



Corporate Risk Management Policy

Definition

Risk management refers to the process of identifying, assessing, and implementing measures to manage risks that may impact the organization. Effective risk management is a crucial tool that enables organizations to prevent, mitigate, and prepare for unforeseen events.

Principles and Impact

This risk management policy serves as a framework for identifying, assessing, and managing risks that may affect business operations. The objective is to protect assets, reputation, and organizational sustainability. Efficient risk management allows the company to proactively handle unexpected situations, reduce losses, and enhance opportunities for achieving its goals. Communication and training on risk management policies and processes are essential for employees to understand and comply effectively. Additionally, continuous monitoring and periodic review of risk management processes should be conducted to align with the changing environment and emerging challenges.

Strict and ongoing compliance with the risk management policy enables the organization to operate with stability and sustainability, build trust among stakeholders, and strengthen competitiveness in a constantly evolving market.

Scope

The implementation of this policy covers all levels of the organization, considering stakeholders in all dimensions, including employees, customers, suppliers, investors, government agencies, and surrounding communities. The company emphasizes the involvement of all stakeholders in identifying and managing risks to ensure stable and sustainable operations.

Risk identification encompasses all aspects, including financial, operational, legal, and reputational risks. Each risk's likelihood and impact are assessed to prioritize and determine appropriate risk management measures. These measures include risk avoidance, risk reduction, risk transfer to third parties, or risk acceptance at an acceptable level.

Emerging Trends and Risks

The company prioritizes emerging risks and trends that may impact the organization, such as technological changes, economic instability, legal amendments, and environmental factors. Regular analysis tools and processes are used to anticipate and effectively respond to these risks. The company ensures sufficient preventive measures and mitigation strategies are in place.

Risk Assessment and Monitoring

The company conducts regular risk assessments to ensure that risk management systems remain effective and responsive to evolving circumstances. In the event of an urgent situation that may



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significantly impact the organization, employees may directly report to the Board of Directors or the Audit Committee for immediate response and corrective actions.

Risk Disclosure and Management Strategies

- **Strategic Risks:** Arise from market changes, intense competition, or shifts in organizational policies. Management strategies include business strategy adjustments, product development, and enhancing innovation capabilities.
- **Operational Risks:** Include process inefficiencies, operational errors, or natural disasters. Management approaches include process improvement, automation, and employee training.
- **Financial Risks:** Stem from market volatility, poor cost management, or economic uncertainty. Risk management includes effective cash flow management, diversifying funding sources, and budgetary controls.
- **Regulatory Risks:** Result from legal changes, non-compliance with requirements, or new regulations. Management strategies include monitoring legal changes, legal consulting, and training employees on regulatory compliance.
- **Environmental, Social, and Governance (ESG) Risks:** Arise from environmental impacts, social expectations, and sustainability requirements. Risk management includes reducing carbon emissions, promoting corporate social responsibility, and implementing sustainability initiatives.

The company follows the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for regular risk assessments to ensure comprehensive risk analysis and control. This evaluation identifies key risk factors, enhances control measures, and develops suitable response strategies.

Risk Management Measures

To ensure effective risk management, the company implements the following measures:

- Clearly defining risk appetite and risk tolerance.
- Developing a Risk Matrix to evaluate the probability and impact of key risks.
- Establishing Key Risk Indicators (KRIs).
- Continuously monitoring and evaluating risk management effectiveness.
- Reporting enterprise risk to the Board of Directors periodically.

The company is committed to improving risk management strategies to align with changing circumstances and ensuring all employees at all levels understand and strictly adhere to these guidelines.

Implementation Guidelines

Risk management is a fundamental process that enables organizations to identify, assess, and manage risks that may impact business operations effectively. The process includes six key steps:

1. Risk Identification

- Identifying risks across all aspects of the organization, such as operations, finance, legal compliance, environment, and safety.

2. Risk Assessment

- Evaluating the probability and severity of each risk to prioritize and determine appropriate management strategies.

3. Risk Mitigation

- Implementing measures to reduce risk probability or impact, such as process improvements, employee training, or technology investments.

4. Risk Response

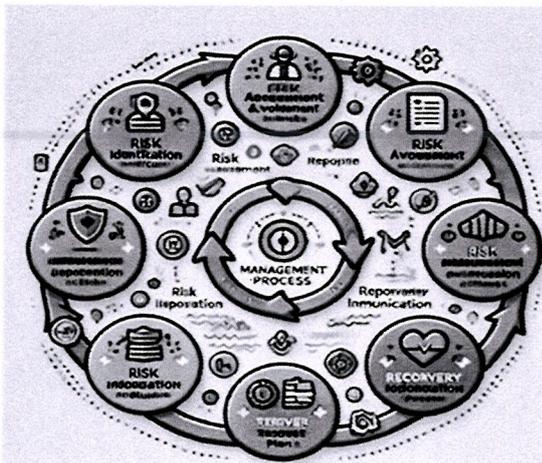
- Developing response plans for identified risks, including risk acceptance, risk avoidance, risk reduction, or risk transfer strategies.

5. Opportunity Identification

- Identifying opportunities arising from risks to enhance growth and innovation.

6. Recovery and Remediation

- Establishing recovery and remediation plans to address and rectify risks that materialize, such as data recovery, stakeholder communication, and process improvements.



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