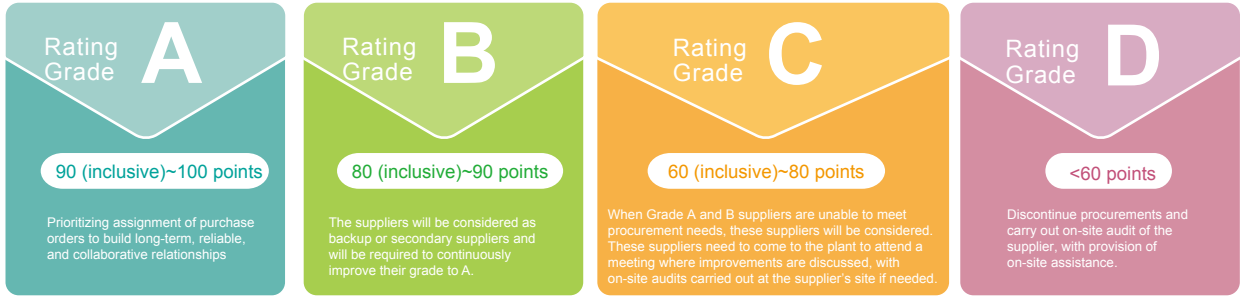


In 2024, both the number of local suppliers and the overall number of suppliers of the Huangshi Plant climbed. Nevertheless, local suppliers accounted for a majority 98.18% and the value of local procurements accounted for 99.70%. See the figure below.



Supplier Scoring and Counseling

Dynamic rates the monthly performances of suppliers. The evaluation covers quality, unit prices, lead times, excess shipping cost, and service, among others. For each rating, the handling approach is described below:



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In 2024, the Kunshan Plant evaluated a total of 42 suppliers, of which 4 had no incoming materials. There were 35 suppliers rated Grade A, accounting for 92.11%, and 3 suppliers rated Grade B, accounting for 7.89%. No suppliers were rated Grade C or Grade D.

Number of Main Suppliers Evaluated		Supplier counseling and improvement projects		Counseling Results	
		Number of Cases	Reasons	Improvement Status	Number of removed companies
Grade A	35	3	Abnormal quality	After counseling, 3 of them moved from Grade B suppliers to Grade A suppliers	0
Grade B	3				
Grade C	0				
Grade D	0				

In 2024, the total number of suppliers evaluated by the Huangshi Plant was 56, of which 47 (83.93%) were grade A, 7 (12.50%) were grade B, and 2 (3.57%) were grade C.

Number of Main Suppliers Evaluated		Supplier counseling and improvement projects		Counseling Results	
		Number of Cases	Reasons	Improvement Status	Number of removed companies
Grade A	47	2	Abnormal quality	After counseling, 2 of them moved from Grade C suppliers to Grade A suppliers.	0
Grade B	7				
Grade C	2				
Grade D	0				

Supply Chain Evaluation

When selecting suppliers or signing a contract with a supplier, Dynamic evaluates how corporate social responsibilities are fulfilled in three domains, namely, economy, environment, and society. The current control bottom line is that no significant actual or potential negative impacts are allowed; otherwise, the supplier must promise that corrections will be made by the given deadline. Dynamic will continue tracking progress up to completion of the corrections. If the supplier cannot comply, no collaboration will take place. Meanwhile, primary suppliers of raw materials and standard materials are asked to promise and undertake that they will:

1. Abide by Dynamic's integrity and conflict mineral policies.
2. Follow the requirements set forth in the RBA Code of Conduct for the electronics industry.
3. Pass the certification of ISO 9001 quality control system.
4. Establish and maintain the relevant systems in accordance with the spirit of ISO 14001 environmental management system and ISO 45001 occupational safety and health management system.
5. Meet the requirements of international laws and regulations on absence of hazardous substances, such as RoHS, REACH, and Dynamic Green Product Guidelines.
6. Define their Corporate Social Responsibility Policy, Integrity Policy, and Energy, Environment, Safety, and Health Policy and enforce corresponding management systems.

Dynamic promotes "Green Procurement". When the R&D department evaluates raw materials, we require our supplier partners to submit test reports from a third impartial organization, material Safety Data Sheets (SDS), and sign a "Guarantee of Products Free of Environmentally Hazardous Substances" to ensure that their products are free of environmentally hazardous substances prohibited by the international standards during the design and manufacturing process, and that they strictly comply with the laws and regulations on environmental protection and non-hazardous substances, as well as with the requirements of the domestic and foreign directives/regulations, such as RoHS and REACH. For collaborating suppliers that are unable to provide the aforementioned third-party test report or who do not sign the "Pledge to Not Use Hazardous Substances", the procurement practices will be adjusted and qualifying alternative suppliers will be sought.

All of Dynamic's supplier partners have signed the "Procurement Pledge" and "Integrity Pledge", and have agreed to comply with the RBA Code of Conduct and labor rights regulations to ensure adherence to the prohibitions against child labor, reasonable work hours, employment freedom, prohibitions against discrimination and threats, a healthy and safe working environment, open communication mechanisms, labor dignity, environmental protection, and professional ethics, as well as to adhere to the principles of ethical conduct and to oppose bribery, solicitation, and extortion. Upon receipt of a report, complaint, or suspicion of violations, the Legal Affairs Office will begin an investigation right away. When validated or supported by substantial evidence, the guidelines in the "Integrity Pledge" must apply. Under severe circumstances, a supplier may be removed from the roster of qualified suppliers and the partnership will be discontinued permanently. The Company has set up a CEO mailbox (ceo@dynamicpcb.com) to receive reports, complaints, or feedback from employees, suppliers, third-party suppliers, and customers.

Coverage of various assessments

Assessment indicators	Calculation instructions	Numerator	Denominator	Coverage rate	Target coverage rate
Percentage of buyers in all regions who have received sustainable procurement training	$\left(\frac{\text{Number of the Company's procurement personnel who have received training on sustainable procurement}}{\text{Total number of procurement personnel}} \times 100\% \right)$	13	13	100%	100%
Percentage of target suppliers who have signed the Sustainable Procurement Charter/ Supplier Code of Conduct	$\left(\frac{\text{Number of suppliers that have signed Sustainable Procurement Charter/Supplier Code of Conduct}}{\text{Number of all suppliers}} \times 100\% \right)$	496	496	100%	100%
Percentage of target suppliers with clauses that include environmental, labor, and human rights requirements	$\left(\frac{\text{Number of suppliers that have signed contracts that include environmental, labor, and human rights requirements}}{\text{Number of all suppliers}} \times 100\% \right)$	496	496	100%	100%
Percentage of target suppliers that have undergone corporate social responsibility (CSR) assessments (e.g. questionnaires)	$\left(\frac{\text{Number of target suppliers that have undergone CSR assessments (e.g. questionnaires)}}{\text{Number of target suppliers}} \times 100\% \right)$	70	70	100%	100%
Percentage of target suppliers that have undergone on-site corporate social responsibility (CSR) audits	$\left(\frac{\text{Number of target suppliers that have undergone on-site CSR audits}}{\text{Number of target suppliers}} \times 100\% \right)$	64	64	100%	100%
Percentage or number of audited/assessed target suppliers that participate in improvement actions or capability development	$\left(\frac{\text{Number of suppliers that have passed environmental or social audits}}{\text{Number of target suppliers}} \times 100\% \right)$	70	70	100%	100%
What percentage of suppliers has information on conflict minerals been obtained from?	$\left(\frac{\text{Number of suppliers that have obtained conflict mineral information}}{\text{Number of target suppliers}} \times 100\% \right)$	10	10	100%	100%

Implementation and supervision of supplier's ESG plans

Dynamic continues to review the implementation of the supplier code of conduct to ensure consistency with ESG requirements and to avoid potential ESG conflicts. When selecting suppliers of similar performance, we assign contracts to suppliers with better ESG performance. If a supplier cannot meet the minimum ESG requirements within the set time, the cooperation will be voided. The Board of Directors is the body with the highest decision-making responsibility.

Dynamic has established a "Supplier Code of Conduct", which is disclosed on the Company's website. The full text can be accessed by scanning the QR code on the right.



Planning of education and training programs for the supply chain

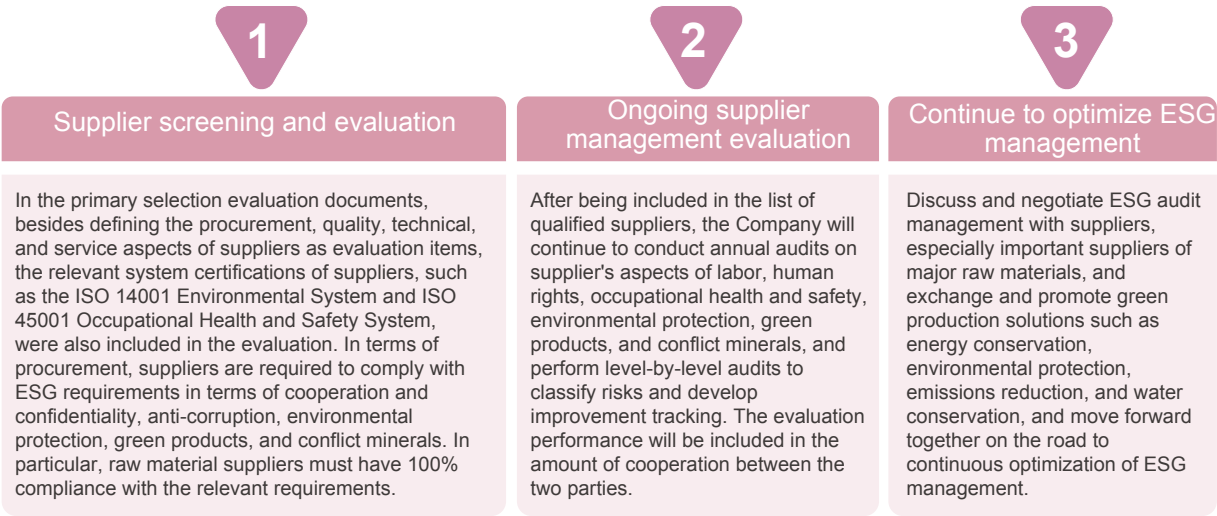
1. Re-identify and sort out the internal talent structure, establish an ESG-related project organization, build a corresponding talent team, and conduct a series of professional training and assessments.
2. Incorporate ESG into the supply chain review process, evaluate suppliers' capabilities and ESG contributions from different dimensions, and establish an ESG supply chain management system, such as supplier selection, training, evaluation, supervision and elimination system, and suppliers' ESG management policies.

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Supplier screening

Formulate supplier evaluation and management documents. In particular, at the initial stage of supplier selection, focus on investigating suppliers' ESG requirements in terms of labor, human rights, occupational health and safety, environmental protection, green product management practices, and the use of conflict minerals and other ESG requirement items, and continue to implement them in subsequent review management. In addition, the risk levels are divided, and on-site audits are conducted for high-risk items to ensure that both parties have a consensus on the identified ESG risk items, confirm the improvement plan and progress tracking, and discuss with suppliers in the follow-up cooperation to optimize the ESG implementation of both parties. In addition to specific commodity risks, special risks such as water, energy consumption, and biodiversity risks are also included in the assessment of country-specific risks and specific industry risks.

Supply chain management process



Composition and types of suppliers

In 2024, Huangshi Plant had direct transactions with a total of 496 suppliers, which were defined as "Grade 1 suppliers". We divided suppliers into raw material manufacturers, precious metal manufacturers, pharmaceutical solution manufacturers, auxiliary material manufacturers, and hardware manufacturers according to the type of materials purchased. Among them, there are 30 strategic partners of raw materials and precious metal manufacturers, which are defined as "Grade 1 important suppliers", including seven categories of key raw materials (substrate PP) and precious metals (copper foil, copper oxide powder, phosphorus copper balls, gold salts, pure tin hemispheres, tin bars), accounting for 48.8% of the total expenditure of Grade 1 suppliers. These manufacturers are the targets of our ESG management, and we audit their compliance every year in terms of labor, human rights, occupational health and safety, environmental protection, corporate integrity, anti-corruption, non-use of conflict minerals, and continuous implementation of net-zero carbon emissions.

According to DJSI, Grade 1 suppliers refer to suppliers that provide goods, materials, or services (including intellectual property (IP) and patents) directly to the Company. If companies do not specify, DJSI assumes they are Grade 1. Non-Grade 1 suppliers are suppliers that provide products and services to the Company through Grade 1 suppliers. Non-Grade 1 suppliers exclude Grade 1 suppliers and are Grade 2, 3, or Grade N of the Company's supply chain. According to DJSI's definition, there is no other condition for specifying Grade 1 suppliers, so the total number of suppliers with direct transactions is the total number of Grade 1 suppliers; among non-Grade 1 suppliers, Dynamic assesses that there are no important suppliers.

Supplier screening key performance indicators



Supplier evaluation and development of key performance indicators

Supplier evaluation	2024 Actual	Goals in 2024
1 Total number of suppliers passing the written/on-site assessment	70	70
2 Percentage of important suppliers assessed	100%	100%
3 Number of suppliers assessed to have significant actual/potential negative impacts	0	0
4 Percentage of suppliers with a large number of actual/potential negative impacts that have been approved for corrective action/improvement	NA	NA
5 Number of terminated suppliers with significant actual/potential negative impacts	0	0

Capacity construction plan

Capacity construction plan	2024 Actual	Goals in 2024
1 Total number of suppliers included in the capacity construction plan	8	8
2 Percentage of key suppliers participating in the capacity building plan	100%	100%

Enhance the supply chain's resilience to climate change risks

- To strengthen the supply chain's resilience against climate change risks, in 2024 we launched an ISO 14067 product carbon footprint certification project for key suppliers. The goal is for primary data to account for more than 80% of the data used in Dynamic's carbon footprint platform when calculating the carbon emissions of each part number.
- From several key raw material categories, we selected 34 representative core suppliers and actively collaborated with them to promote ISO 14067 certification.
- As of 2024, a total of 12 suppliers successfully obtained ISO 14067 carbon footprint certification, covering 2 base material suppliers, 3 copper foil suppliers, 3 ink suppliers, 2 chemical suppliers, as well as suppliers of copper balls and dry films. This project will continue to progress in 2025 and is expected to achieve full carbon emissions data coverage from all key suppliers by 2026.

“Conflict Minerals” Policy and Commitment

Dynamic has established a “Conflict Minerals Policy and Commitment” since 2013 to ensure that the metals used in its products and processes do not come from conflict zones. These measures and policies include:

Policy and Commitment	Policies and procedures	Requirements for business partners	Report and review	Public information
• We have established the “Conflict Minerals Policy and Commitment” to ensure that no metals used come from the Democratic Republic of Congo or its neighboring countries, or areas controlled by the military.	• Appropriate policies, guidelines and due diligence procedures are in place to ensure the transparency and compliance of the supply chain.	• All business partners are required to cooperate with this policy and shall not use or provide metals from improper sources, in order to comply with international trends and customer requirements.	• Regularly update the conflict mineral report template for customer review to ensure transparency and the right to know.	• The “Conflict Minerals Policy” and “2024 Conflict Minerals Management and Implementation Report” are disclosed on the Company's official website for public inspection.

These measures demonstrate that Dynamic attaches great importance to ethical responsibilities and compliance requirements in global supply chain management, and is committed to working with supply chain partners to comply with international standards. More details and related documents can be found on the Company's official website: Corporate Sustainability/Corporate Governance/Sustainable Supply Chain. <https://www.dynaholding.com/csr/rule.html#s6>