

Policy and Guidelines on Supplier Selection
SCG Decor Public Company Limited

The Board of Directors participating in the 200th meeting (4/2022) on December 1, 2022, approved the policy and guidelines on Supplier Selection for the first time. Later, at the 1st meeting of the Board of Directors in 2023 on June 9, 2023, it was resolved to endorse the continuous use of the policy when the company is converted to a public limited company.

At the above-mentioned board meeting, it was resolved and approved to establish policies and practices for sourcing and selecting partners/suppliers of SCG Decor, and to disclose them for transparency. This is to ensure that SCG Decor conducts partner/supplier selection systematically, ethically, transparently, and supports partners/suppliers who operate with integrity, have social and environmental responsibility, and do not engage in transactions with individuals or entities that violate the law, engage in corruption, or exhibit behavior indicative of dishonesty.

Definition

Procurement refers to the process of purchasing, contracting for goods, hiring services, contracting transportation, leasing, and hire purchase.

Partners/Suppliers refer to vendors, contractors, service providers, lessors, or hire-purchasers who deliver goods or services to SCG Decor.

Partner/Supplier List (Vendor List) refers to partners or suppliers who have transactions and are listed in the system of SCG Decor.

Approved Partner/Supplier List (Approved Vendor List) refers to vendors or suppliers listed in the vendor list of SCG Decor, who have undergone the selection and evaluation process for the group of products and services specified by SCG Decor.

SCG Decor refers to the company and its subsidiaries as consolidated in the financial statements of the company.

The procurement and vendor selection policy of SCG Decor

SCG Decor will conduct procurement and vendor selection systematically, following the regulations and procurement methods of SCG Decor with strict control, considering requirements in terms of quality, price, quantity, time, service provision, delivery, after-sales service, warranty, and other conditions, without engaging in transactions with individuals or legal entities that violate the law, engage in corruption, or exhibit behavior indicative of dishonesty.

SCG Decor will conduct partner/supplier selection systematically, ethically, transparently, and support partners/suppliers who conduct business with integrity, have social and environmental responsibility.

The qualifications of partners/suppliers of SCG Décor

1. Being manufacturers, contractors, distributors, representatives, service providers, or subcontractors with verifiable business premises.
2. Having personnel, machinery and equipment, products, services, inventory, financial status, and a reputable business history.
3. Willing to adhere to SCG Decor's Supplier Code of Conduct.
4. Demonstrating satisfactory performance, with evaluations based on product and service quality, delivery, after-sales service, warranty, or other transaction terms.
5. Being partners/suppliers without conflicting interests with SCG Decor's business.
6. Not being partners/suppliers with a history of prohibited trading activities due to fraudulent behaviour.

Application for SCG Decor's partner/supplier

1. Those interested in applying as a partner/supplier of SCG Decor can submit their application according to the provided format along with detailed information and supporting documents. These documents include certificates of incorporation for legal entities or individuals, other certification documents issued by governmental agencies, letters of authorization, bank account numbers, and copies of registration documents with revenue department such as copies of value-added tax registration (Form VAT 20), among others. These applications should be submitted to the procurement unit of SCG Decor.
2. Partners/suppliers of SCG Decor must sign to acknowledge their commitment to adhere to SCG Decor's Supplier Code of Conduct.

The steps to do business with SCG Decor

1. Partners/suppliers engaging in business with SCG Decor must already be registered within SCG Decor's system. In certain instances, partners/suppliers may be invited to bid before formal registration in the system, and upon successful selection, they may proceed to apply as partners/suppliers. SCG Decor may also request that partners/suppliers respond to electronic transactions for expedience and compliance with relevant electronic transaction legislation.
2. Purchase orders or contracts, formulated as written correspondences, between partners/suppliers and SCG Decor shall serve as legally binding agreements for transactions between the two parties.
3. During the bidding or contracting process, SCG Decor may require partners/suppliers to furnish performance guarantees. SCG Decor will communicate such requests in writing, and upon the fulfilment of associated transactional obligations, SCG Decor will promptly return the performance guarantees.

4. Once partners/suppliers have fulfilled their agreements, contracts, or purchase orders, they must provide invoices, receipts, and/or any necessary supporting documents for payment processing. These documents should be submitted at the designated location and within the specified timeframe as determined by SCG Decor, ensuring efficient workflow for all parties involved. SCG will make payment for the product/service fee after deducting withholding tax as specified by government regulations and other obligations stipulated in the contract, such as performance bond payments. Alternatively, partners/suppliers may request payment via check unless otherwise agreed upon. However, SCG Decor reserves the right to issue joint payment checks deposited directly into the specified account.
5. Partners/suppliers may request to update their information in SCG Decor's system by contacting the procurement department of SCG Decor and providing supporting documents certified by authorized personnel of the partner/supplier.
6. Partners/suppliers can file complaints regarding unfair practices by other partners/suppliers according to SCG Decor's corporate governance principles through the channels designated by SCG Decor, available at the SCG Decor whistleblowing platform: <https://whistleblowing.scg.com>

In addition, the above-mentioned company board meeting has approved the SCG Decor's Supplier Code of Conduct to ensure that SCG Decor's business partners have a correct understanding and apply it as a standard in conducting business together, with the following 5 principles:

1. **Business Ethics:**

Conduct business with honesty, integrity, and fairness towards all stakeholders. Disclose information accurately and completely, maintain confidentiality, and respect the intellectual property of others.

2. **Labor and Human Rights:**

Do not engage in unfair labor practices. Prioritize the protection of labor rights, especially those of children, women, and migrant workers. Do not employ forced labor. Ensure fair wages, benefits, and appropriate working hours.

3. **Occupational Health and Safety:**

Ensure a healthy and safe working environment. Control the risks of accidents and health impacts arising from work practices. Provide adequate and readily available personal protective equipment.

4. **Environment:**

Conduct business operations while considering the impact on natural resources and the environment, following the principles of the 3R: Reduce, Reuse/Recycle, and Replenish.

5. **Legal Compliance and Requirements:**

Adhere to all relevant laws, regulations, and rules.

This policy shall be effective and enforced starting from June 9, 2023, onwards.