

## 1.4.2 GPSC Risk Culture 2024



# Content

Topic	Page
1. Regular risk management education for all non-executive directors	4-5
2. Focused training on risk management principles	7-9
3. Incorporating risk criteria in the product development/approval process	11-13
4. Financial incentives which incorporate risk management metrics	15-16



# 1. Regular risk management education for all non-executive directors



# Regular risk management education for all non-executive directors

GPSC's regularly provides risk management education for non-executive directors which is imperative to develop themselves to enhance their knowledge in line with the GPSC's policy.

GPSC's board of directors attend the various training session from Thai Institute of Directors (IOD) - Risk Management Program for Corporate Leaders (RCL) is one training sessions that GPSC's board of directors attended to improve their performance. The course is designed to serve as an essential guidance for risk management committee to help them plan and navigate their risk management system through tight regulations and unpredictable challenges. The class explores the different alternatives and factors of preventive risk management plans which committee shall be aware of to ensure the alignment among the companies' risk management schemes, strategies and current and future business environment. This course comprises of 4 sessions: **Risk management Framework, Managing Opportunities, Managing Risks, and Managing Crises**. The training outcomes are an understanding on corporate risk management and governance, roles and responsibilities of risk members, and risk management framework.

List of GPSC's non-executive directors who attended RCL Courses in the past 4 years.

Board of Director	2020	2021	2022	2023	2024
Mr. Payungsak Chartsutipol (Independent Director)	Attended				
Mr. Atikom Terbsiri (Director / Non-Executive Director)	Attended	Attended			
Mr. Boonchai Chunhawiksit (Director/ Non-Executive Director)	Attended				
Mr. Pakorn Apaphant (Independent Director)		Attended			
Ms. Pannalin Mahawongtikul (Director/ Non-Executive Director)				Attended	
Gen. Prachaphat Vatchanaratana (Independent Director)					Attend
Gen Santipong Thampiya (Independent Director)*					Attend

Source:

<https://gpsc.listedcompany.com/misc/one-report/gpsc-one-report-2024-en.pdf>

<https://thai-iod.com/en/director-training-detail.asp?id=139&type=3>

\*Gen. Santipong Thampiya (Independent Director) has resigned, with the resignation taking effect on August 31, 2024

# Regular risk management education for all non-executive directors

## Risk Management Program for Corporate Leaders (RCL)

The program is designed for Board of Directors, Risk Committee and C-Suites to understand about their roles in overseeing different types of risks which also include risks arising from opportunity management and business crises. The program reflects through the perspectives of corporate leaders who are responsible for supervising and monitoring the work of executives who directly manage the risks. The expected outcome of this program constitutes:

- Understand the different types of risks and how to cope with each type of risk appropriately
- Understand the role of each individual in the organization in risk management.
- Understand framework of risk management and how it can be applied to the organization.
- Learn through real case studies from various industries and workshops that will make you better understand how to manage risks.

The screenshot shows the TID website. At the top, there is a navigation bar with links to Participant Testimonials, FAQ, Photo Gallery, Career, Contact Us, Font Size, and a search bar. Below the navigation is a large red 'D' logo. The main content area features a 'Director Training' section with a silhouette of people in a classroom and a 'Risk Management Program for Corporate Leaders (RCL)' section with a red 'RCL' logo. The RCL section includes a 'File Attachment(s)' box with links to 'Brochure RCL35' (187.88 kb.) and 'Application Form' (273.50 kb.). A descriptive text at the bottom explains the program's purpose: 'The program is designed for Board of Directors, Risk Committee and C-Suites to understand about their roles in overseeing different types of risks which also include risks arising from opportunity management and business crises. The program reflects through the perspectives of corporate leaders who are responsible for supervising and monitoring the work of executives who directly manage the risks.'

The advertisement features the TID logo at the top. The central text reads 'Risk Management Program for Corporate Leaders RCL'. To the right is a large image of a goldfish jumping out of a fishbowl, with another fishbowl containing goldfish to its right. Below the image is the tagline 'Gaining Better Performance by Turning Risks into Results'.

## 2. Focused training on risk management principles



# Executive Risk Training

Focused training throughout the organization on risk management principles/ Emerging Uncertain and Global Environment Related to GPSC Group Relevant Business

1



## The world in 2025

- Close to one-quarter of survey respondents (23%) selected State-based armed conflict as a major risk, with civil wars, coups, terrorism, etc. Compared with last year, this risk has climbed from #8 to #1.
- Geopolitical tensions are also associated with the rising risk of Geoeconomic confrontation (sanctions, tariffs, investment screening).
- The risks associated with Extreme weather events also is a key concern for the year ahead, with 14% of respondents selecting it.
- Refers to last year. Misinformation and disinformation and Societal polarization remain key current risks, in positions #4 and #5, respectively.

Risk categories: Economic, Environmental, Geopolitical, Social, Technological



## สรุปความเป็นมา External Forces



## Thailand's Key Current Situation



## Potential Impact to GPSC's Business



Possible Black Swan : e.g. Interstate Armed Conflict of Global Powerhouse

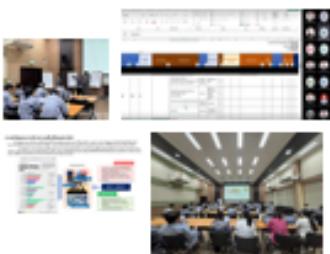
8

GPSC

Source: The Global Risks Report 2024 19th Edition

GPSC regularly broaden knowledge of risk management from tone at the top from Board of Directors level to Management level. The knowledge updates from global landscape of risk perspective to integrate with internal health check using COSO ERM 2017 framework to conduct risk management process

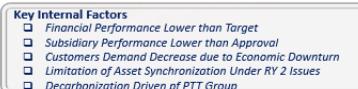
## Risk Management Training



- การเข้าร่วมหลักสูตร Risk Management Training Program (ระดับ Functional & ORM)
- การอบรมเชิงปฏิบัติการ ORM Risk Workshop
- การเข้าร่วม ERM Risk Seminar ผู้บริหารและพัฒนาไม่รั่วไหลท่าทาง

## สรุปสราชสำคัญ Key Consideration of Corporate Risk in Y2025

### Business Pressure



### Management Framework of Corporate Risk Y2025



14

GPSC

# Functional Risk Training

Focused training throughout the organization on risk management principles

GPSC actively promotes its GRC culture as a foundation of the organization and has integrated GRC concepts into the modus operandi of personnel at all levels to ensure that GRC practices are ingrained into the corporate culture. To this end, the Company has promoted and undertaken internal communication through various activities, including training, seminars, and ethics reinforcement programs to raise employee awareness and understanding of their roles within the GRC framework, thus contributing to transparent, efficient business operations and appropriate risk management. Key GRC culture promotion activities carried out in 2024 are as follows:

## Risk Management Effectiveness Enhancement Training:

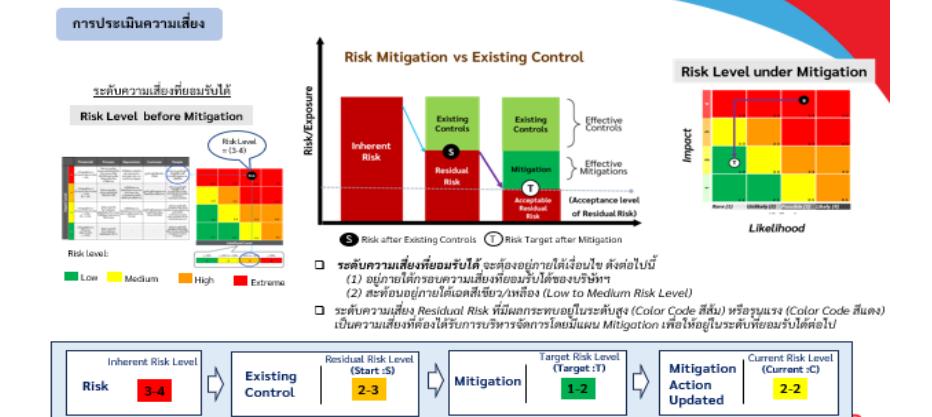
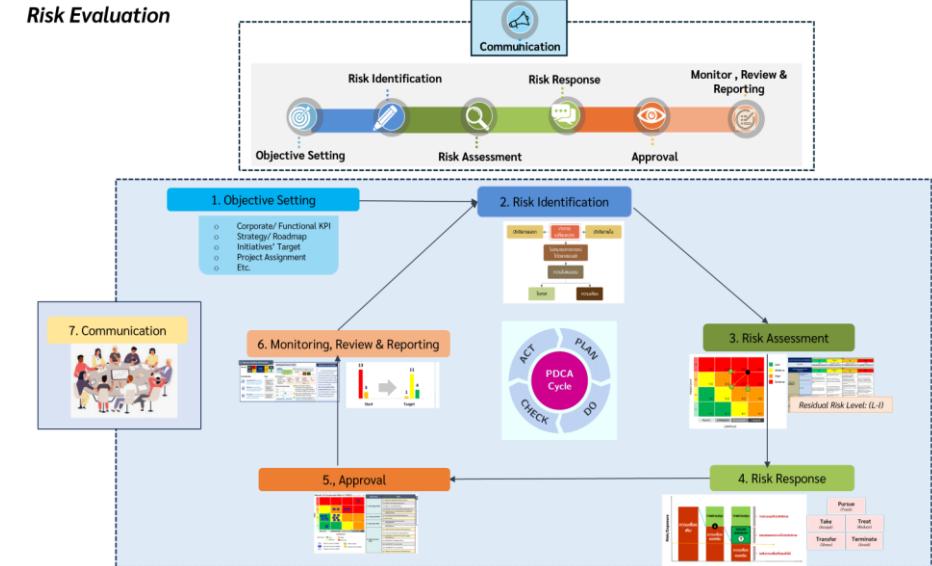
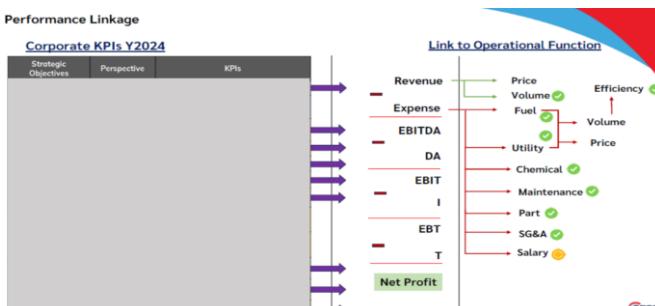
In 2024, GPSC conducted training sessions on the topics of emerging risks due to global trends, risks and opportunities related to sustainability issues, climate change, and operational guidelines and practices for risk management. These training sessions targeted directors, personnel in risk management and internal audit functions, and operations personnel in sustainability-related functions.

Additionally, the Risk Management Division developed over 10 applied risk management courses and functional risk workshops for employees across the organization, integrating content from international risk management frameworks like the COSO ERM Integrated Framework as well as PTT Group's Operational Excellence Management System (OEMS) and GPSC's own corporate risk framework. GPSC believes these training courses will enhance future corporate risk management capabilities and help to enhance relevant practices in the future.



# Functional Risk Training

GPSC also provided focused training from **principal to integrated risk training to employees as well as expanded optimistic risk awareness culture building** throughout the organization on risk management principles.



### 3. Incorporating risk criteria in the product development or approval process

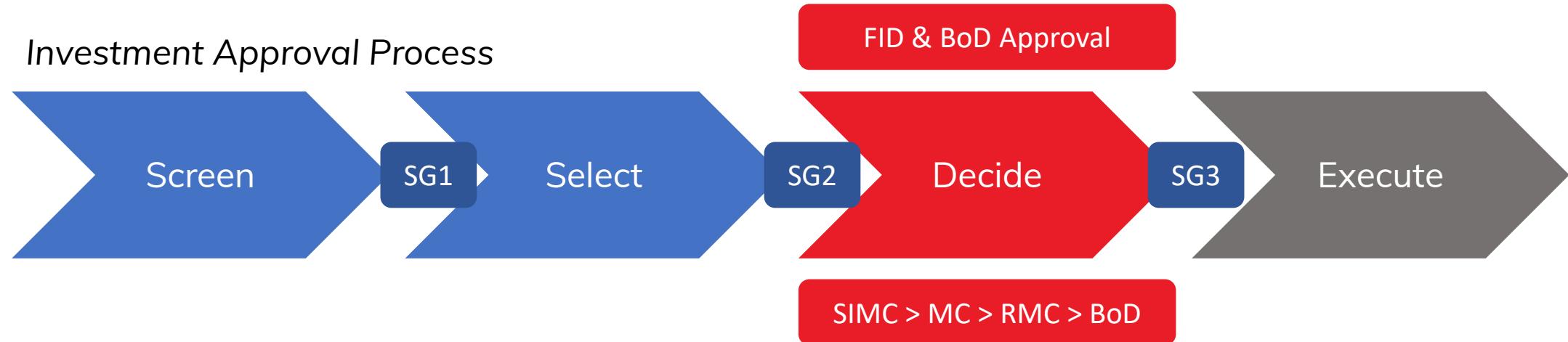
Strategic Investment Management Committee (SIMC)



# Incorporating risk criteria in the product development or approval process

GPSC Group incorporates risk into investment decision-making process at early stage of project development by conducting pre-feasibility study, pre-risk assessment and scenario analysis in which risk must be acceptable level prior to conduct decision making process. All project investment must get approval via Strategic Investment Management Committee (SIMC) and Risk Management Committee (RMC) committee to review all risks.

All investments falling under the scope of GPSC's operations and subsidiaries must comply with the "Investment Policy and Regulatory" and its associated processes. This compliance is crucial for ensuring the best performance of the investments.



SSE\* and their relevant department have to submit the agenda regarding the investment to the meeting of SIMC and RMC in line with the compliance and handbook of GPSC. This is associated with the investment criteria of GPSC for the investment screening that consistently comply with the GPSC's standard.

\* SSE is EVP – Corporate Strategy and Subsidiary Management

# Committee Charter for GPSC SIMC:

<b>Governance:</b>	• Investment decision making process on Stage gate 2-3	<b>Frequency:</b>	• Once a month	<b>Next Gate:</b>	• GPSC MC		
<b>Set-up by:</b>	• GPSC Investment regulation version 2020 part 8	<b>Nominate SIMC Member by</b>	• CEO				
<b>Objective</b>	<p>1) To provide opinions and recommendations on new investment and report the meeting resolution to the GPSC's MC for decision-making.</p> <p>2) To provide opinions and recommend on corporate budgeting plans for business-as-usual initiatives, research and development initiatives and durable goods during the annual budget review, and mid-year budget review, and reporting the results of meeting to the GPSC's MC.</p> <p>3) To monitor and review the progress of the performance of overall investment management of GPSC and GPSC's affiliates.</p> <p>Moreover, the committee has authority to invite the investment project owners and/or affiliates to present the performance of the investment after its investment is approved, and even after the commercial operations have commenced. The committee has the right to revisit the investments that do not meet the plan or the investments that have a negative impact on the performance of the company, or the investments that have risks that cannot be mitigated and not in-line with the company's strategy and business plan, or any obligations that may be imposed on the company.</p>						
<b>Nominate SIMC Member by</b>	<p>1) GPSC CEO has the authority to delegate GPSC SIMC to hold the meeting to consider matters based on company regulation relating to GPSC investment criteria and investment governance for GPSC's affiliates</p>						

GPSC SIMC's committee charter has the responsibility to consider, monitor, assess, review, and report all potential risks related to incorporating risk criteria in new investments. This accountability ensures that risk factors are carefully evaluated and managed in the decision-making process for new investments.

SIMC Members (7 SIMC Member + 2 Advisor)		
1.	Chairman of SIMC	EVP - Corporate Strategy and Investment Management
2.	Advisor	EVP - Commercial
3.	Advisor	EVP - Renewable Energy and Decarbonization Project Management
4.	Committee	Chief of Operating Officer(COO)
5.	Committee	Chief Financial Officer(CFO)
6.	Committee	EVP - Corporate Services
7.	Committee	SVP - Corporate Legal
8.	Committee	SVP - Subsidiary Management
9.	Committee and Secretary	SVP - Corporate Strategy and Sustainability



# GPSC Investment Criteria: SIMC Criteria

## Strategic Fit



Corporate strategy approved by BOD

## Execution Capability



Discussions with management for key corporate assumptions

- Fuel price and power tariff
- O&M scheme concerns
- Customer demand
- Budgeting policy
- Others



Board of Directors (BoD) and Management Committee (MC) approval process

## Financial Return



Business plan communication session

- Corporate strategy
- Budgeting (OPEX & CAPEX) set up guideline
- Initiatives and Risk Assessment Template



Consideration of the Financial projection and budget by SIMC

- Consolidate of financial projection
- OPEX and CAPEX

## Capital Management

## Risk

Investment Criteria for Strategic Investment Management Committee (SIMC) criteria harmonized with the risk assessment into an investment decision making system. The criteria of the risk comprise 5 methods which are:

- Identifying the conditions and any circumstances that can directly impact to the project's targets and accomplishments.
- Identifying the potential risk with regards to free cash flow and preparing both existing control and mitigation plan.
- Identifying the residue of risk which is unmanageable and preparing the risk management plan in defining the risk premium of investment.
- Analyze and evaluate the severity of risk from the impact and likelihood and preparing the risk profile.
- Identifying and studying the conditions in terminating an investment.

SIMC = Strategic Investment Management Committee

## 4. Financial incentive which incorporate risk management metrics



# Risk Management KPI (Financial incentives which incorporate risk management metrics)

**GPSC Group deploys financial incentives as KPI by incorporating risk management metrics** to senior executives. Accordingly, the company incorporates risk management into individual performance evaluation, which links to personal financial incentive. The KPIs deployed to senior executives, who are responsible for risk management and oversight, are linked to monetary incentives. The KPIs contain 2 aspects: 1) the risk owners have to follow the appropriate risk management processes to get approval from the designated committee. 2) Not only significant risks must be managed by mitigation plans, but Key Risk Indicators (KRIs) also will be appointed to monitor risk status and to forecast overall risk management effectiveness. GPSC Group uses the “D-Performance” system for performance review of employee KPIs set in the online system, KPIs achievement will be linked to financial aspects on bonus and salary increment each year. The examples of risk KPI are corporate risk score.

GPSC Group deploys financial incentives as KPI by incorporating risk management metrics to line managers. GPSC Group uses KPI deployment as an essential tool for corporate performance management and to align executives' objective with employees' motivation as risk and rewards mechanism. An executive (EVP) who is responsible for corporate risk management in specific area would directly deploy or tailored distribute KPI related to appointed risk to his subordinates (SVP, VP, Division manager and Employee). By doing so, everyone will have an accountability to participate in risk management

Topic of Incorporate Risk Management	Position	KPIs
Financial Incentives	Senior Executive (EVP)	Effectiveness of Mitigation Action
Financial Incentives	Senior executive (SVP)	Corporate Risk Score (All risks score)
Financial Incentives	Division Manager (DM)	Corporate Risk Score (All risks score)
Financial Incentives	Employee	Corporate Risk Score (All risks score)

# Risk Management KPI (Financial incentives which incorporate risk management metrics)

**SVP**

PERFORMANCE AGREEMENT : ปี 2567

ลำดับ ที่	วัตถุประสงค์(Objective)		ตัวชี้วัดผลการดำเนินงาน (KPIs)				ระดับค่าเป้าหมาย				
	หัวข้อ	น้ำหนัก (%)	ตัวชี้วัด	หมายเหตุ	หมายเหตุ	น้ำหนัก (%)	ต่ำมาก	ต่ำ	ปานกลาง (3) (ค่าเป้าหมาย)	สูง	ต่ำมาก (5)
3	Functional KPIs	65.0%	Business Plan, Corporate Risk Score 2025								
			Risk Management System Improvement (Policy, Appropriate & Tolerance / Criteria & improve or set standard criteria for risk management in screening of new investments or new development projects )								
			Net Zero Strategy & Roadmap (focus on execution)								
		100.0%				100.0%					
											ระดับผลการดำเนินงานโดยรวม :

**KPI for senior executive**  
SVP: SIMC Process improvement & Positioning and Corporate Risk Score

**DM**

ลำดับ ที่	วัตถุประสงค์(Objective)		ตัวชี้วัดผลการดำเนินงาน (KPIs)				ระดับค่าเป้าหมาย				
	หัวข้อ	น้ำหนัก (%)	ตัวชี้วัด	หมายเหตุ	หมายเหตุ	น้ำหนัก (%)	ต่ำมาก (1)	ต่ำ (2)	ปานกลาง (3) (ค่าเป้าหมาย)	สูง (4)	ต่ำมาก (5)
3	Individual KPIs	70.0%	% of Corporate Risk Level (Sum of Likelihood (L) * Impact (I)) which has been decreased to Target level								
			Corporate Risk Profile Development for Y2025								
			Risk Management System Improvement (Policy, Appropriate & Tolerance / Criteria)								
		100.0%									
											ระดับผลการดำเนินงานโดยรวม :

**KPI for line manager**  
DM: corporate risk level, Corporate Risk 2024 and Risk Culture

# Thank You

