

Risk Management Policy

Objectives

Nernturbo Public Company Limited (“the Company”) recognizes and emphasizes the importance of risk management as a key component of Corporate Governance principles to drive the organization towards sustainable growth and business expansion, maintain financial stability, and deliver appropriate returns to shareholders. Furthermore, we aim to adhere to Corporate Governance principles and maintain a system of Checks and Balances amidst the current competitive business environment which is constantly changing due to both external and internal factors and may impact the Company’s ability to achieve our goals and missions. The Company has assigned the Risk Management Committee to be responsible for establishing a risk management policy and overseeing the implementation or processes for managing risks to appropriately mitigate impacts on the Company’s business.

Definition of Risk and Risk Management

Risks refer to uncertain events, conditions, or circumstances that may cause current plans or operations to fail in achieving objectives or goals. These risks can have negative impacts on the organization, both in terms of financial and the organization’s image and reputation.

Risk Management refers to the process carried out by the Board of Directors, Management, and all employees within the organization involved in strategy formulation and execution. The risk management process is designed to identify potential events that may impact the organization, to manage risks to an acceptable level, and to provide assurance in achieving the Company’s objectives.

Objectives of Risk Management

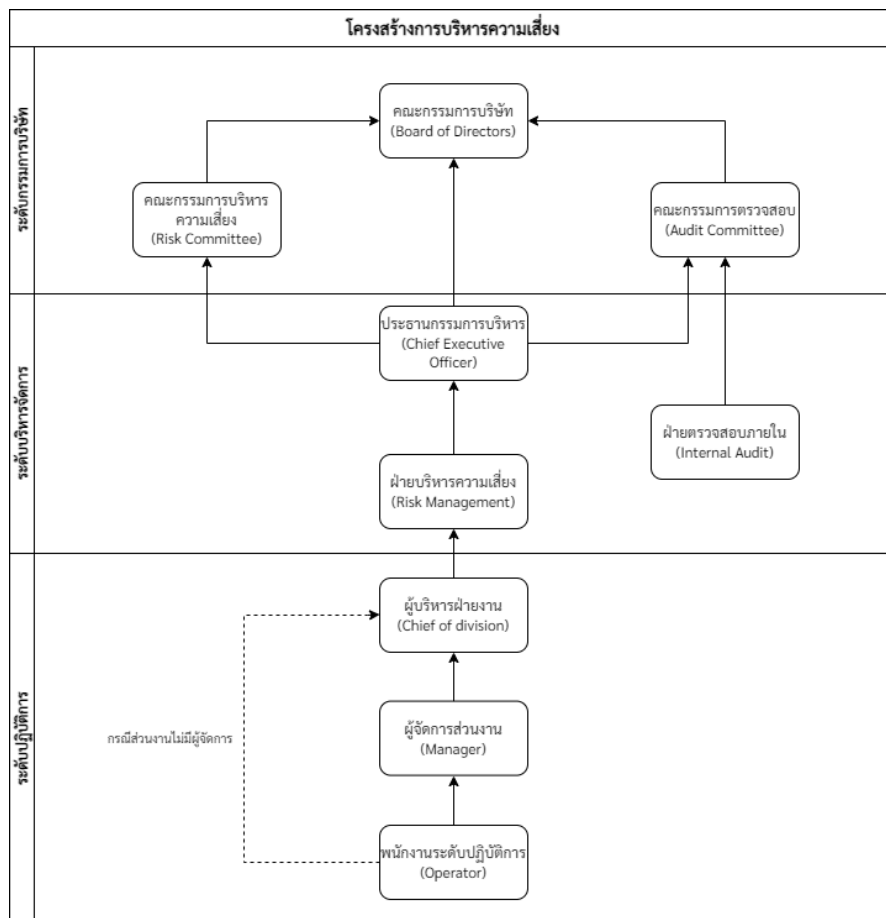
1. To implement a risk management system aligned with international standards applied consistently across the entire organization, and to ensure that risk management is an integral part of the Company's decision-making, strategic planning, and operational processes.
2. To establish measures and approaches for managing residual risks to remain within acceptable levels. This involves evaluating and implementing effective measures to reduce

the likelihood and/or impact of potential risks, thereby supporting the achievement of defined objectives at both the corporate and department levels.

3. To enable the Company to comprehensively identify potential unforeseen risks or crisis situations and to respond effectively and in a timely manner to mitigate losses or damages.
4. To ensure that the Risk Management Committee and the Board of Directors are informed of the Company's significant risks, potential risks, and overall risk, and to facilitate their oversight in ensuring that risks are managed effectively and efficiently.
5. To ensure that all business units and departments are responsible for identifying, assessing, and managing risks regularly. This includes risks associated with new or significant events, activities, processes, projects, or substantial internal changes, always considering the risk appetite, practical feasibility, and cost-effectiveness of control measures.
6. To foster a risk-aware culture through continuous communication and dissemination of risk management knowledge to all employees. This aims to develop their understanding, promote a sense of risk ownership, and encourage collaborative risk management practices within the areas of responsibility.
7. To operate in accordance with the principles of Corporate Governance and Checks and Balances, the Company separates risk management functions from risk-generating business units. Furthermore, to ensure the effectiveness of risk management, the Company has established a Risk Management Committee, mandated by the Board of Directors, to monitor risk issues and manage risks appropriately and in a timely manner.

Risk Management Structure

To ensure compliance to its Risk Management Policy, the Company has established a formal risk management structure. This structure delineates roles and responsibilities for risk management across the organization from operator level to the Board of Directors. The operational framework of this structure is as follows:



Roles and Responsibilities

According to the Risk Management Structure, the roles and responsibilities of each function are defined as follows:

Function	Roles and Responsibilities
Board of Director	<ol style="list-style-type: none"> 1. Provide approval for the Company's risk management framework and oversee the implementation of the established plans to ensure the effectiveness of the risk management process.
Risk Management Committee	<ol style="list-style-type: none"> 1. Define the organization's strategies and policies for operations, and oversee continuous risk analysis and management. 2. Oversee and promote risk awareness among employees at all levels, and foster the continuous implementation of risk management processes throughout the organization, embedding it as an organizational culture. 3. Support employees in acquiring knowledge related to risk management. 4. Review risk management reports and take actions to ensure that risk management is adequate and appropriate, maintaining risks at an acceptable level (Risk Appetite), and that risk management practices are consistently implemented. 5. Continuously develop and review the Company's risk management system to ensure the efficiency and effectiveness, with regular evaluation and monitoring of the risk management process to align with the established policies.

Function	Roles and Responsibilities
	<ol style="list-style-type: none"> 6. Make decisions and provide guidance on significant issues arising in the risk management process. 7. Report the Risk Management Committee's performance results to the Board of Directors for acknowledgment and/or consideration at least annually.
Chief Executive Officer	<ol style="list-style-type: none"> 1. Oversee and ensure that regular analysis and risk assessment in relevant areas are conducted. 2. Approve the approaches for managing risks.
Risk Management Division	<ol style="list-style-type: none"> 1. Compile risks and risk management information from each department and submit them to the Risk Management Committee. 2. Prepare risk management reports for submission to the Risk Management Committee. 3. Coordinate, provide guidance, and assist various departments in analyzing, assessing, and managing risks. 4. Provide knowledge, advice, and assistance to various departments to ensure their understanding of the principles in analyzing, assessing, and managing risks. 5. Monitor the risk management outcomes of various departments and notify the risk-owning departments to consistently manage and review their risk management processes.
Chief of Division	<ol style="list-style-type: none"> 1. Propose risk information and risk management methods to the Risk Management Committee and the Risk Management Division for consideration and

Function	Roles and Responsibilities
	<p>approval.</p> <ol style="list-style-type: none"> 2. Present unmanageable risk issues to the Risk Management Committee for determination of appropriate approaches. 3. Study, analyze, and report potential risks to the Risk Management Division and the Risk Management Committee. 4. Analyze, assess, monitor, and report on the risk management outcomes of all business units. 5. Report any identified risks that have not yet been formally documented or for which existing management measures are inadequate to the Risk Management Division. 6. Thoroughly review and examine the risk management plans.
Manager	<ol style="list-style-type: none"> 1. Adhere to internal control systems to prevent risks. 2. Manage risks in accordance with established guidelines. 3. Review internal control systems that have been implemented by operational level. 4. Report any identified risks that have not yet been formally documented or for which existing management measures are inadequate to the Chief of Division.
Operator	<ol style="list-style-type: none"> 1. Adhere to internal control systems to prevent risks. 2. Manage risks in accordance with established guidelines. 3. Review internal control systems that have been implemented by operational level. 4. Report any identified risks that have not yet been

Function	Roles and Responsibilities
	formally documented or for which existing management measures are inadequate to the Manager.

Acceptable Risk Level

The Acceptable Risk Level refers to the maximum level of risk that an organization is willing to accept, as determined by Management under the oversight of the Risk Management Committee. This level is to be used as a basis for risk assessment and management. If any risk, upon analysis and evaluation, is found to potentially impact the company beyond the acceptable risk level, the risk-owning department must prepare a risk management action plan and report it to the Risk Management Committee.

Risk Management Policy

The company recognizes the importance and necessity of implementing a risk management system based on international standards. The objective is for the Company to ensure customer satisfaction, maintain a positive image, and develop operations in a consistent manner across the entire organization. Therefore, the Risk Management Policy is established as follows:

1. The Risk Management Committee is responsible for reviewing and establishing the risk management policy for both external and internal risks of the company. This policy must be comprehensive and aligned with the business strategy and direction and must cover at least the following six types of risks:
 - 1.1. Financial Risk
 - 1.2. Operational Risk
 - 1.3. Strategic Risk
 - 1.4. Compliance Risk
 - 1.5. Reputational Risk
 - 1.6. ESG Risk

2. Establish that risk management is the responsibilities of employees at all levels, who must be aware of the risks associated with their work within their departments and the organization. Emphasis should be placed on managing various aspects of risk and handling them systematically under internal controls at an adequate and appropriate level.
3. Establish a corporate risk management process adhered to best practice international standards for ensuring effective management of risks that may impact the company's operations, fostering development within the organization, and consistently implementing risk management practices across the organization in the same direction. The risk management system shall be integrated as an integral part into decision-making, strategic planning, and the company's day-to-day operations. Additionally, there shall be a focus on achieving the defined objectives, goals, vision, mission, and strategies to drive operational excellence and build confidence among stakeholders.
4. Establish guidelines for preventing and mitigating risks arising from operations to avoid potential damage or loss. This includes regularly monitoring and evaluating the effectiveness of risk management practices.
5. Promote and develop the adoption of modern Information Technology systems in risk management processes. Support employees at all levels in accessing risk management information resources. Additionally, ensure that the reporting system for risk management activities to the Risk Management Committee is effectively established.

Risk Management Process

To ensure that potential risks and the impact to the company's strategies and objectives are managed according to the defined process which consists of the following 5 steps:

1. Establish and review the criteria for risk assessment, define the company's strategies, objectives, and acceptable risk levels (risk appetite).
2. Risk Assessment: This is divided into 3 sub-steps:
 - 2.1. Identify risks
 - 2.2. Analyze risks
 - 2.3. Evaluate risks

3. Assess the existing risk management measures and determine the level of residual risk.
4. Address and mitigate the remaining risks.
5. Continuously monitor and review the risk management process.