



EGCO Group

Supply Chain Management

April 2022

Content

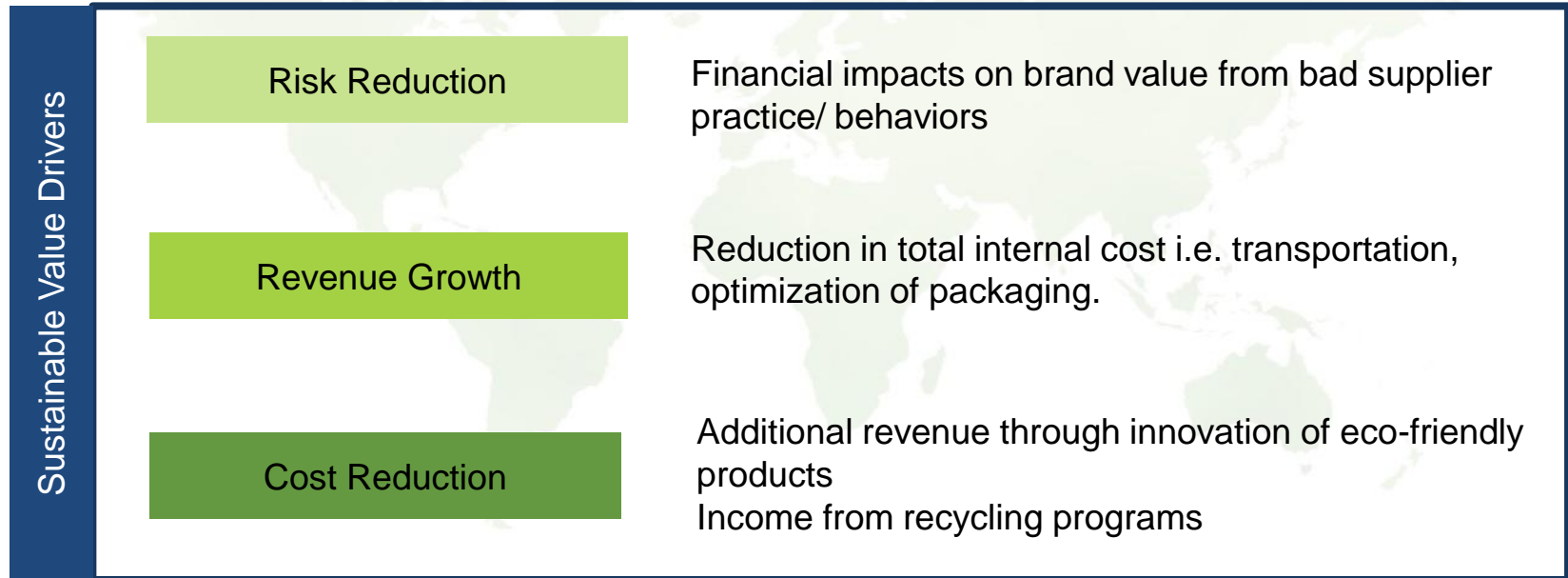
- EGCO Group Procurement Policy and Supplier Code of Conduct
- Supplier Self-assessment
- Critical and High Risk Supplier Identification
- Audit and Corrective Action Plan



Business Benefits of Supply Chain Management

Currently, supply chain management is becoming significantly important. The scope of management is extended to Environmental, Social and Governance (ESG) to ensure the sustainability of EGCO's value chain.

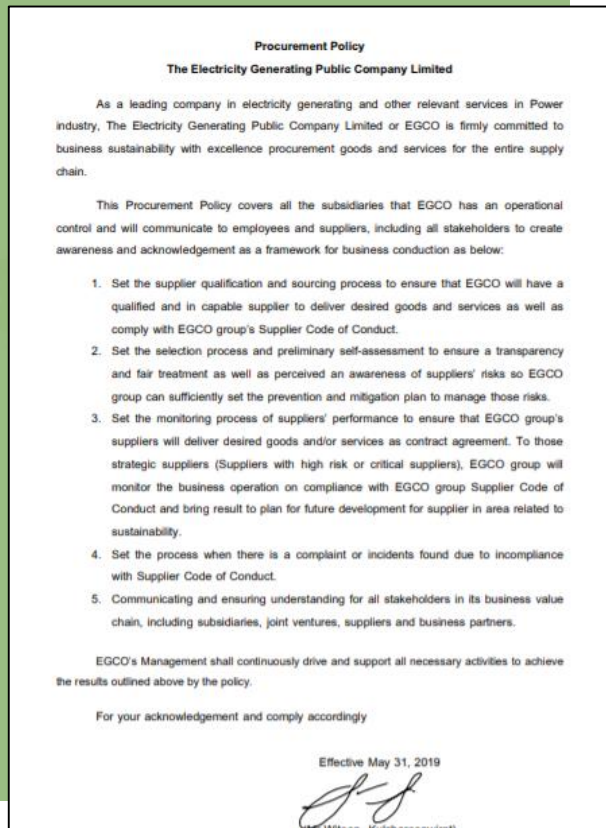
ESG Risks may stop companies from achieving their business objectives. The Company must be able to recognize and **identify sustainability benefits in financial terms.**



EGCO Group Supply Chain Management



EGCO Group Procurement Policy



EGCO Group's general supply chain management strategy cover cost effectiveness, proper time delivery, continuity of supply, reciprocal loyalty, and prevention or minimized environment, social, governance (ESG) risk. Furthermore, EGCO also gives importance to the following matter in its supply chain management strategy

1. Set the supplier qualification and sourcing process to ensure that EGCO will have a qualified and in capable supplier to deliver desired goods and services as well as comply with EGCO group's Supplier Code of Conduct.
2. Set the selection process and preliminary self-assessment to ensure a transparency and fair treatment as well as perceived an awareness of suppliers' risks so EGCO group can sufficiently set the prevention and mitigation plan to manage those risks
3. Set the monitoring process of suppliers' performance to ensure that EGCO group's suppliers will deliver desired goods and/or services as contract agreement.
4. Set the process when there is a complaint or incidents found due to incompliance with Supplier Code of Conduct.
5. Communicating and ensuring understanding for all stakeholders in its business value chain, including subsidiaries, joint ventures, suppliers and business partners

EGCO Group Supplier Code of Conduct

EGCO group's Supplier Code of Conduct

Introduction

Electricity Generating Public Company Limited or EGCO has a vision to be a **leading sustainable Thai company with full commitment to environment protection and social development**. Thus, we commit to excellent operations that reduce negative impact on our stakeholders in all aspects as well as growing our business with sustainability and good corporate governance. Suppliers are one of our key stakeholders who can work with EGCO group to achieve the mission while also sharing EGCO group's beliefs and values. Therefore, EGCO group has developed the Supplier Code of Conduct in line with the 10 principles of the UNGC and other internal standards, including the industry material topics as a guidance applying to all EGCO group's suppliers. As our expectation, EGCO group's suppliers shall operate their business with integrity and align with ESG (Environment, Social, and Governance) aspects as per statement in this code. Lastly, EGCO group upholds the right to perform due diligence assessment on any material issues to EGCO group's business operation with the suppliers.

EGCO's Mission

- To Secure continuous growth in order to maximize shareholder's value
- To offer reliable power supply
- To be a good corporate citizen and be considerate to society and environment

EGCO's Sustainable Business Operation Policy

1. Be committed to excellent operations, covering economic, environmental, community, and social dimensions.
2. Reduce negative impacts and increase positive impacts on stakeholders, environment, community, and society as well as business process of the organization.
3. Promote development of business and social innovations to enhance efficiency and effectiveness, together with value added to organization and stakeholders.
4. Promote sustainable development of business counterparts involving ethical business for safety and occupational health, and environmental management.

This Supplier Code of Conduct comprises to 8 areas:

1. Business Ethics
2. Human Rights
3. Employee Practice
4. Occupational Health and Safety
5. Social Responsibility
6. Environmental Management
7. Sustainable Procurement and Knowledge.
8. Contact Information

The Supplier Code of Conduct comprises to 8 areas:

- 1. Business Ethics
- 2. Human Rights and Labor Practice and Standards
- 3. Employee Practice
- 4. Occupational Health and Safety
- 5. Social Responsibility
- 6. Environmental Management
- 7. Sustainable Procurement and Knowledge.
- 8. Contact Information

EGCO commits to excellent operations that reduce negative impact on our stakeholders in all aspects as well as growing our business with sustainability and good corporate governance



Self-assessment



Critical Suppliers



High-risk Suppliers

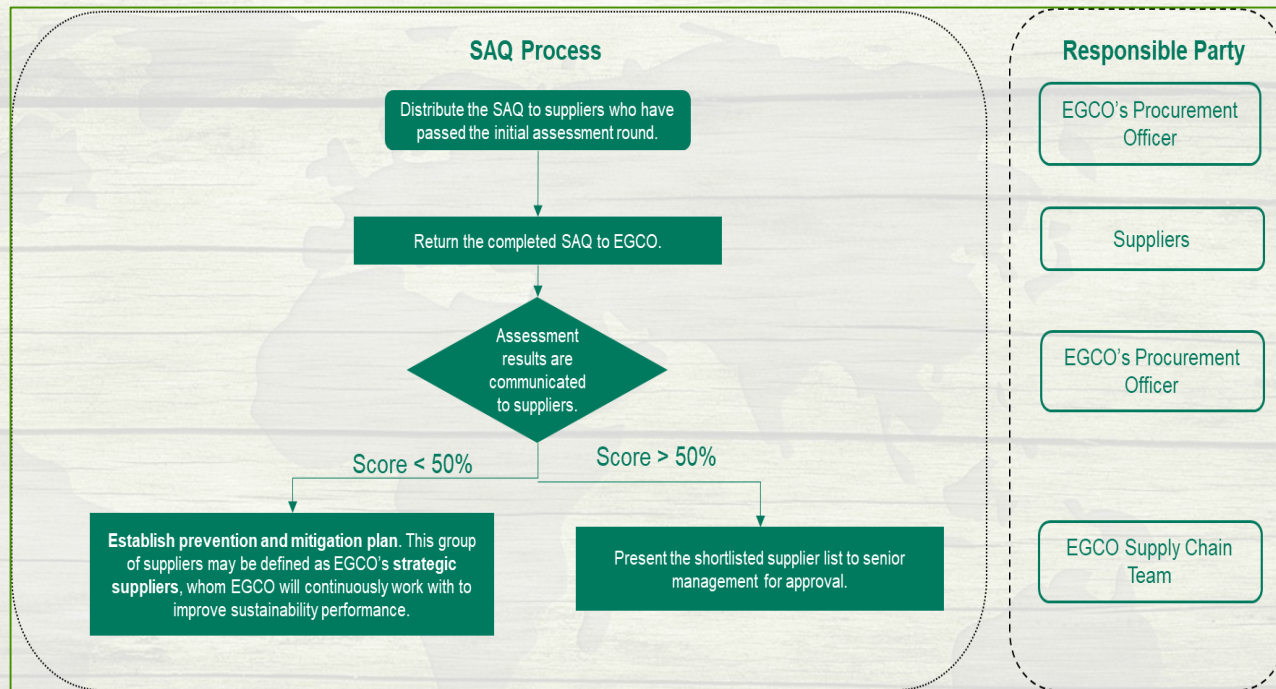
Supplier Self-assessment

All new suppliers who are under EGCO criteria must complete the SAQ.

The SAQ results are valid for one year.

Pass → approved vendor list

Fail → Mitigation plans are required

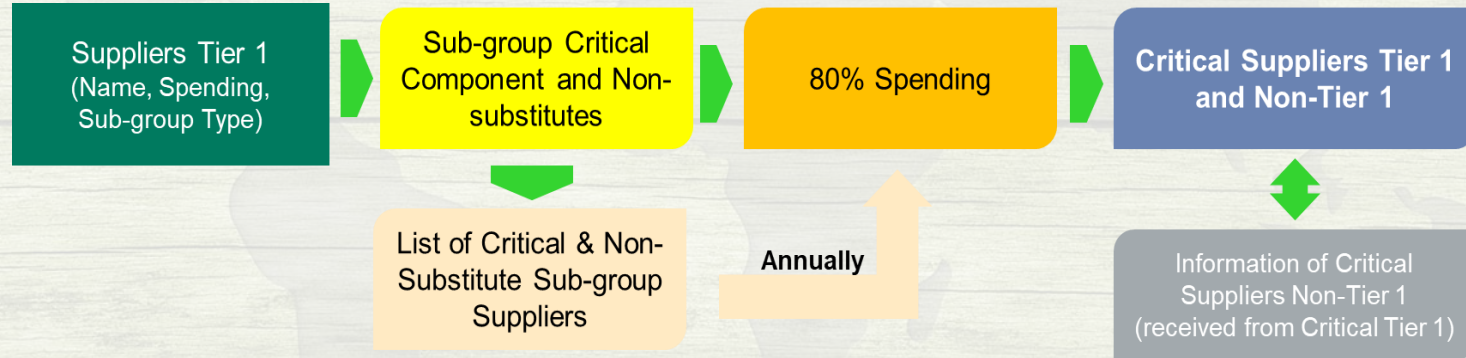


Note: the SAQ is required for suppliers listed under critical and ESG high-risk sub-group and more than 5MTHB purchasing volume,

Supplier Identification : Critical Suppliers

Criteria of Critical Tier 1 and Non-tier 1 Supplier are as per following:

1. **Critical component** and/or **non-substitute** supply and service supplier
2. **High spending** i.e. 80% of total spending during the year



Supplier Identification : High-risk Suppliers

High-risk suppliers will be assessed on ESG topics for 4 main issues

- Economic
- Environment
- Safety
- Reputation

The criteria for risk assessment for sub-group supplier comprise of:

- ESG risk issues
- High spending



EGCO Group will conduct the audit for all critical and high-risk suppliers to ensure the compliance of regulations and EGCO Group Supplier Code of Conduct. The corrective action will be developed together with suppliers upon improvement areas are observed.

Topics to be audited

- Business Ethics
- Human Rights
- Labor Practices
- Occupational Health and Safety
- Social Responsibility
- Environmental Management
- Sustainable Procurement and Knowledge

Topic	Score (%)	No. Finding
1. Business Ethics	100	0
2. Human Rights	100	0
3. Labour Practice	100	0
4. Occupational Health and Safety	97.5	1
5. Social Responsibility	100	0
6. Environmental Management	90	1
7. Sustainable Procurement and Knowledge	100	0



2021 Supply Chain Management Results

In 2021, the results of supplier assessment shown that

- Total active Tier 1 Suppliers = 1,014 Suppliers
- Critical Tier-1 Suppliers = 8 Suppliers
- Critical Non-tier 1 Suppliers = 1 Suppliers
- High-risk Suppliers = 27 Suppliers (2.66%)
- High Risk Critical Non-tier 1 Suppliers = 1 Suppliers (Same as Critical Suppliers)
- Total Critical tier 1 and non-tier 1 supplier = 9 Suppliers

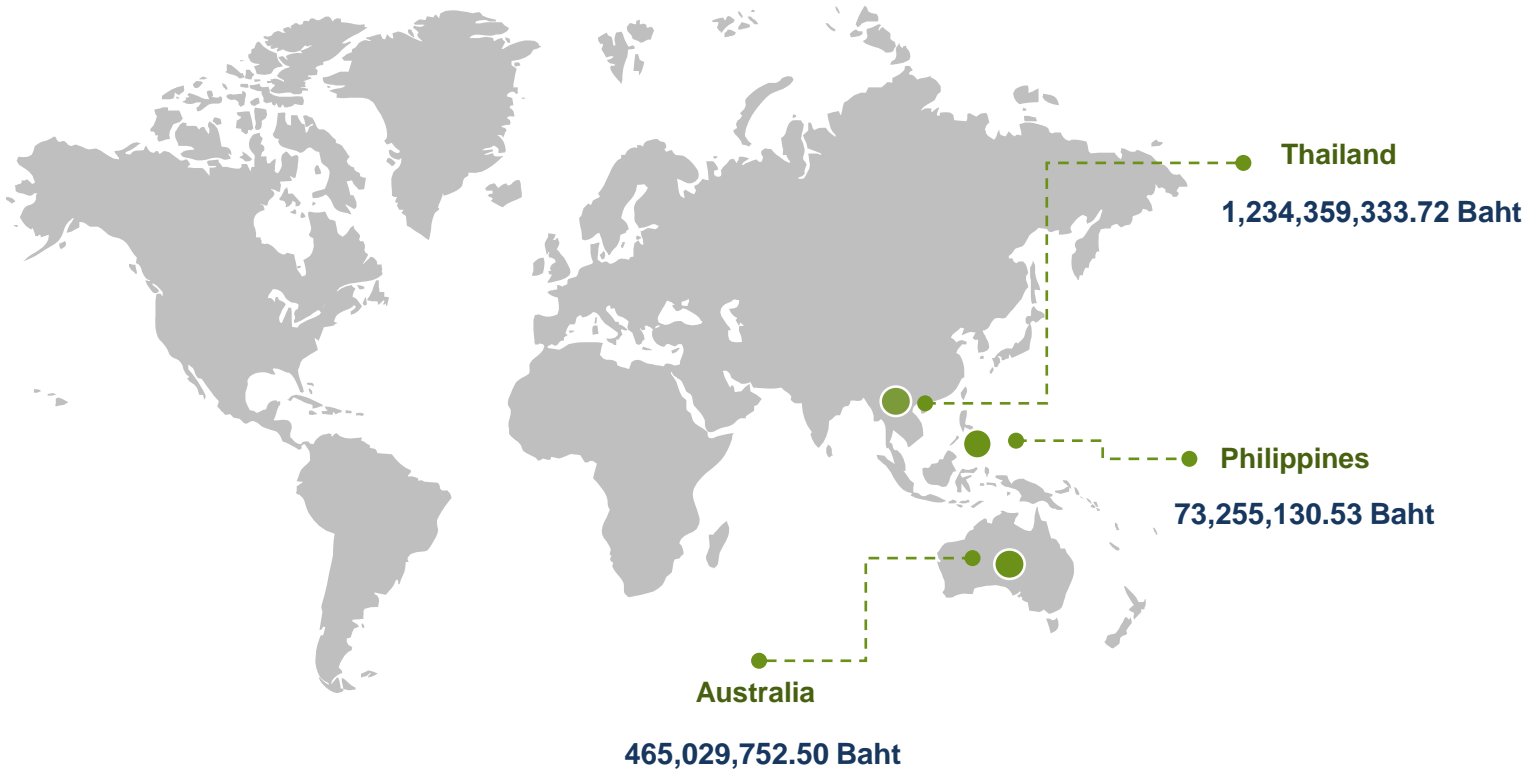
Audits

- 100% of critical Tier-1 are audited in 2021 (8 critical suppliers)
- 100% of High-risk suppliers are audited in 2021 (27 high-risk suppliers)
- 100% of critical non-tier 1 suppliers are audited in 2021 (1 supplier)
- 100% of critical Tier-1 and high-risk suppliers are audited in 2021 with gaps and developed corrective actions

Supplier Spending Analysis

• 2021 Spending by Geography

Spending Breakdown by Geographical Location



**Total 2021 Spending =
1,757,960,153.730 Baht**

