

## Supply Chain Management

BJC has put in place systematic measures in order to ensure that the important issues in our supply chain are prevented from any misconduct caused by our suppliers. We are confident that our good sense of corporate responsibility will be forwarded to the suppliers, trade partners, service providers, contractors, as well as business alliances. Thus, we prioritize supply chain management through the supervision of our business partners.

### **Top five priorities of BJC's supply chain management**

1. Select good quality products and services with reasonable price
2. Provide efficient distribution within time limit
3. Develop efficient inventory management
4. Build and maintain long-term relationship with suppliers
5. Improve human capital development process to enhance supply chain management

### **Integration of ESG Objectives**

1. To provide sustainable development knowledge to employees related to supply chain management and improve supply chain management process
2. To procure and select potential suppliers by perform supplier's ESG related risk assessment as well as support supplier with ESG knowledge to raise awareness of sustainable development.

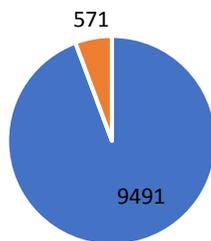
In addition, the Company established BJC's Supplier Code of Conduct which is required to be reviewed every two year to assure suitable and applicable coverage of sustainability issues, effective to all of our business partners.

Due to the nature of the business, BJC works together with a wide range of partners, organically increasing the supply chain risks and dependencies. In order to address this, the Procurement Department together with the Sustainability and Risk Management Department developed the Supplier Risk Assessment and Management Process. Training sessions were provided to the Company's suppliers in order to familiarize suppliers with approaches to mitigating and controlling risks. Following this, the Company has classified our suppliers into critical and non-critical such that we can focus on monitoring and management of the risks as a whole.



In 2019, there were 458 critical tier-1 suppliers, accounting for 47.6% of total procurement spent. However, we have not identified critical non-tier 1 suppliers. In addition, BJC monitors and assesses our supplier's sustainability risks annually. These include supplier's quality of products and services, business ethics, labor practices (i.e. child labor, forced labor, compensation, working hours, migrant labor, and occupational health and safety) as well as environmental issues such as waste and wastewater management. It is essential for BJC to understand the entire process of our suppliers for the functionality and smooth operation of our business. In 2019, 571 suppliers were assessed.

### Supply Chain Risk Assessment Result



\*All Critical supplier and some Non-critical supplier  
 ■ Supplier Tier 1

Number of suppliers classified as sustainability high-risk	% of total suppliers classified as sustainability high-risk	% of current suppliers with high sustainability risk that have corrective action plans
9	0.09	100

The assessment results show that some suppliers need to improve on their performance. We found common issues such as product quality & safety. Consequently, corrective action plans were developed, and improvement timeframe was established for each supplier.

### Evaluation Process of Potential Risks related to Genetically Modified Organisms (GMOs)

As the company places an importance of consumers on products related to genetically modified organisms, the company needs to promote the quality and safety of food by develop GMO protocol for Private Label:

1. The company strictly comply with the product management related to genetically modified organisms guideline.
2. Suppliers are required to acknowledge and report their product risk related to GMOs.
3. The company performs random product inspection regularly.
4. The company conducts supplier audit to evaluate the uses of GMOs in raw material in supplier's production process.