

Emerging Risk Management

RATCH takes into consideration global economic, political, societal, and environmental trends when analyzing risks on business operations and likelihood in the next 3–5 years. These risks are identified as emerging risks that the Company needs to be prepared for and map out the response plans accordingly. They are:

Cybersecurity threats	
<p><u>Factor:</u> IT system is an integral part of the organization, where data (both belonging to the organization and relevant individuals) is stored for all departments' processing and analysis. Cybersecurity threats are imminent and likely to get more complex and cause greater damage.</p>	<p><u>Risks and impacts:</u></p> <ul style="list-style-type: none"> • A leakage of confidential information and personal data due to cyberattacks • Damage to finances and reputation following cyberattack-related lawsuits and penalties
<p><u>Response plan:</u></p> <ul style="list-style-type: none"> • Modernize the cybersecurity system. • Install the backup system to ensure business continuity. • Set rules on the setting of passwords and database encryption keys. • Raise awareness and understanding among job operators in cybersecurity and personal data protection. • Prepare the response procedure for cyberattacks and the procedure to handle personal data breach or leakage, with help from responsible units. 	

Climate-related risks	
<p><u>Factor:</u> Climate change influences natural disasters and the consequences tend to intensify. It poses physical risks and transition risks to the business operations and the shifting to the low-carbon economy.</p>	<p><u>Risks and impacts:</u></p> <ul style="list-style-type: none"> • Water shortage/flooding/rising temperature/ extreme heat/fire/storm that affects electricity generation, the investment in power plants and operating results • Legal amendments and the energy transition in light of climate change that affects the Company's business models and revenue
<p><u>Response plan:</u></p> <ul style="list-style-type: none"> • Monitor short and long-term changes in weather conditions, focusing on average precipitation on land and over the oceans, storm frequency and severity, etc. for the analysis of possible impacts on the Company's assets and 	

preparation of a mitigation plan; and apply water stress analysis tools in evaluating the risks of river basins which are the raw water sources for the electricity generation of the Company's power plants and planning mitigation responses.

- Consider investing in projects going along with the trends of legal and regulatory amendments as well as changes in relevant government measures, rules and policies; or in businesses with climate-related objectives.
- Proclaim the Company's carbon neutrality target and the decarbonization roadmap; apply GHG-reduction tools and mechanisms such as internal carbon pricing, and reforestation for carbon credits; and study the development of future energy such as hydrogen.

Energy technology risk

Factor: Energy innovations have changed rapidly, driven by efforts to contain the increase in global temperature. Emerging technologies involve energy storage, electric vehicles, carbon capture, and hydrogen while artificial intelligence will play an increasing role in the energy business. All will induce significant changes to the direction of the energy industry as well as electricity generation.

Risks and impacts:

- Business strategies and objectives not matching energy trends
- Electricity generation business models being forced to change along technological changes
- Human resource knowledge and skills not matching technological changes
- Application of effective AI in replacement of new job employment

Response plan:

- Map out the study plan and long-term investment plan targeting New S-Curve businesses in the energy infrastructure and power generation industry such as Battery & Energy Storage, Carbon Capture, Hydrogen, and Peer-to-Peer electricity trading, in preparation of new business trends.
- Seek strategic partnerships focusing on the expertise in future energy.
- Promote and improve human resource knowledge and skills on innovations and technology that tend to create significant impacts on the operations.