

PALO IT Thailand

Sustainable Procurement Guideline

ISO 20400 Aligned | Scope 3 Category 1 Focused | Version 1.0

Policy Owner	Sustainability Team — Sustainability & Impact Lead
Effective Date	2026
Version	1.0
Review Cycle	Annual or when significant regulatory/industry changes occur
Framework Alignment	ISO 20400 Sustainable Procurement GHG Protocol Scope 3 B Corp BIA
Information Classification	CONFIDENTIAL — Sensitive business information
Applies To	All PALO IT Thailand employees involved in procurement decisions, finance, and administration

Policy Overview

Objective: This guideline outlines PALO IT Thailand's commitment to sustainable and responsible procurement practices for all purchased goods and services. It aims to minimize our environmental and social impact — particularly Scope 3 Category 1 (Purchased Goods and Services) greenhouse gas emissions, which represent 76% of our total 2025 GHG footprint. This guideline establishes principles and practical steps to guide procurement decisions at all levels of the organization.

Scope: This guideline applies to all PALO IT Thailand employees, teams, and functions involved in procurement — including but not limited to Finance, Administration, Sustainability, and Hive Leads making purchasing decisions on behalf of the company.

Alignment: This guideline follows ISO 20400 Sustainable Procurement principles, supports PALO IT Thailand's GHG reduction targets (-25% Scope 3 by 2030 vs. 2023 baseline), and aligns with our B Corp certification values and Scope 3.1 emission reduction commitment.

 **Note:** Items highlighted as 'Under Consideration' are recommendations that have not yet been formally adopted as mandatory requirements. These are shared to support planning and decision-making.

PALO IT Guiding Principles — P.A.L.O.I.T.

Our sustainable procurement approach is anchored in six guiding principles — one for each letter of PALO IT:

"P"	"P"rocurer Responsibly Make purchasing decisions with a strong sense of environmental and social responsibility. Consider the full lifecycle impact of goods and services before committing to a supplier or purchase.
"A"	"A"ctively Reduce Impact Seek out goods and services that demonstrably lower our carbon footprint and resource consumption. Prioritize suppliers with credible GHG reduction commitments and measurable environmental performance.
"L"	"L"everage Local & Green Prioritize local suppliers and those offering eco-friendly alternatives. Local sourcing reduces transportation emissions and supports community economic development — aligned with SDG 12 and SDG 17.
"O"	"O"utreach & Collaborate Work collaboratively with suppliers to understand and improve their sustainability performance. Engage key suppliers through questionnaires, workshops, and ongoing dialogue — not just one-time assessments.
"I"	"I"nvest in Sustainable Solutions Favor innovative and sustainable products and services. Where cost-comparable options exist, the more sustainable choice is the preferred choice. Budget allocation should reflect sustainability as a business priority.
"T"	"T"rack & Improve Monitor the environmental impact of our procurement decisions and continuously seek ways to improve. Annual reporting of Scope 3.1 emissions is a mandatory outcome of this guideline.

Section 1: Supplier Identification & Classification

PALO IT Thailand will identify and classify key suppliers based on spend volume, emission hotspots, and geographic areas. This forms the foundation of our Scope 3.1 reduction strategy and is aligned with Phase 1 of the ISO 20400 implementation roadmap.

1.1 Objective

To identify and prioritize suppliers with the greatest environmental and social impact, enabling PALO IT Thailand to focus engagement efforts where they will have the most meaningful effect on our Scope 3.1 GHG emissions.

1.2 Supplier Categories

PALO IT Thailand's key procurement categories and example suppliers are identified as follows:

#	Category	GHG Relevance
1	Cloud & Software Services	High — data center energy consumption
2	Venue-Based Training	Medium — energy use, waste, transport
3	Online Learning Platforms	Low-Medium — data center energy
4	Individual Trainers/Consultants	Low-Medium — travel footprint
5	Event Organizers	Medium — venue, waste, transport
6	Internal Entities	Medium — office ops, inter-entity travel
7	Office Supplies Food & Equipment	Medium — product lifecycle, e-waste

1.3 Supplier Identification Process

PALO IT Thailand will follow a two-phase approach aligned with ISO 20400 and our GHG Protocol Scope 3.1 reporting obligations:

Phase 1 (Year 1–2): Spending-Based Assessment & Awareness Building

- Identify suppliers based on spending volume, emission hotspots, and geographic areas (to be cross-referenced with B Corp geographic criteria)
- Educate relevant PALO IT teams (Finance, Administration, Hive Leads) on the importance of sustainable procurement and the goal of this guideline:
 - The link between procurement decisions and GHG emissions (Scope 3 Category 1)
 - The business benefits of sustainable procurement: cost savings, risk mitigation, brand reputation, employee engagement
 - PALO IT Thailand's B Corp values and sustainability commitments
- Issue Supplier & Business Partner Code of Practice to all key vendors in identified categories

Phase 2 (Year 2+): Transition to Granular Data & Supplier Action

- Gradually transition from spend-based to supplier-specific emission factors by collecting detailed data:
 - Product-specific: carbon footprint per product, material composition
 - Service-specific: renewable energy use, energy efficiency initiatives
 - Logistics: transportation modes, distance, fuel type
- Deploy sustainability questionnaires to key suppliers and organize workshops to educate suppliers on PALO IT's sustainability expectations
- Develop procurement criteria aligned with ISO 20400 Sustainable Procurement for all key categories

Section 2: Category – Specific Procurement Guidelines

The following guidelines provide practical criteria for each supplier category. Employees should apply these criteria when selecting suppliers, renewing contracts, or evaluating alternatives.

2.1 Venue-Based Training

When booking venues for training sessions, workshops, or company events, employees should inquire about and prioritize the following sustainability criteria:

- **Sustainability Certifications:** Prioritize venues holding LEED, Green Key, Earth Check, Thai Green Leaf Standard, or ASEAN Green Hotel Standard certifications.
- **Energy & Water Efficiency:** Ask about renewable energy use, efficient lighting, HVAC systems, and water-saving fixtures.
- **Waste Management:** Understand the venue's waste reduction, recycling, and composting programs.
- **Carbon Footprint Data:** Request carbon emissions data per event or per guest-night where available. Use TGO emission factor (0.5 kgCO₂e/kWh) for estimation if supplier data is unavailable.
- **Sustainable Event Practices:** Inquire about locally sourced food, minimal single-use plastics, waste sorting, and digital materials over printed.

Example GHG estimate for a training room: 50 sqm room, 8 hours, Bangkok commercial building (0.05 kWh/sqm/hour) + projector (0.3 kW) + lighting (0.2 kW) $\approx 24 \text{ kWh} \times 0.5 \text{ kgCO}_2\text{e/kWh} = 12 \text{ kg CO}_2\text{e per session}$. Track and aggregate across all events.

2.2 Online Learning Platforms

Data Center Energy Efficiency: Inquire about the energy efficiency and renewable energy usage of their data centers (PUE rating, renewable energy certificates).

- **Digital Delivery Impact:** Highlight the inherently lower carbon footprint of digital content delivery compared to physical training — favor online platforms where learning objectives can be equally met.
- **Supplier Sustainability Commitments:** Ask about broader corporate sustainability initiatives, net zero targets, and third-party certifications.

2.3 Individual Trainers & Consultants

Travel Footprint: Focus on the carbon footprint associated with trainer travel to deliver sessions. Encourage virtual delivery options where feasible. For in-person sessions, prefer local trainers to minimize travel emissions.

- **Training Materials:** Inquire about sustainability of training materials — digital over printed, recycled content, no single-use materials.
- **Personal Sustainability Commitment:** Understand the trainer's personal commitment to sustainability, which may reflect their service delivery approach.

2.4 Event Organizers

Venue Sustainability: Inquire about the sustainability practices of the venues they select. Apply the same criteria as Section 2.1.

- **Waste Management:** Understand waste reduction and recycling efforts during events.
- **Carbon Offsetting:** Ask if they offer or participate in carbon offsetting programs for the event.
- **Digital Alternatives:** Explore options for virtual participation or hybrid events — this can significantly reduce attendee travel emissions.

2.5 Cloud & Software Services

Renewable Energy Commitment: Prioritize cloud providers with credible commitments to 100% renewable energy for data center operations.

- **Emissions Reporting:** Request or review supplier-specific GHG data for purchased cloud services — use this to refine Scope 3.1 calculations from spend-based to activity-based.
- **Optimization:** Actively manage cloud resource usage — rightsizing, auto-scaling, and shutting down unused instances directly reduces both cost and associated emissions.

2.6 Internal Entities (e.g., PALO IT Singapore, PALO IT Group)

- **Group Alignment:** Align procurement decisions with PALO IT Group-level sustainability standards and policies wherever applicable.

Section 3: Supplier Sustainability Questionnaire Framework

PALO IT Thailand will deploy a sustainability questionnaire to key suppliers as part of Phase 1 of our procurement engagement plan. The questionnaire covers the following core topics:

Topic	Key Questions
Sustainability Policy	Does your company have a formal environmental or sustainability policy? Is it publicly available?
Governance	Has a governance been implemented to monitor decarbonization plan of the company?
GHG Emissions & Targets	Do you measure your GHG emissions (Scope 1, 2, or 3)? Do you have reduction targets?
Energy Use	What percentage of your energy comes from renewable sources? Do you hold any renewable energy certificates (RECs)?
Water Use	Do you have water conservation programs or initiatives in place?
Waste & Circular Economy	Do you have a waste reduction and recycling program? What is your diversion rate from landfill?
Product & Service	Goods supplier - What is the percentage of recycled and/or sustainably sourced materials in products? Service supplier - Do you hold any environmental certifications? (e.g. LEED, Green Key, Thai Green Leaf, ASEAN Green Hotel)
Logistics	Do you have initiatives to reduce emissions from logistics? (e.g. route optimization, EV fleet, fuel-efficient vehicles)
Social Responsibility	Does your company have a Code of Conduct or Ethic Policy? Do you have a human rights or labor standards policy?
Improvement Plans	What are your top 3 sustainability improvement priorities for the next 12 months?

Under Consideration: A formal supplier scoring system is being evaluated to rank suppliers based on questionnaire responses. This would enable preferential treatment for high-scoring suppliers in future procurement decisions.

Section 4: Procurement Decision Framework

When evaluating suppliers or purchasing decisions, PALO IT Thailand employees should apply the following priority hierarchy:

Priority	Preference	Criteria	SDG Alignment
1 (Best)	Certified sustainable supplier	Holds ISO 14001, Green Key, LEED, or equivalent. Has published GHG targets or GHG inventory.	SDG 12, 13, 17
2	Sustainability-committed supplier	Has a formal environmental policy and measurable improvement plans. Responds positively to the questionnaire.	SDG 12, 13
3	Local supplier	Reduces transportation emissions. Supports local economy and community development.	SDG 3, 10, 12
4	Digital alternative	Online/virtual option that reduces travel and physical resource consumption.	SDG 9, 12, 13
5 (Avoid)	No sustainability commitment	No environmental policy, no disclosure, no response to sustainability questionnaire. Use only if no alternative exists.	—

Section 5: Governance, Monitoring & Compliance

5.1 Governance

This guideline is owned by the PALO IT Thailand Sustainability Team and is reviewed annually, or when significant regulatory or business changes occur. The Sustainability & Impact Lead is responsible for coordinating implementation across Finance, Administration, and Hive Leads.

- Guideline Owner: Sustainability & Impact Lead
- Executive Sponsor: Managing Director / COO
- Implementation Teams: Finance, Administration, Sustainability Team, and all Hive Leads making procurement decisions

5.2 Emission Monitoring

- Scope 3 Category 1 (Purchased Goods and Services) emissions are calculated annually using GHG Protocol Corporate Standard and spend-based emission factors.
- Emission data is tracked and reported in PALO IT Thailand's GHG management platform (Impact Tracker).
- Results are reviewed by the Sustainability Team and reported to leadership on a quarterly basis.
- As supplier-specific data becomes available (Phase 2), emission calculations will transition from spend-based to activity-based methods for improved accuracy.

5.3 Communication & Training

- PALO IT Thailand will communicate this guideline to all employees upon onboarding and annually as part of the sustainability training program.
- A sustainable procurement briefing will be provided to Finance, Administration, and Hive Leads — the teams most directly responsible for purchasing decisions.
- Employees are encouraged to provide feedback on supplier sustainability performance and procurement challenges to the Sustainability Team.

5.4 Compliance

All PALO IT Thailand employees involved in procurement decisions are expected to apply this guideline. Where sustainability criteria cannot be met due to operational constraints, the rationale must be documented and communicated to the Sustainability Team.

Supplier selection decisions that deviate from Priority 1–3 in Section 4 require a brief written justification submitted to the relevant Hive Lead and Sustainability Team.

5.5 Policy Review

This guideline will be reviewed at least annually and updated to reflect:

- Changes in Thailand's regulatory environment and ISO 20400 updates
- Updates to GHG accounting standards or Scope 3.1 emission factors
- Employee and supplier feedback and operational learnings
- Progress toward PALO IT Thailand's -25% Scope 3 reduction target by 2030

Supply Chain Management Framework — SDG Alignment

This guideline contributes to the following UN Sustainable Development Goals:

SDG	Goal	How this guideline contributes
SDG 3	Good Health & Well-Being	Ensures supplier health and safety standards; promotes wellbeing in the supply chain
SDG 10	Reduced Inequalities	Prioritizes local and diverse suppliers; supports fair wages and non-discriminatory procurement
SDG 12	Responsible Consumption & Production	Minimizes waste, promotes circular economy principles, and drives responsible purchasing
SDG 13	Climate Action	Directly reduces Scope 3 GHG emissions through supplier engagement and greener purchasing
SDG 17	Partnerships for the Goals	Builds collaborative relationships with suppliers to drive collective sustainability progress

Version History

Version	Date & Notes
1.0	2026 — Initial Release

For questions or feedback on this guideline, please contact the PALO IT Thailand Sustainability Team at: nnarischat@palo-it.com, kkakkanantadilok@palo-it.com