

Risk Management Policy

Clover Power Public Company Limited realizes the importance of the risk management as a critical component of strong corporate governance. The Company also believes that clear and systematic planning of risk management is the responsibility of personnel at all levels of the Company to prevent and manage potential risks or damages that may occur to the Company, which improves the sustainability of the business and increases the chances of achieving the objectives and growth of the Company.

The Board of Directors has approved this risk management policy in order to effectively manage the Company's risks and to conform with the objectives, main goals, strategies and acceptable risks of the Company's business, as well as to serve as a guideline for the Board of Directors, Audit committees, executives, management and all employees in risk management, which promotes a risk management culture in the management process and works at all levels throughout the Company.

The Company's Risk Management Policy is under the supervision of the Board of Directors and the Audit Committee, who are responsible for considering and approving the promulgation and review of risk management policies and related operating manual regulations, as well as considering the results of the risk assessment and approving management guidelines and action strategies for risk management.

The Board of Directors has assigned the risk management working group to oversee risk management by analyzing risk factors, characteristics, causes, and effects; formulating management guidelines and operational strategies for risk management; following up on risk issues, and keeping track of departments to comply with the risk management policy and a defined risk management action plan; and reviewing the risk management policy at least once a year to consider improving the risk management policy and presenting it to the Audit Committee and the Board of Directors for approval in order to make risk management a part of the corporate culture. Risk management is defined by the Company as the responsibility of personnel at all levels in all departments of the Company, including the Board of

Directors, Audit Committee, executives, management, and all employees, by requiring everyone to manage risks in accordance with the rules and regulations of the operation manual and report the risk management results to the supervisors accordingly.

Risk Management Guidelines

Risk Management Structure of the Company

Risk Factors of Business Operations

The Company's risks were analyzed into 2 areas, business risk and financial risk, which are risk factors that the Board of Directors deems may have a significant impact on current operations and are related to the Company's future investments but do not represent all the risks of the Company as follows:

1. Business Operation Risks

The Risks that may arise from the business operations of the Company Group are summarized as follows:

1) Risks of Dependency on a Small Number of Major Customer

At present, the Company Group's main income is from power plant projects and engineering services, which starts commercial operations of 4 commercial power plants (excluding RTB, which is an associated company) such as biomass power plant projects, waste power plants, and natural gas power plants, which sell electricity to the Provincial Electricity Authority ("PEA") under the power purchase agreement, and provides construction services for power plant projects, which includes 1 private customer and xx general project construction services. Therefore, the Company Group may be at risk if, in the future, the Company Group is not able to accept work from the customer groups of engineering services continually. In the event that customers have to delay or reduce expenses according to the budget or the power purchaser terminates the power purchase agreement, it may have a significant negative impact on the Group's performance and financial position.

For the overall energy industries, the government has placed importance on energy security and supports the production of electricity from renewable energy sources to be environmentally friendly, as evidenced by the policies that support renewable energy power

plant projects. In addition, private customers tend to invest in projects involving power plants and steam supplied to the factory system to reduce energy costs. Therefore, the engineering services business related to the energy business still has an opportunity to grow. As for the power generation and distribution business, the Company Group sells electricity under the power purchase agreement to PEA, which is a reliable government agency and is normal business practice. The Company Group has regularly monitored and followed up on the operations of power plants to ensure that their operations are in accordance with the terms and requirements of the PPA and related regulations.

In addition, the Company Group has the policy to seek business opportunities by increasing revenues from operating power plants and related businesses, as well as expanding its customer base by providing more engineering services from both domestic and foreign countries to reduce the risk of relying on a small number of customers.

Risks in the Business Operation of Generating and Distributing Electricity from Renewable Energy

2) Risk from Shortage of Biomass Fuel and RDF used in the Production Process.

The Company Group uses biomass fuel as the main material for the operation of the electricity generator. Each project may use different biomass fuels depending on the area, climate, suitable industrial crops in the vicinity, the sufficiency of fuel in each area, etc. As for the current RDF fuel, the Company Group's waste power plant uses RDF waste fuel, which is a type of industrial waste with procurement of RDF waste from nearby fuel vendors and industrial plants and the purchase of waste fuel in front of the factory. However, if in the future, the government encourages the construction of more power plants from waste fuel, it may result in increased RDF fuel demand in the long term.

The Company Group is aware of the importance of fuel procurement and is planning to procure other alternative biomass fuels. The storage area is prepared and the fuel storage planning is appropriate for each season. For example, reserving fuel as much as possible before the rainy season when the fuel raw materials are low and the price is high, as well as procurement and procurement of biomass fuel from farmers or small sellers of biomass raw

materials as additional revenues and an alternative source of raw material procurement for the Company Group for RDF fuel. The Company Group has planned to procure waste from other waste materials from various vendors and from nearby industrial plants to ensure a sufficient fuel supply for the Company's production capacity and as an alternative source of long-term fuel supply for the Group.

3) Risk from Volatility in the Price of RDF Biomass Fuel and Natural Gas

Since biomass fuel is a commodity-related to agricultural products, there may be uncertainties in both price and quantity. The price of each type of fuel depends on the demand and supply factors of the fuel during that period or season, the quality and moisture content of the fuel, transportation distances, etc. As for the price of RDF fuel over the past few years, there may not have been much volatility. However, if in the long-term future, the government encourages the construction of more waste-fueled power plants and there is a growth in electricity demand according to the economic situation, it will result in increased demand for RDF fuel, or there may be Promoting the processing of recycled waste into new and reusable materials or the economic recession, industrial factories reduce production volumes, resulting in a reduction in the amount of industrial waste as well. There are factors related to future price changes. As for natural gas, which is the fuel for the Company's combined cycle power plant project, the price may increase from time to time. Therefore, the Group may be exposed to risks from fuel price volatility, which will affect the cost of production and operation of the power plant project.

The Company Group has managed the risk of fuel price volatility by arranging for the use of fuel from a mix of raw materials in each season. Low-cost auxiliary fuels are used in combination with primary fuels, which can be expensive in certain seasons, to manage costs to a set level and to provide guidelines for pursuing cooperation agreements with farmers in the area in procuring and purchasing auxiliary fuel, as well as procuring warehouses and storage areas for fuel storage and reserves for use during times of shortage and seasonal fluctuations in prices.

For RDF fuel, the Company Group has a management approach by purchasing fuel directly in front of partner factories, reserving fuel from partners, and additional industrial

plants in a distant radius to ensure that the that Company Group will have enough fuel for electricity generation.

For natural gas fuel, the Company Group has a plan for expanding opportunities for various energy uses from additional combined cycle power plant projects in order to reduce the cost of production per unit.

4) Risks from the Quality of Biomass Fuel and RDF

Since the quality of biomass fuel and RDF is an important factor in power generation, biomass fuel and RDF should have the appropriate heat and moisture values so that the power plant can operate its power generating equipment with the required efficiency. This will affect the amount of power generated and the Group's performance. In this regard, the Group has established written criteria for the quality of the fuel purchased. In addition, the Group's power plants will store fuel as a reserve for use during the rainy season, and in managing the recycling of fuel, the quality of the humidity and calorific value of the fuel will be taken into account. The power plant has to prepare biomass fuel and RDF with appropriate properties before they are used.

5) Risks from the Unexpected Disruption of Machinery

In the operation of a power plant business, The Company Group's performance depends mainly on the actual amount of electricity generated during the operating hours. Therefore, if there is an event outside the plan that results in the Company having to stop or being unable to continue operating its machinery to generate electricity, it may materially affect the operating results of the Group.

The Group is aware of such risks and, therefore, has arranged to monitor the operation of the power plant 24 hours a day, reserving spare parts of the machines, providing education, regularly inspecting and maintaining the machines within the power plant according to the maintenance plan under the responsibility of personnel with knowledge and expertise of the Company Group, to be able to recognize problems and take corrective action so that power plants can resume normal production and distribution and to ensure the efficient operation of the power plant.

6) Risks of Failure to Comply with the Terms and Conditions of the Power Purchase Agreement

The Company Group has made power purchase agreements under the Company and its subsidiaries, in the form of Very Small Power Producer purchase agreements (VSPP) with PEA. In this regard, the power purchase agreement made with PEA is a standard contract. This allows either party to terminate the contract because the counterparty fails to comply with the conditions stipulated in the contract. Therefore, the Company Group may be at risk of termination of the contract if it fails to fully comply with the terms of the contract.

However, the Group has personnel with knowledge, capability, and experience in the power plant business and has procedures for monitoring and auditing compliance with contracts, laws, and regulations related to business operations. This ensures that the Company Group can fully comply with all relevant contractual, legal, and regulatory requirements.

7) Risks from Public Opposition to Environmental Impact

In the construction of the power plant of the Company Group, there is a process of accepting the opinions of the people and stakeholders. During operation, power plants must comply with environmental laws and regulations of government agencies so that they do not affect the environment, operators, and nearby residents. Although the activated power plants of the Group have already undergone the process of listening to the opinions of the public and stakeholders in the process of applying for relevant licenses, the Group remains at risk of public opposition to environmental impacts arising from the management of pollution, including climate, odor, noise, and wastewater, generated by its power generation process. This may lead to complaints to government agencies for the power plant to stop operating or improvements in the production process or litigation for damages and complaints to government agencies for the power plant to stop operating, litigation for damages, which incurred costs of improvements, legal costs, or damages arising from litigation, and may affect the renewal of the power plant license and the operating results of the Group.

The Group is aware of the above-mentioned risks and places importance on business operations for coexistence with local communities and environmental protection. There have been measures in place to monitor and supervise the power plants and personnel to comply with the operating regulations and requirements of contracts or related laws on a regular basis and to arrange for public relations personnel to monitor and supervise, listen to, and pro-actively address problems that may affect the communities in the immediate vicinity, including continually organizing activities to build relationships with the community.

Business Operation Risks

8) Risk of income inconsistencies

The Group provides engineering services including design, procurement of machinery, equipment, the construction of a fully integrated renewable energy power plant, energy related infrastructure and general structure (Valued EPC). The revenue from sales and engineering services will depend on the government's supporting policies and investment plans of private customers. Therefore, the Company Group is exposed to risks from income inconsistencies if the Company's customers slow down. Investments that will affect the Group's income and performance.

From the overall energy industry, the Group Company provides such engineering-related services. The government has given importance to building energy security and supporting the production of electricity from renewable energy to be environmentally friendly, as evidenced by the policy supporting various types of renewable energy power plant projects. Therefore, the engineering service business related to the mentioned energy business still has an opportunity to grow. The Company Group is an integrated engineering service provider with experience and expertise in power plant construction and infrastructure construction, according to the conditions and requirements of the auction or project, as well as having engineers and technicians who have knowledge and experience in the construction, operation, and maintenance of power plants. However, the Group continues to gain income from new customers, from building and general infrastructure construction services, and from both domestic and overseas sources. The Group also has a main policy of focusing on investing in energy businesses such as power plants in order to generate a consistent long-term income.

9) Risks from Dependency on Subcontractors for Construction Operations

In the operation of the engineering-services business, in which the Company Group has provided integrated construction services for renewable energy power plants, the Company Group has a project management team to complete the project on time and achieve the quality as stipulated in the contract and hires subcontractors to carry out the work according to the expertise of each type of work. Therefore, if the Company Group is unable to find a contractor or if the contractor is unable to perform the work according to the contract or according to the specified standards, it may affect the performance of the service, delayed project delivery, additional expenses, reputation, and operating results of the Company Group.

In this regard, the Company Group has prepared a list of contractors for each type of work, which must be selected based on qualifications, expertise, experience, adequacy of resources, financial status, credit terms, the quality of past deliveries, and price comparisons. The Company Group will closely supervise and monitor the quality of work of the subcontractors. There will be a team at the unit and from the center responsible for monitoring and supervising the operation, looking for ways to prevent and solve problems according to the situation that may occur in each project, and regularly ensuring that work can be delivered to clients within the time limit and in accordance with contract requirements.

10) Risks from Inaccurate Project Cost Estimates and/or an Inability to Control Costs in Business Operations

In the operation of an engineering-services business, including providing integrated construction services (Valued EPC), the Company Group will need to prepare cost estimates in order to know the project cost before combining it with the projected profit to offer the price to the employer. Therefore, if the Company Group's cost estimation is incorrect: the cost estimate may be too high, it may result in an inability to compete in the business, or the cost estimate may be too low, or significantly lower than the actual cost incurred, it is possible to affect operating profit. In addition, the Company Group is exposed to the risk of being unable to control project operating costs in accordance with or below cost estimates, which may have a material adverse effect on the Group's performance.

The Group is aware of such risks and, therefore, has established cost estimation guidelines that are carried out by experienced personnel who study project details, the scope of work, production technology, machine characteristics, and customer requirements, as well as review cost information related to the Company Group's historical construction cost database, cost information, reference prices, and comparable market prices. In the process of preparing cost estimates to prepare bid prices, quantities and unit prices of construction materials and labor (BOQ) will be obtained from the Group's engineers for estimation by comparing them with cost estimates and pricing in past projects of the Company Group. As for procurement, the Company Group has a price comparison process and negotiates prices with suppliers in order to get the most benefit, after which cost estimates are presented to the management for review and approval. In addition, after the Company Group has been hired to undertake the construction of the project, there will be cost control management. The Company Group has a team from departments and central agencies with experience in the construction business that closely reviews and monitors costs and operations in order for potential problems to be addressed in a timely manner and reduce the risk of having actual costs that exceed estimates.

11) Risks of late delivery and/or failure to meet contractual requirements

In general, in the provision of project contractual services, a project contract delivery date will be specified, including the quality requirements of the work and a penalty if the contracting party fails to deliver the work at each stage of completion of the specified work according to the deadline specified in the contract. The scope of work of the Company Group is the construction and installation work that may be hired by subcontractors according to the expertise of each type of work if the group considers that it is beneficial to the Group. However, if the Company Group is unable to control the operations of the subcontractors to comply with the standards and deliver the work within the time specified in the contract, it may result in an increase in project costs or expenses according to the contractual penalty payment and may have a material impact on the Group's performance. In addition, if the Group fails to deliver the work on time, it may have a detrimental effect on the Group's reputation, image, and credibility. Although in the past, the company has never paid a penalty for late delivery of work.

The Group is aware of such risks and, therefore, has assigned personnel to closely monitor work and control operations in accordance with the specified work plan by following up the delivery of machinery and equipment in accordance with the specified time, which requires a guarantee of performance and result. The procurement of the main machinery and the hiring of the main subcontractors need to be specified the conditions for delivery of the work in accordance with the same conditions as the main contract of the project. During the construction, the team from the unit and from the center will be responsible for controlling and managing the project to ensure quality meets the requirements and is completed within the specified time, with work control concerning safety and impact on the surrounding communities and environment. In the event that the project work is delayed or is expected to be delayed later than the specified plans, the relevant operational departments will discuss it with the management so that corrective action can be taken within the time limit. In the event that it becomes necessary to request an extension of time due to any other factors, the Company Group will expedite the negotiation with the customer and the employer immediately to notify them of the incident and request an extension of the time period.

Other Risks Related to Business Operations

12) Risk of Dependence on Personnel

For the business of providing engineering services, the operation and maintenance of renewable energy power plants require knowledge, skills, and specific experience of personnel. Therefore, if the Company Group loses such personnel, it may affect its ability to control and manage the project effectively.

The Company Group recognizes the importance of such personnel and has established guidelines for retaining personnel, which are valuable resources to the Company Group at all levels, by establishing attractive and appropriate compensation and benefits to promote the development of knowledge transfer and personnel training continually. There is a rotation of duties or locations of projects that are operated in order to transfer knowledge within the team and reduce the risk of dependence on individual personnel.

13) Risk from Delayed Development and Construction of Projects

At present, the Company Group is constructing a solid waste sorting and processing plant to produce RDF waste fuel and is in the process of developing several future projects. In the process of project development and construction, several steps must be taken by the relevant authorities of each country, such as the process of applying for a business license, a construction license, a power purchase license, and other related licenses, as well as listening to the opinions of stakeholders and assessing their impact on the environment (as the case may be). These processes may be delayed or involved with factors or events that are beyond control and may place the Company Group at risk of being unable to proceed with the development or construction as planned or delay in carrying out the planned schedule. This may cost the Company Group trial payments or work-in-progress, which will be reviewed at the end of each quarter, or have a higher investment in project development and may affect the future earning of investment in the project and the performance of the group not to be as expected.

The Company Group is aware of such risks by stipulating that relevant personnel are required to monitor and control the operations in each step, plan the project implementation together with the engineering department, and continuously monitor and report progress and obstacles that may arise in the project development to the management periodically. Therefore, the problems can be monitored in a timely manner without a delay in project development.

14) Risks from Policy Changes by Governments and Other Related Regulators

At present, the Company Group operates its main business related to the development of renewable energy projects both domestically and internationally and invests in the production and distribution of electricity from renewable energy under the supervision of the government and related agencies. If the government or related agencies change or cancel policies, terms, or conditions related to supporting the purchase of electricity and the business of producing and selling electricity from renewable energy, it may significantly affect the results of operations, business plans, and business guidelines of the Company Group in the future.

In this regard, the Company Group has internal personnel who directly monitor energy policy and bring information to be assessed for risk analysis and preparation of plans in the event of government policy changes in order to be able to adjust and compete in business timely.

15) Risk of Incomplete Compliance with Laws and Regulations related to Business Operations

The Company Group's main business is related to the production and distribution of electricity from renewable energy and is subjected to various laws and regulations related, such as the Town Planning Act, 1975 (including amendments), the Building Control Act, 1979 (including amendments), the Factory Act, 1992 (including amendments), Energy Industry Act, 2007 (including amendments), and the regulations of the Energy Regulatory Commission (“ERC”), etc. The Company Group operates businesses in foreign countries which must comply with various laws and regulations related to that country. Therefore, if the Group fails to comply with the relevant laws or regulations accurately and completely, it may significantly affect the Group's operations and business operations.

In this regard, the Company Group has assigned personnel to study and monitor changes in relevant laws and regulations, as well as to ensure compliance with laws and regulations related to business operations.

16) Risks from the situation of the coronavirus disease 2019 (COVID-19)

The current situation of the COVID-19 virus pandemic has affected the society and the economy in a widespread way, both domestically and abroad. Although the power plant business and the engineering service business of the Company Group may not be directly affected by the aforementioned situation, it may be indirectly affected by the investment decision of the private sector and may decide to delay the project or postpone the project plan.

The Company Group has realized and given importance to the above situation by closely monitoring the project operation, power plant operation, and the pandemic situation, educating and communicating with personnel in terms of occupational health and disease prevention, as well as planning and organizing an operation team to respond to the situations

that may change in each period. In the event that the implementation of the project is delayed due to related factors, the Company Group will communicate and discuss closely with internal teams and customers to prepare for and mitigate the impact of project breaks or delays.

2. Financial Risk

1) Risks from the ability to pay debt

The Company Group has interest-bearing liabilities, most of which are long-term loans from financial institutions to support its operations. Therefore, the Company Group has obligations to repay principal and interest as stipulated in the agreements and to comply with certain financial conditions specified in the loan agreement. In the event that the operating results and cash flows of the Company Group do not meet the estimates and the financial conditions stipulated in the agreements, the Company Group may be at risk of being unable to repay the loans and interest as scheduled, which may have a negative impact on the liquidity of the Company Group and the securities that can be placed as collateral.

In this regard, the Group has established guidelines for all companies to strictly comply with the terms and conditions of the credit agreements and to supervise the Group's performance, including the efficiency of the machines and the operation of the power plants. In the event that the conditions under the credit agreement cannot be fulfilled, a request for a waiver must be filed with the credit lender immediately.

2) Risks from Interest Rate Volatility

The Company Group has long-term borrowings from local financial institutions to support its operations. If the benchmark interest rate rises significantly, it may adversely affect the operating results and financial status of the Company Group. However, the Company has guidelines to manage the source of funds and borrowings in order for the Company Group to have appropriate financial costs and benefit the Company with regard to risk management and may consider using other financial tools necessary to help reduce the risk of future interest rate fluctuations.

3) Risks from Exchange Rate Volatility

At present, in turnkey engineering operations, the Company Group procures most of its machinery and equipment from abroad (paying in the base foreign currency such as USD) as part of the cost of sales and services for construction projects. Therefore, if the foreign exchange rate changes in a materially negative way for the Company Group, it may have a material effect on the Company Group's performance and financial status.

The Company Group is aware of such risks and, therefore, has established forward contracts and monitored changes and trends in exchange rates on a regular basis, as well as attempted to manage payment periods appropriately to reduce the risk of exchange rate fluctuations.