

Report of the Risk Management Committee 2022

Dear Shareholders,

In 2022, the Company faced challenges from internal and external operational factors that were severely affected by the unrest in Europe between Russia and Ukraine, which directly impacted supply chains and trade. The soaring energy prices drove global inflation, thus causing intense competition in the Market and affecting the Company's competitiveness. Moreover, fluctuations in feedstock and product prices, including other uncertain factors, such as trends in natural and environmental conservation, review and formulation of environmental policies and measures, promotion of alternative energy, and climate change constituted the issues that the Company valued highly so that it could overcome the crisis, seek business opportunities, strengthen competitiveness, and create sustainable growth. In the past year, the Risk Management Committee performed its duties with its full effort by providing opinions, guidelines, and recommendations for risk management measures to address various crises closely, as well as promoting the Risk and Control Self-Assessment (RCSA), which was part of raising awareness of the work process risk management at its process level. With cooperation from both executives and employees at all levels, GGC was able to overcome obstacles and cope with various challenges efficiently, which instilled confidence that it had a strong risk management process that was continually evolved to be in line with the changing business environment.

GGC valued risk management, cultivation of a risk management culture across the organization, supervision of corporate risk management at an appropriate level under the corporate governance code, implementation of an effective risk management process to enable the organization to achieve its business goals, confidence among shareholders, assessment of risks arising from external factors or incidents that might affect the Company's operations, and review of risk mitigation measures, as well as a prudent and efficient risk management framework.

The Risk Management Committee performed its duties within the scope of authority, duties, and responsibilities as assigned by the Board of Directors, which were fully defined in the Risk Management Committee Charter. In 2022 there were nine meetings, which can be summarized as follows:

1. The Committee constantly steered, monitored, provided opinions, and made recommendations on corporate-level risk and crisis management for 2022 to ensure that GGC had adequate measures to deal with risk factors and crises efficiently and timely. This made it possible to maintain the risk appetite. The Committee also provided opinions on the mitigation measures for emerging risks. The performance outcomes of the Risk Management Committee were reported to the Board of Directors on a quarterly basis or whenever facing risks arising from various factors that could significantly affect the short-term corporate goals (corporate indicator) and the long-term corporate goals (corporate business plan).
2. The Committee considered and commented on the improvement, and reviewed the risk management framework in various aspects to be in line with the situations, namely risk management of the volatility of raw- material and product prices, inventory management during the volatility of feedstock prices, risk management of investment in major projects, and risk management of foreign exchange during the volatility of global financial Markets, including interest rate adjustments by the US Federal Reserve during inflation, coupled with concerns about recession in major economies, affecting the global currencies, including the Thai Baht.

3. The Committee monitored, provided comments and suggestions on the biodiesel Market situation and risk management on prices and price differences (hedging), and followed up on quarterly operational results of the inventory risk management framework to closely mitigate the impact of stock loss and exchange rate movements. The Committee also gave advice and monitored the results of engaging in the risk management of prices and price differences (P2F) by using financial tools of commercial banks, such as forward contracts or options to manage foreign exchange risk. To ensure that such measures were flexible, appropriate to the situation, and able to reduce the impact on the Company's operational performance. Moreover, the Committee made suggestions on preparing and seeking guidelines for the use of Green or Carbon Credit, as it would benefit the Company in terms of financial management and investment in future projects.
4. The Committee considered, provided opinions, and recommendations on the development and study of the project investment model, risk management, risk management measures of major projects, and long-term corporate strategies to be in line with the world's major changing trends and the Company's business growth strategies namely (1) Operation of the Nakhonsawan Biocomplex Project Phase one, (2) Operation of the Nakhonsawan Biocomplex Project Phase two, and (3) The risk factors impacting long-term corporate business plans and corporate development for GGC's business transformation to underlie the transition of the energy industry to clean energy.
5. The Committee considered, provided opinions and suggestions for the risk assessment and internal-control self-assessment project (RCSA) to be in line with the Company's guidelines and corporate governance by developing the tool to improve the assessment of the adequacy of internal control at the Company's process level to enable it to achieve the three objectives of internal control, namely Operation, Reporting, Compliance with laws and rules relevant to GGC's operations.
6. The Committee considered, scrutinized and approved the risk factors and the corporate risk management measures for 2023, and suggested guidelines for the preparation of risk mitigation measures in line with economic conditions, industrial trends, and a variety of uncertainties to ensure that GGC was able to achieve its strategic and business goals under volatile and rapidly changing situations, and followed up on the progress of the remaining corporate risk management of 2022 to be effective against the defined plan.
7. The Committee reviewed the risk management policy and the Risk Management Committee Charter to be consistent with the guidelines for risk management throughout the organization (COSO ERM 2017 "Enterprise Risk Management") and reported the evaluation results of the Risk Management Committee to the Board of Directors for acknowledgment and disclosed it in Form 56-1 One Report.

For 2023, the Company still faces challenges and uncertainties from global stagflation. If the situation continues longer than expected, it may cause central banks around the world to raise interest rates more aggressively next year. It may be an impetus to further aggravate the economy. Geopolitical conflicts around the world cause unbalanced or unequal expansion of the global economy, especially developed countries, where growth tends to slow down. This may affect the factors impacting GGC's business, particularly the fluctuation of agricultural produce prices. Furthermore, there are uncertainties and business opportunities arising from other factors such as domestic and international politics, trade war and oil prices, foreign exchange rates, relaxation of measures to prevent the spread of Covid-19, agricultural policies of trading partners/competitors, domestic economic stimuli from the tourism and the service sectors, government policies, consumer behavior that focuses on environmental conservation trends, climate change, as well as policies and measures to promote the transition to a low-carbon economy of various countries, among others. These factors will affect demand for the Company's products, feedstock prices, product prices and product-feedstock price spreads, and the drive of strategic goals for business sustainability in the future. The Risk Management Committee will closely monitor the situations and risk mitigation measures, and will provide comments and recommendations that are appropriate and sufficient to manage such risks.

In summary, for the performance of 2022, the Risk Management Committee fully performed its duties in managing key corporate risks against the duties assigned in the Charter. Both the risk management and the internal-control systems of GGC were developed and improved in line with the standards, economic conditions, industrial competition, and dynamic future trends. In addition, the committee monitored and provided opinions and recommendations on seeking business opportunities and risk management guidelines on an ongoing basis and covering all issues critical to GGC's strategic goals, both short-term and long-term, as well as newly emerging risk factors that might affect its future operations. The committee strived to ensure that GGC had managed risks efficiently, with appropriate standards and control at an acceptable level, which would enable it to achieve its goals and operate business sustainably.

On behalf of the Risk Management Committee



(Mrs. Kannika Ngamsopee)

Chairman of the Risk Management committee