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Policy

Risk Management Policy

Revision	00
Effective Date	2023-11-29
Process Owner	SD & Risk Management

Document Revision Control				
<u>Revision</u>	<u>Author</u>	<u>Effective Date</u>	<u>Change Description</u>	<u>Ref. Doc no.</u>
00	nathathai_b	2023-11-29	Please review and approve. (This policy is modified to align with BANPU Group and more covering on ESG aspects)	BPP-SD&R-PO-003

Approval Record		
<u>Approver</u>	<u>Job title</u>	<u>Date</u>
Somruedee Chaimongkol	Chief Executive Officer	2023-11-29
Kirana Limpaphayom	Chief Executive Officer - BANPU Power	2023-11-27
Issara Niropas	Senior Vice President - Power Operations	2023-11-27

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Introduction:

Banpu Power Public Company Limited and its subsidiaries (“the Company” or “BPP Group”) recognizes enterprise risk management as an integral component of good corporate governance which is fundamental in achieving the Company’s strategic and operational objectives. The identification and management of risks improves decision-making, maximizes potential opportunities, and minimizes the adverse effects of risk that may have an impact on shareholders’ value.

Objective:

The Enterprise Risk Management Policy (“the Policy”) is intended to:

- (1) Provide a consistent framework for the Company’s risk management process, ensure implementation across all operations in BPP Group and align with Banpu Group to safeguard company assets.
- (2) Ensure that risk responsibilities are delegated appropriately in compliance with the legal frameworks in which Banpu Power operates, in order to provide effective controls over identified risks.

Scope:

This Policy applies to all operations and functions under Banpu Power and its subsidiaries in which Banpu Power holds more than 50% of shares.

This Policy shall be reviewed every 2 years, or whenever there is a significant change to the Company's operating environment. The review shall be coordinated by the Sustainable Development and Risk Management Department.

Definitions:

n/a

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Policy Statement / Principles:

(1) The Company conducts its business with acceptable risk levels in order to achieve its objectives, create stability with sustainable growth, and fulfill the expectations of its stakeholders. The accepted risk levels are identified and communicated via Risk Appetite and Tolerance document. The Company has designated risk management as part of the annual business plans, day-to-day management and decision-making, and the project management process.

(2) All the Company's management and employees are risk owners who are responsible for identifying and assessing the risks in their business areas covering ESG aspects and formulating appropriate mitigation measures along with utilizing AI tools to assess, monitor, mitigate and make support decisions on their risk factors.

(3) All risks to the achievement of the Company's objectives must be:

- Identified in a timely manner;
- Assessed with regard to the likelihood of events occurring and the impact if they were to occur;
- Treated in a manner that is consistent with the Company's risk criteria with regard to the costs and benefits of the treatment;
- Monitored and reported to ensure that they are properly managed.

(4) All risks to the Company's business plans and strategies which have "High" and "Extremely high" risk level will be monitored by using predictive analysis tool such as Key Risk Indicators (KRIs) and must be reported to the Risk Management Committee, the Audit Committee and the Board of Directors.

Responsibility:

Party	Roles and Responsibilities
Board of Directors	Approves policy, oversight and review of risk management within the Company.
Audit Committee	Assists the Board of directors by reviewing the risk management process and activities and endorsing the risk policy to ensure appropriate risk assurance.
ESG Committee	Oversight, monitor and provide guidance on key risk management practices related to ESG aspects.
Chief Executive Officer	Implements this Policy and monitoring its ongoing through the Risk Management Committee. Promotes culture of risk management.
Risk Management Committee	Provides management and ensures that the high priority business risks are being identified and consistently assessed, and that

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	effective mitigation measures are in place.
Internal Audit	Provides independent review of risk management practices on periodical basis and reviews the effectiveness of internal controls / mitigation plan through an annual, risk-based audit plan.
Risk Managers (Business Unit Level)	<ul style="list-style-type: none"> • Arrange and facilitate risk meetings and workshops involving staff in the BUs and SUs in conjunction with risk coordinators where applicable; • Assist risk owners with the identification of risk responses and development of action plans; • Aggregate of all risk distributions, reflecting correlations and BU/SU effects, and the formulation of the results in terms of impact on the BU/SU's key performance metrics; • Constantly convey key concerns and management expectations to related parties / risk owner; • Prepare risk management reports and submit on a timely basis Promote the risk management to staffs through education and training within own BU and SU.
Risk Coordinators (Supporting Unit and Asset level)	<ul style="list-style-type: none"> • Arrange and facilitate risk meetings and workshops involving staff in the Departments and Assets for which they are responsible; • Assist risk owners with the identification of risk responses and development of improvement action plans; • Collect and collate risk management information; • Constantly convey key concerns and management expectations to related parties/ risk owner; • Prepare risk management reports and submit on a timely basis; • Promote the risk management to staffs through education and training within own Unit/Department and the Company.
All management and employees	<ul style="list-style-type: none"> • Apply risk culture to all aspects of the Company's operations; • Manage risks within their areas of responsibility by identifying, analyzing, evaluating and prioritizing their own risks along with formulating appropriate mitigation measures. The process owners will be the owner of the risks in their respective areas.
	<ul style="list-style-type: none"> • Builds confidence and respect business-wide, at all levels, to gain acceptance for consistent risk management practices; • Cultivates strong risk culture to share understanding of risk and supports the Company's strategy, business model, operational practices, and competitive advantage; • Helps fostering risk management ownership, through education and training; • Plans in detail and co-ordinates activity to achieve ongoing risk management reporting cycles within Banpu Power; • Arranges and facilitates risk committee meetings, presentation and workshops involving staff at all levels across organization in conjunction with risk coordinator where applicable; • Organizes resources across the business to provide risk

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Sustainable Development & Risk Management	<p>management training and development where required;</p> <ul style="list-style-type: none"> • Arranges to have complex risk information consolidated, prioritized and reported and decides where information can add value; • Assists risk owners with the identification of risk responses and development of action plans; • Provides guidance on the framework used for risk assessment and advises the Risk Management Committee on best practice risk management initiatives; • Enables the Risk Management Committee to fulfil its responsibilities as stated in its Charter, and • Promotes the Risk Management Process to the Directors, Executives, Heads of Business Units, and Heads of Departments and assists them in integrating the process into the Business Plans. <p>The Sustainable Development & Risk Management department is responsible for:</p> <ul style="list-style-type: none"> • Formulating risk management strategy and risk criteria for the Audit Committee's consideration and approval; • Reviewing the Company's risks and their mitigation measures as evaluated by the risk owners, and recommending improvements; • Overseeing the effectiveness of the Company's risk management process by continuous monitoring and review; • Reviewing this Policy on a regular basis.
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References:

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