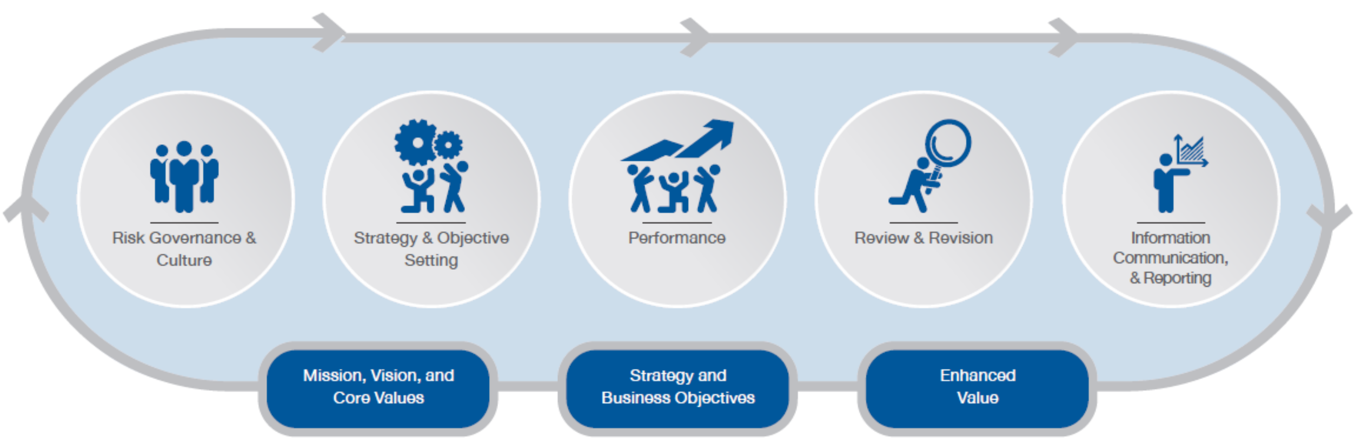
Risk Governance

The Company is aware of the importance of effective risk management and believes it is a critical factor enabling stable business operations and sustainable achievements of growth targets. The Company adopts the COSO-ERM 2017 framework or the Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management 2017 in formulating the risk management principles and framework both at the enterprise and project levels. Key risk indicators (KRI) are outlined accordingly, for the tracking of business units' risk level to reduce overall operational uncertainties and improve the chance of success. The integration of risk management mechanism and the Company's strategies and operations ("Integrating with Strategy and Performance") will lead to achievement of goals and objectives. The integration demonstrates the significance of risk management towards the Company's viability and growth in line with the vision, objectives and operational goals both in the short term and long term as guided by the ESG principles. Risk assessment has been stipulated, taking into account the likelihood and possible impacts. It involves identifying, analyzing, evaluating, categorizing, managing, controlling, following up, reporting, assessing and communicating the risk information to internal stakeholders continuously and regularly, to ensure the Board of Directors, Risk Management Committee and top-level executives acknowledge and are aware of the critical risks the Company is facing, as well as factors that may affect the Company's future risk status.

The risk management procedure comprises 5 components are as follows:



1) **Risk Governance and Culture**: The Board of Directors' roles, operational structure according to strategic objectives, identification of desirable culture, dedication to organizational values and the strengthening of human capital.
2) **Strategy & Objective Setting**: The analyses of business context, identification of risk appetite, evaluation of organizational risk management alternatives and identification of business goals under the risks.
3) **Performance**: The Identification of risks, evaluation of the severity, risk prioritization, responses to risks and review of the overall aspect of risks. Enterprise Risk Management
4) **Review & Revision**: The evaluation of changes arising from risk management; review of the risk-management ability and level of risks; and the improvement in the risk management system.
5) **Information, Communication & Reporting**: The use of information to support risk management, utilization of different communication channels in support of risk management and the report of implementation success and prevailing risk culture.

Risk Management Structure

The Company has established a systematic risk management structure, comprising:

1) **Risk Management Team (RMT)**: Managerial-level representatives from each function serve as members of the Risk Management Working Committee, to jointly assess risks, prepare mitigation plans and consider risk factors under their responsibilities at the project and corporate levels.
2) **Risk Management Committee (RMC)**: The Company's sub-committee reviews the appropriateness and adequacy of the Risk Management Working Committee's plans; considers if the mitigation plans are cautiously outlined; and offer additional suggestions on risk assessment and mitigation plans for significant risks for the efficiency in the Company's risk management.
3) **Meetings between the Risk Management Committee and the Audit Committee**: The meetings are aimed at integrating and streamlining risk management and audit activities to ensure reciprocal supports. The assessment results of project and corporate risks are the topics of joint consideration, to monitor, follow up and determine if the risks are comprehensively and adequately managed in all dimensions.

Key Risk Factors

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.
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.
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.
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.
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.

   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.

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.

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.

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.