

# Supplier Management Policies and Regulations Implementation 2024

- **Supplier Management Policies and Guidelines**

Our company, based on the values of "Integrity, Care, Professionalism, Innovation, Dedication, and Teamwork," and the mission of being "a customer-centric leader in comprehensive technology services," regards suppliers as crucial partners for sustainable business operations. We aim to collaborate with suppliers for mutual growth to continuously meet customers' demands regarding products, costs, delivery schedules, safety, and environmental protection.

To achieve this, the company is dedicated to strengthening supplier management, establishing or revising various management guidelines in response to government regulations and policies. These include supplier control procedures, environmental health and safety risk management procedures, social responsibility risk assessment management measures, and the prohibition of child labor and the protection of underage workers. These measures help suppliers build a solid foundation for sustainable operations, and the company aims to guide suppliers towards long-term sustainability goals. This, in turn, enhances the quality of suppliers and reduces the risk of supply chain disruption.

- **New Supplier Selection and Qualified Vendor List**

Our company requires all new suppliers involved in purchasing or contracting to go through a written or on-site evaluation and assessment process for selection. A list of qualified suppliers is established to facilitate subsequent management. Except in cases where clients specify foreign agents or materials that are difficult to procure domestically, our company primarily chooses local Taiwanese suppliers, who account for approximately 75% of our procurement spending.

As of September 30, 2024, we completed 486 supplier evaluation forms and 4 supplier assessment forms. The total number of qualified suppliers on our list was 14,075.

### ● Supplier Assessment and Reward/Penalty Measure

Each year, our company conducts annual reviews and assessments of key suppliers for that year. Based on the assessment results, suppliers are graded into three levels, and the results are reported at the annual management review meetings.

The reward and penalty measures for suppliers at each level are as follows:

Rating	Reward/Penalty Measures
Level 1	Maintain regular transactions or consider increasing business
Level 2	No penalties
Level 3	1. For customer-specified, exclusive, government, academic, or research institutions: Notify by email of the assessment results.
	2. For non-specified, non-contracting suppliers: Notify for improvement via email or documented records. The improvement record will be verified and filed once confirmed.
	3. For suppliers with a score of 0 in the annual assessment: Terminate orders.

The 2023 supplier assessment results are summarized below:

Rating	Number of Suppliers	Reward/Penalty Measures	Percentage
Level 1	262	Maintain regular transactions	71.00%
Level 2	82	No penalties	22.22%
Level 3	25	Email or documented notice for improvement	6.78%

### ● Supplier Deficiency Improvement and Tracking

If a qualified supplier provides services or products that do not meet our company's requirements and fails to improve after being notified, we will issue a "Corrective and Preventive Action Form" according to our procedures. If necessary, we will offer guidance to the supplier. However, if no improvement is seen, the supplier's qualified status will be revoked, and they will only be eligible to reapply for qualification after six months.

As of September 30, 2024, our company has tracked deficiency improvements for 0 qualified suppliers.

## ● **Supplier Safety and Health Management**

To enforce supplier safety and health management, our company has formulated the "Supplier Environmental Health and Safety (EHS) Management Regulations." These regulations promote occupational safety and health management policies to suppliers and require them to sign the "Supplier EHS Management Agreement" as a commitment to comply with our company's relevant rules.

To ensure suppliers follow the necessary regulations, our company regularly checks and manages suppliers' adherence to the EHS Management Regulations and the SA8000 Social Responsibility Commitment Statement. We also conduct periodic inspections of suppliers' environmental safety and fire prevention measures to evaluate their actual implementation results.

To foster safety and health awareness among suppliers, our company assists them in establishing environmental, safety, and health management systems. We have developed inspection and evaluation procedures for workplace safety and also help suppliers implement high-risk work certification systems. Contractors are required to complete safety education training before being allowed to commence any work. This helps ensure the company's social responsibility is upheld. In addition, we plan various annual training sessions, such as supplier safety training, high-risk operation training, protective equipment usage training, and hazard communication training, along with safety and health seminars to enhance the suppliers' safety and health awareness.

As of September 30, 2024, we completed 221 supplier EHS qualification evaluation forms.