NSL FOODS
The Happy Taste Creator

# NSL ESG GUIDELINES FOR THE SUPPLY CHAIN

บริษัท เอ็นเอสแอล ฟู้ดส์ จำกัด (มหาชน)
NSL FOODS Public Company Limited

## 1. Introduction

NSL Foods Public Company Limited ("NSL") recognizes that a responsible, transparent, and resilient supply chain is fundamental to sustainable growth. This document has been developed to provide ESG guidelines for the supply chain, strengthen collaboration with business partners, and promote sustainability, climate action, and human rights protection throughout the supply chain.

## 2. Scope

These Guidelines apply to procurement activities involving the Company's Significant Suppliers, including sellers, contractors, and/or service providers, whether legal entities or individuals, as well as their subcontractors.

## 3. Objectives

The Company focuses on creating sustainable value throughout the supply chain by selecting business partners that are capable of conducting business ethically, adapting to changes, and appropriately managing risks. Responsible supply chain management helps enhance delivery efficiency, reduce risks, and improve cost management efficiency. In addition, the Company has a policy of supporting and strengthening the capabilities of business partners across all groups so that they can grow together, while comprehensively considering sustainability performance across the environmental, social, and governance dimensions. Accordingly, the Company has developed risk assessment processes and tools appropriate to the business context of each group of business partners.

## 4. Definitions

- **"The company"** means NSL Foods Public Company Limited and its subsidiaries under the same corporate control and supervision, including persons authorized to act on behalf of the Company or assigned to perform work on behalf of the Company.
- **"Business Partner"** means a manufacturer or supplier that provides products to the Company.
- **"Significant Supplier"** means a supplier that provides products or services to the Company (Tier 1 Supplier) in the following categories: Raw Materials, Ingredients, and Packaging Materials.

• **"Key Supplier"** means a supplier that provides products or services that are critical to the Company's business operations (Tier 1 Supplier) based on one or more of the following criteria: 1) High Spend, 2) High Volume, 3) Non-substitutable Suppliers and 4) Suppliers with ESG-related Risks or Impacts

• **"Key Supplier Tier 1"** means a supplier that directly provides products or services to the Company.

• **"Non-tier 1 Supplier"** means a supplier that does not conduct business directly with the Company but provides products or services to a Tier 1 Supplier.

• **"Approved Vendor List (AVL) "** means the register of approved suppliers.

• **"Corrective Action Plan"** means a plan of corrective actions that a supplier is required to implement following an ESG sustainability audit.

## 5. Sustainable Supply Chain Management Framework

The Company operates in accordance with the principles of the UN Global Compact, with a focus on creating value throughout the product life cycle across the environmental, social, economic, and good governance dimensions, as follows:


1 - UN Global Compact, Supply Chain Sustainability.

- **Commit :** Establish a clear vision and objectives for sustainable supply chain management and develop guidelines or a Supplier Code of Conduct covering social and/or environmental issues to demonstrate the Company's commitment to supporting business partners in conducting their operations ethically and responsibly toward society.

- **Assess :** Study activities throughout the supply chain and assess the scope of supply chain management initiatives, including determining which groups of business partners should be covered, such as Key Suppliers and Strategic Suppliers.

- **Define :** Identify which business partners are considered significant suppliers to the Company by establishing clear criteria for supplier classification, such as analyzing transaction value and the types of products or services purchased.

- **Implement :** Define roles and responsibilities for supply chain management within the organization and establish processes, procedures, methods, and guidelines to identify risks arising from the Company's business partners. The Company also engages with business partners to communicate its expectations and commitment to sustainability management, as well as to identify approaches to enhancing their capabilities and competitiveness and fostering collaboration throughout the supply chain.

- **Measure :** Monitor compliance with the Supplier Code of Conduct and the Company's policies, including plans, projects, and activities that support business partners in developing sustainable business practices aligned with the Company's direction.

- **Communication :** Disclose information regarding the Company's supply chain management approach, covering supplier risk assessment strategies, supplier management, supplier audits and assessments, and supplier development activities in both commercial and sustainability aspects.

## 6. Sustainability Enhancement Across Three Core Product Categories

The Company places importance on enhancing sustainability across three core product categories: Raw Materials, Ingredients, and Packaging Materials, with a focus on responsible sourcing, reducing environmental impacts, and alignment with international standards.

### 6.1 Primary Raw Materials

Promote the sourcing of environmentally responsible raw materials, reduce greenhouse gas emissions, protect biodiversity, and prioritize responsible sources of production.

### 6.2 Ingredients

Establish standards for food safety, hygiene, and transparency throughout production processes, and assess risks related to human rights and corporate governance.

### 6.3 Packaging Materials

Promote the use of recyclable, reusable, or biodegradable packaging materials based on Circular Economy principles and in alignment with international standards.

## 7. Supplier Prioritization (Four Categories)

To ensure effective supply chain management, the Company establishes criteria for classifying suppliers into four key categories. The Company analyzes the significance of suppliers to its business operations to identify Significant Suppliers based on the following Spending Analysis criteria:

### 7.1 Suppliers with Significant Purchasing Value

Suppliers with a high proportion of annual procurement value that has a significant impact on the Company's overall cost structure.

### 7.2 High-volume Suppliers

Suppliers that deliver large quantities of raw materials and are essential to the continuity of production processes.

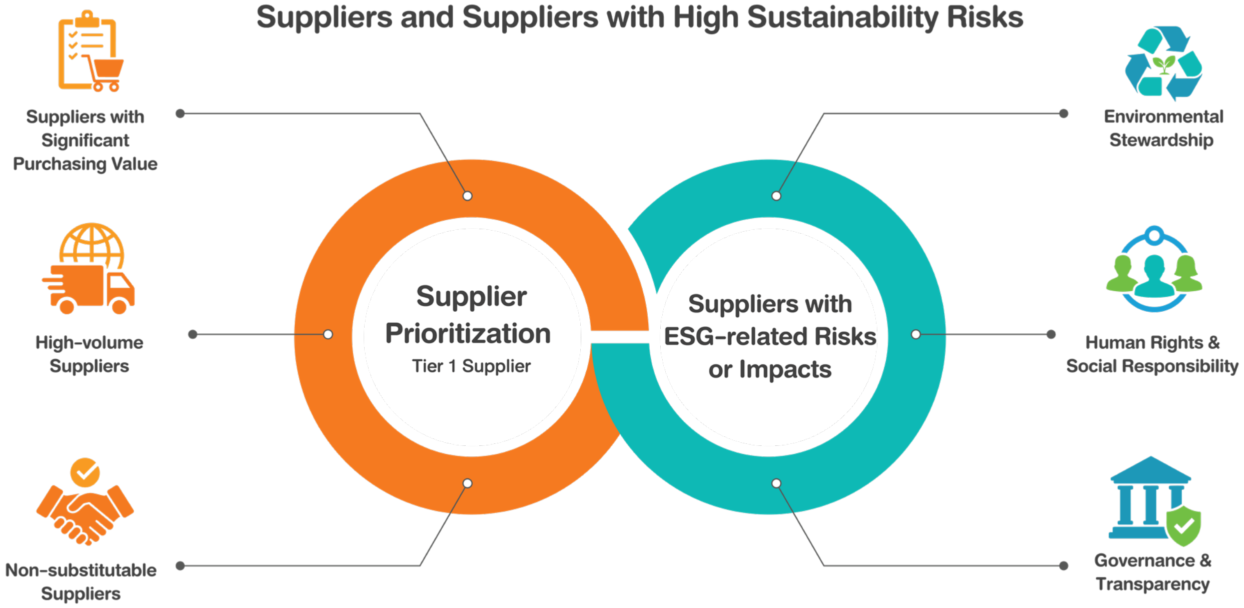
### 7.3 Non-substitutable Suppliers

Suppliers that provide specialized products, products with limited sources of production, or proprietary formulations, making them difficult to replace.

### 7.4 Suppliers with ESG-related Risks or Impacts

Suppliers are associated with risks or potential impacts relating to the environment, human rights, corporate governance, corruption, or food safety.

Diagram Illustrating the Approach to Identifying Significant Tier 1 Suppliers and Suppliers with High Sustainability Risks



# 8. NSL ESG In Supply Chain Guiding Framework 4 Ps

## 8.1. P1– Principles: Operating Principles

### 8.1.1 Environmental Stewardship

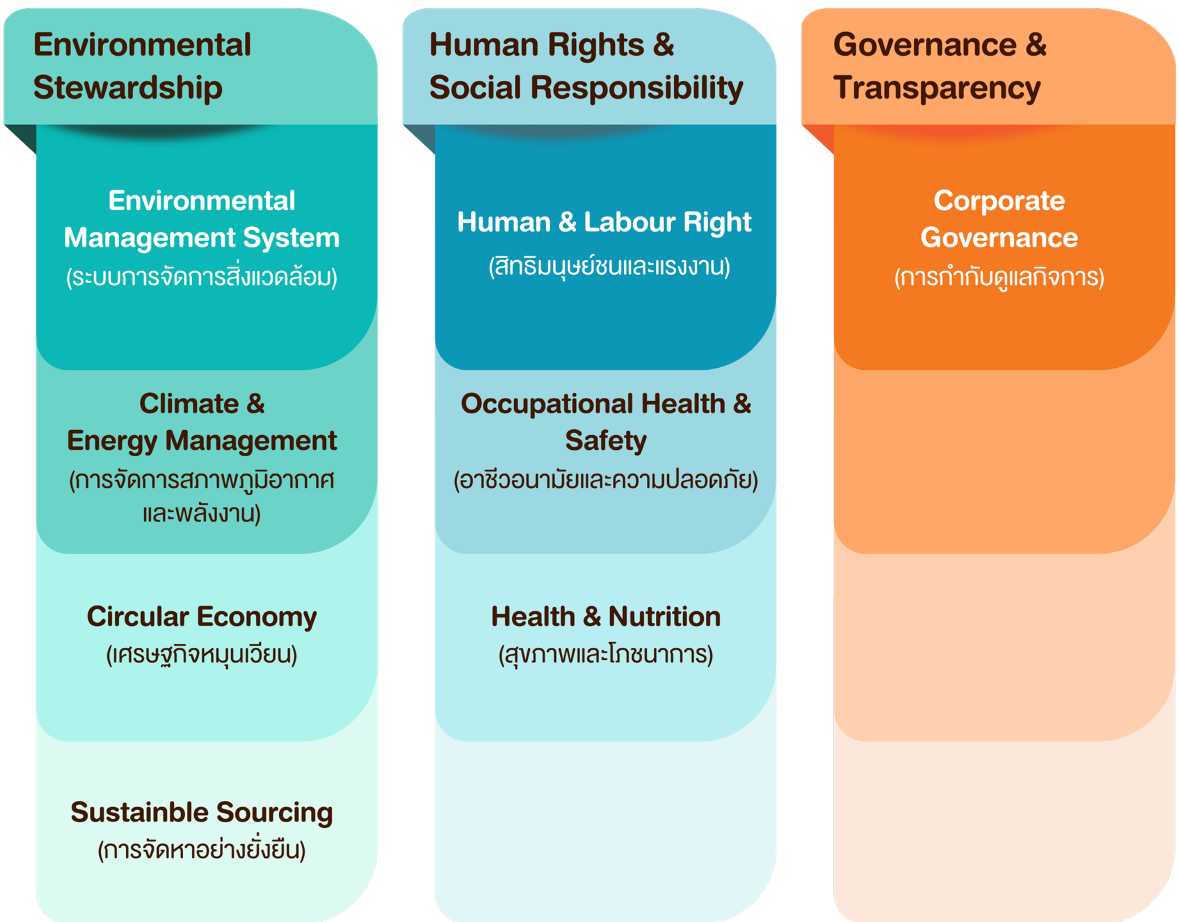
NSL is committed to reducing environmental impacts, including reducing greenhouse gas emissions across Scopes 1–3, by promoting environmental management systems, climate and energy management, the circular economy, and sustainable sourcing of raw materials.

### 8.1.2 Human Rights & Social Responsibility

NSL is committed to conducting its operations in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs). NSL prohibits child labor, forced labor, and discrimination, while taking responsibility for product quality and production processes and promoting occupational health and safety and a safe working environment.

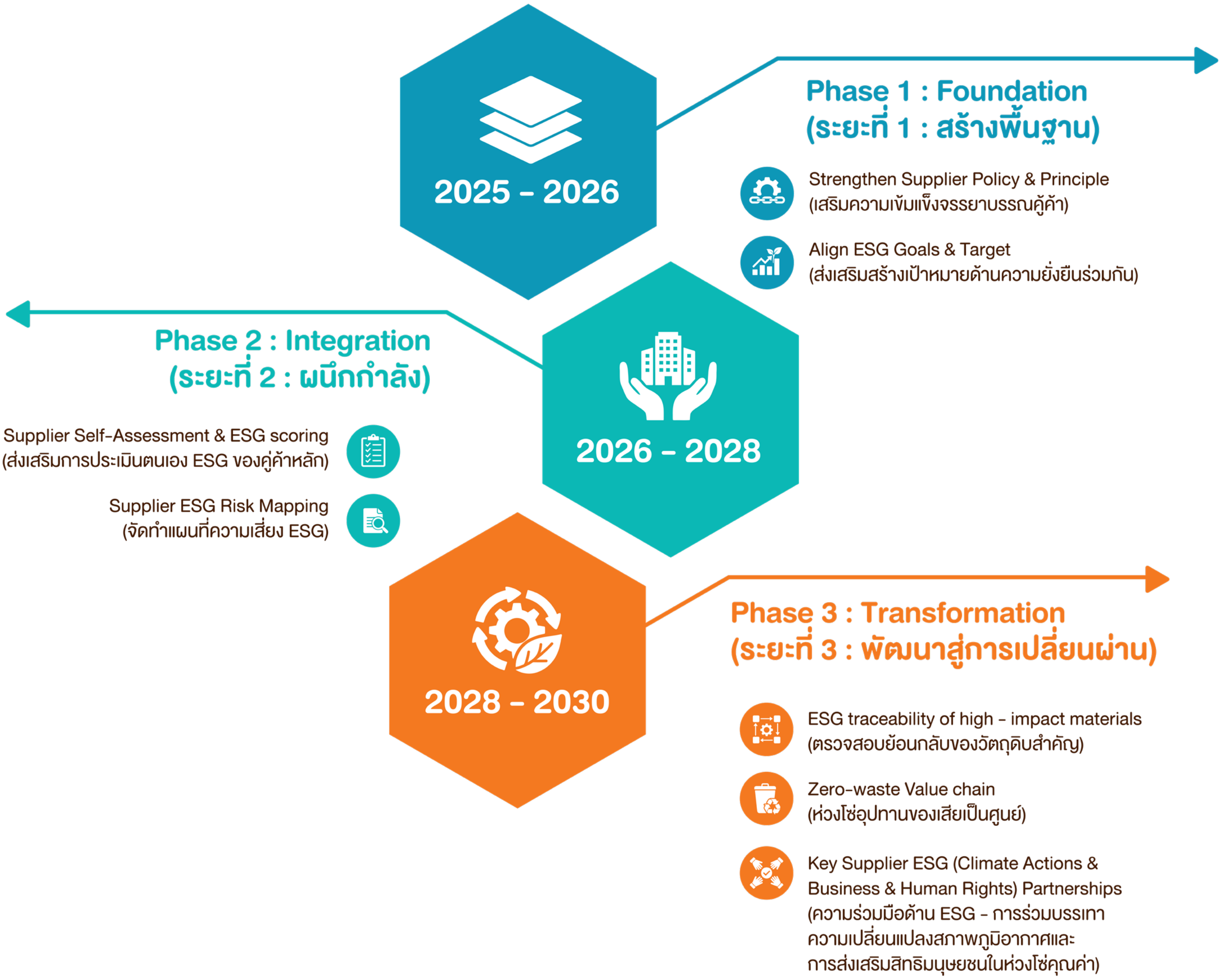
### 8.1.3 Governance & Transparency

NSL is committed to strong governance through the implementation of the Supplier Code of Conduct, anti-corruption measures, ESG risk assessments, and transparent disclosure of information.




2 - UN Global Compact, A Guide to Traceability.

## 8.2 P2- Program Roadmap: Action Plan




## 8.3 P3-Partnership: Partnership: Growing Together for Sustainability

NSL collaborates with business partners, logistics service providers, SMEs, farmers, and international organizations.

## 8.4. P4-Performance & Disclosure

NSL discloses its sustainability progress through GRI reporting, climate-related disclosures in accordance with IFRS S2, FTSE Russell ESG assessments, Scope 1–3 greenhouse gas emissions reporting, and Human Rights Due Diligence (HRDD).

# 9. Sustainability Risk Assessment Scoring Criteria

## 9.1 Sustainability Risk Assessment Scoring Criteria, The Company's sustainability risk assessment consists of two dimensions:

1. Impact (I): Assessment of the severity of impacts arising from issues across the Environmental, Social, and Governance (ESG) dimensions.

| Impact Severity | Score |
|---|---|
| Significant impact on the achievement of objectives | 5 |
| Negative impact exceeding 50%, resulting in failure to achieve objectives | 4 |
| Negative impact of up to 50% on the achievement of objectives | 3 |
| Minor impact | 2 |
| No impact | 1 |

2. Likelihood (L): Assessment of the likelihood or frequency of occurrence of risks associated with each issue.

| Likelihood | Score |
|---|---|
| Monthly/Quarterly | 5 |
| Annually | 4 |
| Once every 2–3 years | 3 |
| Occurred in the past, it has not occurred during the past 3–6 years. | 2 |
| Has never occurred in the past and is not expected to occur in the future. | 1 |

The Company assesses risks across the Environmental, Social, and Governance (ESG) dimensions based on established risk assessment criteria. Information used for the risk assessment may be obtained from the following sources:

1. Reliable information from publicly available sources
2. Historical performance and past records
3. Industry-related risk factors
4. Emerging and potential future risk trends
5. upplier Self-Assessment results

The Company identifies suppliers with relatively high-risk issues (Orange Zone) to establish control measures to reduce risks and their potential impacts, as well as suppliers with high-risk issues (Red Zone) for further assessment planning and the implementation of appropriate control measures to mitigate risks and impacts.

| Impact Severity | 1 Rare | 2 Unlikely | 3 Possible | 4 Likely | 5 Almost Certain |
|---|---|---|---|---|---|
| 5 Critical | Medium | >Medium | >Medium | High | High |
| 4 Serious | Medium | Medium | >Medium | >Medium | High |
| 3 Moderate | Low | Medium | Medium | >Medium | >Medium |
| 2 Minor | Low | Low | Medium | Medium | >Medium |
| 1 Insignificant | Low | Low | Low | Medium | Medium |

Likelihood of Occurrence

### 9.2 ESG Supplier Self – Assessment

Key Supplier Tier 1 suppliers are required to conduct a sustainability self-assessment at least once every three years to assess the extent to which their business operations are aligned with the Supplier Code of Conduct and to enhance their awareness of the Company's sustainability direction and expectations.

| Assessment Result | Risk Score (%) | Recommended Actions |
|---|---|---|
| A | 0–20% | Monitor and assess performance in accordance with the established framework. |
| B | 20.01–70% | Increase the frequency of sustainability self-assessments to **once every two years.** |
| C | 70.01–100% | Conduct an **on-site supplier assessment.** |

## 10. Supplier On-site Assessment Criteria

The Company conducts supplier assessments to evaluate whether suppliers' business operations are aligned with the Company's Sustainable Procurement Policy. The frequency of supplier assessments is determined based on the level of supplier risk. Assessments are conducted annually or at least once every three years, and cover the following suppliers:

• Key Supplier Tier 1: suppliers, or other suppliers as deemed appropriate.

• Key Suppliers: whose self-assessment results indicate a high level of ESG risk (Grade C), with a score of 70.01% or higher, focusing on the top one or two suppliers with the highest risk, as deemed appropriate.

The Supply Chain Management Working Group, the Board of Directors, a designated committee, or relevant departments shall appoint a supplier assessment team comprising:

- Personnel with knowledge and expertise in occupational health, safety, and environmental management.
- Personnel with knowledge and expertise in labor law and human rights.
- Personnel or representatives with knowledge and expertise in compliance and regulatory requirements.
- External consultants or auditors, as appropriate.

The Procurement Department shall notify suppliers of the assessment at least five weeks prior to the assessment date. The assessment team shall evaluate suppliers using the Sustainability Assessment Form and summarize the assessment results. The results, together with the Corrective Action Plan form, shall be communicated to the supplier through the Procurement Department within 30 days.

## 11. Supplier Performance Evaluation

Where an on-site supplier assessment is conducted in accordance with the established requirements, if any non-compliance with applicable laws is identified, or if the assessment identifies more than 5 Non-Conformities (NCs), the supplier shall be deemed to have failed the assessment and shall be issued a warning letter requiring the supplier to provide a corrective action plan within 30 days.

The supplier shall complete the required improvements and corrective actions in accordance with the Corrective Action Plan within 6 months. The Company shall monitor the supplier's progress every 3 months following receipt of the corrective action plan. If a supplier fails to submit the required corrective action plan, neglects to implement the required improvements, or fails to complete corrective actions within the specified timeframe, the Procurement Department and the appointed committee shall review and consider suspending purchases from the supplier and/or removing the supplier from the Approved Vendor List (AVL). Such suspension or removal shall remain in effect until the supplier has complied with the applicable requirements and fully resolved all identified issues.