

# Sustainable Procurement Reporting

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## Sustainable Procurement

The Bank places great importance on and is truly committed to sustainable procurement and sourcing as it helps increase efficiency, create transparency and accountability, and build supplier capacity. These are important elements that will enhance the Bank’s capabilities in providing the best services to our customers. We integrate the ESG principles into our responsible procurement management by accounting for social, environmental, and governance dimensions.

### Business Principles and Procurement Process

Supplier Code of Conduct		
Environmental	Social	Governance
<ul style="list-style-type: none"> <li>● Environment</li> <li>● Waste and emissions</li> </ul>	<ul style="list-style-type: none"> <li>● Social and working conditions</li> <li>● Freedom of employment</li> <li>● Child labor avoidance</li> <li>● Compensation</li> <li>● Working hours</li> <li>● Non-discrimination</li> <li>● Harassment, abuse, and disciplinary practices</li> <li>● Working conditions</li> </ul>	<ul style="list-style-type: none"> <li>● Compliance with laws and regulations</li> <li>● Business integrity</li> <li>● Anti-corruption/ anti-bribery</li> <li>● Confidential information and personal data protection</li> <li>● Free competition</li> <li>● Intellectual property</li> <li>● Conflicts of interest</li> <li>● Subcontractor and supplier management</li> <li>● Rumours</li> <li>● Monitoring/data keeping</li> </ul>

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## Sustainable Procurement Strategies

- Foster good relationships with suppliers and acquiring their support to achieve the Bank's strategic objectives by having a central procurement unit
- Increase efficiency and manage the Bank's procurement spend
- Collaborate with other business units to anticipate future changes that will support the Bank's objectives and strategies and utilize expertise in procurement and business operations to enhance procurement practices
- Integrate digital technology and tools to help improve procurement processes for increased efficiency
- Build supplier capacity to help suppliers align with the required standards while also considering impacts on occupational health and safety of employees, community, and society

## Sustainable Supply Chain Management Framework

The Bank has the following processes to ensure sustainable supply chain management.

### Supplier Management Processes

Supplier Selection	New Supplier Registration	Supplier Categorization	Supplier Evaluation and Monitoring
Pre-selection process includes checking the basic requirements of all suppliers. During the selection process, suppliers	After the selection process is completed, suppliers are registered on the approved supplier list and the Bank's payment system.	Each year, the Bank categorizes suppliers after products and services were delivered into 3 groups by considering various risk factors that include ESG risks. These 3 groups are	Maintain or improve the quality of approved suppliers at the required level and to be in line with the Bank's strategy. Strategic Suppliers and preferred

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are subjected to Supplier Due Diligence and assessment on their capability to deliver as per the Bank's requirements.	Approved suppliers are evaluated annually.	Strategic Suppliers, Preferred Suppliers, and Active Suppliers	suppliers are required to undergo this evaluation every 2-3 years.
<ul style="list-style-type: none"> <li>• More than 4,200 suppliers passed the pre-selection process in 2022</li> </ul>	<ul style="list-style-type: none"> <li>• 730 suppliers in the approved supplier list in 2022</li> </ul>	<ul style="list-style-type: none"> <li>• 8 Strategic Suppliers</li> <li>• 125 Preferred Suppliers</li> <li>• 4,131 Active Suppliers</li> <li>• ESG scoring is accounted for 5% of the total supplier risk assessment and supplier categorization</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of Strategic Suppliers and Preferred Suppliers have been evaluated as planned</li> </ul>

ttb's Suppliers		
8 Strategic Suppliers	125 Preferred Suppliers	4,131 Active Suppliers
Suppliers of products and services with high level of specificity that contributes to the Bank's identity. They have significant impacts on the business and are difficult to be substituted because of the cost factor and the specificity of products and services.	Suppliers who deliver products or services according to the Bank's preference, covering about 80 percent of the total procurement spend.	Suppliers of other products and services with no significant criticality.

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## 2022 Performance

A total of 4,600 million baht in procurement spend in 2022	100% of suppliers on the approved supplier list signed and complied with the Supplier Code of Conduct	No fatal accident among contractors working on-site	Standard supplier payment terms of 30 days
<ul style="list-style-type: none"> <li>● A total of 4,264 Tier 1 suppliers</li> <li>● 8 Critical Tier 1 Suppliers (Strategic Suppliers) accounting for 1.42% of total approved supplier list, which accounts for 682 million Bath or 11 percent of the total procurement spend in 2022</li> <li>● 0 Critical Non-Tier 1 Suppliers</li> <li>● No risks from suppliers based on supplier due diligence and assessment</li> <li>● 705 suppliers are assessed on ESG risks, accounting for 100% of the approved supplier list</li> </ul>			

The Bank's Strategic Suppliers are evaluated annually based on the AQSCIR method to improve the quality of work and sustainable procurement practices. In 2022, 100% of our Strategic Suppliers were evaluated according to this method.

### Annual Supplier Evaluation Based on the AQSCIR Method

- Assurance of supply (25 percent) products and services are available when needed
- Quality (25 percent) confidence in the consistency and standard level of efficiency or quality
- Service (25 percent) the Bank and supplier achieve the product and service delivery requirements

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- Cost (15 percent) all costs related to procurement and value for money
- Innovation (10 percent) continuous improvement to deliver great experiences to customers with reduced cost or increased competitive advantage
- Regulation (10 percent) compliance with laws and the Bank's regulations and policies

## Supplier Engagement for Sustainable Growth

The Bank puts equal emphasis on communicating, working collaboratively with quality, and accounting for the society and the environment when managing our suppliers. The Bank organized an online conference to communicate with suppliers on the Bank's direction, technological co-development, and procurement strategy for a sustainable future and mutual growth. More than 400 suppliers attended the conference with a high level of satisfaction. The Bank also provided safety training to contractors. In addition, the Bank provided financial assistance to the suppliers affected by the COVID-19 pandemic so that they could overcome the crisis and continue to partner for sustainable growth. In 2022, ttb issued a measure to reduce the period of payment terms in order to help supporting suppliers to have a better liquidity of the cash flow during the COVID-19 pandemic.

## Supplier Satisfaction Survey

In 2022, more than 230 suppliers responded to our supplier satisfaction survey on the Bank's Procurement Strategy. The results showed an average satisfaction rate of 90 percent. The results of the 2022 Supplier Satisfaction Survey showed that suppliers were most satisfied with the following:

- Honesty and ethics in procurement
- Clear and transparent policies and procedures

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- Convenience in communication, document check process, and supplier registration process

The Bank has established a channel on the website for suppliers and related stakeholders to make suggestions, raise concerns, or report any suspected wrongdoings.