

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:

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. 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.
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'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



(Mr. Witoon Kulcharoenwirat)

Chairman of the Board of Directors

The implementation guidelines for Procurement Policy Framework

These guidelines have been developed for all stakeholders of the EGCO group who involved with this procurement policy to comprehend the details of the implementation framework in according to this policy

Scope and Boundaries

The EGCO group procurement policy covers the procurement for all goods and services with in EGCO group including to all subsidiaries which EGCO has an operational controlled.

References

- Sustainable Supply Chain Strategy and EGCO group's Procurement Policy
- EGCO group's Supplier Code of Conduct
- Rules and Regulations of procurement procedures and hiring consultants /advisors

Definitions

Procurement means the purchase, hire of work, rent, exchange or the acquisition of rights, such as insurance or copyright/intellectual property or any actions involving in acquiring goods/services, the achievement of work, but excluding a hiring of consultant.

Procurement Process means the acquisition process (purchasing) of goods and/or services.

Bid, proposal or tender means the offer from a prospect suppliers or consultants responding to an invitation from EGCO group for that offer.

Suppliers mean a seller/supplier, contractor, service provider, consultant, advisor, lessor or hire purchase provider who delivers goods or services to EGCO group.

Generic Suppliers mean suppliers who have undergone EGCO group's sourcing process, including preliminary assessment on good governance, social, and environment aspects. These suppliers will appear in the EGCO group's Approved Suppliers List.

Strategic Suppliers mean suppliers, appearing in the supplier list, who may appear to have high critical impact or high sustainability risk to EGCO group. These suppliers are required to collaborate with EGCO group to develop new initiatives regarding to either products or services for continuous improvement performance.

Critical suppliers mean suppliers whose goods, materials, services (including intellectual property (IP) / patents) have a significant impact on the competitive advantage, market success or survival of the company.

Approved Supplier List means suppliers listed in the Supplier List who have undergone EGCO group's selection process

Identification of Suppliers' Qualification and Suppliers' Sourcing

Qualifications of EGCO group's suppliers

Legal entity

1. The suppliers shall have verifiable business facilities.
2. The suppliers shall have reliable staff, machinery and equipment, products, services, financial status and performance records.
3. The suppliers shall have sufficient references of works for EGCO group to evaluate, including delivery, after-sale service, warranty, and/or other related conditions.
4. The suppliers shall provide all company related documents which include, a company registration certification, power of attorney documents, copies of registration certificates issued by the Department of Revenue such as a copy of Certificate of Value Added Tax (Por Por 20), and other related document which may requested by EGCO group.

Individual

1. The suppliers shall have sufficient reference of work for EGCO group to evaluate, including delivery, after-sale service, warranty, and/or other related conditions.
2. The suppliers shall provide an identity certification, a house registration, and other related documents which may be requested by EGCO group.

The procurement officer will send EGCO group's Supplier Code of Conduct to the suppliers who pass the qualifications referred above.

The suppliers who are qualified as per the conditions mentioning above will be recorded in the Approved Supplier List of EGCO group. These suppliers will have rights to participate in offering goods or services or participate in bidding the project held by EGCO group.

Suppliers' Selection and Preliminary Assessment

When there is a necessary for sourcing goods or services, a responsible procurement officer will select suppliers who have appropriate qualification as per certain requirement from Approved Suppliers List, then process the following

1. The procurement officer will provide clear, sufficient, and fair and equal information due to the desired goods/services to all qualified suppliers.
2. The procurement officer will allow all qualified suppliers to fairly offer their goods/services.
3. The first round selection is considered base on the quality of goods/services, appropriate cost, including other necessary conditions.
4. The suppliers who passed the first round are required to do a self-assessment on sustainability topics* as a criteria for further approval step.
5. The procurement officer will review the result of assessment from suppliers
 - a. Should the supplier pass the assessment, the procurement officer presents all evidences to the authorized person for approval
 - b. Should the supplier fails the assessment, the procurement officer will inform the result and work with supplier for mitigation plan on any incidents that may impact to the EGCO group's sustainable development and present to the authorized person to approve.

6. During the approval process, should the authorized person cogitates any inappropriate of supplier's qualification and not approve, the procurement officer can bring up the next supplier to do a self-assessment or renew the selection process. This is upon the scenario or the officer's judgement.
 7. The approved suppliers may identify as strategic suppliers based on the 3 criteria, which are
 - a. Spending volume: With the spending more than 10,000,000 THB/time
 - b. types of goods/services: As a non-substitutable goods or services
 - c. score from a self-assessment (On sustainability topics - Environment, Social, and Governance): when received a score of lower than 50%
- * The conditions and period of a self-assessment on sustainability topics.
- All new suppliers are required to do a self-assessment
 - Result of a self-assessment on sustainability topics will be valid for 1 year, EGCO group's suppliers who used to assess within a year, not required to reassess.

The monitoring process of suppliers' performance

Upon the goods/services delivery, EGCO group shall appoint a committee to inspect the quality, completeness before agreeable receiving those goods/services.

For strategy suppliers, EGCO group has an intention to collaborate with this group to enhance them as a sustainable suppliers becoming a long-term partner with EGCO group, thus EGCO group shall monitor their performances on sustainability aspect as per the Supplier Code of Conduct that they have consented and frame the collaboration for continuously improvement on sustainability performance.

EGCO group has 2 approaches for suppliers' performance monitoring:

- Request for the business conduction performance by responding through the questionnaire annually
- Request for onsite auditing

EGCO group expects that the strategic suppliers shall perform effectively and align with EGCO group's Supplier Code of Conduct, enhancing the business sustainable development.

As part of continual improvement, in an incident of finding found in the monitoring process of suppliers' performance, EGCO group shall request for corrective action or mitigation plan from suppliers for further references.

Guiding principles for complaint or violation incidents.

In an incident of complaint or Supplier Code of Conduct violation from EGCO group's suppliers, the procurement officer shall notify suppliers due to the certain incident and request for incidence declaration include corrective action process, to prevent any impact to EGCO group. Then EGCO group shall appoint the committee for investigation this incident and cogitation further required action.

Supply chain Strategy

In order to successfully manage sustainable supply chain, EGCO group develops practices to manage the entire EGCO group's supply chain to promote sustainability concept among EGCO group's suppliers and to ensure that the suppliers have management system in place that align with ESG topics, especially those that material to EGCO group, and recognized standards. Thus EGCO group enhances this intention through procurement policy, Supplier Code of Conduct, and other related working process in order to capable of sourcing the products or services with cost-effective, proper time delivery, and continuity of supply as well as prevention or minimized ESG risk. EGCO group will continuously work with strategic suppliers to improve their sustainable performance. This will ultimately support EGCO group to achieve the mission of being reliable power Supply Corporation.

Objective

1. EGCO group will promote the sustainable supply chain concept throughout the entire supply chain so that EGCO group's suppliers will conduct an ethical business while concerning about the impact to social and environment topics, enhancing further collaborate with EGCO group in prevention and mitigation those risks.
2. EGCO group will continuously work with strategic suppliers, initiate or be in place any initiatives or process on improving their sustainable performance and driving this concept in order that extend to their suppliers (EGCO group's non tier-I suppliers).

KPI 2019

1. Conference with suppliers 1 time
2. Communication of SCOC to critical and high risk suppliers 100% by 2019
3. Critical and high risk suppliers done Self-assessment 100% by 2019
4. From 2019, New approved suppliers signed SCOC and passed process self-assessment 100%