

## Supply Chain Management

Absolute Clean Energy Public Company Limited and its subsidiaries (collectively, "the Group") place strong emphasis on supply chain management by evaluating the significance of business partners. In 2024, the Group collected data on all trading partners (Tier 1) that had transactions with the organization during the year to identify its critical partners (Critical Tier 1). The categorization was based on the types of transactions that are significant to the Group's business operations, as outlined below:

- Power Plant Construction Group
- Fuel Supply Group for Power Plants
- Fuel Supply Group for Natural Gas Power Plants
- Water Sales Group for Power Plants
- Group of Power Plant Operations, Equipment/Spare Parts Procurement, Maintenance, and Repair
- Group of Power Plant Permitting and Environmental Impact Assessment
- Group of Professional Services and Other Business-Related Services

Consideration is based on the types of services obtained that are significant to business operations, as follows:

- Financial Audit
- Internal Control Audit
- Legal Advisory Services
- Technical Engineering Consulting Services
- Insurance Consulting Services
- Training Services

### **Criteria for Identifying "Critical Tier 1" Business Partners**

The Group identifies critical business partners (**Critical Tier 1**) based on the nature of transactions conducted with the Group, the transaction size, and the continuity of business dealings between the partners and the Group. The combined transaction value with Critical Tier 1 partners must account for more than 80 percent of the Group's total transaction value in the year of assessment.

### **Criteria for Identifying "Critical Non-Tier 1" Business Partners**

**Critical Non-Tier 1** business partners are those who do not transact directly with the Group but instead conduct transactions with the Group's Critical business partners (**Critical Tier 1**). This categorization is based on the nature of their transactions, where the combined value exceeds 80% of the total transaction value in the year of assessment.

In 2024, the number of Critical Tier 1 and Critical Non-Tier 1 business partners identified by the Group was as follows:

### **The Group's Critical Business Partners**

Based on the criteria for business partner categorization and the identification of Critical Tier 1 business partners, the Group has identified a total of 69 Critical Tier 1 business partners and 285 Critical Non-Tier 1 business partners, as detailed below:

<b>Transaction Group</b>	<b>Critical Tier 1 Business Partners</b>	<b>Critical Non-Tier 1 Business Partners</b>
Power Plant Construction Group	4 partners	12 sub-partners
Fuel Supply Group for Power Plants	7 partners	20 sub-partners
Fuel Supply Group for Natural Gas Power Plants	1 partner	5 sub-partners
Water Sales Group for Power Plants	1 partner	2 sub-partners
Group of Power Plant Operations, Equipment/Spare Parts Procurement, Maintenance, and Repair	30 partners	100 sub-partners
Group of Power Plant Permitting and Environmental Impact Assessment	4 partners	26 sub-partners
Group of Professional Services and Other Business-Related Services	22 partners	120 sub-partners

The Group identified 69 Critical Tier 1 business partners, representing 11.35% of all business partners, with a combined transaction value of approximately 81.80% of the total trade value. Subsequently, the Group conducted a more in-depth analysis of the next level of its supply chain by reviewing the significant business partners of its business partners (referred to as "partners of the Group's partners") using the same criteria mentioned above, to identify the Group's Critical Non-Tier 1 business partners. The analysis showed:

- Business partners with transactions in 2024 (Tier 1): 608 partners
- Critical Tier 1 business partners: 69 partners
- Critical Non-Tier 1 business partners: 285 partners

## Sustainable Business Partner/Supplier Assessment (ESG)

In 2024, the Group conducted a comprehensive business partner and supplier assessment covering sustainability practices across three dimensions: economic and governance, social, and environmental. The assessment focused on five key areas: (1) product and service quality, (2) business operations, (3) social aspects, (4) environmental stewardship, and (5) corporate social responsibility. The assessment was extended to gather information on the partners of critical partners (the Group's Critical Non-Tier 1 business partners). The assessment was carried out using assessment forms with detailed criteria and topics, as outlined below:

### Sample of Sustainable Business Partner/Supplier Assessment Form

#### Section 1: General Information

1) Company Name: .....

2) Business Type: .....

#### Section 2: Topics for Partner/Supplier Assessment

ESG Assessment Topics	Criteria			
	Not Implemented	Planning to Implement	Partially Implemented	Fully Implemented
<b>1. Product and Service Quality</b>				
1) Does the company have quality control and safety measures throughout production to ensure products and services meet the required standards?				
2) Does the company deliver work that is complete, accurate, and fully compliant with standards, contract terms, and deadlines?				
<b>2. Business Operations</b>				
1) Does the company monitor, evaluate potential impacts, and establish risk management measures for issues that may affect business operations in both the short and long term?				
2) Does the company report business performance or financial status to relevant stakeholders in a transparent and auditable manner?				
3) Does the company operate in full compliance with laws, regulations, ethics, and the principles of fair and equitable competition?				

ESG Assessment Topics	Criteria			
	Not Implemented	Planning to Implement	Partially Implemented	Fully Implemented
4) Does the company support and collaborate in anti-corruption efforts with government agencies, the private sector, and the public sector?				
5) Does the company respect intellectual property rights and protect any confidential information or data obtained through business dealings with customers or partners?				
6) Does the company share knowledge and experience to enhance operational efficiency and foster business innovation?				
<b>3. Social Aspects</b>				
1) Does the company maintain compliance with applicable laws and universal human rights principles without violating human rights?				
2) Does the company avoid any involvement in or support of child labor or illegal migrant labor?				
3) Does the company respect diversity and treat all employees equally?				
4) Does the company provide wages, compensation, and benefits that are appropriate and in compliance with labor laws?				
5) Does the company provide a safe and hygienic working environment and equipment, including an effective management system.				
6) Does the company hold certifications in occupational health and safety management systems or maintain compliance with relevant laws?				
<b>4. Environmental Stewardship</b>				
1) Does the company have environmental management that complies with applicable laws, regulations, and requirements, including monitoring and measurement to ensure adherence to legal standards?				
2) Does the company develop and improve operations to reduce greenhouse gas emissions and mitigate climate change?				

ESG Assessment Topics	Criteria			
	Not Implemented	Planning to Implement	Partially Implemented	Fully Implemented
3) Does the company implement appropriate and efficient measures for water management, pollution control, and waste management in compliance with relevant laws?				
4) Does the company hold environmental management certifications, or does it fully comply with applicable environmental requirements and relevant laws?				
<b>5. Corporate Social Responsibility</b>				
1) Does the company manage and define preventative measures to minimize negative impacts and enhance positive impacts on society?				
2) Does the company collaborate constructively with communities to improve community well-being and promote sustainable development?				

In addition to assessing business partners and suppliers for sustainability across the five key topics mentioned above, the following section gathers additional information regarding the Group's Critical Non-Tier 1 business partners. These are significant partners of your direct partners, as outlined below:

## 6. Others (Additional Information)

### 6.1 What type of business operation model do you use?

- ( ) Operates business and/or provides services directly
- ( ) The company works with business partners
- ( ) Cannot disclose information due to .....
- ( ) Others (please specify): .....

**Note:** If you work with sub-partners in your business operations, please proceed to the next question.

### 6.2 Information on Business Partners Engaged in Business Operations

Please provide information about business partners whose combined transaction value accounts for more than 80% of your total annual transaction value.

- ( ) Total number of such partners: .....
- Please specify the names: (1) .....
- (2) .....
- ( ) Cannot disclose information due to .....
- ( ) Others (please specify): .....

In addition to assessing business partners through the assessment forms mentioned above, the Group conducts on-site audits for critical business partner groups whose operations and activities interact with communities or the environment surrounding power plants. These groups include the Power Plant Construction Group and the Power Plant Permitting and Environmental Impact Assessment Group. In 2024, the assessment scope was expanded to include the Power Plant Operations, Equipment/Spare Parts Procurement, and Maintenance & Repair Group, as well as the Fuel Supply Group for Power Plants.

This expansion ensures that these four groups remain focused on and aware of their social and environmental responsibilities, while maintaining standardized maintenance and installation practices, all in alignment with the Group's policies. The evaluation methods and the number of critical partners assessed in each group for the 2024 business partner/supplier assessments are summarized below:

Partner Group	Number of Partners	Number Participating in Assessment	Percentage of Partners Participated (%)	Assessment Methods
Power Plant Construction Group	4	4	100	1) Business Partner Assessment Form 2) On-Site Audit
Fuel Supply Group for Power Plants	7	7	100	1) Business Partner Assessment Form
Fuel Supply Group for Natural Gas Power Plants	1	1	100	1) Business Partner Assessment Form 2) On-Site Audit
Water Sales Group for Power Plants	1	1	100	1) Business Partner Assessment Form
Group of Power Plant Operations, Equipment/Spare Parts Procurement, Maintenance, and Repair	30	29	99	1) Business Partner Assessment Form 2) On-Site Audit
Group of Power Plant Permitting and Environmental Impact Assessment	4	4	100	1) Business Partner Assessment Form 2) On-Site Audit
Group of Professional Services and Other Business-Related Services	22	22	100	1) Business Partner Assessment Form
<b>Total</b>	<b>69</b>	<b>68</b>	<b>99</b>	

In 2024, the assessment of critical business partner groups includes the following scoring criteria and results:

Criteria	Score (Percentage)	Number of Partners
A = Excellent	> 80	55
B = Good	> 70-80	12
C = Fair	> 60-70	1
D = Needs Improvement	> 50-60	0
F = Consider removing the partner from the Approved Supplier List (ASL)	< 50	0
<b>Total</b>		<b>68</b>

The assessment results of business partners by group are as follows:

Partner Group	Score (Percentage)	Average Level
Power Plant Construction Group	100.00	A
Fuel Supply Group for Power Plants	100.00	A
Fuel Supply Group for Natural Gas Power Plants	100.00	A
Water Sales Group for Power Plants	88.67	A
Group of Power Plant Operations, Equipment/Spare Parts Procurement, Maintenance, and Repair	92.73	A
Group of Power Plant Permitting and Environmental Impact Assessment	97.00	A
<b>Total</b>		<b>68</b>

The assessment results show that the Group's critical business partners achieved "Excellent" (Level A) ratings across all groups when evaluated using sustainability-integrated criteria. However, the Water Sales Group for Power Plants recorded the lowest score among all critical partner groups at 88.67%. This was because some partners in this group are still in the process of establishing policies and operational guidelines to meet both business operation and social and environmental responsibility requirements, resulting in lower scores in certain areas compared to other groups.

These results enable the Group to analyze and develop approaches to promote and encourage partners to recognize the importance of, and understand, the practices required for business operations that align with the Group's sustainability management policies, particularly regarding social and environmental aspects. The Group has established the following guidelines for managing partners based on their potential organizational impact:

Level	Impact on organization	Guidelines
A	Low	Inform partner of assessment results and request maintenance operational standards in accordance with the company's Code of Conduct.
B	Medium	Inform partner of assessment results, specify areas requiring improvement, and request progress report on corrective actions taken.
C	High	Inform partner of assessment results and specify areas requiring improvement. The partner must complete corrections within 30 days and report the results for re-assessment to the company.  If the second assessment still fails, the improvement period may be extended to 60 days. However, Failure to improve within 60 days, the partner's name will be removed from the Approved Supplier List (ASL).
D-F	Very High	Inform partner of assessment results and outline the required corrective actions. The partner must implement these corrections within 30 days. Subsequently, the company will conduct an additional On-Site Audit. Failure to resolve issues according to specified conditions, the partner's name will be removed from the Approved Supplier List (ASL).

Beyond these operational guidelines for partners who may impact the organization, the company has defined supplier risk management approaches aligned with the 2024 risk assessment outcomes, aiming to control and mitigate potential risks to the company, as detailed below:

Risk Factor	Management and Control Approaches
<b>Economic Risks</b>	
<b>Financial Status and Stability of Partners</b>	<ul style="list-style-type: none"> <li>Require partners to provide appropriate collateral.</li> </ul>
	<ul style="list-style-type: none"> <li>Review partners' financial statements covering at least the past three years.</li> </ul>
	<ul style="list-style-type: none"> <li>Require submission of the partner's most recent audited financial statements.</li> </ul>
	<ul style="list-style-type: none"> <li>Require the partner to disclose all affiliated companies.</li> </ul>
<b>Partners with High Transaction Value</b>	<ul style="list-style-type: none"> <li>Monitor partners' compliance with contracts, agreements, and delivery obligations.</li> </ul>
	<ul style="list-style-type: none"> <li>Structure payment terms in installments based on work progress.</li> </ul>
	<ul style="list-style-type: none"> <li>Require partners to provide appropriate collateral.</li> </ul>
	<ul style="list-style-type: none"> <li>Conduct on-site inspections for custom-made goods.</li> </ul>
<b>Supplier Code of Conduct and Anti-Corruption</b>	<ul style="list-style-type: none"> <li>Establish confidentiality requirements for partners, including a prohibition on disclosing confidential or business information, a requirement to</li> </ul>



Risk Factor	Management and Control Approaches
<b>Economic Risks</b>	
	<p>implement personal data protection measures, and a strict prohibition against using such data for partners' personal gain.</p> <ul style="list-style-type: none"> <li>• Encourage partners to conduct their business ethically, transparently, and verifiably.</li> <li>• Establish a Supplier Code of Conduct specifying guidelines for ethical, transparent business operations that respect human rights, comply with laws, and prevent involvement in fraud and corruption.</li> <li>• Provide partners with the Code of Conduct, Anti-Corruption Policy, and other relevant documents for acknowledgment and acceptance, and monitor partner's compliance with these policies.</li> <li>• Define penalties for partners who violate the Code of Conduct or engage in fraud or corruption.</li> </ul>
<b>Social Risks</b>	
<b>Child Labor, Illegal Labor, and Human Rights Violations</b>	<ul style="list-style-type: none"> <li>• Establish criteria for evaluating partner qualifications regarding personnel, employees, and staff performing work for partners, in line with relevant labor laws, regulations, and requirements.</li> <li>• Conduct on-site visits to assess partners' actual working conditions.</li> <li>• Verify the personnel of business partners by requiring employee lists along with copies of ID cards. For foreign workers, the following documents are required: <ol style="list-style-type: none"> <li>1. Passport (original)</li> <li>2. Work permit (original)</li> </ol> </li> </ul>
<b>Safety and Occupational Health</b>	<ul style="list-style-type: none"> <li>• Assess safety risks prior to commencement of partner operations.</li> <li>• Require provision and use of appropriate safety equipment.</li> <li>• Safety officers conduct daily pre-work briefings to emphasize risks from hazardous operations.</li> </ul>
<b>Environment Risks</b>	
<b>Environmental Care and Waste Management</b>	<ul style="list-style-type: none"> <li>• Include environmental terms in contracts and monitor compliance.</li> <li>• Verify partners' business operation licenses to ensure legal compliance.</li> <li>• Monitor and verify the use of environmentally friendly resources and equipment.</li> </ul>