

## Sustainable Supply Chain Management

Sustainable supply chain management is a key priority for the Company, which is committed to conducting business responsibly, transparently, and ethically in all its partnerships. This commitment aligns with the Company's Sustainable Supply Chain Management Policy and Corporate Sustainability Development framework. The Company has communicated the Code of Conduct for Business Partners and Suppliers to all its partners, ensuring its integration across the business relationship and alignment with the Company practices and strategies. This Code has been extended to encompass collective actions of suppliers in governance, as well as social and environmental management, addressing three key areas of concern within the supply chain: human rights and labor practices, environmental responsibility, and business ethics. The Company demonstrates its commitment to industry collaboration by promoting transparency and a sustainable supply chain through participation in the Thai Private Sector Collective Action Against Corruption (CAC Change Agent). It plays an active role in expanding the invitation to business partners to join the network, recognizing the importance of good governance as a foundation for addressing ESG-related issues. Furthermore, CENTEL's business operations are certified by the Global Sustainable Tourism Council (GSTC). The GSTC framework guides the Company's business practices, including biodiversity stewardship, engagement of fair-trade suppliers, the promotion of socio-economic development, environmentally preferable purchasing, and resource-efficient procurement to minimize waste and pollution.

CENTEL is committed to supporting, promoting, and developing its business partners and stakeholders, both directly and indirectly, to foster a responsible and sustainable supply chain and to contribute to the transition toward responsible business practices. The Company has established sustainable procurement policies, environmentally friendly procurement guidelines, and codes of conduct that address key areas including responsible production and services, resource efficiency, greenhouse gas emissions, waste and pollution management, as well as the promotion of renewable energy sources and energy optimization. These guidelines have been communicated to relevant departments and business partners to ensure consistent implementation. All business partners- both

existing and new - have been informed of the Company's Code of Conduct and related guidelines to support alignment with its sustainability objectives.

### **Supplier ESG Program**

The Company has established approaches and procedures to ensure effective internal implementation of the ESG program for its suppliers. This responsibility is under Corporate Procurement, which is headed by the Executive Vice President - Global Procurement.

CENTEL has implemented various ESG programs to enhance understanding and performance on ESG aspects of suppliers to ensure responsible business operation across value chain, actively encouraging suppliers to be aware of and report on the social and environmental impacts of their activities. The ESG programs include:

- Continuously reviewed purchasing practices to ensure an alignment with the Company's Supplier Code of Conduct and to address emerging issues within the supply chain, thereby preventing potential conflicts.
- All new and prospective vendors are required to perform self-assessment questionnaire as pre-qualified vendor assessment before approval, which assessment's topics cover ESG performance.
- Prefer suppliers with better ESG performance for supplier selection and contract awarding, for example, support suppliers who use goods and solicitation of services with the Green Label, Carbon footprint label, Carbon footprint reduction label, support suppliers who value Human Rights and fair and equal treatment of labour, etc.
- Refrain from supporting suppliers whose behavior violates ESG manners and could not achieve ESG requirements within the agreed timeframe, for example, suppliers who are involved in modern slavery, or non-comply with environmental law and regulations.
- Conduct training for employees who are buyers and other relevant internal stakeholders whose job is related to sustainable supply chain management. The training topic such as

Sustainable Supply Chain Management to enhance knowledge and understanding of sustainable supply chain management.

## **Supplier Screening**

CENTEL implements a systematic supplier screening approach to identify its significant suppliers (Critical and Key suppliers). The screening criteria encompass both business relevance and ESG-related aspects, including spend analysis, ESG risks relevant to the Company's operations, reliance on a sole source of a commodity or service, labor practices, and social and environmental responsibility. This process is crucial for the Company to identify and mitigate risks that may arise from existing and potential new suppliers.

In recognition of its expanding business operations within and beyond Thailand, CENTEL integrates potential negative ESG impacts in country-specific, sector-specific, and commodity-specific risk into its screening procedure to ensure resilience of the supply chain. Given the importance of regulatory compliance and the labor- and resource-intensive nature of its operations, the Company places strong emphasis on country- and sector-specific risks, such as human rights, occupational health and safety, and compliance with social, economic, and environmental regulations. Moreover, CENTEL considers the environmental and social impacts of commodities used in its operations, with the aim of transitioning toward more responsible business practices that enhance overall ESG performance. Suppliers are expected to hold basic standard certifications such as FSC and PEFC (for sustainable forestry), ISO, HACCP, and other relevant audits. Additionally, sustainability certifications from certified external agencies are considered, including standards that promote fair trade systems (Fairtrade), and support sustainable agriculture and business (Rainforest Alliance). Certifications for agricultural products and animal welfare, such as the Marine Stewardship Council (MSC) certification for seafood from sustainable wild fisheries and the Dolphin-Safe certification, are also taken into account. These comprehensive criteria are central to screening and identifying CENTEL's significant suppliers.

## Supplier Assessment

CENTEL puts a great emphasis on supplier assessment as a stage following the supplier screening in the initial phase. The company conducts supplier assessments annually to identify opportunities for cost efficiency, optimizing working methods. The Company's supplier assessment form is regularly reviewed to ensure it remains up-to-date and aligned with circumstances. The assessment form is based on the five main principles consisting of (1) product and service quality that meet the quality standards and needs, (2) receiving quality standard certification, (3) deliver on time and completely with reliable logistics system, pricing potential, (4) Development of potential and innovative products and services that align with the company's needs and support the achievement of greenhouse gas emissions reduction goals across business activities, (5) employee treatment and social and environmental responsibility, and ethical business conduct and good corporate governance.

The methodologies for supplier assessment include:

- Supplier desk assessments with systematic verification of evidence to evaluate the supplier's ability to provide products or services that meet the company's requirements regarding their ESG policies, practices, and performance.
- On-site assessment by both the Company procurement team (2<sup>nd</sup> party assessment) and by other auditing parties (3<sup>rd</sup> party assessment). The approach used for assessment is aligned with specific standards-setting association.

## Corrective Action Plan

The primary data and root causes of high-risk issues obtained from supplier on-site assessments can provide valuable information for creating a corrective action plan. This plan aims to help in addressing, mitigating, and preventing the impact of high-risk significant suppliers. These plans detail specific actions, timelines, and responsibilities to tackle the high-risk issues with the goal of lessening and resolving any significant actual or potential risks.

After agreeing to the corrective action plan, the suppliers will need to implement and improve any pending issues within the timeframe before a follow-up assessment. Once the suppliers have

been reassessed by the company, showing a decrease from high to medium risk, they can then be included in the suppliers list. Suppliers who are unable to implement the corrective action plan or meet the minimum ESG requirements within the set timeframe will be excluded from contracting.

## Supplier Development

To promote sustainable supply chain development and educate CENTEL's suppliers, the Company has developed approaches that cover the following elements:

- Conducting year-round meetings to provide opportunities for idea exchange and discussion on market demand trends. These sessions help suppliers stay informed and prepared for the transition to sustainable business practices while also communicating the Company's sustainability goals and its efforts to become a net-zero organization.
- Conduct training for the Company's suppliers regarding ESG knowledge to raise awareness and ensure sustainable responsible business operations in alignment with CENTEL's Supplier Code of Conduct.
- Conduct in-depth support programs to build capacity and ESG enhancement through knowledge sharing and workshops on hygiene standards, waste management, quality standard requirements (ISO 9001:2015), environmental management systems (ISO 14001:2015), and occupational health and safety management systems (ISO 45001:2018).
- Foster a responsible and sustainable supply chain by collaborating with suppliers on continuous improvement and corrective actions, promoting green procurement and eco-friendly products such as waterless cleaning products.

CENTEL also provides suppliers with an ESG benchmark, categorizing suppliers into high, medium, and low-risk scores. They also disclose the list of suppliers that implement ESG projects, such as GHG emissions and energy reduction projects, water conservation initiatives, anti-corruption measures, and data privacy measures. This approach offers a

comprehensive view of suppliers' implementation of ESG initiatives, fostering collaboration, tracking progress, and encouraging broader participation in sustainable practices.

## 2024 Performance

In the year 2024, CENTEL assessed and identified significant suppliers as per the mentioned criteria. The result is as per information below.

Supplier Screening	2024
Total number of Tier-1 suppliers	3,792
Total number of significant suppliers in Tier-1	239
% of total spend on significant suppliers in Tier 1	77.87%
Total number of significant supplies in non-Tier 1	0
Total number of significant suppliers (Tier-1 and non-Tier-1)	239

*Note: The term "Significant Suppliers" refers to Critical and Key suppliers, as defined by the Company's supplier segmentation.*

Supplier Assessment	2024	Target for 2024
Total number of suppliers assessed via desk assessments/on-site assessments	762	70% of significant suppliers
% of unique significant suppliers assessed	94%	
Number of suppliers assessed with substantial actual/potential negative impacts	0	
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	0	
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	

*Note: The term "Unique Significant Suppliers" refers to Critical suppliers, as defined by the Company's supplier segmentation.*

In the 2024 performance, CENTEL evaluated a total of 762 suppliers, for critical and non-critical, through onsite, online, and survey-based assessments, covering environmental issues, social aspects, employee treatment, community support, and governance. Assessments of significant suppliers accounted for 75% (179 suppliers), exceeding the set target of 70%.

Corrective Action Plan Support	2024
Number of suppliers supported in corrective action plan implementation	0
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	0%

Capacity building programs	2024	Target for 2024
Total number of suppliers in capacity building programs	42	42
% of unique significant suppliers in capacity building programs	0%	

In 2024, none of the assessed suppliers were reported to have failed to meet the evaluation criteria related to ESG risks that could potentially pose a negative impact to the Company.