

**Index**livingmall

Sustainable Supply Chain  
Management Policy

Corporate Operating Procedure

Index Living Mall Public Company Limited

TITLE: Sustainable Supply  
Chain Management Policy

CONFIDENTIAL: 01

TOPIC: Supply Chain

DOCUMENT CODE: ILM-SCM-002  
EFFECTIVE

Effective Date:  
December 1,  
2023

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00

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#### Verification and Approval

|             | Signature  | Position                             | Date             |
|-------------|--|--------------------------------------|------------------|
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| Approved by | -signature-<br>(Ms. Kridchanok Patamasatayasonthi) | MD                                   | December 1, 2023 |

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## 1. SCOPE

The Company has complete control over all purchasing activities that pertain to its products and services. Stakeholders are suppliers, contractors, and/or service providers, whether they are juristic persons or natural persons to the Company Group. This includes subcontractors of suppliers, contractors, and/or service providers.

## 2. OBJECTIVE

The Company focuses on creating value for a sustainable supply chain for suppliers by selecting trade partners who are committed to operating, conducting business ethically, and adapting to changing circumstances. Responsible supply chain management enhances delivery processes, efficiently transports products to consumers, and reduces supply chain management risks, including effective cost management.

The Company supports and promotes the potential of each group of suppliers to grow together while also considering the continuous improvement of sustainable business operations in regards to environmental, social, governance, and human rights issues throughout the supply chain. As a result, the Company has conducted risk assessments on suppliers and created risk assessment tools tailored to the business context of each supplier group.

## 3. DEFINITION

*The Company* refers to Index Living Mall Public Company Limited and its affiliates which are controlled, supervised, and overseen by the same juristic persons. This includes those who have been authorized to act or work on the Company's behalf

*ILM Supplier* refers to the list of suppliers who have passed the Company's preliminary selection process.

**Critical Tier 1 Supplier** refers to suppliers who directly provide products, materials, or services (including intellectual property (IP)/patents) that are critical to the Company's business operations, such as having high purchasing volumes, providing key product components, or procuring alternative materials/suppliers for replacement.


**Critical Non-Tier 1 Supplier** refers to important suppliers who do not directly conduct business with the Company but provide products and services to critical suppliers.

**Corrective Action Plan** refers to the necessary action plan where suppliers need to make corrections after receiving the ESG Audit results.

**Self-Assessment Questionnaire** refers to the self-assessment questionnaire of suppliers regarding sustainability which covers economic, social, and environmental issues that are aligned with the Company's code of ethics for suppliers in order to evaluate the efficiency of suppliers in terms of sustainability and is part of the sustainability risk assessment.

#### 4. Sustainable Supply Chain Management Framework

The Company focuses on adding value to the supply chain by managing environmental, social, economic, and governance impacts throughout the product and service life cycle in accordance with the UN Global Compact as follows:

|  |   |   |
|--|---|---|
| <br><u>Sustainable Supply Chain Management Policy</u> | Corporate Operating Procedure                     |   |
|  | Index Living Mall Public Company Limited          |   |
|  | TITLE: Sustainable Supply Chain Management Policy | CONFIDENTIAL: 01                        |
|  | TOPIC: Supply Chain                               | DOCUMENT CODE: ILM-SCM-002<br>EFFECTIVE |
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- **Commit:** Demonstrating commitment by creating a vision for sustainability and clear supply chain goals. This includes developing a code of conduct for suppliers that addresses sustainability in the environmental, social, economic, and good corporate governance dimensions. The Company demonstrates its commitment to assisting and promoting suppliers to operate the business with care and responsibility for the environment and society as well as operate the business with a code of ethics.
- **Assess** the scope of supply chain management and supplier risk assessment that affects the environment, society, and corporate governance.
- **Define and implement:** Identify key suppliers and suppliers who have high sustainability risks. Communicate expectations to increase efficiency in cooperation and the potential of suppliers to the level of sustainability.
- **Measure and Communicate:** Track and monitor operations against goals, and maintain transparent interactions with stakeholders.

The Company sets the credit terms that both parties agree upon. The billing and payment process is communicated in a clear and organized manner, guaranteeing that suppliers receive their payments promptly. There is a well-established system in place to efficiently monitor and address any potential payment delays.

5. **Overall Strategies** the Company carefully selects and reviews suppliers who demonstrate potential in business sustainability, committing to comply with the supplier code of conduct, legal compliance, rules, and regulations, and are willing to improve their potential for sustainable growth.

## 6. Selecting New Business Partners

When it comes to purchasing, product strategy development, and trading, the purchasing staff selects suppliers as follows:

1. Communicate clear, accurate, and fair information about the need to procure products or services to suppliers who have the ability or qualifications for the procurement.
  2. Evaluation for new suppliers: new suppliers must pass a fundamental risk assessment by completing a preliminary screening form to ensure that new suppliers have the necessary qualifications and good internal management processes in regard to environmental, social, and governance dimensions in accordance with the scoring criteria shown in the table below.
- The overall scores for new suppliers in terms of operations must be higher than 50% in order to pass these criteria.

| No. | Rating Topic                     | Full score |
|-----|----------------------------------|------------|
| 1   | Quality of products and services | 25%        |
| 2   | Price/service fee                | 20%        |
| 3   | Ability to deliver goods         | 20%        |
| 4   | Company cooperation              | 20%        |
| 5   | Payment terms                    | 15%        |

- The overall scores for new suppliers in terms of sustainability must be higher than 50% in order to pass these criteria.

| No. | Rating Topic                          | Full score |
|-----|---------------------------------------|------------|
| 1   | Environmental management              | 35%        |
| 2   | Corporate governance and human rights | 10%        |
| 3   | Safety, occupational health           | 10%        |

|   |   |     |
|---|---|-----|
| 4 | Social responsibility                             | 10% |
| 5 | Corporate governance and code of business conduct | 35% |

• In this regard, the suppliers selected to work with the Company Group must have at least the following qualifications:

- I. Must have establishments that can be verifiable.
- II. Must have appropriate and reliable personnel, machinery, equipment, products, services, financial status, and/or history.
- III. Must have reliable references in regard to performance, delivering quality products or services with warranty conditions, and after-sales service.
- IV. Must submit supporting documents for new suppliers as follows:
  - a. Copy of document certifying the juristic person registration
  - b. Copy of related certification issued by government agencies
  - c. Power of attorney documents
  - d. A copy of the registration document with the Revenue Department such as a copy of the VAT Registration Certificate (P.P.20).
- V. All of the Company's suppliers must sign to acknowledge the ILM's Supplier Code of Conduct and complete the self-assessment questionnaire (SAQ), which covers economic, social, and environmental issues that are consistent with the Company's Supplier Code of Conduct, in order to evaluate the efficiency of the suppliers in terms of operations, sustainability, and is part of the supplier's sustainability risk assessment.
- VI Purchasing staff will conduct and follow the procedures for approving the registration of new suppliers by evaluating them using the established criteria. Suppliers who meet the necessary criteria and are approved by the purchasing manager or authorized personnel will be added to the Company's list of approved suppliers.

## 7. Identify Key Suppliers

The Company defines criteria for Critical Tier 1 Suppliers as follows:

- 1) The sales value of the supplier ranks within the upper 80% of the total sales is calculated by a weighted average of 50%.
- 2) The level of dependency of products and services for business operation is calculated by a weighted average of 50%.

3. Suppliers who achieve a combined score of 80% or higher from both criteria will be included in the Critical Tier 1 Suppliers category.

The Critical Tier 1 Suppliers are defined as service providers involved in the production of products (Strategic Products), which excludes manufacturers of consumable office supplies.

### 8. Sustainability Risk Assessment

The Company conducts a sustainability risk assessment on the supply chain at least once every 3 years with the following methods:

- 1) Visit the establishments of suppliers
- 2) Have suppliers complete the Self-Assessment Questionnaire
- 3) Conduct an inspection by an external organization
- 4) Conduct an inspection by reliable stakeholders

The assessment consists of environmental, social, and governance (ESG) issues in accordance with the following risk factor table.

| Environment                        | Social                          | Governance                 |
|------------------------------------|---------------------------------|----------------------------|
| Pollution Emissions                | Child Labor                     | Conflicts of Interest      |
| Greenhouse Gas Emissions           | Discrimination                  | Bribery and Corruption Act |
| Efficient Energy Consumption       | Forced Labor and Abuse of Labor | Protection Information     |
| Water Use and Wastewater Treatment | Working Conditions              | Fair Competition           |
| Biodiversity                       | Remuneration                    | Intellectual Property      |
| Deforestation                      | Occupational Health and Safety  |                            |



|                              |                |  |
|------------------------------|----------------|--|
| Sustainable Use of Resources | Global Disease |  |
| Waste Disposal               |                |  |

### 9. Scoring Criteria for Sustainability Risk Assessment

The Company's scoring criteria for the sustainability risk assessment included two dimensions:

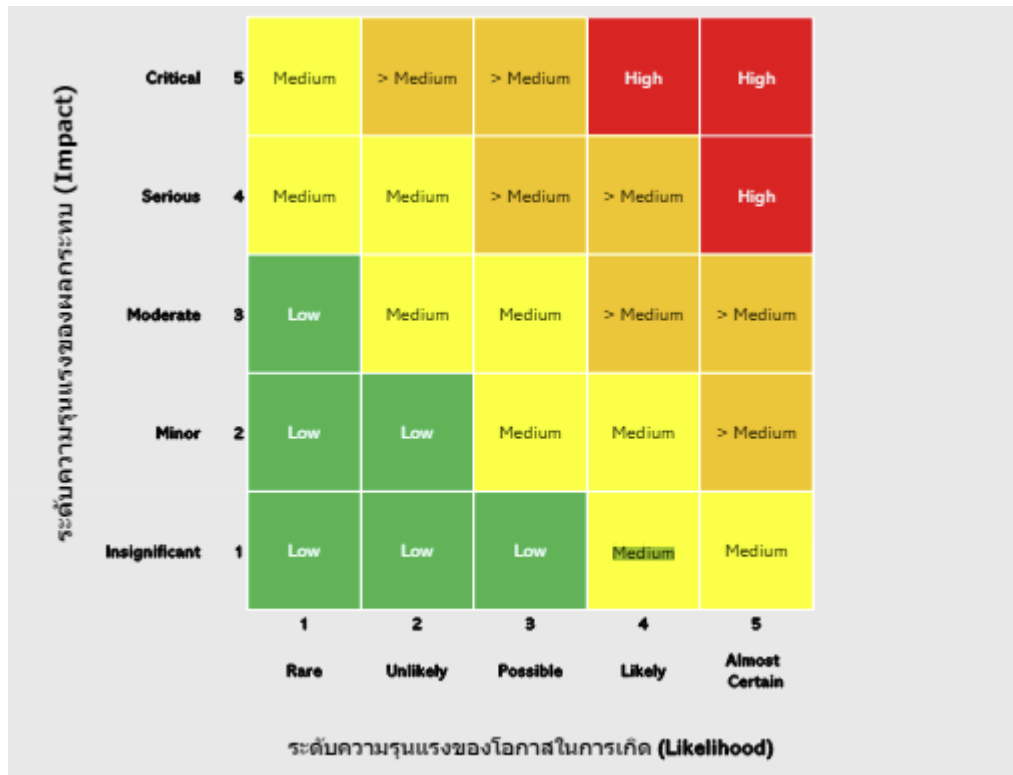
1) Determining the severity of the impact (I = Impact), which is an assessment of the impact that occurs in environmental, social, and governance (ESG) dimensions.

| Impact   | Score |
|--|-------|
| Great impact on the achievement of goals             | 5     |
| More than 50% impact and failed to achieve its goals | 4     |
| Less than 50% impact on achieving the goal           | 3     |
| Low impact   | 2     |
| No Impact  | 1     |

2) Determine the risk likelihood (L = Likelihood), which is an assessment of occurrence or frequency.

| Likelihood   | score |
|--|-------|
| Occurs regularly, every month or every quarter, and is likely to occur in the future | 5     |
| Occurs regularly, every year   | 4     |
| Happens regularly every 2 – 3 years  | 3     |
| Happened in the past but has not occurred in the past 3–6 years                      | 2     |
| Never happened in the past and will not occur in the future                          | 1     |

Conduct a risk assessment in environmental, social, and governance (ESG) dimensions based on the risk factor table and risk assessment criteria for risk impact and likelihood. Identify suppliers with relatively high risk and high risk, orange zones, and red zones, respectively, to plan the assessment and set control standards to reduce risks and impacts.



#### 10. ESG Supplier Self-Assessment

Critical Tier 1 Suppliers are required to conduct a sustainability self-assessment at least once every three years to evaluate business operations, ensure compliance with the supplier code of conduct, and raise awareness of the direction of sustainability operations.

| Evaluation Results | % Risk Score | Corrective Action   |
|--------------------|--------------|---|
| A                  | 0 – 20%      | Follow up and evaluate the results of operations according to the established framework |
| B                  | 20.01% - 70% | Increase the sustainability self-assessment cycle every 2 years                         |

|   |                  |  |
|---|------------------|--|
| C | 70.01% -<br>100% | Conduct an inspection at the establishment |
|---|------------------|--|

**11. Inspection Criteria for Suppliers at the Establishments**

Supplier assessments are conducted to evaluate suppliers' business operations and ensure that they are in accordance with the supplier code of conduct. The Company Group's suppliers are inspected on an annual basis, or at least once every three years. The assessment includes the following group of suppliers:

- All Critical Tier 1 Suppliers
- ESG Supplier Self-Assessment High Risk Tier 1 Supplier, direct suppliers with a high risk of sustainability (grade C), and those with a score of 70.01% or higher.

Supply Chain Management Working Group or relevant department shall appoint an assessment team for suppliers that consist of:

- Personnel with knowledge of safety, occupational health, and the environment
- Personnel with knowledge of labor laws and human rights.
- Personnel from agencies or knowledge of regulatory compliance
- Personnel with knowledge of sustainability
- Consultant or External Auditor

The purchasing staff notifies the supplier of the inspection at least five weeks prior to the scheduled date. The assessment team evaluates the supplier using the sustainability assessment method, and the purchasing staff communicates the inspection results to suppliers, along with a corrective action plan, within 30 days.

Suppliers must act on their corrective action plans within six months. The Company will monitor progress in corrective actions every three months after receiving the plans. If the supplier fails to deliver the improvements or correction plans or does not make the improvements in accordance with the correction plans within the specified time frame, ILM will suspend trading until the supplier complies with the requirements and fully resolves all issues.

## 12. Reference Documents and Forms

| NO. | Document Code (if any) | Document Name |
|-----|------------------------|---------------|
|     |                        |               |
|     |                        |               |
|     |                        |               |
|     |                        |               |

Remark: External documents used as references must include the source of the document in the document code field, such as labor law from the Ministry of Labor.

## 13. Addendums and Additional Documents