

## Risk Management Policy

Absolute Clean Energy Public Company Limited ("the Company") and its subsidiaries recognize the importance of effective organizational management in driving the organization to grow and expand its business with stability and financial security and to generate returns for shareholders as well as conforming to Good Corporate Governance. The Company and its subsidiaries also prioritize Check and Balance amidst the current business competition they are facing, which is constantly changing due to both external and internal factors, and such competition may affect their ability to achieve their goals and complete their core missions. Therefore, the risk management policy must cover at least 4 aspects of risk as follows:

1. Financial Risk
2. Operational Risk
3. Strategic Risk
4. Compliance Risk

The Board of Directors agrees that the risk management system should be implemented in the operations of the Company and its subsidiaries for good corporate governance in order to continuously strengthen the confidence of the shareholders and all parties involved in the operations, and to achieve the objectives of and add value to the Company and its subsidiaries. The objectives of the risk management policy and framework of the Company and its subsidiaries are defined as follows:

### Definitions of Risk and Risk Management

**Risk** is defined as "uncertainty opportunities/events or matters which prevent the current plans or operations from reaching their objectives/goals and subsequently cause negative impacts on the organization, both in terms of financial aspect and the image and reputation of the organization."

**Risk Management** means "processes performed by the Board of Directors, management and all personnel in the organization to assist in the formulation of strategies, plans, and operations. It is designed to identify events that may occur and impact the organization and to manage risk appetite so that the organization can gain reasonable confidence that it would achieve the objectives it has set forth."

### Objective of Risk management

1. To implement an internationally standardized risk management system throughout the organization and set risk management as an integral part of the decision-making process for strategies, plans and operations the Company and its subsidiaries.
2. To formulate measures and guidelines to keep the remaining risks within an acceptable level by considering measures to effectively reduce the likelihood and/or impacts of potential risks, which will drive the Company and its subsidiaries to achieve the specified objectives both on the organizational and departmental levels.
3. To identify unexpected risks or crises and take actions to reduce losses or damage to the organization appropriately and in a timely manner.

4. To keep the Executive Committee, the Audit Committee and the Board of Directors informed of important risks, risk outlook, and overall risk profile, and to supervise the risks with efficiency and effectiveness.
5. To ensure that all departments are responsible for identifying, assessing, and managing critical risks regularly, including in the case of important events, activities, processes and/or projects, or in the case of significant changes that have never taken place within the organization, while taking into account the risk appetite and practical capability at reasonable costs.
6. To ensure regular communication and transfer of risk management knowledge to personnel, development of their understanding and awareness of risk ownership, and joint risk management among those responsible for the same work.
7. To operate in accordance with the principles of good corporate governance and Check and Balance, the Company separates the risk management duties from the business units. In addition, for effective risk management, the Company may consider establishing a risk management working group which can be appointed by the Board of Directors to monitor and manage risks appropriately and in a timely manner. The Risk Management Working Group operates under the supervision of the Chief Executive Officer (CEO) and must report significant risks to the Company and its subsidiaries and the status of the risks, risk management guidelines, progress, and results of risk management to the Audit Committee and/or the Board of Directors as necessary and appropriate or as required by the Audit Committee and/or the Board of Directors.

## **Risk Appetite**

Risk Appetite is the maximum acceptable level of risk on the organizational level that may be specified by the Board of Directors or a group of persons or persons assigned by the Board of Directors such as the Audit Committee, Executive Committee, Risk Management Working Group, or Chief Executive Officer (CEO), and is used to evaluate and manage risks. Any risk that has been analyzed and assessed to have possible impacts on the Company and its subsidiaries beyond their risk appetites is to be managed by the agency owning the risk. The agency is required to prepare a risk management action plan and report it to the Risk Management Working Group by dividing the risk appetite into 3 areas as follows:

### **1. Financial Risk Appetite**

The Company and its subsidiaries accept any loss of money or reduction of revenue to a certain extent but not more than the level that materially affects their liquidity or financial position.

### **2. Business Continuity Risk Appetite**

The Company and its subsidiaries accept a certain extent of interruption or delay in business continuity but do not accept any interruption or delay that is so prolonged that it causes continual damage to performance and consequently significant impacts on confidence in the quality of products and services as well as customer satisfaction.

### **3. Customer Satisfaction Risk Appetite**

The Company and its subsidiaries do not accept any assessment results of customer satisfaction obtained through their random surveys that are lower than their standards as the results below standard can affect the operations and reputation of the Company and its subsidiaries in the future.

## **Risk Management Policy**

The Company and its subsidiaries recognize the importance and necessity of implementing an internationally standardized risk management system in their management, with the aim of becoming leading organizations with a good image and reputation that satisfy their customers, and of setting operational standards throughout the organizations. Therefore, the risk management policy is specified as follows:

1. Personnel at all levels are responsible for risk management. They must be aware of the risks involved in the operations of their own units and organizations and ensure that they appropriately keep different risks in various fields under systematic internal control.
2. The organizational risk management process must be established in accordance with international standards to ensure the effective management of risks that may affect the operations of the Company and its subsidiaries, and to standardize risk management throughout the organizations. The risk management system will be an integral part of the decision-making process for strategies, plans and operations. By focusing on achieving their objectives, visions, missions, and strategies, the Company and its subsidiaries will excel in their operations and successfully build the confidence of all parties involved.
3. Guidelines for preventing and mitigating risks arising from the operations of the Company and its subsidiaries must be formulated to avoid damage or loss that may occur, as well as regular monitoring and evaluation of risk management.
4. The use of modern information technology systems in the risk management processes of the Company and its subsidiaries must be promoted and developed. Personnel at all levels must be provided with access to information on risk management thoroughly, and an effective risk management reporting system must be established for submission to the Audit Committee.

## **Enforcement of Compliance with This Policy**

The company recognizes the importance of risk management in accordance with this policy, particularly regarding risks and opportunities in strategy, operations, business activities, climate change, natural disasters and catastrophic events, as well as sustainability matters such as anti-fraud and anti-corruption, human rights, and occupational health and safety, which are key aspects of the company's sustainability. Therefore, the company has established the following guidelines for enforcing compliance with this policy:

1. **Board of Directors - Roles and Responsibilities:**
  - Establish, review, and approve the risk management policy and related policies.
  - Provide guidance, control, and oversight to ensure overall compliance with this policy.
  - Support and promote adequate and effective risk management at the organizational level.
  - Delegate responsibility to the Sustainability and Risk Management Committee to oversee the organization's risk management, including risks related to climate change and sustainability.
  - Serve as a leader who demonstrates commitment and acts as a role model, ensuring that employees, stakeholders, and the public are informed of the company's position.
  - Consider and approve processes related to risk management, including in cases that risk events occur or when matters are reported for acknowledgement.

**2. The Sustainability and risk management committee - Roles and Responsibilities:**

- Establish, review, and recommend a risk management policy and supporting practices, and present them to the Board of Directors for consideration and approval, to ensure alignment with the company's operations and enable effective and efficient risk management.
- Oversee the identification of risks and the assessment of both current and potential future impacts and opportunities, as well as reviewing the organization's risk management plans and processes. This responsibility encompasses risks and opportunities in the following areas.
  - Strategic, business operations, and financial
  - Operational
  - Regulatory compliance and government policy changes
  - Environmental, Social, and Governance (ESG), such as human rights, occupational health and safety, anti-fraud and anti-corruption measures, and the business code of conduct
  - Climate change
  - Natural disasters and catastrophic events
- Oversee the effectiveness of the company's risk management process by monitoring and evaluating the implementation of the risk management framework and risk management plans to ensure comprehensive adherence as well as driving the continuous implementation of this policy.
- Report the results of risk management oversight to the Board of Directors for acknowledgment as appropriate. In the event of factors or events that may significantly affect the Company and/or its subsidiaries, report them to the Board of Directors for prompt consideration.

**3. Senior Management - Roles and Responsibilities:**

- Establish procedures and methods for risk management, as well as the review and improvement of processes to ensure alignment with this policy.
- Supervise and oversee operational-level employees to ensure compliance with this policy, and communicate it to employees and relevant departments at all levels to foster a risk-aware culture.
- Define roles and assign responsibilities to personnel accountable for operational-level risk management, covering risks related to climate change, ESG, anti-fraud and anti-corruption, human rights, and occupational health and safety.
- Promote the development of knowledge and skills in organizational risk management for personnel at all levels.

**4. Operational Level (Executives and General Employees) - Roles and Responsibilities:**

- Strictly comply with the provisions of this policy.

**This policy shall be effective from May 23, 2025 onwards.**

**Committees**

**Absolute Clean Energy Public Company Limited**