

Supply Chain Management



Effective supply chain management is crucial for minimizing risks that may impact business continuity while ensuring transparency and efficiency in operations. This is particularly important in today's dynamic global economy and evolving regulatory landscape. As stakeholder expectations continue to rise, businesses face the challenge of maintaining an efficient supply chain to foster stability and support long-term business success.

In order to maintain a transparent, accountable, and efficient supply chain management system, we have established policies in compliance with applicable laws and regulations. In addition, we ensure procurement processes with environmental and social responsibility within our governance framework and collaborate with suppliers to sustainably develop capabilities, strengthening trust with our customers and society for the long term.

Management Approach

- Stipulate a Sustainable Procurement Policy that emphasizes responsibility towards the environment, society, and governance (ESG), promoting transparent and sustainable operations
- Develop a Supplier Code of Conduct that addresses human rights, labor standards, occupational health and safety, environmental impact, and governance practices

- Determine economic, social, and environmental criteria for the selection of both new and potential suppliers while continuously monitoring and assessing their operations
- Conduct annual supplier assessments covering ESG evaluations, providing suggestions and collaborating with high-risk suppliers to develop solutions
- Provide training programs to enhance business capabilities and foster sustainable growth together

Sustainable Procurement Policy

JAS places great importance on fostering sustainable growth alongside our suppliers, with an emphasis on environmental stewardship, social responsibility, and adherence to corporate governance best practices. To drive this commitment, we have established a Sustainable Procurement Policy that aligns with our sustainable policies and relevant laws and regulations to enhance competitiveness and long-term development. The policy outlines operational guidelines for executives, employees, suppliers, and all relevant stakeholders, emphasizing transparent, fair, and accountable procurement processes. This highlights our effort to support suppliers who conduct business ethically, adhere to occupational health and safety standards, and engage in social and community development initiatives. Together, we aim to foster mutual partnerships and create a positive impact on both business growth and the world around us.



For more information about our Sustainable Procurement Policy

please visit our website at

"Sustainability Policy and Targets" Section

or scan QR code



Supplier Code of Conduct

Our commitment to sustainable business practices is reflected in our Code of Conduct, which integrates key principles of sustainability, human rights, labor standards, occupational health and safety, environment, and ethical conduct, ensuring that suppliers' business conduct is in line with ESG and good corporate governance practices. We encourage our suppliers to strictly comply with labor standards and human rights, eliminate discrimination, provide fair compensation, and ensure a safe working environment. In addition, we promote the efficient use of resources, reduction of pollution, and the adoption of clean energy solutions. We also emphasize on conducting business with transparency and fairness, ensuring no tolerance for corruption. We fully support suppliers who adhere to these principles, fostering an ethical supply chain and driving mutual growth.

Supplier Segmentation

Our suppliers are categorized into 2 primary groups: those who deliver products and those who provide services. We have determined criteria for identifying significant suppliers, classified into Critical Tier 1 Suppliers (direct suppliers) and Critical Non-Tier 1 Suppliers (indirect suppliers).

Criteria for Critical Tier 1 Suppliers

1. Suppliers whose business characteristics are directly related to or aligned with our business strategies

2. Suppliers with specialized expertise that is essential to our core business operations, where any disruptions would directly impact business continuity
3. Partners with whom we share direct investment and resources
4. Suppliers who have been in continuous partnership with JAS for a minimum of 5 years

Number of suppliers who have acknowledged our Code of Conduct



244 Suppliers

Share of total suppliers

100%

Based on these criteria, we have identified



Critical Tier 1 Suppliers

Total

40 Suppliers

or

16.5% of total suppliers

In addition, we have established criteria for identifying Critical Non-Tier 1 suppliers as follows:

1. Suppliers who provide important raw materials or services to our Critical Tier 1 suppliers, where disruption would affect the ability of Critical Tier 1 suppliers to deliver goods or services to JAS

Supplier Screening and Selection

We have established clear guidelines for selecting both new and existing procurement suppliers, ensuring that they adhere to our sustainability practices. These guidelines consider economic, social, and environmental factors. All suppliers are required to acknowledge and agree to comply with the Supplier Code of Conduct, Sustainability Policy, and occupational health, safety, and environmental requirements, as well as other relevant company policies. This ensures an effective integration of sustainable supply chain management principles with suppliers in accordance with international standards, supporting sustainable growth for both parties.

ESG Criteria for Partner Selection



Supplier Risk Assessment

We have developed processes to continuously monitor, inspect, and evaluate suppliers' performance, focusing on annual economic and ESG risk assessments to enhance awareness of ethics and ensure compliance with established standards. The assessment aims to ensure that suppliers adhere to our established standards and in strict accordance with the Code of Conduct. In cases where the assessment identifies high-risk partners, we collaborate with these partners and provide suggestions for process improvement, risk mitigation, and enhanced performance. This collaborative approach is fundamental to fostering sustainable growth in the long term.

We conduct a risk assessment in 2 approaches as follows:

- 1. Self-Assessment:** We request our suppliers to evaluate their operations using our assessment system. If a supplier's score is below 50%, we work with them to improve relevant processes and reduce risks, helping to improve related work processes, reduce risks, and enhance performance.
- 2. Onsite Audit:** For suppliers scoring below 40%, we conduct onsite audits to assess economic, governance, social, and environmental risks at their facility. Suppliers must submit a Corrective Action Plan if risks are identified. These onsite risk assessments are scheduled to begin in 2025.

Supplier ESG Risk Assessment Results

Suppliers who completed
ESG assessment in 2024



36 Suppliers

Most partners (over 80%) had strong governance and social performance. However, their environmental performance was relatively low. This is potentially due to limited knowledge and understanding of environmental management practices, which may pose risks related to non-compliance with environmental laws or regulations. To address this, we plan to promote knowledge and understanding in this area.

Supplier Development

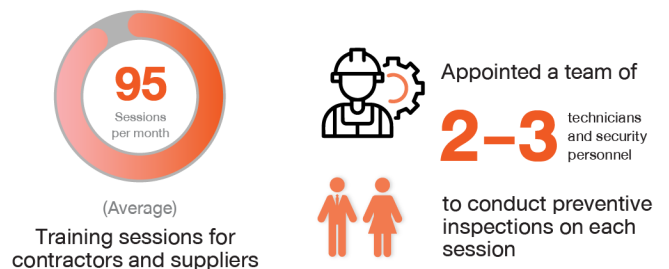
We aim to strengthen relationships with suppliers and enhance their capabilities in supply chain management processes to enhance sustainable business operations in areas such as safety, occupational health, environmental management, and business ethics. Due to the nature of our business operations, suppliers may be required to work at our facilities or handle tasks that involve health and safety risks. Therefore, in 2024, we conducted activities to develop partner capabilities, particularly in promoting occupational health and safety skills. These included disaster response drills with partners, AED training, as well as first aid and fire evacuation courses.

Supplier Credit Terms

JAS has set a standard credit term of 30 days, with an average credit term for 2024 remaining at 30 days. The credit terms for each supplier are determined based on the category of suppliers, nature of work, and other appropriate factors such as the requirements of purchases of goods or services. Details and conditions regarding invoice receipt and payment conditions are clearly communicated to each supplier at the outset of the procurement process to ensure transparency for suppliers.

Contractor and Supplier Safety Enhancement Project

This project enhanced the safety capabilities and regulatory compliance of contractors and suppliers through pre-operation training, the establishment of guidelines for practices, and the implementation of a monitoring and evaluation system.



Result

Reduced accidents, property damage, and fines related to non-compliance with regulations.



By **100%**

This fostered stronger relationships with suppliers, contributing to a more efficient and sustainable collaboration between both parties.