

2024 xFusion Conflict Minerals Due Diligence Report

Issue	01
Date	2025-03-31

Copyright © XFUSION INTERNATIONAL PTE. LTD. 2025. All rights reserved.

No part of this document may be reproduced or transmitted in any form or by any means without prior written consent of XFUSION INTERNATIONAL PTE. LTD.

Trademarks and Permissions

XFUSION and other xFusion trademarks are trademarks of XFUSION INTERNATIONAL PTE. LTD.

All other trademarks and trade names mentioned in this document are the property of their respective holders.

Notice

The purchased products, services and features are stipulated by the contract made between xFusion and the customer. All or part of the products, services and features described in this document may not be within the purchase scope or the usage scope. Unless otherwise specified in the contract, all statements, information, and recommendations in this document are provided "AS IS" without warranties, guarantees or representations of any kind, either express or implied.

The information in this document is subject to change without notice. Every effort has been made in the preparation of this document to ensure accuracy of the contents, but all statements, information, and recommendations in this document do not constitute a warranty of any kind, express or implied.

XFUSION INTERNATIONAL PTE. LTD.

Website: <https://www.xfusion.com>

Contents

1 Overview1

2 Company Introduction.....2

3 Due Diligence Practices for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.....3

3.1 Establishing a Complete Risk Management System..... 3

3.2 Identifying and Assessing Risks in the Supply Chain 5

3.3 Designing and Implementing Strategies to Respond to Identified Risks..... 6

3.4 Carrying out an Independent Third-Party Evaluation and Review 7

3.5 Reporting Processes and Results of Supply Chain Risk Management 7

1 Overview

Scope of the Report

The information and data in the present report mainly cover the company's practices related to mineral supply chain due diligence during the period from January to December 2024. To ensure continuity and enable comparative analysis, this report includes selected data and information from periods outside of 2024.

Reporting Principles and Content

This report is prepared with reference to the requirements of *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (hereinafter referred to as OECD Guidance). The report outlines the company's compliance and performance in conducting due diligence in the supply chains of conflict minerals (Tin, Tantalum, Tungsten, and Gold, commonly referred to as 3TG).

Release Mode

The report is released annually in an online format, available on the company's official website (<https://www.xfusion.com>).

2 Company Introduction

XFUSION INTERNATIONAL PTE. LTD. (referred to as xFusion) is a leading global provider of computing infrastructures and services. The company adheres to the value of "customer-centric, continuously exploring business essence, striver-oriented, achieving win-win cooperation". The company continuously creates value for customers and partners, accelerates digital transformation across industries, and makes computing serve customers better. With a substantial global presence, xFusion operates 9 research centers, 6 supply centers, 7 regional offices, and 6 Global Technical Assistance Centers (GTACs). The company serves customers in more than 100 countries and regions, spanning industries such as the telecom, finance, Internet, transportation, and government and enterprise.

xFusion's products include FusionServer Series Servers, FusionPoD Rack-Scale servers, FusionOS Operating System, AI Solution, HCI Solution, FusionOne HPC Solution, and Smart City and Enterprise Digitalization.

xFusion is committed to protecting the data privacy of users and customers. The company Privacy Policy can be accessed at <https://www.xfusion.com/en/privacy>.

3

Due Diligence Practices for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

The scope of supply chain due diligence for conflict minerals (3TG) covers all 3TG minerals contained in products and services.

xFusion complies with the due diligence requirements for responsible supply chains of minerals from conflict-affected and high-risk areas (CAHRAs) stipulated in the OECD Guidance. The company implements due diligence for responsible supply chains in each disclosure cycle as planned and takes measures to prevent and mitigate risks related to human rights and corporate governance in the supply chain.

Based on the nature of the products and services provided by xFusion, the company is classified as a downstream enterprise under the OECD Guidance. The present report, prepared in response to five steps and corresponding requirements in the OECD Guidance, discloses xFusion's practices and performance in conducting supply chain due diligence for conflict minerals (3TG).

[3.1 Establishing a Complete Risk Management System](#)

[3.2 Identifying and Assessing Risks in the Supply Chain](#)

[3.3 Designing and Implementing Strategies to Respond to Identified Risks](#)

[3.4 Carrying out an Independent Third-Party Evaluation and Review](#)

[3.5 Reporting Processes and Results of Supply Chain Risk Management](#)

3.1 Establishing a Complete Risk Management System

1. Policy

xFusion follows the core principles of conducting business with integrity, maintaining a strong sense of business ethics, and complying with all applicable laws and regulations. The company is committed to establishing a compliance management system aligned with industry best practices, integrating compliance management into all end-to-end business activities.

xFusion is dedicated to complying with all applicable laws and regulations of every country and region in which it operates. These include all applicable export

control and sanction laws and regulations of the UN, China, the US, and the EU. The company aims to establish a mature and sustainable trade compliance framework that aligns with global standards.

Referring to Annex II in the OECD Guidance: Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, xFusion developed xFusion's responsible supply chain policy for minerals from CAHRAs. Approved by the company's highest management, the company communicate, disseminate, and implement the policy among the suppliers.

xFusion is committed to responsible purchasing and agrees that the extraction of minerals that fuel conflict is unacceptable. The company has conducted due diligence on the supply chain to ensure that the company does not use the 3TG that are purchased from conflict areas in the Democratic Republic of Congo (DRC), areas controlled by non-state armed forces or illegal armed forces, or procured through illegal tax evasion trade channels. The nine major conflict areas in Africa include the Central African Republic, South Sudan, Zambia, Angola, DRC, Tanzania, Burundi, Rwanda, and Uganda.

Conflict minerals are an important subject in xFusion's sustainability report and management. Therefore, by publishing the xFusion conflict minerals report, xFusion discloses the efforts, progress, and plans on conflict minerals to communicate timely with relevant stakeholders.

2. Structure Internal Management System to Support Supply Chain Due Diligence

The President of the Procurement Qualification Mgmt Dept is appointed as representative for responsible supply chain management of minerals from CAHRAs, and is fully responsible for the implementation of responsible supply chain policy for minerals from CAHRAs.

Under the leadership of the procurement qualification Mgmt Dept, the Procurement Qualification Mgmt Dept manages the implementation of the company's responsible supply chain management of minerals from CAHRAs, coordinates relevant departments to carry out activities, and reports implementation performance and compliance to the executive management team.

xFusion attaches great importance to and continuously enhance the compliance awareness and capabilities of the company employees. Through training, promotion, and other actions, the company push the employees to understand both corporate and individual responsibilities and obligations in responsible supply chain management of minerals from CAHRAs. This ensures that the policies and procedures of responsible supply chains of minerals from CAHRAs are effectively implemented in employees' daily operations.

xFusion identifies and assesses risks, sets compliance objectives, develops control measures, and incorporates them into all activities and processes. xFusion also conducts self-checks to verify the effectiveness of responsible supply chain management of mineral from CAHRAs.

3. Establish a system of transparency and control over the mineral supply chain

In accordance with the OECD Guidance, xFusion establishes and implements a management systems for responsible supply chains of minerals from CAHRAs. It identifies smelters and refiners (SORs) in the mineral supply chain, conducts corresponding risk assessments, determines and implements risk mitigation measures, and thus controls supply chain risks and fulfills the company's commitment to responsible procurement.

The systems stipulates that relevant information should be maintained for a minimum of five years.

4. Strengthen Company Engagement with Suppliers

With an open mind, xFusion proactively works with partners in the supply chain, communicates responsible supply chain management of minerals from CAHRAs and xFusion's requirements to them, ensuring mutual understanding and trust.

xFusion passes on the responsible supply chain management policy for minerals from CAHRAs to its suppliers. The company provides training to suppliers through various methods, such as emails and online meetings, and communicates the requirements and knowledge related to responsible supply chain management of CAHRAs. Equip suppliers with the awareness and capability to identify and assess the risks associated with minerals from CAHRAs in their supply chains.

xFusion incorporates conflict-free minerals policy into Corporate Social Responsibility (CSR) agreement and incorporates conflict-free minerals requirements into the supplier audit process and annual CSR audit. xFusion's suppliers committed to not using minerals from CAHRAs, complied with xFusion's requirements for responsible supply chain management of minerals from CAHRAs, proactively identify and inform xFusion of the primary risks associated with responsible supply chains for CAHRAs, and cooperate with xFusion in implementing risk management measures.

5. Establish Company Grievance System

xFusion establishes an enterprise grievance mechanism allowing any stakeholders to voice concerns and make reports regarding the circumstances of minerals extraction, trade, handling and export in CAHRAs. This will allow xFusion to be alerted of risks in its supply chain in addition to the company's fact and risk assessments.

The Procurement Certification Mgmt Dept, upon receiving concerns or reports, will conduct an investigation and verification in accordance with the established system. Once verified, in accordance with Step 3: Designing and Implementing Strategies to Respond to Identified Risks, corresponding risk mitigation measures will be taken against the relevant suppliers.

Grievance and reporting Email: feedback@xfusion.com

The reporting channels are disclosed at: <https://www.xfusion.com/en/contact-us>

3.2 Identifying and Assessing Risks in the Supply Chain

For the scope of mineral supply chains risk assessment, xFusion primarily relies on the following standards, regulations, and documents published:

1. United Nations sanctions lists;
2. Definitions of conflict minerals and "covered countries" in the U.S. Dodd-Frank Act;
3. EU CAHRAs list.

Personnel from the Procurement Qualification Mgmt Dept, Mechanical and Production Engineering Dept, and Industry Development Dept work together and identify 163 suppliers from all the tier-1 direct suppliers whose products may contain 3TG.

As a company in the information industry value chain, xFusion adopts the approach of the Responsible Minerals Initiative (RMI) to identify SORs in the supply chain.

xFusion provides the RMI's Conflict Minerals Reporting Template (CMRT) to these 163 tier-1 direct suppliers and requested them to complete the CMRT as required to identify the SORs of the 3TG they use and understand their management processes for minerals from CAHRAs.

161 suppliers reply with a complete CMRT, with a response rate of 99%. The 2 suppliers who did not reply with the CMRT: One declares its conflict minerals policy on its official website and committed to not using conflict minerals; the other provides a statement committing to not using conflict minerals.

After receiving the CMRTs from the suppliers, the relevant personnel at xFusion confirm the correctness and authenticity through methods such as document review and phone interview.

390 SORs of 3TG are identified in entire supply chain.

The conditions of due diligence practices for SORs are shown in the table below:

Table 3-1 SORs Due Diligence Table

SORs used in the supply chain	SORs on the RMI list	Manufacturers on the list of other recognized conflict minerals due diligence standards
390	379	0

The 11 SORs lacking evidence of conducted due diligence on conflict minerals, all these 11 SORs are sourced from a smelter of a top enterprise in the industry, which is an American listed company. According to the Sustainability Report Fiscal Year 2024, non-compliant 3TG SORs in the supply chain are removed, so, these 11 SORs are considered low-risk.

In summary, during this disclosure cycle, xFusion did not identify any red flags related to the location of origin and transit in the mineral supply chain, nor any red flags related to the suppliers.

3.3 Designing and Implementing Strategies to Respond to Identified Risks

Report the risk assessment results of minerals from CAHRAs in the supply chain identified in Step 2: Identifying and Assessing Risks in the Supply Chain to the representative of managers: the President of the Procurement Qualification Mgmt Dept., as required in the process. The representative of managers convenes relevant departments to review the completeness and effectiveness of the risk identification and assessment processes and recognize the conclusions of the risk assessment for this disclosure cycle.

In accordance with the requirements of the OECD Guidance, xFusion proposes to manage the risks identified in Step 2 through the following measures:

1. Continuing trade throughout the course of measurable risk mitigation efforts;
2. Temporarily suspending trade while pursuing ongoing measurable risk mitigation;
3. Disengaging with a supplier in cases where mitigation appears not feasible or unacceptable.

Based on the conclusion of the risk assessment for this disclosure period, no location of origin and transit red flags and supplier-related red flags are identified in the mineral supply chain at this stage. The risk is low, and there is no need to apply any of the three risk management measures to a specific supplier.

3.4 Carrying out an Independent Third-Party Evaluation and Review

xFusion is defined as a downstream company according Responsible RMI standard for the electronics industry. Therefore, as shown in Step 2, drawing on the conclusions of the independent third-party evaluation and review conducted by the RMI, no separate independent third-party evaluation and audit are conducted during this disclosure period.

When xFusion, through its grievance or reporting mechanism, receives reports regarding location of origin and transit and/or supplier-related red flag about conflict mineral supply chain from related parties or when third-party or public information sources indicate the presence of location of origin and transit and/or supplier-related red flag about conflict mineral supply chain, xFusion will initiate the risk assessment process to determine the risk level. If necessary, xFusion will also initiate independent third-party evaluation and audit to verify the risk level and establish a corresponding risk management action plan.

3.5 Reporting Processes and Results of Supply Chain Risk Management

This report discloses the management system, practices, and performance from January to December 2024, in accordance with xFusion's due diligence process for responsible supply chains of minerals from CAHRAs.

The copyright of this report is owned by xFusion.

xFusion has a comprehensive grievance mechanism. Any stakeholders can report or express concerns through the following channels:

Email: feedback@xfusion.com

Website: <https://www.xfusion.com/en/contact-us>