

Kwong Fong Industries Corporation

Supplier Management Policy and Implementation Status

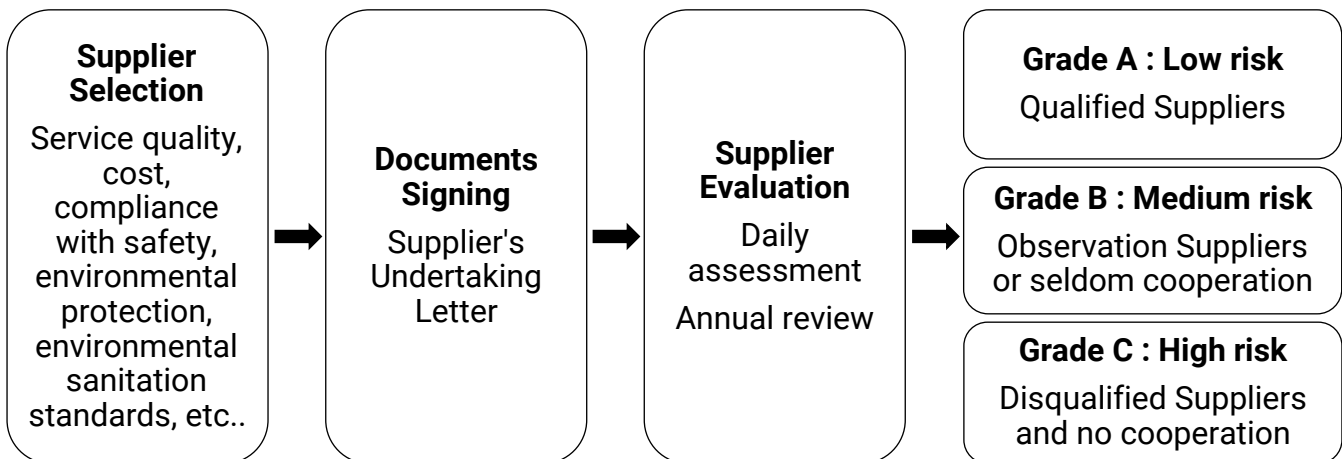
Supplier Management Policy

Kwong Fong Industries Corporation to fulfill its commitment and responsibility in supplier management, jointly promotes environmental sustainability and the protection of fundamental human rights, striving to implement corporate social responsibility. This management policy is established for mutual adherence and practice. Additionally, a Supplier Code of Conduct has been formulated to provide detailed guidelines on applicable parties, scope, and issues related to ethics and integrity, labor and human rights, health and safety, and environmental sustainability.

Supplier Management and Sustainable Purchasing

Kwong Fong Industries Corporation formulated the supplier management policy in 2024. In addition to ensuring suppliers' quality, delivery, prices, and services, we require suppliers to follow relevant regulations in the fields of safety, environmental protection, and environmental sanitation, to raise the operation performance of both parties, maintain basic human rights and labor rights, and the most important is to fulfill corporate social responsibility.

- The process of supplier chain management



- Key Points of Supplier Evaluation

1. Daily assessment: Records of the abnormal situation in daily execution with our suppliers and taken as the basis for an annual assessment.
2. Annual review:
 - (1) Quality: Stability quality of construction, supply, etc.
 - (2) Compliance: The immediacy and coordination of suppliers to meet the company's request.
 - (3) Acceptance: Standards check on acceptance.
 - (4) Industrial safety incidents: Whether any industrial safety incidents occurred at the supplier.

- (5) Integrity management: The supplier completes the project on time, and meets the requirements of quality, price, acceptance status, service, and coordination.
- (6) Sustainable issues: Environmental protection and human rights.

To conduct evaluations of the list of registered suppliers annually. The Suppliers were classified and graded in order to effective management, further to get a handle on the overall situation of the supply chain by inventory check. The management Measures include written reviews and daily assessment records of suppliers. According to the management and evaluation of suppliers' quality, acceptance, coordination, construction site safety, and sustainable issues as the basis for risk management. There are three grades of evaluation results. The qualified Suppliers will sign the Supplier's Undertaking Letter to commit and pursue the goal of corporate sustainable development together, and to enhance mutual trust and growth to consolidate the partnership between both parties.

The categories of suppliers primarily include network/telecommunications and others. In 2024, there were 33 suppliers cooperating with Kwong Fong Industries Corporation Suppliers with annual procurement amounts exceeding NT\$1 million were evaluated, and all were rated as qualified. Among them, 100% were classified as Grade A, with no suppliers rated as Grade B or Grade C.

- Supplier Evaluation Result in 2024

Supplier Grade	Risk Level	Management Measures	Evaluation Result
Grade A	Low	No abnormalities, Qualified Suppliers	100%
Grade B	Medium	Abnormal, Observation Suppliers or seldom cooperation	0%
Grade C	High	Abnormal, Disqualified Suppliers and no cooperation	0%

Kwong Fong Industries Corporation holds the principle of local product purchasing and promoting corporate sustainability with suppliers, reaching 100% purchases locally in 2024. In the meantime, aim to prioritize the purchasing of green products with environmental protection, energy efficiency, water efficiency, or green building labels; which include cleaning products, papers, and information goods, etc., and continue to choose and cooperate with high-quality and environmentally friendly suppliers to jointly implement the concept of a friendly and sustainable environment.