



PROCUREMENT

SUSTAINABLE PROCUREMENT POLICY

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Sustainable Procurement Policy

Vanachai Group Public Company Limited and Subsidiaries

Vanachai Group Public Company Limited and its Subsidiaries (“the Company”) recognize the importance of procurement as a key mechanism that links the supply chain with the Company’s overall business operations. Procurement directly impacts economic efficiency, resource optimization, environmental impact reduction, and the promotion of social equity. Unsustainable procurement practices can result in excessive resource consumption, human rights violations, or lack of transparency in the market—ultimately affecting people’s quality of life and the long-term credibility of the organization.

At the organizational level, the Company acknowledges that a responsible procurement process forms the foundation of good corporate governance and sustainable business operations. The Company is therefore committed to managing procurement in a manner that considers economic, social, and environmental impacts throughout the entire value chain. This includes fostering transparent, fair, and auditable collaboration with business partners and stakeholders.

To support this commitment, the Company integrates three key policies:

- The Supplier Policy, which outlines ethical standards and social responsibility requirements for suppliers;
- The Sourcing Policy, which encourages sourcing of materials and services from responsible and traceable sources;
- And the Buyer Training Policy, which aims to enhance the knowledge, understanding, and skills of procurement personnel, instilling a mindset grounded in sustainability and business ethics.

This Sustainable Procurement Policy is established to define a transparent and auditable operational framework aligned with international standards such as FTSE Russell (ESG02 and SSC11), GRI 204: Procurement Practices, and ISO 20400: Sustainable Procurement, while supporting the United Nations Sustainable Development Goals (SDGs 8, 12, 13, and 17). The ultimate goal is to strengthen the Company’s competitiveness while creating shared economic, social, and environmental value throughout its supply chain.

1) Objectives

- This policy aims to establish responsible, transparent, and sustainable procurement practices with the following key objectives:
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- To ensure that the Company's procurement processes are efficient and mindful of economic, social, and environmental impacts throughout all stages of the product and service life cycle.
- To promote ethical, transparent, and governance-based practices in the selection, evaluation, and management of suppliers, while supporting partners that demonstrate social and environmental responsibility.
- To provide guidance for sourcing raw materials and services from traceable, sustainable sources in accordance with responsible sourcing principles.
- To develop the knowledge, understanding, and skills of procurement personnel necessary for making sustainable decisions through the Buyer Training Policy.
- To instill stakeholder confidence that the Company's procurement activities are conducted fairly, auditable, and in line with corporate governance principles.
- To align the Company's operations with international standards, including FTSE Russell (ESG02 and SSC11), GRI 204, ISO 20400, and the United Nations Sustainable Development Goals (SDGs 8, 12, 13, and 17).
- To support economic growth while preserving the environment and enhancing the quality of life for communities and society across the supply chain.

2) Policy Alignment and International Standards

This policy has been developed to align with national and international Environmental, Social, and Governance (ESG) standards to ensure that the Company's operations remain responsible, transparent, and auditable across every stage of the supply chain. The Company refers to the following key frameworks and standards:

- **Global Reporting Initiative (GRI):**
 - **GRI 204: Procurement Practices** – Establishes guidance for responsible and transparent procurement, while promoting local economic development.
 - **GRI 308: Supplier Environmental Assessment** and
 - **GRI 414: Supplier Social Assessment** – Emphasize environmental, social, and human rights assessments of suppliers to ensure alignment with the Company's sustainability objectives across the supply chain.
- **ISO 20400: Sustainable Procurement Guidance:** Provides a framework for integrating sustainability into procurement practices by balancing economic, social, and environmental impacts to create shared value throughout the value chain.
- **United Nations Global Compact (UNGC):** The Company is committed to upholding the UNGC principles—particularly Principles 7–9 related to the environment and Principle 10 concerning transparency and anti-corruption—to support ethical and environmentally responsible business practices.

- **United Nations Sustainable Development Goals (UN SDGs):** This policy supports the achievement of the following relevant SDGs
 - **SDG 8:** Decent Work and Economic Growth
 - **SDG 12:** Responsible Consumption and Production
 - **SDG 13:** Climate Action
 - **SDG 17:** Partnerships for the Goals
- **FTSE Russell ESG Indicators:**
 - **ESCO2 – Environmental Supply Chain Standards:** Focuses on environmentally responsible sourcing, sustainable resource use, and greenhouse gas emission reduction throughout the supply chain.
 - **SSC11 – Supply Chain Labour Standards and Human Rights:** Requires companies and suppliers to uphold human rights and labor standards, promoting safe, fair, and non-exploitative working conditions.

The Company believes that implementing this policy not only ensures compliance with international standards but also enhances governance throughout the supply chain, driving growth that is transparent, accountable, and capable of creating shared economic, social, and environmental value.

3) Scope

This policy applies to:

- **Employees and Internal Units:** This policy applies to employees at all levels involved in procurement, sourcing, contract management, quality control, or any decision-making related to suppliers and service providers.
- **Business Partners and Suppliers:** All business partners, suppliers, contractors, and service providers must comply with this policy and the guidelines outlined in the “Business Code of Conduct for Business Partners.” They are also required to undergo sustainability assessments based on the Company’s defined criteria.
- **All Procurement Processes:** This includes all stages from demand planning, supplier selection, pricing evaluation, contract execution, product and service delivery, inspection, to performance evaluation of suppliers.
- **Types of Goods and Services:** The policy covers procurement of core raw materials, wood-based and wood-alternative products, machinery, equipment, consumer goods, engineering services, logistics, energy, and capital investment projects.
- **Supply Chain:** The Company extends its responsibility to sub-suppliers and other stakeholders within the supply chain to ensure compliance with ethical practices, human rights, safety, and environmental standards.

- **Monitoring and Evaluation Systems:** The Company will regularly monitor, audit, and evaluate the performance of its suppliers. The policy will also be reviewed and updated continuously to reflect international standards and evolving business contexts.

(Aligned with FTSE Russell GCG07–GCG08, GRI 205-3, OECD Guidelines, CG Code 2021, and SDG 16.6)

4) Definitions and References

- **Sustainable Procurement:** The process of acquiring goods and services by considering economic, social, and environmental impacts throughout the product life cycle, in order to create shared value across all stakeholders in the supply chain.
- **Responsible Sourcing:** The procurement of raw materials or services from sources that are transparent, traceable, and operated under standards for human rights, labor, safety, and environmental responsibility.
- **Suppliers:** Individuals or entities providing raw materials, products, or services to the Company, including contractors, distributors, and business partners within the supply chain.
- **Sub-suppliers:** Individuals or entities contracted by the Company's suppliers to perform parts of the production or service process, who must adhere to the same standards as the Company's primary suppliers.
- **Business Code of Conduct for Business Partners:** A set of guidelines established by the Company that all suppliers are expected to comply with, to ensure that business transactions are conducted ethically, free from corruption, with respect for human rights, and with consideration for environmental and safety concerns.
- **Supplier Sustainability Assessment:** A process for auditing and evaluating suppliers based on Environmental, Social, and Governance (ESG) criteria to ensure alignment with the Company's sustainability policies.
- **Green Procurement:** The practice of procuring goods or services that have minimal environmental impact—such as products that are recyclable, energy-efficient, or certified by eco-labels or green standards.
- **Buyer Training:** A process of developing procurement staff through knowledge enhancement on sustainable procurement principles, supply chain risk analysis, and transparent, ESG-aligned decision-making.
- **Supply Chain:** The complete sequence of activities from sourcing raw materials to production, distribution, and delivery of goods and services to customers, including all relevant suppliers and sub-suppliers.
- **Audit and Monitoring:** Activities involving document reviews, on-site inspections, or performance evaluations of suppliers to ensure continuous compliance with the Company's sustainability policies and standards.

- **Vanachai Integrated Materiality and Risk Assessment (V-IMRA):** An internal assessment framework used by the Company to identify, assess, and prioritize sustainability-related impacts, risks, and opportunities across its operations and value chain. V-IMRA integrates both impact materiality and financial materiality considerations and provides structured inputs to the Enterprise Risk Management (ERM) system, strategic planning, and management decision-making.

(Aligned with FTSE Russell ESCO2, SSC11, GRI 204, GRI 308, GRI 414, ISO 20400, UN Global Compact Principles 7–10, and SDGs 8, 12, 13, 17)

5) Governance and Accountability

- **Board of Directors:** Holds the authority to approve and oversee the Sustainable Procurement Policy, while setting the strategic direction for the Company’s sustainability agenda. The Board ensures that all procurement practices comply with applicable laws, regulations, and international standards such as FTSE Russell (ESCO2 and SSC11) and ISO 20400. The Board also reviews performance periodically and provides guidance for enhancing the procurement system’s effectiveness.
- **Sustainability Committee:** Serves as the policy owner and is responsible for driving the implementation of sustainable procurement in alignment with the Company’s strategic framework, “Forest | Future | Together – for a Sustainable Living.” This committee supervises the integration of sustainability principles into supplier selection, evaluation, and development processes, and reports progress regularly to the Board for continuous improvement.
- **Audit Committee:** Responsible for reviewing and assessing the accuracy, transparency, and efficiency of procurement processes, as well as compliance with sustainability policies and requirements. The committee reviews internal audit findings and proposes risk management improvements in the supply chain to prevent fraud, human rights violations, and environmental harm.
- **Sustainable Procurement Working Team:** Operates at the implementation level to execute the policy by developing supplier selection and evaluation systems based on ESG (Environmental, Social, Governance) criteria. The team monitors performance and prepares regular reports for the Sustainability Committee to ensure alignment with the Company’s sustainability objectives.
- **Procurement Division:** Plays a critical role in enforcing the Sustainable Procurement Policy at every stage—from planning, supplier selection, and contract management to delivery monitoring and performance evaluation. The procurement team must ensure that all suppliers sign and comply with the Business Code of Conduct for Business Partners and maintain systematic records for monitoring and disclosure in the annual sustainability report.

- **Internal Audit Unit:** Responsible for auditing the accuracy and compliance of procurement practices with this policy. The unit assesses systemic risks within the supply chain and proposes enhancements to the Audit Committee and the Sustainability Committee to strengthen governance and transparency in procurement management.
- **All Employees:** Whether permanent, contract, or daily-hired, employees are required to understand and fully comply with the Sustainable Procurement Policy. They must adhere to business ethics, operate transparently, and avoid conflicts of interest. Any non-compliance should be reported to supervisors or relevant departments without fear of retaliation.

This policy operates under the Vanachai Governance Framework, which aims to foster a culture of transparency, accountability, and participation across all organizational levels—ensuring an efficient, transparent, and sustainably aligned procurement process that supports the Company’s long-term growth.

(Aligned with FTSE Russell GCG07–GCG08, GRI 102-29, 102-30, 102-33, 205-3, and SDGs 16.5, 16.6).

6) Commitments and Principles

The Company establishes the following commitments and operational principles to promote sustainable procurement:

6.1 Governance and Compliance with International Standards *(FTSE Russell ESC02, SSC11; GRI 204; ISO 20400; SDG 12.7, 16.6):*

- Operate all procurement activities based on principles of good governance, transparency, and accountability, with strict adherence to legal and ethical standards.
- Comply with relevant laws, regulations, and international standards such as FTSE Russell (ESC02, SSC11), ISO 20400: Sustainable Procurement, and GRI 204, 308, 414.
- Integrate principles of human rights, equity, and occupational safety throughout all levels of the procurement process.

6.2 Transparency and Fairness in Procurement *(FTSE Russell GCG07, GCG08; GRI 102-30, 205-3; SDG 16.5, 16.6):*

- Ensure all procurement processes are open, transparent, and auditable.
- Select suppliers based on fairness and avoid conflicts of interest, prioritizing the interests of the Company and its stakeholders.
- Prohibit employees and related parties from soliciting or offering any benefits that could influence business decisions.

6.3 Environmental and Social Responsibility *(FTSE Russell ESC02; GRI 301, 302, 305, 413; SDG 8, 12, 13, 17):*

- Prioritize procurement of environmentally friendly products and services that promote resource efficiency.
- Encourage green procurement and the use of recyclable or circular materials.
- Promote supplier compliance with practices that reduce environmental impact, such as lowering greenhouse gas emissions and improving waste management.
- Support local economic development through employment opportunities and sourcing from local enterprises.

6.4 Responsible Supply Chain Management *(FTSE Russell SSC11; GRI 308, 414; ISO 20400; SDG 8.7, 12.6, 17.16):*

- Evaluate and select suppliers based on Environmental, Social, and Governance (ESG) criteria.
- Require all suppliers to comply with the Business Code of Conduct for Business Partners and the Company's Sustainability Policy.
- Conduct regular audits and performance monitoring to ensure supplier compliance with sustainability requirements.
- Encourage suppliers to develop innovations and management systems that are environmentally responsible.

6.5 Capacity Building in Procurement Personnel *(FTSE Russell GCG07; GRI 205-2, 404-2; SDG 4.7, 16.6):*

- Provide continuous training and knowledge development for procurement staff and relevant departments.
- Foster awareness of sustainability, ethics, and accountability in procurement practices.
- Develop skills for assessing ESG risks in the supply chain to enable informed and transparent decision-making.

6.6 Stakeholder Communication and Engagement *(FTSE Russell SSC11; GRI 102-43; SDG 16.7, 17):*

- Promote transparent communication and disclosure of procurement information in a fair and verifiable manner.
- Encourage stakeholder participation in giving feedback and improving procurement processes.
- Collaborate with government agencies, private sector organizations, and business partners to elevate sustainable procurement standards across the industry.

6.7 Continuous Review and Improvement *(FTSE Russell GCG07; GRI 102-33, 102-56; SDG 12.6, 16.6):*

- Regularly review and assess the effectiveness of the Sustainable Procurement Policy.

- Revise procurement processes in response to changes in laws, international standards, and stakeholder expectations.
- Transparently report progress and performance outcomes in the Company's annual Sustainability Report.

7) Risk, Impact, and Dependency Management

The Company systematically manages risks associated with the sustainable procurement process by integrating them into the Enterprise Risk Management (ERM) framework, based on the COSO ERM Framework and principles of good corporate governance (CG Code). This approach aims to prevent and mitigate potential impacts on the economy, society, environment, and stakeholder trust, while enhancing resilience and preparedness for changes within the supply chain.

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.
- **Risk Identification:** The Company identifies potential risks across all organizational levels within the procurement process, encompassing economic, social, and environmental dimensions, including:
 - Risk from selecting suppliers that do not meet environmental or human rights standards.
 - Risk from sourcing raw materials from non-traceable sources.
 - Single supplier dependency, which may affect business continuity.
 - Environmental risks such as pollution, excessive resource consumption, or improper waste management.
 - Risks related to labor law violations, safety breaches, or human rights infringements within the supply chain.
 - Market, raw material, or climate change fluctuations affecting pricing and sourcing availability.
 - All identified risks are recorded in the Risk Register for ongoing monitoring and analysis. Standards.
- **Risk Assessment and Prioritization:** The Company assesses and prioritizes procurement risks by evaluating both the severity of impact and the likelihood of occurrence, using principles of materiality and proportionality aligned with the organization's risk appetite. This assessment includes an analysis of natural resource dependency, key supplier

relationships, and raw material sources, enabling strategic planning and efficient resource allocation.

- **Risk Management and Response:** The Company establishes control measures and responsive strategies to prevent and mitigate potential risks in sustainable procurement processes, such as:
 - Applying ESG (Environmental, Social, and Governance) criteria in supplier selection and evaluation to mitigate ethical and environmental risks
 - Conducting regular supplier audits, particularly for high-risk vendors
 - Segregation of duties among procurement, approval, and receiving teams to avoid conflicts of interest
 - Developing and reviewing a Business Continuity Plan (BCP) to ensure procurement resilience
 - Implementing a traceability system for raw materials and sourcing origins to ensure supply chain transparency
 - Reporting risk management results to the Audit Committee and the Sustainability Committee at least once annually.
- **Dependency and Adaptation Management:** Recognizing interdependence within the supply chain, the Company reduces reliance on single suppliers and promotes supplier diversification to build a more resilient and adaptable supply chain. The Company encourages partners to adopt circular economy practices and increase the proportion of recyclable or reusable materials, while also promoting the use of technologies and innovations to improve efficiency and reduce environmental impact.
- **Monitoring and Reporting:** The Company continuously monitors and reports on risks, impacts, and dependencies within the supply chain through annual reports summarizing performance, risk trends, and improvement plans. These reports are submitted to the Audit Committee and the Sustainability Committee and are used to inform the ongoing development of risk management strategies to strengthen the Company's long-term sustainability standards.

(Aligned with FTSE Russell ESCO2, SSC11, GCG07; GRI 102-15, 102-30, 308, 414; and SDGs 8, 12, 13, 16, 17)

8) Targets and Metrics

The Company establishes clear targets and performance indicators for sustainable procurement to enable measurable evaluation of operational effectiveness and to promote a long-term organizational culture of responsibility, transparency, and governance across the supply chain.

Short-Term Goals (Within 1 Year):

- Develop and implement an ESG-based (Environmental, Social, Governance) supplier assessment and selection system covering all key suppliers.

- Conduct at least one annual training session for procurement staff and related departments on “Sustainable Procurement and Supplier Code of Conduct.”
- Design a standardized Supplier Sustainability Assessment Form to evaluate suppliers’ environmental and social performance.
- Communicate the Sustainable Procurement Policy across all departments and to domestic and international suppliers.
- Submit biannual reports on supplier assessments and policy implementation results to the Sustainability Committee.

Medium-Term Targets (3–5 years):

- Ensure at least 80% of key suppliers undergo environmental and social performance assessments (Supplier ESG Assessment).
- Increase the proportion of procurement from suppliers certified with sustainability standards (e.g., ISO 14001 or SA8000) to at least 70%.
- Develop an e-Procurement Platform with supplier and raw material traceability capabilities.
- Reduce single supplier dependency to less than 20% of total procurement value.
- Conduct annual reviews of supplier performance evaluations and report findings to the Sustainability Committee to enable continuous improvement.

Long-Term Targets (5 years and beyond):

- Achieve 100% sustainable-certified procurement for all key suppliers.
- Reduce greenhouse gas emissions from procurement activities (Scope 3 – Supply Chain Emissions) by at least 30% by 2030.
- Fully integrate sustainable procurement into the Company’s Enterprise Risk Management (ERM) framework.
- Develop and publish a “Sustainable Procurement Performance Report” as part of the Company’s annual Sustainability Report.
- Be recognized at the industry level as a “Sustainable Procurement Excellence Organization.”

Key Performance Indicators

Category	Indicators	Monitoring Frequency	Responsible Unit
Supplier Assessment	% of key suppliers passing ESG assessment	≥ 80% within 5 years	Procurement Department / Sustainability Development Task Force
Training & Development	% of procurement staff trained in sustainable procurement	≥ 90% of target staff	HR & Administration / Procurement Department

Category	Indicators	Monitoring Frequency	Responsible Unit
Green Procurement	% of procurement value from eco-friendly products/services	≥ 50% within 3 years	Procurement Department / Sustainability Development Task Force
Transparency & Governance	Number of complaints or risk incidents related to non-transparent procurement	0 cases within 5 years	Internal Audit / Audit Committee
Dependency Reduction	% of procurement dependent on a single supplier	≤ 20% of total procurement value	Procurement Department / Enterprise Risk Team
Environmental Impact Reduction	% reduction in Scope 3 GHG emissions from the supply chain	≥ 30% by 2030	Sustainability Committee
Disclosure & Reporting	Annual reporting of sustainable procurement performance	100% annually	Sustainability Development Task Force / Company Secretary

(Aligned with FTSE Russell ESC02, SSC11, GCG07–GCG08; GRI 204, 308, 414, 102-30; ISO 20400; and SDGs 8, 12, 13, 16, 17)

9) Supply Chain and Partner Responsibility

Recognizing that transparency, fairness, and environmental responsibility within the supply chain are key pillars of sustainable business practices, the Company promotes ethical, transparent, and accountable operations among all suppliers and business partners. Environmental and social considerations are emphasized throughout every stage of the value chain.

- Transparent Supplier Selection and Evaluation** (FTSE Russell SSC11, GRI 204-1, SDG 16.6): The Company selects suppliers and service providers based on fair, transparent, and auditable criteria, including quality, pricing, reliability, regulatory compliance, and environmental and social performance. All evaluations are conducted systematically, with results integrated into the procurement decision-making process to ensure supplier accountability and alignment with the Company's principles.
- Compliance with the Supplier Code of Conduct** (FTSE Russell ESC02, GRI 308, 414, SDG 12.6): All suppliers are required to comply with the Supplier Code of Conduct for Business Partners, which outlines expectations in areas such as human rights, fair labor practices, occupational health and safety, environmental stewardship, anti-corruption, and legal compliance. Suppliers must formally acknowledge and sign the Code prior to engaging in any business relationship with the Company.
- Sustainability Assessment and Audits of Suppliers** (FTSE Russell SSC11, GRI 308-1, 414-1, SDG 8.7, 12.7): The Company continuously assesses and audits suppliers, particularly high-risk groups such as Critical Tier-1 Suppliers or those with significant environmental

impact. Audits include reviews of compliance with labor, environmental, and safety laws, as well as measures to prevent human rights violations. In cases of non-compliance, the Company collaborates with the supplier to develop and implement a Corrective Action Plan, with ongoing follow-up to ensure improvement.

- **Collaboration and Supplier Development** (*FTSE Russell ESCO2, SSC11, GRI 102-43, SDG 17.16*): The Company fosters collaborative relationships with suppliers and business partners to build capacity in sustainable procurement, environmental impact reduction, and climate change adaptation. This is facilitated through training, knowledge sharing, and joint initiatives such as Green Procurement Programs and Waste Reduction Projects across the supply chain.
- **Prevention of Corruption and Conflicts of Interest in the Supply Chain** (*FTSE Russell GCG08, GRI 205-3, SDG 16.5*): Directors, executives, and employees are prohibited from holding any interest in a supplier or business partner without prior approval from the Board of Directors. All supplier transactions must follow formal approval processes as defined in the Company's procurement policy to avoid conflicts of interest and reinforce fairness throughout the supply chain.
- **Monitoring and Reporting of Supply Chain Performance** (*FTSE Russell GCG07, GRI 102-30, 102-33, SDG 12.6, 16.6*): The Company monitors, audits, and regularly reports on supply chain performance and supplier accountability. Key findings and progress are disclosed in the Annual Sustainability Report, demonstrating transparency, accountability, and ongoing improvement in collaboration with business partners.

10) Integration with Corporate Strategy

The Company is committed to integrating sustainable procurement principles into its corporate strategy to foster a culture of responsibility, transparency, and good governance across all dimensions of business operations. This integration emphasizes both the impacts and shared value creation throughout the supply chain, under the Company's strategic framework: "FOREST | FUTURE | TOGETHER."

10.1) Integration with the "FOREST | FUTURE | TOGETHER – for a Sustainable Living" Strategic Framework:

- **Forest – Sustainable Resource and Environmental Management:** Sustainable procurement is aligned with the strategy for responsible use of natural resources. The Company prioritizes sourcing raw materials from sustainably managed sources to minimize environmental impact and contribute to forest conservation.
- **Future – Sustainable Growth and Competitive Advantage:** Procurement systems are elevated as strategic enablers for innovation, green products, and processes that reduce greenhouse gas emissions. This approach

supports the Company's Net Zero targets and enhances long-term value creation.

- **Together – Ethical Collaboration Across the Supply Chain:** The Company fosters responsible partnerships with suppliers and business partners, encouraging trust and transparency. All parties are expected to operate under shared ESG principles.

(Aligned with FTSE Russell ESC02, SSC11, GRI 204-1, 308, 414, and SDGs 8, 12, 13, 17)

10.2) Integration with ESG Strategy *(FTSE Russell GCG07–GCG08, ESC02, SSC11, GRI 204, 308, 414, SDGs 8, 12, 16):* Sustainable procurement is a core component of the Governance (G) pillar within the Company's ESG strategy. It ensures that all procurement decisions are made ethically, transparently, and accountably, while simultaneously supporting Environmental (E) and Social (S) goals through green procurement, waste impact reduction, and promotion of fair labor practices within the supply chain.

10.3) Linkage with Enterprise Risk Management Strategy *(COSO ERM, CG Code 2021, GRI 102-15, 102-30, SDG 16.6):* This policy is embedded into the Company's Enterprise Risk Management (ERM) system to systematically identify, analyze, and control supply chain risks. It addresses environmental, social, ethical, and economic risks, including over-reliance on key suppliers. Risk assessment outcomes are used to inform strategic decisions, ensuring procurement activities remain within the Company's defined risk appetite.

10.4) Enhancing Corporate Reputation and Stakeholder Trust *(FTSE Russell GCG07, SSC11, GRI 102-16, 205-3, SDGs 16.6, 17.16):* Transparent and ethical procurement practices significantly enhance the Company's reputation, credibility, and stakeholder confidence—including investors, suppliers, customers, and communities. The Company reinforces this trust through public disclosures in its Sustainability Report and continuous stakeholder communication. These efforts position the Company as an industry leader in responsible supply chain management.

11) Implementation and Management Tools

- **Sustainable Procurement and Corporate Governance System** *(FTSE Russell ESC02, SSC11, GCG07, GRI 204-1, 308, 414, SDG 12.7, 16.6):* The Company integrates its Sustainable Procurement Policy with the Corporate Governance Framework and the Corporate Sustainability Policy to establish a consistent standard across the group. It ensures that all procurement processes, from planning and supplier selection to approval and contracting, are carried out transparently, fairly, and in a verifiable manner.
- **Supplier Assessment and Certification System** *(FTSE Russell SSC11, GRI 308-1, 414-1, SDG 8.7, 12.6):* The Company has developed tools and assessment forms based on ESG criteria (Environmental, Social, Governance), such as the Supplier Sustainability Assessment Form and Supplier Audit Tracker, to evaluate compliance with the

Company's sustainability standards. All suppliers must undergo a due diligence and certification process before commencing any business relationship.

- **Internal Control and Procurement Approval System** (*FTSE Russell GCG08, COSO ERM Principle 10, SDG 16.6*): The Company has implemented internal controls at all stages of the procurement process by segregating duties among requestors, reviewers, and approvers to prevent conflicts of interest. Transactions involving key or high-risk suppliers must be reviewed and approved by the Audit Committee prior to submission to the Board of Directors for final approval.
- **Supplier Whistleblowing and Investigation Mechanism** (*FTSE Russell GCG07, SSC11, GRI 102-17, SDG 16.5, 16.10*): The Company provides confidential reporting channels for suspected fraud, non-transparency, or violations of the Supplier Code of Conduct. Employees, suppliers, and stakeholders may report such concerns via the Whistleblowing Channel or internal complaint boxes. Whistleblowers are protected in accordance with human rights principles.
- **Training and Communication System** (*FTSE Russell GCG07, GRI 205-2, 404-2, SDG 4.7, 12.8, 16.6*): Ongoing training is provided for procurement staff and supply chain personnel. Topics such as "Sustainable Procurement" and "Supplier Code of Conduct for Business Partners" are included in onboarding programs and leadership development courses. The Company regularly communicates sustainability practices and progress through internal channels and the Annual Sustainability Report.
- **Information Systems for Monitoring and Reporting** (*FTSE Russell ESC02, GCG08, COSO ERM, SDG 9.4, 12.6, 16.6*): The Company leverages information technology tools—such as the e-Procurement System and Supplier Performance Dashboard—to collect, analyze, and report on sustainability performance in procurement. Metrics include the percentage of ESG-compliant suppliers, volume of green procurement, and GHG emission reductions across the supply chain. These insights are reported quarterly to the Sustainability Committee to support ESG strategic decision-making and governance oversight.

12) Monitoring, Reporting and Transparency

- **Performance Monitoring System** (*FTSE Russell ESC02, GRI 308, 414, SDG 12.6, 16.6*): The Company has established an ongoing monitoring system to track performance under the Sustainable Procurement Policy. Key Environmental, Social, and Governance (ESG) indicators are used, such as the percentage of suppliers passing ESG assessments, the proportion of sustainable sourcing, and the reduction in greenhouse gas emissions from the supply chain. All performance data is stored in a centralized Procurement Performance Database to ensure traceability and support systematic trend analysis.
- **Internal and External Audits** (*FTSE Russell GCG07, SSC11, COSO ERM, GRI 102-30, SDG 16.6*): The Company conducts internal and external audits of its procurement processes at least once per year to ensure compliance with the Sustainable Procurement Policy, ISO 20400 standards, and applicable laws. The audit scope includes documentation,

contracts, supplier assessments, and on-site practices. Findings are reported to the Audit Committee and the Sustainability Committee for review and improvement planning.

- **Reporting to the Board and Senior Management** (*FTSE Russell GCG08, GRI 102-33, SDG 16.6*): Sustainable procurement performance is reported to the Sustainability Committee and the Board of Directors at least twice annually. These reports support the formulation of policy, strategy, and budget decisions aimed at enhancing procurement efficiency. The data also informs the Company's annual sustainability report (Vanachai Sustainability Move Report), providing comprehensive disclosure to stakeholders.
- **Public Disclosure** (*FTSE Russell SSC11, GRI 102-56, 204-1, SDG 12.6, 16.10*): The Company publicly discloses its sustainable procurement performance through its annual sustainability report, corporate website, and various communication channels. Disclosure focuses on transparency and accountability—for example, the percentage of procurement from certified sustainable suppliers, use of recycled resources, and progress in reducing environmental impacts. All disclosures align with GRI Standards and FTSE Russell ESG reporting guidelines.
- **Stakeholder Feedback and Engagement** (*FTSE Russell SSC11, GRI 102-40–102-44, SDG 17.16*): The Company maintains mechanisms for gathering feedback and suggestions from stakeholders—including suppliers, customers, local communities, and regulatory bodies—through tools such as online surveys, supplier forums, and stakeholder dialogues. Input is used to continuously refine procurement policies and processes to remain aligned with evolving stakeholder expectations and industry dynamics.
- **Communication of Results and Transparency to Society** (*FTSE Russell ESCO2, GRI 102-46, 102-50, SDG 12.8, 16.10*): The Company proactively communicates the outcomes of its sustainable procurement initiatives across organizational and industry platforms. This includes disclosure in sustainability reports, participation in seminars, and business exchange forums. The aim is to raise awareness about responsible sourcing and strengthen stakeholder trust, while reinforcing the Company's image as a leading organization in sustainable procurement through accurate, comprehensive, and transparent communication.

13) Review and Continuous Improvement

The Company is committed to continuously reviewing and enhancing its Sustainable Procurement Policy to ensure alignment with evolving legal requirements, sustainability standards, good corporate governance principles (CG Code), and international best practices. The Audit Committee and the Sustainability Committee are responsible for monitoring and evaluating the effectiveness of this policy at least once annually or when significant events occur—such as changes in environmental legislation, supply chain restructuring, or incidents involving ethical breaches or procurement irregularities.

The results of each review will be presented to the Board of Directors for approval and used to improve operational guidelines in alignment with principles of governance, transparency, and social responsibility. The Company emphasizes integrating review findings and stakeholder feedback into policy and procurement system revisions to elevate performance to international standards and support its broader sustainable development goals.

Additionally, the Company encourages all employees, suppliers, and business partners to actively participate by offering innovative ideas and constructive feedback. This participatory approach aims to make procurement policies and systems more flexible, agile, and responsive across varying contexts. Emphasis is placed on collaborative learning to foster a supply chain that is efficient, transparent, and sustainable over the long term.

This policy falls under the responsibility of the Sustainability Committee and will be formally reviewed at least every two years—or more frequently in response to material changes in legal frameworks, international standards, or sustainability practices—to ensure its ongoing relevance, effectiveness, and alignment with the Company’s strategic direction.

(Aligned with FTSE Russell ESC02, SSC11, GCG07–GCG08, GRI 102-33, ISO 20400, CG Code 2021, and SDGs 12.6, 16.6, 17.16)

14) Sustainable Procurement Policy Revision History

Version	Date	Policy Owner	Approved by	Key Changes / Comments
1.0	11 November 2024	Sustainable Development Work Force	Board of Directors	First version of the policy established to provide a framework for sustainable procurement practices within the organization and to raise ESG awareness in sourcing, supplier selection, and management.
2.0	25 February 2026	Sustainability Committee	Board of Directors	Policy content revised to align with FTSE Russell standards (ESG02, SSC11, GCG07–GCG08), GRI 204, 308, 414, and ISO 20400. Enhancements include governance structure, monitoring & reporting systems, and strategic sustainability KPIs to strengthen sustainable procurement management across the organization and supply chain.

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