



# LETTER OF APPROVAL OF MATERIAL ISSUES FOR SUSTAINABLE DEVELOPMENT

Version 3/2025 VNG-GOV-MISD-LA-03

Effective Date: 1 January 2025

# Letter of Approval of Material Issues for Sustainable Development

## For the Year 2025

Field	Details	Field	Details
<b>Document No.</b>	VNG-GOV-MISD-LA-03	<b>Document Type</b>	Letter of Approval
<b>Company</b>	Vanachai Group Public Company Limited and Subsidiaries	<b>Reporting Year</b>	2025
<b>Prepared by</b>	Sustainability Development Working Group	<b>Reviewed by</b>	Sustainability Committee / Executive Management
<b>Approval Authority</b>	Board of Directors or Authorized Signatory	<b>Effective Date</b>	1 January 2025
<b>Board Meeting No. / Approval Date</b>		<b>Version</b>	03

### 1. Purpose of This Letter

Vanachai Group Public Company Limited and its subsidiaries (the “Company” or the “Group”) have conducted a review and update of the material issues for sustainable development for the 2025 reporting year through the Vanachai Double Materiality Assessment and the Vanachai Integrated Materiality and Risk Assessment (V-IMRA).

This Letter is prepared to formally approve, declare, and communicate the Group’s material sustainability issues for 2025. The approved issues shall be used as the primary reference for sustainability strategy, enterprise risk management, performance management, stakeholder engagement, and sustainability disclosures in the Sustainability Report, Annual Report, and other relevant corporate communications.

### 2. Basis of Approval

The 2025 assessment was conducted using a double materiality approach that considers both impact materiality and financial materiality. Impact materiality assesses the significance of the Group’s actual and potential impacts on the environment and society, while financial materiality assesses sustainability-related risks and opportunities that may affect financial performance, position, cash flows, or future prospects.

The assessment has been developed with reference to the following standards, frameworks, and internal management processes:

- IFRS Sustainability Disclosure Standards, including IFRS S1 and IFRS S2, for investor-focused sustainability-related risks and opportunities.
- GRI 3: Material Topics 2021, for identification and prioritization of significant impacts on the economy, environment, and society.

- FTSE Russell ESG Ratings framework, as a reference for disclosure quality, governance, and evidence-based assessment.
- Vanachai Integrated Materiality and Risk Assessment (V-IMRA), integrated with Enterprise Risk Management (ERM), strategy development, and performance management.
- The Group's value chain, including upstream wood raw material sourcing through communities, SMEs, and suppliers, manufacturing operations in Thailand, logistics and distribution, product use, customer engagement, and end-of-product considerations.

### 3. Assessment Process

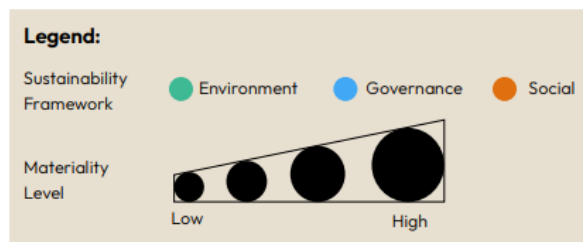
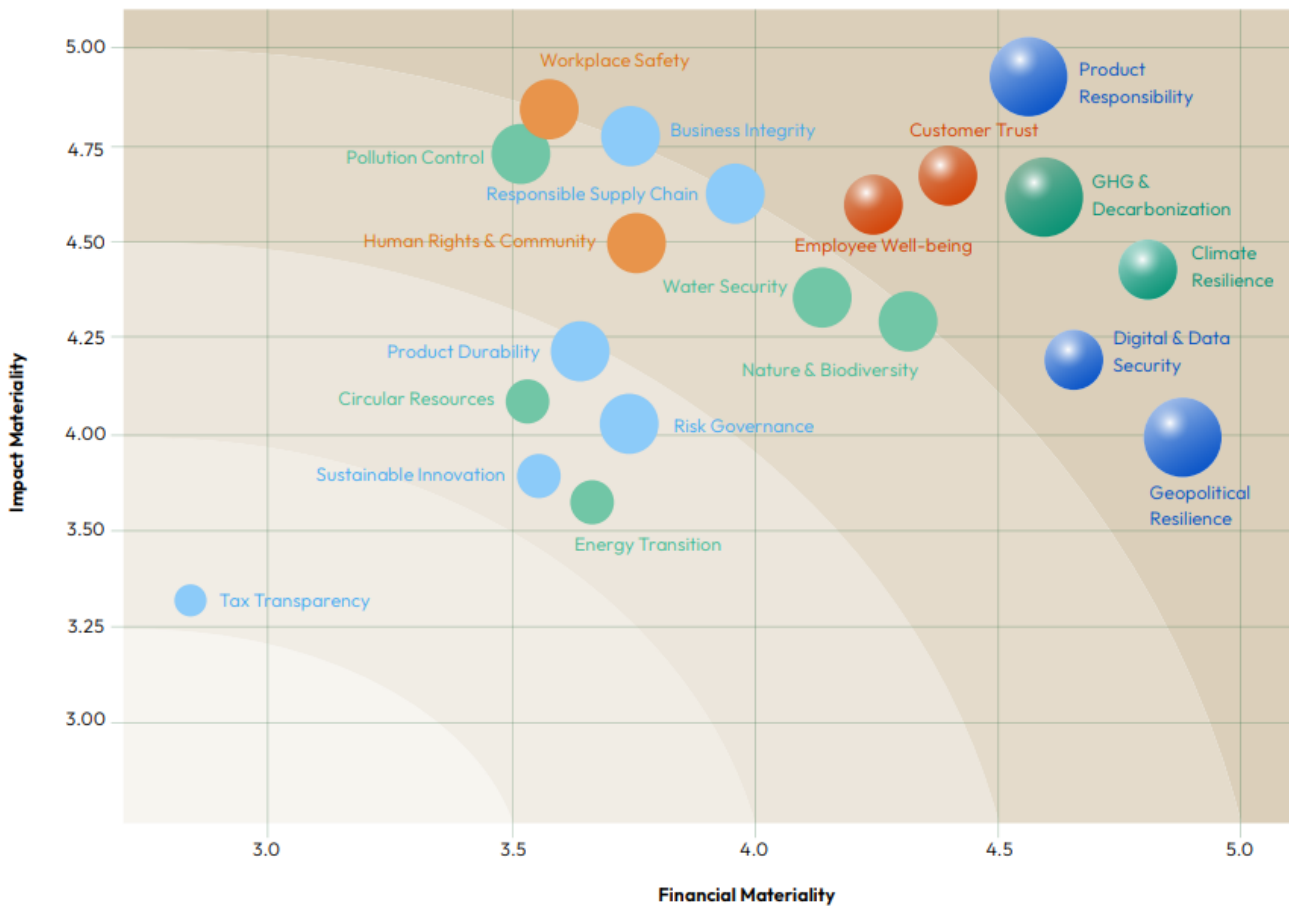
The Group applied a structured five-step process to identify, assess, prioritize, validate, and integrate the 2025 material sustainability issues.

Step	Process	Description
1	Set the Context	Understand the business model, value chain, governance structure, strategy, ERM context, stakeholder groups, and external sustainability landscape.
2	Identify What Matters	Identify relevant sustainability topics, impacts, risks, and opportunities across the value chain, based on internal data, external trends, standards, peer practices, and stakeholder perspectives.
3	Assess Significance	Assess impact materiality by severity and likelihood, and assess financial materiality by magnitude, likelihood, and potential implications for costs, revenues, assets, liabilities, market access, and resilience.
4	Prioritize Material Topics	Consolidate stakeholder priorities, impact materiality, and financial materiality to determine the final list of material issues that exceed defined significance thresholds.
5	Validate and Integrate	Validate outcomes through management and governance review, then integrate the results into strategy, ERM, performance management, action plans, and disclosure.

## 4. Approved Material Issues for Sustainable Development 2025

The following twenty material issues are approved as the Group’s Material Issues for Sustainable Development for the Year 2025. These issues are organized under the Group’s sustainability framework of FOREST, FUTURE, and TOGETHER, and aligned with the strategic focus areas identified in the 2025 Double Materiality Assessment.

### Materiality Matrix 2025



Pillar	Strategic Focus	No.	Approved Material Issue	Management Focus
FOREST	Transitioning Together to a Low-Carbon Future	1	Climate Change Mitigation and Adaptation	Climate resilience, regulatory readiness, and business continuity.
FOREST	Transitioning Together to a Low-Carbon Future	2	Greenhouse Gas Emissions and Decarbonization	Operational emissions management and a structured decarbonization pathway.
FOREST	Transitioning Together to a Low-Carbon Future	3	Energy Efficiency and Low-Carbon Energy Transition	Energy performance, cost efficiency, renewable and low-carbon energy transition.
FOREST	Advancing Circular and Resource-Responsible Manufacturing	4	Circular Economy and Resource Efficiency	Efficient use of wood raw materials, by-products, residues, and production resources.
FOREST	Advancing Circular and Resource-Responsible Manufacturing	5	Waste, Wastewater, and Pollution Prevention	Waste reduction, wastewater management, pollution prevention, and environmental compliance.
FOREST	Advancing Circular and Resource-Responsible Manufacturing	6	Biodiversity and Responsible Natural Resource Use	Responsible wood sourcing, resource efficiency, traceability, and reduced pressure on natural resources.
FOREST	Safeguarding Water Resources for the Future	7	Water Stewardship and Water Security	Water efficiency, wastewater discharge quality, water risk monitoring, and shared water security.
FUTURE	Strengthening Responsible and Resilient Governance	8	Business Integrity and Anti-Corruption	Ethical conduct, anti-corruption controls, whistleblowing, and third-party integrity.
FUTURE	Strengthening Responsible and Resilient Governance	9	Enterprise Risk Management and Oversight	Governance oversight, risk appetite, emerging risk monitoring, and integration of ESG risks into ERM.

Pillar	Strategic Focus	No.	Approved Material Issue	Management Focus
<b>FUTURE</b>	Strengthening Responsible and Resilient Governance	<b>10</b>	Tax Transparency and Responsible Tax Practices	Tax compliance, tax governance, transparency, and responsible use of lawful incentives.
<b>FUTURE</b>	Strengthening Responsible and Resilient Governance	<b>11</b>	Responsible Supply Chain and Partner Responsibility	Supplier standards, traceability, supplier engagement, ESG risk management, and shared value.
<b>FUTURE</b>	Strengthening Responsible and Resilient Governance	<b>12</b>	Geopolitical and Global Business Resilience	Export market resilience, logistics continuity, market diversification, and scenario planning.
<b>FUTURE</b>	Driving Digital and Sustainable Innovation	<b>13</b>	Digital Transformation and Data Security	ERP-enabled process integration, data governance, cybersecurity, and digital capability.
<b>FUTURE</b>	Driving Digital and Sustainable Innovation	<b>14</b>	Green and Inclusive Innovation	Product and process innovation, employee-driven improvement, and inclusive innovation capability.
<b>FUTURE</b>	Designing Durable and Responsible Products	<b>15</b>	Product Longevity and Lifecycle Performance	Product durability, lifecycle performance, end-of-product-life study, and waste reduction.
<b>FUTURE</b>	Designing Durable and Responsible Products	<b>16</b>	Sustainable Product and Service Responsibility	Product quality, formaldehyde control, customized product design, customer collaboration, and greener buildings.
<b>TOGETHER</b>	Empowering People and Ensuring Safe Workplaces	<b>17</b>	Employee Well-being, Engagement, and Development	Fair employment, engagement, development plans, performance feedback, and retention.

Pillar	Strategic Focus	No.	Approved Material Issue	Management Focus
TOGETHER	Empowering People and Ensuring Safe Workplaces	18	Occupational Health and Safety	Workplace safety, accident prevention, occupational health, mental well-being, and safety culture.
TOGETHER	Creating Shared Value for Society and Customers	19	Respect for Human Rights and Community Development	Human rights respect, community dialogue, social impact management, CSR initiatives, and grievance channels.
TOGETHER	Creating Shared Value for Society and Customers	20	Customer Responsibility and Trust	Customer satisfaction, health and safety, responsible communication, feedback, loyalty, and long-term trust.

## 5. Strategic Interpretation of the 2025 Material Issues

The 2025 material issues confirm that sustainability-related impacts, risks, and opportunities are interconnected across the Group's value chain. Environmental stewardship, responsible governance, product responsibility, people development, and customer trust are not separate workstreams. They are core inputs to competitiveness, risk management, and long-term value creation.

Particular management attention shall be given to Sustainable Product and Service Responsibility and Customer Responsibility and Trust, as product quality, safety, environmental performance, and customer confidence are central to the Group's business model and export-oriented market position. At the same time, the Group shall continue to prioritize climate resilience, resource efficiency, responsible sourcing, data security, geopolitical resilience, occupational health and safety, and community relationships.

## 6. Required Implementation and Integration

Upon approval, all directors, executives, business units, functions, and employees shall support and implement the approved material issues through the following mechanisms:

Area	Required Action
Strategy and Business Planning	Use the approved material issues to inform strategic priorities, business plans, capital allocation, investment screening, and long-term resilience planning.

Area	Required Action
Enterprise Risk Management	Integrate relevant sustainability-related impacts, risks, and opportunities into ERM risk registers, risk appetite, monitoring, escalation, and scenario planning.
Performance Management	Translate material issues into targets, KPIs, management action plans, responsible owners, and progress monitoring mechanisms.
Sustainability Disclosure	Use the approved material issues as the primary reference for the 2025 Sustainability Report, Annual Report, ESG ratings responses, and other stakeholder communications.
Stakeholder Engagement	Design stakeholder engagement, surveys, interviews, grievance channels, and communication activities around issues that are material to stakeholders and the Group.
Policies and Procedures	Review and update relevant policies, guidelines, operating procedures, supplier expectations, and customer-facing practices to ensure alignment with the approved material issues.

## 7. Approval Statement

By this Letter, Vanachai Group Public Company Limited and its subsidiaries approve and declare the twenty material issues listed in Section 4 as the Material Issues for Sustainable Development for the Year 2025.

The approved material issues shall take effect from 1 January 2025 and shall remain applicable until reviewed, revised, or superseded by a subsequent approval. The Group shall review its material issues periodically, and at least annually, to reflect changes in business context, stakeholder expectations, sustainability standards, regulations, risks, and opportunities.

All executives and employees are responsible for supporting, implementing, monitoring, and communicating these material issues in accordance with the Group's sustainability governance, strategy, risk management, and reporting processes.

**Submitted by**



Chair of the Sustainability Committee

Date: January 1, 2015

**Approved by**



Chairman of the Board of Directors

Date: January 1, 2025

## Appendix A. Reference Documents

No.	Reference Document / Framework	Use in This Letter
1	Vanachai Double Materiality Report 2025	Primary source for 2025 double materiality methodology, V-IMRA approach, strategic focus areas, and approved material issues.
2	Approval of Material Sustainability Issues Statement 2024	Reference for prior-year approval structure, title format, five-step materiality process, material issues disclosure, effective date, and signature pattern.
3	IFRS S1 and IFRS S2	Reference for investor-focused sustainability-related risks and opportunities and financially material disclosure considerations.
4	GRI 3: Material Topics 2021	Reference for impact materiality, significant impacts, and material topic determination.
5	FTSE Russell ESG Ratings framework	Reference for disclosure quality, governance, and evidence-based ESG assessment.

## Appendix B. Future-Year Update Format

This format may be reused in future years. For each reporting cycle, the preparer shall update the following items before management review and approval.

Item to Update	Required Update
Document number and version	Update the suffix, version, approval date, and effective date in the document control table and footer.
Reporting year and title	Update the reporting year in the title, purpose statement, approval statement, and all references to the materiality assessment year.
Reference report	Replace the reference to the current year Double Materiality Assessment or equivalent materiality report.
Assessment standards and frameworks	Confirm continued relevance of IFRS, GRI, FTSE Russell, SET, TCFD, or other applicable reporting frameworks and rating methodologies.
Material issue list	Replace the material topics, strategic focus areas, and management focus descriptions with the latest Board-validated materiality outcomes.
Change from prior year	Summarize additions, removals, mergers, reframing, or increased or decreased importance compared with the previous year.
Implementation requirements	Update owners, KPIs, ERM linkages, risk registers, action plans, and disclosure requirements as applicable.
Approval evidence	Insert Board meeting number, approval date, name and title of authorized approver, and retain the signed copy as controlled evidence.

## Appendix C. Annual Review and Revision History

Version	Effective Date	Description of Change	Prepared / Reviewed / Approved
01	1 January 2025	Initial issue of Letter of Approval of Material Issues for Sustainable Development for the Year 2025, Document No. VNG-GOV-MISD-LA-03.	Prepared by Sustainability Development Working Group; reviewed by Sustainability Committee / Executive Management; approved by Board of Directors or authorized signatory.

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