

# **Supply Chain Management Report**

## **Thai Wacoal Public Company Limited (Public)**

Thai Wacoal Public Company Limited (Public) is dedicated to operating under the principles of good corporate governance and emphasizes the importance of managing the supply chain to efficiently utilize products or resources, maximize benefits, and be environmentally friendly. Additionally, we are committed to stakeholders in all dimensions, including environmental, social, and ethical responsibilities towards partners in the supply chain. Furthermore, we promote green procurement or environmentally-conscious procurement that goes beyond considerations of quality, quantity, service, and price of products according to general procurement standards. This is to create shared value for all stakeholders as a business operator, manufacturer, and distributor of ready-to-wear clothing products.

### **Evaluation Process of Company's Suppliers' Risks:**

#### **1. Supplier Screening and Selection**

##### **Supplier Selection Process**

- Supplier Identification Process
- Supplier Qualification Verification

##### **Process of Identifying Key Suppliers**

- Type of raw materials
- Environmental, Social, and Governance (ESG) impact

#### **2. Evaluation of Key Suppliers**

##### **Documentary Assessment**

- Assess high-risk suppliers
- Suppliers provide information and documents

##### **On-site in-depth evaluation by the company**

#### **3. Corrective Action Plan**

Develop a corrective action plan within the specified timeframe.

#### **4. Supplier Development**

Support the creation of the corrective action plan.

## **Criteria for Identifying Key Suppliers Conducting Business with the Company**

The company has established criteria for consideration and designation of key supplier groups in the supply chain management process. It categorizes suppliers into groups of manufacturers and distributors of products or services and sets criteria for key suppliers conducting business directly with the company (Critical Tier 1 Suppliers), including key suppliers not conducting business directly with the company (Critical Non-Tier 1 Suppliers), for evaluation using the same format, as follows:

1. Suppliers with high purchase orders exceeding 100 million baht annually.
2. Suppliers crucial to the company's business operations, such as primary raw material providers for top-tier products.
3. Suppliers with few alternatives or unable to find other products or services to replace.

In 2024, the company conducted sustainability performance assessments of key suppliers in the supply chain based on the company's operations in the year 2023, suppliers can be categorized according to the above criteria as follows:

**1. Critical Tier 1 Suppliers conducting business directly with the company,** who passed through the procurement process in the year 2023, amounted to 1 supplier. This represents 20% of the total purchase value, which is 558 million baht. These suppliers conduct business transparently, adhere to ethical practices, comply with relevant laws, disclose information, treat suppliers equally, uphold human rights principles, and demonstrate environmental responsibility.

**2. Critical Non-Tier 1 Suppliers not conducting business directly with the company,** who passed through the procurement process in the year 2023, amounted to 5 suppliers. This represents 70% of the total purchase value, which is 112 million baht. These suppliers conduct business transparently, adhere to ethical practices, comply with relevant laws, disclose information, treat suppliers equally, uphold human rights principles, and demonstrate environmental responsibility.

Managing Supplier Risks: The company has developed a Supplier Code of Conduct that adheres to principles of environmental, social, and governance (ESG) practices and promotes each supplier's compliance through self-assessment via the Supplier Code of Conduct Integrity Assessment System, which is divided into 6 categories:

1. Organization and Business Ethics
2. Labor Hiring Practices and Social Welfare
3. Occupational Health and Safety
4. Product Quality, Standards, and Management
5. Environmental Management
6. Social and Community Engagement

### Results of Supply Chain Risk Management for the Year 2023

Total Number of Suppliers	Item	Purchase Volume
Suppliers who do business directly with the company (Tier 1 Suppliers)	1	20
Critical suppliers of the company (Critical Tier 1 Suppliers)	1	20
Critical suppliers who do not do business directly with the company (Critical Non-tier 1 Suppliers)	5	70

#### Risk assessment of suppliers who do business

directly with the company	Item	Percentage
Suppliers with critical and high risk levels	12	50

#### Risk assessment of critical suppliers who do not do business

directly with the company	Item	Percentage
(Critical Non-tier 1 Suppliers)		
Critical suppliers who do not do business directly with the company (Critical Non-tier 1 Suppliers)	5	70

Management of critical and high-level risk	Percentage
--	------------

All critical suppliers with risk mitigation plans in place	100
--	-----

All critical suppliers who have completed risk mitigation plan implementation	100
---	-----

Indicator	Year 2566
-----------	-----------

Percentage of critical suppliers of the company that responded to the invitation to participate in the evaluation of (ESG) performance	100 (13 items)
--	-------------------

Percentage of critical suppliers of the company participating in the evaluation of Environmental, Social, and Governance (ESG) performance	100 (13 items)
--	-------------------

Percentage of risk analysis for suppliers doing business directly with the company (Tier 1 Suppliers)	100 (1 items)
---	------------------

Percentage of risk analysis for suppliers who do not do business directly with the company (Critical Non-tier 1 Suppliers)	100 (5 items)
--	------------------

## Sustainable Evaluation of Supplier Operations

The company has a process for reviewing and evaluating suppliers to assess performance and risks, establish corrective action plans, evaluate outcomes after implementing corrective actions collaboratively. This process considers quality, quantity, production safety, and adherence to the company's basic requirements, including minimum legal requirements.

The company sets out an evaluation plan for suppliers engaged in high-risk activities (Critical Suppliers) that may have severe impacts on the suppliers themselves and the surrounding community, potentially affecting both business buyers and the organization's reputation. Goals are set to ensure that all suppliers in high-risk activity groups are reviewed and evaluated 100%, with these suppliers re-evaluated every 3 years.

## Types of Supplier Sustainability Performance Assessments

1. Desk Assessment: The company conducts an assessment of supplier ESG (Environmental, Social, and Governance) data through a sustainability potential assessment form. Suppliers engaged in high-risk activities at critical and crisis levels provide relevant operational data for assessment. This data is then evaluated by the company's ESG assessors to assess sustainability performance.
2. On-site Audit: Critical Tier 1 Suppliers undergo on-site audits using a sustainability potential assessment form. These audits aim to review supplier operations. If any supplier still poses high risks after the audit, they must propose an improvement plan. The company then reviews and supports the continuous improvement process.

### Summary of assessment results

Assessment scores of key suppliers doing business directly with the company (Critical Tier 1 Suppliers)	85.90%
Assessment scores of suppliers with critical and high-level risks	80.97%
Assessment scores of critical suppliers and suppliers with critical and high-level risk	81.35%
Assessment scores of critical suppliers who do not do business directly with the company (Critical Non-Tier 1 Suppliers)	76.50%

The assessment results indicate that there are no ESG-related risks identified from the suppliers.