

Supplier Management and Strategy

ALLTOP attaches great importance to the responsibility of enterprises in the industrial supply chain, and formulates relevant systems such as supplier management to drive suppliers to jointly protect the earth's resources and reduce the impact on the environment.

- Build Sustainable Supply Chain Capabilities
Drive suppliers to improve the sustainable development of economy, society and environment
- Conflict Minerals Compliance
Ensure our products and supply chains do not use conflict minerals
- Emphasis on Sustainability and Environmental issues

Supplier Shared Commitment

In order to work together with suppliers to implement social responsibilities, promote sustainable environmental development and safeguard basic human rights, ALLTOP has established "Supplier Management Policy" requiring suppliers to sign back the "RBA Responsible Business Alliance Code of Conduct" before becoming a green qualified supplier, which includes labor and human rights, health and safety, environmental protection, and professional ethics. So far, no negative news about suppliers violating human rights, environmental protection, and labor rights has been found.

Supplier Management Essentials

Item	Content
Labor & Human Rights	<ul style="list-style-type: none"> ● Prohibition of Child Labor Suppliers ensure that employees are at or above the legal minimum age. ● Salary and Welfare Suppliers ensure that the salary paid to workers comply with the minimum salary stipulated by local regulations. ● Prevent Discrimination and Respect Suppliers ensure that employees will not be discriminated against on the basis of race, skin color, age, gender, sexual orientation, race, nationality, disability, pregnancy, belief and marital status, etc.
Health & Safety	<ul style="list-style-type: none"> ● Occupational Safety Suppliers should have appropriate design, control, maintenance, safety production regulations and safety knowledge training to control employee workplace safety. ● Employee Health Suppliers shall provide employees with a safe and healthy workplace and formulate emergency work-related injury procedures.
Environmental Protection	<ul style="list-style-type: none"> ● Environmental Permits and Reports Suppliers shall obtain legally required environmental permits, approvals and registration documents, and maintain and regularly update data as required. ● Resource Conservation and Pollution Prevention Suppliers should, but are not limited to, reduce resource consumption and waste generation by improving production, maintenance and facility procedures, saving natural resources, and recycling raw materials. ● Resource Energy Consumption and Greenhouse Gas Emissions

	Suppliers shall minimize and reduce energy, resource consumption and greenhouse gas emissions.
Code of Ethics	<ul style="list-style-type: none"> ● Ethics Corporate Management Suppliers shall observe the Code of Business Ethics and uphold the highest standards of integrity in all business conduct. Any form of bribery, corruption, extortion, embezzlement of public funds and other improper behavior is prohibited. ● Information Disclosure and Cooperation Suppliers shall disclose information on participation in labor, health and safety, environmental protection activities, business activities, organizational structure, financial status and performance in accordance with regulations and general industry practices. And allow the company or the cooperative third-party verification unit to audit whether the supplier has violated the commitment. ● Avoid Conflicts of Interest Suppliers should avoid any possible conflicts of interest in their business dealings with the company. If suppliers find any potential conflicts of interest, they must immediately report to the company and take appropriate measures to prevent improper behavior.

Supplier Sustainability Management and Evaluation

ALLTOP adheres to the Supplier Policy of "regarding suppliers as partners" and establishes a sustainable development supply chain mechanism to manage and guide in line with our company's standards:

- Follow the company's supplier integrity commitment and supplier management
- Comply with the company's supplier quality / process technology / delivery date / environmental protection / sustainable development and other related assessments.
- Suppliers agree and sign such as: Conflict Minerals Free Statement, Honesty and Integrity Agreement, etc.

Supplier on-the-spot evaluation :

- Follow the company's supplier audit mechanism to conduct on-the-spot assessment.
- Raw material suppliers/raw material third parties are evaluated by our company on-the-spot assessment.
- The company will conduct on-the-spot assessment for those who are third-tier suppliers and below three times in the annual assessment.

Supplier coaching improvement and tracking :

- Follow the company's supplier audit mechanism
- Provide counseling and suggestions for improvement during the audit evaluation process.
- Instruct the manufacturer to make improvements in the evaluation report.
- Items that do not meet the evaluation results will be confirmed and tracked for improvement. For suppliers that do not improve within the time limit, the company will reduce the proportion of orders according to internal regulations or if the circumstances get worse, the qualification of suppliers will be cancelled.

In addition to evaluating the process quality (QPA), quality system (QSA) and environmental protection (HSF) of the main material suppliers, ALLTOP also includes social responsibility, labor conditions, green environmental protection and environmental protection into the evaluation indicators, in order to exert influence and lead suppliers to work together to pay attention to the practice of social responsibility and environmental protection.

The evaluation results of main material suppliers are divided into three levels, which are A/meets the requirements, B/ basic items meet the requirements, non-conforming items need to be rectified by the supplier, and C/non-Compliant. The results of this evaluation will be included in the important considerations for future supplier selection, so as to eliminate suppliers with non-conformity or bad records, and improve cooperation with suppliers who fulfill their social responsibilities and have good quality. As for one-time or general service suppliers without evaluation records, they will be included in the strict selection list. From 2021 to 2023, there are 20, 21 and 20 qualified suppliers of main material included in the on-the-spot evaluation. 80%, 95% and 100% of the companies that meet the Grade A are rated in each year, and 20%, 25% and 0% meet the Grade B in each year, and there is no Grade C.

Supplier Evaluation Facet

Evaluation Items	Main Content
■ General Evaluation	Management responsibilities, professional ability and education and training, document control, etc.
■ Product Service Evaluation	Product quality, manufacturing process, material control, etc.
■ Corporate Social Responsibility Evaluation	Labor human rights, occupational safety and health, ethics and environmental protection, etc.

Sustainable Supplier Evaluation Grades and Measures

Evaluation Grade		Responses and Supplier Ratings
A	$\geq 90\%$	Meets all requirements Top Supplier
B	$\geq 71\% \leq 89\%$	Basic items meet the requirements (non-conforming items need to be rectified by the supplier) Second Tier Supplier
C	$\leq 70\%$	Non-Compliant For those who do not meet the requirements, follow up and confirm the coaching improvement, but fail to complete the improvement on time : <ul style="list-style-type: none"> ● New Suppliers must not be qualified suppliers. ● Audit the Suppliers annually, reduce the proportion of purchases, and if the circumstances get worse, the qualification of suppliers will be cancelled.