

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

SUPPLIER ESG PROGRAM

Minor Sustainable Supply Chain Approach was established in 2017. It aimed to ensure the continuity of consistent product and service quality, and compliance with applicable environmental, social and governance regulations of our value chain's upstream activities. This is achieved by continuously working with our new and approved suppliers through various process from screening and monitoring to capability development. The Sustainability Goals on value chain was developed in 2019 and target to achieve by 2023 consisting of

- 100% of Thailand and Australia local critical suppliers assessed on sustainability risk by 2023
- 100% of identified high-risk suppliers audited and developed each year

Minor's Sustainability Committee was established to oversee development and implementation of sustainability strategy. Value Chain is one of Minor's Sustainability Strategic Pillars. Committee members include C-Suite Officers and senior management of relevant functions from all business groups. The committee meets quarterly to discuss implementation plans, review progress towards sustainability goals, and provide necessary resources. In addition, Minor conducts country-level human rights heatmap which including potential risks in supply chain. Sector-specific risk management is applied for NH Hotels operations with plans to expand to additional hubs. Minor has put in place measures to mitigate ESG risks for certain key commodities through preferences such as FSC Certified packaging for forestry products, RSPO for palm oil, and Fair Trade for coffee.

SUPPLIER SCREENING

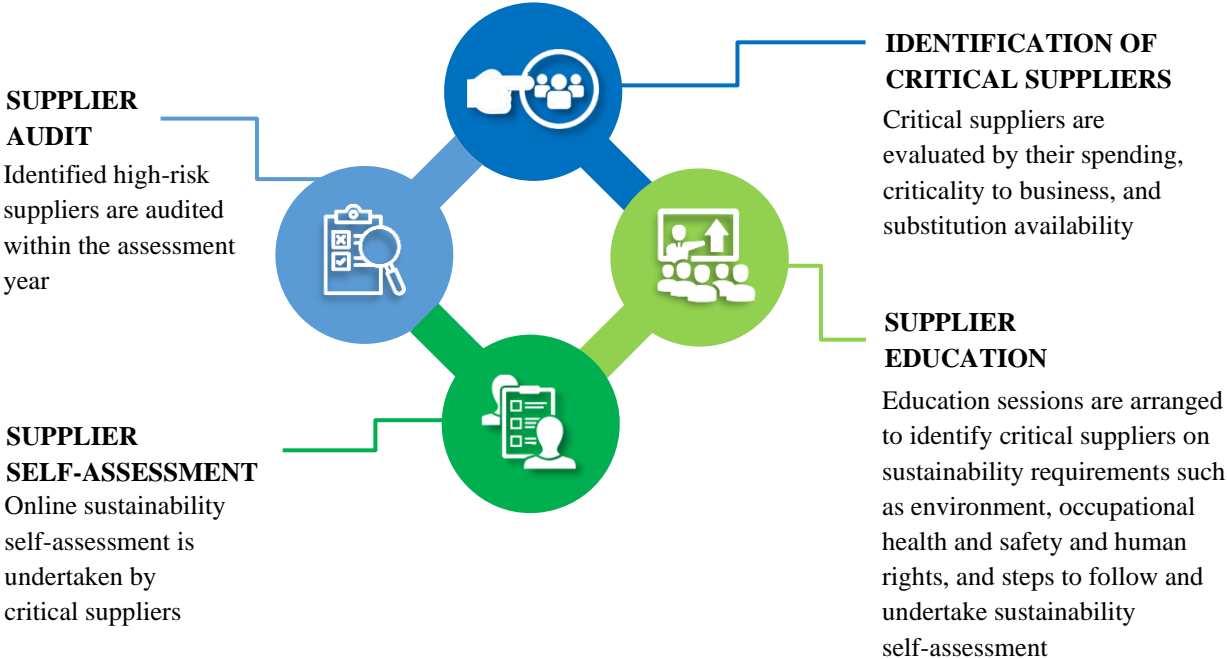
Supply Chain Management team issued the Standard Operating Procedure (SOP) on Sourcing Policy. It is designed to provide clear and concise guideline for sourcing across the company.

The guideline will help streamline sourcing processes, improve supplier relationships, and ensure compliance with regulatory requirements.

The new supplier assessment consists of 3 criteria: -

1. **Vendor Due Diligence Check:** consist of below criteria.
 - Business Relevance:* years in business, company profile, business registration certification and financial stability
 - Governance:* supplier must sign business partner code of conduct and conflict of interest is verified
2. **Quality, Safety, Environmental, and Labor Standards:** consider suppliers’ facility and product process. The food safety and quality are assessed, audited, and approved by Supply Chain Management QA team. Environmental, safety, and labor certifications are also considered as part of ESG screening criteria.
3. **Overall Capability:** consider suppliers’ delivery capacity, lead time, price, and payment term.

SUSTAINABLE SUPPLY CHAIN FRAMEWORK



Sustainable Supply Chain Framework consists of 4 steps below:

1. Critical Suppliers Identification

The Supply Chain Management team shall conduct business impact assessment to understand supplier impacts to our business continuity. The main criteria to identify critical suppliers are listed below, but not limited to

- ***High volume and/or spending:*** Annual purchase volume and spending with suppliers shall be taken into consideration when identifying critical suppliers as supply discontinuity leads to negative business impact.
- ***Criticality of products and/or services:*** Products and/or services which are critical to our business shall be included as shortage of these products and/or services can create negative impacts to our business such as a drop in sales and reputational damage to our business.
- ***Non-substitution of alternative products and/or services:*** Suppliers with no similarly alternative products and/or services shall be considered when identifying critical suppliers.

2. Supplier Sustainability Survey and Education

All new critical suppliers are required to undergo sustainability survey and training session conducted by the Corporate Sustainability team and compulsorily undertake sustainability self-assessment to identify potential sustainability risks of each supplier.

- ***Sustainability Survey:*** Corporate Sustainability team will distribute online survey to collect general information of identified critical suppliers. This is considered preliminary screening of their business license and sustainability-related international certifications such as ISO14001, ISO45001, SA8000 and SEDEX etc. Suppliers who have the relevant and up-to-date certifications are not subject to undergo sustainability assessment in the areas that are already covered by the certifications.
- ***Supplier Education:*** Corporate Sustainability team arranges sustainability training sessions for suppliers regarding the importance of sustainable supply chain to Minor's businesses, sustainability-related legal requirements such as environment, occupational health and safety and human rights, and steps to follow and undertake sustainability self-assessment.

3. Supplier Sustainability Self-assessment

Identified critical suppliers will undergo Sustainability self-assessment on Environmental, Occupational Health and Safety and Human Rights aspect. The assessment result below 85%, which rated as medium to high sustainability risk, will be subject to onsite Sustainability Audit.

Sustainability risk Levels	Scores
Fully complied	100%
Low Risk	85-99%
Medium risk	60-84%
High risk	Lower than 60%

4. Supplier Sustainability Audit

- ***Audit of new critical suppliers:*** new critical suppliers rated medium to high sustainability risk (score below 85%) will be subject to onsite audit by Corporate Sustainability team. The audit process will consist of opening meeting, site inspection and interview, document review and audit closing.

In the case that major non-conformity is found during the audit. The Corporate Sustainability team shall call for immediate actions from the Supply Chain Management team by highlighting that major non-conformity.

The official improvement plan with all non-conformities shall be sent out to the suppliers by auditors within 7 days after the audit. Supplier shall fill in corrective and preventive actions and timeline and submit to Corporate Sustainability team within 14 days after the receipt of the improvement plan. However, supplier with major non-conformity must submit the improvement action plans within 7 days. The improvement plan will be verified and approved by the auditor.

- ***Follow-up audit of existing critical suppliers:*** existing suppliers whose previous audit rating is below 90% will be subject to follow-up audit on an annual basis. The auditor will focus on closing the previous non-compliance issues and follow the same audit process of new critical supplier audited.

The audit rating and frequency of reaudit timeframe is presented in the below table:

Audit rating	Timeframe of reaudit
Very Good (≥90-100%)	Within next 3 years
Good (≥80-89%)	Within the following year
Acceptable (≥60-79%)	Within the following year
Improvement needed (Lower than 60%)	Within the following year
Improvement needed with major non-conformity	Within 3 months from last audit

SUPPLIER SCREENING ⁽¹⁾

Supplier Screening	FY2022
Total number of Tier-1 suppliers	16,224
Total number of significant suppliers in Tier-1	624
% of total spend on significant suppliers in Tier-1	40%
Total number of significant suppliers in non Tier-1	12
Total number of significant suppliers (Tier-1 and non Tier-1)	636

SUPPLIER ASSESSMENT AND DEVELOPMENT ⁽¹⁾

Supplier Assessment	FY 2022	Target for FY 2022
Total number of suppliers assessed via desk assessments/on-site assessments	582	636
% of significant suppliers assessed	92%	
Number of suppliers assessed with substantial actual/potential negative impacts	16	
% 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	FY2022	Target for FY 2022
Total number of suppliers supported in corrective action plan implementation	16	16
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	

Capacity Building Programs	FY 2022	Target for FY 2022
Total number of suppliers in capacity building programs	18	
% of significant suppliers in capacity building programs	2.8%	

Remarks:

(1) Covers supply chain management in Thailand, Australia and Europe