

Sustainable Supply Chain Management Guideline

Purpose

1. To increase B.Grimm Power's suppliers awareness and capability on sustainability aspects.
2. Ensure that ESG risks from B.Grimm Power value chain are properly managed

Scope

This guideline is applicable for procurements under scope of B.Grimm Power purchase policy. Please refer to section 3 "scope" of purchase policy for more information.

Definition

Corrective Action Plan (CAP) is a list of actions that suppliers need to implement to close the gaps identified during supplier ESG assessment, either desktop or onsite.

Critical Suppliers are suppliers who supply goods, materials, and services that have a significant impact on company's competitiveness, for example, high spending suppliers, critical component and/or non-substitutable suppliers.

- **Tier 1 Suppliers** are suppliers with direct purchase agreements for products and services with B.Grimm Power.
- **Critical Tier 1 Suppliers** are Tier 1 Suppliers that have high spending value, receive continuous orders, provide critical products/services, or have high business reliance from B.Grimm Power.
- **Critical Non-Tier 1 Suppliers** are suppliers that do not directly provide products/services to B.Grimm Power but supply critical products/services to Critical Tier 1 Suppliers.
- **Significant Suppliers** are Critical Tier 1 and Non-Tier 1 Suppliers assessed with medium to high ESG risks, which undergo annual comprehensive ESG audits.

Suppliers' Code of Conduct and Guideline for Sustainability (SCOC) is a set of expectations and requirements defined by B.Grimm Power for its suppliers. The SCOC aims to ensure that suppliers conduct their business responsibly with respect to environmental protection, social responsibility, and good corporate governance. It serves as a guideline to align supplier practices with the company's sustainability values and ethical standards.

Supplier ESG Risk Assessment refers to the process of assessing environmental, social, and governance (ESG) risks associated with critical suppliers. The screening evaluates the likelihood that a supplier may pose significant impacts on society, the environment, and/or business ethics. The assessment is based on criteria such as the supplier's geographical location, business sector, and product type. Risk levels are categorized as low, medium, or high, serving as a basis for determining appropriate ESG assessment and development actions.

Supplier comprehensive ESG audit refers to the process of evaluating critical suppliers to gain insight into their practices and to measure and monitor their performance across environmental, social, and governance (ESG)

aspects. The assessment may be carried out either through on-site audits or desk reviews, conducted by B.Grimm Power representatives or an independent, accredited third-party auditing body appointed by B.Grimm Power.

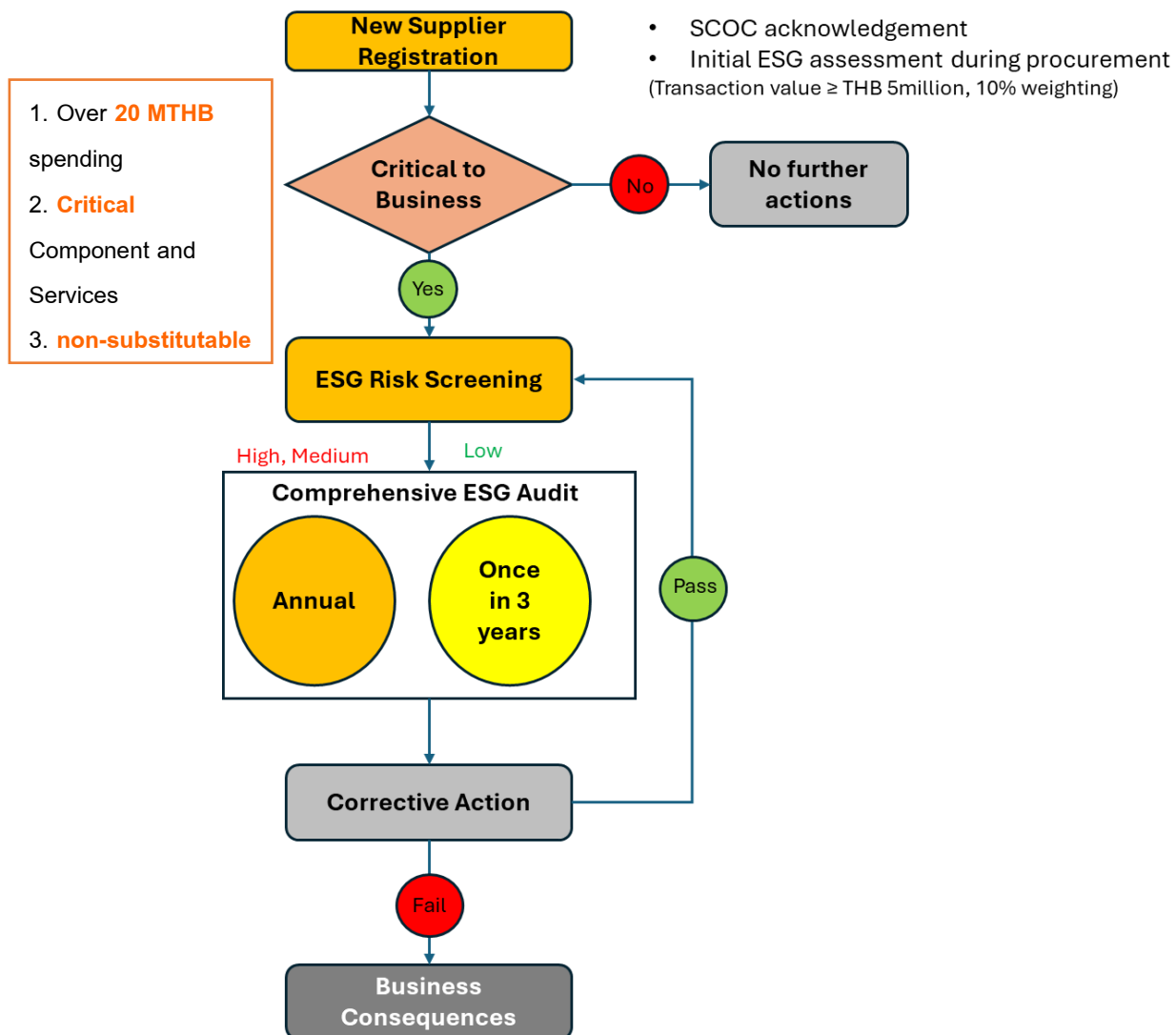
Supplier ESG Development is a process in which critical suppliers are supported by B.Grimm Power to improve to align with B.Grimm Power SCOC. Information sharing and/or training regarding B.Grimm Power SCOC, including

- Remote/onsite support of suppliers' corrective actions implementation
- Accessibility to benchmark suppliers' ESG performance against peers
- In-depth and/or specific program on ESG capability development

Roles and Responsibilities

Responsibilities	By Whom
New supplier registration process *All Tier 1 Suppliers required to acknowledge to B.Grimm Power SCOC	Purchasers and function owners
Supplier critical-to-business assessment	Purchasers
Supplier ESG risk screening	Purchasers and Corporate Sustainability
Supplier initial ESG assessment (self-assessment) *Applicable for all Critical Suppliers	Purchasers
Supplier comprehensive ESG audit	Corporate Sustainability Purchasers
Corrective action implementation	Corporate Sustainability
Supplier ESG development <ul style="list-style-type: none"> ● Training/ capability building. ● ESG performance benchmarking 	Corporate Sustainability

Figure 1: Sustainable Supply Chain Management workflow



Procedures

1. New suppliers' registration process

All Tier-1 Suppliers are required to acknowledge the B.Grimm Power Suppliers' Code of Conduct and Guideline for Sustainability (SCOC) and implement its principles where applicable. The implementation framework is as follows:

1. **Inclusion in Term of Reference (TOR):** Compliance with the SCOC and acceptance of ESG assessment requirements (for critical suppliers) are clearly stated in the Terms of Reference.
2. **Formal Acknowledgement:** All suppliers must formally acknowledge the SCOC and ESG assessment requirements (if applicable) and return signed documentation to B.Grimm Power as part of the contractual process.

3. **Amendment Protocol:** Any proposed amendment that may conflict with the SCOC or ESG assessment requirements must be reviewed and approved by both the Purchasing Committee and the Head of Corporate Sustainability before inclusion in the contract.
4. **ESG Initial Assessment:** For suppliers with transaction values exceeding THB 5 million, ESG performance is incorporated into the supplier selection process with a weighting of 10 percent, as evaluated by the Procurement Committee. Suppliers may also submit valid evidence of compliance and/or certifications from recognised industry standards or multi-stakeholder initiatives equivalent to the ESG initial assessment to fulfill this requirement. (Refer to Step 4: Supplier Comprehensive ESG Audit for examples of acceptable standards and methodologies.)

For contract extensions or renewals with existing suppliers, past ESG audit results (Step 4) will be considered. Suppliers with stronger ESG performance or those demonstrating improvement will be given priority in B.Grimm Power's supplier selection process.

Figure 2: Example of ESG Initial Assessment criteria

Questionnaire

Title	Acceptable Response Values
ด้านสิ่งแวดล้อม (Environmental)	
1.1 มีนโยบายด้านสิ่งแวดล้อม ที่กำกับดูแลการปฏิบัติงานตามกฎหมายและข้อบังคับด้านสิ่งแวดล้อมที่เกี่ยวข้องหรือไม่ Have an environmental policy in place that ensures adherence to relevant environmental laws and regulations?	Yes, published externally (Please attach evidence) Yes (Please attached evidence) On Process No N/A
1.2 มีแนวทางการปฏิบัติงานด้านสิ่งแวดล้อม ครอบคลุมประเด็นต่อไปนี้หรือไม่ การใช้ทรัพยากรอย่างคุ้มค่าและให้ความสำคัญต่อการอนุรักษ์สิ่งแวดล้อม การปล่อยก๊าซเรือนกระจกการจัดการของเสียและควบคุมมลพิษ สารเคมีและวัตถุอันตรายอื่น ๆ (หากมี กรุณาระบุเอกสารประกอบ) Does the Environmental practices cover following areas Natural resource and environmental conservation Greenhouse gasesWaste management and pollution control Hazardous chemicals and substancesOthers (If yes, Please attached evidence)	Yes, published externally (Please attach evidence) Yes (Please attached evidence) On Process No N/A
ด้านสังคม (Social)	
2.1 มีนโยบายในด้านการป้องกันการละเมิดสิทธิมนุษยชน ที่กำกับดูแลการปฏิบัติงานตามกฎหมายและข้อบังคับด้านสิทธิมนุษยชน หรือไม่ Have the Human Rights policy in place that ensures adherence to relevant environmental laws and regulations?	Yes, published externally (Please attach evidence) Yes (Please attached evidence) On Process No N/A
2.2 มีแนวทางการปฏิบัติงานด้านการป้องกันการละเมิดสิทธิมนุษยชน ไม่ประเด็นต่อไปนี้หรือไม่ การใช้แรงงานเด็ก แรงงานพิการ ความหลากหลาย การไม่เลือกปฏิบัติ การไม่ล่วงละเมิดความลับและข้อมูลภายในเสรีภาพในการสมาคมและการรวมเจรจาต่อรอง Does the Human Rights practices cover following areas Child Labour or Forced or compulsory labour Diversity and Non-discrimination Harassment Health and Safety Freedom of association and collective bargaining	Yes, published externally (Please attach evidence) Yes (Please attached evidence) On Process No N/A
ด้านจริยธรรมทางธุรกิจ (Governance)	
3.1 มีจรรยาบรรณทางธุรกิจหรือไม่, ถ้ามี จรรยาบรรณธุรกิจดังกล่าวได้รับจากลงนามรับทราบจากพนักงานทุกคนหรือไม่ Have a Code of Business Conduct in place that it has been signed by all employees and suppliers?	Yes, published externally (Please attach evidence) Yes (Please attached evidence) On Process No N/A
3.2 จรรยาบรรณทางธุรกิจ ครอบคลุมประเด็นต่อไปนี้หรือไม่จริยธรรมและความโปร่งใสการต่อต้านการทุจริตคอร์รัปชันการปกป้องทรัพย์สินทางปัญญาและการรักษาความลับความขัดแย้งทางผลประโยชน์ Does the Code of Business Conduct cover following areas Business ethics and transparency Anti-corruption Protection of intellectual property and maintaining of confidentiality Conflict of interest	Yes, published externally (Please attach evidence) Yes (Please attached evidence) On Process No N/A

For further details, please refer to [our Suppliers' Code of Conduct and Guideline for Sustainability \(SCOC\)](#) available on the company website.

2. Supplier critical-to-business assessment

Purchasers will evaluate suppliers' importance to business. Suppliers are considered critical to business if they meet one of the following criteria.

1. High spending (over 20 MTHB) and not one time buy.
2. Supply critical components and services to business.
3. Non-substitutable or longer than 6 months to find alternative supplier.

Critical suppliers are subject to be evaluated for their ESG risk and further ESG assessment activities.

3. Supplier ESG Risk Assessment

Purchasers and Corporate Sustainability jointly assess suppliers' ESG risks using defined screening criteria. Risk levels are classified into three categories—Low, Medium, and High—based on the likelihood that a supplier may cause negative impacts on environmental, social, or business ethics (ESG) aspects, as well as the potential severity of such impacts. The assessment considers the nature of the supplier's business, including their geographical location (such as the country in which they operate), the business sector they belong to (for example, maintenance services, construction and transmission and distribution, chemical, energy, utilities, or consultancy), and the types of goods or services they provide to B.Grimm Power. Further details on the screening methodology are outlined in the following section.

3.1 ESG Country level risk assessment

B.Grimm Power evaluates supplier ESG risk based on their country of operation by referencing various indices that reflect ESG performance across environmental, social, and governance aspects. The relevant indices used for assessment are summarized in the following table.

Figure 3: ESG aspects and country indices

ESG	ESG aspect to consider	County Indices to refer
Governance	Anti-corruption performance	Corruption Perception Index (CPI)
	Tax Policy	Transparency and exchange of information for tax purposes (OECD)
	Cybersecurity and data privacy	The Global Cybersecurity Index (GCI)
Environment	Climate Change	EPI: Climate Change Subindex
	Water and Wastewater	ND-GAIN: Water Subindex
	Biodiversity and deforestation	EPI: Ecosystem Subindex
	Waste Management and Circularity	EPI: Waste management Subindex

Social	Occupational health and safety	Occupational Fatalities per 100,000 workers (ILO)
	Labour practices	Global Rights Index (ITUC)
	Forced Labour	Global Slavery Index (Walkfree foundation)
	Child Labour	Children Rights in the Workplace Index (UNICEF)
	Diversity and Inclusion	Global Gender Gap Index (WEF)

3.2 ESG Sector level risk assessment

B.Grimm Power evaluates supplier ESG risk at the sector-specific level by classifying suppliers into seven groups—maintenance services, construction and transmission & distribution, chemical, energy, utilities, and consultancy—based on the Global Industry Classification Standard (GICS) by MSCI, as well as the company's business context. Each group is assessed for ESG-related risk likelihood and potential impact in accordance with B.Grimm Power's enterprise risk management criteria. The detailed assessment framework is illustrated in the following table.

Figure 4: ESG possible risks according to our Enterprise risk management criteria

ESG	ESG aspect to consider	Impact Criteria
Governance	Corruption and/or bribery case	Compliance
	Confidential data leakage from suppliers	Compliance
	Legal violation (i.e., financial disclosure)	Reputation
	Tax avoidance	Compliance
Environment	Legal violation (i.e., exceeding pollution limit)	Compliance
	Community dissatisfaction	Reputation
	Disruption from climate physical risk (i.e., flood, drought)	Business interruption
Social	Fatality and/or asset damage from work related accident	Business interruption
	Human right issue violation (i.e. forced labour, child labour, harassment)	Compliance
	Reputation damage from inequality aspects (i.e. discrimination)	Reputation

Impact Criteria	Insignificant	Minor	Moderate	Major	Catastrophic
Compliance	Minor regulation breach, can	Minor regulation breach without	Official warning from breach,	Breach of major regulation that requires	Breach of major regulation possible for company prosecution

	resolve quickly	external impact	impact to external	regulatory intervention/ fine	
Reputation	Not applicable	Stakeholders' dissatisfaction with minimal impact and/or Minor negative perception for public awareness	Stakeholders' dissatisfaction with official channels (letter, phone call, signs etc.) and/or low coverage on local media	Stakeholders' dissatisfaction lead to small protest and/or low coverage on local media impacted to company's image	Stakeholders' dissatisfaction lead to external organization interests and/or published in national media impacted to company's image
Business Interruption	Temporary shutdown	Partial defect, business interruption < 1 hour	System defect, business interruption 1-2 hours	Partial destroyed, business interruption 2-3 hours	Destroyed, business interruption > 3 hours

Likelihood Criteria	Definition
Almost certain	> 5 times per year
Likely	1-5 times per year
Possible	Once in 1-4 years
Unlikely	Once in 4-10 years
Remote	Once in 10 years

Critical suppliers which identified as high and medium ESG risk are considered as “Significant Supplier” which need more intensive ESG assessment activities than low ESG risk suppliers.

3.3 ESG Commodities level risk assessment

B.Grimm Power considers our dependence and risk regarding to commodities product used in our operation, thus we extend our ESG risk based on specific commodities by leveraging Science Based Target for Nature (SBTN) high-impact commodities list to map with our commodities used from our value chain. Thus we prioritise our high-impact commodities to our businesses with following criteria

- Commodities are used directly in our businesses
- Volume of commodities used in our businesses
- Business impact if we cannot use such commodities

All of our prioritised high-impact to business commodities are brought to evaluate ESG risk according to figure 4, then combined with suppliers' country and sector specific risks to illustrate overall supplier ESG risks.

4. Supplier Comprehensive ESG Audit

After the contract is signed, all critical suppliers are audited periodically by B.Grimm Power representatives and/or an independent accredited auditing body (3rd party) assigned by B.Grimm Power. The frequency of audits is different depending on ESG risk level as follows.

1. Significant Supplier (critical high and medium ESG risk) needs to be assessed once a year.
 - i. High risk suppliers need to be assessed onsite if possible.
 - ii. Medium risk suppliers can be assessed onsite or desk assessment.
2. Low ESG risk supplier needs to be assessed onsite or desk assessment once in 3 years.

ESG audit could be conducted by the following methods.

1. Desk audit
2. Onsite audit by B.Grimm Power representatives or independent accredited auditing body (3rd party) assigned by B.Grimm Power
3. Supplier assessments (desk or on-site) using standards and methodologies of a recognised industry or multi-stakeholder initiative.

Examples of ESG-related standards and methodologies are as follows.

1. SMETA – at least 2-pillars
2. Responsible Business Alliance (RBA)
3. Amfori BSCI
4. Responsible Minerals Initiative
5. SAI Platform
6. S&P Global CSA – Member of the Yearbook
7. EcoVadis
8. Sustainalytica
9. MSCI ESG Rating – BBB or above level
10. FTSE4Good
11. ISO 14001, ISO 45001, and ISO 50001

Suppliers shall be informed of the assessment schedule and agenda in advance by B.Grimm Power.

Following the ESG audit, the assessment results shall be communicated to the respective suppliers.

5. Corrective Action Implementation

After receiving the ESG assessment report, suppliers are required to develop a corrective action plan that addresses the root causes of any identified ESG issues. The submission and review process is outlined as follows:

1. Suppliers must submit a corrective action plan with an appropriate timeline to B.Grimm Power upon receipt of the ESG assessment report.
2. The Corporate Sustainability team will review the plan and provide feedback, including whether the proposed actions are approved.
3. The completion date for each corrective action must be approved by the Corporate Sustainability team. Any request for an extension must be justified and formally approved.
4. Follow-up on the corrective action plan may be conducted either onsite or remotely, depending on the nature of the actions. Results of the follow-up will be recorded in the supplier database and used as part of the supplier performance evaluation process.

6. Supplier ESG Development

B.Grimm Power recognises the importance of capacity building across its supply chain to ensure that suppliers are well-equipped to understand and align their practices with emerging ESG trends. Examples include:

- Remote/onsite support of suppliers' corrective actions implementation
- Accessibility to benchmark suppliers' ESG performance against peers
- In-depth and/or specific program on ESG capability development

7. Business consequence from failing to comply with SCOC

Suppliers who fail to comply with the SCOC—such as being unable to resolve ESG issues identified during the assessment within the agreed timeline—may face business consequences. These may include being placed on a watch list, with the possibility of escalation to a blacklist, which prohibits them from conducting business with B.Grimm Power.