



บริษัท น้ำมันพืชไทย จำกัด (มหาชน) THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

Supply Chain Management Report

Introduction

Thai Vegetable Oil Public Company Limited (TVO) has established a Supplier Code of Conduct to promote sustainable business practices among its suppliers. This code aligns with the company's operations and covers key areas such as human rights, labor, environment, and anti-corruption. It ensures that business operations comply with applicable laws and regulations while serving as a framework for collaborative business practices. Additionally, the Supplier Code of Conduct encourages suppliers to operate ethically, respect human rights, uphold social responsibility, and manage safety, occupational health, and environmental concerns. These efforts aim to enhance competitiveness within the industry and foster mutual growth.

To ensure smooth business operations and mitigate potential risks, TVO has implemented transparent and fair supplier selection practices. This includes producers, manufacturers, distributors, service providers, contractors, and even suppliers' suppliers. The company has established criteria for screening new suppliers, providing guidelines for supplier selection, and conducting evaluations to ensure adherence to the company's defined standards.

TVO has also developed a supplier registration form as part of the supplier registration process. This involves selecting suppliers through responses to questionnaires or supporting documentation. Furthermore, TVO has outlined processes for supplier selection, classification of key suppliers, and supplier evaluation methods based on the Supplier Code of Conduct, which aligns with ESG (Environment, Social, and Governance) principles.

1. Governance and Oversight of Supply Chain ESG Program

TVO recognizes the importance of high-level oversight for its Supplier ESG Program. The Board-level Environmental, Social and Governance (ESG) Committee has ultimate oversight responsibility for the strategic direction, implementation, and monitoring of the Supplier ESG Program. The ESG Committee ensures alignment of the supplier ESG program with TVO's overall sustainability vision and business strategy, reviews program effectiveness, and oversees the management of supply chain ESG risks.

2. Supplier Code of Conduct (SCOC)

TVO's Supplier Code of Conduct (SCOC) is a cornerstone of its sustainable supply chain strategy. It outlines the minimum standards expected from all suppliers in key areas of ethical, social, and environmental performance. The SCOC is publicly available for download on the company website at tvotai.com/en/corporate-governance. It can be found under the 'DOWNLOAD DOCUMENTS' - Handbook and Code of Conduct related to Corporate Governance section.

The SCOC explicitly requires suppliers to adhere to:

Environmental Standards	Compliance with all applicable environmental laws, regulations, and standards. This includes promoting efficient resource use (water, energy), responsible waste management, pollution prevention and control, and initiatives to mitigate climate change impacts.
Human Rights and Labor Practices	Upholding fundamental human rights as internationally proclaimed. This includes non-discrimination, the prohibition of child labor and forced or compulsory labor, ensuring freedom of association and the right to collective bargaining where legally permissible, and the fair and respectful treatment of all workers.
Fair Employment Conditions	Providing fair wages, benefits, and working hours in full compliance with local laws and industry standards. Employment terms should be communicated transparently, and disciplinary practices must be fair and documented.
Occupational Health and Safety (OHS)	Maintaining a safe and healthy working environment for all employees and contractors. This involves implementing proactive measures to prevent accidents, injuries, and occupational diseases, providing necessary personal protective equipment, and ensuring access to OHS training and information.
Business Ethics	Conducting all business with the highest level of integrity. This includes strict anti-corruption measures (prohibiting bribery, extortion, and embezzlement), promoting fair competition, protecting confidential information and intellectual property, and preventing conflicts of interest.

3. Supplier ESG Program: Processes and Implementation

TVO's Supplier ESG Program is a structured approach to integrate ESG considerations throughout the supplier lifecycle. It comprises the following key stages:

3.1. New Supplier Screening and Risk Identification

All new suppliers are required to undergo a thorough screening process, which includes completing a "Supplier Application Form." This form incorporates an ESG section covering key aspects of economic, social, and environmental responsibility, serving as an initial evaluation of the supplier's operations and ensuring alignment with TVO's SCOC and ESG principles.

- **Supplier Categorization and Business Relevance:** Suppliers are categorized based on their criticality to TVO's operations and their potential ESG risks. The "Business Relevance" for categorization considers factors such as share of spend/volume, substitutability of products/services, strategic importance, and potential impact on TVO's reputation and operations.

Supplier Category	Description	Criteria	FY2025 Data
Total number of Unique suppliers	Suppliers that are active during the reporting period and fall within TVO's defined Scope of Reporting. These suppliers form the supplier population covered by the Company's ESG screening and assessment processes, with each supplier counted only once.	Active suppliers; within defined Scope of Reporting; covered by supplier ESG screening and assessment processes.	643 unique suppliers
Critical Tier 1 Suppliers	Suppliers with high purchase value, limited alternatives, or providing essential raw materials critical to production. Disruptions from these suppliers could severely impact business operations.	Hard-to-replace products or limited suppliers, high purchase value, compliance with laws and regulations.	30 identified Critical Tier 1 Suppliers.
Critical Non-Tier 1 Suppliers	Suppliers that, regardless of direct spend, are deemed critical due to other factors such as being a sole source for a minor but essential component, having high ESG risk association, or significant impact on specific sustainability commitments (e.g., traceability).	Indirect suppliers; hard-to-replace or limited alternatives; posing direct, significant risk.	3 identified Critical Non-Tier 1 Suppliers.

- **ESG Risk Indicators:** The screening process incorporates an ESG risk assessment for new and existing suppliers.

This assessment considers various risk indicators including:

Risk Indicator Type	Description	Examples
Country-specific risks	Risks related to a country's political, social, economic, environmental, or regulatory situation.	Political instability, weak regulatory enforcement, prevalence of human rights issues, high environmental degradation.
Sector-specific risks	Inherent ESG risks associated with the supplier's industry sector.	Labor conditions in agriculture, energy consumption and emissions in manufacturing, pollution potential in chemical industries.
Commodity-specific risks	Risks for negative environmental, social, and governance impacts related to a commodity's supply chain structure, labor situation, land-use/resource intensity, energy consumption, emissions, toxicity, or pollution.	

- **Assessment of Economic Risks from Suppliers:** Beyond ESG risks, TVO also conducts an assessment of economic risks arising from its key suppliers. This evaluation considers factors such as financial stability of the supplier, reliance on a limited number of suppliers for critical inputs (concentration risk), potential for supply disruption due to geopolitical or operational issues at the supplier's end, risks related to quality consistency and delivery performance, and price volatility for key commodities. This assessment helps in identifying potential vulnerabilities in our supply chain that could impact our operational continuity and financial performance.
- **Disclosure of Identified Supplier Risk Issues:** Following our comprehensive risk assessment processes (covering ESG and economic aspects) for suppliers in FY2025 key risk themes such as the volatility of raw material prices, the financial stability and creditworthiness of key suppliers, and potential supply chain disruptions (including logistical challenges and supplier concentration) are actively managed. Our mitigation strategies include proactive market monitoring and strategic procurement with tools like forward contracts, regular assessment of supplier financial health coupled with diversification efforts, contingency planning, and fostering strong supplier relationships. If specific, significant ESG risks within the supply chain are identified as key themes, these are addressed through targeted engagement and capacity building. Specific details of individual supplier risks are managed internally due to commercial sensitivity but are fully integrated into our overall risk management framework and supplier engagement strategies.

- **KPIs for Supplier Screening :**

KPI	FY2025 Value
Total number of Critical Tier 1 suppliers	30
Total number of Critical Non-Tier 1 suppliers	3
Percentage of total spend with Critical Tier 1 suppliers	48.10%
Percentage of new suppliers screened using ESG criteria	100%
Third-Party Verification	Developing plans for future third-party verification of this data.

3.2. Supplier Registration (Approved Vendor List - AVL)

Suppliers who pass the screening process are required to provide supporting documents for evaluation and sign an acknowledgment of TVO's Supplier Code of Conduct. This ensures their operations comply with legal and ethical standards. Qualified suppliers are then added to the Approved Vendor List (AVL) based on criteria encompassing quality, environment, safety, and governance.

The criteria for adding suppliers to the AVL and for ongoing procurement decisions explicitly include:

- Assessing social issues such as labor practices, human rights, community impacts, and occupational health and safety performance.
- Assessing environmental issues such as environmental compliance, resource efficiency (energy and water), waste management practices, pollution prevention measures, and climate-related initiatives.

3.3. Supplier Audit & Traceability Process

TVO has established a continuous process for auditing the performance and operational efficiency of its suppliers. This process is guided by the company's SCOC, ESG standards, and relevant quality standards, with the primary objectives of enhancing suppliers' ability to operate sustainably, ensuring product quality and on-time delivery, and identifying and mitigating risks within the supply chain.

- **Supplier Evaluation Methods:**

Evaluation Method	Description	FY2025Data / Status
On-site Audits	Conducted for suppliers based on risk and criticality. Criteria: Critical Tier 1, high ESG risk, significant spend, strategic importance. Scope: SCOC compliance, ESG performance (environmental, social, governance), improvement areas.	9 Domestic Critical Tier 1 Suppliers.

Evaluation Method	Description	FY2025Data / Status
Third-Party Onsite Assessments	To enhance objectivity and depth. Leverages external expertise and ensures impartiality.	Developing plans for future third-party verification of this data.
Self-Assessment Questionnaires (SAQs) / Self-Declaration	Utilized for a broader range of suppliers, TVO conducts desk assessments through Self-Assessment Questionnaires (SAQs) and supporting documentation. Suppliers are required to provide relevant information and evidence to support their responses. The submitted information and supporting evidence are systematically reviewed and verified by TVO's ESG staff against the Supplier Code of Conduct and ESG assessment criteria to monitor adherence, identify potential ESG risks, non-conformities, and areas for improvement.	21 Critical Tier 1 Suppliers completed supplier self-assessments.

- Recognized Industry Assessment Methodologies**

Where applicable, TVO conducts supplier assessments using recognized industry methodologies and standards, including SMETA (Sedex Members Ethical Trade Audit) and ARAVO (Unilever Responsible Sourcing Audit). These methodologies support systematic evaluation of supplier ESG performance, including labor practices, human rights, occupational health and safety, environmental practices, and business ethics.

- Traceability:** Suppliers are required to provide evidence of their traceability processes to demonstrate the ability to track the origins of raw materials or products involved in the company's operations. This is particularly important for key raw materials such as soybeans. Our traceability process aims to track origins and verify compliance with sustainability standards, including aspects like sourcing from non-deforested areas, adherence to responsible farming practices, verification of labor conditions at farm level. This approach ensures transparency in the supply chain and strengthens confidence in the suppliers' operational efficiency.

3.4. Supplier Performance Review, Corrective Actions, and Development

- **Performance Monitoring and Review:** Supplier ESG performance is regularly reviewed based on audit results, SAQ responses, direct engagement, and other relevant data.

- **Integration of ESG Performance into Supplier Selection and Contract Awarding**

The results of supplier ESG performance assessments are considered in procurement decisions. Suppliers demonstrating better ESG performance are given preference in supplier selection and contract awarding, supporting TVO's objective to promote responsible and sustainable practices throughout its supply chain.

- **Corrective Action Plans (CAPs)**

- When non-conformances with our SCOC or areas requiring significant ESG improvement are identified, TVO works collaboratively with the supplier to develop and implement a Corrective Action Plan (CAP).
- These CAPs are documented, outlining specific actions to be taken, responsible parties, clear timelines for completion, and measurable outcomes to verify effectiveness.
- TVO has a defined process for agreeing on CAPs with suppliers who are found to have substantial actual or potential negative ESG impacts.
- Progress on CAPs is tracked, and their successful completion of CAPs is verified.
- Suppliers that fail to achieve minimum ESG requirements within the specified timeframe are re-evaluated and temporarily suspended from new contracting opportunities for a period of one year. After the suspension period, suppliers undergo reassessment to verify ESG improvements. Suppliers that fail to achieve the required ESG criteria after reassessment are excluded from future contracting opportunities.
- In cases of persistent non-conformance or failure to address critical ESG issues despite support, TVO reserves the right to re-evaluate the business relationship, which may include termination of contracts as a last resort.

- **Internal Buyer and Stakeholder Training**

TVO provides training and awareness sessions for procurement personnel and relevant internal stakeholders involved in supplier management. The training covers their roles and responsibilities in implementing the Supplier ESG Program, including Supplier Code of Conduct requirements, ESG risk screening, supplier assessment processes, corrective action management, and ESG considerations in supplier selection and contract awarding.

- **Supplier Development and Capacity Building:** TVO is committed to supporting its suppliers in enhancing their ESG capabilities and performance. Our development initiatives include:
 - **Information and Training:** Providing suppliers with comprehensive information and/or training on TVO's Supplier ESG Program, SCOC requirements, relevant ESG topics (e.g., waste management, labor rights, energy efficiency), best practices, and our assessment and development processes. This is delivered through training sessions.
 - **Support for Corrective Actions:** Offering remote and/or on-site support and guidance to suppliers on the implementation of corrective and improvement actions identified through assessments.
 - **Access to ESG Benchmarks:** TVO provides suppliers with access to relevant ESG benchmarks and peer comparison information, including industry best practices and insights derived from supplier assessments. This information enables suppliers to compare their ESG performance against relevant benchmarks or peers, identify performance gaps, and determine areas for further improvement.
 - **In-depth Technical Support Programs:** TVO provides in-depth technical support programs for selected suppliers, particularly strategic or high-risk suppliers, to strengthen their ESG capabilities and performance. The support focuses on specific ESG improvement areas identified through supplier assessments and provides practical guidance to help suppliers systematically improve their practices and ESG performance.
- **KPIs for Supplier Assessment and Development:**

KPI	Target / FY2025 Value
Target for 2026 for number/percentage of critical suppliers to be assessed (desk/on-site)	100% of Critical Tier 1 domestic suppliers
Total number of Critical Tier 1 suppliers assessed (desk/on-site) in FY2025	30 Critical Tier-1 suppliers
Percentage of Critical Tier-1 suppliers assessed in FY2025	100%

4. Supplier Engagement and Fair Practices

TVO is committed to fostering fair, responsible, and sustainable relationships with its suppliers. The Company integrates ESG considerations into its purchasing practices and supplier engagement to support alignment with the Supplier Code of Conduct and promote continuous improvement across the supply chain.

- **Responsible Purchasing Practices**

TVO regularly reviews its purchasing practices to ensure alignment with the Supplier Code of Conduct (SCOC) and ESG requirements. The Company considers whether its purchasing terms and practices may affect suppliers' ability to meet TVO's ESG expectations, with the aim of avoiding potential conflicts between commercial requirements and responsible business practices and promoting fair and sustainable relationships with suppliers.

- **Fair Payment Terms:** TVO is committed to fair and transparent payment practices with its suppliers, recognizing the importance of healthy cash flow for their business sustainability.
 - Our standard credit term is set.
 - The specific payment terms depend on various factors, including the duration of the business relationship, inventory turnover cycle, and the quality and standards of goods and services.
 - The average payment period to suppliers in FY2024 was 32.39 days
 - Payments are generally made within the agreed policy terms, and we strive to address any exceptions promptly.
- **Raising Awareness and Collaboration:** TVO actively engages with its suppliers to raise awareness about sustainable business practices through various channels, including supplier forums, newsletters, direct communications, and the training and development programs outlined in section 3.4. We encourage and support our suppliers in adopting and continuously improving their own ESG performance, believing that collaboration is key to building a more resilient and sustainable value chain for mutual benefit.

5. Supply Chain Data and Performance (FY2025)

- **Supplier Categorization & Evaluation Summary FY2025:**

Category	Value	Domestic	Foreign
Critical Tier 1 Suppliers	30	28	2
Critical Non-Tier 1 Suppliers	3	3	0

- **New Suppliers FY2025 (Total: 132):**

New Supplier Screening Metric	Percentage / Status
Evaluated using ESG criteria via updated supplier application form	100%
Completed Self-Declaration form	100%
Acknowledged and signed Supplier Code of Conduct	100%

- **Critical Supplier Assessment FY2025:**

Assessment Metric	Value / Detail
Total Critical Tier 1 Suppliers evaluated	30 out of 30 (100%)
On-site audits	9 domestic critical suppliers
Self-assessment forms & documents	21 critical suppliers
Target for SCOC Acknowledgment (by 2026)	100% of critical suppliers to acknowledge and sign.

- **Supplier Assessment and Development Performance (FY2025)**

Performance Indicator	FY2025 Performance
1) Total number of unique suppliers covered under ESG screening and assessment processes	643 suppliers
2) Total number of unique significant suppliers identified	33 suppliers
3) Significant suppliers supported through development measures	33 suppliers (100%)
4) Significant suppliers assessed through desk assessments and/or on-site assessments	33 suppliers (100%)
5) Significant suppliers assessed with substantial actual or potential negative ESG impacts	0 suppliers
6) Significant suppliers with substantial actual or potential negative ESG impacts and agreed corrective action/improvement plans	0 suppliers (0%)
7) Significant suppliers with substantial actual or potential negative ESG impacts that were terminated	0 suppliers

The FY2025 supplier assessment results demonstrate TVO's continued implementation of its Supplier ESG Assessment and Development Program. A total of 33 unique significant suppliers were identified, all of which were supported through development measures and assessed through desk assessments and/or on-site assessments. No significant suppliers were identified with substantial actual or potential negative ESG impacts requiring corrective action/improvement plans or termination during the reporting period. TVO continues to monitor supplier ESG performance and maintains follow-up measures for suppliers that do not meet minimum ESG requirements, including re-evaluation and, where appropriate, temporary suspension or exclusion from future contracting opportunities.

6. Conclusion and Future Commitments

Thai Vegetable Oil Public Company Limited is dedicated to continuously improving its supply chain management practices. We believe that a sustainable and ethical supply chain is fundamental to our long-term success and to creating shared value for all stakeholders. We are committed to working collaboratively with our suppliers to foster higher standards of environmental performance, social responsibility, and good governance.

Our future commitments include:

- Achieving our target of 100% of active Critical Tier 1 suppliers acknowledging and signing the Supplier Code of Conduct.
- Increasing the coverage of on-site ESG audits for Critical Tier 1 and high-risk suppliers.
- Further developing and implementing supplier capacity building programs focusing on key ESG areas.
- Strengthening our processes for identifying and managing ESG risks deeper in our supply chain, including Critical Non-Tier 1 suppliers.
- Continuously monitoring and reporting on our supply chain ESG performance, with a view to incorporating third-party verification for key metrics.