

Sustainable Procurement Policy

Tri-Wall Group is a global company which is dedicated to offering innovative and cost-effective packaging solutions. As a leader in the corrugated packaging industry, we acknowledge our critical role in reducing the carbon footprint across our supply chain. We recognise the significant impact of the corrugated packaging industry on social and environmental aspects, from supply chain to manufacturing, and the importance of sustainable procurement practices in the supply chain. We committed to ensuring that all products we purchase are sustainable and contribute to a responsible supply chain within our business activities.

This policy outlines our principles and guidelines for sustainable procurement. This policy will help to formalise our sustainable practices in procurement, to minimise environmental impact, promote social responsibility and contribute to long-term economic viability.

Scope of Application

This policy is applicable to all employees involved in procurement activities, and suppliers working with Tri-Wall.

Roles and Responsibilities

Head of the procurement department is responsible for developing this policy, including outline the guidelines and principles in this policy.

Management is responsible for making this policy available to all employees and to provide the necessary training for actions set out in this policy.

All employees in the procurement department are required to acknowledge and read this policy, and subject to the guidelines outlined in this policy.

Communication Channel

This policy will be communicated to all employees in the procurement department through email distribution. If there is any update, Tri-Wall Limited will distribute the new version to regional head and to further distribute to the procurement departments of each region.

Environmental Aspect

Principles:

Wood based product supply chains inherently present various environmental risks, particularly due to the unsustainable forestry practices, which might lead to the consequences of deforestation, biodiversity loss and GHG emissions. Without proper supply chain management, the environmental risks will pose critical threats to the corrugated packaging industry. Therefore, identifying and addressing these risks is crucial for implementing sustainable practices.

For Tri-Wall, our commitment to sustainability practices requires a thorough consideration of environmental impacts and risks throughout the procurement process and supplier selection.

1. Raw materials sourcing: The procurement of raw materials for corrugated packaging, primarily sourced from wood, can contribute to deforestation, which leads to biodiversity loss. Recognizing the critical importance of preserving ecosystems, it is imperative to ensure that our raw material sources engage in responsible and sustainable operations and come from responsibly managed forests or recycled sources.
2. Emissions from Manufacturing Processes: The manufacturing processes release emissions, including energy consumption, (GHG), as well as waste gas and wastewater.
3. Waste management: Manufacturing processes might generate different types of waste, such as byproducts, packaging materials, scrap materials, and hazardous wastes including chemicals and solvents, which poses pollution to the environment.
4. Transportation: Transportation of raw materials and finished products contributes to carbon emissions, especially in long-distance shipping.
5. Product End-of-Life: The recyclability of corrugated packaging materials is crucial to reducing the environmental impact at the end of their life cycle. Therefore, the selection of materials and product use is important for reducing the persistence of packaging waste in the environment.

Practices:

Tri-Wall is committed to implementing a sustainable strategy that encompasses various initiatives aimed at reducing environmental impacts within our supply chain.

- Prioritize suppliers with environmental management systems certification.
- Encourage the use of recycled and responsibly raw materials.
- Purchase sustainable sourced materials with FSC or PEFC certified.
- Using wood harvested from sustainably managed forest or sustainable sources.
- Prioritize cooperation with local suppliers to reduce greenhouse gas emissions during transportation.
- Provide training regarding environmental conservation to suppliers.
- Engage suppliers in climate action and provide them with guidance if needed.

Human Rights and Ethical Aspect

Principles:

Human rights violations or ethical lapses within the supply chain can significantly damage a company's reputation and cause supply chain disruptions. These consequences will result in financial impacts, thereby affecting overall company performance. In addition, human rights issues such as labor strikes or protests may disrupt a company's normal operations. This can lead to production delays, production stoppages and increased costs. Therefore, the company should strive to embed our human rights and business ethics commitments into the entire supply chain operations to prevent those impacts on stakeholders.

For Tri-Wall, our commitment to sustainability practices requires a thorough consideration of social and compliance impacts and risks throughout the procurement process and supplier selection.

1. Health and Safety Risks: Subjecting employees to work under unsafe conditions, do not provide adequate safety measures or protective equipment which might lead to accidents, injuries or fatalities in the workplace.
2. Violation of Normal Working Conditions: Paying employees with low minimum wage, refusing to pay overtime wages, requesting employees to work excessive hours that exceed legal limits or violate internationally recognized labor standards.
3. Child Labour: Employing individuals under the legal working age, denying them to access to education and subjecting them to work or live on the environment that exposed to hazardous risks.

4. Forced labour: It normally refers to the deceptive hiring practices, forcing individuals to work overtime or in poor working conditions against their will, withholding individual's wages, etc.
5. Lack of Freedom of Association: Restricting or preventing workers from forming or joining trade unions or participating in collective bargaining.
6. Violation of code of conduct: Suppliers participate in any corruption and bribery practices, involve in any anti-competitive practices or fraud and money laundering activities.

Practices:

Tri-Wall is committed to implementing a sustainable strategy that encompasses various initiatives aimed at reducing social impacts within our supply chain.

- Prioritize suppliers with labour and human rights management systems certification (including health and safety certification).
- Promote fair labor practices and respect for human rights among suppliers through training.
- Require suppliers to comply with the international and local human rights and compliance regulations.
- Communicate the code of conduct to suppliers and require them to sign it.
- Encourage suppliers to advance diversity, equity and inclusion among the workforce.
- Require suppliers to develop their own code of conduct within their own companies.
- Provide whistleblower channels among suppliers.

Performance Management

To monitor and ensure the implementation of social and environmental practices within our supply chain, Tri-Wall has taken the following measures:

1. Supplier Code of Conduct

We have established a set of guidelines and expectations for our suppliers and enforce the rules set in the Supplier Code of Conduct. The Code of Conduct outlines the environmental, social and ethical standards that suppliers are expected to adhere to within their business activities and operations. All suppliers are required to sign the Code of Conduct and align with the values and standards that outlined in the document.

2. Green Procurement Contract

We have established a green procurement contract and require our suppliers to adhere to the local environmental regulations during operations. Additionally, we expect suppliers to establish an effective waste management system and actively work towards minimizing environmental impacts in their operations.

3. Supplier CSR risk analysis

We have conducted a risk analysis that includes environmental, social and compliance risk events to identify the potential risks associated with our supply chain.

4. Supplier Sustainability Assessment

To evaluate and measure the sustainability performance of suppliers, we have conducted a supplier sustainability assessment, which covers key areas such as environment, social responsibility and ethical business conduct. Every supplier is required to complete the questionnaire on an annual basis and the company will evaluate whether the suppliers align to our sustainability criteria and demonstrate responsible practices within their business activities.

5. Buyer Training

To promote sustainable procurement within our supply chain, equipping our buyers with the necessary knowledge and skills is also important. Consequently, we provide training on sustainable procurement for all team members in our procurement department. In addition, we provide guidance on how to engage with the supplier to encourage the implementation of CSR practices within their companies.

6. Supplier On-site Audits

We have expanded the scope of our supplier on-site audits beyond a sole focus on quality aspects including the incorporation of CSR topics into our evaluation criteria. By doing so, we underscore our commitment to ensuring that our suppliers not only meet stringent quality standards but also align with crucial environmental, social, and ethical considerations.

Targets

To achieve our commitment, Tri-Wall has established several specific targets:

- 100% of our major suppliers are to have to sign our Supplier Code of Conduct by 2025.

- 100% of our major suppliers are to have participated in the CSR assessment by 2025.
- 100% of Tri-Wall's buyers are to have completed the training based on CSR issues by 2025.
- Use 100% recycled or chain custody certified papers from 2025 onwards.
- Achieve 80% of the purchase of wood-based materials from sustainable sources from 2025 onwards.
- Achieve 80% of the purchase of wood-based materials from responsibly managed forests from 2025 onwards.
- Achieve 80% of virgin fibers in our products originated from sustainably managed sources from 2025 onwards.

Review Mechanism

This policy is reviewed annually by CEO and adapted if necessary.

Sanctions

The management requests that everyone, including employees, suppliers and any relevant stakeholders, to report any incidents related to our supply chain according to our whistleblower procedure to management@tri-wall.com.hk. The alleged incident will be investigated immediately and upon confirmation of a breach of any of the rules mentioned above, sanctions may apply. Whistleblowers are granted fully anonymity and immunity.

Yuji Suzuki

CEO, Tri-Wall Group