

Supply Chain Management

Sino-Thai Engineering and Construction Public Company Limited (STEC), a subsidiary of STECON that operates the core business, places importance on sustainable business development and growth while mindful of all stakeholders. The Company also recognizes the importance of supply chains and suppliers who are major stakeholders. Therefore, the Company laid down supplier management guidelines to build business opportunities, enhance competitive capacity, and develop the business with sustainability.

1. Critical Supplier Identification

The Company identified the Company's critical suppliers (Critical Tier 1) by considering criteria in the following areas: (1) suppliers with a high sales volume; (2) suppliers who provide important products or services to operations; (3) irreplaceable/rare suppliers in the market.

The Company's suppliers are divided into the following three groups: (1) purchasing; (2) service; and (3) rent.

Afterwards, suppliers who do not directly do business with the Company (Non-Tier 1 suppliers) were analyzed under the same criteria with consideration given mainly to effects on the Company's business operations to find Critical Non Tier 1 suppliers. Analysis results can be summarized as follows:

| Suppliers | No. of Suppliers (suppliers) |
|--|------------------------------|
| 1. Suppliers from Whom Purchases Were Made in 2024 (Tier1) | 2,538 |
| 2. Critical Suppliers in 2024 (Critical Tier1) | 13 |
| 3. Suppliers of Critical Suppliers in 2024 (Critical Non Tier 1) | 752 |

2. Supplier Recruitment and Selection

To make the Company's procurement effective, maintain corporate social responsibility and corporate governance, and to support business operations to grow with security and sustainability, the Company has a supplier selection policy to make selection systematic, fair, transparent, accountable, and support suppliers who operate a business ethically along with supporting environmentally friendly products and services without violating the law, committing corruption, or have behaviors that indicate corruption according to the Company's regulations and practices.

For details on the " Vendor Selection Policy and Guidelines " visit the company website at <https://www.stecongroup.co.th/storage/document/cg/stec-vendor-selection-policy-and-guidelines-en.pdf>.

3. Supplier Risk Assessment

In 2024, the company established criteria for the selection of business partners to facilitate risk assessment, identification, and evaluation across economic, environmental, social and safety, corporate governance, and corporate reputation dimensions. The details are as follows:

- Economic risks – including potential impacts from exchange rate fluctuations, oil price volatility, product and service quality, and anti-corruption compliance.
- Environmental risks – encompassing workplace safety, occupational health, environmental management, human rights, and community and social development.
- Social and safety risks – including the effects of climate change, disaster preparedness plans, and compliance with environmental regulations.
- Corporate governance and corporate reputation risks – covering anti-corruption measures and potential reputational impacts on the company.

The risk assessment results indicated that the majority of risks were classified as moderate to low. The company remains committed to conducting annual risk assessments of business partners in accordance with the established criteria and will actively monitor the most frequently identified risks, regardless of their classification as high or very high.

Additionally, based on the Enterprise Risk Management (ERM) assessment following the COSO framework for data collection and risk evaluation, the company faces no risk from dependency on a limited number of suppliers or business partners.

4. Supplier Code of Conduct

To support suppliers to have business guidelines consistent with sustainable development guidelines, the Company has specified the Supplier Code of Conduct for suppliers to use as a guideline in business operations.

In 2024, the company undertook the following related actions:

- The company required all business partners with a purchase, contract, or rental order value of 1 million THB or more to acknowledge the company's Supplier Code of Conduct. A total of 1,201 business partners, representing 100% compliance, have acknowledged the code.
- The company established criteria for business partners who must accept and undergo an annual self-assessment of the Supplier Code of Conduct (Supplier Code of Conduct Self-Assessment). In 2024, a total of 65 business partners met the criteria, all of whom have accepted the code. The average self-assessment score was 98.7%

For details on the “ Supplier Code of Conduct” visit the company website at <https://www.stecongroupp.co.th/storage/document/cg/stec-supplier-code-of-conduct-en.pdf>

5. Supplier Development

The Company places importance on promoting development of supplier capacity in the areas of development of products, services, work processes, and innovations to build relationships and cooperate to achieve business objectives.

Therefore, the Company specified “Supplier Development Policy”, set development plan and training guidelines in the areas of work safety, construction work processes, construction project management, products/services/technologies for construction work, etc. Each construction project was planned with suppliers in each year.

In 2024, an example from STEC demonstrates collaborative efforts by the Government Complex Project, which conducted training sessions with 14 business partners to enhance their capabilities. The training covered key topics aimed at strengthening knowledge and cooperation with business partners, including building system installations, electrical and communication systems, among others. This initiative fostered a better understanding of collaborative work, resulting in faster project execution, reduced procedural errors, and improved customer satisfaction.

Additionally, STEC partnered with TOA Paint (Thailand) Public Company Limited on the Gypsum Board Waste Management Project, which aimed to develop construction processes and manage construction waste properly, ensuring that it does not burden the environment and society. This initiative promotes sustainable construction project management. As part of this effort, the Government Complex Project (Zone C) provided training and guidance on integrating gypsum board construction waste into an appropriate waste management system. Through this initiative, approximately 78 tons of gypsum waste were successfully reintegrated into production as recycled content.

For details on the “ Supplier Development Policy” visit the company website at <https://www.stecongroupp.co.th/storage/document/cg/stec-supplier-development-policy-en.pdf>