



Sustainable Procurement Policy

Article 1: Principles and Objectives

Hon Chuan believes that a sustainable supply chain is fundamental to long-term corporate development. We integrate environmental, social and governance (ESG) considerations into procurement decisions covering raw materials, manufacturing and service delivery. By working with our partners, we seek to create shared value, reduce supply chain risks and advance our vision of "Hon Chuan Sustainability: Building a Shared Future."

Article 2: Scope

This Policy applies to Hon Chuan's operations, all employees, suppliers, contractors, customers and other value chain partners.

Article 3: Sustainable Procurement Principles

All suppliers and business partners are expected to comply with Hon Chuan's Supplier Sustainability Responsibility Commitment and the following ESG procurement principles:

- **Sustainable Products and Certification:** Give preference to products, materials and services with environmental labels, low-carbon attributes, high energy efficiency or recyclability. For key raw materials, prioritize recognized third-party sustainability and quality certifications.
- **Resource Circulation and Reduction:** Promote recycled materials and renewable energy, source reduction, waste minimization, and resource recovery and reuse throughout production.
- **Legal Compliance:** Comply with all applicable laws, regulations, agreements and policy requirements in each operating location.
- **Biodiversity Protection:** Avoid sourcing raw materials that adversely affect environmental sustainability, including materials originating from globally or nationally important biodiversity areas or deforested land.



Sustainable Procurement Policy

- **Product Safety and Innovation:** Ensure that chemicals used in products and processes comply with applicable global and local restrictions on hazardous substances; pursue sustainable innovation while meeting product safety, customer and regulatory requirements.
- **Human Rights and Labor:** Comply with Hon Chuan's Human Rights Policy, prohibit child labor and forced labor, and provide safe, healthy and fair working conditions.
- **Business Ethics:** Prohibit corruption in any form and conduct all business with integrity and transparency.

Article 4: Management and Implementation

- **Supplier Selection:** Integrate ESG criteria into supplier screening, approval and performance evaluation, giving preference to suppliers certified to recognized standards such as ISO 14001 and ISO 45001.
- **Risk Assessment:** Periodically assess sustainability risks associated with high-risk raw materials and critical suppliers.
- **Audit and Monitoring:** Conduct internal or third-party sustainability audits to verify supplier compliance with this Policy.
- **Corrective Action and Termination:** Require corrective action plans for serious non-compliance. Hon Chuan may suspend or terminate business relationships where violations are material or improvement is refused.

A handwritten signature in black ink, appearing to be the name of the Chairman, is positioned above the title. The signature is fluid and stylized.

Chairman