



PROCUREMENT REGULATIONS

Metro Systems Corporation Public Company Limited



PRINCIPLE

Procurement is a critical process that supports the Company's business operations. Therefore, the Company has established criteria for procurement and related operations to ensure operational standards align with the Anti-Corruption Policy, Code of Conduct, Good Corporate Governance principles, and statutory requirements. All relevant personnel are required to study and adhere to these regulations with equity, based on fair competition, transparency, accuracy, accountability, and the cultivation of trust among all stakeholder groups.

To this end, the Company has formulated the relevant criteria comprising criteria for product and service sourcing for resale to customers, supplier selection, supplier categorization, procurement execution, appointment of import-export agents, supplier auditing, work inspection and acceptance, as well as the monitoring and compliance of the Supplier Code of Conduct all of which are compiled in these Procurement Regulations as follows:

Criteria for Sourcing Products and Services for Resale to Customers

The Company sources products or services for resale to customers through two primary channels: direct procurement from manufacturers and procurement through authorized distributors.

1. **Direct Procurement from Manufacturers** The Company predominantly establishes direct contact with brand owners or major product manufacturers.
2. **Procurement through Authorized Distributors** The Company enters into commercial agreements with primary distributors to secure the Company's status as an authorized reseller of those respective products.

The operational criteria for sourcing products and services through both channels for resale to customers are defined as follows:

1. Screen and evaluate brand owners or distributors prior to entering into contractual agreements and distributing the products.
2. Conduct verification and validation of information provided by brand owners and primary distributors to ensure accuracy, clarity, and completeness. Additionally, require brand owners and primary distributors to maintain open feedback mechanisms for partners and customers, while treating all business partners with equity and equality.
3. The department responsible for procurement operations must execute the sourcing of products and services with transparency, fairness, and accountability.



Criteria for Supplier Selection

The Company maintains standardized, fair, and transparent processes for the selection and assessment of suppliers, prioritizing their commercial credibility, business stability, and capability to effectively meet the Company's requirements. The selection criteria are established as follows

1. Select suppliers with the potential to engage in business partnership with the Company by utilizing evaluation questionnaires to assess their capabilities. This encompasses service readiness, production capacity, logistics, safety, occupational health, and environmental practices in accordance with industry standards.
2. Suppliers must be capable of conducting business in alignment with the Company's sustainability guidelines, which serve as the evaluation criteria for new supplier onboarding.

Evaluation Criteria for New Supplier Onboarding

1. Maintain business ethics, conduct business with transparency and integrity, and strictly comply with relevant laws and regulations.
2. Have zero involvement in bribery and corruption; suppliers must demonstrate a firm commitment to anti-corruption in all forms, both directly and indirectly, and possess no blacklisted history or trade prohibitions resulting from corrupt practices.
3. Treat labor fairly with zero discrimination, strictly prohibiting child labor, forced labor, or workplace exclusion based on diversity or any other factors.
4. Maintain a stable financial status with verifiable business premises and a credible track record; have no history of project abandonment or being blacklisted by government agencies or private entities.
5. Operate business with corporate social responsibility toward communities and society; utilize eco-friendly products to minimize environmental impacts, and contribute to environmental preservation through efficient and effective resource utilization.
6. Agree to adhere to the Company's Supplier Code of Conduct.
7. Have no conflicts of interest with the Company's business operations.



Evaluation Criteria for Existing Suppliers

1. Deliver satisfactory performance regarding product quality, pricing, delivery schedules, and services.
2. Maintain consistent delivery performance and demonstrate flexibility in adapting to operational changes.
3. Have no history of project abandonment and must not be designated on any government or private sector blacklists.
4. Comply with applicable laws, maintain social ethical standards, and prioritize human rights, social equity, and environmental protection.
5. Agree to adhere to the Company's Supplier Code of Conduct.

Criteria for Supplier Categorization

The Company shall conduct supplier risk assessments and classify suppliers into various categories, evaluating commercial risks in conjunction with Environmental, Social, and Governance (ESG) criteria. Risks that could potentially impact the Company's business operations must be prioritized, and these impacts shall be utilized to segment suppliers to identify critical partners. This matrix ensures the Company's preparedness in managing high-risk and highly critical suppliers through the following key measures

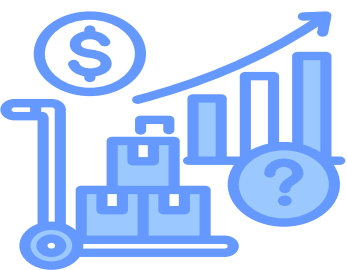
1. Primary Suppliers refer to suppliers with high procurement expenditure and a high or very high risk level, whose products significantly affect procurement substitution, or those categorized within the segment of component and equipment sales critical to the Company's business operations.
2. Secondary Suppliers refer to suppliers with moderate or low procurement expenditure and a moderate or low risk level, or those who do not fall under the primary supplier category.



Procurement Execution Criteria

The Company has established operational criteria for its procurement activities, prioritizing social responsibility, safety, occupational health, and environmental sustainability. Personnel responsible for procurement functions must adhere to the following criteria

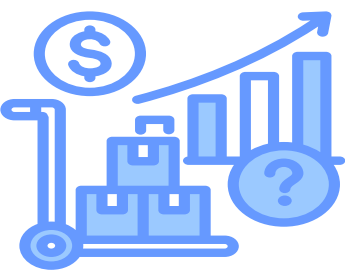
1. Procure products or services that yield the maximum benefit to the Company, accurately aligning with requirements regarding quality, price, quantity, timeline, service, and speed of delivery.
2. Provide accurate, clear, and comprehensive information to suppliers through transparent practices, while ensuring equitable and equal opportunities for all prospective suppliers.
3. Maintain strict confidentiality regarding all information received from each bidder or tender participant, prohibiting disclosure to any other suppliers.
4. Supplier invitations for bidding must adhere to the principles of fair market competition for all prospective suppliers.
5. Commercial negotiations must be founded upon professional business relationships, ensuring mutual fairness, transparency, and documented verifiability.
6. Maintain professional relationships with suppliers on an equitable basis, strictly prohibiting the solicitation or acceptance of assets or any other benefits, whether directly or indirectly, from suppliers.
7. For the procurement of products or services, as well as property renovation and construction works with a contract value exceeding 5 million Baht, a formal competitive bidding process must be arranged subject to the following conditions
 - 1) Bidders must not possess mutual conflicts of interest with other participating bidders as of the official date of the tender announcement.
 - 2) Bidders must not engage in any anti-competitive behavior or actions that obstruct fair competition in the procurement tender process.
 - 3) Bidders must meet all qualification criteria established by the Company and must execute all operations strictly within legal frameworks, abstaining from any actions that infringe upon or violate statutory regulations.



Criteria for the Appointment of Import-Export Agents

The Company has established the criteria for the appointment of import-export agents as follows

1. The Company must compare proposals from at least two agents and shall not grant exclusive privileges to or discriminate against any specific agent.
2. Agents must pass the selection process conducted by the Procurement Department or the responsible unit.
3. Qualifications of Import-Export Agents
 - 1) The agent must be a registered company with the Department of Business Development, Ministry of Commerce.
 - 2) The agent must possess reference documents certifying them as an agent from the Customs Department.
 - 3) The agent must have no historical record of soliciting, receiving, or giving bribes, or any unlawful benefits that may influence the execution of the agent's duties or affect their selection as an agent.
 - 4) Appointment of Import-Export Agent
 - (1) The selected agent must sign the Company's Business Code of Conduct.
 - (2) The agent shall enter into an appointment agreement with the Company in accordance with the terms and conditions prescribed by the Company
 - 5) If the Company finds that an agent has provided false information or engaged in any actions resulting in their selection as an agent, the Company reserves the right to terminate the appointment and take further actions in accordance with the Company's regulations.



Criteria for Supplier Verifying

The Company has established the criteria for supplier verifying as follows

1. Suppliers must operate their business with honesty and integrity. They must refrain from creating commercial bargaining power through reciprocal arrangements or imposing coercive conditions for compliance.
2. Suppliers must not accept, or agree to accept, any assets or other benefits outside of commercial agreements. This serves as a core practice in alignment with the Company's Anti-Corruption Policy.
3. Suppliers must not infringe upon intellectual property rights or personal data, violate human rights, or engage in any other unlawful activities.
4. Suppliers must not engage in false or misleading advertising that misleads any party in order to gain business rights.
5. Agreements executed between the parties must contain fair content and must not take unfair advantage of either contracting party.

Criteria and Conditions for Work Acceptance

The Company has established work acceptance criteria for suppliers and appoints a Work Acceptance Committee to verify the correctness of the deliverables. Personnel or parties involved in the work acceptance process must comply with the following criteria

1. Upon the delivery of procured goods and services, including procurement under investment projects with a contract value of 1 million Baht or more, a work acceptance inspection must be conducted by the Work Acceptance Committee, which consists of 5 representatives from 5 different departments at the department manager level or above, as follows
 - 1) The Requesting Department is responsible for verifying correctness and completeness in accordance with the request, agreement, or contract (if any), such as quality, qualifications, specifications, and quantity.
 - 2) The Legal Department is responsible for verifying correctness and completeness in accordance with the agreement or contract (if any), and reviewing conditions and processes that may potentially lead to legal disputes



- 3) The Specialist is responsible for verifying the quantity, quality, qualifications, specifications, and correctness regarding technical or specialized matters in accordance with the agreement or contract (if any). This specialist is selected based on suitable qualifications matching the type of work, such as a representative from the Building and Asset Management Department or the Information Technology Department.
 - 4) The Accounting Department is responsible for verifying correctness and completeness in accordance with the agreement or contract (if any) to ensure compliance with accounting standards prior to recording assets into the system.
 - 5) The Inspection and Warehouse Department is responsible for verifying correctness and completeness in accordance with the agreement or contract (if any).
2. Upon the delivery of procured goods and services, including procurement under investment projects with a contract value of 1 million Baht or more, a work acceptance inspection must be conducted by the Work Acceptance Committee, which consists of 5 representatives from 5 different departments at the department manager level or above, as follows:
- 1) In the event that the deliverables are correct and complete in accordance with the agreement or contract (if any), the Committee shall sign to acknowledge it as evidence. A joint signature of at least half of the Committee members is required to deem the work acceptance inspection complete. A representative from the Requesting Department must always participate in every inspection.
 - 2) In the event that the inspected work details do not match the agreement or contract (if any), a defect report must be submitted to notify the relevant departments. The supplier shall then be required to rectify the work to be correct and complete in accordance with the agreement, and a re-inspection for work acceptance shall be scheduled upon completion of the rectification.



Monitoring and Compliance with the Supplier Code of Conduct

The Company has established a Supplier Code of Conduct to serve as an operational guideline. On an annual basis, the Company distributes this Supplier Code of Conduct to all active suppliers within that year to ensure awareness and strict compliance. Furthermore, the Company monitors compliance by developing a supplier assessment form, allowing suppliers to self-evaluate whether they have correctly and completely adhered to the Supplier Code of Conduct.

