

# JOURNEY TOWARD SUSTAINABILITY

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2024 SCBX GROUP'S  
PRACTICE AND PROGRESS  
ON SUPPLY CHAIN  
RESPONSIBILITY





CULTIVATING  
A SUSTAINABLE FUTURE  
THROUGH EVERY LINK  
IN THE VALUE CHAIN,

SCBX GROUP  
IS COMMITTED TO  
FORGING RESPONSIBLE PATHWAYS  
IN OUR SUPPLY CHAIN.

TOGETHER,  
WE SHAPE TOMORROW  
WITH INTEGRITY AND  
ENVIRONMENTAL STEWARDSHIP.

# TOWARDS RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN

SCB X Public Company Limited ("SCBX"), the parent company of the SCBX financial business group ("SCBX Group or The Group"), is dedicated to conducting business ethically and with good corporate governance, while also striving to generate positive impacts on the economy, society, and the environment.

SCBX has established [SCBX Group sustainability framework](#) under the mission 'OPPORTUNITIES FOR EVERYONE, POSSIBILITIES EVERYDAY', aimed at creating inclusive growth while simultaneously supporting the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement. We believe that driving inclusive growth requires transmitting and exchanging responsible and sustainable knowledge, management approaches, and good practices with all stakeholders.



At SCBX Group, we recognize that suppliers are key stakeholders that play a crucial role in supporting the development of the sustainable business ecosystem and helping the Group achieve its sustainability mission. We have therefore implemented a policy to integrate environmental, social, and governance ("ESG") considerations into our procurement processes. Our procurement regulations clearly state that suppliers must conduct their business in accordance with legal and the SCBX Group's supplier code of conduct ("the CoC"). Moreover, the procurement department of the Group is tasked with communicating and delivering the CoC,<sup>1</sup> which incorporates material ESG issues, to all suppliers for acknowledgment and continued adherence.

Together with our suppliers, we are committed to fostering a future where responsible business practices drive positive change and innovation.

## SCBX GROUP'S SUPPLIER CODE OF CONDUCT

To ensure that our suppliers share our values and principles, the SCBX Group Supplier Code of Conduct sets out the minimum standards and expectations for ethical and responsible business practices.

The CoC covers four main areas: Business Ethics, Labor and Human Rights, Health and Safety, and Environmental Management. The CoC conforms with the [SCBX Group's Code of Conduct](#) and [SCBX Group's Sustainability-related Policies](#) which are developed in alignment with international standards and frameworks, such as the United Nations Global Compact, the Universal Declaration of Human Rights, the International Labour Organization's core conventions, and the OECD Guidelines for Multinational Enterprises.

Business Ethics	Labor and Human Rights	Occupational Health and Safety	Environmental Management
			
<ul style="list-style-type: none"><li>• Compliance with laws and regulations</li><li>• Business integrity</li><li>• Fairness</li><li>• Disclosure</li><li>• Confidentiality</li><li>• Intellectual property rights</li></ul>	<ul style="list-style-type: none"><li>• Non-discrimination</li><li>• Labor protection</li><li>• Unforced labor</li><li>• Wages and benefits</li><li>• Duration of work</li></ul>	<ul style="list-style-type: none"><li>• Compliance with occupational health and Safety laws</li><li>• Safety and working environment</li><li>• Personal protective equipment</li></ul>	<ul style="list-style-type: none"><li>• Compliance with environmental laws</li><li>• Environmentally responsible business operation</li><li>• Sector-specific requirement</li></ul>

The CoC has been periodically reviewed and updated to reflect the changing context and expectations of our business and society. We always welcome feedback and dialogue from our suppliers and other stakeholders on how we can further improve our business practices in procurement and grow our supplier in a responsible manner. We believe that by working together with our suppliers, we can foster a culture of excellence and sustainability in our supply chain and beyond.

## RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN MANAGEMENT

SCBX recognizes that the business operation process, including the quality of products and services delivered by suppliers, can impact the Group positively and negatively, directly and indirectly, in the short and long term. Therefore, to enable the Group to manage ESG risks and opportunities systematically and effectively throughout our supply chain, we have established responsible and sustainable supply chain management processes as follows:



### ESG PRE-ASSESSMENT FOR SUPPLIER SELECTION

SCBX Group has incorporated various aspects, including sustainability, into the selection process for new approved suppliers and existing suppliers participating in bidding. For example,

#### Criteria for Selecting New Approved Suppliers for Procurement by SCB (a Key Subsidiary of SCBX):

Suppliers will be selected based on their potential capability, assessed through a questionnaire. Suppliers must be able to conduct business in accordance with the SCB's sustainable business practices guidelines.

The selection process will prioritize suppliers who demonstrate:

- Capacity to meet the bank's sustainability requirements
- Ability to comply with the Supplier Code of Conduct
- Commitment to ethical and socially responsible business operations
- Competitive pricing and value

Suppliers will undergo due diligence on their sustainability policies, programs, and performance through a comprehensive sustainability self-assessment questionnaire as part of the pre-qualification process.

### Criteria for Supplier Selection for SCB Bidding:

Suppliers will primarily be selected based on their overall potential capability and assessed through a comprehensive questionnaire. Sustainability factors and compliance with the SCB's sustainability requirements will also be incorporated into the selection criteria, including:



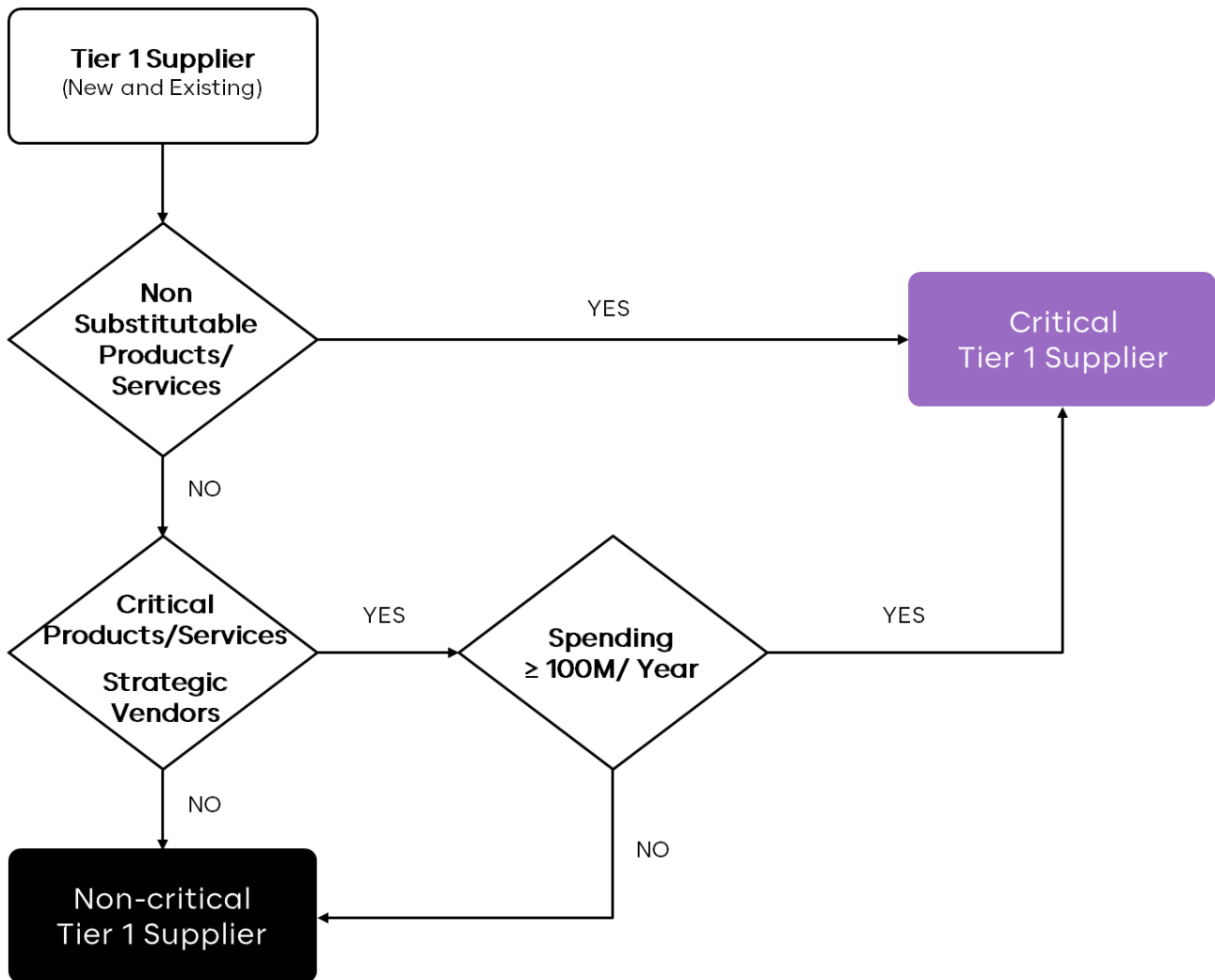
A supplier's ability to meet these sustainability-related criteria will be evaluated as supplementary factors alongside the main selection criteria such as core capabilities, quality, pricing, etc. Sustainability considerations will carry a weighted percentage in the overall supplier performance scoring used for bidding and contract decisions.

### SUPPLIER CATEGORIZATION

SCBX Group categorizes our suppliers into two main groups: critical suppliers and non-critical suppliers based on three criteria: non-substitutable products/services, critical products/services, and high-spending products/services.



## SCBX Group Critical Supplier Analytic Flow



## SUPPLIER ESG RISK ASSESSMENT

SCBX Group has conducted risk assessments to determine the likelihood and potential severity of impacts and prioritize identified risks. A wide range of quantitative and qualitative methods, aligned with internal models and approaches, are utilized to assess and measure each type of risk as deemed appropriate. In 2024, no material supply chain risks were identified either on economic or ESG risk from suppliers, aligning with the characteristics and context of SCBX Group's financial technology business.

In parallel, SCBX Group by SCB, which holds a significant portion of the Group's procurement, has conducted an ESG risk assessment and categorized suppliers to define strategies and plans for supplier development aligned with the identified risks. The factors and criteria used for the risk assessment are as follows:"

## ESG factors

### Environmental



- GHG Emissions
- Energy Management
- Waste and Hazardous Materials Management

### Social



- Customer Privacy and Data Security
- Labor and Human Rights
- Selling Practices and Product Labelling
- Product Design and Life Cycle Management

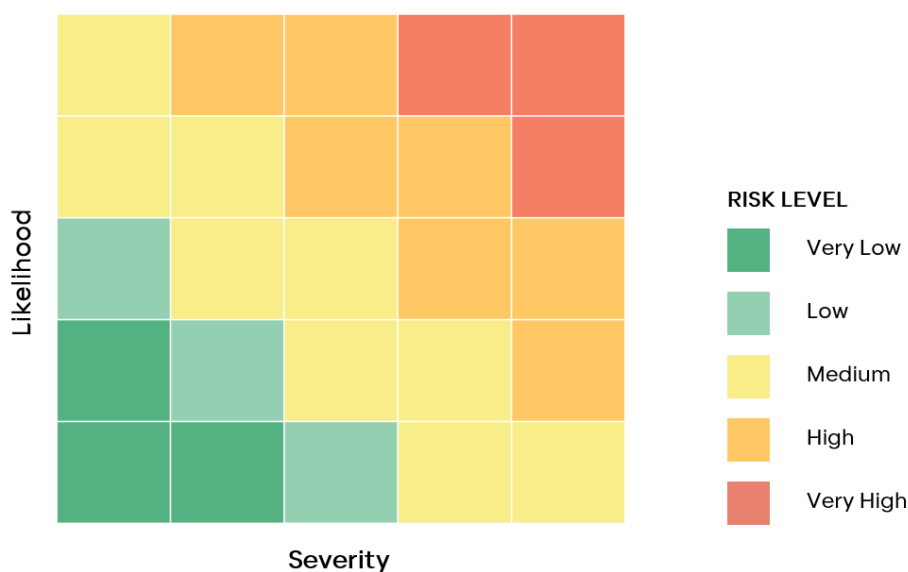
### Economic and Governance



- Business Ethics/ Integrity and Anti-corruption
- Competitive Behavior, Pricing and Fair Competition
- Systematic Risk Management, Quality Requirement and Delivery time

## ESG Risk Assessment Criteria

The assessment of ESG risks is conducted by using a 5-scale risk matrix that consists of: Likelihood (axis-y) and Severity/ Impact (axis-x).



Levels of supplier risk are categorized into 5 levels:

Very low	Minimal impact on ESG and legal compliance. No impact on business operations.
Low	Low impact on ESG and legal compliance. No impact on business operations.
Medium	Moderate impact on ESG and legal compliance. No impact on business operations.
High	High impact on ESG and legal compliance. Indirect impact on business operations.
Very high	Very high impact on ESG and legal compliance. Direct impact on business operations.

Supplier segmentation based on the ESG risk assessment criteria is as follows:

1. High Potential ESG Risk Supplier:
  - Designated for suppliers with very high-risk exposure.
2. Regular Tier 1 Supplier:
  - Designated for suppliers with medium or low risk operational activities.
  - Medium-sized or small-sized suppliers.

## SUPPLIER ESG MANAGEMENT

Conducting a comprehensive ESG risk assessment has informed our strategic approaches to mitigate potential disruptions, strengthen relationships with suppliers, and align our supply chain practices with the Group's sustainability objectives.

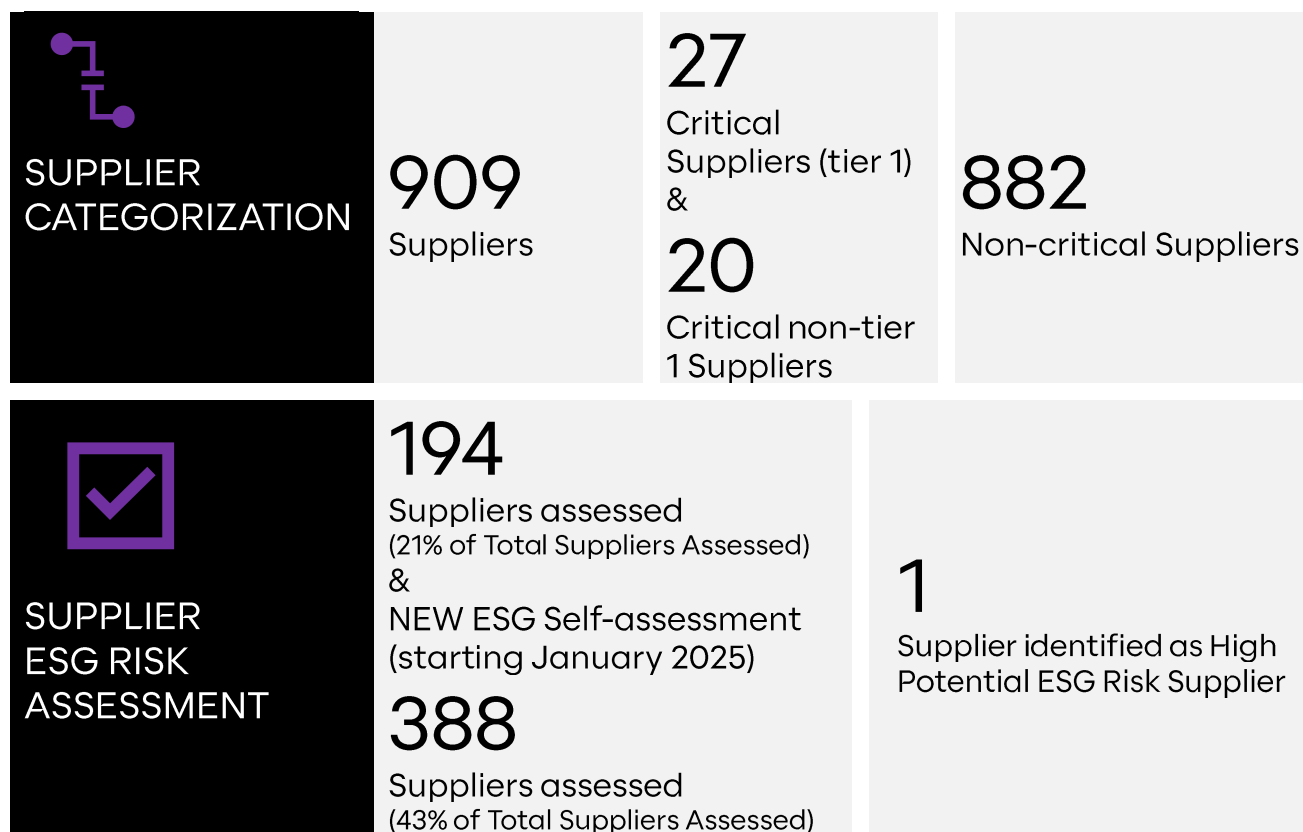
### Supplier Development Strategic Approach

Supplier segment	Supplier CoC and Engagement	Risk Assessment and Mitigation	Supplier Excellence and Relationship Program
Critical tier 1 suppliers	✓	✓	✓
High potential ESG risk tier 1 suppliers	✓	✓	✓
Non-critical tier 1 suppliers	✓	✓	-



## 2024 PROGRESS

In 2024, our commitment to responsible and sustainable supply chain management remains steadfast. We enhanced our ESG risk assessment process to develop more effective prevention and mitigation measures while monitoring our supply chain sustainability performance and spearheaded new initiatives to enhance supplier capabilities. SCB also conducted surveys aimed at identifying Critical non-tier 1 suppliers who either provide non-substitutable products/services or supply critical products/services to our critical suppliers that could ultimately affect our operations.

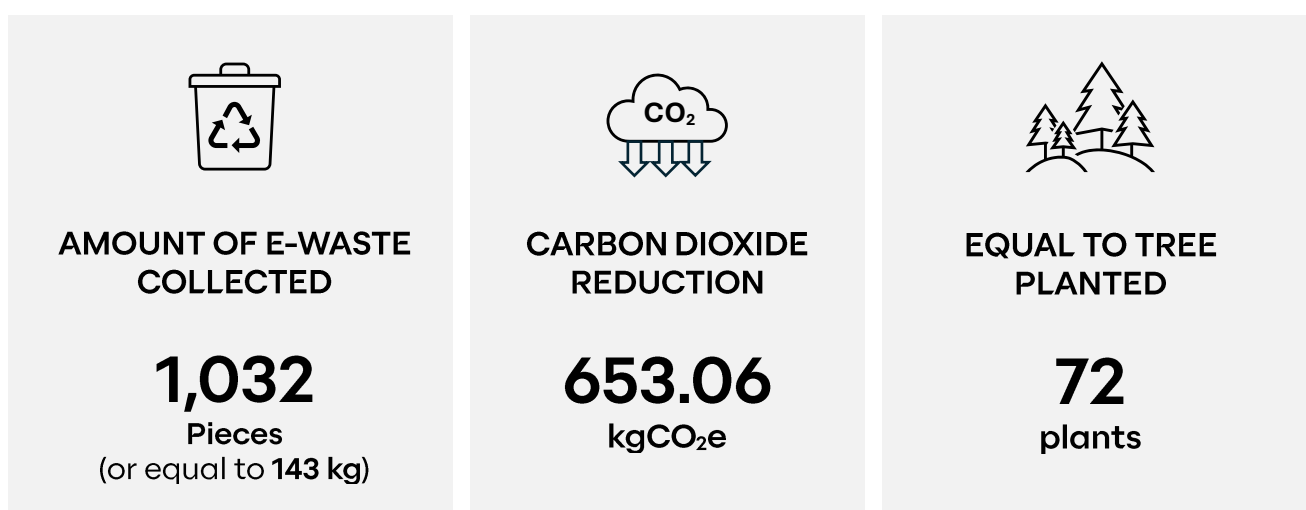


## SUPPLIER EXCELLENCE AND RELATIONSHIP INITIAITEVE

As part of our ongoing commitment to sustainable and responsible supply chain management, SCB hosted annually Vendor Communication Day to reinforce our commitment to supply chain sustainability in December 2024. The event provided a key platform to share strategic policies and operational guidelines with our partners. With 81 vendors in attendance and an overall satisfaction rate of 83%, the event underscored our focus on collaboration, understanding, and alignment with sustainability goals.



Also, SCB supports our partner AIS in the International E-Waste Day 2024 campaign. This green partnership aims to strengthen supply chain sustainability by facilitating proper e-waste collection and disposal. This collaboration demonstrates our commitment to responsible procurement practices and environmental stewardship while contributing to our organization's circular economy and sustainability reporting goals.



Note: The performance above covered the portion responsible by SCB only not the whole campaign.

## CREDIT TERM POLICY AND RESULT

SCBX Group, represented by SCB, has emphasized the significance of its credit term policy in managing liquidity effectively and optimizing the cash cycle. Consequently, SCB adheres to the payment policy within a 30-day period. However, it is noteworthy that the payment duration may be subject to variation based on considerations related to the SCB's suppliers and other relevant factors, in order to ensure equitable treatment.

In the fiscal year 2024, the average actual payment period for SCB transactions was determined to be 21 days from Goods Receipt (GR) to payment.

## LOOK FORWARD

The Group is currently undertaking a strategic initiative to further centralize its procurement processes under the oversight of the holding company. This development aims to enhance operational efficiency, strengthen governance, and optimize resource allocation across subsidiaries. By consolidating procurement activities for similar products and services required by the group, the Group expects to achieve improved cost synergies, streamlined vendor management, and enhanced contract compliance. Other anticipated benefits include greater negotiation leverage, standardized procurement practices, and more effective monitoring of supply chain performance.

Throughout this centralization process, the Group remains firmly committed to maintaining robust Environmental, Social, and Governance (ESG) integration within all procurement considerations in our sustainable business practices and ensuring alignment with the Group's overall sustainability goals. The enhanced structure will facilitate more consistent ESG due diligence and foster long-term partnerships with responsible suppliers.



