RISK MANAGEMENT REPORT 2025

A.J. Plast Public Company Limited



Contents

Risk Management Report 2025

Risk Management Objectives	3
Risk Management Policy	4
Risk Management Structure	5-7
Risk Management Guidelines	8
Risk Assessment	9
Risk Assessment Process	9
Risk Identification	10
Risk Level Determination	11
Likelihood Criteria	11
Severity Level Criteria	12
Determination of Risk Levels	13
The acceptable level of risk and the allowable range of deviation	13
Key Risk Indicators (KRIs)	14
Risk Issues	15
Risk Matrix	16
Risk Prioritization	17
Current Risks	18-30
Emerging Risks	31
Risk and Crisis Management Guidelines	32
Reporting Performance and Preparing Risk Management Reports For Review and Monitoring	33
Risk management culture throughout the organization	34

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's 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 a 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 the short and long terms.

Risk Management Policy

The Company is aware of the importance of risk management in business operations, particularly in 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. It has established a risk management system that meets international standards, aligning with its vision, mission, and business strategy, ensuring compliance among all directors, executives, and employees.
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 promotes 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. The 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.

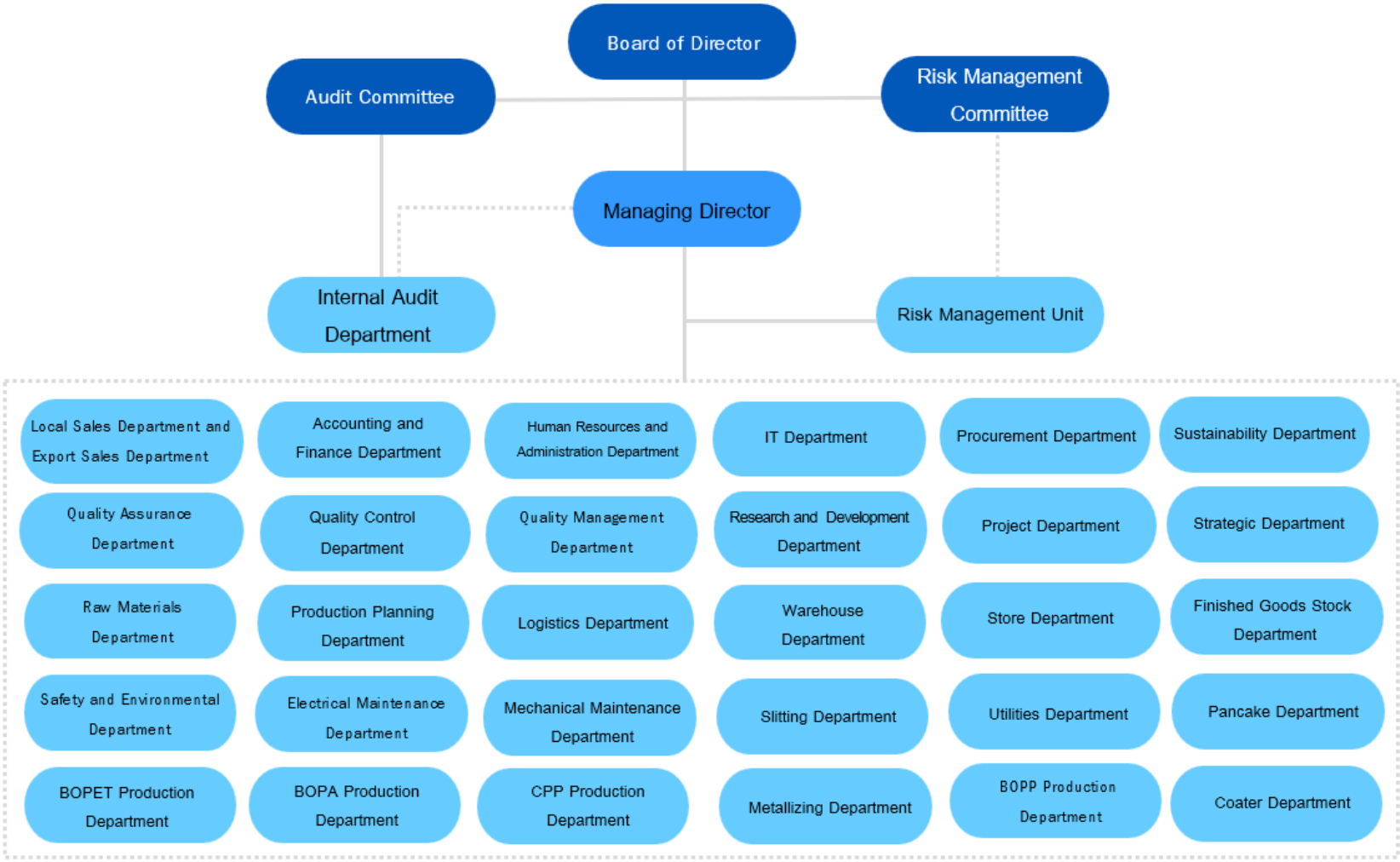
Risk Management Structure

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 have 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, environmental, 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, and promoting learning and disseminating knowledge about risk management to the Company's employees. In addition, it establishes guidelines for preventing potential risks and preventing 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 an 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

The Company's risk assessment procedures are 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 a few numbers of suppliers

H. Risk of reliance on major customers

I. Risk of image and reputation

J. Risk in the change of technology, cyber threat, server network, and software/application

L. Risk of corporate engagement

N. Risks arising from geopolitical conflicts and trade wars

P. Risk of transportation delays and disruptions

Q. Risk of freight price fluctuations

R. Risk of raw material and cost volatility

S. Risks arising from raw material sourcing

2. Financial Risks

C. Risk from exchange rate fluctuation

3. Operational Risks

A. Risk from operational accidents

4. Compliance Risks

B. Risk of International trade from anti-dumping

D. Risk of changes in laws and regulations

M. Risk from Carbon Border Adjustment Mechanism (CBAM)

O. Risk from Cap and Trade in the industrial park

5. ESG Risks

F. Risk of drought

G. Risk of climate changes

K. Risk of changes in consumer behavior due to the circular economy trend

2. Risk Level

Risk Level Determination

The Company identifies, assesses, analyzes risks, and prioritizes them by evaluating the likelihood of issues and the severity of their impact on economic, social, and environmental aspects 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

Risk Level

Severity Level Criteria

	Financial Gain/Loss	Reputation	Stakeholder	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 them 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 in employees or surrounding citizens who are not 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.

Risk Level

Risk Appetite and Tolerance = Likelihood x Severity

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

Severity / Likelihood	1 Negligible	2 Minor	3 Moderate	4 High	5 Severe
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 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.

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.

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 a few numbers of suppliers

F. Risk of drought

G. Risk of climate changes

H. Risk of reliance on major customers

I. Risk of image and reputation

J. Risk in the change of technology, cyber threat, server network, and software/application

K. Risk of changes in consumer behavior due to the circular economy trend

L. Risk of corporate engagement

M. Risk from Carbon Border Adjustment Mechanism (CBAM)

N. Risks arising from geopolitical conflicts and trade wars

O. Risk from Cap and Trade in the industrial estate

P. Risk of transportation delays and disruptions

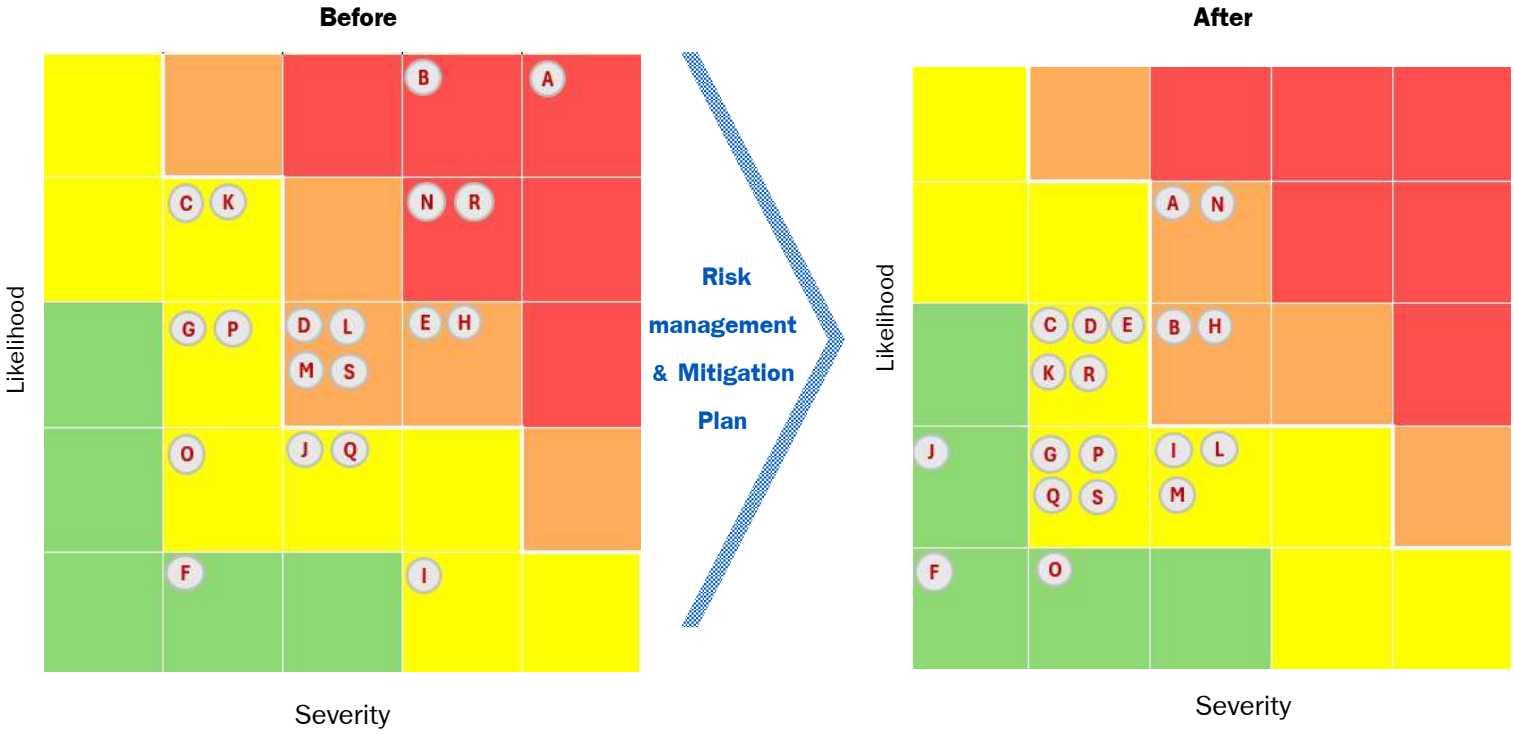
Q. Risk of freight price fluctuations

R. Risk of raw material and cost volatility

Emerging Risks

S. Risks arising from raw material sourcing

Risk Matrix


Before
Likelihood
Severity
B
A
C
K
N
R
G
P
D
L
M
S
E
H
O
J
Q
F
I
Risk
management
& Mitigation
Plan
After
Likelihood
Severity
A
N
C
D
E
K
R
B
H
J
G
P
Q
S
I
L
M
F
O

3. Risk Prioritization

High Risks

A. Risk from operational accidents

B. Risk of International trade from anti-dumping

H. Risk of reliance on major customers

N. Risks arising from geopolitical conflicts and trade wars

Moderate Risks

C. Risk from exchange rate fluctuation

D. Risk of changes in laws and regulations

E. Risk of reliance on a few numbers of suppliers

G. Risk of climate changes

I. Risk of image and reputation

K. Risk of changes in consumer behavior due to the circular economy trend

L. Risk of corporate engagement

M. Risk from Carbon Border Adjustment Mechanism (CBAM)

P. Risk of transportation delays and disruptions

Q. Risk of freight price fluctuations

R. Risk of raw material and cost volatility

S. Risks arising from raw material sourcing

Low Risks

F. Risk of drought

J. Risk in the change of technology, cyber threat, server network, and software/application

O. Risk from Cap and Trade in the industrial estate

From considering various dimensions of risks that may occur, the Company has chosen mainly to reduce and control risks, because most risks are within the risk appetite and risk tolerance. In addition, the Company has chosen to share risks with risk issues that can be addressed 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 operations to ensure to are 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 the Company's area. **Additional Measures in the Future** • Setting safety targets by specifying the Lost-Time Injuries Frequency Rate (LTIFR) as a performance indicator (KPIs) for all departments.	• Number of Accident Incidents. • The percentage of all employees who participate in and successfully complete occupational health and safety training.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of International trade from anti-dumping measures	• Business opportunity loss due to tariff walls. • Sale revenue decreased.	• Enhance the competitive potential of products that are not affected by anti-dumping 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 decline in countries that impose import tariffs.
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.	• The Company complies with rapidly changing laws and regulations and adapts promptly to these changes, enabling agility in managing various related aspects. • More competitiveness than other Companies.	• The Company regularly studies and monitors relevant laws and regulations, both domestically and in partner countries, to stay prepared for any changes.	• Number of cases of whistleblowing and complaints. • Number of cases of violations and breaches of the code of conduct. • Number of audit cases found to be inadequately addressed or unresolved.
Risk of reliance on a few number 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.	• This requires the Company to procure alternative raw material sources to mitigate potential risks.	• Identify additional raw material suppliers both domestically and internationally. • Product quality standards are established and closely monitored.	• Proportion of sales from small suppliers relative to sales from major suppliers. • Supplier's performance percentage.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
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.	• Develop a water contingency plan to ensure sufficient supply for business operations.	• Water management is conducted efficiently throughout the production process. • Reduce water consumption per unit of product by 5%. • Systematic Water Reuse through a Closed-Loop System. • Reduction of Water Usage in the Cooling system by replacing the Cooling Water Chiller system with an Air-Cooled Chiller system. • Reserving water use guidelines in a crisis. • Rainwater Retention Pond Project for Internal Recycling within the Factory. • Skimming Tank Project.	• Reserved water volume. • Percentage of water reserve stress at the Laem Chabang Industrial Estate Factory. • Percentage of water reserve stress at the Pinthong 5 Industrial Estate Factory.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of climate change	• Global climate change, which has caused rising temperatures, leads to water-related disasters and droughts, requiring all sectors to collectively respond to climate change through policies, regulations, guidelines, and collaborative frameworks. In addition, changes in consumer behavior affect production costs and market competition, necessitating adaptation to ensure sustainable business growth.	• The Company utilizes renewable energy to reduce greenhouse gas emissions and help lower long-term costs. • Enhance collaboration with the Company's stakeholders to drive climate change initiatives across the entire value chain.	• Alternative energy by installing solar rooftop. • Develop projects and measures to reduce greenhouse gas emissions. • 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. • Develop environmental policies, set targets, and monitor environmental projects. • Certified with environmental management system standards (ISO 14001: 2015) • Certified with Circular Economy Management Systems of organization part 2: Requirements (CEMs)	• Number of natural disasters occurring in the surrounding areas.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of reliance on major customers	• Major customers have strong bargaining power, which affects the Company's selling prices. • The Company may focus excessively on developing products or services specifically for major clients.	• Having major clients enables the Company to establish long-term collaborations, such as jointly developing new products or entering into stable long-term contracts. • The Company must enhance the quality of its products, services, and management systems, which will positively contribute to improving competitiveness, operational efficiency, and business standards.	• Expand the market to potential new customer segments. • Develop and maintain strategic relationships with key clients, while enhancing the quality of after-sales service and customer communication.	• Sales revenue ratio between smaller and major customers.
Risk of image and reputation	• Damage to the organization's reputation can result in the loss of business competitiveness and societal and community acceptance. • Impact on stakeholder confidence, such as customers losing trust in the organization, leading them to switch to competitors' services.	• Opportunities to enhance corporate reputation through responsible business practices and consideration of ESG factors. • Opportunities to enhance internal governance systems and processes, as well as to improve effective communication with stakeholders.	• Conduct business operations with due consideration for ESG principles. • Regular surveys are conducted to assess the satisfaction of stakeholders associated with the Company. • There are ongoing community development programs.	• Percentage of customer expectations and Community and Social satisfaction.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk in the change of technology, cyber threat, server network, and software/application	• Operational activities and data transmission are disrupted due to technological systems and information that are unable to respond to or accommodate the required functions. • Delays in product delivery, communication with partners, business allies, customers, and others, as well as in supporting internal operations of the organization. • The impact may involve the leakage of sensitive information or personal data, affecting privacy and compliance with data protection laws (PDPA).	• The Company's data is stored on a cloud system, which incorporates advanced cybersecurity measures to mitigate the risk of data loss. • Development of various software applications to enhance work efficiency. • Enables the Company to plan the development of personnel to enhance their knowledge and understanding of cybersecurity technologies, including PDPA compliance.	• Monitor and track cyber threats by maintaining daily system audit logs. • Monitor and oversee the operation of servers, networks, software, and applications. • IT security system structure. • IT Helpdesk • Establish a comprehensive backup strategy for the Company's critical data to maintain uninterrupted business operations.	• Number of cyber threat incidents with impact on business operations. • Recovery time for data and the total hours of service unavailability.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of changes in consumer behavior due to the circular economy trend	• The Company must invest in improving its production processes, such as recycling film scraps to produce recycled plastic. • The Company has a waste management and supply chain system aligned with the principles of the circular economy.	• Expand the customer base with new clients aligned with the principles of the circular economy, such as environmentally friendly products. • Reduce long-term production and waste management costs by applying circular economy principles, such as reusing or recycling waste, or developing production innovations to minimize resource consumption.	• Develop environmentally friendly and innovative products to meet customer needs and enhance market competitiveness. • Implementing a process to recycle plastic raw materials from production and reduce production waste. • Develop a sustainability strategy and establish policies and action plans on environmental, social, and governance (ESG) matters in alignment with the principles of the Circular Economy. • Implement a corporate circular economy management system in business operations by circulating the use of materials for product packaging.	• Percentage of Customer Satisfaction. • Number of New Environmentally-Friendly Products. • Percentage of product development success in achieving objectives.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risks arising from raw material sourcing	• Caused the Company to receive products that did not meet quality standards. • Delayed delivery of goods to the Company has an impact on business operations.	• Enhance the efficiency of raw material procurement planning. • Select local sources of raw materials to reduce reliance on imports, thereby mitigating the risk of delays in transportation.	• Diversify sources of raw materials by establishing an Approved Vendor List, ensuring that there is more than one supplier for each material. • Perform regular quality audits with our business partners. • Perform regular audits of suppliers.	• Percentage of suppliers delivering raw materials that do not comply with standards and delivery schedules.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of corporate engagement	• Regarding employee performance, insufficient motivation has resulted in a decline in productivity. • Employee turnover and attrition lead to discontinuity in operations, resulting in additional costs for recruitment and employee training.	• Opportunity to cultivate organizational values and culture. • The Company's efforts to assess and address employee engagement issues have enhanced the organization's understanding of employee needs, enabling improvements in benefits, work practices, and workplace environment. • Provide opportunities to develop leaders at all levels to understand motivation and manage teams effectively.	• Enhance employee engagement by implementing and participating in Company-organized programs and activities. • Conduct an annual survey on employees' organizational engagement.	• Employee Engagement Results

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk from Carbon Border Adjustment Mechanism (CBAM)	• The cost of production, distribution and export are increased. • Trade barriers from countries that issue regulations, laws and regulations.	• The potential for developing a greenhouse gas (GHG) emissions data management system (Scopes 1–3), including the provision for third-party verification of the data to ensure the accuracy and certification of GHG emissions. • The opportunity to receive benefits and support from the government, including participation in Green Loan or Carbon Credit programs, as well as tax incentives to promote the transition to a low-carbon economy.	• Monitor and comply with the European Union's Carbon Border Adjustment Mechanism (CBAM) Phase Two before cross-border transactions. • Investing in enhancing energy efficiency within the production process to minimize greenhouse gas emissions. • The Company shall maintain records of greenhouse gas emissions (Scopes 1–3) in accordance with ISO 14064 standards.	• The percentage reduction in the Company's carbon footprint. • Percentage of revenue from products sold in the European (EU) market relative to total export product revenue.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risks arising from geopolitical conflicts and trade wars	• Border closures, import–export restrictions, and constrained transportation have resulted in increased raw material and logistics costs. • The production process was disrupted due to a shortage of raw materials.	• Enhance opportunities for expanding into new markets in regions with lower risk profiles. • Opportunities to source raw materials from locations that are not affected by geopolitical tensions and trade conflicts.	• Raw materials are stored in the warehouse to mitigate the risk of sudden shortages. • The Company has reduced its reliance on business partners whose manufacturing bases pose a high level of risk. • Monitor and track sanctions and trade restriction measures. • Prepare a contingency plan for transportation, covering both import and export operations.	• Percentage of high-risk business partners in terms of products and services.
Risk of raw material and cost volatility	• The cost of goods may increase. • The Company is unable to continuously control the selling price.	• The Company must manage risks through entering into long-term purchase and sales contracts. • Diversify sourcing channels and maintain inventory levels at an appropriate standard. • Utilize market data to analyze price trends and develop products to mitigate the impact of cost volatility in the global market.	• Establish contractual agreements with raw material suppliers to regulate the pricing and procurement quantities of raw materials. • The Company maintains, monitors, and plans the management of raw materials in order to control costs and mitigate risks arising from price fluctuations.	• Percentage of Average Raw Material Price Volatility.

Current Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk of freight price fluctuations	• The transportation of goods by sea may take a long time, potentially causing delays in delivery to customers. • Transportation costs may increase due to a shortage of shipping capacity, which could subsequently lead to higher product costs.	• Increase the utilization of domestic raw materials to reduce reliance on imported raw materials and to minimize international transportation. • Encourage the Company to seek additional international freight service providers to ensure timely delivery of goods.	• Increase the proportion of raw materials and products procured domestically. • The Company has established an international freight transportation plan.	• Percentage of container shortages for exports.
Risk of transportation delays and disruptions	• Causing the company to be affected in product pricing, as well as in the forecasting of uncertain costs.	• Increase the opportunity for the Company to engage new logistics service providers in order to reduce reliance on a single provider. • Enhance transportation routes, consolidate shipments, and promote efficient transportation.	• The Company is able to negotiate domestic transportation rates with its contracted service providers. • Transportation planning and control are implemented to ensure the delivery of goods to both domestic and international customers.	• The percentage of the average increase in international shipping costs due to exchange rate fluctuations. • The average domestic transportation cost increased due to exchange rate fluctuations.

Emerging Risks

Risk Issues	Impact	Opportunity	Risk Management and Mitigation Plan	KRIs
Risk from Cap and Trade in the industrial estate	• In the absence of an appropriate greenhouse gas management system, the Company may generate excessively high greenhouse gas emissions, necessitating the purchase of carbon credits from external sources to compensate. • The increase in operating costs has adversely affected the Company's selling prices and overall competitive position.	• The Company continuously manages its carbon footprint, resulting in the production of low-carbon products. This enables the expansion of the customer base for products with a low carbon footprint and environmentally friendly products. • Enhances the Company's opportunity to plan for environmental and tax costs amid uncertainties that may affect the Company.	• Management of the Organization's Carbon Footprint and the Product's Carbon Footprint. • The Company has established Net Zero and Carbon Neutrality targets. • The Company implements measures to reduce greenhouse gas emissions at locations where such emissions are significant.	• Percentage reduction in carbon footprint.

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

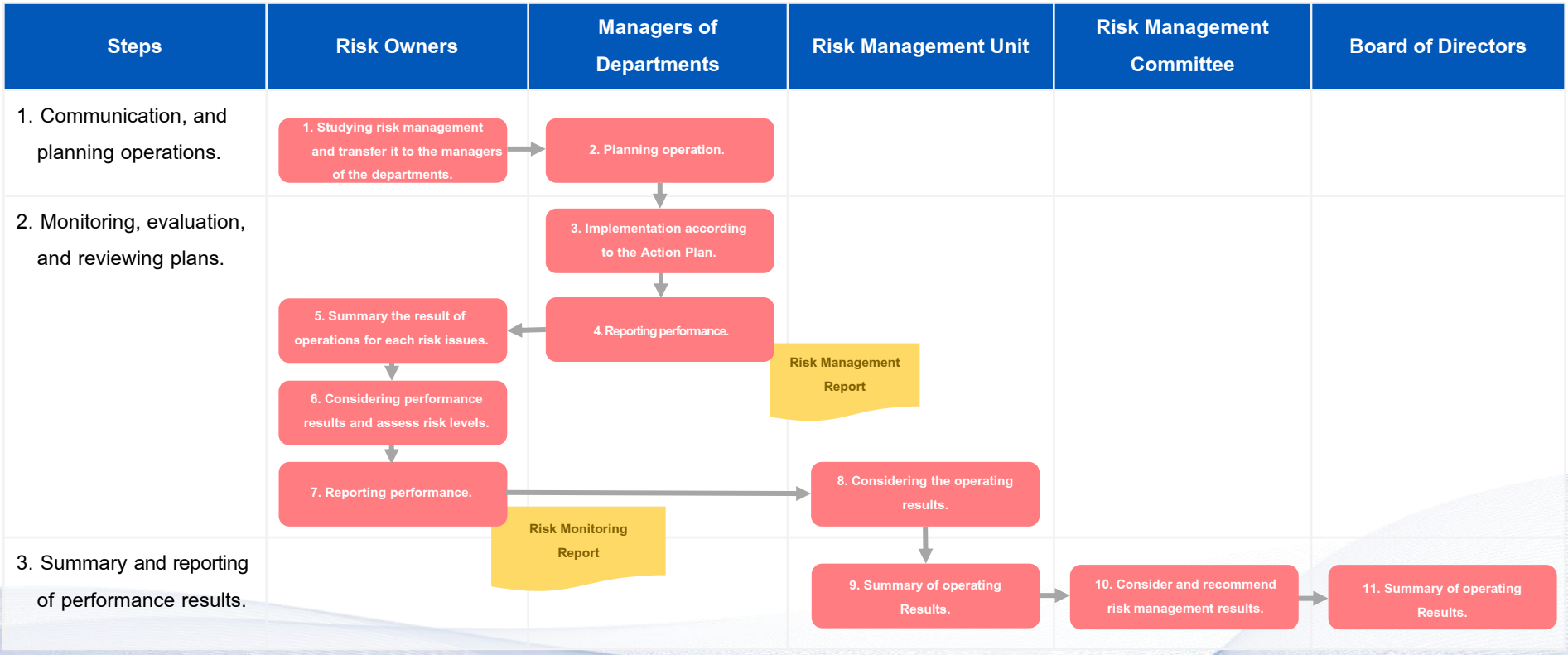
3 Recovery Plan

- 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, and 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.