

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.

The Code of Conduct

RATCH has enforced the Supplier Code of Conduct B.E. 2566 (1st revision) that embraces the UN Global Compact (UNG)C's Supply Chain Sustainability practices, to ensure suppliers have operated in line with the Company's intention in honoring business ethics, environmental stewardship and social responsibility. The intention supports the Company's goal to take part in creating equitable and resilient society with a better care for the environment. RATCH schedules to review the Supplier Code of Conduct on an annual basis and in 2024, the review showed its contents remain consistent with universal practices and fully cover the issues material to the power generation business' stakeholders. The key takeaways are as follows:

Significant topics identified in Supplier Code of Conduct	
1. Human rights and labor practices	
1.1 Respect for Human Rights: Respect human rights principles and shall not engage in any form of discrimination based on others' differences.	1.8 Freedom of Association and Collective Bargaining: Respect workers' freedom to form, associate with, and join a trade union and the rights to take part in collective bargaining.
1.2 Forced Labor: Do not engage with forced, bonded, or any form of involuntary labor, and human trafficking.	1.9 Prevention of Impacts on Community and Society: Prevent possible impacts on community and society and promote and support the employment of local workers.
1.3 Child Labor: Comply with local and international legislation regarding the minimum age for employment.	1.10 Management of Partners in Suppliers' Supply Chain: Give importance to their suppliers', sub-contractors', or business partners' operations and legal compliance; and assess possible risks.
1.4 Pay and Benefits:	1.11 Occupational Health Safety and Work Environment

Comply with labor legislation concerning pay, welfare, and benefits which shall be comparable to industry standards.	1.11.1 Safe Work Environment: Ensure a safe, hygienic and standard work environment with preventive measures to minimize work-related accidents or illnesses. 1.11.2 Security Management: Comply with laws and recognized industrial standards relating to safety and occupational health and not neglect any actions that may compromise workers' safety and hygiene. 1.11.3 Preparation for Emergencies: Conduct risk assessments, identify potential emergency situations, and establish preventive/mitigating/corrective measures.
1.5 Working Period: Uphold the labor law governing employees' working hours, overtime, holidays, and applicable leave.	
1.6 Discrimination and Harassment: Treat all individuals equally and non-discriminatorily and prohibit harassment.	
1.7 Treatment of Female Workers: Protect female workers from harmful or unsafe work.	
2. Environment	
2.1 Greenhouse Gas Emission and Energy Consumption: Be proactive in reducing greenhouse gas (GHG) emissions in accordance with applicable legislation.	2.4 Efficient resource utilization: Optimize natural resources and adopt best practices in improving the utilization efficiency and reducing waste generation.
2.2 Pollution Prevention and Waste Management: Implement measures that reduce pollution and hazardous substances released to the environment.	2.5 Biodiversity: Protect and preserve the ecosystems and avoid any activities that may harm or destroy wetlands, forests, or other vital ecosystems.
2.3 Management of Hazardous Materials and Product Safety: Create measures to control the use of hazardous materials and chemicals; and safely store, handle, dispose of, or destroy these materials in accordance with legal requirements.	2.6 Zero deforestation: Commit to zero deforestation and avoid any activities that contribute to the destruction of wildlife habitats and deforestation across the suppliers' supply chain.
3. Business Ethics	
3.1 Fight against Corruption and Conflict of Interest: Comply with all applicable anti-corruption laws and international agreements.	3.5 Protection of Confidential Information and Personal Data: Protect and safeguard all types of Company's information in accordance with contractual obligations and relevant laws.
3.2 Giving of Gift, Souvenir, and Reception:	3.6 Product Responsibility and Quality Management:

Strictly comply with the Company's policy on the giving and receiving of gifts, souvenirs, and commemorative items.	Give an assurance that their products and services meet all applicable safety and quality standards.
3.3 Anti-Competition: Strictly comply with applicable antitrust and competition laws, rules, and regulations.	3.7 Protection of Intellectual Property: Respect and refrain from infringing the intellectual property rights of others and the Company.
3.4 Business Transparency: Provide the Company with accurate and clear information about their operations and supply chain.	

All suppliers are obligated to acknowledge and comply with the code of conduct, deemed a condition of the procurement process. In 2024, 271 suppliers have acknowledged the Supplier Code of Conduct and no violation was found.

More Info: [Supplier Code of Conduct](#)

RATCH has set guidelines on supplier risk management in accordance with the characteristics of a possible ESG risk, while ensuring suppliers' compliance with the Supplier Code of Conduct to prevent and lessen the probability and impacts.

Supplier risks	Risk management	Performance in 2024
Response to climate change and greenhouse gas emissions		
Management of greenhouse gas emissions and waste	<ul style="list-style-type: none"> • Check the environmental law violation records • Consider suppliers with environmental management system or greenhouse gas inventory. • Consider suppliers with publicly-announced targets on greenhouse gas management. • Monitor suppliers' compliance with Supplier Code of Conduct and evaluate their performance. 	<ul style="list-style-type: none"> • Set environmental criteria for supplier screening • Cover environmental management aspect in Terms of Reference (TOR) and a clause of the supplier contract • Establish criteria of supplier's performance evaluation and 1,285 suppliers qualified • No supplier violated environment regulations

Occupational health and safety		
Occupational health and safety	<ul style="list-style-type: none">• Check suppliers' compliance with labor laws.• Check suppliers’ safety records.• Always arrange orientation and job risk assessment.• Require the preparation of appropriate safety equipment in contracts.• Require suppliers to provide insurance to workers with high-risk jobs.• Monitor suppliers’ compliance with Supplier Code of Conduct and evaluate their performance.	<ul style="list-style-type: none">• Set safety and occupational criteria of supplier screening and assessment• Provide job training for all suppliers involved with high-risk job before working• Conduct job risk assessment and determine work safety measures• No contractor/subcontractors faced fatal accident
Human rights		
Human rights violations (use of child labor/illegal migrant workers/discrimination/treatment of the vulnerable)	<ul style="list-style-type: none">• Check the records of labor complaint/dispute/employment of illegal workers, child labor, and forced labor.• Consider suppliers with publicly-announced human rights policy or rules.• Require suppliers to provide information of workers assigned for the job• Require suppliers to show migrant workers’ registration document or work permit.• Monitor suppliers’ compliance with the Company’s Supplier Code of Conduct and evaluate their work conditions.	<ul style="list-style-type: none">• Set of human rights criteria for supplier screening and risk assessment• Include human rights aspect in Term of reference (TOR) and a clause of the supplier contract• Set criteria for evaluating suppliers' human rights performance and 1,285 suppliers reached the criteria.• All suppliers conformed with relevant labor laws.• No compliant related to human rights abuse
Employment/compensation/working conditions		
Anti-corruption practices and governance		
Price collusion and conflict of interest	<ul style="list-style-type: none">• Identify it as a prohibited clause in Supplier Code of Conduct, that suppliers shall acknowledge and comply with.	<ul style="list-style-type: none">• None involved price collusion

	<ul style="list-style-type: none"> • Check suppliers' information and background from various sources. • Check suppliers' Business Registration Certificate, and the lists of directors and executives. • Refuse to hire suppliers on a blacklist. • Monitor suppliers' compliance with Supplier Code of Conduct and evaluate their performance. • Invite suppliers to join Thai Private Sector Collective Action Against Corruption. 	<ul style="list-style-type: none"> • No transaction with suppliers related conflict of interest • 41 suppliers were invited to join in CAC's anti-corruption declaration under CAC Change Agent scheme, of which 14 responded their acknowledgement.
Job abandonment/ delivery failure/ sub-standard products and services	<ul style="list-style-type: none"> • Set penalties and blacklist the suppliers failing to honor contracts. • Set a clear termination clause in contracts and clearly explain it to suppliers. • Set condition/criteria on advance payment and installment payment according to progress. • Demand a guarantee for high-value jobs • Monitor suppliers' compliance with Supplier Code of Conduct and evaluate their performance. 	<ul style="list-style-type: none"> • 27 suppliers underperformed and the Company informed them the evaluation result and recommendations for improvement
Cybersecurity		
Protection of consumer data and consumer privacy	<ul style="list-style-type: none"> • Consider suppliers with cyber security system for high-risk jobs. • Check suppliers' compliance with Personal Data Protection Act and their cyber security system. • Apply the One-Trust platform to assess suppliers' risks relating to personal data management. • Check the records of cyberattacks and complaints concerning personal data/customer data. • Set it a condition in contracts and monitor compliance. • Monitor suppliers' compliance with Supplier Code of Conduct and evaluate their performance. 	<ul style="list-style-type: none"> • Set of cybersecurity criteria for supplier screening and risk assessment • Cover cybersecurity issue in Term of Reference (TOR) and a clause of the supplier contract • No supplier caused of confidential information and personal data leakage • No compliant concerning leakage of confidential information /personal data