

Sustainable Supply Chain Management

Sustainable supply chain management is a priority for the company, which places importance on conducting business with transparent, honest, and ethical partners. This is in line with the company's sustainable supply chain management policy, which covers economic, social, and environmental dimensions, as well as attention to occupational health and safety issues. In addition, CENTEL's operating business is certified by the Global Sustainable Tourism Council or GSTC. The GSTC's criteria include fair trade suppliers, environmentally preferable purchasing, efficient purchasing to minimize waste, etc.

CENTEL aims to support, promote, and develop its business partners and stakeholders, both directly and indirectly, to create a responsible and sustainable supply chain in the long term. The company has developed sustainable procurement policies, environmentally friendly procurement policies, and codes of conduct and guidelines for business partners, to ensure that they are adhered to as standards of practice. All business partners and stakeholders have been informed of the company's code of conduct and guidelines.

Supplier ESG Program

The Central Hotel has in place an approach and procedures to enhance an effective internal implementation regarding the ESG program for our suppliers. This responsibility is under Corporate Procurement which is headed by 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. The ESG programs include:

- Continuously reviewed purchasing practices to ensure an alignment with the Company's Suppliers Code of Conduct and to avoid any potential conflicts that might happen.
- 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 of goods and solicitation of services with the Green 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 arranged by The Stock Exchange of Thailand in August 2022 to enhance knowledge and understanding of sustainable supply chain management.

Supplier Screening

CENTEL also implements a systematic supplier screening approach to identify the Hotel's significant suppliers. The aspects of supplier screening include criteria relevant to business, and ESG aspects, for example, spend analysis, ESG-related risk relevant to the Company's business, sole source of commodity/service in the market, labor practices, responsibility for society and environment, etc. In addition, CENTEL also considers country-specific, sector-specific, and commodity-specific risks, for example, Human Rights, Occupational Health and Safety, compliance with environmental standards, basic standard certifications that suppliers must receive such as FSC and PEFC which are standards for sustainable forestry as well as ISO, HACCP, audit, etc. to identify CENTEL's significant suppliers.

In the year 2022, CENTEL assessed and identified significant suppliers as per the mentioned criteria. The result is as per below information.

Supplier Screening	2022
Total number of Tier-1 suppliers	3,909
Total number of significant supplies in Tier-1	119
% of total spend on significant supplier Tier-1	0
Total number of significant suppliers in non-Tier 1	0
Total number of significant suppliers (Tier-1 and non Tier-1)	119

Supplier Assessment

CENTEL puts a great emphasis on supplier assessment and has created the supplier assessment form 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 potential and new product development that respond to the company's needs, (5) employee treatment and social and environmental responsibility, and ethical business conduct and good corporate governance.

The basic standard certifications that suppliers must receive such as FSC and PEFC which are standards for sustainable forestry as well as ISO, HACCP, and Green Industry, and must pass the food and packaging quality audit.

The methodologies for supplier assessment include:

- Self-assessment questionnaires in which suppliers are requested to provide information and supporting evidence regarding their ESG policies, practices, and performance.
- On-site assessment by both the Company procurement team (2nd party assessment) and by other auditing party (3rd party assessment). The approach used for assessment is aligned with standards.
- Suppliers whose assessment score is lower than set target are required to submit a corrective action plan.

2022 Performance

In 2022, the hotel business conducted an evaluation of 54 critical and non-critical suppliers including onsite evaluation of 20 suppliers, online evaluation of 19 suppliers, and survey evaluation of 15 suppliers. CENTEL has added supplier assessment on ESG issues, environmental issues, social issues, employee treatment, social support, and governance for six suppliers. The hotel business aims to evaluate a total of 55 suppliers or 47% of all critical suppliers consisting of onsite evaluation of 18 suppliers and online evaluation of 15 suppliers.

Supplier Assessment	2022	Target for 2022
Total number of suppliers assessed via desk assessments/on-site assessments	54	55
% of significant suppliers assessed	45.38%	
Number of suppliers assessed with substantial actual/potential negative impacts	6	
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100%	
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	

Corrective Action Plan Support	2022
Number of suppliers supported in corrective action plan implementation	6
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%

Supplier Development

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

- Conduct training for the Company's suppliers regarding ESG knowledge to raise awareness and ensure responsible business operations in alignment with CENTEL's Supplier Code of Conduct.
- Support suppliers through collaboration for further improvement or corrective action.
- Conduct in-depth support programs to build capacity and ESG enhancement, for example, implementation of green procurement, encouraging the use of eco-friendly cleaning products, and educating suppliers for a better understanding of sustainable supply chain and responsible business operation.