



# **EGCO Group**

Supply Chain Management

April 2021

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- 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 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

Seffective 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 group upholds the right to perform due diligence assessment on any material issues to EGCO group's suspisess 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
- 4. 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** 

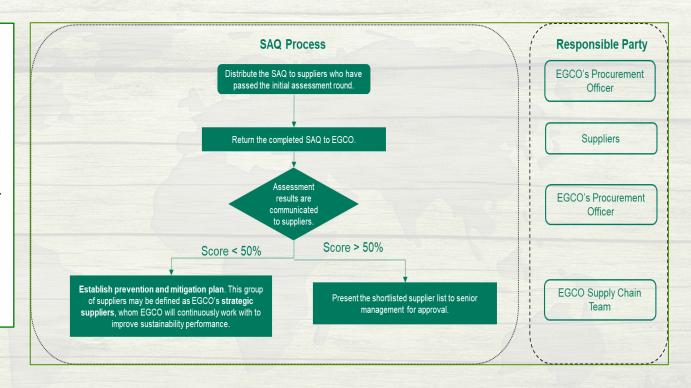
### **Supplier Self-assessment**

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-group 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

#### **Economic**

- Pricing
- 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

#### Environme

- 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

#### Reputation

- Anti-corruption and Bribery
- Political Interest
   Tank Avaidance ( T
- 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
- Farand Labor
- Forced Labour
   Child Labour
- Diversity & Inclusion
- Non-discrimination & Equality
- Freedom of Association & Collective Bargaining
- Community Relations

Standard List of High Risk Suppliers – Sub-group level

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 Cod 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¤	O¤



### **Supplier Onsite Audit**

### **2020 Supply Chain Management Results**

#### In 2020, the results of supplier assessment shown that

- Total active Tier 1 Suppliers = 1,132 Suppliers
- Critical Tier-1 Suppliers = 27 Suppliers
- Critical Non-tier 1 Suppliers = 1 Suppliers
- High-risk Suppliers = 13 Suppliers
- High Risk Critical Non-tier 1 Suppliers = 1 Suppliers (Same as Critical Suppliers)
- Total Critical tier 1 and non-tier 1 supplier = 28 Suppliers

#### **Audits**

- 100% of critical Tier-1 are audited in 2020 (27 critical suppliers)
- 100% of High-risk suppliers are audited in 2020 (13 high-risk suppliers)
- 100% of critical non-tier 1 suppliers are audited in 2020 (1 supplier)
- 100% of critical Tier-1 and high-risk suppliers are audited in 2020 with gaps and developed corrective actions

### **Supplier Spending Analysis**

### 2020 Spending by Geography

# **Spending Breakdown by Geographical Location**



Total 2020 Spending = 17,106,038,380.48 Baht

