IT CITY

แนวปฏิบัติการบริหารจัดการห่วงโซ่อุปทาน

SUPPLY CHAIN MANAGEMENT

สร้างแรงบันดาลใจด้วยเทคโนโลยีและบริการที่เป็นเลิศ เพื่อชีวิตที่ดีกว่า

Delivering technology with excellent services for better living.

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Business Partner Code of Conduct of IT City Public Company Limited

IT City Public Company Limited ("the Company") places great importance on sustainable supply chain management by closely collaborating with business partners to enhance governance practices. The Company takes into account economic, environmental, and social impacts, including human rights issues throughout the supply chain, in order to comprehensively mitigate potential risks—such as those related to the procurement of goods and services that may affect production processes, corporate image, and customer confidence. Furthermore, the Company promotes supply chain resilience to ensure that both the Company and its stakeholders across the supply chain are well-prepared and capable of promptly responding to various situations that may impact the supply chain, thereby strengthening competitiveness amid rapidly changing global circumstances.

1. Management Approach

1.1 Procurement Policy

The Company places great importance on the procurement process, which plays a crucial role in supporting its business operations. To ensure that its activities align with the principles of sustainable development — taking into account environmental, social, and governance (ESG) considerations, as well as building confidence among stakeholders through transparent and responsible procurement processes — the Company has established a Procurement Policy. This policy sets out the Company's principles and practices to ensure consistency in procurement operations. The Procurement Policy has been publicly disclosed on the Company's website at www.itcity.co.th

1.2 Business Partner Code of Conduct

The Company adheres to the principles of conducting business with transparency, integrity, and full compliance with the law, in alignment with good corporate governance. At the same time, the Company places great importance on promoting social and environmental quality in accordance with the principles of sustainable development.

To achieve these objectives, the active participation of business partners in operating responsibly — with due consideration to social, environmental, and ethical aspects — is regarded as a key factor in developing a sustainable supply chain. This approach enables both the Company and its partners to grow together while extending positive impacts to society.

The Company has established and published the *Business Partner Code of Conduct* on its website at www.itcity.co.th. The Company expects all business partners to operate ethically, in compliance with applicable laws, respect human rights and labor practices, ensure occupational health and safety, and uphold environmental and social responsibility.

The Company's approach to sustainable and efficient supply chain management emphasizes product and service quality, together with environmental, social, and governance (ESG) considerations—covering all stages from raw material sourcing, production, transportation or service delivery, marketing and sales, to after-sales service. This integrated approach aims to prevent and mitigate potential risks that could affect stakeholders. The Company manages its supply chain in accordance with the Procurement Policy and the Business Partner Code of Conduct, and communicates these requirements to all business partners to ensure compliance.

2. Sustainable Operation Process

The Company encourages its business partners to comply with the *Business Partner Code of Conduct Handbook*. The Company has established a sustainable operation process for business partners, emphasizing integrity, social responsibility, and environmental stewardship.

To ensure effective implementation, the Company categorizes its operational process into three main areas as follows:

- Supplier Sourcing and Selection
- Supplier Risk Identification and Assessment
- Promotion and Support for Suppliers' Sustainability Development

2.1 Supplier Sourcing and Selection

The Company has established guidelines for selecting new business partners in alignment with its commitment to sustainable development. In addition to compliance with all applicable laws and regulations, the Company also considers product quality, employee safety, and the supplier's social and environmental responsibility.

The Company sets clear criteria for evaluating the capability of suppliers in the procurement process, covering product and service quality, transparency and fairness in business operations, as well as environmental and social performance.

1) Supplier Sourcing and Selection Process

The Company places great importance on evaluating supplier qualifications, considering their capability, product and service efficiency, as well as their ability to integrate sustainability practices into their business operations. A *Supplier Self-Assessment* is utilized as a *Pre-qualification Questionnaire* to serve as a guideline in selecting qualified and capable suppliers. The assessment covers areas such as product quality, safety, delivery standards, and the supplier's environmental, social, and governance (ESG) performance.

- **Supplier Sourcing and Selection of New Business Partners**

  When the responsible procurement department conducts an initial review of a potential supplier's company information and finds that the supplier is credible and has policies and practices aligned with the Company's, the following process applies:

  - The supplier is required to complete a *Supplier Self-Assessment Form* covering criteria such as product and service quality, as well as environmental, social, and governance (ESG) performance, to evaluate the supplier's capability.
  - The Company communicates the *Business Partner Code of Conduct* to the supplier and requires acknowledgment and written confirmation of compliance.

- **Current Suppliers**

  Current suppliers who have ongoing business transactions with the Company within the year and are classified as **Critical Tier 1 Suppliers** must acknowledge, understand, and comply with all relevant policies, requirements, guidelines, and other applicable practices. They are also expected to align their operations with the Company's standards.

  The Company has established a monitoring process to ensure compliance with the *Business Partner Code of Conduct*, covering environmental, social, and governance (ESG) aspects, as follows:

- **Supplier Performance Evaluation and Capability Development:**
  The procurement department conducts supplier evaluations using assessment criteria designed to suit each supplier group. These criteria are detailed in the supplier assessment form.
- **Transparency and Honesty in Assessments:**
  Suppliers must not conceal, withhold, or falsify any information provided to the Company during evaluations, on-site visits, or self-assessments.
- **Policy Compliance:**
  Suppliers are required to acknowledge and comply with all relevant Company policies, requirements, and guidelines, including the *Procurement Policy* and the *Business Partner Code of Conduct*.

2) **Supplier Categorization**

The Company has established criteria for categorizing supplier types in order to analyze and develop systematic procurement strategies and to effectively assess supplier-related risks. The supplier categorization criteria are defined as follows:

➢ **Critical Tier 1 Suppliers**

These are key suppliers with high annual transaction value who provide essential products or services that are critical to the Company's business operations and growth. Such products or services are often limited in supply or available from a small number of vendors.

The Company evaluates this group of suppliers through an annual *Supplier Self-Assessment* conducted in the form of a *Pre-Qualification Questionnaire* to determine their capability and reliability. In addition, *on-site visits* may be conducted as part of the supplier evaluation process by the procurement department.

➢ **Critical non-Tier 1 Suppliers**

These are important suppliers that do not have a direct business relationship with the Company but serve as key manufacturers or service providers to the Company's Tier 1 suppliers.

The Company evaluates this group through an annual *Supplier Self-Assessment* using a *Pre-Qualification Questionnaire* to assess their potential and capability. The evaluation process is referenced against the assessment criteria established by the procurement department.

2.2 Supplier Risk Identification and Assessment

The Company has established criteria for identifying and assessing supplier risks, covering economic, social, and environmental aspects, with the objective of enhancing and developing its suppliers' sustainability performance.

The risk assessment process involves identifying, analyzing, and prioritizing potential risks by evaluating the **likelihood** of occurrence and the **impact** of such events.

1) **Supplier Risk Identification**

The Company identifies supplier risks by considering various risk factors, referencing information obtained from the *Supplier Self-Assessment*. The identified risks are categorized into four key areas as follows:

➢ Product and Service Risk
➢ Business Operation Risk
➢ Environmental Risk

- Social Risk

2) **Determining the Vendor Risk Level**

Criteria for Assessing the Likelihood of Occurrence

Level	Description	Frequency
Very High (5)	The event is certain to occur or happens regularly in normal business operations.	More than 6 times per year
High (4)	The event is highly likely to occur or commonly happens in most business operations.	4-6 times per year
Moderate (3)	The event is likely to occur or may happen occasionally in business operations.	2-3 times per year
Low (2)	The event is unlikely to occur or occurs rarely in business operations.	Once per year
Very Low (1)	The event has a very low probability of occurring in business operations.	Once every 2-3 years

Criteria for Assessing the Severity of Impact

No	Aspect	Severity Level	Assessment Criteria	Score
1	Commercial Opportunity / Financial Loss	Very High	Financial loss exceeding 10 million Baht	5
		High	Financial loss greater than 5 million but not exceeding 10 million Baht	4
		Moderate	Financial loss greater than 3 million but not exceeding 5 million Baht	3
		Low	Financial loss greater than 1 million but not exceeding 3 million Baht	2
		Very Low	Financial loss not exceeding 1 million Baht	1
2	Environment	Very High	Severe or widespread impact that cannot be restored; may result in contract termination or business license revocation	5
		High	Serious or widespread impact requiring long recovery time; government agencies conduct investigations or impose penalties related to environmental violations	4
		Moderate	Noticeable environmental impact requiring lengthy restoration; company may need to provide evidence or clarification if investigated by authorities	3
		Low	Limited environmental impact within a controllable area that can be restored in a short time; may result in warnings or minor fines without material significance	2
		Very Low	Negligible or no observable impact on the public, nearby communities, or the environment	1
3	Image and Reputation	Very High	Significant negative impact on the organization as a whole	5
		High	Negative impact across multiple departments or divisions	4

No	Aspect	Severity Level	Assessment Criteria	Score
		Moderate	Negative impact confined within a specific department	3
		Low	Negative impact limited to an individual	2
		Very Low	No noticeable impact	1
4	Safety and Occupational Health	Very High	May cause loss of life among employees or nearby residents	5
		High	Accidents causing lost work time, permanent disability, or long-term health impacts; serious public health complaints requiring extended recovery	4
		Moderate	Serious injury or accident leading to temporary work time loss; health-related complaints requiring some recovery time	3
		Low	Minor injuries or illnesses among employees or nearby residents without lost work time	2
		Very Low	Negligible or no identifiable impact on employees or surrounding communities	1

Risk Assessment Matrix

Consequence	likelihood				
	Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Very High (5)	5	10	15	20	25
High (4)	4	8	12	16	20
Moderate (3)	3	6	9	12	15
Low (2)	2	4	6	8	10
Very Low (1)	1	2	3	4	5

Risk Level Classification

Risk Score	Risk Level	Description
17 - 25	Very High Risk	Requires close monitoring and strict management controls.
10 - 16	High Risk	Requires ongoing monitoring and active risk mitigation.
6 - 9	Moderate Risk	Acceptable with normal control measures in place.
1 - 5	Low Risk	Acceptable; minimal or basic control measures may be applied.

Risk Level = Likelihood of Occurrence × Severity of Impact

The resulting **risk score** reflects the **significance and priority** of risk management for each aspect of the vendor's operations. The level of risk is then evaluated and managed according to the **defined risk classification criteria**.

2.3 Promotion and Support for Supplier Sustainability Development

The Company emphasizes operations that promote the development of suppliers' capabilities through the following sustainability enhancement approaches:

1) **Joint Business Planning with Suppliers** The Company collaborates with suppliers in joint business planning to co-develop innovations or new projects that enhance sustainable operations for both the Company and its suppliers.
2) **Supplier Self-Assessment on Sustainability** Suppliers are encouraged to conduct sustainability self-assessments to review their performance in accordance with the Company's requirements and expectations.
3) **Building Long-Term Relationships with Suppliers** The Company fosters long-term engagement and strong relationships with suppliers through mutual knowledge-sharing activities, such as co-developing environmentally friendly products and organizing supplier meetings to exchange ideas and insights.

Whistleblowing and Complaint Reporting

In cases where suppliers or stakeholders witness or are affected by any violation of this *Supplier Code of Conduct*, they may report such concerns or complaints through the following channels:

- **By mail to the Company Secretary**
  IT City Public Company Limited (Head Office)
  P.O. Box 62, Pratunam Post Office, Bangkok 10409
  Tel. 02-656-5030 to 39
  (Please mark the envelope as "Confidential")
  E-mail: companysec@itcity.co.th

- **By mail to the Internal Audit Department**
  IT City Public Company Limited (Head Office)
  P.O. Box 62, Pratunam Post Office, Bangkok 10409
  Tel. 02-656-5030 to 39
  (Please mark the envelope as "Confidential")
  E-mail: chirawan_p@itcity.co.th

The Company has established measures to protect whistleblowers from any form of threat, retaliation, or harm as a result of their report.

Effective Date: October 1, 2023

Mr.Sophon Intanate
President

IT City Public Company Limited