



Sustainable Supply Chain Management

Supply chain is the network of relationships between a company and its partners in the production and delivery of goods and services. It illustrates the steps involved in acquiring goods, from raw material sourcing, manufacturing, and transportation, to final delivery to the customer. A sustainable supply chain involves managing environmental, social, and economic impacts, as well as promoting good corporate governance throughout the entire life cycle of product and service creation and delivery.

Commitment to Sustainable Supply Chain Activities

Our company prioritizes equality, integrity, and mutual benefit with our partners. Therefore, we have established sustainable practices with our partners, alongside our supply chain management, to ensure they operate ethically, are socially responsible, respect human rights, care for the occupational health and safety of their customers and product consumers, and effectively manage related environmental impacts. Our approach to partners includes:

1) We foster good and sustainable relationships between the company and its partners, ensuring mutual goodwill and satisfaction for all parties. This leads to services that are high -quality, accurate, fast, meet needs, and are efficient.

2) We refrain from offering or accepting any dishonest benefits when dealing or negotiating with partners. We treat partners with transparency, fairness, equality, impartiality, and integrity, never taking advantage of them. All decisions prioritize the company's best interests while ensuring a fair return for both sides.

3) We establish a clear and fair procurement policy for selecting partners with the potential to operate sustainably. We strictly adhere to all agreed-upon contracts and commercial terms with our partners. If we are



unable to meet any conditions, we will promptly inform our partners to collaboratively find a solution based on reasonableness.

4) We set a policy and guidelines to enhance capabilities and sustainability with our partners. Our company values building strong relationships and cooperatively developing capabilities in sustainable supply chain management. This involves effective communication with partners regarding integrated supply chain management, planning capability development, and promoting and supporting our partner companies to achieve good shared management for maximum operational efficiency.

5) We maintain confidentiality and do not use information for our own or related parties' undue benefit.

6) We communicate our company's anti-corruption policy to our partners to ensure mutual understanding and to build a wider coalition against corruption.

7) We communicate our company's human rights policy to our partners to foster joint support for human rights principles and to find allies in comprehensively reducing human rights violations.

8) We communicate our company's environmental policy to our partners to promote joint environmental conservation efforts and to build a coalition to stimulate and cultivate environmental awareness.

Operational Guidelines

The company assigns the Purchasing Department responsibility for managing its supply chain. The Purchasing Department is tasked with managing risks arising from partners, developing procurement operating procedures to cover environmental, social, and governance (ESG) practices, preparing and disseminating the Partner Code of Conduct, and announcing the company's commitment to sustainable supply chain management. The operational guidelines are as follows:



1. Partner Code of Conduct

Our company has implemented a Partner Code of Conduct, signed by the Chief Executive Officer and approved by the Board of Directors on August 9, 2023. This code serves as a guideline for all procurement-related operations within the company, setting requirements to drive our partners towards sustainable operations across three main categories:

Category 1: Product and Delivery Measures

Category 2: Safety, Working Conditions, and Environmental Practices

Category 3: Partnership for Excellence (covering employment and human rights, environmental responsibility, anti-corruption, conflicts of interest, and insider information)

Our partners are required to sign to acknowledge these terms and agreements, which outline our operating principles, intentions, and expectations. Partners must provide written notification in the event of any significant changes.

2. Risk Management and Key Issues Arising from Partners

Our company categorizes its partners into three groups for Supplier Classification:

1. Critical Tier 1 Suppliers: These are partners supplying essential raw materials with high and continuous order volumes and values. They are further divided into four subgroups:

No	Raw Material Group
1.	PVC Resin
2.	Stabilizer
3.	Plasticizer
4.	Filler



2. Non-Critical Tier 1 Suppliers: These are general direct partners not classified under group 1, with moderate usage volumes or low order values.
3. Critical non-tier 1 Suppliers: These are indirect partners who do not directly transact with our company but conduct business with our Critical Tier 1 Suppliers. They are selected from the partners of our Critical Tier 1 Suppliers.

2.1 Managing Risks and Key Issues Related to Partners

Our company has identified potential risks arising from the operations of partners within our supply chain. These key risk areas are summarized below:

Topic	Operations
Important Topic	Responsible Sourcing of Raw Materials
Impacts	Impact on Business: - Potential disruptions from partners: This involves analyzing the significance of partners who supply critical raw materials, especially those with high volume, high value, and continuous orders. - Operational risks: Relying on partners with capabilities below the set criteria, or having a limited number of suppliers, or partners with high costs, can affect business continuity or lead to interruptions in the operational process. Impact on Stakeholders: - Risk to customers: There's a risk of impacting customers, both in terms of business operations and brand image, if disruptions lead to process interruptions.



2.2 Managing Key Issues and Risks Related to Partners: Economic, Social, and Environmental Aspects

Our company sources raw materials from both domestic and international markets, primarily considering quality, cost, and delivery time. We import raw materials that are either unavailable domestically or can be acquired at a lower price from abroad. Additionally, our company's policy for importing raw materials serves as a tool to mitigate foreign exchange risks and reduce raw material shortages. We focus on supply chain management to prevent and lessen risks that could affect quality, price, quantity, delivery, and services. We also prioritize environmental responsibility, social considerations, and human rights in labor practices to ensure consistency and alignment in our operations. We analyze the importance of each partner to better prepare for dealing with high-risk and critical partners who might impact our business plans.

Our company is committed to continuously managing our supply chain efficiently and integrating sustainability issues into every step of our supply chain management processes. Furthermore, we pursue sustainable raw material sourcing and actively encourage our partners to adopt sustainable practices. This fosters mutual business growth for both our partners and our company, alongside a commitment to long-term social and environmental stewardship.

We have outlined our operational plan, divided into four key sections:

1. Critical Tier 1 Suppliers: These are our primary partners, supplying essential raw materials with high volume, high value, and continuous orders. They must undergo an assessment annually.
2. Non-Critical Tier 1 Suppliers: These are general direct partners not classified as critical, with moderate usage or low order values. Assessments for this group will be considered based on the root cause analysis of any issues (if present) and do not necessarily require assessment for every partner.
3. Critical non-Tier 1 Suppliers: These are indirect partners who do not directly transact with our company but conduct business with our Critical Tier 1 Suppliers. They are selected from the partners



of our Critical Tier 1 Suppliers. Assessments will be considered with reference to the root cause of any issues (if present) and do not necessarily require assessment for every partner.

4. We select and evaluate partner performance both before and after purchase orders, and plan follow-up audits. We focus on partners with identified issues and those supplying key raw materials related to our products. We collaborate with the technical department for these audits to assess partner potential and capability, ensuring they can meet our requirements under consistent standards.
5. We plan raw material orders with relevant departments to ensure sufficient quantities for approximately 1–2 months of production. Additionally, we maintain a raw material inventory reserve to prevent shortages that could impact the production process.

2024 Performance Results

1. 100% of our domestic Critical Tier 1 Suppliers underwent annual ESG assessments.
2. All domestic key raw material suppliers, as per the Supplier Audit Plan, were assessed in 2024.
3. No partners were found to be non-compliant with our Partner Code of Conduct.
4. We successfully measured our progress towards the United Nations Sustainable Development Goals (SDGs), aligning with our "Learning Organization for Quality of Life and Well-being" work plan. Specifically:
 - 4.1 Goal 8: We promoted sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
 - 4.2 Goal 17: We strengthened the means of implementation and revitalized the global partnership for sustainable development.

Supply Chain Management	Goal	2022	2023	2024
Existing partners screened for environmental compliance	100%	70.51	100	100
Existing partners aware of and compliant with Partner Code of Conduct	100%	100	100	100
Partners signed up for anti-corruption initiative	100%	76.92	100	100



Supply Chain Management	Goal	2022	2023	2024
New partners screened for environmental compliance	100%	33.33	100	100
New partners aware of and compliant with Partner Code of Conduct	100%	100	100	100
Partners completing ESG assessment (Tier 1/Critical Partners)	100%	100	100	100

3. Participation in sustainable business operations for business partners

To enhance supply chain sustainability, we're collaborating with our partners by transitioning from traditional IBC (Intermediate Bulk Container) tanks to Flexitanks for storing plastic pellets during production. This initiative is a joint effort in sustainable supply chain management and business operations, offering both our company and our partners an opportunity to contribute to social and environmental development for mutual growth and sustainability.

This shift specifically aims to reduce the use of rigid plastic IBC packaging in our storage processes. The results from 2024 show that this change successfully reduces environmental impact, lowers raw material storage and transportation costs, and effectively supports our organizational sustainability goals. In 2024 alone, this switch led to a reduction of 9,186.00 kilograms of plastic per year.

Our company's representatives from the Technical, Purchasing, and Sales departments participated in the ASEAN VINYL COUNCIL's "The AVC Sustainability Forum 2024: The Additive System for Wire and Cable Application (Phase 2)" seminar. Our company prioritizes the development of environmentally friendly products.

In 2024, we set targets and achieved the following performance as detailed in the table below:

Responsible production and service for customers, society, and the environment.	Target	Performance
	Sales of environmentally friendly products > 40%	45.09%