# 3 Sustainable Supply Chain


3.1 Supply Chain Management Strategy

3.2 Supply Chain ESG Risk Assessment

3.3 Low-Carbon Supplier Engagement

3.4 Supplier Due Diligence


## Performance Results

**suppliers completed RBA assessment audits**

**22**

**Conflict minerals due diligence questionnaire response rate**

**100%**

**Local Procurement**

**98%**

**Supplier communication conferences**

**2**



# 3.1 Supply Chain Management Strategy

Material Topics | Sustainable Supply Chain Management

Global ESG sustainability issues continue to receive significant attention. Countries and companies are actively initiating carbon reduction actions in response to climate change, with many committing to net-zero emissions targets. The scope of carbon reduction efforts is also expanding to include supply chains. The Company implements the "Sustainable Due Diligence" mechanism by systematically identifying risks and engaging in the evaluation process to address environmental, social, and governance risks within the supply chain, and takes concrete management actions. At the same time, we continuously cooperate with suppliers to promote carbon inventory and reduce carbon emission actions, building a supply chain system that is resilient and has sustainable value.

## Sustainability supply chain policy

While valuing product quality, cost-effectiveness, technological innovation, service quality, and delivery reliability, Simplo Technology establishes long-term and trustworthy partnerships with suppliers to jointly promote the practice of environmental protection, human rights assurance, and business ethics. Simplo Technology will continue to work with supply chain partners to pursue a sustainable vision, creating a competitive and resilient sustainable supply system to achieve shared prosperity.



## Four major strategies and goals of supply chain management

Simplo Technology aims to deepen sustainable supply chain management by developing "four major supply chain management strategies" based on industry characteristics and international trends. These strategies cover four key aspects: Climate Action, Environmental Sustainability, Friendly & Co-Benefit, and Risk Management, serving as the core framework for comprehensively advancing supply chain responsibility governance. On this foundation, we formulate phased promotion goals, and collaborate with supply chain partners to create sustainable competitiveness.

| Strategic Guideline | Objectives | Actions | 2025 Objectives | Achievement Status | 2026 Objectives | 2028 Objectives |
|---|---|---|---|---|---|---|
| Climate Action | Science Based Reduction Target | 1. GHG inventory<br>2. CDP climate questionnaire<br>3. Local procurement | 1. Key suppliers achieve 100% verification coverage of ISO 14064-1<br>2. Promote key suppliers' commitment to SBTi science-based carbon reduction targets | Key suppliers achieved 77% verification coverage of ISO 14064-1 | 1. Key suppliers (battery cell category) commit to SBTi carbon reduction targets<br>2. Promote key suppliers' (battery cell category) response to the CDP climate questionnaire<br>3. Key suppliers achieve 100% verification coverage of ISO 14064-1 | 1. Promote second-tier key suppliers' response to the CDP climate questionnaire<br>2. Key suppliers achieve 100% verification coverage of ISO 14064-1 |
| Environmental Sustainability | Introduce environmental sustainability certification | 1. ISO Sustainable certification<br>2. Renewable energy | Promote key suppliers to propose renewable energy plans | Achieved | Key suppliers achieve 100% verification coverage of ISO 14001 | Key suppliers achieve 100% verification coverage of ISO 14001 |
| Friendly & Co-Benefit | Comply with the RBA standards and conduct audits | 1. Supplier ESG communication<br>2. RBA audits | Supplier RBA audits show no major deficiencies, with improvements made | Achieved | 1. 1Key suppliers achieve 60% RBA VAP attainment rate<br>2. Share sustainability performance of outstanding suppliers | 1. Key suppliers achieve 100% RBA VAP attainment rate<br>2. Share sustainability performance of outstanding suppliers |
| Risk Management | Implement sustainability risk surveys | 1. Risk assessment and improvement<br>2. Supply chain resilience strategy | Supply chain due diligence survey | Achieved | 1. Key suppliers achieve 100% verification coverage of ISO 45001<br>2. Complete supply chain due diligence | 1. Key suppliers achieve 100% verification coverage of ISO 45001<br>2. Complete supply chain due diligence |

## Supply Chain Overview

In 2025, Simplo Technology collaborated with a total of 351 suppliers, of which 338 were local suppliers and 13 were non-local suppliers. The percentage of local procurement amount was 98%. To strengthen supply chain resilience and reduce the risk of supply disruption, Simplo Technology continuously optimizes its supplier selection mechanism. Through rigorous evaluation standards and review processes, the Company carefully introduces new suppliers while cultivating long-term partnerships.

- Definition of Key Suppliers: Suppliers that meet any of the following conditions of a. procurement volume, b. key components, c. irreplaceability, are classified as key suppliers, mainly including three major categories: battery cells, electronics, and mechanical components.
- Adjustment of Management Documents: With reference to the spirit of ISO 20400 sustainable procurement guidelines, sustainable factors should be incorporated into procurement policies and measures to assist enterprises in managing ESG risks and opportunities.
  1. Sustainable Procurement: In selecting suppliers and products, consider their impact on the environment and society, ensuring product quality, cost, technology, service, and delivery at the time of procurement, in order to reduce negative environmental impacts and enhance social and economic benefits within the supply chain.
  2. RBA Code of Conduct: Require the signing of the RBA Code of Conduct by suppliers at the time of contract signing to ensure that suppliers comply with relevant regulations during cooperation.

### Simplo 2025 Local Procurement Percentages

| Type | Procurement region | Percentage of procurement amount (%) | Percentage of non-local procurement amount (%) |
|---|---|---|---|
| Raw materials | Taiwan, China, Vietnam | 98.00% | 2.00% |

Note1: Simplo Technology's main production locations are located in China, Taiwan, and Vietnam. Local means suppliers in China, Taiwan, and Vietnam, while non-local suppliers are not located in China, Taiwan, or Vietnam.
Note2: Procurement regions are determined based on the location of invoices for procurement.

### Weight of Raw Materials in 2025

| Material item | Weight (kg) |
|---|---|
| Battery cell | 18,222,425.56 |
| IC chip | 3,763.23 |
| Plastic | 793,578.00 |

Note1: Battery cells are estimated by weight based on their average capacity conversion.
Note2: IC chip is the weight of the total parts.
Note3: Plastic is the total weight of the parts.



# 3.2 Supply Chain ESG Risk Assessment

## Definition of Key Suppliers

Definition of key suppliers: Based on 1. procurement volume, 2. key components, and 3. irreplaceability, the selection criteria for key suppliers define three main categories: battery cells, electronics, and mechanical components.

## Key supplier management

Simplo Technology will continue conducting sustainability surveys of its suppliers, implementing selection, evaluation, and engagement process. We following the ISO 20400 sustainable procurement principles, conducting regular audits to promptly assess supply chain risk conditions. Through communication, guidance, and training, we aim to collaborate with supply chain partners to enhance operational resilience together.

## Selection of new suppliers

Simplo Technology adopts a rigorous review mechanism when selecting new suppliers. Suppliers with good market reputation and environmental management systems can be directly included in the list of new qualified suppliers; those who do not meet the criteria will be required to make improvements within a specified period and can only be formally included in the list after passing the reassessment.

In 2025, all 10 new suppliers filled out the ESG self-assessment form and were selected in accordance with the Supplier Management/Evaluation and Assessment Procedures. This demonstrates that the Company continues to apply high standards of sustainability criteria in the initial screening process for suppliers, ensuring that the supply chain is environmentally and socially responsible at the source.

## Supplier code of conduct

Simplo Technology views suppliers as important partners. Specific methods and goals for sustainable supplier management have been established accordingly. Simplo Technology has adopted the RBA Code of Conduct as a reference and formulated the "Supplier Code of Conduct Commitment". For suppliers who have transactions with the company, they must sign the Code of Conduct Commitment, declaring their commitment to business integrity and compliance with environmental, economic, and human rights standards. Since 2022, suppliers have been required to sign the "Supplier Code of Conduct Commitment". Cumulative 246 signatures as of 2025, with a 94% signature rate.

# Supplier sustainability management and ESG risk survey

Target: Tier-one suppliers accounting for the top 80% of the procurement amount

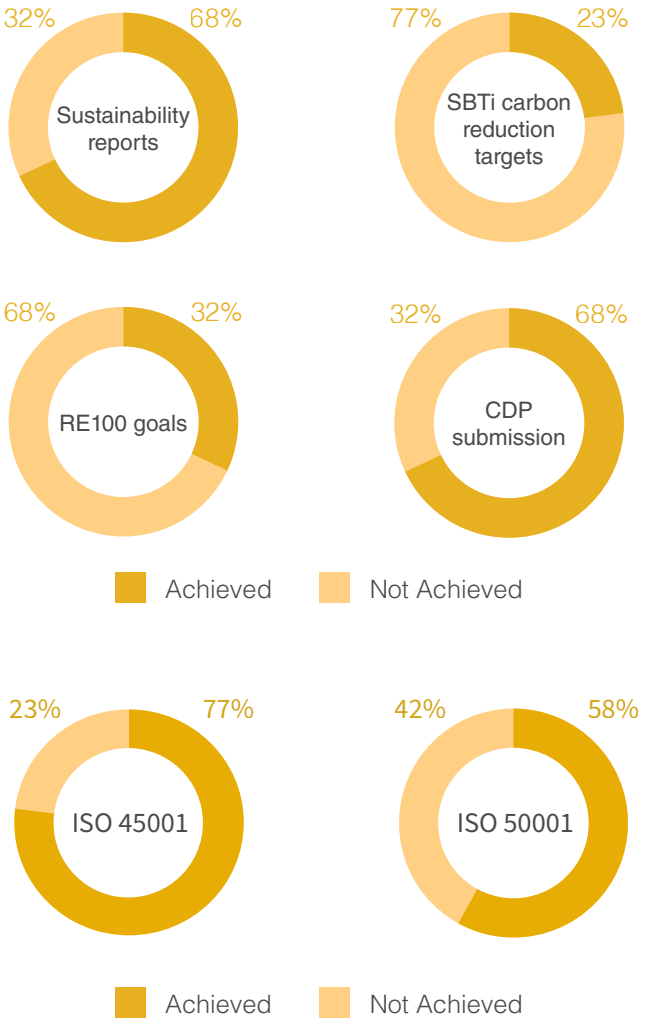
| | | |
|---|---|---|
| Survey Items | • Issuance of sustainability reports<br>• Whether the RBA VAP has been obtained<br>• Whether the CDP questionnaire has been submitted<br>• GHG emissions<br>• SBTi carbon reduction targets | • Renewable energy (RE) goals<br>• ISO 27001 information security management system<br>• ISO 45001 occupational health and safety management system<br>• ISO 14001 environmental management system<br>• ISO 50001 energy management system |
| Expected Addition | Operational continuity plan, supplier human rights due diligence, personal data protection, biodiversity | |

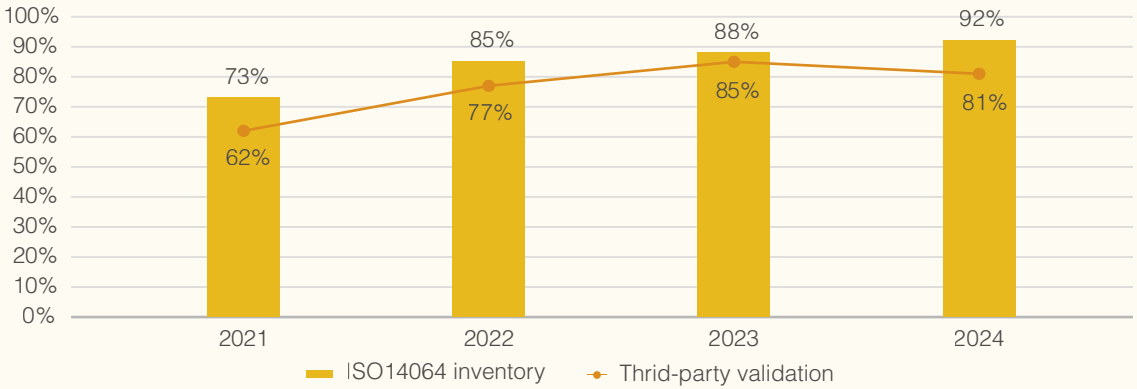
In 2025, sustainability questionnaires were distributed to a total of 22 suppliers, covering 6 battery cell manufacturers, 12 electronics manufacturers, and 4 mechanical component manufacturers. The results of this survey show that 68% of suppliers have published sustainability reports, demonstrating steady progress in information disclosure and transparency. In terms of climate action, 23% have set SBTi science-based carbon reduction targets and 32% have set RE100 renewable energy targets, showing that the supply chain's low-carbon transition continues to advance. An additional 68% completed the CDP climate questionnaire, reflecting suppliers' continued attention to climate risk management.

In terms of responsible supply chain management, 31% of suppliers have obtained RBA VAP validation, progressively strengthening compliance with international responsible business conduct standards. In terms of management system adoption, 50% have passed ISO 27001 information security management systems, 100% have passed ISO 14001 environmental management systems, 58% have adopted ISO 50001 energy management systems, and 77% have passed ISO 45001 occupational health and safety management systems, showing that the supply chain has established a certain foundation in environmental management, energy efficiency, information security, and occupational health and safety.

In addition, in promoting supplier greenhouse gas inventories, 92% of suppliers have completed GHG inventory work in accordance with ISO 14064-1, of which 82% have obtained third-party verification, enhancing the supply chain's carbon management capability.

Overall, the results of this survey show that the supply chain continues to make progress in sustainability information disclosure and management system adoption, with various sustainability issues progressively incorporated into supplier management and operational planning. Going forward, in addition to continuing to deepen supplier sustainability capacity building and climate governance collaboration, the Company will also invite suppliers recognized for outstanding sustainability performance to share practical experience at the Supplier Conference, using benchmark case exchanges to drive overall improvement in supply chain sustainability performance.






## 2025 Supplier RBA Audit Results

Simplo Technology conducted a total of 56 supplier audits in 2025. According to the audit results, they were divided into three levels of red, yellow, and green, and they were managed according to different levels. In the 2025 audit results, there were no red-light disqualified manufacturers. There were a total of 209 non-compliant issues identified, with the highest proportions found in the "labor" and "health and safety" aspects. These issues included overtime work violations, incorrect calculation of social security contribution base, inaccurate personal protective equipment allocation and fitting, and blocked emergency exits or evacuation routes. Regarding the non-compliant issues, suppliers have been requested to provide improvement plans and their implementation is being monitored to ensure all deficiencies are effectively addressed. In response to common deficiencies among suppliers, we have planned to conduct relevant courses to provide guidance and assistance for their improvement. This initiative aims to foster shared resources and mutual growth.

### Findings in 2025 Supplier Audits

| Category | Labor | Health & Safety | Environment | Ethic | Management System |
|---|---|---|---|---|---|
| Items | 92 | 73 | 24 | 7 | 13 |
| % | 44% | 35% | 11% | 3% | 6% |

# 3.3 Low-Carbon Supplier Engagement

### 2025 Supplier Conference: Advocating GHG Inventories in Alignment with Net-Zero Transition

In November 2025, two online supplier communication conferences were held under the theme "Sustainability at Core, Prosperity through Partnership," with approximately 250 supply chain partners attending online across the two sessions.

The conference focused on the four major strategic guidelines for a sustainable supply chain, including [Climate Action] Science Based Reduction Target (SBTi); [Environmental Sustainability] Introducing environmental sustainability certification; [Friendly & Co-Benefit] Complying with RBA standards and audits; [Risk Management] Implementing sustainability risk surveys.

Simplo Technology continues to communicate with supplier partners to strengthen social responsibility management and sustainability execution, advocating topics such as responsible minerals/restricted substances, human rights management, nature-related financial disclosure initiatives, and information security. As a member of the Responsible Business Alliance (RBA), Simplo also expects all supply chain partners to comply with the RBA Code of Conduct in order to meet international industry standards and societal expectations, working together to create a sustainable future.



# 3.4 Supplier Due Diligence

## Responsible mineral management and due diligence

Simplo continues to focus on responsible mineral sourcing, upholding the principle of respect for human rights and committing to addressing human rights risks that may arise from business development. Our responsible mineral management originated from attention to the conflict minerals issue in the Democratic Republic of the Congo (DRC), initially focusing on the management of gold (Au), tin (Sn), tungsten (W), and tantalum (Ta) (collectively "3TG"), and has since progressively expanded to cover other responsible mineral sourcing categories that help reduce social and environmental risks.

Simplo conducts a reasonable level of mineral country-of-origin investigation every year, adopting the survey mechanism promoted by the Responsible Minerals Initiative (RMI) of the Responsible Business Alliance (RBA), and using the industry-standard Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) to conduct supply chain surveys. At the same time, we also require suppliers to conduct the same type of survey within their own supply chains, and encourage suppliers to sign a commitment not to use conflict minerals, in strict compliance with Simplo's responsible mineral sourcing policy, to ensure full disclosure of smelter source information. Through integrating information from both direct and indirect suppliers, we further advance and implement the due diligence program for responsible mineral sourcing.

In 2025, Simplo conducted due diligence on 163 major raw material suppliers. As of August 31, 2025, a 100% response rate had been achieved.

According to the survey results, a total of 242 3TG (gold, tin, tantalum, tungsten) smelters/refiners, 48 cobalt smelters, and 5 mica smelters were identified. Analysis shows that these smelters and refiners are distributed across 46 regions globally, mainly concentrated in Europe and Asia.

In addition, Simplo has further expanded the scope of responsible mineral management. In addition to the previously covered minerals of gold, tin, tantalum, tungsten, cobalt, and mica, copper, lithium, nickel, and graphite have been added, expanding the scope of responsible mineral management to a total of 10 minerals. Starting in 2026, all suppliers cooperating with Simplo must sign a responsible minerals commitment covering the 10 minerals above, pledging not to use minerals sourced from the Democratic Republic of the Congo and its adjoining conflict-affected areas, or obtained through illegal smuggling channels, in order to jointly implement responsible mineral sourcing and supply chain sustainability management.

### 2025 Conflict Minerals Due Dilligence Survey Report

| File Name | Number of Suppliers Required to Sign | Number of Signed Responses | Ratio |
|---|---|---|---|
| CMRT<br>CMRT Conflict Minerals Reporting Template (Survey subjects: Gold, Tin, Tungsten, Tantalum) | 163 | 163 | 100% |
| EMRT<br>Extended Minerals Reporting Template (Survey subjects: Cobalt, Mica) | 163 | 163 | 100% |

