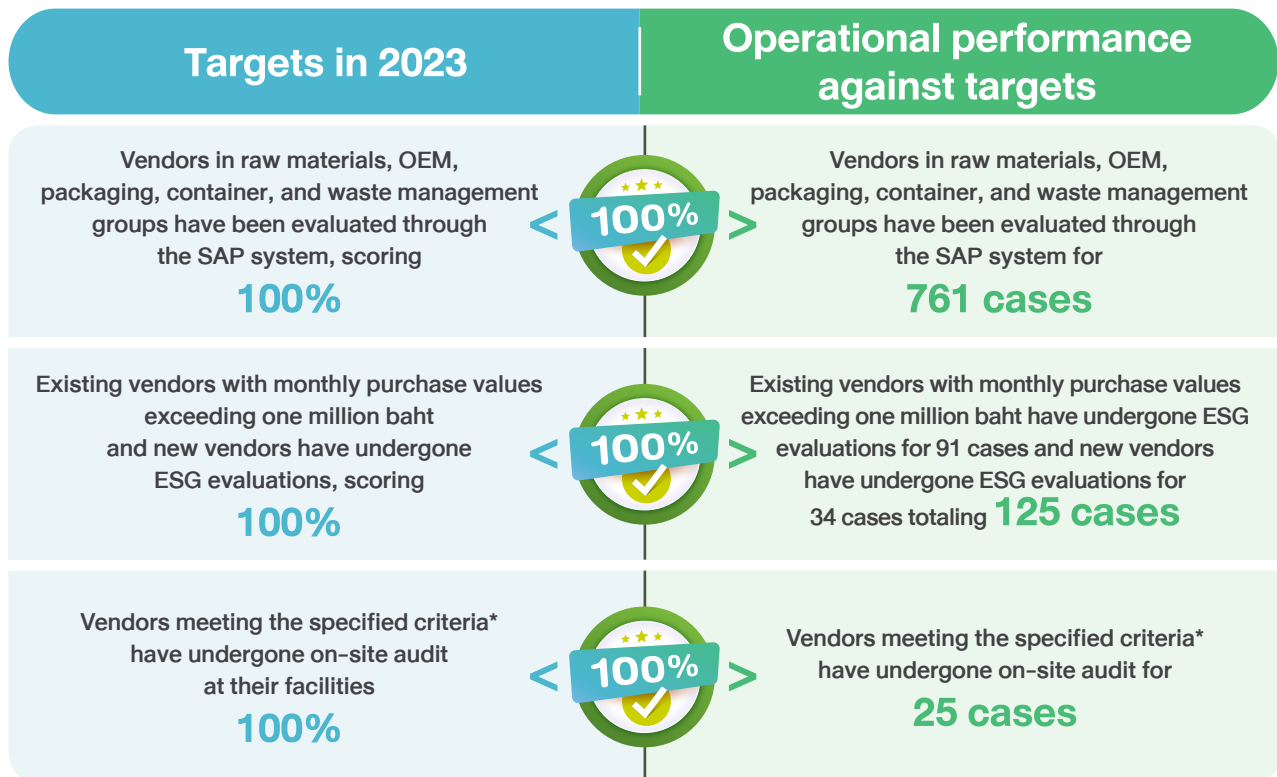


Sustainable and Responsible Supply Chain



Note: Vendors meeting the specified criteria are as follows:

- 1) Vendors with the highest purchase value for products, ranking within the top 20 annually with a rotational exchange.
- 2) Vendors with quality issues identified, If the quality assurance department detects quality problems during product delivery.
- 3) New vendors contracted by S&P for product manufacturing.

Background and relevance

Responsible supply chain management is a crucial factor that ensures the efficient delivery of products from the production process to the consumers, while also mitigating risks. These risks include cost-related risks, the risk of raw material and inventory shortages, and business interruption risks, all of which directly impact business operations and S&P's image. In addition, the impact on stakeholders can be reduced throughout the supply chain. Therefore, as a manufacturer and service provider in the food and bakery sector with over 470 branches nationwide, S&P prioritizes delivering quality services and products. S&P supports operations and enhances the capabilities of all vendor groups, taking into account social, environmental, and corporate governance issues throughout the supply chain. This approach aims to increase opportunities, reduce risks, and promote the enhancement of knowledge and skills among vendors, thereby fostering sustainable growth altogether.

Commitment

S&P is committed to sourcing raw materials from legally compliant production sources, considering the economic, social, and environmental impacts according to the principles of a Responsible Supply Chain. S&P strictly adheres to the S&P Code of Conduct for Business Partners, ensuring transparency and traceability throughout the supply chain both forward (from raw material to finished product) and backward (from finished product to raw material).

Besides, S&P supports vendors who engage in fair employment practices and socially responsible hiring in line with human rights principles. S&P also focuses on sourcing directly from farmers to enhance the quality of life for Thai farmers and communities, enabling them to develop products that truly meet consumer demands.



Environment



Social



Governance and Economy

Operational approaches

S&P Code of Conduct for Business Partner

S&P promotes adherence to the S&P Code of Conduct for Business Partners throughout the supply chain in all industries via 14 approaches. These approaches encompass environmental, social, and governance issues, including compliance with relevant environmental standards, strict waste management, ecosystem conservation, and optimal resource utilization. We also cover human rights compliance, equitable labor treatment, appropriate wage and working hours,

prohibition of child labor, and the prevention of forced labor. S&P communicated the S&P Code of Conduct for Business Partners to all new vendors. In 2023, S&P successfully communicated the S&P Code of Conduct for Business Partners to 100% of our new vendors.

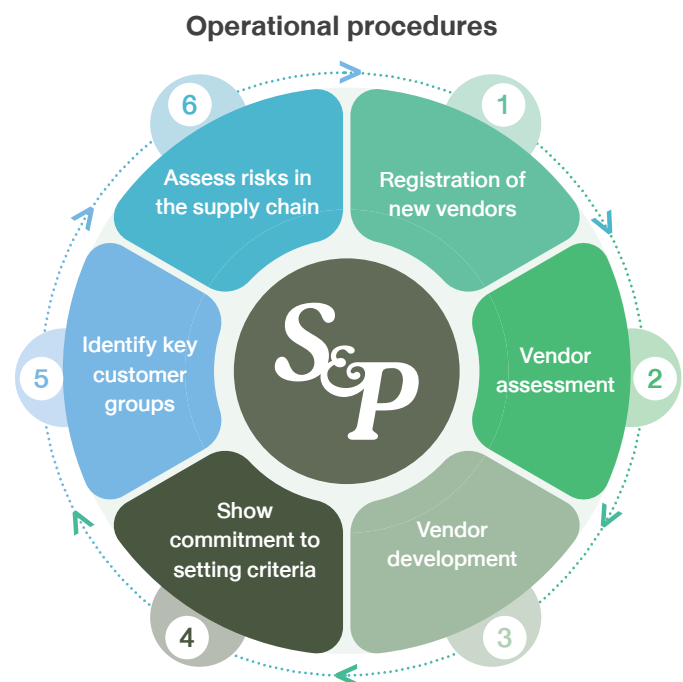
S&P Code of Conduct for
Business Partners



Vendor Management

Vendors are a crucial component in our business operations, playing a significant role in enhancing our competitive edge, meeting customer and consumer demands, and mitigating business risks. We foster strong relationships with our suppliers, providing ongoing support, development, and promotion to ensure they grow alongside our company. By integrating ESG (Environmental, Social, and Governance) principles into our supply chain management, we have included social and environmental considerations in our procurement criteria for **current approved vendors**.

S&P maintains transparent criteria for selecting **new approved vendors**, prioritizing the quality of raw materials and products. In addition, we require proof of legal business operations and adherence to responsible economic, social, and environmental practices. Our vendors must also agree to S&P Code of Conduct for Business Partner to align with our sustainable sourcing policy and S&P's commitment to "Healthier Family, Happier World".

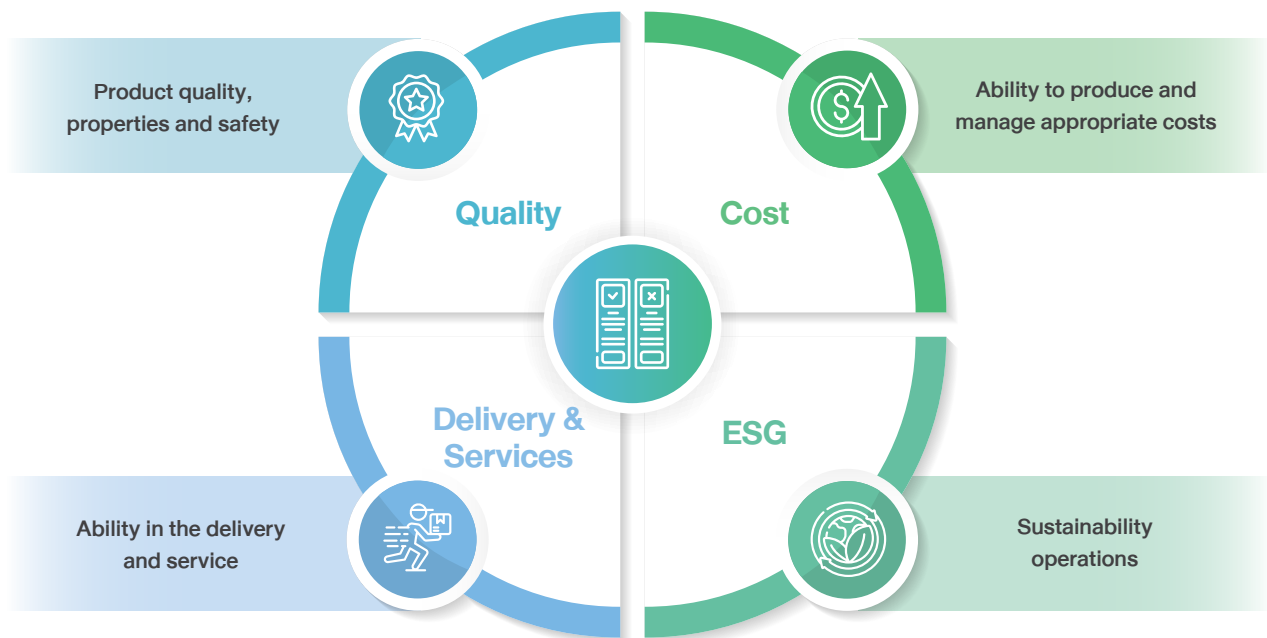


In aligning the selection of new vendors with S&P's sustainable development goals, we do not only choose those who comply with legal and regulatory standards but we also consider product quality, employee safety, and the supplier's social and environmental responsibility.

S&P has established criteria focusing on product and service quality, transparent and fair business practices, and environmental and social considerations. These criteria are integral to evaluating the capability of vendors in our procurement system and the selection of new vendors.

S&P aims to manage our supply chain responsibly and efficiently, continuously integrating sustainability issues into every step of sourcing and selecting new vendors. This includes communicating S&P's policies and expectations and evaluating competence and qualifications in selecting new vendors covering key issues as follows.

Criteria in evaluating and selecting new vendors



1. The vendors send product samples for S&P to test and evaluate their quality, attributes, and safety. This evaluation is conducted collaboratively by the procurement, research and development, marketing, and sales departments.
2. The vendors who pass the quality evaluation present their product pricing for S&P to assess their production capability and cost management appropriateness.
3. The vendors who pass the cost management evaluation undergo a risk assessment concerning quality management, transportation, and delivery capabilities, as well as ESG risks through Self-Assessment Questionnaire (SAQ).
4. The vendors with high transaction values are subject to on-site audits conducted by S&P's quality assurance for procurement and production quality assurance departments.
5. The vendors who pass all evaluations with a score of 60% or higher sign the S&P Code of Conduct for Business Partner" to establish a standard for business operations. These vendors are then registered in S&P's Approved Vendor List (AVL).

In 2023, 34 new vendors, accounting for 4% of all vendors, were selected using criteria incorporating sustainability principles, covering economic, social, and environmental dimensions.

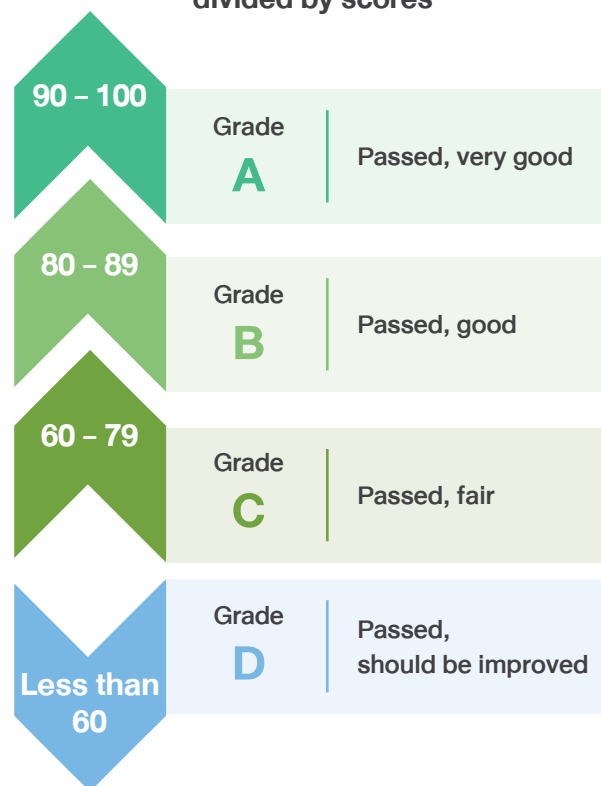


Vendor Risk Assessment

S&P places significant importance on developing key vendors within the supply chain to mitigate risks and reduce social and environmental impacts, as well as to minimize the risk of violating relevant laws and regulations. This commitment also supports enhancing the efficiency of vendors and contractors to meet S&P's standards. For example, S&P encourages vendors to deliver products and services through improved business processes that are certified according to international standards, such as ISO 9001, ISO 14001, ISO 17025, and OHSAS 18000.

In addition, the criteria has been established for evaluating supplier risks covering economic, social, and environmental risks. To upgrade and develop S&P's vendors, S&P identifies risk issues and risk analysis prioritizing risks by evaluating the likelihood of an event occurring and the possible impacts.

Risk assessment criteria and vendor grading, divided by scores



*In the case that a vendor receives a D-level assessment result, it will be classified as a high-risk vendor. S&P will jointly develop and improve the work system to raise the assessment results of vendors to be good vendors in the future.

Risk and opportunity analysis of supply chain management and vendor management

Supply chain management			
	Environmental	Social	Governance
Risks	Air pollution is caused by the transportation process.	The use of labor is in accordance with the law of vendor companies and related communities.	Temporary shortage of quality raw materials with a disruption in the production process.
Opportunities	Pollution reduction management throughout the supply chain by using environmentally friendly electric vehicles.	Support vendors and promote products from local communities to help generate income for the communities.	There is a reserve source of quality raw materials in order to operate business continuously.
Management approaches	<ul style="list-style-type: none"> Integrating environmental responsibility into supply chain management from the product and service design process, procurement of materials used, production, transportation and management of end-of-life products as well as reducing waste throughout the supply chain. 		
Challenging goals of supply chain management	<ul style="list-style-type: none"> Responsible sourcing throughout the supply chain to help reduce costs and to create innovation in the process to increase efficiency. Create Supply Chain Security There is a traceability system that helps ensure safety for both producers and consumers. 		



Risk and opportunity analysis of supply chain management and vendor management

Vendor management:

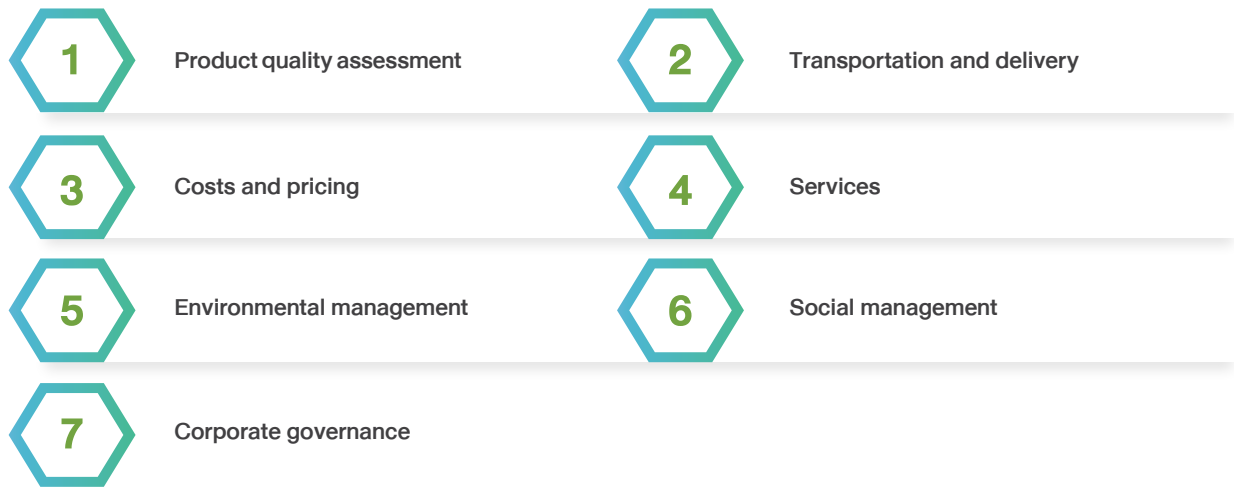
	Environmental	Social	Governance
Risks	Air pollution is caused by the operation of customers.	S&P may face opposition if we support vendors with ESG issues.	The inconsistent quality standards may affect the quality of S&P's products.
Opportunities	Improve work processes to reduce pollution.	Screening and developing partners helps build brand trust.	Screening and developing suppliers will help raise the quality standards of vendors and S&P.
Management approaches	Create a Supplier Code of Conduct that covers social and environmental issues to show our commitment to supporting vendors to operate ethically and be socially responsible altogether.		
Challenging goals of supply chain management	<ul style="list-style-type: none"> Develop the potential of domestic vendors by giving importance to partners in areas near the establishment, such as providing knowledge about sustainability to vendors and implementing various sustainability projects altogether. Reduce risks from vendors caused by having limited raw materials, shipping delays and business interruptions. Participate in developing a strong business. 		

S&P has established criteria for **evaluating current vendors**, including groups of vendors, raw materials, OEM, and packaging, based on “product quality”, “risk factors”, and “operational performance.” Additionally, S&P conducts ESG assessments covering social and environmental issues. The assessment process includes the following steps:

1. the Annual Vendor Quality Assessment: This involves summarizing the operational performance data through the SAP system. The Quality Assurance (QA) department records the quality standards inspection results and the acceptance of raw materials/packaging before they enter the warehouse. Alongside this, QA from each department evaluates the products to cross-verify the findings before the materials are used in production. This assessment also incorporates information on delivery and service performance.



2. **Low-Risk Vendors Assessment:** S&P requires an annual ESG quality management assessment through a Self-Assessment Questionnaire (SAQ) which includes evaluations in seven areas:



3. **High-Risk Vendors Assessment:** Vendors whose performance is rated at level D or falls under the “needs improvement” category through the SAP system will be classified as high-risk. S&P will issue a notice of the evaluation results to inform the vendors, prompting them to address and rectify the identified deficiencies. For vendors that fail the quality assessment criteria, S&P will conduct an on-site audit at their facilities. This includes creating an annual plan for auditing vendors, focusing on their production sites, production processes, product quality management, and transportation. The goal is to help improve the vendors’ capabilities moving forward.

4. **Criteria for selecting vendors that must undergo an annual On-site Audit.**

- 1) Top 20 vendors with the highest order value, which rotates each year.
- 2) Vendors with quality issues identified, If the quality assurance department detects quality problems during product delivery.
- 3) New vendors contracted by S&P for product manufacturing.

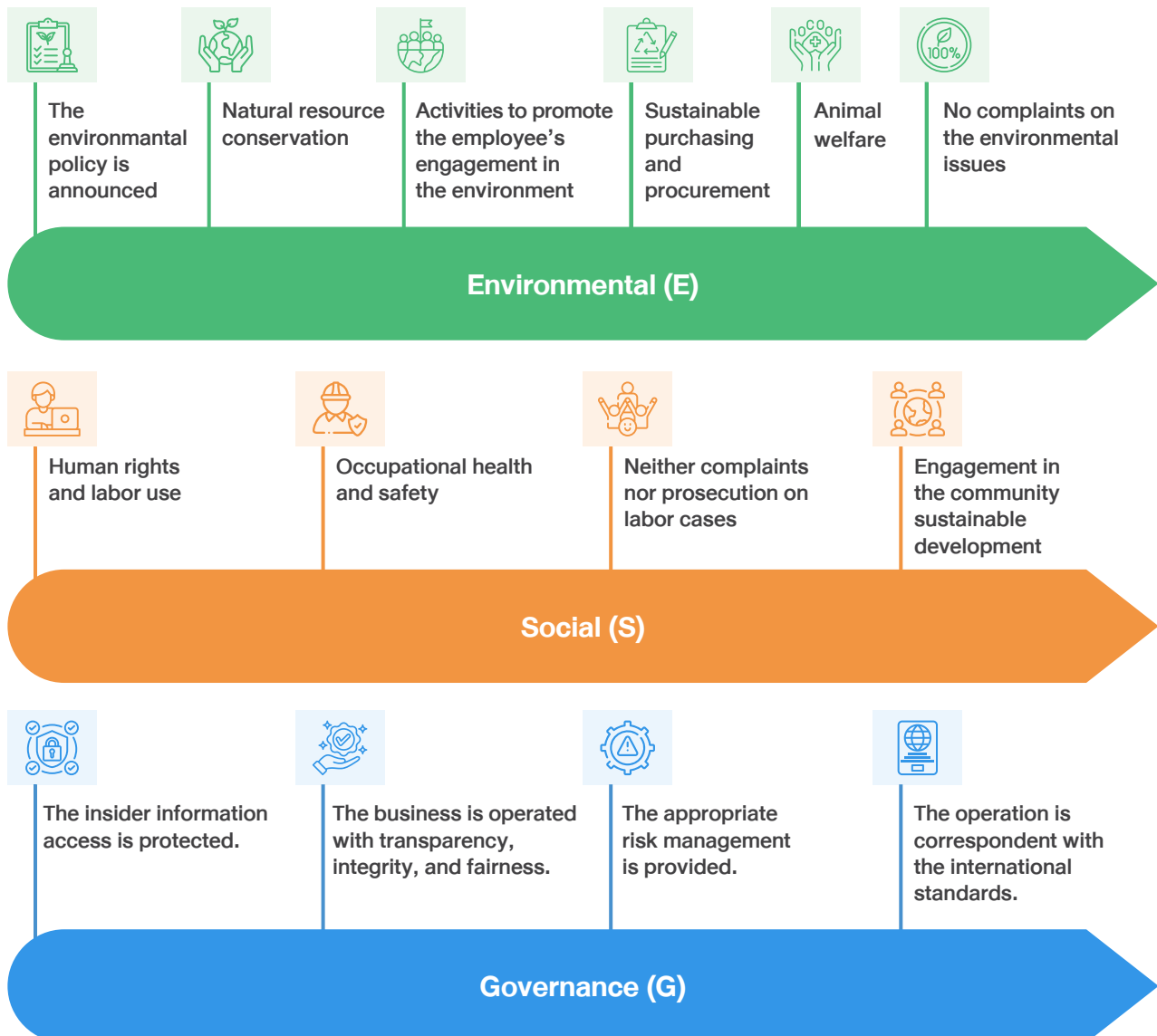


In this regard, a plan for random inspection and quality assessment of vendors must be jointly prepared among branch operating department, bakery factories, food factories, purchasing department and other related departments.

In 2023, the vendor assessments revealed no irregularities or food safety risks concerning food and raw materials. However, S&P plans to enhance the vendor selection criteria by incorporating more detailed ESG considerations and improving the evaluation criteria specific to the risk categories of raw materials, packaging, and OEM products. This is to select vendors with the capability and potential that align with S&P’s business approach for sustainable growth altogether.

ESG Risk Assessment of Vendors

In 2023, S&P evaluated the ESG performance of existing vendors with a monthly purchase value exceeding one million baht, totaling 91 vendors, and 34 new vendors, making a total of 125 vendors. This represents 16% of all vendors. S&P has added the following criteria for evaluating the sustainability of supply chain management:



Business Risks of vendors, S&P prioritizes the vendors by evaluating their importance based on product categories and trading value, as well as assessing the economic risks posed by the vendors. This assessment aims to mitigate risks associated with relying on a limited number of vendors or receiving substandard products, which could disrupt the supply chain and impact S&P's revenue. Effective supply chain management and risk management systems ensure continuous operations without interruptions.

S&P's food and bakery factories are operated under a quality policy focusing on food security. This begins with developing personnel to cultivate a food safety culture. The quality management system is continuously improved to comply with international standards and legal requirements. S&P manages and controls quality throughout the value chain, from raw material quality and product manufacturing to consumption, including implementing traceability systems. This ensures consumers' confidence in the quality and safety of S&P products.



S&P assesses economic and governance risks, covering topics such as Business Continuity Management (BCM) systems, policies on sustainable supply chain management, environmentally friendly procurement practices, anti-fraud and anti-corruption policies, etc. From the assessments, no significant risk issues were identified.

However, to mitigate trading risks with suppliers who have high transaction volumes and values, S&P mandates the establishment of purchase contracts. This ensures supplier confidence and preparation for producing raw materials and packaging that can meet usage requirements throughout the contract term.



Critical Supplier Criteria

S&P employs the Purchasing Matrix principle to establish criteria for identifying **key direct suppliers** (Critical Tier 1), suppliers are analyzed according to the following criteria set by S&P:

1. Top 20 suppliers with the highest order value, which rotates each year.
2. Vendors with quality issues identified, If the quality assurance department detects quality problems during product delivery.
3. New vendors contracted by S&P for product manufacturing.

S&P does not have Critical Non-Tier 1.

Contingency plan for sourcing backup raw materials

S&P also has a contingency plan for sourcing backup raw materials in case the primary suppliers fail to deliver on time or encounter quality issues. These measures ensure that business operations are not adversely affected. The steps are as follows:

1 Multiple Suppliers

S&P's policy is to source raw materials from multiple suppliers to mitigate the risk of supply disruptions from primary suppliers. This multiple supplier strategy ensures that business operations are not adversely affected.

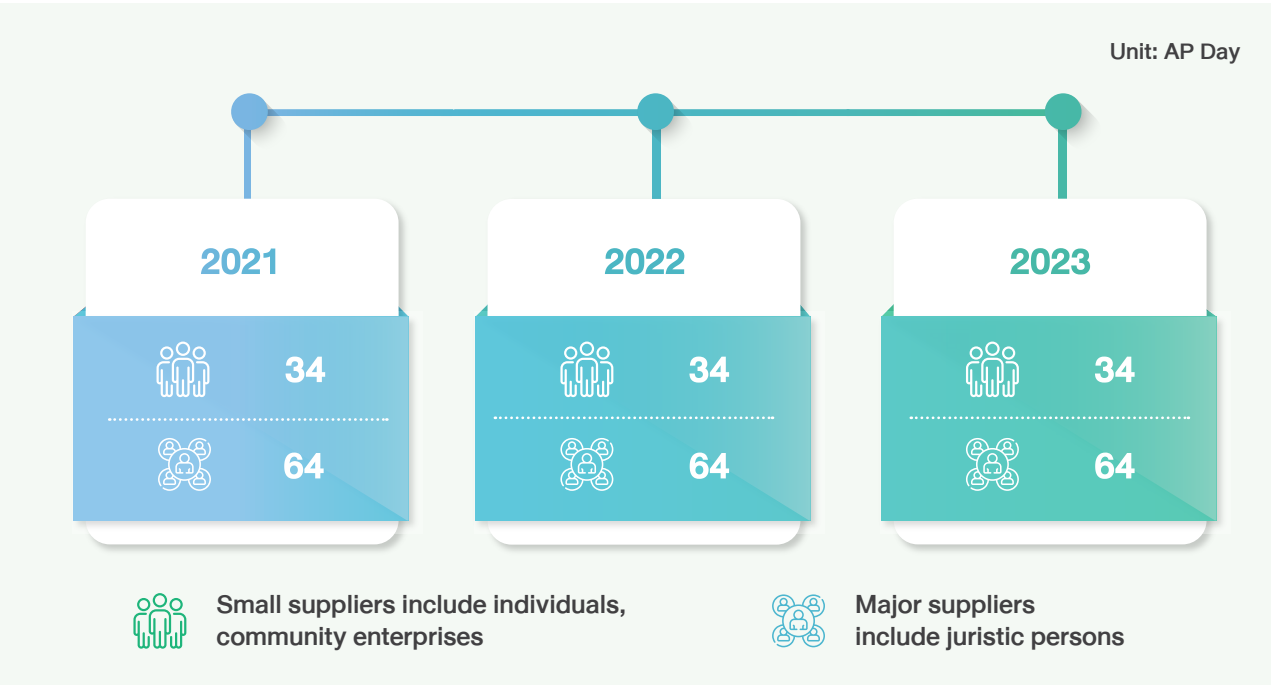
2 Single Supplier

For specialized raw materials specific to S&P or when dealing with a single supplier, the purchasing department will request forecasts from the production planning department and the Data Information Center for S&P Stores. These forecasts are sent to the supplier and monitored in collaboration with the planning department to manage and reduce the risk of short supply.

Participation in helping suppliers



S&P and our affiliates have a system for controlling payments. **S&P has required suppliers to bill at the beginning of every month.** S&P will then collect the documents received to check with the purchase request and tax invoices or invoices that S&P receives once the inspection has been completed. S&P will issue a billing receipt with a time to pay according to the payment cycle specified. **S&P has set a credit term policy to pay money to suppliers within a period of 34- 64 days by informing suppliers.** When the payment day arrives, for those whose e-mail is notified, S&P will send payment notification to the suppliers.



For the year 2023, S&P has paid money to our suppliers according to the prescribed payment cycle correctly and completely without lawsuits or any complaints whatsoever.

Summary of operational performance in 2023

Suppliers in 2023



Number of suppliers, divided by type of suppliers

11%


Number of important direct suppliers (Critical Tier 1 Supplier)
87 suppliers

Total direct suppliers
761 suppliers

Critical Tier 1 Supplier:

1. Top 20 vendors with the highest order value, which rotates each year.
2. Vendors with quality issues identified, If the quality assurance department detects quality problems during product delivery.
3. New vendors contracted by S&P for product manufacturing.

Engagement of suppliers

 New suppliers being communicated with ethics for business partners

100%



New suppliers acknowledging and accepting the code of conduct for business partners

100%

Risk assessment of all suppliers

Total suppliers **761 suppliers** being assessed via the SAP system **100%**

16.43%

Number of suppliers being assessed in ESG
125 suppliers

2022	2023
91 suppliers	34 suppliers

Total suppliers
761 suppliers

3.29%

Number of suppliers being performed with On-site audit
25 suppliers

Total suppliers
761 suppliers



Environment



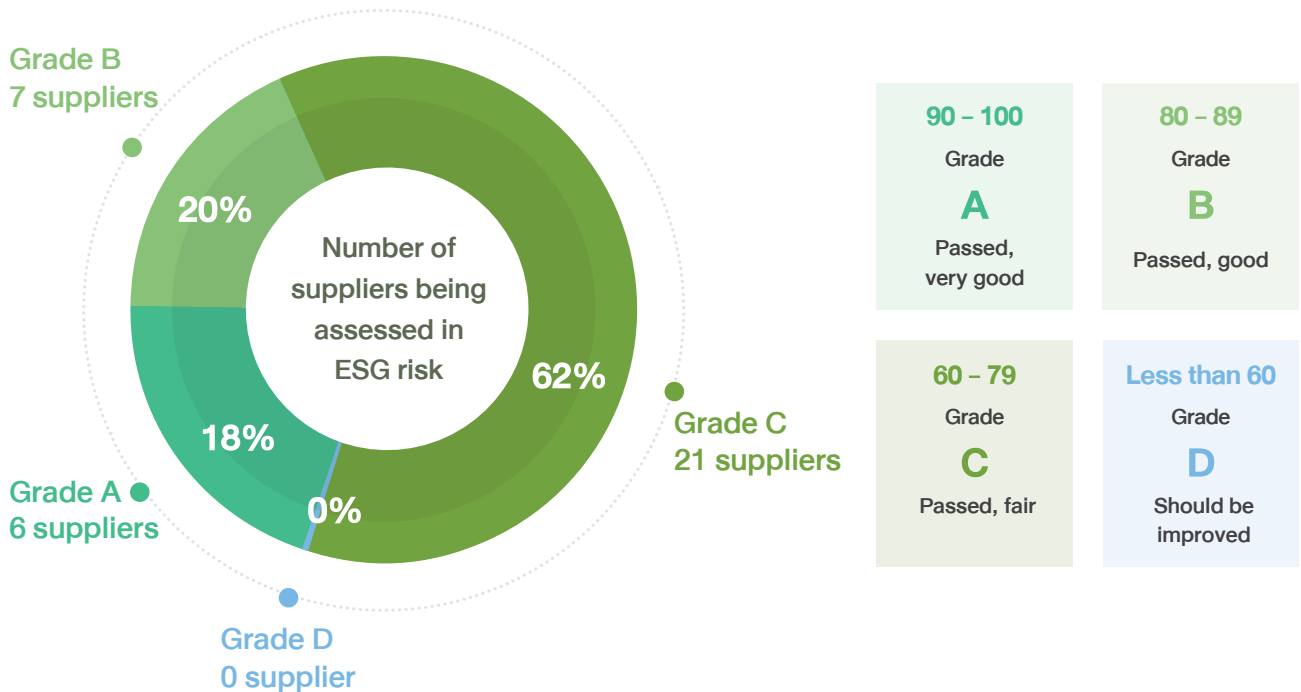
Social



Governance and Economy

Operational performance of ESG risk assessment

New suppliers with a monthly purchase value exceeding one million baht, total 34 suppliers:



Supplier management



ESG complaints regarding supplier management

0 Case



Incident of late payment to the suppliers beyond the contractual deadline

0 Case



Incidents where the suppliers violate the law, human rights, and labor

0 Case



Work-related death of suppliers

0 Case



Incidents that create severe impacts on the environment

0 Case



Frequency rate of lost time injuries

0 Case



Environment



Social



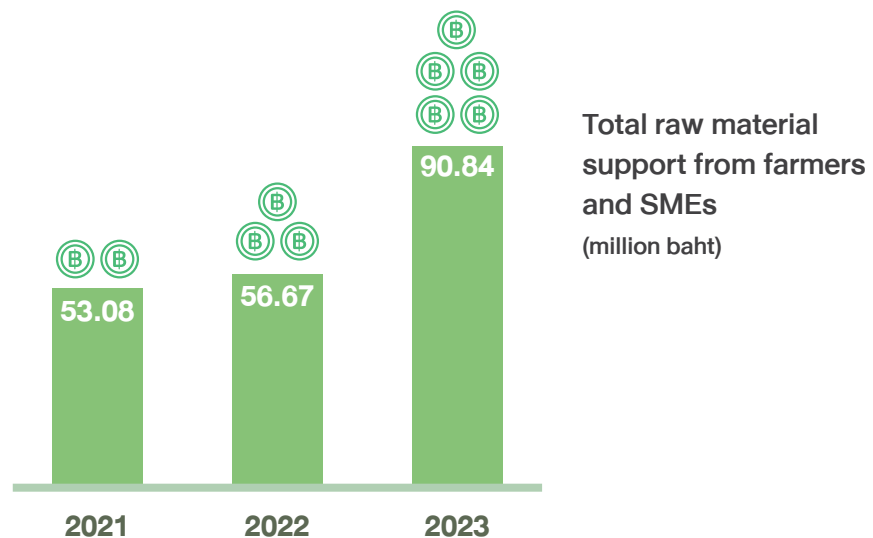
Governance and Economy

Sustainable sourcing to get the highest quality raw materials

13%

Results of selecting Suppliers that past green industry standards in 2023

Farmer income support to develop into a farming area that does not create a impact on society and the environment sustainably



Important projects in 2023

Project to support Thai farmers “Taro”, Saraburi Province

Originally, S&P purchased taro through middlemen but faced issues with inconsistent quality across production batches, which did not meet S&P's standards. To address this, the purchasing team identified a source of high-quality taro in Ban Mo District, Saraburi Province, managed by Mr. Anucha Charoensuk, an expert farmer. He oversees the crop from soil preparation to harvest using chemical-free cultivation and harvesting methods on fertile and suitable land, ensuring the supply meets the required quantity. To further enhance taro quality, S&P's quality inspection team collaborated with Mr. Anucha to exchange knowledge on improving taro

characteristics. This initiative aims to increase the flesh content of the taro and enhance its distinctive fragrance, ensuring that the product consistently meets the high standards expected by S&P.

The taro from Ban Mo, Saraburi Province, has been registered as a GI (Geographical Indication) agricultural product. This taro, grown in Saraburi, is of the Chiang Mai taro variety, known for its large corms, crumbly texture, and exceptionally fragrant aroma compared to other fragrant taro. It is ideal for producing Taro Pearls in Coconut Cream and Ginkgo and Taro Sticky Rice Cake.



This taro farm has been certified by the Department of Agriculture for Good Agricultural Practices (GAP) for crops, categorized into three levels:

1. Safe Production Process ensuring the produce is safe.
2. Safe and Pest-Free Production Process ensuring the produce is both safe and free from pests.
3. Consumer-Satisfactory Production Process ensuring the produce is safe, pest-free, and meets consumer quality expectations.

In addition, the farmer uses “drone” technology to survey the land and monitor the growth of the taro crops. This technology also helps in uniformly applying nutrients across the entire farm. By supporting direct procurement from farmers in Ban Mo District, Saraburi Province, S&P does not only ensure the taro to meet its quality standards but it also gains valuable insights into improving taro quality. This knowledge transfer helps other farmers in the network produce high-quality taro, thereby increasing their income and spreading economic benefits throughout the community. This approach ensures farmers have stable incomes and appropriate profits from their production efforts.

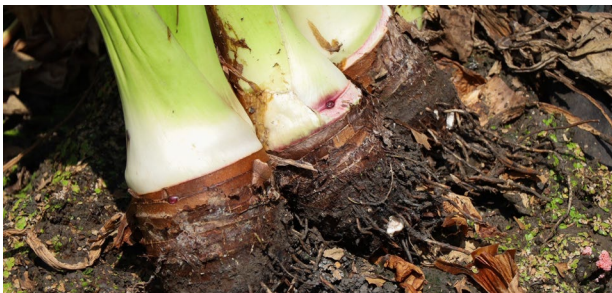
Results and Benefits



In 2023, Generate income for taro farmers of
1.73 million baht

S&P has generated income for the community since 2020 – 2023 with a total support of
5.5 million baht

Help create jobs for up to
15 households



Environment



Social



Governance and Economy

Project to support quality raw materials from local areas

S&P aims to promote organic agriculture, free from chemicals, for the good health of consumers and to help preserve watershed forests, preventing chemical contamination from cultivation. Furthermore, we aim to elevate the livelihoods of Thai farmers, ensuring stable and sustainable income for communities. To achieve this, S&P supports Golden Organic Oranges from Thung Chang District, Nan Province, sourced from farmers certified with Sustainable Development Goals Participatory Guarantee System (SDGsPGS) by the Nan Federation of Sustainable Agriculture in collaboration with the Organic Agricultural Enterprise Network of Nan Province during the transitional phase. This ensures that the produce is fresh, clean, and chemical-free, with traceable origins. The golden organic oranges, a Geographical Indication (GI) product of Nan Province, benefit from the region's fertile soil and suitable climate. These conditions result in oranges

with a golden-yellow, thin peel, natural surface patterns, and a sweet taste, making them ideal for use as ingredients in various beverage menus. These include freshly squeezed organic orange juice, fresh organic orange juice smoothies, and cold brew coffee with freshly squeezed organic orange juice, available seasonally from December 2023 to February 2024.

In 2023, S&P organized a media visit to the orange orchards of Mr. Prasert Chantawong in Nan Province to facilitate discussions and exchange of needs between S&P and farmers. This initiative aimed to provide knowledge and disseminate sustainable farming practices of organic orange farmers to the public, thereby enhancing consumer confidence. Moreover, it served as an opportunity to expand networks and support farmers in distributing their produce to other consumers.

Results and Benefits



In 2023, the income of
0.63 million baht
was generated for farmers

S&P has generated income for
the community since 2020 - 2023,
with a cumulative support amount
of **1.85 million baht**

Helping to create
careers for people in
the community in up to
37 households

