

SCG Packaging Public Company Limited (“the Company”) 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 Packaging either financial impact or impact to reputation of SCG Packaging.

“**Risk management**” means the process conducted by the board of directors, executives and all personnel in SCG Packaging to assist strategy formulation and operation by designing the risk management process that could indicate possible situations and their impact to SCG Packaging and manage their risks to be within an acceptable level to reasonably assure that the goals set by SCG Packaging 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 the level of operational strategy formulation and investment of SCG Packaging.
- 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 key business risks, such as strategic risks, financial risks, operational risks, and marketing risks, and mitigate loss or damage to SCG Packaging in an appropriate and timely manner.
- 2.4 Inform the Risk Management Committee, the Risk Oversight Committee, and the Audit 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 Packaging 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.
- 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 Risk Oversight Committee to monitor risk profile and manage risks appropriately and timely.

3. Risk Management Framework

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

3.1 Strategy Formulation

SCG Packaging 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 Packaging is illustrated below:



The Board of Directors

The Board of Directors has a duty to establish a comprehensive risk management policy for the entire organization and oversee its effective implementation. This includes regular review and assessment of the risk management system, especially when there are changes in risk levels, as detailed in the Charter of the Board of Directors.

Risk Oversight Committee

The Board of Directors assigns the Risk Oversight Committee to appropriately establish the company's risk management policy and provide recommendations on risk management policies to the Board of Directors. The committee also promotes and supports continuous improvement and development of the risk management system at all levels throughout the organization.

Audit Committee

The Board of Directors assigns the Audit Committee the responsibility to review and ensure the effectiveness and efficiency of the risk management processes. Reports on such management activities are to be regularly submitted to the Audit Committee and the Board of Directors respectively.

SCG Packaging's Risk Management Committee

SCG Packaging's Risk Management Committee consists of the Chief Executive Officer who serves as the Committee Chairman, the Chief Operational Officer of each business unit, the Chief Regional Officer, the Chief Marketing Officer, and the Chief Financial Officer. The Risk Management Committee has the following core responsibilities:

- (1) Determine risk management structure and assign accountabilities for risk management;
- (2) Consider and approve risk management strategies, framework, and plans;
- (3) Review the risk profile and track the risk management practices of the entire organization.

Internal Audit Office

The Company's Internal Audit is responsible for conducting an audit of the first line (operating units) and the second line (management level, risk management and compliance, and other supporting functions) to provide assurance on the efficiency and effectiveness of risk management. Internal Audit Office also reports the outcomes to the Audit Committee as well as provides consultation and communicates the Audit Committee's opinions and recommendations to the first line and functions that are being audited for improvement.

3.3 Risk Management Process

SCG Packaging's risk management framework is applied in three primary areas: strategic risk management, investment project risk management, and operational risk management. The risk management process comprises as follows:

- (1) Risk/opportunity identification;
- (2) Assessment of opportunities and impact of risks and opportunities;
- (3) Risk response including defining the key risk indicators and key performance indicators, which are the leading and lagging indicators, in order to anticipate risk events and to manage risk levels to be in line with the targets.
- (4) Risk reporting to SCG Packaging's Risk Management Committee and Risk Oversight Committee before presenting a report to the Audit Committee on a quarterly basis.
- (5) Regularly review the Risk Management Policy while taking into account significant changes which may affect the organization.

The risk management of the following issues shall be assessed.

- (1) Safety, Health and Environment Risk
- (2) Compliance Risk
- (3) Intangible Risk
- (4) Hazard Risk
- (5) Input Risk
- (6) Process Risk
- (7) Financial Risk
- (8) Business Risk

3.4 Building a Corporate Risk Culture

SCG Packaging recognizes that risk culture is a critical component of risk management. SCG Packaging 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 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;

- encouraged experience sharing across departments and companies to continually communicate the benefits of risk management.

This policy shall be effective from January 1, 2025.

Announced on January 1, 2025.

-Signed by-

(Mr. Prasarn Trairatvorakul)
Chairman to the Board of Directors