

Risk Management Policy and Guidelines

Ratch Pathana Energy Public Company Limited (“The Company”) committed to achieving business objectives, creating value, and stability for the best interests of the stakeholders in accordance with Good Corporate Governance. The Board of Directors’ meeting of Ratch Pathana Energy Public Company Limited No. 5/2024, held on June 26, 2024, has approved the Risk Management Policy for the Company and subsidiaries as follows.

1. To keep the balance of risk and reward from business operation in order to ensure that the operational goals and stake-holders’ expectation are achieved under risk levels accepted by the executives
2. To set strategy in line with risk levels which the Board of Directors considers as acceptable
3. To support the risk management to become a part of organizational cultures, which is necessary to operate it effectively and efficiently by all executives and employee
4. To handle risks impacting on the company’s objectives and strategy immediately and continually
5. To establish risk management guidelines for various aspects such as anti-corruption, human rights, climate change, economics, society, and corporate governance.

The Corporate Governance and Risk Management Committee is aware of the ever-changing domestic and international economic environment. Therefore, preparation must be made from risk considerations to formulating strategies for driving businesses that focus on sustainable energy development. Establish a business continuity management plan to support various factors with changes that may affect the operation of the Company by appointing a risk management working group for each business. To jointly assess and analyze risk factors that affect the organization. Including subsidiaries and various projects from both internal and external factors. And consider a risk management plan that exceeds the medium level, which is defined as an acceptable risk (Risk Appetite), prepares a Business Continuity Management Plan (BCP), as well as continuously monitoring management results and reporting progress to the Executive Committee and the Board of Directors periodically acknowledged.

To strengthen the risk management culture in the organization, the executives and the Corporate Governance and Risk Management Committee proceeded through the meeting and operational activities. They have also made participation in the risk management system as a part of the performance evaluation for all employees. The risk management system is set as a key performance indicator (KPI) of department heads and managers of all relevant departments.

Sustainability Risk Management

The Corporate Governance and Risk Management Committee recognizes the importance of managing the constantly evolving economic, social, and environmental landscape. As a result, the committee conducts assessments and analyzes the risks and opportunities arising from sustainability issues that may impact the organization, including its subsidiaries and projects, both from internal and external factors. Additionally, the committee reviews risk management plans by applying the organization’s overall risk management framework to address risks related to Environmental, Social, and Governance (ESG) aspects as follows:

Economic and Governance Risks:



Risk Factors and Opportunities

• Economic Changes

The economic landscape, along with fluctuations in oil prices, may impact the pricing of electricity and steam. These fluctuations could, in turn, affect the overall demand for energy, the cost of key raw materials, and foreign exchange rates. Additionally, shifts in government policies may influence the strategic direction of business development.

• Technological Disruption Risk

The rapid evolution of innovation and technology in the energy sector presents both opportunities and risks for businesses. If organizations fail to adapt or invest appropriately in new technologies, they may experience a loss of competitive edge. Additionally, reliance on outdated technologies or legacy systems can reduce operational efficiency, thereby impacting the financial stability of the business.

• Data security or computer system and cyber attacks

IT systems are the part that can support business operations for convenient, fast, competitive, and can create business differences. The evolution of cyber threats is becoming more sophisticated and intense. It is therefore a channel for cyber attacks on the company's collective database. Loss of sensitive or financial information Affecting the confidence and performance of the company. Therefore, a challenge to reduce the impact. The company have set the key risk management measures as follows:

- It is scheduled to replace IT equipment every 3–5 years. The replacement model must have better performance, including a security system, intrusion prevention system and backup.
- Install advanced systems and programs to protect data security from cyber threats such as Deep Discovery Inspector, WAF, Hyper Converged Infrastructure (HCI), Dell VXRail Server, Data Leak Prevention (DLP), Cyber Command Intelligent Threat Detection and Response (as disclosed in the Annual Registration Statement (Form 56–1 One Report) Topic “Risk Management”


Risk Management

- Strategic Business and Investment Planning Aligned with a Dynamic Economic Landscape
- Analyze risk factors that may impact the organization's objectives.
- Develop contingency plans to address potential changes and uncertainties.
- Continuously monitor operational performance to ensure alignment with strategic goals.


- Study innovative approaches in the energy business and assess the risks associated with investments in new technologies and innovations, including an analysis of expected returns.
- Continuously monitor information, news, and evaluate the evolving landscape of new technologies

- A policy for maintaining cybersecurity and information technology security is in place, with the establishment of task forces in each area to ensure preparedness. Training is provided to employees to raise awareness of the policy and the Cybersecurity Act B.E. 2019.
- Communications and public awareness campaigns about the legal aspects and recommendations for using information technology are carried out through screen notifications when using computers or the intranet. This ensures that all employees are informed and aware of the importance of the Cybersecurity Act B.E.2019.

Economic and Governance Risks:

	Risk Factors and Opportunities	Risk Management
	<ul style="list-style-type: none"> • Risk of Personal Data Protection The improper use and disclosure of personal data, if not handled with adequate precautions, could lead to significant losses and impact current business operations. It is essential to comply with legal regulations and any amendments to laws related to data protection. 	<ul style="list-style-type: none"> • The company complies with the Personal Data Protection Act and relevant laws to ensure strict protection of personal data. Regular monitoring and audits are conducted to ensure compliance with the laws. • The company has a Data Protection Policy in place to safeguard personal data. • The company has implemented programs to obtain consent (both through forms and verbal agreements) in accordance with the Personal Data Protection Act B.E. 2562 (2019).

Social Risk:

	Risk Factors and Opportunities	Risk Management
	<ul style="list-style-type: none"> • Human Rights The company has assessed human rights risks to prevent and mitigate the impact of such risks. The assessment of human rights risks related to labor includes the following aspects: employee working conditions, employee health and safety, discrimination and harassment against employees, freedom of association, assembly, and collective bargaining, and the use of illegal labor. Based on the risk assessment results, the company ensures compliance with labor practices and human rights standards. <p>The group has a fair and standardized employee selection system, including written tests and interviews, to evaluate knowledge, skills, and the suitability of individuals for specific job positions. The company adheres to principles of fairness and equality in human rights in accordance with its human rights policies and practices, ensuring no discrimination based on gender, religion, political rights, or any other factors.</p> <p>Furthermore, the company provides internal employees with the opportunity to apply for vacant positions if their qualifications are suitable. If no suitable internal candidates are found, the company will then proceed with external recruitment.</p>	<ol style="list-style-type: none"> 1. Compliance with Human Rights Policies and Practices: <ul style="list-style-type: none"> • The company does not engage in or support any activities that violate human rights. • The company upholds the principles of independence and respects diversity in thought, gender, race, religion, politics, and other matters. It ensures that expressions or opinions that could lead to conflict or division are avoided. • The company provides channels for communication with employees, allowing those who feel they have been treated unfairly to submit complaints. These complaints will be addressed with attention and fairness. • The company requires that all employees and contractors be at least 20 years of age, and it prohibits the employment of child labor or the use of forced labor, as well as any form of gender discrimination. 2. Training and providing information to all new employees before they start work, as well as conducting training for contractors before commencing work to ensure they understand safety, environmental, and energy-related issues, along with the company's goals, policies, regulations, and compliance requirements. 3. Establishing a welfare committee within the organization to involve employees in determining the criteria, benefits, and welfare programs that go beyond the legal requirements, demonstrating a commitment to employee care and well-being. 4. Continuously monitoring information, news, and evaluating the situation.

Social Risk



Risk Factors and Opportunities

• **Safety, Occupational Health, and WorkEnvironment**

The company's operations may involve accidents or emergencies that could impact the safety of employees and workers, as well as affect the confidence of local communities and society.

• **Outbreak of Emerging Diseases and Severe Infectious Diseases**

Following the global outbreak of COVID-19, changes in biological factors, the environment, and human behavior, along with extreme climate change, may lead to the spread of severe infectious diseases or emerging diseases. These outbreaks can have a severe impact on public health, posing challenges to both health and economic systems. The operations of employees and workers, as well as business continuity, are significantly affected. Additionally, the outbreak of emerging diseases is characterized by unpredictability and constantly evolving patterns, making it difficult to forecast with accuracy.

• **image and reputation damage**

The energy business, especially electricity generation, is of interest to society, so there is a risk of being rejected or not being accepted in the business. If there is an impact on safety, occupational health, environment to the community and society acceptance and trust from the community and society. It is an important factor that affects long-term business development.

Risk Management

- Manage safety, occupational health, and environmental operations through an environmental management system (ISO 14001) and an occupational health and safety management system (ISO 45001). Regularly review hazard identification and risk assessment processes to ensure the safety and well-being of employees and contractors working within the company.
- Develop manuals and conduct drills for emergency and disaster preparedness, such as fire and chemical spill scenarios.
- Implement safety awareness programs to enhance the safety consciousness of employees and contractors working in the organization.

- Developed a Business Continuity Plan (BCP) to mitigate potential impacts on the company from disruptive events.
- Implemented measures to prevent the spread of infections, aiming to reduce severe health risks for employees and on-site workers.
- Provided training to employees to raise awareness of emerging infectious diseases and severe communicable diseases, with an emphasis on preventing and minimizing the risk of infections both at the workplace and in nearby communities.
- Continuously monitored news and updates, assessed risks, and closely monitored events.

- Establish guidelines and develop plans to prevent and reduce safety, occupational health, and environmental impacts, as well as to improve the quality of life for employees and nearby communities.
- Set up a department responsible for enhancing the organization's image by following the company's sustainability policy, monitoring performance, and carrying out community relations activities in the area to foster ongoing communication and understanding with the community.
- Foster community engagement by listening to feedback from the community, creating a communication manual, and implementing a process for handling community complaints

Environmental Risks:



Risk Factors and Opportunities

• Climate Change and Natural Disasters

Climate change and natural disasters resulting from global warming are becoming increasingly severe, leading to various risks. These risks include direct impacts, such as natural disasters and droughts, and indirect impacts, such as stricter regulations, new standards, changes in consumer behavior, and technological transformations. The Ratch Pathana and Affiliates recognizes the importance of addressing these issues and is actively working to reduce greenhouse gas emissions in a tangible way. This effort aligns with global initiatives to tackle the climate crisis as an urgent priority. The company is committed to focusing on the development and investment in renewable energy businesses.

• Environmental Laws and Regulations

The company strictly adheres to laws and regulations related to environmental impacts and safety. A designated department is responsible for monitoring and analyzing results, ensuring compliance with the evolving legal and regulatory landscape. This includes continuous tracking of changes in laws and regulations that may affect environmental impact and safety. This proactive approach allows the company to develop timely measures and contingency plans to mitigate potential environmental risks.

Risk Management

- Establish policies to address climate change and appoint a working committee for greenhouse gas management to drive the organization's greenhouse gas reduction efforts.
- Set greenhouse gas management targets aimed at achieving Carbon Neutrality by 2050, and report greenhouse gas management performance to the Sustainability Committee and the Board of Directors accordingly.
- Assess the organization's greenhouse gas emissions and removals by registering the organization's Carbon Footprint (CFO) and Product Carbon Footprint (CFP) with the Greenhouse Gas Management Organization (Public Organization) or GHGMO.
- Continuously monitor information, news, and evaluate situations to assess organizational risks.
- Communicate the importance of, and encourage participation in, greenhouse gas reduction measures to all employees and stakeholders to address climate change.

- environmental Management: Managed through an Environmental Management System (ISO 14001).
- Policy Implementation: Adhered to policies related to quality, environment, safety, and energy conservation.
- Environmental, Safety, and Occupational Health Handbook: Developed a manual to guide operations and monitor performance in environmental management, safety, and occupational health.
- Emergency Response Plan: Prepared emergency response plans, created operational manuals, conducted training sessions, and performed drills to test equipment and alarm systems in accordance with the defined schedule, ensuring strict adherence to the guidelines.
- Impact Mitigation and Environmental Monitoring: Reported the results of monitoring mitigation measures and environmental quality checks to the Office of Natural Resources and Environmental Policy and Planning, the Energy Regulatory Commission, the Department of Industrial Works, the Industrial Office, local administrative organizations, and relevant agencies.