Asymchem Laboratories (Tianjin) Co., Ltd.

Sustainable Procurement Policy

I. Purpose

This policy aims to establish the sustainable procurement management system for Asymchem Laboratories (Tianjin) Co., Ltd., and its subsidiaries (collectively "the Company"). It fully integrates environmental, social, and governance (ESG) requirements into supply chain management. By establishing a robust supplier management mechanism, it ensures supply chain security and business continuity, aligns procurement activities with the Company's sustainable development strategy, promotes the long-term healthy development of the supply chain, and meets the requirements of domestic and international clients, regulations, international standards, and industry best practices.

II. Scope of Application

This policy governs the procurement activities of all Company departments and employees, covering raw materials, equipment, services, outsourcing, and related logistics. All suppliers, contractors, and partners must comply with this policy, the "Supplier Integrity Agreement," and adhere to the requirements specified in the "Supplier ESG Management Policy" and "Supply Chain Code of Conduct" of the Company published in the ESG section of its official website.

III. Management Responsibilities

Dept. of Purchasing: Leads procurement strategy formulation, embedding sustainability requirements throughout the supplier lifecycle.

Dept. of Supplying: Manages warehouse storage and ensures traceability of materials delivered by suppliers.

Dept. of QA: Assesses supplier quality systems to ensure compliance with production quality management standards.

Dept. of EHS: Oversees supplier environmental, health, and safety performance, promotes green process applications.

Dept. of Audit: Conducts supplier compliance reviews and supervises the implementation of integrity agreements.

Dept. of HR: Evaluates supplier labor rights protection.

IV. Strategic Integration

Integrate sustainable procurement into strategic decision-making processes, establish supply chain security controls linked to business continuity management. Management reviews performance regularly and allocates dedicated resources. All business units must include quantifiable sustainability targets in annual procurement plans, which are incorporated into relevant departmental performance appraisals.

V. Management Objectives

Compliance: Ensure all suppliers sign and strictly adhere to the "Supplier Integrity Agreement," fully comply with the "Supplier ESG Management Policy" and "Supply Chain Code of Conduct," and include supply chain security compliance as a prerequisite for supplier qualification.

Capacity Building: Enhance supply chain compliance capabilities in environmental management and labor rights through training and audits.

Risk Management: Establish and implement targeted assessment mechanisms for high-risk suppliers, develop emergency response plans for supply chain incidents, strengthen risk identification and response capabilities to ensure business continuity and supply chain stability.

Transparency: Regularly disclose sustainable procurement performance to stakeholders, promote traceability systems for key materials supply chains, and accept social supervision.

VI. Management Content

6.1 Core Procurement Principles

Environmental Priority: Prioritize suppliers committed to energy conservation, emission reduction, and using sustainable resources; encourage green process technologies.

Social Responsibility: Require suppliers to respect fundamental employee rights, prohibit forced labor and child labor, provide fair wages and a safe working environment.

Business Ethics: Uphold integrity in operations, oppose all forms of corruption, fraud, and unfair competition.

Diversity and Inclusion: Under equal conditions, prioritize cooperation with SMEs, local suppliers, and enterprises from disadvantaged backgrounds, and reduce concentration risk through geographic diversification.

6.2 Supplier Qualification and Differentiated Management

Qualification Criteria: New suppliers must pass comprehensive ESG assessments and complete supply chain security risk evaluations.

Tiered Management:

High-risk Suppliers (e.g., chemical raw material suppliers): Required to have environmental management system certification, undergo regular on-site audits, and validate business continuity plans.

Medium/Low-risk Suppliers: Subject to document review and sampling.

Traders/Agents: Must ensure their upstream suppliers comply with relevant regulations and cooperate with the Company on supply chain transparency verification.

6.3 Continuous Monitoring and Improvement

Regular Audits: The Quality Assurance and Supervision Departments lead tiered supplier audits, require corrective actions for non-conformities, and track verification.

Performance Evaluation: Incorporate supplier performance in environmental compliance, labor rights, and supply chain resilience into annual reviews, linking results to order allocation.

Capacity Building: Organize supplier training on environmental protection, safety, social responsibility, and supply chain security management, sharing best practices.

6.4 Transparency and Stakeholder Engagement

Regularly publish sustainable procurement reports, disclose key supplier compliance progress and corrective cases, and establish a supply chain security information-sharing mechanism.

Collect feedback via supplier conferences and customer interviews. Disclose key supplier risk assessment results appropriately while protecting trade secrets to continuously optimize management.

VII. Implementation and Compliance

Process Integration: Embed sustainability requirements into the entire supplier process: selection, contract signing, and performance evaluation.

Violation Handling:

Immediately terminate cooperation with suppliers involved in severe violations like forced labor or significant environmental pollution.

Restrict procurement share or remove from the qualified list for suppliers failing to meet corrective action requirements.

Develop specific emergency plans for supply chain security incidents, defining response procedures and responsibilities.

VIII. Appendices

This “Sustainable Procurement Policy” is originally drafted in Chinese. In the case of any discrepancies, the Chinese version of the Policy shall prevail.