# 7.6 Supplier management and supply chain management

Somboon Advance Technology have committed to achieve sustainable business growth by enhancing competitiveness in production costs and fostering mutual growth with their business partners through a transparent and fair procurement process, guided by the Company's procurement management framework. To this end, the Company has established a procurement policy with the following key principles:

- 1. Procurement is carried out with careful consideration of quality (Q), cost (C), delivery (D), speed of service, and adherence to the Company's policies, with an emphasis on efficiency and effectiveness.
- 2. Procurement is carried out with transparency, fairness, and is subject to verification procedures.
- 3. The Company adheres strictly and completely to all laws and regulations related to procurement.
- 4. The Company treats all its business partners with fairness and transparency, providing accurate and complete information, without discrimination or manipulation. It also encourages and welcomes feedback and suggestions from its business partners to improve collaboration and enhance the quality of service.
- 5. The Company selects business partners who prioritize minimizing environmental impacts, share social responsibilities. The Company also takes into consideration their level of engagement and business operation with good governance.
- 6. Business partners must strictly comply with "Ethics and Guidelines for Business Partners of the Somboon Group," as well as with all laws and regulations related to business activities.

#### **Targets**

In order to comply with the policy, the Company has taken into account the needs and key factors of key stakeholders, such as customers, to set appropriate goals for production processes and operations that ensure effectiveness throughout the supply chain. The key performance indicators include:

Indicator	Target	
	2022	2023
1. Cost 1.1 Cost Reduction	5% reduction compared to 2021	5% reduction compared to 2022
2. Delivery	100%	100%
2.1 Delivery		
3. Compliance (Anti-Corruption)		
3.1 New suppliers must declare their commitment to anti-corruption.	100%	100%
3.2 Suppliers with a purchase amount of 10 MB or more are required to declare their commitment to CAC for 100%.	+10	+10

Indicator	Target	
	2022	2023
3.3 Supplier Code of Conduct & CSR	100%	100%
<ul> <li>All new suppliers are required to sign a commitment agreement.</li> </ul>	10 Suppliers	10 Suppliers
<ul> <li>Suppliers with a purchase amount of 10 MB or more are required to sign a commitment agreement.</li> </ul>		
3.4 Practice in compliance with the laws	100%	100%



#### Management Approach

The company has developed a set of guidelines for prioritization and risk management in the supply chain. These guidelines aim to foster engagement from business partners and create opportunities for them to participate in the development and upgrading of our quality and cost standard, known as QCDEM. Business partners who meet the assessment criteria will receive a business partner certificate. The following are some of the key guidelines:





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**Business partner** management plan

**Business partner** development and upgrading

Quality assessment with OCD

**Improvement** and correction for unintended



**Business partner** management plan



**Business partner** development and upgrading



Our company plans and manages suppliers with the SBG Supply Positioning Model, which categorizes suppliers into four groups:

- 1. Bottleneck
- 2. Critical
- 3. Routine
- 4. Leverage

We procure and manage risks according to the categorized product group, ensuring that production costs are not affected and that we have sufficient raw materials for our production line.



### **Quality assessment** with OCD



Prior to each procurement of products for our production process, the Company conducts a comprehensive assessment of the product's quality using the QCD system. This system evaluates the product's quality, cost, and delivery to ensure that all products meet our company's standards for quality, are cost-effective, and are delivered within the specified time frame.

Our company has an annual plan to continuously develop, upgrade, and communicate information to our key business partners based on the following guidelines:

- 1. Transfer knowledge on TPS/Lean Supply Chain system.
- 2. Provide advice on how to improve work processes to promote transparency and form alliances in the Anti-Corruption Alliance (CAC).
- 3. Organize an SBG's Annual Supplier Meeting.





The Company has established channels for our business partners to clarify or express their opinions to us in two cases:

- 1. When partners need assistance in developing areas where they may be lacking, the Company will consider incorporating their needs into our annual business partner development and upgrading plan.
- 2. When partners have suggestions for us on how to improve aspects of our operations that may impact them in various ways. This is to ensure the highest level of fairness and transparency for our business partners.





## Operation results





in cost reduction according to the 2022 target.





of new business partners have declared their commitment to anti-corruption with SAT.





of products have been delivered according to the 2022 target.



 $14 \ \mathsf{target} \ \mathsf{business} \ \mathsf{partners} \ \mathsf{with}$ a purchase amount of 10 million baht or more have declared their commitment with CAC.