

Supplier Risk Management

RATCH operates in various businesses from electricity generation and infrastructure to services that involve a diverse range of stakeholders. Paying attention to the management of all stakeholders throughout the business supply chain is thus a crucial factor for business success and sustainable growth.

The company is aware of the importance of supply chain management and gives it importance. The guidance on treatments of stakeholders are enshrined in the Code of Conduct that encompasses shareholders, employees, creditors, business partners, suppliers or vendors, competitors, the government sector, community, society and the environment.

[Code of Conduct](#)

Management approach as shown in Supplier Code of Conduct

Realizing the importance of suppliers to success and sustainable business operations, RATCH has established the Supplier Code of Conduct that is aligned with the company's Code of Conduct, legislation and relevant international standards such as the United Nations Global Compact and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Suppliers are required to follow the best practices and hold their suppliers responsible for the practices as well.

[Supplier Code of Conduct](#)

Supplier risk management approach

RATCH has established Supplier Code of Conduct detailing best practices all suppliers must follow, to manage possible risks. The characteristics of suppliers' own operational risks are also analyzed and the following preventive measures are drawn up to reduce the likelihood.

Issue	Supplier risk	Preventive measures	Performance in 2022
Governance	Suppliers' financial status and stability	<ul style="list-style-type: none"> Require collateral/bank guarantee Probe financial track record dating back 2 years Examine job abandonment and blacklisting history 	<ul style="list-style-type: none"> All suppliers complied with the company's collateral/ bank guarantee requirement None of them had no job abandonment record
	Sub-contractor management	<ul style="list-style-type: none"> Evaluate job risks Set ESG conditions on sub-contractors in the main contract with main contractors Probe their compliance with safety measures 	4 sub-contractors were procured and complied with all the company's requirements.
Fair practices	Price collusion and conflict of interest	<ul style="list-style-type: none"> Include this clause in supplier qualification assessment criteria Inquire suppliers' history from previous hirers Examine the company certificate Put them in supplier blacklist if finding irregularities 	No suppliers misconducted on price collusion and conflict of interest
	Abandonment/delivery failure/substandard products or services	<ul style="list-style-type: none"> Set penalties Confiscate guarantee Cancel contract File lawsuits Put them in supplier blacklist if they fail to honor contracts 	No job abandonment and quality products or service delivery on time as agreed.
	Suppliers with contract worth more than Baht 10 million who fail to honor contracts	<ul style="list-style-type: none"> Require collateral placement Inspect compliance with contract and delivery Set a condition to make payment in instalments, based on work progress Make a company visit 	Suppliers with over 10 million baht contract complied with all conditions
Human rights	Human rights violations (Employment of child and illegal labor/ Discrimination/	<ul style="list-style-type: none"> Include this clause in supplier qualification assessment criteria Make a company visit Require reporting on on-duty workers' information 	No complaint on human rights violation

	Treatment of the vulnerable)	<ul style="list-style-type: none"> • Require registration documents for migrant workers • Put them in blacklist in case of violations 	
Treatment of labor	Employment/wage payment/work conditions	<ul style="list-style-type: none"> • Make the issue part of the supplier qualification assessment criteria • Inquire information from previous hirers • Make a company visit • Put them in supplier blacklist if finding irregularities 	No compliant about employment, pay, compensation and work conditions
	Occupational health and safety	<ul style="list-style-type: none"> • Demand job orientation and risk assessment at all assignments • State the provision of specified safety equipment in contracts • Require contractors to provide insurance to operators for high-risk jobs 	<ul style="list-style-type: none"> • Job risk assessment was conducted as required • Fatal accident on sub-contractor's employee was properly conducted remedy and investigated cause of the incident and sought out corrective and repetitive prevention measures.
Environment	Suppliers' environmental and waste management	<ul style="list-style-type: none"> • Make the issue part of the supplier qualification assessment criteria • Make it part of the contracts and monitor compliance • Make a company visit 	<ul style="list-style-type: none"> • Including environmental management conditions in the contract with all environmental risk suppliers • 12 suppliers were certified environmental standard / or compliance with requirements of EIA and ISO 14001.
Consumers	Delivery of quality goods and services/ sustainable consumption	<ul style="list-style-type: none"> • Specify this condition in contracts and monitor compliance • Make a company visit 	All suppliers met the company's criteria.
	Protection of consumer information and information privacy	<ul style="list-style-type: none"> • Inquire information from previous hirers • Examine the company certificate 	No information privacy of consumers and the company's suppliers breached.

		<ul style="list-style-type: none"> • Specify this condition in contracts and monitor compliance • Set penalties • Abolish contracts • File lawsuits 	
Engagement and community development	Socially-responsible operations without causing impacts on community	<ul style="list-style-type: none"> • Include this clause in supplier qualification assessment criteria • Specify this condition in contracts and monitor compliance • Make a company visit 	No compliant about supplier's activities from community