

Supply Chain Management

Supply Chain Strategy

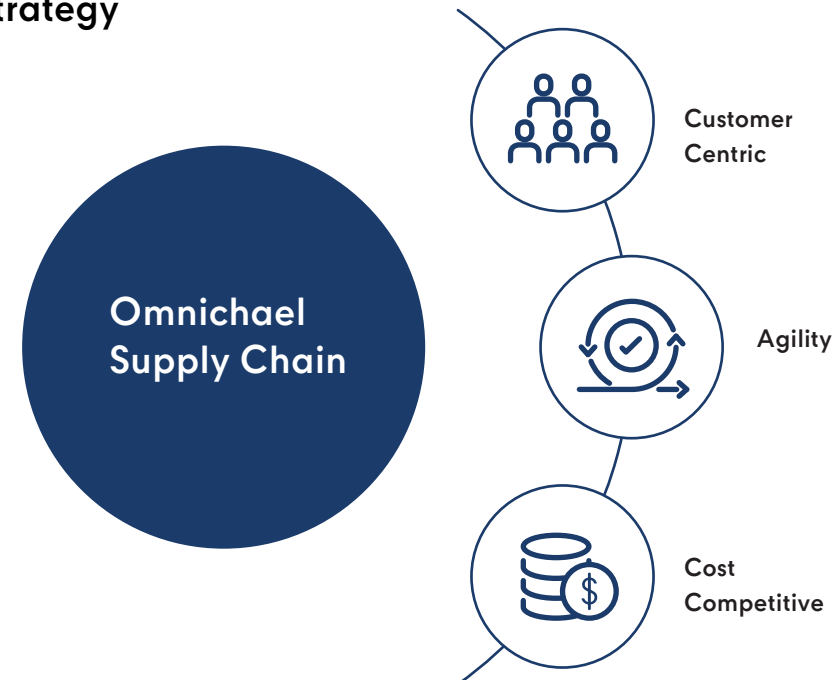
The Company sees the omnichannel platform as the key competitive advantage that will drive our supply chain to become customer-centric, agile, and cost competitiveness. Customer-centric will help us achieve the reputation of having the best delivery service. Agility will enable our supply chain to quickly adapt to changing market trends. Cost competitiveness will increase the efficiency of our operations so we can provide the best service at the best cost for our customers. Therefore, the Company has developed a supply chain strategy that comprises of omnichannel objectives, such as increasing capacity of one-day delivery service to customers, and expanding in-house operations to reduce costs.

The Company has developed action plans to achieve the omnichannel objectives of the supply chain strategy. Examples of projects and initiatives that will be implemented include the last mile and line haul initiatives, creating synergies between the distribution centers, and application of technology systems into work processes. The Company's has also identified the current capabilities of the supply chain that will be further improved to accomplish the supply chain strategy objectives.

The Company recognizes the importance of supply chain in promoting sustainable development, and has integrated sustainability objectives into the supply chain strategy that focus on greenhouse gas emission, and health and safety. The Company is aware that business growth will lead to more intensive operations and logistics that will eventually result in higher greenhouse gas emission. To reduce the impact of our supply chain on the environment, the Company will implement greenhouse gas emission reduction measures that include investing in solar panel rooftops for our distribution centers, and transitioning our logistics away to electric vehicles. These measures will also reduce our operating costs to make our supply chain more efficient.

Ensuring that our employees and contractors have safe workplace, and have the best conditions while performing their duties are important to our supply chain strategy. Work-related injuries and accidents are bad for the well-being of our employees, will damage our reputations, and can also incur additional costs and delay to our business operations. Hence, the Company has established health and safety objectives that must be strictly followed, which include regular safety inspection of the workplace, regular occupational health and safety reporting, and health and safety trainings, such as firefighting, fire evacuation, first aid, and general health and safety programs.

Strategy



Supply Chain Risk Identification and Assessment

The Company is aware that sustainability is an ongoing process that must be implemented in the long term. The Company is committed to become the main driver in promoting sustainability through the supply chain by developing and implementing a supply chain risk identification and assessment process on a regular basis. The Company has recently developed the supply chain risk

identification and assessment process in 2020, and has focused on critical Tier 1 suppliers as the first priority as short term target. Through the process in the long term, the Company will aim to cover all Tier 1 suppliers for the supply chain risk identification and assessment.



1. Supplier Selection

The Company has developed supplier selection process that will be used to screen new suppliers. The Company’s Supplier Code of Conduct has already taken into account various issues that forms basic requirements of sustainability, such as environmental regulations and labor laws. Therefore, through preliminary assessments, new suppliers that are determined by the Company to have non-compliance with the Supplier Code of Conduct will not qualify for the minimum sustainability threshold, and will not be considered for further supplier selection. For new suppliers that have compliance with the Supplier Code of Conduct and pass the minimum threshold, the Company will conduct further supplier selection that include Supplier Selection Critical Supplier Identification Sustainability Risk Evaluation Corrective Actions On-Site Assessment and Supplier Review supplier selection criteria, quotation, and terms and condition. New suppliers that qualify for supplier selection will be awarded the contracts, considered as Tier 1 suppliers, and will be required to acknowledge their commitments to the Supplier Code of Conduct. In FY 2020, the Company has identified 14,854 suppliers in Thailand business unit.

2. Critical Supplier Identification

Through critical supplier identification, the Company will gain insights into the risk profile of its suppliers, and will be able to focus its efforts on the most important suppliers. The Company defines critical suppliers as suppliers that are most significant to business operation from providing products that are highly demanded and must be made available to the customers. Due to the nature of retailing business, the Company has identified critical suppliers as high volume in terms of sales.

Type of Supplier	Number of Suppliers	Share of Total and Supplier Review
Total Tier 1 Suppliers	14,854	100%
Critical Tier 1 Suppliers	228	44.9%
Critical Non -Tier 1 Suppliers	0	

3. Sustainability Risk Evaluation

All Tier 1 suppliers must complete a yearly self-assessment questionnaire that address concerns directly related to the Supplier Code of Conduct. Tier 1 suppliers that have acknowledged and have continued compliance to the Supplier Code of Conduct should be able to obtain perfect scores on the self-assessments.

As supply chain risk identification and assessment will only be conducted on critical Tier 1 suppliers, the Company will perform social listening in addition only to critical Tier 1 suppliers. Social listening is a keywords monitoring and tracking process that collect data on the suppliers' reputation and public sentiment from various online platform like Facebook, Twitter, Instagram, news, blog, etc. Results from self-assessments and social listening will serve as inputs for sustainability risk evaluation of the critical Tier 1 suppliers, which will categorize the suppliers into high, medium, and low sustainability risk. Other criteria such as high risk country, price offering, sustainability standards, and public sustainability activities are also considered in the evaluation. Suppliers that are regarded as medium to low sustainability risk will be integrated into the annual business plan.

4. Corrective Actions

Consequently, suppliers that are regarded as high sustainability risk will be required to develop a corrective action plan to fix any sustainability issues and must be carried out within the established timeframe. Afterwards, the Company will follow-up with an on-site inspection to monitor the result of the corrective actions and identify any remaining issues that need additional corrections. Only upon correcting all issues that the high sustainability risk suppliers will be integrated together with the medium and low sustainability risk suppliers into the Company's annual business plan.

5. On-Site Assessment and Supplier Review

Every three years, the Company will have on-site visits for all of its critical Tier 1 suppliers to conduct comprehensive assessments for sustainability risks. Suppliers that have sustainability high risk will have to undergo the corrective actions within the established timeframe.

Supply Chain Key Performance Indicators and Targets

Key Performance indicators	Target	Target Year
Share of total critical Tier 1 suppliers that have written acknowledgement of the Supplier Code of Conduct	100%	2023
Share of total critical Tier 1 suppliers that have completed self-assessment	100%	2023
Provide supplier raining to all critical Tier 1 suppliers in Thailand business unit	100%	2023