

– Translation –

*This Policy has been prepared in Thai and translated into English. In the event of any inconsistency, the Thai version shall prevail.*

## **Procurement Policy**

Procurement is a critical operational process for the Company and its subsidiaries (“the Group”). An effective and efficient procurement process ensures the acquisition of raw materials, goods, services, and fixed assets of quality at appropriate prices and terms. This is a key factor that enables the business to achieve its goals and generate favorable returns for shareholders. Moreover, due to the Company’s established business rationale and strategy, both historically and as projected into the future, the Group has consistently made significant purchases of goods and/or services from various companies within the major shareholder group.

To ensure that the procurement process aligns with the principle of good corporate governance, which emphasizes transparency, accountability, prevention of conflicts of interest, consideration of all stakeholders, and compliance with the company’s sustainability management policy, the company has integrated environmental, social, and governance (ESG) criteria into its procurement policy, new approved vendor selection criteria, and procurement partner selection criteria. This integration aims to create value for the business, stakeholders throughout the business value chain, and society as a whole in terms of economic, social, and environmental aspects. Furthermore, to enhance efficiency and provide clarity in implementation at both the management and operational levels, the company has established a procurement policy to be applied to the company and its subsidiaries, with the details as follows:

### **1. Scope**

This policy applies to the procurement processes of the company and its subsidiaries, covering both current and new business partners. The procurement is divided into four categories according to the business activities as follows:

- Category 1: Procurement related to power plant project development, such as hiring construction contractors (EPC Contractors), purchasing machinery and equipment, etc.
- Category 2: Procurement of raw fuel materials used in power plants, such as biomass fuel, natural gas, waste, etc.
- Category 3: Procurement related to power plant operations and maintenance, such as purchasing consumables, spare parts, hiring contractors for repair/maintenance work, etc.
- Category 4: Other procurement activities.

### **2. Assessment of Potential and Screening of Suppliers/Service Providers**

- 2.1 For procurement categories 1, 2, and 3, which are the core business activities, the company and its subsidiaries must establish a list of approved suppliers/service providers (Approved Suppliers List: ASL) based on the qualification screening process. This ensures that the company and its subsidiaries select suppliers/service providers who are capable of delivering goods/services that

meet the business requirements. Additionally, they must be suppliers/service providers that are committed to and prioritize environmental, social, and governance (ESG) issues, and can become long-term business partners, thereby enhancing the company's long-term competitiveness.

2.2 In assessing the potential and screening of suppliers/service providers for inclusion in the ASL, the criteria used by the company and its subsidiaries for qualification evaluation must cover at least the following aspects:

- The supplier's goods/services must meet the specifications, standards, and requirements defined by the company or its subsidiaries, including after-sales services or installation.
- The price and conditions proposed by the supplier must be market prices and terms that are generally accepted in the industry.
- The supplier must be able to deliver goods/services on time and in the required quantities.
- The supplier must have no history of abandoning work with the company or its subsidiaries, nor have been removed from the ASL registry of the company or its subsidiaries.
- The supplier must not engage in illegal activities, unethical conduct, fraudulent bidding, or anti-competitive behaviors that may harm the company or its subsidiaries.
- The supplier must not operate in a manner that disregards ESG issues, nor show behavior indicating a lack of concern for ESG matters. The company considers the following aspects of ESG:
  - Environmental: Pollution prevention, environmental care, and waste management.
  - Social: Human rights, occupational health and safety, social responsibility, and stakeholder engagement.
  - Governance: Business ethics, transparency, anti-corruption, confidentiality of business information, and legal compliance.

2.3 For procurement category 4, the company and its subsidiaries may also maintain an ASL, as deemed appropriate based on the procurement's nature, size, and significance, among other factors. The decision will be made at the discretion of the management team.

### **3. Selection of Suppliers/Service Providers for Existing and New Partners**

3.1 The company and its subsidiaries must establish a transparent, fair, non-discriminatory, auditable process for selecting suppliers/services. This process must provide equal opportunities for qualified suppliers to present their goods/services and comply with applicable business laws, securities and exchange regulations, Capital Market Supervisory Board announcements, the Stock Exchange of Thailand's requirements, as well as the company's policies on related-party transactions, acquisitions or disposals of assets, and sustainability management.

3.2 In the supplier/service provider selection process, the company and its subsidiaries must consider the qualifications of suppliers/services thoroughly by comparing the pros and cons of each supplier, including at least the following aspects:

- Quality of goods/services

- Reputation, reliability, and the ability to deliver goods/services on time and in the required quantities
  - Price and payment terms
  - Business confidentiality of the company and/or subsidiaries (if necessary)
  - Warranty terms for goods/services (if applicable)
  - After-sales services or installation (if applicable)
  - Delivery history of goods/services (if applicable)
  - Suppliers must not be involved in businesses that neglect environmental, social, and governance (ESG) issues or show behavior indicating they do not value ESG concerns. The company and its subsidiaries may assess the ESG risks of the supplier/service provider as part of the selection process, depending on necessity and/or appropriateness.
- 3.3 For procurement categories 1, 2, and 3, which are the core business activities, the company and its subsidiaries must contact at least three suppliers from the Approved Suppliers List (ASL) to request quotes and terms.
- 3.4 For procurement category 4, the company and its subsidiaries may contact suppliers from the ASL (if available) or other suppliers (if no ASL) to request quotes and terms from at least three suppliers, depending on the size and importance of the procurement item, subject to the discretion of management.
- 3.5 The company and its subsidiaries must select the supplier/service provider whose qualifications, when evaluated in all aspects, will bring the greatest benefit to the company and/or its subsidiaries.
- 3.6 In cases where related parties are involved in submitting quotes and terms, the company and its subsidiaries must take the following additional actions
- 3.6.1 For all procurement types, the company and its subsidiaries must contact at least three non-related suppliers from the ASL (if available) or other suppliers (if no ASL) to request quotes and terms. At least one non-related supplier must provide a quote and terms for consideration. If only a related party submits a quote and terms, there must be publicly available sources to reference the price and terms for comparison and decision-making
- 3.6.2 The company and its subsidiaries must select the supplier/service provider in a fair, transparent, and auditable manner, treating all suppliers equally, providing sufficient and accurate information, and opening channels for complaints
- 3.6.3 If a related party is selected as the supplier/service provider, the company and its subsidiaries must comply with the company's related-party transaction policies, as well as securities and exchange laws, regulations from the Capital Market Supervisory Board, the Stock Exchange of Thailand, and the Securities and Exchange Commission. This includes adhering to the disclosure requirements for related-party transactions in financial reports under the Accounting Profession Act.

#### **4. Evaluation of Suppliers/Service Providers**

The company and its subsidiaries must conduct an evaluation of the quality of suppliers/service providers listed on the Approved Suppliers List (ASL) regularly, at least once a year. The evaluation must cover the following aspects:

- Quality of goods/services
- Reputation, reliability, and the ability to deliver goods/services on time and in the required quantities
- Price and payment terms
- History of delivery of goods/services
- Communication, assistance, cooperation, and the satisfaction of the company or its subsidiaries with the goods/services and the supplier/service provider
- The supplier's business operations that prioritize ESG (Environmental, Social, and Governance) issues
- The supplier's business operations that do not conflict with or contradict the company's "Supplier Code of Conduct"

In the case that a supplier/service provider does not meet the criteria established by the company or its subsidiaries, the company or its subsidiaries must remove the supplier/service provider from the ASL.

**This policy shall be effective from February 28, 2023.**

#### **Committees**

**Absolute Clean Energy Public Company Limited**