

Risk Management Policy

SCG Chemicals Public Company Limited

The Board of Directors Meeting of SCG Chemicals Public Company Limited (“the Company”) No. 277 (13/2021) held on October 22, 2021 resolved to approve the first Risk Management Policy, and the Board Meeting No. 282 (3/2022) held on March 30, 2022 subsequently endorsed the continuous enforcement of the Policy upon the conversion of the Company into a public limited company.

Definitions

SCG Chemicals means SCG Chemicals Public Company Limited and its subsidiaries according to the consolidated financial statements of SCG Chemicals Public Company Limited.

SCG Chemicals gives priority to good corporate governance as it is important for driving growth of the organization and stability of the business as well as producing strong financial status and suitable returns to shareholders. Business competition faced by the Company currently has been changed endlessly no matter from external or internal factors which may affect capability to achieve goals and key missions of the Company and its subsidiaries. The Board of Directors of the Company therefore approves the Risk Management Policy to assure that the Company implements the enterprise risk management system effectively and efficiently.

1. Definitions

“**Risks**” mean probabilities/uncertain situations or factors causing failure to plan or current operation to achieve their goals/expected targets and resulting in negative impact to SCG Chemicals either financial impact or impact to reputation of Chemicals.

“**Risk management**” means the process conducted by the Board of Directors, executives and all personnel in SCG Chemicals to assist strategy formulation and operation by designing the risk management process that could indicate possible situations and their impact to SCG Chemicals and manage their risks to be within an acceptable level to reasonably assure that the goals set by SCG Chemicals will be achieved.

2. Objectives of Risk Management

- 2.1 Introduce risk management system at international standard and integrate it to organization-wide system as a part of decision-making on strategy formulation, business planning and operation of SCG Chemicals;
- 2.2 Define measures and guidance of risk management to mitigate risks to remain at an acceptable level by considering effective measures to reduce possibility and/or impact from possible risks and contribute to the achievement of defined goals of the organization at both the Company’s and division’s levels;
- 2.3 Identify risk or unexpected crisis and mitigate loss or damage to SCG Chemicals appropriately and timely;
- 2.4 Inform the Risk Management Committee and the Audit and Risk Management Committee the information on key risks, trends and overall risks as well as oversee the risks effectively and efficiently;

- 2.5 Delegate all units in the organization to define, evaluate, establish risk management operational plan and manage key risks consistently including when there is any case, activity, process and/or significant project or material change in SCG Chemicals by considering risk appetite and practicability at appropriate cost;
- 2.6 Communicate and train on risk management to employees consistently. Improve their common understanding and focus as risk owners to manage the risks across multiple functions jointly; and
- 2.7 Separate risk management functions from business units which are risk taking functions as to comply with good corporate governance principle and for check and balance. Moreover, to manage risks effectively, the Company establishes the Risk Management Committee assigned by the Audit and Risk Management Committee to monitor risk profile and manage risks appropriately and timely.

3. Risk Management Framework

SCG Chemicals establishes its enterprise risk management framework in alignment with international standards which includes the following contexts:

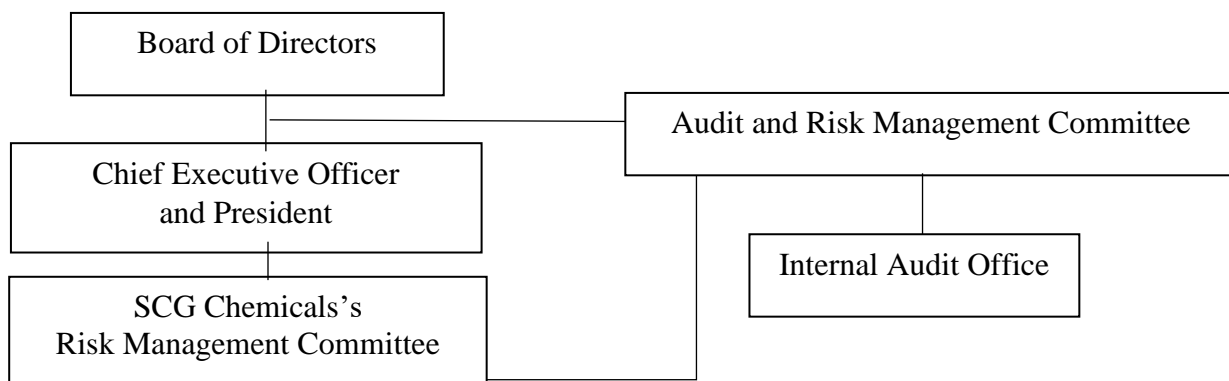
3.1 Strategy Formulation

SCG Chemicals defines the objectives and risk appetite in managing risks clearly so that overall risk management is exercised on an enterprise-wide basis.

3.2 Structure and Accountability in Risk Management

The organizational structure of risk management of SCG Chemicals is illustrated below:

Integrated Risk Management Organizational Structure



The Board of Directors and the Audit and Risk Management Committee

The Audit and Risk Management Committee, on behalf of the Board of Directors, determines risk management policies, strategies, framework and risk prevention and management plans and supervises the Risk Management Committee as well as reviews risks and Enterprise Risk Management Framework (ERM), work procedures, control and oversight of operations, information technology and data and communication network system security to be effective and consistent with international standards as per details stipulated in the Charter of the Audit and Risk Management Committee.

Internal Audit Office

The Company's Internal Audit is responsible for assessing the risk management system and motivating companies in SCG Chemicals to perform risk management internationally, capable to identify significant risks and manage them efficiently, have appropriate risk index including risk warning signal and auditing the correctness and effectiveness of work procedure, risk management, control, governance and security of information and communication network that they are efficient and comply with international standard.

SCG Chemicals's Risk Management Committee

Risk Management Committee has the following core responsibilities:

- (1) Determine risk management structure and assign accountabilities for risk management;
- (2) Consider and propose risk management strategies, framework, and risk prevention and management plans for approval of the Audit and Risk Management Committee;
- (3) Review the risk profile and regularly monitor the risk management practices of the entire organization; and
- (4) Report risk management performance of the organization to the Audit and Risk Management Committee on a quarterly basis

3.3 Risk Management Process

SCG Chemicals's risk management framework is applied in three primary areas: strategic risk management (Medium to Long-Term), operational risk management (Short to Medium-Term) and investment project risk management. Four risk management process comprises as follows:

- (1) Risk/opportunity identification;
- (2) Risk assessment;
- (3) Risk response including defining the key risk indicators which are the leading indicators, in order to anticipate risk events and to control risk mitigation activities to be at the level in line with the targets;
- (4) Risk reporting to SCG Chemicals's Risk Management Committee prior to presenting to the Audit and Risk Management Committee on a quarterly basis.

The risk management of the following issues shall be entirely assessed.

- (1) Environment & Social Risk
- (2) Governance & Compliance Risk
- (3) Reputation & IP Risk
- (4) Hazard Risk
- (5) Input Risk
- (6) Process Risk
- (7) Financial Risk
- (8) Business Risk

3.4 Building a Corporate Risk Culture

SCG Chemicals recognizes that risk culture is a critical component of risk management. SCG Chemicals has, therefore, set measures as follows:

- assigned top executives to communicate the significance of risk management (tone at the top) and be role models in risk management. This includes establishing practical guidelines on the common risk language, risk appetite, common risk assessment systems;
- assigned and accountability of each risk owner;
- encouraged each company in SCG Chemicals to include risk management as part of the agenda in major meetings;
- designated risk management as a component of training and development programs for employees; and
- encouraged experience sharing across departments and companies to continually communicate the benefits of risk management

This Policy shall be effective from March 30, 2022 onwards.

Announced on April 4, 2022

-signed by-

**(Mr. Chumpol NaLamlieng)
Chairman of the Board of Directors**

Note:

The first amendment to this Risk Management Policy was made pursuant to the resolution of the Board of Directors Meeting No. 282 (3/2022) on March 30, 2022.