



BIODIVERSITY POLICY

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Biodiversity Policy

Vanachai Group Public Company Limited and Subsidiaries

Vanachai Group Public Company Limited and Subsidiaries ("the Company") recognize the importance of biodiversity and ecosystem health as the foundation of life, humanity, communities, and the economy. As a leading producer of sustainable wood-based materials, the Company is committed to conserving biodiversity, protecting natural ecosystems, and promoting sustainable forest management throughout its operations and supply chain.

The Company integrates biodiversity conservation into its corporate strategy and roadmap toward Carbon Neutrality and Nature Positivity (Net Zero & Nature Positive), ensuring that nature and business can thrive together sustainably. This policy reaffirms the Company's commitment to preventing deforestation, restoring ecosystems, reducing biodiversity loss, and achieving a Net Positive Impact on nature over the long term. This policy addresses biodiversity-related risks and impacts identified as material through the Company's integrated sustainability assessment process.

1) Objectives

- Conduct business responsibly, emphasizing the protection and conservation of biodiversity and ecosystem resilience.
- Integrate biodiversity management into the Company's strategic planning, objectives, operations, and disclosure frameworks.
- Conserve natural resources to ensure they are available for future generations in a sustainable condition.
- Support Thailand's national climate and nature-positive goals through reforestation and sustainable land management initiatives.
- Promote collaboration with stakeholders to prevent biodiversity loss and strengthen ecosystem protection.

2) Policy Alignment and International Standards

- United Nations Sustainable Development Goals: SDG 13 Climate Action, SDG 15 Life on Land, and SDG 17 Partnerships for the Goals
- GRI Standards: GRI 3-3 Management of Material Topics 2021; GRI 101: Biodiversity 2024, Disclosures 101-1 to 101-8, where applicable; and related cross-references to GRI 303, GRI 305, GRI 306, GRI 411 and GRI 413
- Taskforce on Nature-related Financial Disclosures (TNFD) Framework
- IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

- FTSE Russell ESG Indicators: EBD17, EBD02, EBD05, EBD06, EBD08, EBD09, EBD12, EBD14; ESC03, ESC04, ESC05, ESC08, ESC09, ESC10, ESC11, ESC12; EPR03; and, where applicable, EPR11, EPR12, EPR16, EPR28 and EWT43
- Company's Greenhouse Gas Reduction Plan to Achieve Net Zero by 2050

3) Scope

This policy applies to:

- The operations of the Company, its subsidiaries, and joint ventures under operational control.
- Suppliers, contractors, and business partners within the wood-based materials industry and related sectors.
- All products and services across the entire value chain, from raw material sourcing, production, and logistics to end-of-life product management.

4) Definitions and References

- **Biodiversity:** The variety and variability of living organisms and ecosystems.
- **Ecosystem Services:** The benefits humans obtain from ecosystems, including provisioning, regulating, supporting, and cultural services.
- **High Conservation Value (HCV) Areas:** Habitats critical for biodiversity conservation.
- **Taskforce on Nature-related Financial Disclosures (TNFD):** The LEAP framework (Locate–Evaluate–Assess–Prepare) for identifying, assessing, and managing nature-related risks and opportunities.
- **IFC Performance Standard 6:** International benchmark for biodiversity and natural resource management.
- **Net Zero & Nature Positive:** The Company's long-term goal to achieve net-zero greenhouse gas emissions by 2050 and halt nature loss through ecosystem restoration and regeneration.
- **Vanachai Integrated Materiality and Risk Assessment (V-IMRA)**
An internal assessment process used by the Company to identify and prioritize sustainability-related issues by integrating impact and financial materiality perspectives, supporting enterprise risk management, strategic planning, and management decision-making.

5) Governance and Accountability

- **Board of Directors:** Approves the policy and oversees biodiversity and ecosystem strategies.
- **Sustainability Committee:** Policy owner, reporting to Board of Directors and Managing Director, responsible for integration and performance monitoring.

- **Sustainable Development Task Force:** Reviews biodiversity-related risks, ensures alignment with global standards, and tracks project progress.
- **Directors, Managers and Department Heads:** Integrate biodiversity considerations into operations, procurement, and decision-making processes.
Senior Executive Accountability: Biodiversity and ecosystem indicators are included in executive performance KPIs.
- **Employees and Suppliers:** Must comply with this policy and participate in biodiversity-related activities and training programs.

6) Commitments and Principles

6.1 Legal Compliance and International Standards:

Comply with all relevant national and international laws, standards, and best practices concerning biodiversity, forest management, and ecosystem conservation.

6.2 Impact Reduction and Mitigation (*EBD17*):

Avoid or minimize biodiversity impacts throughout operations and supply chains by following the mitigation hierarchy: Avoid – Minimize – Restore – Compensate (as a last resort).

6.3 Net Positive Impact:

Where negative impacts cannot be avoided, the Company is committed to restoring and compensating ecosystems to achieve a Net Positive Impact on biodiversity over the long term.

6.4 Zero Deforestation and High Conservation Value (HCV) Protection:

Commit to Zero Deforestation and prohibit sourcing from illegal logging or areas of high conservation value. Protect natural forests and critical habitats across the entire supply chain.

6.5 Sustainable and Traceable Sourcing (*ESCO2–ESC12*):

- Promote responsible and traceable sourcing of wood and natural materials.
Increase the proportion of certified materials under credible standards.
- Integrate biodiversity clauses into supplier contracts and conduct regular supplier audits to verify compliance

6.6 Resource Efficiency and Circular Economy (*EPR03, EPR15*):

- Adopt eco-efficient and innovative technologies to reduce waste, promote recycling, and enhance resource circularity.
- Link biodiversity objectives with sustainable production and consumption practices.

6.7 Community and Stakeholder Engagement (*EBD08, GRI 101-2, GRI 101-8, GRI 413*):

- Collaborate with local communities, Indigenous groups, government agencies, NGOs, and academic institutions to strengthen biodiversity conservation and

ecosystem protection.

- Promote stakeholder participation in reforestation, restoration, and nature conservation initiatives.

6.8 Collaboration, Certification and Disclosure (*EBD08, EBD14, ESC12, GRI 101-1, GRI 101-2*):

- Engage with government bodies, private sector organizations, and international institutions to jointly address biodiversity loss.
- Disclose biodiversity partnerships, performance, and progress annually under FTSE Russell, GRI, and TNFD standards.

6.9 Human Rights and Social Inclusion:

Respect the rights of local and affected communities, ensuring equitable benefit-sharing from ecosystem services and conservation initiatives.

7) Risk, Impact, and Dependency Management

The risks, impacts, and dependencies associated with the matters addressed in this policy are identified, analyzed, and prioritized through the Company's Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process. V-IMRA is an internal assessment framework that considers both impact materiality and financial materiality across the value chain.

- The results of V-IMRA are integrated into the Enterprise Risk Management (ERM) system to support policy formulation, strategic decision-making, the setting of risk appetite, and the creation of long-term sustainable value.
- Apply the TNFD LEAP approach (Locate–Evaluate–Assess–Prepare) to identify, analyze, and manage biodiversity dependencies, risks, and opportunities.
- Integrate biodiversity risk assessment results into enterprise risk management, investment planning, and budget allocation.
- Evaluate and manage land-use and raw material sourcing risks in ecologically sensitive areas.

8) Targets and Metrics

Establish measurable and time-bound targets, including:

- Percentage of forest products or wood materials used, produced, or processed that are certified under applicable international standards.
- Percentage of sourced wood materials assessed as traceable, legal, and deforestation-free.
- Number or percentage of sites with biodiversity management plans or Biodiversity Action Plans.
- Area restored or rehabilitated, in hectares, by site where applicable.

- Percentage of suppliers assessed, audited, trained, and subject to corrective action for biodiversity or environmental compliance.

Annual progress disclosure in the Vanachai Sustainability Move Report aligned with TCFD, GRI, and FTSE Russell criteria.

9) Supply Chain and Partner Responsibility

- Require all suppliers and contractors to comply with biodiversity and environmental standards consistent with this policy.
- Include biodiversity requirements in procurement contracts.
- Conduct supplier audits, training, and technical support to promote continuous improvement.
- Encourage suppliers to develop biodiversity management plans and set measurable goals.

10) Integration with Corporate Strategy

- Embed biodiversity management into corporate sustainability strategies, R&D, product design, and the transition to Net Zero.
- Link biodiversity initiatives with climate resilience, carbon sequestration, and sustainable forest management.
- Promote Regenerative Forestry to enhance ecosystem resilience and strengthen natural capital.

11) Implementation and Management Tools

- Establish a management system based on ISO 14001 to monitor and control biodiversity performance.
- Conduct awareness and capacity-building programs for employees, suppliers, and business partners.
- Allocate appropriate financial and human resources to support biodiversity conservation and restoration projects.

12) Monitoring, Reporting and Transparency

- Monitor and evaluate biodiversity performance across all operations and the supply chain.
- Disclose biodiversity risks, opportunities, and progress in the Vanachai Sustainability Move Report annually.
- Ensure all disclosures undergo independent third-party assurance in accordance with GRI Biodiversity Standard 2024 and TNFD guidelines.

13) Review and Continuous Improvement

- Review this policy every two years, or upon changes in laws, regulations, or stakeholder expectations.

- Continuously strengthen commitments to align with evolving global biodiversity frameworks.
- Share lessons learned and best practices to enhance positive outcomes for nature.

14) Biodiversity Policy Revision History

Version	Date	Policy Owner	Approved by	Key Changes / Comments
1.0	11 November 2024	Sustainable Development Task Force	Board of Directors	Initial issue of Biodiversity Policy focusing on compliance, ecosystem protection, and employee awareness.
2.0	11 November 2025	Sustainability Committee	Board of Directors	Updated in alignment with FTSE Russell ESG Indicators (EBD17, ESC02–ESC12, EPR03); added commitments on sustainable sourcing, traceability, supplier responsibility, stakeholder engagement, monitoring and disclosure, and integration with corporate strategy and Net Zero goals.

This policy is approved and issued for acknowledgement and implementation by all relevant parties.