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Project to Establish Sustainable Assurance Foundation for Business Partners

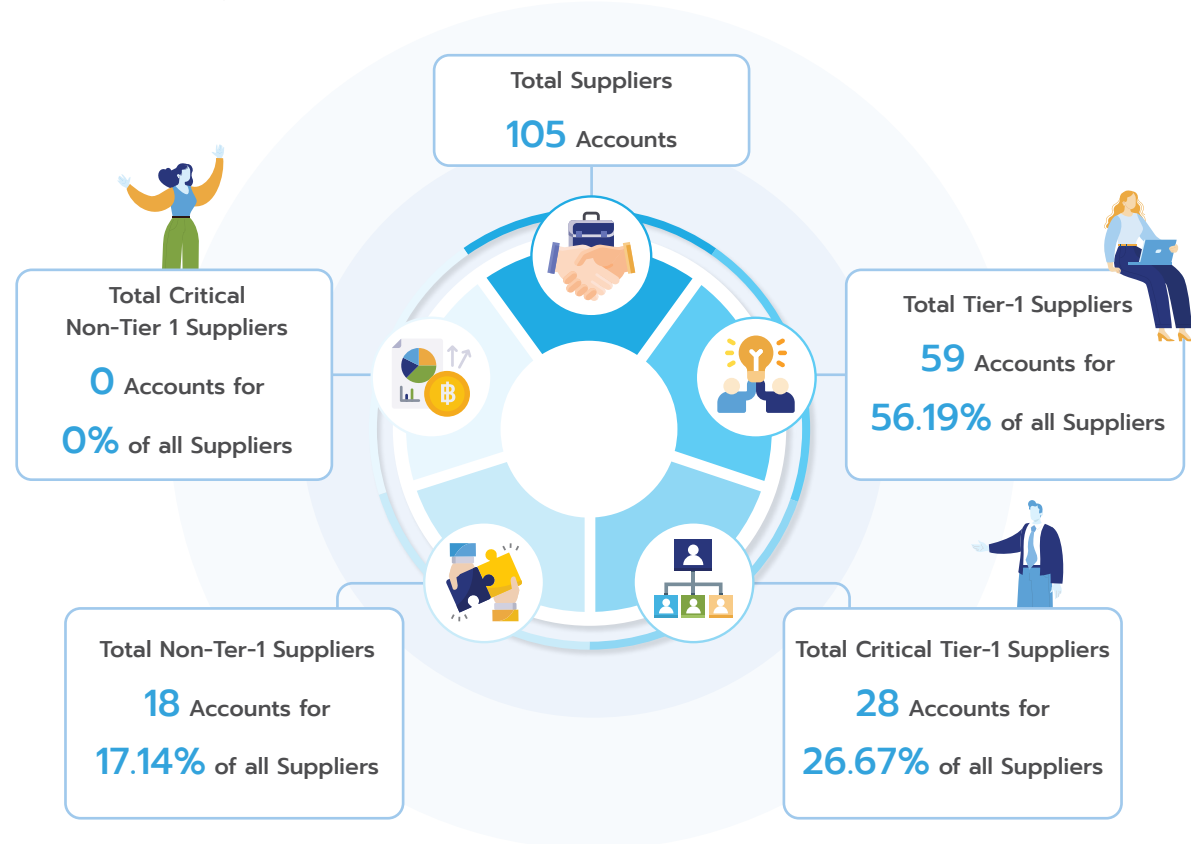
The Company has devised a strategy for managing procurement systems to source quality products and services, outlining management guidelines that align with risk levels, considering factors such as quality, quantity, delivery time and processes for delivering goods and services, and ensuring compliance with labor laws, environmental laws and various quality management systems to prevent and mitigate risks that may impact the Company’s operations and stakeholders’ confidence.

Currently, the Company is in the process of developing a Business Partner Sustainability Assurance Program to align with the Company’s operations, creating long-term value with partners by managing sustainable impacts throughout the life cycle of products and services. This ensures that environmental, social, and ethical risks in the supply chain are appropriately managed by integrating the sustainability assurance of old and new partners into the procurement process. This starts with communicating with partners through the signing of the Suppliers’ Code of Conduct, partner registration, partner screening, procurement evaluation, outcome tracking, and enhancing partner capabilities to identify and prioritize sustainability risks in the supply chain.

Awareness of the Supply Chain

Awareness of the supply chain is crucial for maintaining the efficiency and credibility of operations. The Company categorizes partners into 2 main groups based on transaction characteristics : Tier 1 suppliers, who directly supply products or services to the Company, and Non-Tier 1 suppliers, who provide products or services to the Company’s direct partners or subsequent partners in the supply chain. Furthermore, the Company has segmented partners based on their importance to the Company’s operations (Critical suppliers), considering factors such as high order volume, continuous orders, and the significance of the products and services to the Company’s operations, or products and services that are difficult to source from other partners. This aims to identify Critical Tier 1 suppliers and Critical Non-Tier 1 suppliers for the Company.

Proportion of goods and services procured from business partners in 2023



Note : This covers the Company’s procurement data as specified within the scope of disclosure.

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The Company has established guidelines for selecting business partners for both partner evaluation and ESG risk assessment in the form of On-site ESG Audits. Selection criteria include partners who must undergo evaluation according to contract requirements or business conditions, partners who must be assessed according to laws, regulations, or international standards, as well as partners with a high likelihood of significantly impacting the Company's operations.

Additionally, the Company has set guidelines for conducting partner assessments covering 6 key ESG areas : safety and health, labor practices and human rights, environmental management, impacts on communities and society, corporate governance and code of conduct compliance, and risks from external factors that may affect the Company's business operations, so criteria for evaluating partners are communicated to them before each assessment. Furthermore, the Company mandates the documentation of assessment results for tracking, reviewing and decision-making in the procurement process. Responsible departments and business lines can apply these assessment guidelines as appropriate to their business context.

In 2023, the Company is in the process of developing plans for partner assessments and ESG risk assessments through On-site ESG Audits, adapting the above criteria to operational needs and procurement characteristics. This involves analyzing and planning actions or measures to reduce risks arising from the Company's partners in economic, environmental, social and governance (ESG) aspects, as well as disclosing information about partner-related risks and risk reduction measures to stakeholders going forward.

