

MOXA®

Sustainable Procurement Policy





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1 Moxa's Sustainable Procurement Policy



As a trusted partner in automation, we recognize our responsibility to minimize environmental impacts, ensure ethical labor practices, and contribute positively to the communities in which we operate. By working seamlessly with our supply chain to co-create in a diverse and friendly environment, we integrate knowledge into design to enable our products to be the driving force behind industries' green digital transformation for a more sustainable future for all.

This policy establishes the principles, processes, and performance indicators that will guide our procurement decisions and supplier relationships. It aims to reduce our environmental footprint, mitigate supply chain risks, enhance our brand reputation, and create long-term value for all stakeholders.

This policy applies to:



All procurement activities within our Supply Chain Division



All suppliers and business partners for raw materials and products to produce Moxa Products



All products, components, and services purchased for our industrial connectivity and computing business



All stages of the procurement process from planning to contract management



2 Sustainable Procurement Policy Principles

To pursue sustainable procurement management, Moxa has incorporated the following sustainability-related evaluations into its supplier management mechanisms based on three fundamental pillars:



Environmental

We incentivize our suppliers to reduce our environmental impact through energy efficiency improvements, supporting renewable energy sources, and implementing effective carbon reduction strategies.



Social

We uphold ethical practices, social equity and environmental protection by implementing a supplier code of conduct.



Governance

To ensure the effective implementation of our sustainable procurement policy, we have established relevant governance mechanisms to support the execution of related initiatives.

Supplier Code of Conduct

The Supplier Code of Conduct acts as a guide for suppliers to uphold their business responsibilities during operations, and serves as the foundation of our supplier management approach.

It is based on the Responsible Business Alliance (RBA) Code of Conduct and aligned with international standards and legal regulations. A supplier's compliance with this Code is one of the key considerations for Moxa when determining procurement decisions. Through close collaboration, communication, and ongoing evaluations, Moxa seeks to drive continuous improvement alongside its suppliers.

We ensure that this Code is fair and applicable to all Moxa suppliers worldwide. Full compliance with the Code is required in terms of legal and certification standards. For green initiatives, expectations are adjusted according to the supplier's industry and business characteristics, with the goal of aligning with the principles of the Code.

This ensures that all suppliers are committed to complying with the standards of the Code, allowing Moxa's supply chain management to generate positive social, economic, and environmental impact, while fulfilling its responsibilities. Moreover, this alignment enables Moxa's supply chain management to be internationally integrated, sustainable, and resilient. The scope of the Supplier Code of Conduct includes the following:



Labor

- ▶ Prohibition of Forced Labor
- ▶ Underage Workers
- ▶ Working Hours
- ▶ Wages and Benefits
- ▶ Humane Treatment
- ▶ Non-Discrimination / Anti-Harassment
- ▶ Freedom of Association



Health & Safety

- ▶ Occupational Safety
- ▶ Emergency Preparedness
- ▶ Occupational Injury and Illness
- ▶ Industrial Hygiene
- ▶ Physically Demanding Work
- ▶ Machine Safeguarding
- ▶ Public Health and Housing
- ▶ Health and Safety Communication
- ▶ Natural Disaster Risk Mitigation



Environmental

- ▶ Environmental Permits and Reporting
- ▶ Pollution Prevention and Resource Conservation
- ▶ Hazardous Substances
- ▶ Solid Waste
- ▶ Air Emissions
- ▶ Material Restrictions
- ▶ Water Management
- ▶ Energy Consumption and Greenhouse Gas Emissions
- ▶ Green Design
- ▶ Green Procurement



Ethics

- ▶ Business Integrity
- ▶ No Improper Advantage
- ▶ Disclosure of Information
- ▶ Intellectual Property
- ▶ Fair Business, Advertising, and Competition
- ▶ Protection of Whistleblowers' Identity and Non-Retaliation
- ▶ Responsible Sourcing of Minerals
- ▶ Privacy
- ▶ Avoidance of Conflicts of Interest
- ▶ Compliance with Import and Export Regulations



Management System

- ▶ Company Commitment
- ▶ Management Accountability and Responsibility
- ▶ Legal and Customer Requirements
- ▶ Risk Assessment and Risk Management
- ▶ Improvement Objectives
- ▶ Training
- ▶ Communication
- ▶ Worker Feedback, Participation, and Grievance Mechanisms
- ▶ Audits and Assessments
- ▶ Corrective Actions
- ▶ Documentation and Records
- ▶ Supplier Responsibility
- ▶ Information Security

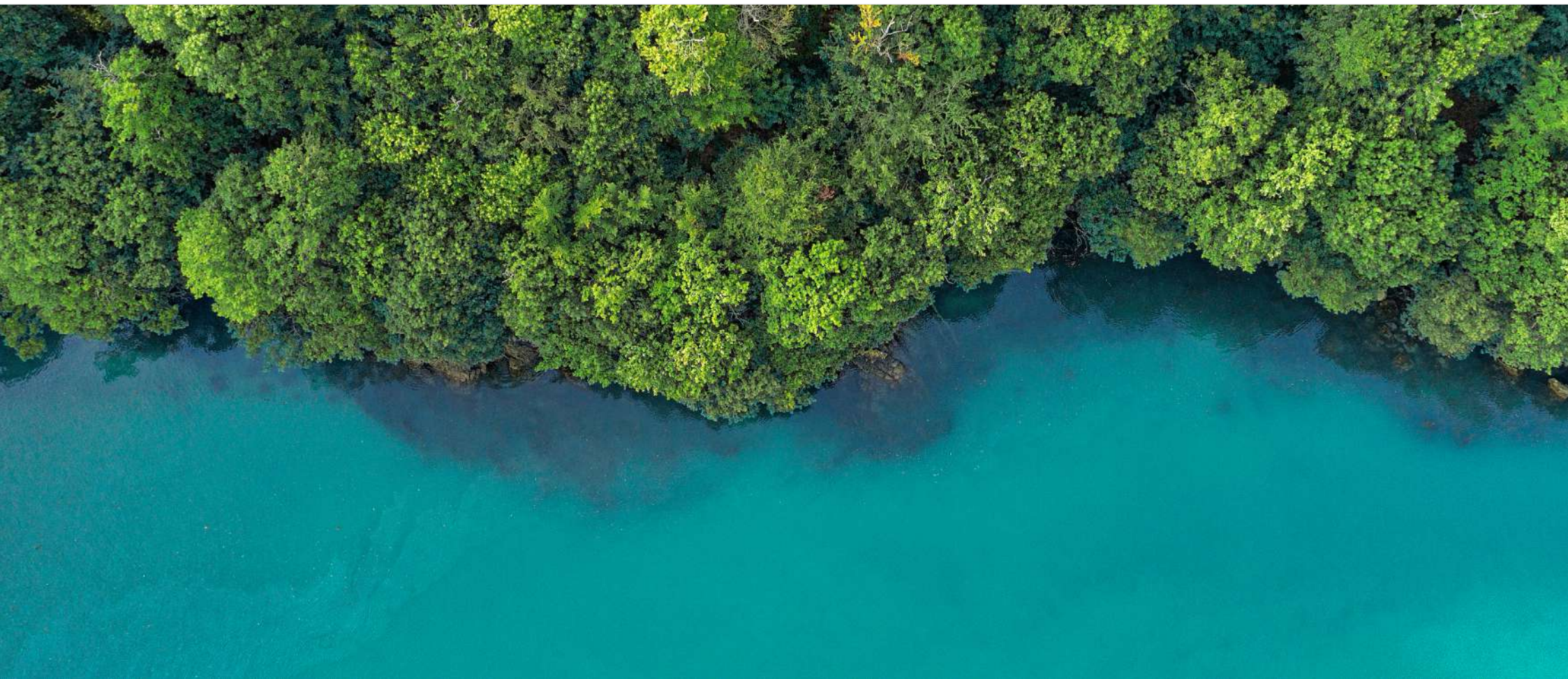
Responsible Mineral Procurement

Moxa ensures that the raw materials sourced from reliable procurement channels are free from conflict minerals, safeguarding the human rights, health, and environment of the regions where these minerals are produced. Suppliers shall establish and adopt policies and conduct due diligence on the sourcing and supply chains of minerals contained in their manufactured products (such as tantalum, tin, tungsten, and gold) to reasonably ensure that their sources align with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, or with an equivalent and recognized due diligence framework.

Hazardous Substance Management (HSM)

“ We are practitioners of green supply chain management and committed to protecting human health. ”

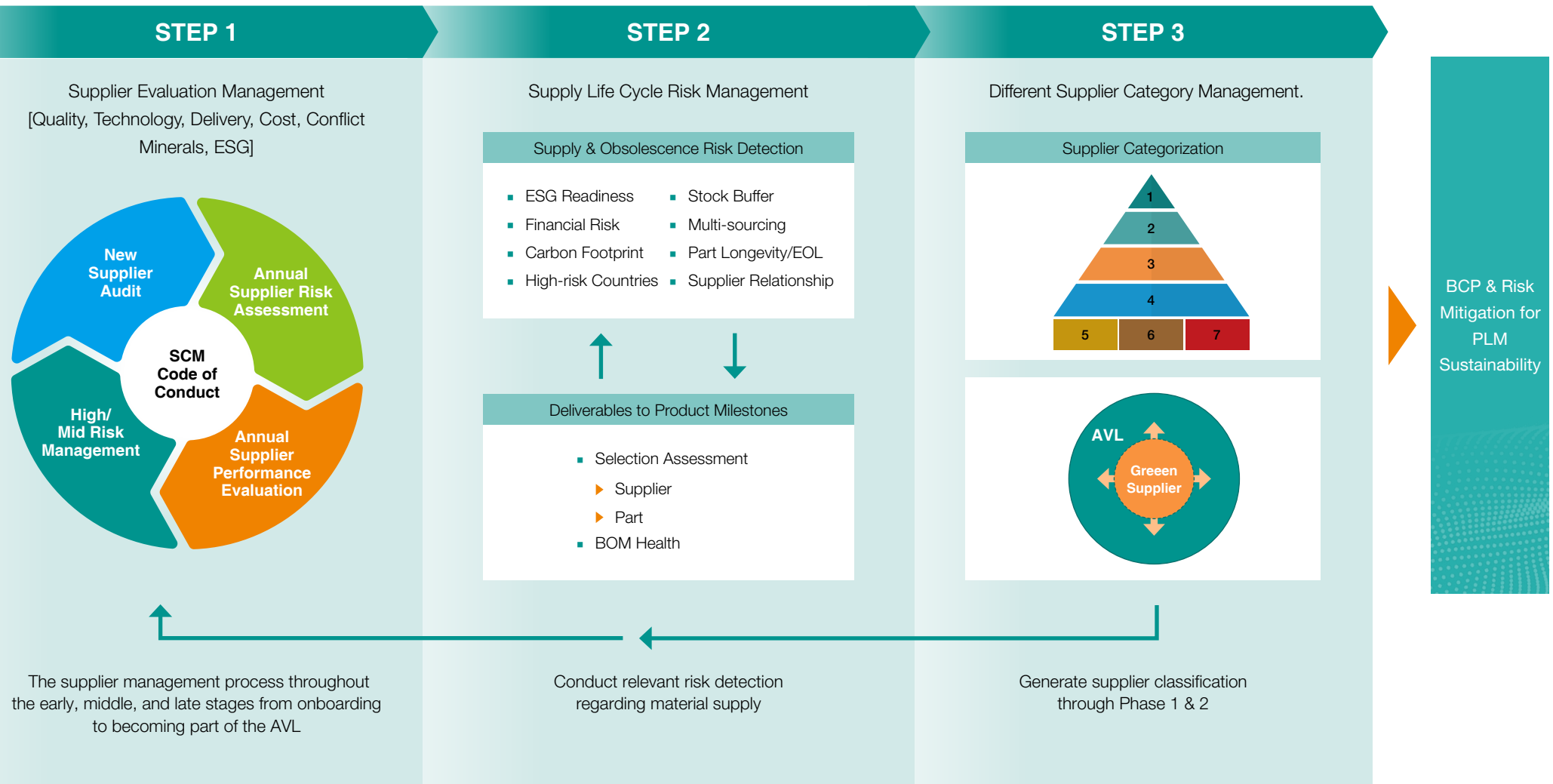
To reduce the impact of hazardous substances on humans, we comply with the requirements of the Green Product Management System (GPMS), monitor hazardous substances across our supply chain, and ensure full compliance with the latest both international and local hazardous substance regulations.



3 Sustainable Procurement Policy Processes

Supplier Management Overview

Fundamental Supplier Assessment Mechanism for PLM Sustainability



To ensure the effective implementation of our Sustainable Procurement Policy, we have established relevant governance mechanisms to support the execution of related initiatives.

► New Supplier Assessment

Human rights, occupational health and safety, and environmental management are taken into consideration. Our supplier selection process integrates sustainability criteria alongside traditional factors of QCDTS (Quality, Cost, Delivery, Technology, Service). Selection criteria include:



Environmental management systems and certifications



Social responsibility practices and performance



Transparency and reporting on sustainability metrics



Compliance with relevant regulations and standards

► Annual Supplier Performance Evaluation



Continuous annual supplier performance evaluation with weighting for sustainability aspects for at least but not limited to: CSR activities, acquisition of sustainability-related ISO certifications, greenhouse gas inventory, carbon reduction achievements, ESG SAQ risk level, sustainable materials, and ESG quality initiatives.



► Establishment of Green Supplier Category Criteria and Guidelines for Existing Supplier Pool

ISO 14064, ISO 14067 certifications, green design capability.



► New Project Supplier Selection

Our supplier selection process integrates sustainability criteria alongside traditional factors of quality, technology, production process, cost, and delivery. Sustainability evaluation criteria include signing the Supplier Code of Conduct, obtaining sustainability-related ISO certifications, greenhouse gas inventory and carbon reduction achievements, and material carbon footprint.



► Annual Supplier Risk Assessment

Routine ESG SAQ (Self-assessment Questionnaire) for risk detection, analysis, and mitigation.



► Material Data Transparency

Gathering data on the longevity, life cycle, country of origin, and applicability of supplied materials. Implementing control or mitigation measures such as Business Continuity Plans (BCP) or multi-sourcing when necessary.



► Continuous Improvement

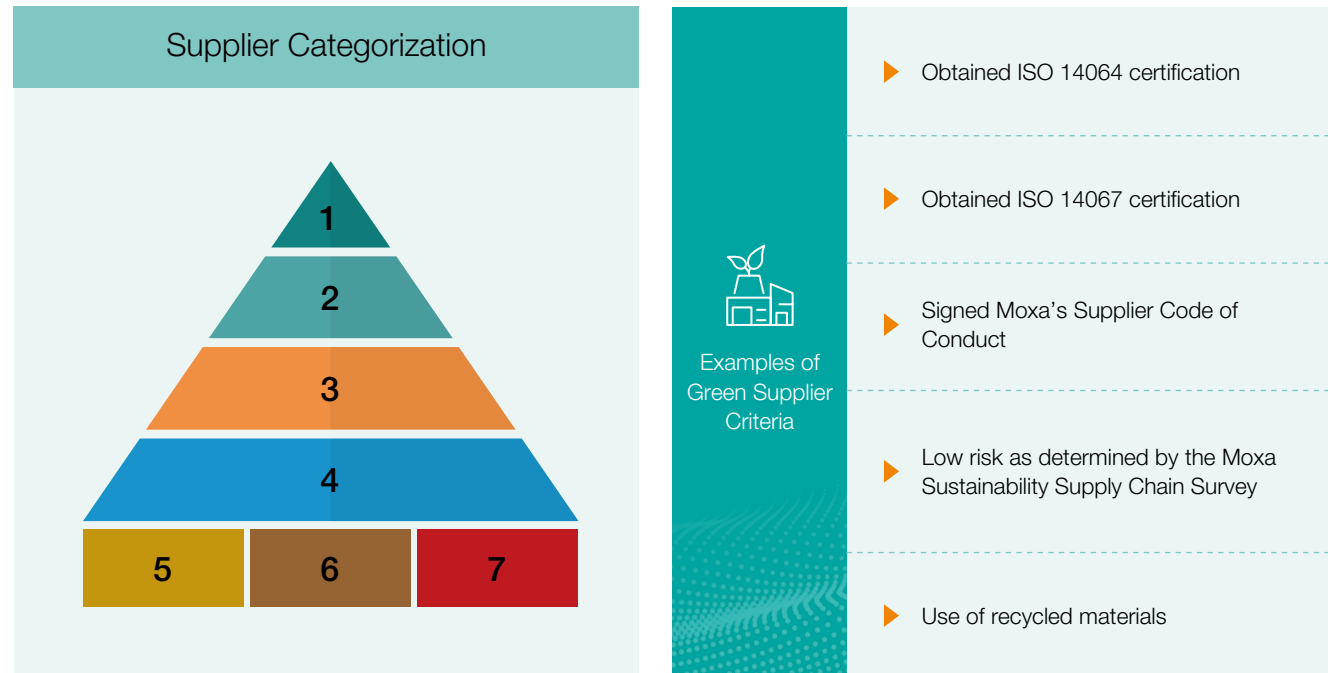
Internal and external partners involved in procurement will receive appropriate training and resources.

4 Sustainable Procurement Policy Performance Indicators

Supplier Categorization

Based on comprehensive cross-functional Quality, Cost, Delivery, Technology, and ESG Assessment and Evaluation results, as well as sourcing strategy and other relevant factors, supplier categorization will be updated annually. For strategic key suppliers (strategic/preferred) that provide customized components, Moxa selects candidates for Quality System Assessment (QSA) to ensure compliance with the International Railway Industry Standard (IRIS) quality management system requirements.

In alignment with Moxa's sustainability strategy, suppliers are progressively incentivized to obtain ISO 14064 and ISO 14067 certifications, advancing toward the goal of becoming Green Suppliers.



Risk Assessment

Moxa's sustainability supply chain management framework encompasses the new supplier assessment, part risk assessment, supplier risk assessment, and supplier performance evaluation. This framework incorporates a pre-, mid-, and post-phase risk assessment management structure to ensure continuous evaluation, investigation, and management of suppliers.

Moxa applies a Supplier Relationship Management (SRM) system to systematically assess and ensure transparency of information between procurement and suppliers. In terms of risk management, Moxa addresses risks from both the material and supplier perspectives. Furthermore, risk management includes the management of various external risk factors. Our goal is to ensure the long-term stability and longevity of the supply chain.

Part Risk Assessment

Ensure material data transparency and visibility. Minimize the use of hazardous materials and comply with regulations such as RoHS (Restriction of Hazardous Substances). Maintain the stability of the supply chain while proactively managing potential risks associated with components.

Supplier Risk Assessment

Through supplier risk assessment and management, Moxa effectively controls the risks associated with suppliers in business transactions and drives suppliers' progress in ESG (Environmental, Social, and Governance) initiatives under sustainable management, ensuring the stability of raw material supply sources.

Supplier risk assessments are conducted based on both ESG and financial dimensions. Additionally, the Moxa Sustainability Supply Chain Survey is used to optimize the ESG risk evaluation, providing a more comprehensive review and assessment of suppliers' performance and risks across all ESG dimensions.





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