



EGCO Group

Supply Chain Management

April 2022

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Business Benefits of Supply Chain Management

Currently, supply chain management is becoming significantly important. The scope of management is extended to Environm ental, 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.

Financial impacts on brand value from bad supplier Risk Reduction Sustainable Value Drivers practice/ behaviors Reduction in total internal cost i.e. transportation, Revenue Growth optimization of packaging. Additional revenue through innovation of eco-friendly **Cost Reduction** products Income from recycling programs

EGCO Group Supply Chain Management



Policy and Code of Conduct

Acknowledgement and commitment to comply with EGCO Group Procurement policy and Supplier Code of Conduct



SCM Risk Assessment

Identification of critical suppliers and high-risk suppliers



Audit and Corrective Actions

Verification the CoC implementation and providing corrective actions

Policy and Code of Conduct

Procurement Policy The Electricity Generating Public Company Limited

As a leading company in electricity generating and other relevant services in Power industry, The Electricity Generating Public Company Limited or EGCO is firmly committed to business sustainability with excellence procurement goods and services for the entire supply chain.

This Procurement Policy covers all the subsidiaries that EGCO has an operational control and will communicate to employees and suppliers, including all stakeholders to create awareness and acknowledgement as a framework for business conduction as below:

- 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.
- 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. To those strategic suppliers (Suppliers with high risk or critical suppliers), EGCO group will monitor the business operation on compliance with EGCO group Supplier Code of Conduct and bring result to plan for future development for supplier in area related to sustainability.
- Set the process when there is a complaint or incidents found due to incompliance with Supplier Code of Conduct.
- Communicating and ensuring understanding for all stakeholders in its business value chain, including subsidiaries, joint ventures, suppliers and business partners.

EGCO's Management shall continuously drive and support all necessary activities to achieve the results outlined above by the policy.

For your acknowledgement and comply accordingly

Effective May 31, 2019

EGCO Group Procurement Policy

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

- 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 E GCO group's Supplier Code of Conduct.
- Set the selection process and preliminary selfassessment to ensure a transparency and fair treatment as well as per ceived an awareness of suppliers' risks so EGCO group can sufficientl y set the prevention and mitigation plan to manage those risks
- Set the monitoring process of suppliers' performance to ensure that EG CO group's suppliers will deliver desired goods and/or services as cont ract agreement.
- Set the process when there is a complaint or incidents found due to incompliance with Supplier Code of Conduct.
- Communicating and ensuring understanding for all stakeholders in its business value chain, including subsidiaries, joint ventures, suppliers and business partners

Policy and Code of Conduct

EGCO group's Supplier Code of Conduct

Introduction

Electricity Generating Public Company Limited or EGGO has a vision to be a leading sustainable That 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 believes 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 bugholds 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

- Be committed to excellent operations, covering economic, environmental, community, and social dimensions.
- Reduce negative impacts and increase positive impacts on stakeholders, environment, community, and society as well as business process of the organization.
- Promote development of business and social innovations to enhance efficiency and effectiveness, together with value added to organization and stakeholders.
- 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
- Occupational Health and Safety
- 5. Social Responsibility
- 6. Environmental Management
- 7. Sustainable Procurement and Knowledge.
- 8. Contact Information

EGCO Group Supplier Code of Conduct

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

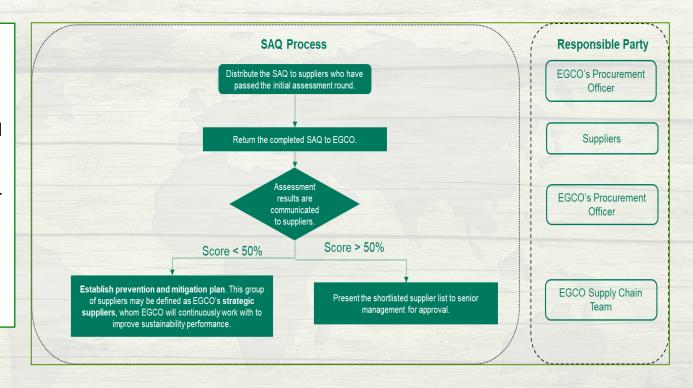
Supplier Self-assessment

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

The SAQ results are valid for one year.

Pass → approved vendor list

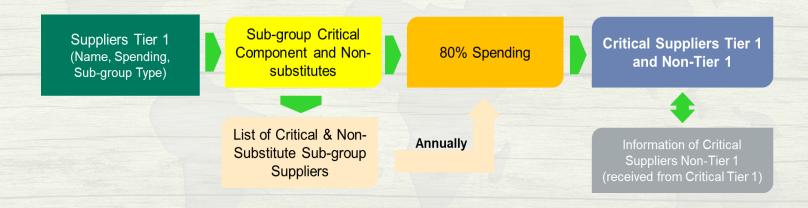
Fail → Mitigation plans are required



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-gr oup supplier comprise of:

- ESG risk issues
- High spending

Suppliers Tier 1 (Name, Spending, Sub-group Type)

ESG risk assessment

- Economic
- Social
- Environment By sub-group

Standard List of High Risk Suppliers -Sub-group level

Economic

- Pricina
- Single Supplier (Monopoly) / Fair Competition
- Potential Trade Barrier
- · Procurement Spending
- Delay
- Maturity of Technology
- Source of Raw Material
- Quality Requirements
- · Delivery of Goods and Raw Material
- Product Quality & Safety
- · Supply Chain Management

- Air Pollution
- GHG Emission
- Noise Pollution and Vibration
- Water Consumption and Wastewater
- · Waste Management
- Energy Consumption
- Biodiversity and Deforestation
- Agricultural Practice
- Usage and Elimination of Products
- Environmental Regulatory non-compliance
- Failure of Pollution Control Machine
- Product Lifecycle / Circularity

Safety

- Spill
- · Health & Safety
- Process Safety
- · Emergency Preparedness
- · Major Accident
- Industrial Hygiene

- Anti-corruption and Bribery
- Political Interest
- Tax Avoidance/ Tax Commitment
- · Labour Relations/ Labour Practices
- · Working hours, wages and benefits
- Human Rights
- local Procurements
- · Data Privacy & Intellectual property
- · Competing for Basic Infrastructure use with Local Communities
- · Risk & Crisis Management
- Forced Labour
- · Child Labour Diversity & Inclusion
- Non-discrimination & Equality
- Freedom of Association &
- Collective Bargaining Community Relations

80% Spending

High Risk Suppliers

Design Control of the last of

Supplier Onsite Audit

EGCO Group will conduct the audit for all critical and highrisk 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·≖
1Business-Ethics¤	100≂	0α
2.·Human·Rights¤	100≂	0¤
3Labour-Practice=	100□	O¤
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¤



Supplier Onsite Audit

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

