EA Supplier Analysis:2022

Our Vision: To become a leader in the alternative energy business

Introduction

Energy Absolute Public Company Limited and its subsidiaries (EA) values the contributions of our suppliers and recognizes that our mutual collaboration is key to driving business growth in the long-term, maintaining the trust and confidence of our stakeholders, and making a positive impact on the sustainable development of our shared community. In order to be fully aware of our supply chain risks and to manage such risks effectively, EA takes into account not only conventional criteria found in a general supply chain management strategy, but we also strive to integrate ESG (Environmental, Social, Governance) considerations into our procurement processes. In order to ensure transparency about our procurement procedures and supply chain performance and to inform our stakeholders, EA has prepared the following Supplier Analysis.

Our Supplier's Code of Conduct

EA is committed to conduct its businesses in line with the company's vision and the principles of good corporate governance, sustainable development, and corporate social responsibility. In doing so, we recognize that the boundaries of our impacts lie not only in our own business operations, but also in our business relationships, including the sourcing activities of our suppliers. EA extends its commitment to sustainably procurement to its suppliers, which is conveyed by our Supplier' s Code of Conduct. This Code of Conduct communicates EA' s expectations for conducting business transactions with its suppliers and the shared responsibility that we share in contributing to the sustainable development goals. Thus, the Supplier's Code of Conduct covers ESG factors such as:

Human Rights & Labor

Environmental

Business Ethics & Anti-Corruption

Occupational Health & Safety

General Supply Chain Management Strategy

Supplier Selection & Retention

In our process of selecting new suppliers and evaluating existing suppliers, EA analyzes the suppliers' performance and scores them on factors such as but not limited to:

- Quality Assurance: Do the products/services provided by the supplier and the process of delivery correspond to EA's quality and safety requirements?
- Compliance: Are the products/services provided by the supplier and their operations in compliance with internationally recognized standards, human rights principles, and applicable laws and regulations?
- Cost Comparison: How do the costs of the products/services provided fare when compared to those provided by comparable suppliers?
- Positive Referrals: Is the supplier well-known? What's the reputation surrounding the supplier in question?
- Supplier's Financial Status: Does the supplier report its financial performance and what is their financial status like?

Capacity Building for Employees
EA aims to develop and expand the knowledge and skills base of its procurement personnel regularly in order to facilitate long-term and sustainable business growth.

Preparing for & Mitigating Supply Chain Risks
In order to ensure supply chain continuity, EA has prepared alternative supply plans to minimize the impacts of supply chain disruptions. We monitor and analyze recent developments, future industry trends, and other external factors that may impact our current supplier relations such as regulatory changes. EA is committed to avoiding supplier dependency by regularly searching for and evaluating potential suppliers and developing technological innovations to increase our supply chain flexibility.

Communication & Collaboration
EA is committed to coordinate and communicate clearly and effectively with its suppliers to ensure a smooth business transaction and to enhance satisfaction on both sides.

Credit Term
EA is discloses the policy to determine the duration of trade credit to its suppliers with awareness of sustainable business operations.

ESG Integration into SCM

ESG expectations in the Supplier's Code of Conduct: enhancing our suppliers' awareness of ESG factors and requiring compliance as a basis for conducting business transactions together

ESG Qualifications in Supplier Selection: integrating ESG considerations into our assessments of potential suppliers prior to entering into a trading contract

ESG Risk Assessment: pre-screening relevant ESG issues and identifying groups of suppliers with high sustainability risk based on the scale of the impact and its likelihood

ESG Checklist for High-Risk Suppliers: monitoring the ESG performance of identified sustainability high risk suppliers and implementing corrective action plans if improvements are deemed necessary

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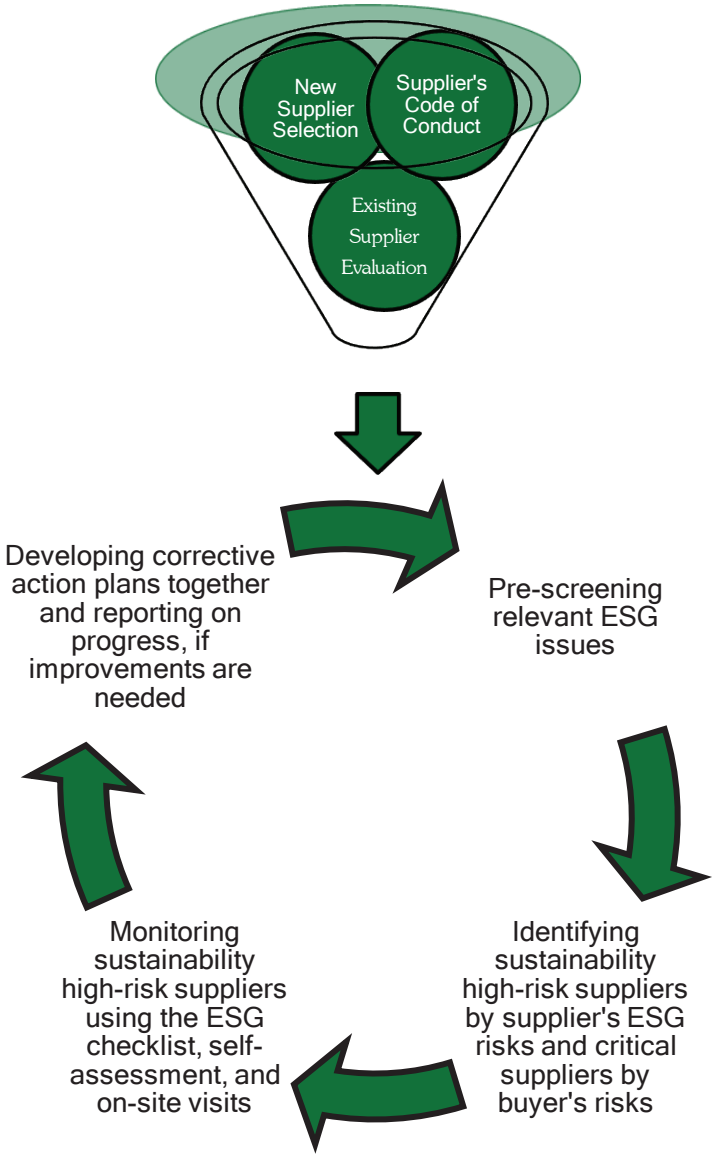
Benefits to EA

- Making procurement procedures more standardized and systematic and allowing us to manage our risks throughout our supply chain
- Improving the quality of our products and services by ensuring supplier's qualifications and compliance with ESG issues
- Facilitating a collaborative business partnership with our suppliers, allowing for long-term relations and mutual growth
- Increasing our market competitiveness and attaining the international standards required to participate in the global market
- Increasing our contributions to the universal sustainable development goals

EA's Sustainable Procurement Process



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Spend Analysis: 2022

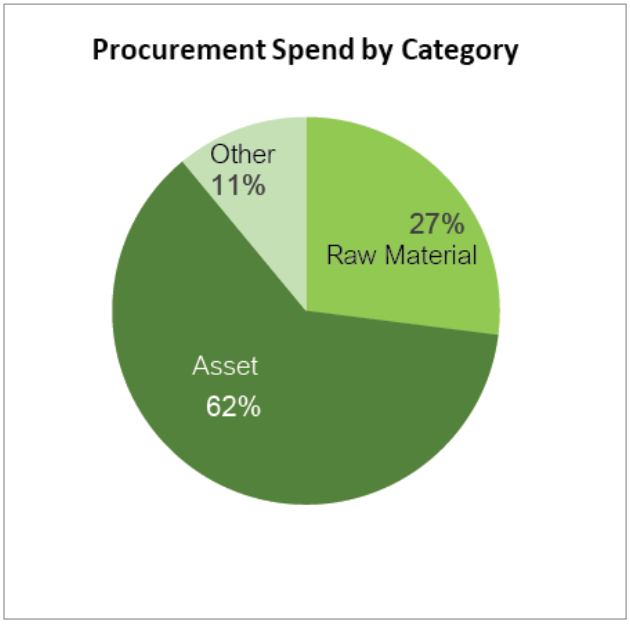
1,000+ Active Suppliers

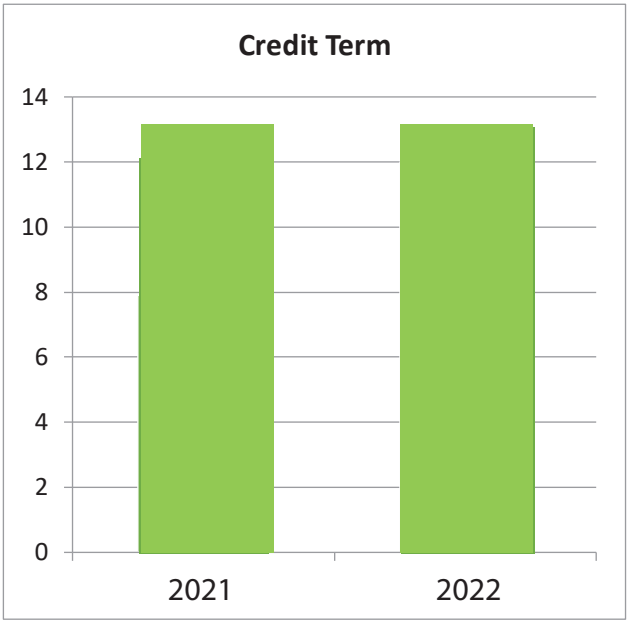
90% of suppliers sourced locally

(25% of procurement spending)

10%% of suppliers sourced from overseas

(75% of procurement spending)





Critical Analysis & ESG Risk Assessment (Tier 1)

Sustainability high risk suppliers are identified by categorizing suppliers into groups and subgroups based on product type, examining the ESG issues of each subgroup, and assessing them based on their scale of impact and the likelihood of occurrence. Suppliers are considered to be sustainability high risk when they belong to a supplier subgroup whose highest risk score on one of the ESG issues corresponds to the severe region (E1-E6) on the following matrix:

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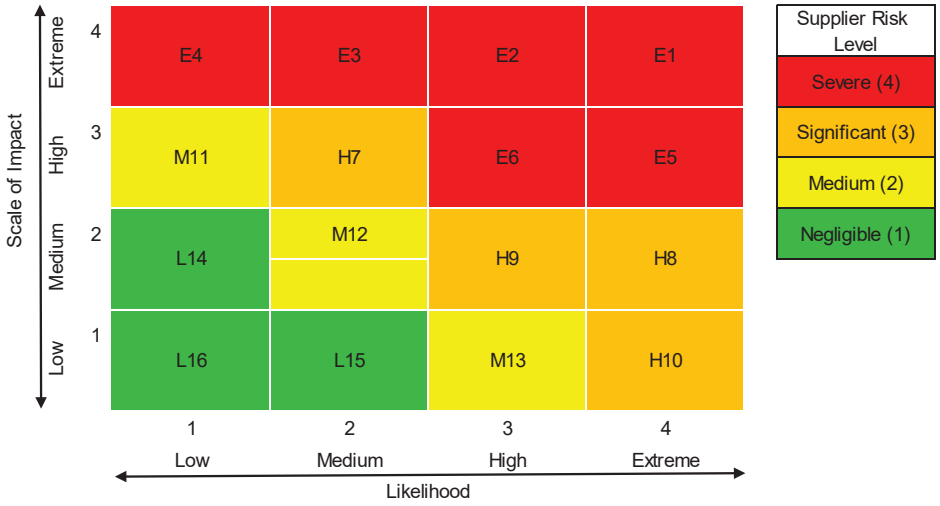


Common ESG Risks Identified

Waste Disposal & Chemical Use

Unethical Business Practices

Non-compliance

Our Performance & Target

100%

Of Tier 1 suppliers assessed on ESG risks

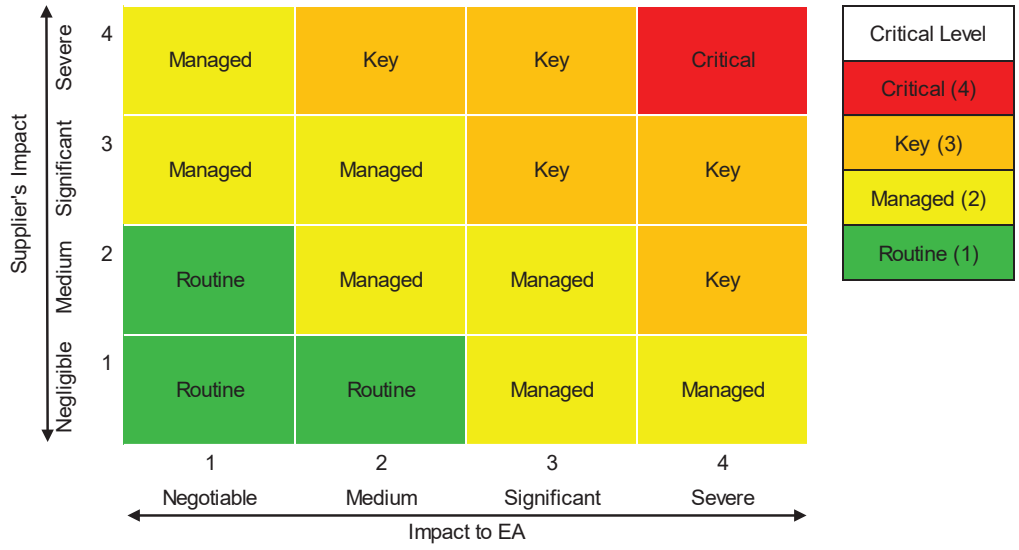
Target: Maintain 100% each year

5

Sustainability high-risk suppliers identified

Critical suppliers are suppliers that have a significant impact on EA's supply chain and play an indispensable role in ensuring our business continuity, thus EA is committed to identifying our critical suppliers in readiness in order to ensure that associated risks are discerned and managed accordingly. Our definition of supplier criticality integrates our own commercial risks and the sustainability risks of our suppliers, according to the matrix below. In our assessment of the scale of impact that our suppliers have on us, our definition of severe impact includes factors such as high volume or high spending, non-substitutability, and the supply of critical components. Our suppliers' impact level is

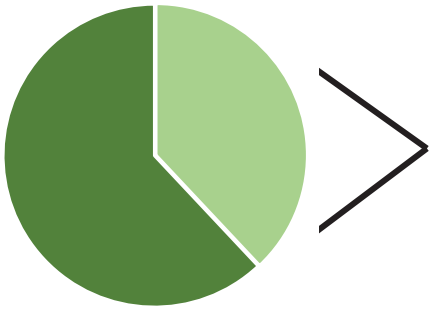
based from their scale of impact on ESG issues identified from the above ESG risk assessment.



Our Performance

94

Critical Tier 1 suppliers identified



Critical Tier 1 Suppliers account for

38.21%

Of total Tier-1 procurement spend in 2022

ESG Risk Management and Monitoring

Monitoring and managing risks proactively and effectively are key to prevent supply chain disruptions and to minimize the negative impacts that our supply chain activities may have on ESG issues. To ensure transparency throughout our supply chain, EA has implemented several approaches to monitor and improve the ESG performance of our critical and sustainability high risk suppliers, including requesting our suppliers to perform an annual self-assessment by using our ESG risk monitoring questionnaire and conducting annual on-site audits. Assessed or audited suppliers who underperform on ESG issues or fail to comply with EA Supplier' s Code of Conduct, contract specifications, or other applicable laws, regulations, and international standards are required to develop a corrective action plan jointly with EA as soon as possible and report its progress towards improvement regularly until the issues have been resolved.

In cases of major non-compliances, EA reserves the right to take the appropriate remedial actions in the process of considering continuing business transactions with the supplier in question.

Our Performance & Target on Year *2023*

94

Critical suppliers monitored annually

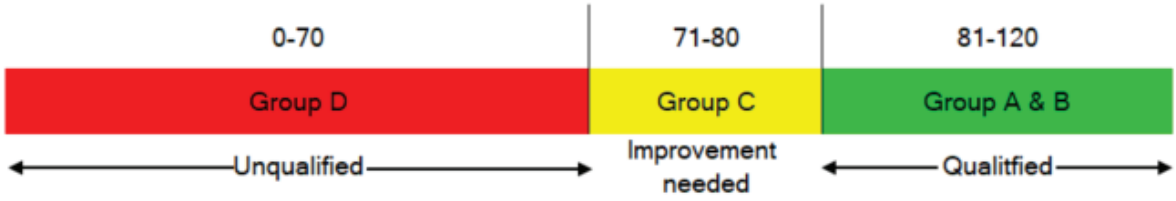
5

Sustainability high-risk suppliers monitored annually on ESG performance

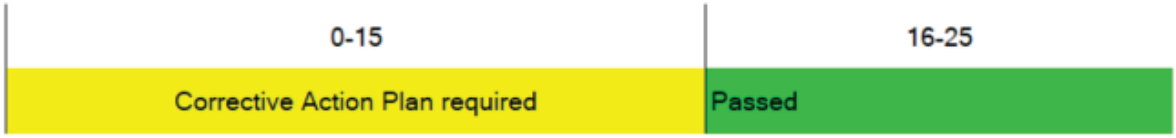
Target: 100% of critical and sustainability high-risk suppliers monitored on ESG performance by the end of 2023

Threshold for Supplier Qualification & Grading Scale

New Supplier Assessment



Existing Supplier Assessment



ESG Monitoring