RISK MANAGEMENT REPORT 2024

A.J. Plast Public Company Limited



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Risk Management Objectives

A.J. Plast Public Company Limited realizes the importance of business management amidst the global crisis that brings about changes in the economy, lifestyle, and people behaviors, including fluctuations in oil prices and international exchange rates, digital transformation trends, trade conflicts, geopolitics, natural disasters, and climate change, which are challenges to business operations for continuous growth. The Company has established risk management policy, risk management unit, and implemented the international risk management framework in accordance with the COSO-Enterprise Risk Management (COSO-ERM) guidelines, along with ISO 9001: 2015 quality management and ISO 14001: 2015 environmental management to prevent and manage both current and emerging risks to set preventive and management measures in short and long terms.

Risk Management Policy

The Company is aware of the importance of risk management in business operations for volatile and uncertain situations. Therefore, the risk management has been established to serve as a framework for the Company's risk management so that the Company can grow stably and sustainably, with the following practices:

1. The Risk Management Committee shall perform its duties to continuously supervise the implementation of the policy and risk management, consider, review, and report the results of operations to the Board of Directors to ensure efficient management.
2. Risk Management unit is responsible for identifying enterprise significant risks, establishing risk management policies and guidelines, managing risks within the operational framework and risk management plan, monitoring, examining, and assessing significant risks, emerging risks, and acceptable residual risks, by working in conjunction with the risk owners and risk management unit, and reporting to the Risk Management Committee and the Board of Directors.
3. The Company integrates risk management as part of the organization's values and has established risk management that meets international standards, in line with the vision, mission, and business strategy, so that all directors, executives, and employees comply.
4. The Company has determined a risk assessment that covers strategic risk, operational risk, financial risk, occupational health and safety risk, legal risk, regulatory risk, organizational binding requirements and related practices, social risk, and environmental risk, which includes current risks, emerging risks, both short-term and long-term, including acceptable risk levels, as well as other risk issues related to operations throughout the value chain, both current and potential future trends.
5. The Company has systematic management according to the risk management plan, consisting of key risk indicators (KRIs), acceptable risk levels, risk opportunity and impact assessment, risk management guidelines, continuous and timely monitoring and evaluation of risk management.
6. The Company promote a risk management culture throughout the organization, specifying that risk learning knowledge and risk management be part of the annual training for all directors, executives and employees.

Risk Management Policy

The Company is aware of the importance of risk management in business operations for volatile and uncertain situations. Therefore, the risk management has been established to serve as a framework for the Company's risk management so that the Company can grow stably and sustainably, with the following practices:

7. The Company will promote the sharing of risk management experiences among internal departments of the Company.
8. Internal audit department, which is independent from the risk management unit, is responsible for auditing the work of the risk management unit to ensure that risk management is effective, efficient and complies with the specified guidelines.

Risk Management Structure

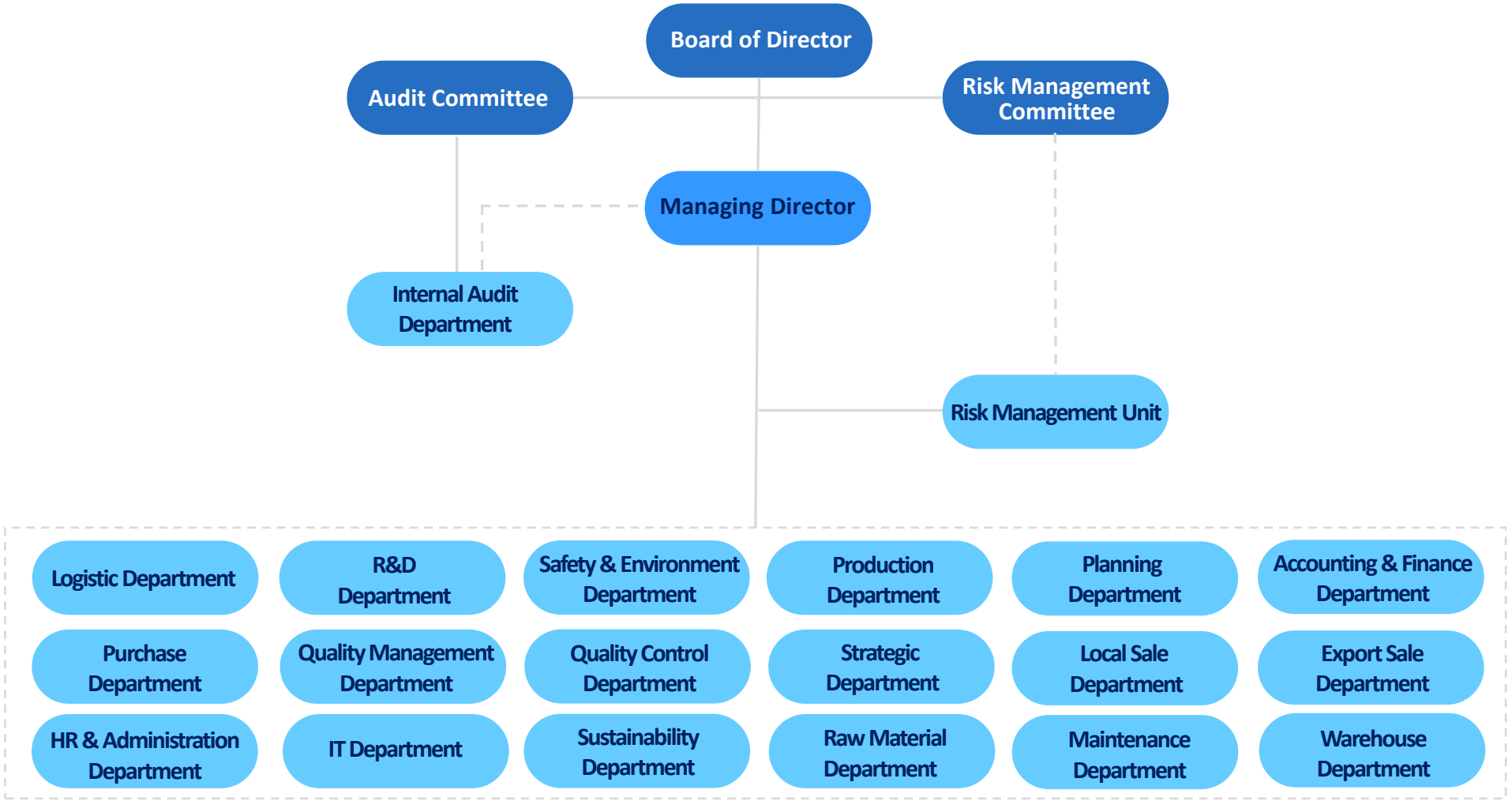
The company defines risks at two levels: management level and operational level.

- The management level: The main operations are carried out by the Risk management committee and managing director, who are appointed by the Board of Directors, responsible for overseeing compliance with the policy and risk management, determining the framework for overall risk management, risk appetite, risk tolerance and key risk indicators (KRIs), considering and following up on comments and suggestions regarding risk management for business continuity.

- The operational level: The primary responsible unit is the risk management unit, which consists of various departments, including the department that directly owns the risk.

In addition, the Company has an internal audit department responsible for inspecting the work of the risk management unit to ensure that risk management is effective and efficient, and in line with the Company's specified guidelines. The organizational chart shows the Company's risk management structure as follows:

Risk Management Structure



Risk Management Structure

The responsibilities of the risk management unit are as follows:

Risk Management Committee

Appointed by the Board of Directors, responsible for overseeing and supervising, setting guidelines for risk management, and monitoring and providing opinions and suggestions on risk management.

Managing Director

Responsibilities for setting up a system and promoting and supporting risk management, embedding systematic management, and promoting related policies and measures to be disseminated to all employees at all levels.

Internal Audit Department

To be under the Audit Committee and responsibilities for designing an internal control system, reviewing and evaluating the effectiveness of the internal control system. The adequacy of risk management, preventive measures and control of corruption risks covering operational, environment and financial control, including reporting results to the Audit Committee. In case of urgent issues, the Internal audit can immediately report directly to the Executive Committee.

Risk Management Unit

Responsibilities for continuously assessing current and emerging risks, monitoring and evaluating anti-corruption measures, formulating risk management policies related to fraud and corruption, reporting risk management to the Risk Management Committee, promoting learning and disseminating knowledge about risk management to the company's employees. In addition, it establish guidelines for preventing potential risks and to prevent recurrence including receiving complaints about fraud and corruption.

Risk assessment, which includes risk management plans, risk management process and risk management reports, must be reviewed and implemented annually and must be included in the Risk Management Committee meeting agenda for reviewing at least once a year.

Risk Management Guidelines

The Company places importance on risk management to prevent and adapt to various risks, as well as to seek business opportunities. Therefore, the Company has adopted the COSO-ERM 2017 international risk management framework as a tool for managing risks throughout the organization.

The Company's risk management is divided into 5 components according to COSO-ERM 2017 as follows:

- Governance and culture
- Strategy and objective-setting
- Performance
- Review and revision
- Information, communication and reporting

The Company uses a management process to reduce the chance of a risk issue occurring or the impact of damage from a risk issue to acceptable level, with the following risk management as follows:

· Risk acceptance
· Risk reduction
· Risk sharing
· Risk avoidance

Risk Assessment

The Company places importance on risk management to prevent and adapt to various risks, as well as seek business opportunities. Therefore, the Company has adopted the COSO-ERM 2017 international risk management framework as a tool for managing risks throughout the organization.

The Company identifies risks, analyzes risks, and prioritizes risks by assessing the likelihood and impact based on the circumstances, factors, and indicative activities, severity, and ongoing impact.

Risk Assessment Process

Risk assessment process as follows:

1. Risk identification
2. Risk level
3. Risk prioritization
4. Risk management and mitigation plan
5. Reporting performance and preparing risk management reports for review and monitoring

Risks Management

1. Risk Identification

The Company has analyzed the internal and external business environment, global trends, economic, social, political trends, related industries, technology, and crisis situations. It was found that these factors can be divided into 5 aspects as follows:

1. Strategic Risks

E. Risk of reliance on few numbers of suppliers
I. Risk of reliance on major customers
J. Risk of image and reputation
K. Risk in the changed of technology, cyber threat, server network and software/application
M. Risk of employee development skills
N. Risk of corporate engagement
Q. Geopolitical risks
R. Risk of transportation delays and disruptions
S. Risk of freight price fluctuations
T. Risk of raw material and cost volatility

2. Financial Risks

C. Risk from exchange rate fluctuation

3. Operational Risks

A. Risk from operational accidents
F. Risk of Covid-19 epidemic

4. Compliance Risks

B. Risk of International trade from anti-dumping
D. Risk of changes in laws and regulations
O. Risk from Carbon Boarder Adjustment Mechanism (CBAM)
P. Risk from Cap and Trade in industrial park

5. ESG Risks

G. Risk of drought
H. Risk of climate changes
L. Risk of changes in consumer behavior due to the circular economy trend

2. Risk Level

Risk Appetite and Tolerance

The Company identifies, assesses, analyzes and prioritizes risks by assessing the likelihood of issues and its economic, social, and environmental impacts using the following criteria:

Likelihood Criteria

	Possibility	Frequency
5 High	It is certain or occurs normally in every business operation.	> 6 times/year
4 Likely	A highly likely or common occurrence in most business operations.	4-6 times/year
3 Possible	A likely event or it can happen sometimes in business operations.	2-3 times/year
2 Unlikely	A very unlikely event to occur in business operations	Once a year
1 Highly Unlikely	An event that has a very low chance of occurring in business operations.	Once/2-3 years

2. Risk Level

Impact Criteria

	Financial Gain/Loss	Reputation	Stakeholders	Environment		Safety and Occupational Health
5 Severe	To gain or lose trading opportunities of 15% or more of total revenue.	Direct impact on business licensing, business closure due to community disapproval	The number of affected stakeholders or the impact is widespread, resulting in permanent changes in the economic and social conditions.	Causing severe effects that can be remain for long time or the impact can expand widely and cannot restored.	Contract canceled/ business license revoked	Causing loss of life of employees or people living around
4 High	To gain or loss of trading opportunities, accounting for 10% to <15% of total revenue.	It has a serious impact on the organization's image at local, national and international levels, and has also attracted the attention of international media.	The number of affected stakeholders is moderate, affecting people's livelihoods and quality of life, and it takes a long time to recover.	Causing severe effects that can remain for long time, or the impact can expand widely and taking long time to recover.	Investigated by government agencies and found evidence of offenses related to the environment	Accidents resulting in loss of working time for employees, causing disability that affects operational life, or receiving complaints about health effects that require long time to recover
3 Moderate	To gain or loss of trading opportunities, accounting for 5% to <10% of total revenue.	This affects the company's image in the eyes of local and national stakeholders, which may influence their decisions on investment and attract media attention.	The number of affected stakeholders is moderate, affecting people's livelihoods and quality of life.	Causing impacts on surrounding environment and taking long time to recover.	To be required to submit evidence and provide clarification to investigation agency	Severe injury or accident resulting in loss of working time for the employee, or receiving complaints about health effects
2 Minor	Gain or lose of trading opportunities more than 1 million baht ,but not more than 5% of total revenue.	The impact on the corporate image is limited to some neighboring communities and less important stakeholders.	The number of affected stakeholders is small, resulting in short-term community instability, which does not cause lasting impacts and has no long-term impact on people's livelihoods and quality of life.	Causing limited impacts on surrounding environment and taking short time to recover.	Offense that may be warned or adjusted for fees with insignificant value	Minor injuries or illnesses to employees or surrounding citizens that are no need to leave from work
1 Possibly	No significate gaining or losing of trading opportunities	No effect on corporate image	Stakeholders are hardly affected	No identifiable impacts on surrounding social and environment.	No impact or hardly any impact	No identifiable impact on individuals including employees working in the area

2. Risk Level

Risk Matrix

Risk Appetite and Tolerance = Likelihood x Impact

The level of risks will indicate the level of importance in risk management by considering as below risk matrix.

Impact	1 Negligible	2 Minor	3 Moderate	4 High	5 Severe
Likelihood					
5 Severe	Moderate	High	Very High	Very High	Very High
4 High	Moderate	Moderate	High	Very High	Very High
3 Moderate	Low	Moderate	High	High	Very High
2 Minor	Low	Moderate	Moderate	Moderate	High
1 Possibly	Low	Low	Low	Moderate	Moderate

Very high risk (15-25 scores)

High risk (9-14 scores)

Moderate risk (4-8 scores)

Low risk (1-3 scores)

Risk appetite and Risk Tolerance

The Company has collected, classified and identified acceptable risks based on the severity level criteria in the table. The Company has set a target that risks at high and very high levels or risks with a score range exceeding 8 points, the Company considers such risks as risks outside the acceptable deviation range and must use different management plans and determine additional measures appropriate to such risk issues in order to be at an acceptable risk level, depending on the consideration of the risk management unit under the supervision and decision of the Company's Board of Directors.

2. Risk Level

Key Risk Indicators (KRIs)

The Company has established risk indicator criteria for each risk issue that has occurred to monitor risks and provide advance warning so that the risk management unit can predict future risks and create preventive measures before the incident occurs. The relevant units in each risk are responsible for reporting the results of monitoring indicators regularly. In case abnormal data is detected, immediate mitigation measures must be taken.

2. Risk Level

Risk Issues

The Company analyzed the above factors that have an impact on the Company and found that there are risk issues related to the Company's operations, both current risks and emerging risks, as follows:

Current Risks

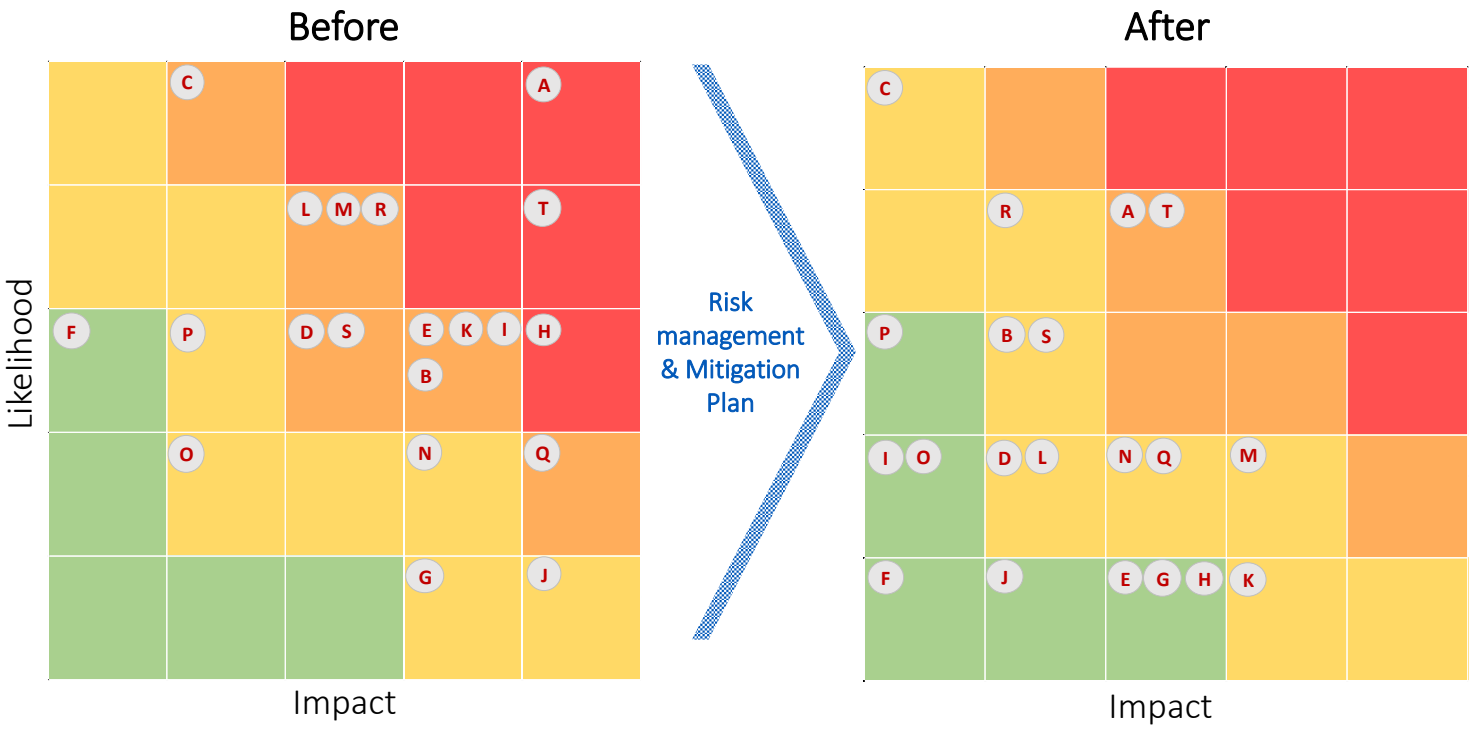
A. Risk from operational accidents
B. Risk of International trade from anti-dumping
C. Risk from exchange rate fluctuation
D. Risk of changes in laws and regulations
E. Risk of reliance on few numbers of suppliers
F. Risk of Covid-19 epidemic
G. Risk of drought
H. Risk of climate changes
I. Risk of reliance on major customers
J. Risk of image and reputation
K. Risk in the changed of technology, cyber threat, server network and software/application
L. Risk of changes in consumer behavior due to the circular economy trend
M. Risk of employee development skills
N. Risk of corporate engagement
O. Risk from Carbon Boarder Adjustment Mechanism (CBAM)
Q. Geopolitical risks
R. Risk of transportation delays and disruptions
S. Risk of freight price fluctuations
T. Risk of raw material and cost volatility

Emerging Risks

P. Risk from Cap and Trade in industrial park

2. Risk Level

Risk Matrix



3. Risk Prioritization

High Risks

A. Risk from operational accidents
T. Risk of raw material and cost volatility

Moderate Risks

B. Risk of International trade from anti-dumping
C. Risk from exchange rate fluctuation
D. Risk of changes in laws and regulations
K. Risk in the changed of technology, cyber threat, server network and software/application
L. Risk of changes in consumer behavior due to the circular economy trend
M. Risk of employee development skills
N. Risk of corporate engagement
Q. Geopolitical risks
R. Risk of transportation delays and disruptions
S. Risk of freight price fluctuations

Low Risks

E. Risk of reliance on few numbers of suppliers
F. Risk of Covid-19 epidemic
G. Risk of drought
H. Risk of climate changes
I. Risk of reliance on major customers
J. Risk of image and reputation
O. Risk from Carbon Boarder Adjustment Mechanism (CBAM)
P. Risk from Cap and Trade in industrial park

From considering various dimensions of risks that may occur, the Company has chosen mainly to reduce and control risks, because most risks are in risk appetite and within risk tolerance. In addition, the Company has chosen to share risks with risk issues that can be done as appropriate, with a risk management plan and mitigation plan as follows:

4. Risk Management and Mitigation Plan

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk from operational accidents	• Production process interruption due to accident • Damage in production process • Surrounding educational institutions are affected • Loss of life or organs of employees or contractors in working area	• Reduction in accidents when safety culture throughout the organization • Labor and production costs are reduced • Employees work in better environment affecting engagement to the organization • Community and society have better environment and well-being • To maintain the company's image and reputation	• Occupational health, safety and environment policies • Providing personal protective equipment (PPE) for all employees, including dress codes before entering the production area • Regularly inspecting and maintaining machinery and operation to ensure to be ready for use • Training on safety and work accidents, such as fire prevention training, and safety, occupational health and work environment training for new employees • Safety promotion projects such as Safety Week, Safety Talk, White Factory, Emergency Response Plan, etc. • Corrective and preventive actions such as glass control, KIKEN YOCHI TRAINING (KYT), etc. • Disaster risk insurance for the company's assets and employees, including external persons working in company area <u>Next-step plan</u> • Cultivating safety culture throughout the organization • Setting safety targets by specifying lost-time injuries frequency rate (LTIFR) as the KPI of the safety department	• Number of near misses • Number of lost time injury

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of International trade from anti-dumping	· Business opportunity loss due to tariff walls · Sale revenue decreased	· Increasing competitiveness by researching and developing value-added products including products not affected from antidumping measures	· Clarification and declaration to not engage in dumping in trading partners' countries · Policies to support and encourage trading partners as appropriate to prevent inequality and shortages of market · Legal advisors to provide advice and consultation · Production capacity expanded to country affected by antidumping measures for increasing opportunities to sell more products	· Percentage of sales revenue decreased of country that have established tariff barriers on imports
Risk from exchange rate fluctuation	· Exchange rates are difficult to predict and speculate on by the company, which may cause the company to lack stability, have high production costs, resulting in low profits.	· The exchange rate is more stable than other companies, resulting in the company's efficient cost and profit management	· Following exchange rates closely · Strategy for short-term and long-term exchange rate forecasting	· Percentage of exchange rate loss/sales revenue

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of changes in laws and regulations	· Demand decreased for traditional plastic products leading to increase production costs. More researches for new products to meet market demand and comply with legislation , tighter regulations and may affect the image of the organization	· Complying with laws and regulations that change rapidly and can adapt to changes immediately, resulting in being flexible in managing various related aspects. · More competitiveness than other companies	· Regularly studying and monitoring relevant laws and regulations of both domestic and international to prepare for changes. · Modern innovative research in line with domestic and international market demands	· Number of cases of whistleblowing and complaints · Number of audit cases found to have been addressed incorrectly or unaddressed
Risk of reliance on few numbers of suppliers	· Impact on business continuity from distributors unable to deliver products on time · Higher production costs due to the cost of sourcing raw materials	· Raw materials are sufficient for production while other companies cannot meet customer demand, resulting in customer base increased and more competitiveness. · Production costs are lower than others that have higher volatility in raw material procurement	· Reserve sources of raw material to support the risk of relying on large raw material suppliers · Finding additional raw material suppliers both domestically and internationally	· Sales revenue ratio of small/large suppliers · Supplier performance

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of Covid-19 epidemic	· Production processes affected due to the epidemic.	· The impact reduced due to all employees vaccinated and have immunity including production process is continuous.	· Installing temperature measuring devices at the screening point before entering working area. · Visiting from outside, must submitting the test results within 72 hours before visiting. · In case of high risk, must be tested for Covid-19 before entering the factory and use online meetings instead · Training and campaign to promote knowledge and must behaviors during the epidemic.	· Percentage of employees fully vaccinated
Risk of drought	· Drought or insufficient water demand may cause disruption of production processes or may result in higher production costs due to higher water sourcing costs.	· Sufficient water volume for business operations and production processes can continuous · Opportunities increased to reach customers or expand the market base while others are unable to deliver products	· Water usage management for production with reduction measures · Closed loop system of water reuse · Sufficient water reservation · Water usage reduction to change from cooling water chiller to use air cooled chiller · Reserving water use guidelines in a crisis · Water reuse project	· Amount of reserved water for use

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of climate changes	· Global climate change, which causes global temperatures to rise, has caused water disasters and droughts that are getting more severe, to the point that international organizations must come out and find a way to slow down global temperatures increased, leading to international cooperation and industry groups. The national policies provide support, regulations, guidelines, and frameworks for cooperation to cope with such crises, resulting in changes in human behavior that may affects production costs and competition in market changing for sustainable business growth.	· Awareness of climate change, resulting in flexibility and readiness to cope with disasters that may occur · Finding and expanding new market bases in addition to the current market base, such as environmentally friendly products (green products), etc. · More collaboration with stakeholders, creating a bond between each other to drive the issue of global climate change and require actions from parties throughout the value chain.	· Alternative energy by installing solar rooftop · Greenhouse gas emission reduction projects and measures · Energy management · Joined environmental parties such as Thailand Carbon Neutral Network (TCNN) to strive reduction of greenhouse gas · Following up, inspection, implementation of environmental management such as air pollution quality inspection, water reduction control, waste and hazardous waste reduction management, and green products development · Green office project · Environmental policy and targets · Certified with environmental management system standards (ISO 14001: 2015) · Certified with International Sustainability and Carbon Certification (ISCC PLUS) · Certified with Circular Economy Management Systems of organization part 2: Requirements (CEMS)	· Proportion of events occurring in the current year compared to previous years

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of reliance on major customers	· More bargaining power from customers affecting selling price · Customer concentration	· Distributing products and generate a large amount of sales value per order · Customer management is easier and more efficient	· Wide and diverse customer base · Code of conduct consistent with quality and price · Collaboration with customers to develop products to achieve maximum customer satisfaction · Delivering products correct as customers required · Salesperson Potential Development Training · Customer satisfaction surveys both domestically and internationally	· Sales revenue ratio between small and large customers
Risk of image and reputation	· Business operation disruption and interruption due to protests and complaints · Reputation and credibility of the company are diminished, and property is damaged. · Employees may be injured to the point of death	· Effective community and social management, access to truly address concerns, resulting in greater bonds between communities and societies with the organization. · This results in good working environment, continuous business operations and no damage in any way	· Annual community impact assessment · Continuous social development projects · Conducting business with code of conduct · Corporate governance policy · Business continuity plan	· Community and customer expectations and satisfaction surveys · Number of community and environment projects benefits

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk in the changed of technology, cyber threat, server network and software/application	· Due to the rapid development of technology, it helps to increase the speed and convenience of operations. On the other hand, it is also more vulnerable to cyber threats, data security reduced and data leaks, which may cause operations to stop	· Stable network system, software and devices in use, resulting in reduction in damage that may occur from threats, such as important data that must be stored, reduced employee working hours, etc. · The work within the organization is faster, working hours reduction, efficiency increased · The company's data is stored on the cloud system, which has developed a cybersecurity system to prevent the risk of data loss · Development of various software to increase work efficiency	· Daily system checking records · Tracking and monitoring cyber threats · Tracking and monitoring the operation of servers or networks and software or applications · IT security system structure · IT Helpdesk <u>Next-step plan</u> · Cyber threat plan	· Data recovery time and downtime hours

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of changes in consumer behavior due to the circular economy trend	· Market changes, customer needs changing, new normal lifestyles of customers · Changes in sales revenue of each product · customer needs changes · Business competition in sustainability trend · Environmental awareness increased · Changes in communication and sales channels	· Increasing new customer base in line with the concept of circular economy, such as environmentally friendly products (green products) · Expanding customer base and existing customers may order more products and increase the proportion of trading · Opportunity increased to be supported for investment because of sustainable products and operations, which investors see as long-term stable operations for the company, increasing the company's credibility	· Innovation to meet people need changes in the current · Negotiation with customers and coordination for research of products in line with the market · Awareness raising campaign of plastics to society and community · Raising sustainability development by linking materiality topic of organization · Supporting Sustainable Development Goals (SDGs) · Policies emphasizing sustainable development, such as sustainability management policy, corporate governance policy, etc. · Developing green products and innovations to meet customer needs, increasing market competitiveness · Innovation Development Project for Recycling Plastic Leftovers from Production Process, and reducing waste of production · Systematic investment allocation process, giving importance to generate good performance from investment in a short period · Consideration of sources of funds with expertise, skills and experience to negotiate a joint approach for sustainable business growth	· Percentage of customer satisfaction with products · Number of environmentally friendly products to meet key customers needs per year · Percentage of successful product development rates that achieve their objectives

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of employee development skills	· Most personnel are unable to work with diverse skills and expertise. · People with limited abilities and expertise. In the case of production expansion, it is necessary to send employees from one branch to another, resulting in cost increased	· Developing personnel with expertise and the ability to pass on skills, knowledge, and understanding to colleagues. · The organization drives and develops employees with knowledge and skills, upgrading the knowledge of all employees · Creating bond between colleagues and departments	· Promoting more corporate training · Training need analysis for each units to analyze skills required · Annual training plan from analysis · Allocating training budgets separately for individuals and departments to encourage employees to have knowledge and expertise in their responsibilities or have diverse abilities that will benefit future business operations. · Activities to promote personnel skills development	· Percentage of training hours increased · Percentage of training budget increased · Number of courses to promote personnel skills development

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of corporate engagement	· Employee resignation increased · Internal management is more complicated due to frequent resignations · Work efficiency decreased · The existing staff must spend more time on teaching new staff, which results in a rush to work and a higher workload per hour, which may affect their mental state and work atmosphere. · Employees are less engaged with the organization because their skills are not developed appropriately and do not meet expectations.	· Flexible organization for each departments, units and individual. Flexibility in working due to employee leaving at short notice and all employee must be prepared to cope. · Employees with high engagement with the organization will gain skills and knowledge, have good work efficiency, and continuously develop their skills and knowledge · Adaptability by using more technology and using less human labor · Efficiency increased of automation systems	· Annual surveys of organizational happiness and engagement · Activities to create happiness based on the analysis of survey results · Internal party to strengthen relationships between departments, within the company, subordinates and supervisors. · Annual performance evaluation to monitor work success, work characteristics, responsibilities and others. Supervisors discuss problems and solutions together with employees.	· Happinometer survey result · Engagement survey result · Percentage of employees who participated in activities creating happiness · Percentage of employees who received annual performance evaluations

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk from Carbon Boarder Adjustment Mechanism (CBAM)	· Changes in international regulations, laws and regulations regarding carbon dioxide and/or greenhouse gas emissions, resulting in the payment of related taxes · The cost of production, distribution and export are increased · Trade barriers from countries that issue regulations, laws and regulations	· Being able to access to the increasingly regulated European (EU) market, which requires ongoing management and monitoring of carbon footprint reduction plans · Sales value increased in countries with more regulated, legal and regulatory requirements	· Innovating and improving processes and methods to help reduce carbon dioxide and greenhouse gas emissions · Participation in the Carbon Footprint of Organization (CFO) and Carbon Footprint of Product (CFP) verified by the Thailand Greenhouse Gas Management Organization (TGO) · Managing the entire carbon footprint of the organization, including that of the product. · Monitoring and complying with CBAM, second phase. · Monitoring and complying with EU environmental and greenhouse gas emission standards and regulations	· Percentage of carbon footprint reduction · Percentage of product revenue sold on the European market (EU) compared to total export sale revenue

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Geopolitical risks	• Raw material shortage due to higher raw material cost • Higher production cost • Production process disruption due to raw material shortage	• Opportunity increased to expand the customer base while other companies are unable to produce and deliver products to customers due to supply chain management. Good procurement results in continuous delivery of raw materials and no shortage of raw materials	• Supply Chain Management Measures and Guidelines • Screening for new suppliers by ESG pre-risk assessment • Annual risk assessment • Annual supplier audit and on-site visit • Raw materials are stored in warehouses to reduce the risk of sudden shortages	• Percentage of new suppliers selected • Percentage of supplier are risk assessed • Percentage of suppliers are assessed and visited
Risk of transportation delays and disruptions	• The mechanism of the raw material market is volatile, causing the price of raw materials to fluctuate • Raw materials may have higher prices • Product costs may be increased • Higher living costs affecting consumers	• Controling product costs, resulting in product prices not fluctuating much due to good supply chain management and procurement • Gaining customer confidence in consistent and on-time product delivery	• Supply Chain Management Measures and Guidelines • Supply Chain Management Strategy • Annual risk assessment • Contract with raw material suppliers to control the price and quantity of raw materials.	• Percentage of average raw material price volatility

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of freight price fluctuations	· Transportation delays and disruptions of raw materials and goods due to disasters, political instability, epidemics of imported · Transportation costs may increase due to lack of transportation and may result in higher product costs	· Reducing the purchase of imported raw materials and other imported products by purchasing domestically · Increasing the opportunity to deliver products when there is a shortage of raw materials and other products	· Supply Chain Management Measures and Guidelines · Supply Chain Management Strategy · Annual risk assessment · Increasing the proportion of domestic raw material and product orders · Increasing the proportion of domestic customers	· Percentage of domestic raw material and product purchase volume · Percentage of domestic customer volume
Risk of raw material and cost volatility	· Fluctuations in freight · prices may occur due to natural disasters, political instability, epidemics, and freight prices may increase due to volatility	· Increasing domestic procurement to increase the proportion of domestic partners, reduce international transportation · Increasing domestic customer base to increase the proportion of domestic customers, reduce international transportation	· Supply Chain Management Measures and Guidelines · Supply Chain Management Strategy · Annual risk assessment	· Percentage of average freight price volatility · Percentage of domestic raw material and product purchase volume · Percentage of domestic customer volume percentage

Emerging Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk from Cap and Trade in industrial park	· In the case that the company does not have proper greenhouse gas management, it results in very high greenhouse gas emissions and must purchase carbon credits from other sources to replace them · Industrial plants continuously emit more greenhouse gases, which results in disasters and may cause higher product costs.	· The Company has continuously managed its carbon footprint, resulting in the production of low-carbon products, expanding the new customer base for products with low carbon footprints and environmentally friendly products · lower cost than those of companies that do not manage greenhouse gases in the long term	· Participation in the Thailand Voluntary Emission Reduction Program (T-VER) · Following the Carbon Footprint of Organization (CFO) and Carbon Footprint of Product (CFP) by Thailand Greenhouse Gas Management Organization (TGO) · Managing the entire carbon footprint of the organization and products · Regularly monitoring Emissions Trading/Cap and Trade, both in Thailand and internationally	· Percentage of carbon footprint reduction

Guidelines for risk and crisis management

Normal Risk Management (Before the incident)

- Setting objective
- Identifying risks
- Analyzing risk status
- Determining risk levels
- Risk management guidelines
- Risk assessment
- Preparing risk management reports for review and monitoring
- Performance reports

Crisis Risk Management (At the time of the incident)

Crisis Risk Management Plan

1 Emergency Plan

- Notification and enactment of plans
- Evacuation
- Assembly operations
- Crisis communications and public relations

2 Business Continuity Plan

- Announcement of the plan
- Communication
- Traveling to the backup operation center

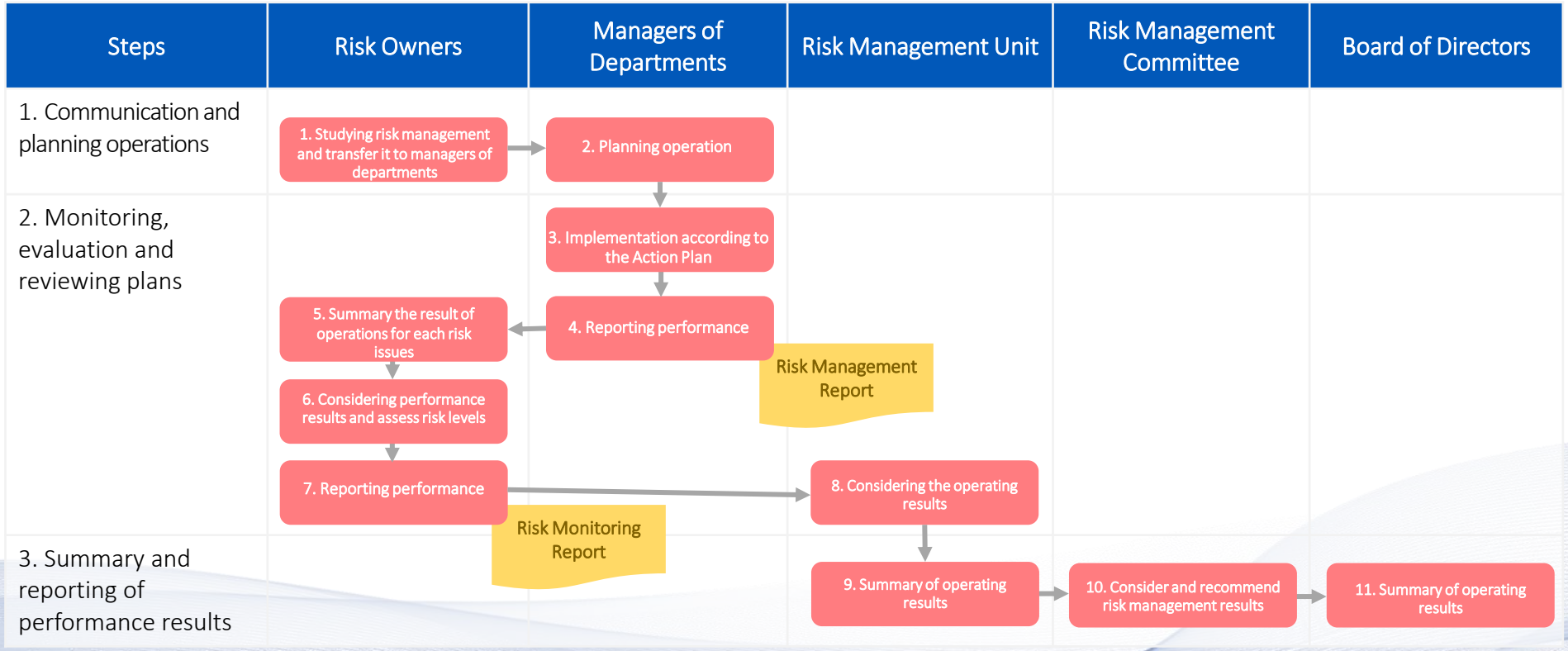
3 Recovery Plan

- Property Security
- Building and Office Equipment Restoration
- IT System Restoration
- Human Resources Restoration
- Communication and Public Relations

Post-crisis risk management (After the incident)

5. Reporting Performance And Preparing Risk Management Reports For Review And Monitoring

The Risk Management Unit will collect, report on performance results and prepare a risk management report annually for the Board of Directors to review, monitor and evaluate risk management results regularly for business continuity.



Risk management culture throughout the organization

In addition, the Company has guidelines to promote a risk management culture throughout the organization, as detailed below:

1. The Company has laid the foundation of good corporate governance with a corporate governance policy that emphasizes the assessment, prevention and management of risks to an acceptable level.

2. The Company's directors and executives support and give importance to risk management and closely monitor risk management operations.

3. The Company has a comprehensive risk management structure, starting from the Board of Directors, Risk Management Committee, Risk Management Unit, which coordinates and works together with various department heads.

4. Risk management communication is provided to all employees at all levels to enhance knowledge and understanding and instill risk management as part of the organization’s culture through annual risk training.