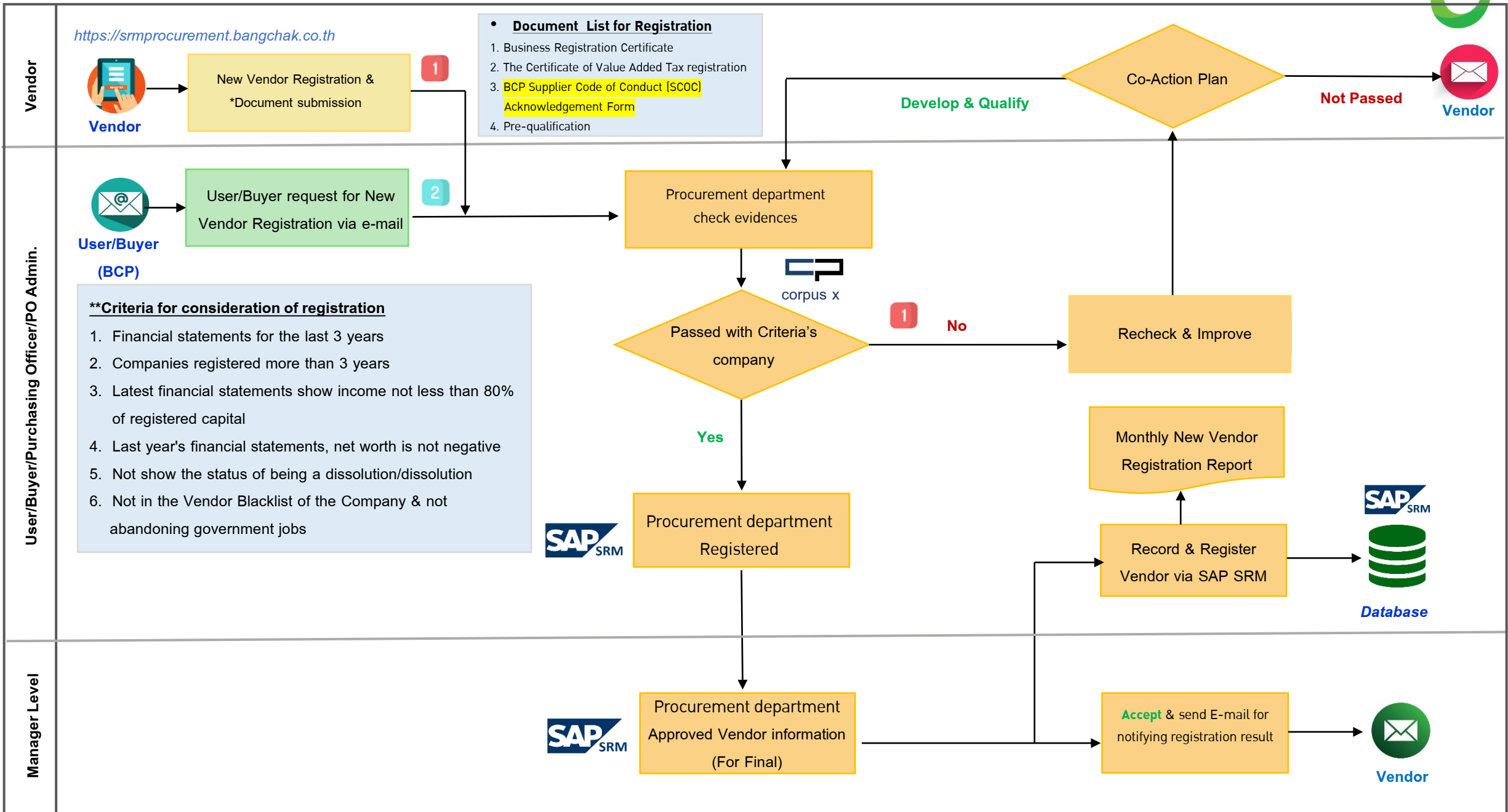




Supplier ESG Program

1.7.2 Supplier ESG Program

New Vendor Registration Process Flow





Sustainable Supply Chain Management Process



- Prepare BCP Supplier Code of Conduct Manual which be a guideline for vendor leading to sustainable business development
- Communicate through Annual supplier seminar and training

Supplier Code of Conduct ; SCOC

- 1 Business Ethics
- 2 Labor Practice and Human Rights
- 3 Safety and Occupational Health
- 4 Environment
- 5 Social Development Participation

Remark :

- Annual Review
- Disclosure through Bangchak Website and Sustainability Report

- Critical supplier Analysis (Tier-1 & non-Tier 1) with S&P Global Rating requirements

Remark :

- Annual Assessment

- Co-conduct analysis and closing gaps related to Environment, Social and Business/Governance risks for risk mitigation with suppliers
- Follow-up action to close ESG gaps with Suppliers
- Visit & Evaluate

Remark :

- Annual Assessment

- Encourage suppliers to comply with the BCP Supplier Code of Conduct
- Invite Critical supplier to participate in SCOC Online Assessment
- Formulate for gap closing plan
- Visit & Evaluate

Remark :

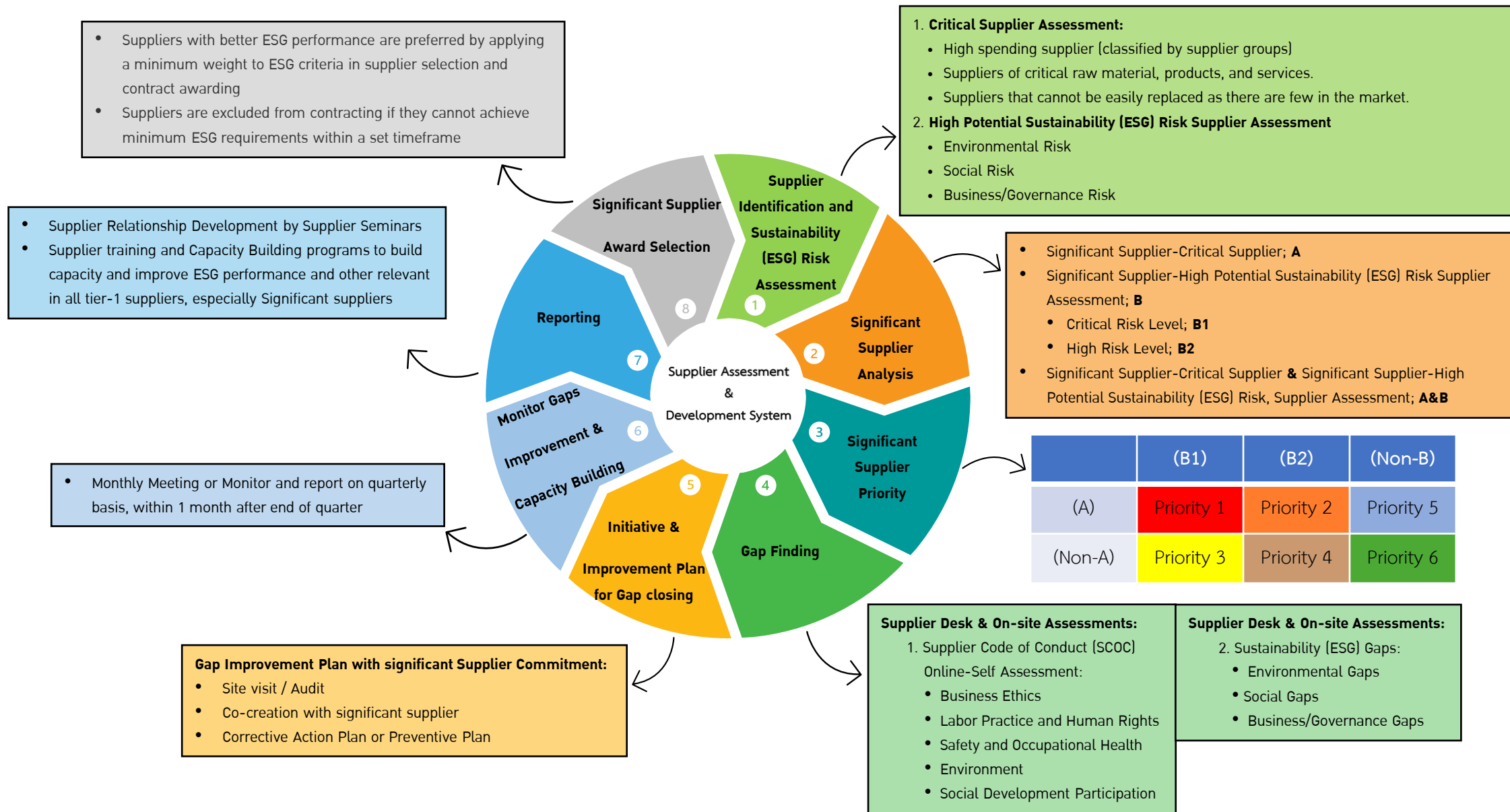
- Carry out every 3 years
- Significant suppliers must participate in the assessment and close gaps.

- Monitor Gaps Improvement & Development
- Report to management and disclose to stakeholders

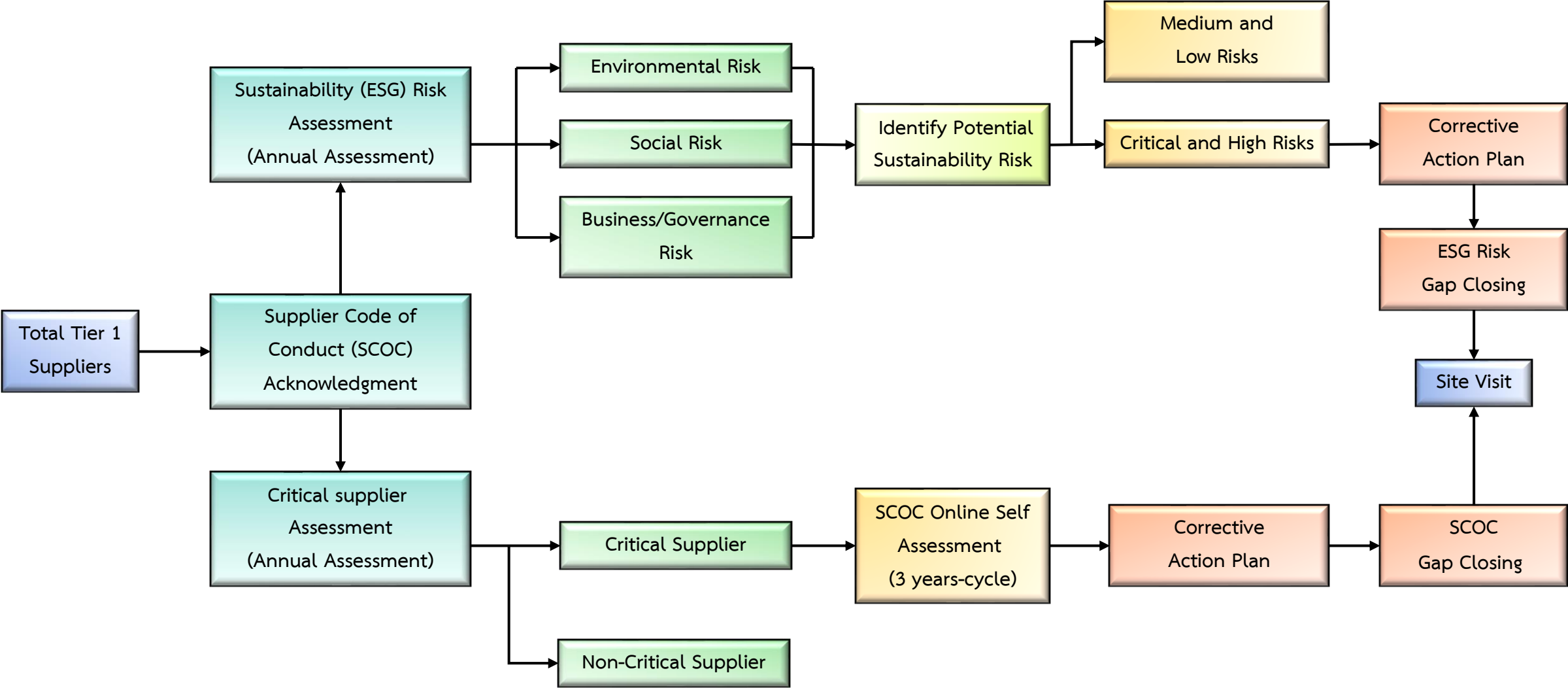
Remark :

- Disclosure through Bangchak Website and Sustainability Report

Supplier ESG Program



Supplier Assessment Process Flow



Result of Sustainability (ESG) Risk Assessment

ESG Risk Exposure Total Tier 1 Suppliers	Numbers of Suppliers			
	Assessed (suppliers)	High Risk Level (suppliers)	Critical Risk Level (suppliers)	Corrective Action Plans & Improvement (suppliers)
<ul style="list-style-type: none"> Environmental Risk: Negative impact from supplier operations that cause greenhouse gas emissions/ energy consumption/ water consumption/ resource consumption/ pollution emissions/ waste generation Including contributing to the destruction of biodiversity resulted in company have to co-response with suppliers regarding to Environment restoration and remediation. 	1,353	0	2	2

Result of Sustainability (ESG) Risk Assessment

ESG Risk Exposure Total Tier 1 Suppliers	Numbers of Suppliers			
	Assessed (suppliers)	High Risk Level (suppliers)	Critical Risk Level (suppliers)	Corrective Action Plans & Improvement (suppliers)
<ul style="list-style-type: none"> Social Risk: Negative impact from supplier operations that does not comply with the laws and regulations or cause harm no safety causing damage to life and property or causing complaints including Human Rights and Labor practice such as child labor/ forced labor/ discrimination/ lack of freedom of association and collective bargaining resulted in company have to co-response with suppliers regarding to fatality, property damage or any reputation. 	1,353	1	2	3

Result of Sustainability (ESG) Risk Assessment

ESG Risk Exposure Total Tier 1 Suppliers	Numbers of Suppliers			
	Assessed (suppliers)	High Risk Level (suppliers)	Critical Risk Level (suppliers)	Corrective Action Plans & Improvement (suppliers)
<ul style="list-style-type: none"> Business/Governance Risk: Negative impact such as corruption/ bribery/ conflicts of interest or no fairness in competition practice Including High expenditure, poor service quality, delay in the delivery of goods and services, not follow procurement contract resulted in economic business impact per day. 	1,353	5	7	12
<ul style="list-style-type: none"> ESG Risk Exposure Critical Non-Tier 1 Suppliers 				
- Environmental Risk	5	0	0	0
- Social Risk	5	0	0	0
- Business/Governance Risk	5	5	0	5

Company Buyers and Internal stakeholder (Users) Training Program

- The company provide the knowledge and abilities to understand the target of ESG program and procurement practices, Sustainable Supplier to enhance the skills and abilities of company's buyers and internal stakeholders on their roles in the supplier ESG program minimum once a year.



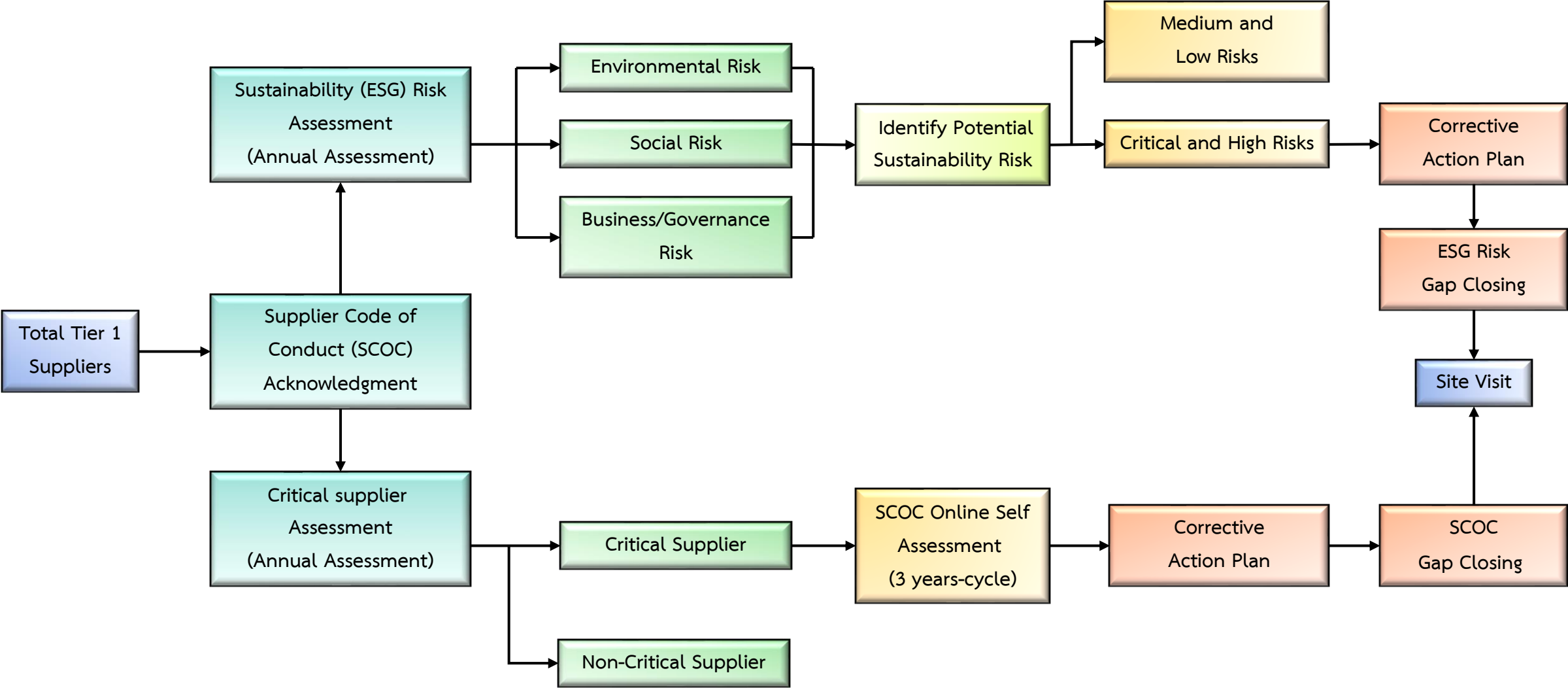
Supplier Screening

1.7.3 Supplier Screening

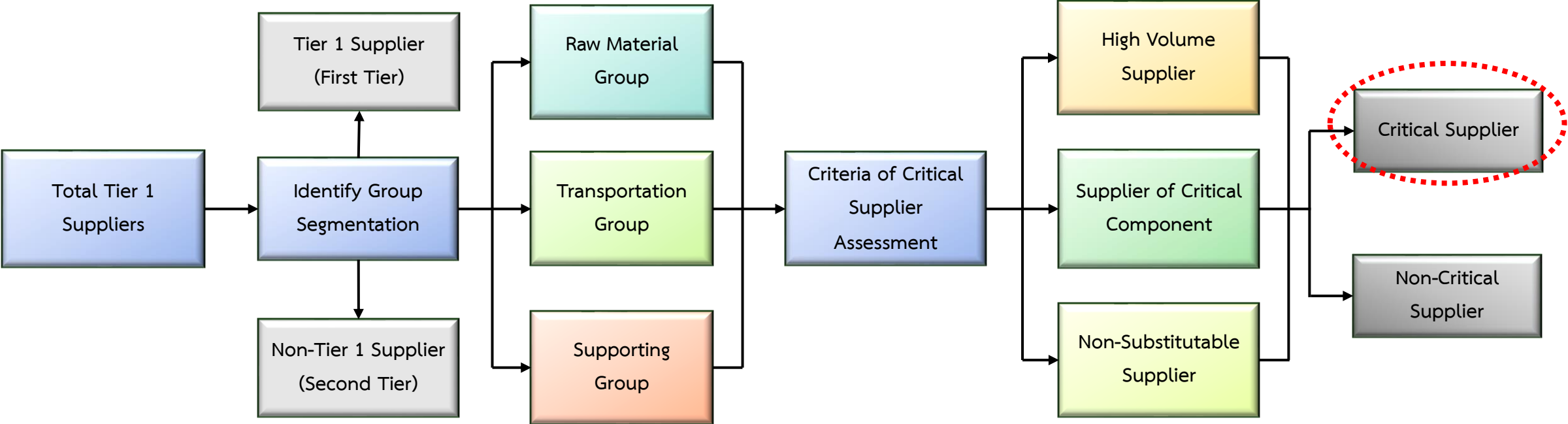
Supplier Identification and Sustainability (ESG) Risk Assessment

- In 2022, The company conducted Critical Supplier Assessments and Sustainability (ESG) Risk Assessments, with assessments conducted as part of an annual round of assessments. All critical tier-1 suppliers have acknowledged and participated in the SCOC Assessment, with the Sustainability management division and Procurement department providing training to give knowledge and explanations on how to complete the SCOC Online Self-Assessment and ESG risk assessments to the company's critical suppliers (Critical Tier 1 Suppliers) and support the suppliers (Tier 1) in applying the knowledge to assess their suppliers (Non-Tier 1) to reduce potential direct and indirect ESG risks that might impact business in the future. Significant Supplier-Critical Suppliers and Significant Supplier-High Potential Sustainability (ESG) Risk Supplier Assessment are also identified as “Significant Supplier”, which includes both Critical.

Supplier Assessment Process Flow



Critical Supplier Assessment Process Flow



Definition of Suppliers

Tier 1 suppliers

Tier 1 suppliers: Suppliers who directly produce, supply, distribute goods/materials, services, intellectual property (IP) and patents for BCP

Non-Tier 1 suppliers

Non-tier 1 suppliers: Suppliers who do not directly produce, supply, distribute goods/materials, services for BCP. However, dealing with products and services that are important to BCP's Tier 1 Suppliers (Tier 1 supplier subcontract)

Definition of Criteria

- Critical Tier 1 and Non-Tier 1 suppliers by using the following criteria:

①

**High Spending supplier
or similar**

(classified by supplier
groups)

②

**Critical Component suppliers
or similar**

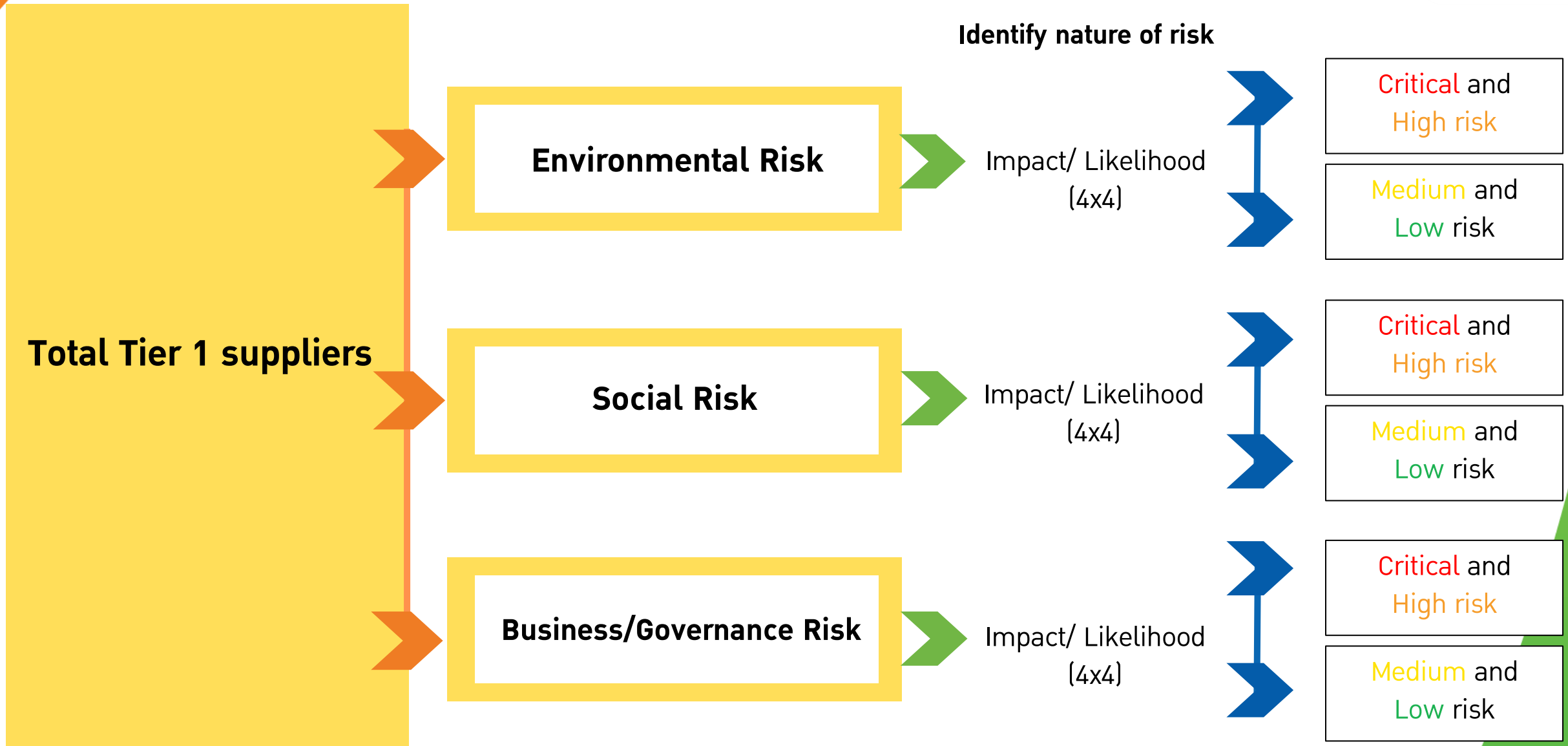
Suppliers providing
significant raw materials,
products and services to
business processes of the
company

③

**Non-Substitutable
suppliers or similar**

Non or difficult to replace
suppliers

ESG Risk Assessment



Assessment of negative impact levels from supplier operations on ESG risks

- Sustainability Risk is supplier ESG risk which covers impact criteria in Environment, Social and Business/Governance from suppliers.
 - Aspects of suppliers screening process for significant suppliers:



Environmental Risk negative impact from supplier operations that cause greenhouse gas emissions/ energy consumption/ water consumption/ resource consumption/ pollution emissions/ waste generation Including contributing to the destruction of biodiversity resulted in company have to co-response with suppliers regarding to Environment restoration and remediation.



Social Risk negative impact from supplier operations that does not comply with the laws and regulations or cause harm no safety causing damage to life and property or causing complaints including Human Rights and Labor practice such as child labor/ forced labor/ discrimination/ lack of freedom of association and collective bargaining resulted in company have to co-response with suppliers regarding to fatality, property damage or any reputation.



Business/Governance Risk negative impacts such as corruption/ bribery/ conflicts of interest or no fairness in competition practice Including High expenditure, poor service quality, delay in the delivery of goods and services, not follow procurement contract resulted in economic business impact per day.

Methodology for suppliers screening process for significant suppliers



Country-specific risk is a risk that arises from the uncertainty of economic, social, and political conditions, or other external factors such as natural disasters that occur in the area where the supplier is located.



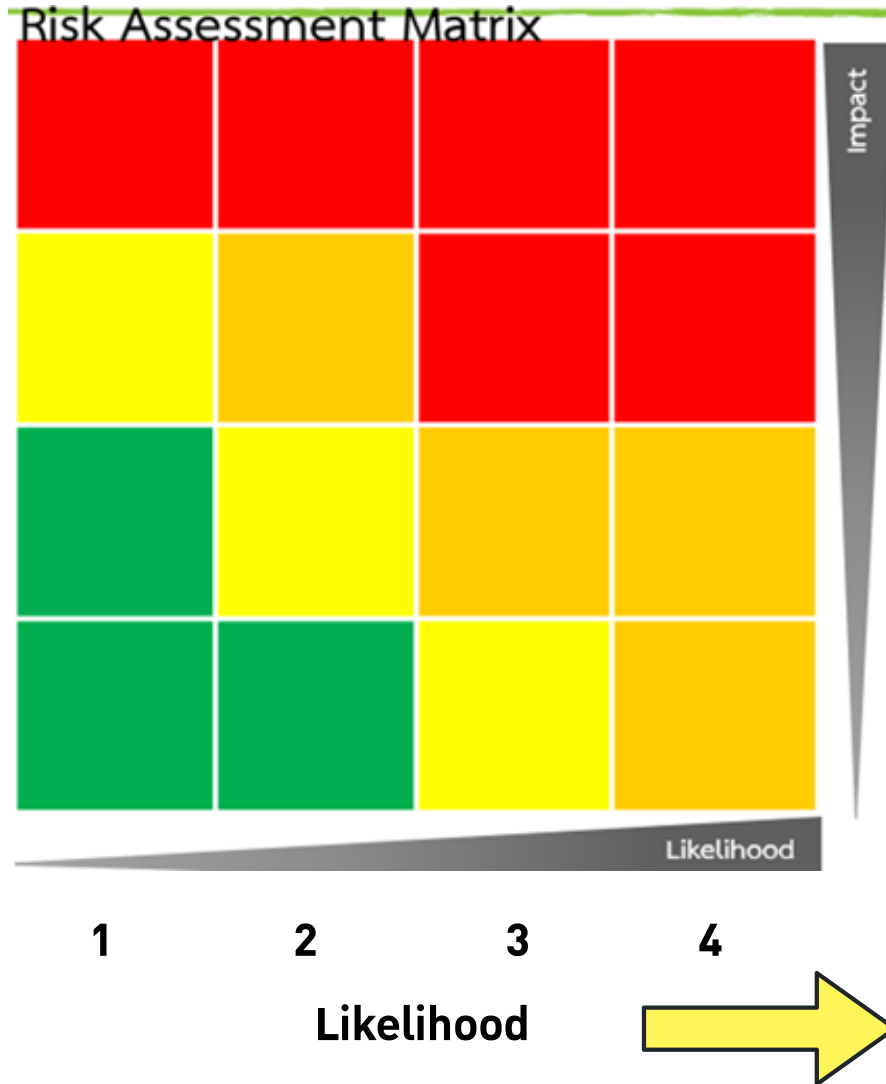
Sector-specific risk is a risk that arises from a sector's distinct characteristics regarding labor situation, energy consumption, resource intensity, emissions, or pollution potential (e.g., manufacturing, service provision).



Commodity-specific risk are risks that arise from the characteristics of the industry where the business partner operates and the products that the supplier produces or sells.

Risk Level = Impact x Likelihood

(Environment Risk, Social Risk & Business/Governance Risk)



Risk Level Assessment



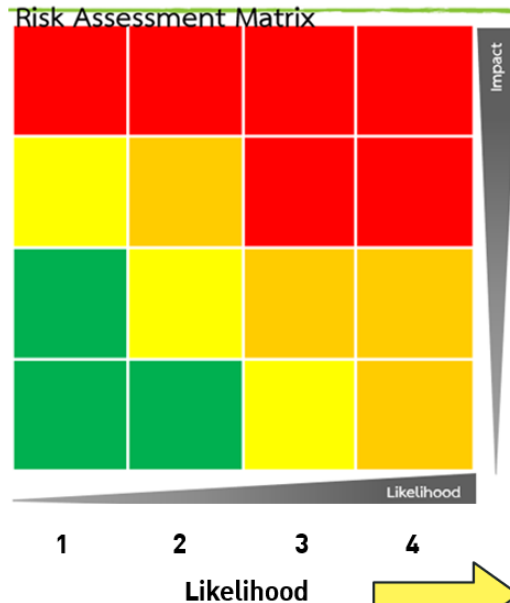
*No Risk (Impact = 0)

Significant Supplier-High Potential Sustainability (ESG) Risk Supplier Assessment

Risk Level = Impact x Likelihood

(Environment Risk, Social Risk & Business/Governance Risk)

Risk Assessment Matrix



Risk Level Assessment



*No Risk (Impact = 0)

Risk Level **Critical and High Risk**

**Site visit/ Audit/ Corrective Action Plan/
Performance Improvement/ etc.**

Mitigation Method

- **Risk Level Assessment** of suppliers in all aspects including: the Environmental, Social and Business/Governance (ESG) based on impacts and probability of occurrence (Critical/High/Medium/Low)
- **Likelihood Assessment:** Likelihood assesses the probability of occurrence based on the frequency of purchasing products and using the services of suppliers.

1.7.5 KPIs for Supplier Screening

Result of Supplier Screening

Supplier Screening & Monitoring	Fiscal Year 2022
• Tier 1 Supplier	
Total number of Tier-1 suppliers	1,353
Total number of Critical Tier-1 suppliers	67
Total number of Critical and High Potential ESG Risk	8
Total number of significant suppliers in Tier-1 (Critical Tier-1 Suppliers + Critical and High Potential ESG Risk)	68
% of total spend on significant suppliers in Tier-1	71.89%
• Non Tier 1 Supplier	
Total number of Critical Non Tier-1 suppliers	5
Total number of Critical and High Potential ESG Risk	5
Total number of significant suppliers in non Tier-1 (Critical Non Tier-1 Suppliers + Critical and High Potential ESG Risk)	5
• Significant Supplier	
Total number of significant suppliers (Tier-1 and non Tier-1)	73



Supplier Assessment and Development

1.7.4 Supplier Assessment and Development

Supplier Assessment and Development

- The company has a process for regularly Supplier desk assessments and Supplier on-site assessments and evaluating suppliers' performance in terms of Significant supplier-Critical Supplier Analysis and Significant supplier-High Potential Sustainability (ESG) Risk Supplier Assessment in all aspects including: the Environmental, Social and Business/Governance (ESG) in their operation which considers the impacts on environment, society along with business continuity comply with international standard such as ISO9001, ISO14001, ISO45001, ISO50001, TIS/OHSAS18001, UDHR, UNGC, UNGP, ILO and Green Industry Level 5: Green Network (the highest set of green industry criteria by the Department of Industrial Works) etc.
- The company pushed for expansion and promotion of environmental management guidelines among stakeholders throughout the entire supply chain, especially “supplier” to push toward the establishment of a green network and to demonstrate the determination to develop the environment until creating an organization culture for operating business in a socially-responsible manner.



Supplier Desk & On-site Assessments

- The company by the sustainability management division and procurement sets in place the supplier assessment desk with systematic verification of evidence and audit programs (on-site assessments) to assess risks and ensure job completion with significant supplier 73 suppliers.



Supplier Development Process



Supplier Development and Capacity Building

- The company has implemented an Annual Supplier Seminar & ESG Training program for all suppliers, especially “Significant supplier 73 suppliers” to enhance their capacity, encompassing corporate governance and business ethics, climate change technical knowledge (Carbon Footprint for Organization; CFO), and human rights, reflect the areas of sustainability that suppliers need to consider in their business operations in addition to share the best practices benchmarking with other companies in peer industry.
- By emphasizing these topics, the company is also encouraging them to act and improve their sustainability performance, helping them to better understand the importance of ESG integration, and collaborating to enhance their capability for a more sustainable and resilient that can benefit their businesses over the long term.



Climate Change Supplier Engagement Workshop

- The company organized a Climate Change Supplier Engagement Workshop in 4th August 2023 with the objective of creating knowledge and understanding of climate change issues in the supply chain by providing the information and resources they need to reduce greenhouse gas (GHG) emissions, building relationships with suppliers and encouraging suppliers to act on climate change. The participant group consists of 73 suppliers with significant suppliers that are willing to act on climate change and have the greatest potential to reduce emissions.



1.7.6 KPIs for Supplier Assessment and Development

Result of Supplier Assessment & Development

	Result	FY 2022	Target for FY 2022
Supplier Assessment	1.1 Total number of suppliers assessed via desk assessments/on-site assessments	73	73
	1.2 % of significant suppliers assessed	100	
	1.3 Number of suppliers assessed with substantial actual/potential negative impacts	73	
	1.4 % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	73	
	1.5 Number of suppliers with substantial actual/potential negative impacts that were terminated	0	

Result of Supplier Assessment & Development

	Result	FY 2022	Target for FY 2022
Corrective action plan support	2.1 Total number of suppliers supported in corrective action plan implementation	73	73
	2.2 % of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100	
Capacity building programs	3.1 Total number of suppliers in capacity building programs	73	73
	3.2 % of significant suppliers in capacity programs	100	