

## Risk & Impact Assessment

**1) Strategic Risk:** The Company takes into consideration factors that may affect strategic operations, including political, economic, social and technological factors, in setting the business direction and goals that correspond with global changes, the regulatory context and the outlook of the electricity industry in light of intensifying competition and greater volatility in investment returns.

**1.1 Risks from changes in the factors that influence corporate performance** including renewable energy promotion, Net Zero Greenhouse Gas Emissions target and the development of energy technology like energy storage, hydrogen energy, Smart Grid, and energy production by consumers (Prosumers). These factors influence the operations. If the organization fails to respond to such changes in a timely manner, it may lead to missed opportunities and affect the targets in terms of revenue and shareholders' returns.

**Mitigation Plan:** Emphasize more renewable energy investment under ESG investment framework to attain business growth as envisaged by the vision; and consider further diversification into infrastructure and other New S-Curve businesses in Thailand and abroad to grow revenue and returns.

**1.2 Risks from greater overseas presence** as each country has different policies, conditions and cultures which pose as risks from overseas investment.

**Mitigation Plan:** The Company has identified the investment and risk assessment criteria, having the Investment Committee consider the appropriateness and values of the investment with prudence under the risk appetite and comprehensive information from the Management and advisors, to ensure success. The performance and risk management has been regularly monitored through the Risk Management Working Committee and the Risk Management Committee to make sure that the investment projects are executed as planned.

**1.3 Risks from talent shortages to support business expansion.** The Company plans strategic moves to invest more overseas and diversify risks by investing more in infrastructure and other businesses, including public transportation and healthcare services. The shortages pose risks as the Company is building workforce in support of the overseas expansion plan and diversification into new businesses.

**Mitigation Plan:** A long-term HRD Master Plan is established to enhance the capabilities of job operators at all levels, along with the inclusion of experts from new businesses into the organization's workforce so as to prepare for future business plans.

**2) Operation Risk:** The assessment of opportunities and threats from risks concerning different incidents at investment projects that may hurt, for example, the ability to generate revenue, the management and maintenance of machinery efficiency, planned and unplanned maintenance of the machines at commercially-operating projects, as well as the progress of projects under construction and development which should progress in line with budget plans

**Mitigation Plan:** Schedule a regular analysis and assessment of operational competency and revenue generation of each project, both in terms of the effectiveness and readiness; formulate a proper maintenance plan in line with maintenance standards and waste control policy; consider the management approaches that ensure under-construction/development projects meet implementation plans chiefly taking into account the operating cost, commercial operation date, safety, the environment and community; and monitor the performance of commercially-operating projects and progress of under-construction projects through key risk indicators (KRI) in both technical and financial aspects concerning, for instance, Equivalent Availability Factor, Capacity Factor, S-Curve, EBITDA and Net Profit before FX.

**3) Financial Risk:** An analysis of risks on the Company's performance concerning the volatility in interest rates, foreign exchange rates, liquidity and funding cost in light of global economic uncertainties. Given that the Company has investment projects overseas, it is more prone to the impacts from the 4 aforementioned factors.

**Mitigation Plan:** Set an appropriate financial policy to manage financial risks; contain the possible impacts from the volatility in interest rates, foreign exchange rates and liquidity at the appropriate and acceptable level; and make financial planning both in terms of the values and time period to suit the Company's investment plan so as to reduce expenses and financial cost. The financial planning includes the consideration of refinancing or Green Bond issuance.

**4) Compliance Risk:** Since the Company seeks investment opportunities in other types of projects and expands overseas which involve varying regulations, criteria, laws, traditions, cultures and operational

procedures, the Company is exposed to inevitable risks. It is therefore necessary to assess potential opportunities and threats from such investments.

**Mitigation Plan:** Study and understand the laws, regulations, principles, procedures, rules, traditions and cultures of that particular country from reliable sources; review the information together with experienced and specialized legal advisors; and seek local partners that have experience and expertise in a particular project to reduce the impacts and risks related to laws, regulations, traditions, culture and rules. Besides, the Anti-Fraud and Corruption policy and regulation were announced as guidelines for the Company Group and all employees to ensure transparent and fair business operations in accordance with the principles of the Thai Private Sector Collective Action Against Corruption (CAC).

**5) Emerging Risk:** New risks emerged in 2022 and affected economic growth as well as business modes. The risks include:

**5.1 Climate change and natural disasters** that were of greater frequency and severity as a result of global warming, affecting the livelihood of people and the operations in several parts of the world. Realizing the risks and necessity to reach solutions, several countries gathered at the COP26 and discussed a global target on greenhouse gas emission reduction. The meeting led to new regulations, measures and rules relating to emission reduction. Thailand subsequently announced the carbon neutrality target in 2050 and the net zero greenhouse gas emission target in 2065, which affected the Company's planned business direction and operations.

**Mitigation Plan:** Consider raising the Company Group's renewable energy capacity ratio to at least 25% of total capacity within 2025, in alignment with the national greenhouse gas emission reduction target; and consider investing in projects that support regulatory changes as well as the government policies to involve businesses in the battle against the global warming.

**5.2 ESG risks:** The environmental, social and governance principles (ESG) have played a bigger role in society these days. The Company realizes the importance of ESG on the Company's strategies and long-term business sustainability, concerning fund sourcing for future projects and credit ratings.

**Mitigation Plan:** Prepare the ESG Master Plan and set ESG targets in both short and long terms involving, for example, the guidelines on carbon reduction at the enterprise level, Love the Forest the Community Project, the preparation of Supplier Code of Conduct, and the establishment of the ESG Working Committee represented by all functions for concrete execution of the ESG policy.

**5.3 Cybersecurity threats:** Computer network, information system and personal data protection are prone to such threats given the widespread embrace of more efficient, convenient and rapidly-changing information technology into business operations. Cybersecurity threats have evolved accordingly, forcing businesses to learn about such threats and constantly update preventive measures for prompt responses and risk mitigation. Businesses must also place more emphasis on personal data protection to prevent confidential information leak, as stipulated in the Personal Data Protection Act B.E. 2562.

**Mitigation Plan:** Schedule constant upgrades on the cybersecurity system; prepare a backup system to ensure business continuity; set requirements on the setting of passwords and file encryption; raise awareness and understanding in cybersecurity and data privacy among employees.

**5.4 COVID-19 transmission:** The transmission rate of COVID-19 virus dropped in 2022 but a large number of people remained affected by travel restrictions across the globe.

**Mitigation Plan:** Outline guidelines and measures to minimize the likelihood and impacts from the spread of the virus; for instance, temperature screening of staff members and visitors, space control, grouping people into teams, social distancing, online meeting, work from home, disinfection and cleaning; consider adjustments to the maintenance plan and spare parts management plan as well as the construction plan and machinery delivery for projects under construction and development; make travel plans for foreign specialists in advance; and arrange virtual business negotiations.

**5.5 Revenue risks:** SPP power plants face risks from volatile revenue flows given a large volume of electricity distributed to industrial users (IUs) in industrial estates. The power plants suffered from higher fuel prices following the Russia-Ukraine War as well as the government energy pricing policy that did not reflect the actual costs.

**Mitigation Plan:** Consider options to control the operating cost and unnecessary expenses, including the postponement of maintenance schedules or the adoption of energy-saving programs.