



SUSTAINABLE DEVELOPMENT POLICY

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Sustainable Development Policy **Vanachai Group Public Company Limited and Subsidiaries**

Vanachai Group Public Company Limited and its subsidiaries (the “Company”) recognize that long-term business growth must progress in parallel with responsibility toward the environment, society, and good corporate governance in order to create sustainable value for all stakeholder groups across the value chain. This recognition is particularly critical in the context of increasing global economic, social, and environmental challenges, as well as the intensifying expectations related to environmental, social, and governance (ESG) performance worldwide.

As a producer of alternative wood-based products and processed wood products that relies on natural resources, the Company acknowledges its responsibility to use resources efficiently, ensure responsible sourcing of raw materials, minimize environmental impacts, care for employees and surrounding communities, and conduct business with transparency, integrity, and accountability. Sustainability is therefore not treated as a standalone initiative, but as an integral part of the Company’s mindset, business practices, and long-term relationships with customers, suppliers, and society.

The Sustainable Development Policy is established as a corporate-level policy framework to define the Company’s direction, principles, and approaches to sustainability in a clear, systematic, and strategic manner. The Policy integrates economic, environmental, social, and governance (ESG) dimensions into corporate governance, risk management, and strategic decision-making at all levels of the organization, ensuring alignment with the Company’s overall business strategy.

This Policy is grounded in the Double Materiality concept, which considers both:

- (1) the impacts of the Company’s business activities on the economy, society, the environment, and stakeholders; and
- (2) the risks and opportunities that may affect the Company’s financial performance, financial position, and long-term competitiveness.

These dimensions are assessed through the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process, which serves as the Company’s core mechanism for linking sustainability assessments with the Enterprise Risk Management (ERM) system in a structured and integrated manner.

The outcomes of these assessments are used to support policy formulation, strategic planning, resource allocation, the determination of risk appetite, and the continuous monitoring of sustainability performance. This approach strengthens organizational resilience, adaptability, and the Company’s ability to create long-term value.

This Sustainable Development Policy is aligned with the Vanachai Group sustainability framework, “FOREST | FUTURE | TOGETHER – for a Sustainable Living,” which reflects

responsible growth, capability development and innovation for the future, and the creation of shared value with stakeholders. Through this Policy, the Company aims to advance its position as a leader in alternative wood-based products while delivering sustainable value to the economy, society, and the environment over the long term.

1) Objectives

- This Sustainable Development Policy is established to define the overarching framework, direction, and guiding principles for conducting the Company's business in a balanced manner, alongside responsibility for economic, social, environmental, and good corporate governance considerations. The key objectives of this Policy are as follows:
- To establish a corporate-level policy framework for systematically integrating sustainability principles (Environmental, Social and Governance: ESG) into the Company's corporate strategy, governance structures, and business operations at all levels.
- To support the Company's long-term growth by creating economic value while minimizing environmental impacts, promoting social well-being and stakeholder care, and conducting business with transparency, ethical integrity, and accountability.
- To apply the Double Materiality concept in assessing sustainability-related matters by considering both:
 - the impacts of the Company's business activities on the economy, society, and the environment; and
 - the risks and opportunities that may affect the Company's business performance, financial position, and long-term competitiveness.
- To integrate the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process into the Enterprise Risk Management (ERM) system in a practical and systematic manner, in order to support the identification, analysis, and prioritization of sustainability-related issues, risks, and business opportunities across the entire value chain.
- To utilize sustainability assessment outcomes as key inputs for policy formulation, strategic planning, strategic decision-making, resource allocation, and the determination of the Company's risk appetite.
- To strengthen the roles and responsibilities of the Board of Directors, executive management, and relevant functions in governing, monitoring, and driving sustainability performance in alignment with the Company's strategy and internationally recognized standards.

- To promote business practices that create shared value with stakeholders—including employees, suppliers, customers, communities, and society—while upholding principles of fairness, equity, and long-term sustainability.
- To ensure that sustainability-related monitoring, disclosure, and reporting are transparent, credible, and aligned with relevant international standards and frameworks.

2) Policy Alignment and International Standards

This Sustainable Development Policy is established to ensure that the business operations of Vanachai Group Public Company Limited and its subsidiaries are conducted in alignment with internationally recognized principles of sustainability, corporate governance, and risk management. The Policy aims to ensure that economic value creation is pursued in parallel with long-term responsibility toward society, the environment, and all stakeholder groups.

This Policy is aligned with and linked to the following internationally recognized frameworks, standards, and best practices:

2.1 Alignment with FTSE Russell ESG Ratings

This Policy supports alignment with the FTSE Russell ESG Ratings framework, particularly in the areas of corporate governance, risk management, and the integration of ESG considerations into business operations. Key aspects include:

- Effective and transparent corporate governance
- Integration of ESG-related risks and opportunities into the Enterprise Risk Management (ERM) system
- Alignment of corporate strategy with material sustainability issues

This alignment corresponds to the Governance and Risk Management (GRM Series) indicators and the assessment of Integration of ESG Risks into Enterprise-wide Risk Management under the FTSE Russell ESG Ratings framework.

2.2 Alignment with Global Reporting Initiative (GRI) Standards

This Policy is developed with reference to and supports management practices in line with the Global Reporting Initiative (GRI) Standards, in particular:

- GRI 3: Material Topics and the Double Materiality concept
- GRI 2 / GRI 102 relating to governance roles, risk oversight, and management approaches
- The linkage between materiality assessment, strategic direction, and sustainability reporting

This ensures that the identification, assessment, and management of sustainability-related issues are consistent, verifiable, and comparable at the international level.

2.3 Alignment with the Double Materiality Concept

This Policy adopts the Double Materiality Assessment approach in evaluating sustainability-related issues by considering both:

- Impact Materiality, reflecting the impacts of business activities on the economy, society, the environment, and stakeholders; and
- Financial Materiality, reflecting risks and opportunities that may affect the Company's financial position, performance, and long-term value creation.

This approach is operationalized through the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process, which systematically links materiality assessment with strategic planning and enterprise-wide risk management.

2.4 Alignment with the COSO Enterprise Risk Management Framework

This Policy is aligned with the COSO Enterprise Risk Management – Integrating with Strategy and Performance framework, with emphasis on:

- Integrating risk management into corporate strategy and decision-making
- Using sustainability-related risk and opportunity assessments to support resource allocation and governance
- Establishing a clear and practical linkage between V-IMRA and the Enterprise Risk Management (ERM) system

2.5 Alignment with the United Nations Sustainable Development Goals (UN SDGs)

This Policy supports the United Nations Sustainable Development Goals (SDGs), with particular relevance to:

- SDG 8: Decent Work and Economic Growth
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 16: Peace, Justice and Strong Institutions
- SDG 17: Partnerships for the Goals

2.6 Role of the Policy within the Company's Governance Framework

This Sustainable Development Policy serves as:

- The Company's umbrella sustainability policy
- A framework linking corporate strategy, ESG-specific policies, and the Enterprise Risk Management system
- A key mechanism supporting strategic decision-making, governance oversight, and long-term sustainable value creation.

3) Scope of the Policy

This Sustainable Development Policy applies to Vanachai Group Public Company Limited and all its subsidiaries (the "Company"). It covers business operations, activities, processes, and decision-making that may give rise to material impacts, risks,

or opportunities affecting value creation, competitiveness, and the Company's sustainability over the short, medium, and long term.

3.1 Organizational Scope

This Policy applies to:

- Vanachai Group Public Company Limited and all subsidiaries under the Company's control or management
- The Board of Directors, Board Committees, Executive Management, and all relevant functions across the organization
- Material policy-setting, strategic planning, business planning, investment, and resource allocation processes

3.2 Business Operations and Value Chain Scope

This Policy covers the Company's operations across its entire value chain, including: Upstream activities, such as procurement, raw materials, energy sourcing, supply chain management, and business partners

- Core operational activities, including production processes, resource utilization, environmental management, labour practices, and occupational health and safety
- Downstream activities, including logistics, distribution, customers, and product responsibility
- Supporting business activities that may have economic, environmental, social, or governance (ESG) implications

3.3 Sustainability Coverage

This Policy covers material sustainability issues across environmental, social, and governance dimensions, including but not limited to:

- Environmental issues, such as climate change, biodiversity, natural resource use, and pollution
- Social issues, such as labour practices, human rights, occupational safety, communities, and stakeholder engagement
- Governance issues, such as ethics, transparency, risk management, and corporate governance

These issues are identified, assessed, and prioritized through the Company's Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process, which systematically incorporates the Double Materiality Assessment concept.

3.4 Integration with Enterprise Risk Management (ERM)

The outcomes of assessments conducted under this Policy are integrated into the Company's Enterprise Risk Management (ERM) system to ensure that governance, risk management, and strategic decision-making are aligned, comprehensive, and consistently applied across the organization.

3.5 Time Horizon and Applicability

This Policy applies across:

- Short-, medium-, and long-term time horizons
- Periodic reviews and ad hoc reviews triggered by material changes, such as changes in corporate strategy, business structure, regulatory requirements, international standards, or the sustainability context

This ensures that the Policy remains relevant, up to date, and effective in supporting the Company's continuous and sustainable growth.

(Aligned with FTSE Russell GRMO4, GRI 102-15, GRI 102-29, GRI 3, SDG 16.6, and SDG 17)

4) Definitions and References

To ensure a consistent understanding and application of this Sustainable Development Policy, the following key terms and frameworks are defined as follows.

4.1 Definitions

Sustainable Development

Business operations that pursue long-term economic growth in parallel with environmental stewardship, social responsibility, and good corporate governance, with the objective of creating sustainable value for stakeholders across the value chain without compromising the ability of future generations to meet their own needs.

Sustainability-related Issues

Environmental, social, and governance (ESG) matters that may give rise to impacts, risks, or opportunities affecting the Company's operations, competitiveness, financial position, reputation, or long-term value creation over the short, medium, and long term.

Material Topics

Sustainability-related issues that are assessed as having a high level of significance based on their impacts on the economy, society, the environment, and stakeholders, as well as the risks and opportunities they pose to the Company's financial performance and enterprise value.

Double Materiality Assessment

An assessment process used to identify, analyze, and prioritize sustainability-related issues by considering two complementary dimensions:

- Impact Materiality: the impacts of the Company's business activities on the economy, society, the environment, and stakeholders; and
- Financial Materiality: the risks and opportunities that may affect the Company's financial performance, financial position, and long-term value creation.

Vanachai Integrated Materiality and Risk Assessment (V-IMRA)

An internal assessment framework developed by the Company that integrates the Double Materiality Assessment approach with enterprise risk management. V-IMRA is used to identify, assess, and prioritize sustainability-related impacts, risks, dependencies, and opportunities across the value chain, and to support policy formulation, strategic planning, resource allocation, and management decision-making in a structured and systematic manner.

Enterprise Risk Management (ERM)

An integrated process for identifying, assessing, managing, monitoring, and reporting risks across the organization, aligned with the Company's strategy, risk appetite, and long-term value creation objectives.

Value Chain

All activities related to the Company's business, from upstream sourcing and procurement through operations, logistics, distribution, and downstream relationships with customers, suppliers, and other business partners.

Stakeholders

Individuals, groups, or organizations that may be affected by, or may influence, the Company's business operations and its ability to achieve strategic and sustainability objectives, including employees, customers, suppliers, communities, investors, regulators, and society at large.

4.2 References

This Sustainable Development Policy has been developed with reference to internationally recognized standards, frameworks, and the Company's internal governance instruments, including:

International Standards and Frameworks

- FTSE Russell ESG Ratings – Governance and Risk Management (GRM Series)
- Global Reporting Initiative (GRI) Standards
- GRI 2: General Disclosures
- GRI 3: Material Topics
- COSO Enterprise Risk Management – Integrating with Strategy and Performance (2017)
- United Nations Sustainable Development Goals (SDGs), in particular SDGs 8, 12, 13, 16, and 17

Internal Frameworks and Policies

- Vanachai Sustainability Framework: "FOREST | FUTURE | TOGETHER – for a Sustainable Living"
- Vanachai Integrated Materiality and Risk Assessment (V-IMRA) Framework
- Enterprise Risk Management Policy

- Environmental Policy, Climate Change Policy, and Biodiversity Policy
- Human Rights Policy and other relevant ESG-related policies of the Company

5) Governance and Accountability

The Company has established a clear and robust governance and accountability structure to ensure the effective oversight, implementation, and continuous advancement of sustainable development across the organization. This governance framework is designed to integrate sustainability into corporate strategy, decision-making, and business operations, while ensuring transparency, accountability, and alignment with internationally recognized governance standards.

The governance structure under this Sustainable Development Policy is distinct from, but complementary to, the Company's Vanachai Integrated Materiality and Risk Assessment (V-IMRA) framework. While V-IMRA provides the technical process for identifying and prioritizing sustainability-related impacts, risks, and opportunities, this Policy defines the roles, responsibilities, and oversight mechanisms for steering sustainability performance and long-term value creation at the enterprise level.

5.1 Board of Directors

The Board of Directors holds ultimate responsibility for the oversight of the Company's sustainable development strategy and performance.

Key responsibilities include:

- Providing strategic direction and oversight to ensure that sustainability is integrated into the Company's long-term vision, corporate strategy, and risk appetite
- Approving the Sustainable Development Policy and overseeing its alignment with the Company's sustainability framework "FOREST | FUTURE | TOGETHER – for a Sustainable Living"
- Overseeing material sustainability-related risks and opportunities, including environmental, social, and governance (ESG) matters that may affect long-term value creation
- Ensuring that sustainability considerations are appropriately reflected in major strategic decisions, capital allocation, and business priorities
- Monitoring the effectiveness of sustainability governance and holding management accountable for performance and outcomes

The Board receives regular updates on sustainability performance, material ESG issues, and progress against strategic sustainability objectives through established governance and reporting channels.

5.2 Sustainability Committee

The Sustainability Committee is established to support the Board by providing focused oversight and strategic guidance on sustainability matters.

The primary roles of the Sustainability Committee include:

- Overseeing the development, implementation, and continuous improvement of the Company's sustainability strategy, policies, and initiatives
- Reviewing material sustainability-related issues identified through the Company's integrated assessment processes, including Double Materiality Assessment outcomes and V-IMRA results, from a strategic and business impact perspective
- Ensuring alignment between sustainability priorities, stakeholder expectations, and international standards
- Monitoring progress against sustainability objectives, targets, and key initiatives across environmental, social, and governance dimensions
- Advising the Board and Executive Management on emerging sustainability trends, regulatory developments, and ESG-related risks and opportunities
- The Sustainability Committee acts as a strategic bridge between the Board and management, ensuring that sustainability considerations are translated into coherent strategic direction while remaining aligned with the Company's governance framework.

5.3 Executive Management

Executive Management is responsible for the effective implementation of the Sustainable Development Policy and for embedding sustainability into day-to-day business operations.

Key responsibilities include:

- Translating the Company's sustainability strategy and policy commitments into actionable plans, programs, and operational practices
- Integrating sustainability considerations into business planning, operational management, investment decisions, and performance management systems
- Ensuring that sustainability-related risks and opportunities identified through V-IMRA and other assessment processes are addressed through appropriate management actions
- Allocating resources, budgets, and capabilities to support sustainability initiatives and long-term value creation
- Reporting sustainability performance, progress, and challenges to the Sustainability Committee and the Board in a timely and transparent manner
- Executive Management is accountable for delivering measurable sustainability outcomes that support business resilience, competitiveness, and long-term growth.

5.4 Roles of Supporting Functions

Relevant corporate functions—including sustainability, risk management, finance, operations, procurement, human resources, and internal audit—support the governance framework by:

- Providing technical expertise, data, and analysis to support sustainability initiatives and decision-making
- Coordinating sustainability performance monitoring, reporting, and disclosure
- Supporting alignment between sustainability objectives, risk management, and operational execution
- Enhancing internal controls, data quality, and assurance related to sustainability information

5.5 Alignment with International Governance Standards

The governance and accountability structure defined under this Sustainable Development Policy is designed to align with internationally recognized standards and best practices, including:

- FTSE Russell ESG Ratings – Governance and Risk Management (GRM Series), particularly indicators related to board oversight, ESG integration, accountability, and transparency
- GRI Standards, particularly disclosures related to governance roles, responsibilities, and oversight of sustainability matters
- COSO Enterprise Risk Management – Integrating with Strategy and Performance, with respect to governance, oversight, and strategic alignment
- United Nations Sustainable Development Goals (SDGs), especially SDG 16 on effective, accountable, and transparent institutions

Through this governance framework, the Company ensures that sustainable development is embedded at the highest levels of decision-making, supported by clear accountability, and implemented consistently across the organization to drive long-term sustainable value.

6) Principles and Guidelines for Sustainable Development Implementation

The Company establishes principles and implementation guidelines for sustainable development to serve as a common reference framework for policy formulation, strategy development, action planning, and business operations at all levels. These principles are designed to systematically integrate economic, environmental, social, and governance (ESG) considerations into long-term value creation.

These principles and guidelines support the Company’s sustainability framework “FOREST | FUTURE | TOGETHER – for a Sustainable Living” and function as an Umbrella Policy for all sustainability-related policies, strategies, and action plans across different ESG dimensions.

6.1 Core Principles of Sustainable Development

The Company’s approach to sustainable development is founded on the following core principles:

6.1.1 Long-term Value Creation

The Company is committed to conducting business in a manner that creates long-term economic value while responsibly managing environmental and social impacts. This approach strengthens the Company’s competitiveness, resilience, and sustainability over the long term.

6.1.2 Value Chain Responsibility

The Company recognizes that sustainability impacts occur across the entire value chain. Accordingly, it promotes responsible practices from raw material sourcing and production through logistics, distribution, and product use, including engagement with suppliers, partners, and customers.

6.1.3 Integration of ESG into Business Operations

Environmental, social, and governance considerations are integrated into corporate strategy formulation, business planning, management decision-making, and day-to-day operations, rather than being treated as standalone or separate initiatives.

6.1.4 Comprehensive Risk and Opportunity Awareness

Sustainable development efforts are grounded in an understanding of sustainability-related risks, impacts, and opportunities that may affect the Company and its stakeholders. These considerations are informed by structured assessment processes and forward-looking analysis.

6.1.5 Transparency and Accountability

The Company is committed to transparent, credible, and accountable sustainability practices and disclosures, aligned with internationally recognized standards, to build trust and confidence among stakeholders.

6.2 Guidelines for Sustainable Development Implementation

To translate sustainability principles into practical and measurable actions, the Company establishes the following implementation guidelines:

6.2.1 Strategic Direction for Sustainability

Apply the Company’s sustainability vision and Sustainable Development Policy as a guiding framework for corporate strategy formulation

Align sustainability objectives with business plans and the Company's long-term strategic goals

6.2.2 Linkage with Assessment and Risk Management Processes

- Utilize outcomes from Double Materiality Assessment and the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) to inform sustainability priorities and policy direction
- Integrate material sustainability issues into the Enterprise Risk Management (ERM) system to support structured risk oversight and strategic decision-making

Note: This Policy defines principles and strategic direction. Detailed technical assessment processes are governed under the V-IMRA and ERM policies and guidelines.

6.2.3 Policy-to-Practice Translation

- Cascade sustainability policy commitments into action plans, programs, and operational practices at the business unit and functional levels
- Encourage all functions to integrate ESG considerations into their respective roles, responsibilities, and operational processes

6.2.4 Stakeholder Engagement

- Consider stakeholder expectations and perspectives when defining sustainability priorities, strategies, and initiatives
- Promote collaboration with suppliers, communities, customers, and business partners to create shared value and collective positive impact

6.2.5 Monitoring, Evaluation, and Continuous Improvement

- Monitor sustainability performance and progress through appropriate indicators and management mechanisms
- Use monitoring results to refine strategies, practices, and initiatives in response to evolving business, regulatory, and stakeholder contexts

6.3 Linkage with Thematic Policies and Action Plans

This Sustainable Development Policy serves as the Company's Umbrella Policy by linking and supporting thematic sustainability policies and action plans, including but not limited to:

- Environmental and Climate Change Policy
- Biodiversity Policy
- Human Rights and Labour Policy
- Sustainable and Responsible Supply Chain Policy
- V-IMRA and Enterprise Risk Management (ERM) Policies and Guidelines

This integrated structure ensures that the Company's sustainability efforts are coherent, systematic, and aligned with long-term sustainable growth objectives.

(Aligned with FTSE Russell ESG – Strategy, Governance & Risk Integration; GRI 2-22, GRI 3-3; COSO ERM – Strategy and Performance; UN SDGs 8, 12, 13, 16, and 17)

7) Risk, Impact, and Dependency Management

The Company recognizes that effective sustainable development requires a comprehensive understanding and management of risks, impacts, and dependencies arising from its business operations and value chain. These factors may affect the Company's long-term resilience, financial performance, stakeholder relationships, and ability to create sustainable value.

Accordingly, the Company establishes a structured approach to identifying, assessing, and managing sustainability-related risks, impacts, and dependencies, ensuring alignment with corporate strategy, governance, and long-term value creation objectives.

7.1 Identification of Risks, Impacts, and Dependencies

The Company systematically identifies sustainability-related risks, impacts, and dependencies across its operations and value chain, covering environmental, social, and governance (ESG) dimensions, including but not limited to:

- Environmental impacts and dependencies, such as climate change, biodiversity, natural resources, energy, water, and emissions
- Social impacts and dependencies, including labour practices, human rights, occupational health and safety, and community relationships
- Governance-related risks, including ethics, compliance, transparency, and business conduct

Identification considers:

- The Company's business model, strategy, and operating context
- Internal performance data and operational insights
- Regulatory developments, market trends, and external risk factors
- Stakeholder expectations and material sustainability concerns
- 7.2 Integrated Assessment through Double Materiality and V-IMRA

Identified risks, impacts, and dependencies are assessed through an integrated framework that combines:

- Double Materiality Assessment, considering both
 - Impact materiality: the Company's impacts on the economy, society, environment, and stakeholders, and
 - Financial materiality: risks and opportunities that may affect financial performance, position, and long-term value
- Vanachai Integrated Materiality and Risk Assessment (V-IMRA), which serves as the Company's internal mechanism to prioritize material sustainability issues and link them to enterprise-wide risk management

This integrated assessment enables the Company to:

- Prioritize material sustainability risks, impacts, and dependencies
- Understand interconnections between ESG impacts and business risks
- Identify strategic sustainability opportunities alongside risk mitigation needs

7.3 Integration with Enterprise Risk Management (ERM)

The outcomes of the integrated assessment are formally embedded into the Enterprise Risk Management (ERM) system to ensure consistency, accountability, and effective oversight. This includes:

- Recording material sustainability-related risks and dependencies in the Enterprise Risk Register
- Supporting the determination of the Company's Risk Appetite
- Defining appropriate risk response measures, controls, and mitigation actions
- Linking sustainability-related risks to strategic planning, capital allocation, and management decision-making

This integration ensures that sustainability considerations are managed as part of core business risk governance, rather than as standalone or isolated issues.

7.4 Management and Mitigation of Material Risks and Impacts

Based on assessment outcomes, the Company manages and mitigates material sustainability-related risks and impacts through:

- Policy development and updates
 - Strategic initiatives and action plans
 - Operational controls and performance improvement measures
 - Collaboration with suppliers, business partners, and stakeholders where relevant
- Dependencies on critical resources, ecosystems, human capital, and value chain partners are monitored to enhance business resilience and continuity.

7.5 Monitoring and Continuous Review

Risks, impacts, and dependencies are monitored on an ongoing basis to reflect changes in:

- Business strategy and operations
- Regulatory and market conditions
- Environmental, social, and geopolitical contexts
- Stakeholder expectations

Material changes are reflected through updates to V-IMRA and ERM processes, ensuring that sustainability risk management remains forward-looking, adaptive, and aligned with the Company's long-term sustainable development objectives.

(Aligned with FTSE Russell ESG – Risk Management and Integration of ESG Risks; GRI 3-1 to 3-3; GRI 2-12, 2-14; COSO ERM – Risk Identification, Assessment, and Review; UN SDGs 8, 12, 13, and 16)

8) Targets and Performance Indicators

The Company establishes policy-level targets and monitoring indicators to provide a structured framework for tracking and evaluating progress in advancing sustainable development in a systematic manner. These targets and indicators are designed to align with the Company's corporate strategy, principles of good corporate governance, and long-term risk management, with a strong emphasis on integrating economic, environmental, social, and governance (ESG) considerations into business operations and decision-making at all levels.

8.1 Policy-Level Objectives

The Company defines the following policy-level objectives for sustainable development:

- To systematically integrate sustainability considerations and material issues into corporate strategy, business planning, and decision-making processes
- To utilize the outcomes of the Double Materiality Assessment and the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) as core inputs for policy formulation and risk management
- To enhance transparency, accountability, and auditability of sustainability-related governance and management practices
- To support long-term business value creation while mitigating risks and adverse impacts on the economy, society, the environment, and stakeholders

8.2 Policy-Level Monitoring Indicators

- To monitor progress and assess the effectiveness of this Policy, the Company establishes the following policy-level indicators:
- The existence and effective use of Double Materiality Assessment and V-IMRA outcomes in corporate strategy formulation, business planning, and executive decision-making
- The degree of integration of material sustainability issues into the Enterprise Risk Management (ERM) system
- The consistency and completeness of reporting on material sustainability issues and risks to the Board of Directors and relevant Board-level committees
- The presence of structured mechanisms for ongoing monitoring, review, and continuous improvement of sustainability-related policies and implementation approaches
- The disclosure of sustainability and corporate governance information at an appropriate level, in alignment with the reporting frameworks adopted by the Company

8.3 Linkage with Strategic and Operational Performance Indicators

Quantitative targets, short-, medium-, and long-term goals, as well as issue-specific performance indicators, will be further defined and detailed in the Company's sustainability strategies, implementation plans, and relevant thematic policies. This

approach ensures clarity in operational execution, performance tracking, and accountability while maintaining alignment with this Policy-level framework.

(Aligned with FTSE Russell ESG – Strategy, Targets & Monitoring, Governance & Risk Management; GRI 2 and GRI 3; COSO ERM; and the Double Materiality concept)

9) Integration with Corporate Strategy and Decision-Making

The Company integrates sustainable development principles into corporate strategy formulation, business planning, and management decision-making at all levels to ensure that business growth is balanced, resilient, and capable of creating long-term value for stakeholders, the economy, society, and the environment.

This integration encompasses the use of outcomes from the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) and the Double Materiality Assessment as key inputs for defining strategic direction, prioritizing policies and initiatives, allocating resources, and making material investment decisions.

The Company systematically links the results of V-IMRA to the Enterprise Risk Management (ERM) system to ensure that strategic decisions are aligned with the Company's defined risk appetite and that strategic, operational, and ESG-related risks are effectively identified, assessed, and managed.

At the governance level, the Board of Directors and the Sustainability Committee use sustainability and material risk information as part of their oversight of corporate direction, performance monitoring, and evaluation of long-term strategic suitability. Executive Management, in turn, applies these principles and assessment outcomes in translating strategy into execution, business planning, and organizational management across different planning horizons.

Through the integration of sustainable development into corporate strategy under this Policy, the Company strengthens its competitiveness, enhances resilience to changing business, economic, social, and environmental contexts, and supports long-term sustainable value creation under the vision:

"FOREST | FUTURE | TOGETHER – for a Sustainable Living."

10) Monitoring, Reporting, and Disclosure

The Company places strong emphasis on the systematic monitoring, reporting, and disclosure of sustainable development performance in a transparent, consistent, and verifiable manner. This approach supports good corporate governance, strengthens stakeholder confidence, and enhances the long-term effectiveness of the Company's sustainability management.

Performance Monitoring

The Company regularly monitors progress and performance related to sustainable development, covering material environmental, social, and governance (ESG) issues across its business operations and value chain. Monitoring activities are linked to:

- The Company's sustainability objectives and performance indicators
- The outcomes of the Double Materiality Assessment
- The Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process and the Enterprise Risk Management (ERM) system

This integration ensures that sustainability-related issues are appropriately identified, managed, and aligned with the Company's overall strategy.

Performance Reporting

The Company prepares sustainability performance reports at an appropriate level through its Sustainability Report, Annual Report, or other relevant disclosure channels, as deemed appropriate by the Company. Reporting covers, among others:

- Sustainability policies and management approaches
- Progress against defined sustainability objectives and indicators
- Material risks, opportunities, and impacts related to sustainability

Reporting practices are aligned with internationally recognized frameworks and standards selected by the Company, such as FTSE Russell ESG Ratings, GRI Standards, and applicable regulatory requirements.

Disclosure and Transparency

The Company is committed to transparent, comprehensive, and consistent disclosure of sustainability-related information to enable stakeholders to clearly understand the Company's management approach, performance, and long-term sustainability direction. Disclosure practices take into account:

- Data accuracy, consistency, and comparability
- Appropriateness of disclosure and protection of sensitive information
- Alignment with corporate strategy and principles of good corporate governance

Use of Information for Governance and Continuous Improvement

Information derived from monitoring, reporting, and disclosure processes is presented to Executive Management, the Sustainability Committee, and the Board of Directors to support governance oversight, strategic decision-making, policy review, and continuous improvement of sustainability practices.

This approach enhances the Company's credibility, accountability, and organizational resilience, while supporting sustainable growth under the vision:

"FOREST | FUTURE | TOGETHER – for a Sustainable Living."

(Aligned with FTSE Russell GRM04–GRM05, GRM11; GRI 102-15, GRI 102-29, GRI 102-30, GRI 102-33; and SDGs 12.6 and 16.6).

11) Review and Continuous Improvement

The Company is committed to the continuous review and enhancement of its Sustainable Development Policy to ensure its ongoing relevance, effectiveness, and alignment with the business context, corporate strategy, international standards, and long-term stakeholder expectations.

Systematic Policy Review

The Sustainable Development Policy is formally reviewed at least once every two years, or more frequently when material changes arise, including but not limited to:

- Significant changes in corporate strategy, business structure, or operating model
- Material environmental, social, or governance issues affecting the Company or its stakeholders
- Amendments to applicable laws, regulations, international standards, or sustainability reporting frameworks
- Economic, social, environmental, or geopolitical developments with potential material impacts on the Company

Use of Assessment and Monitoring Information

Policy reviews are informed by evidence-based inputs, including:

- Sustainability performance monitoring and reporting outcomes
- Results of the Double Materiality Assessment
- Outputs from the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) and its integration with the Enterprise Risk Management (ERM) system

These inputs are used to evaluate the continued relevance and effectiveness of the Policy, its implementation approaches, stated objectives, and sustainability governance mechanisms.

Policy Enhancement and Operational Advancement

- Findings from each review cycle are applied to:
- Update and refine sustainability policies, principles, and implementation approaches in line with evolving conditions and future direction
- Strengthen the integration of ESG considerations into corporate strategy, management decision-making, and operational practices at all levels

Enhance the effectiveness of governance, risk management, and long-term sustainable value creation

Approval and Communication

Material revisions to the Sustainable Development Policy are subject to review and approval in accordance with the Company's governance framework.

Approved updates are communicated to relevant internal functions and, where appropriate, to external stakeholders to ensure consistent understanding and effective implementation.

This continuous review and improvement mechanism is a key enabler of the Company's resilience, credibility, and competitiveness, supporting sustainable growth under the vision:

"FOREST | FUTURE | TOGETHER – for a Sustainable Living."

(Aligned with FTSE Russell GRM04–GRM05, GRM11; GRI 102-15, GRI 102-29, GRI 102-30; COSO ERM – Review and Revision; and SDGs 12.6 and 16.6)

12) Sustainable Development Policy Revision History

Version	Date	Policy Owner	Approved by	Key Changes / Comments
1.0	11 November 2024	Executive Management / Relevant Functions	Board of Directors	Initial issuance of the Sustainable Development Policy, established as a compliance-driven framework to guide the Company's sustainability practices and support adherence to applicable regulatory requirements and international standards.
2.0	13 May 2026	Sustainability Committee	Board of Directors	Policy enhancement to elevate sustainability from a compliance-based approach to a strategic sustainability framework. This revision integrates the Double Materiality Assessment concept, the Vanachai Integrated Materiality and Risk Assessment (V-IMRA), and formal linkage with the Enterprise Risk Management (ERM) system. It also clarifies governance roles and responsibilities of the Board, Executive Management, and oversight mechanisms, and strengthens monitoring processes to support long-term sustainable value creation.

This Sustainable Development Policy serves as an enterprise-wide policy framework that is continuously developed to remain aligned with the Company's strategic direction, business context, international standards, and stakeholder expectations. The Policy emphasizes the creation of long-term sustainable value alongside the effective management of risks and impacts across the entire value chain.

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