

# RISK MANAGEMENT POLICY

## Osotspa Public Company Limited & Subsidiaries

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### 1. **Objective**

To establish a framework and guidelines for risk management in alignment with the principles of Good Corporate Governance. The purpose is to minimize the impact of risks and enhance business opportunities, thereby supporting the Company's management and operations in achieving its objectives in accordance with its strategies, operational plans, applicable laws, and relevant regulations, while ensuring the appropriate benefits for all stakeholders.

Furthermore, this Policy has been developed to ensure that all relevant parties have a correct and consistent understanding of the Company's risk management process.

### 2. **Scope**

This Policy applies to all departments of the Company, including the Board of Directors, executives, and all employees of the Company as well as all of its subsidiaries.

### 3. **Definitions**

#### **Risk**

Refers to the possibility that a certain event may occur and hinder the achievement of objectives. Such an event may cause impacts or damages to the organization, either monetary and/or non-monetary, such as impacts on the organization's image and reputation.

#### **Risk Appetite**

Refers to the maximum level of risk that the organization is willing to accept in order to achieve its set objectives.

#### **Enterprise Risk Management (ERM)**

Refers to a process in which personnel across the entire organization participate in identifying, analyzing, and anticipating potential events or risks, as well as defining approaches to manage such risks at an appropriate or acceptable level, thereby enabling the organization to achieve its objectives in alignment with its vision and mission.

#### **Risk Management**

Refers to the management of risk factors by establishing control plans for activities and operational processes. The principle is to reduce the causes of likelihood and/or the

impacts of risks that may cause damage to the Company. This is to ensure that the level and magnitude of damage from such risks remain acceptable, and that risks can be systematically assessed, controlled, and monitored with the Company's objectives as the primary consideration.

### **Risk Assessment**

Refers to the analysis and prioritization of risks by assessing the likelihood of occurrence and the potential impact on the achievement of the objectives of a unit or of the organization.

**Likelihood** – see Annex 1 for further details

Refers to the frequency or probability of a risk event occurring.

**Impact** – see Annex 1 for further details

Refers to the severity of damage, in monetary and/or non-monetary terms, if a risk event occurs.

**Degree of Risk** – see Annex 2 for further details

Refers to the risk status obtained from the assessment of likelihood and impact of each risk factor, categorized into three levels: High, Medium, and Low.

## **4. Policy and Key Principles of Implementation**

The Company manages risks in accordance with the Enterprise Risk Management framework (COSO ERM framework), guided by the following key principles:

- 4.1 Define and review the Risk Appetite on an annual basis.
- 4.2 Ensure that the business strategy is aligned with the level of risk acceptable to the Board of Directors.
- 4.3 Establish criteria for risk assessment, including the likelihood of risk occurrence and the potential impact of risks, in both monetary and non-monetary terms.
- 4.4 Implement processes for identifying, assessing, and recording organizational risks, supported by risk management plans and regular monitoring to ensure timely control and management of risks within an acceptable level. Risk monitoring and reporting should be conducted at least on a quarterly basis.
- 4.5 Maintain a balance between risk and return to ensure the achievement of business objectives, stakeholder expectations, and optimal benefits for shareholders, within an acceptable risk level.
- 4.6 Review significant risks arising from changes in internal and external factors, such as the introduction of new product lines and/or economic, political, or legal changes.

## **5. Reporting of Emergency Incidents with Material Impact on the Company**

- 5.1 In the event of an emergency incident that has a material impact on the Company, such as a glass furnace leakage, a serious workplace accident, or protests from neighboring communities, such incidents must be reported immediately to the Chief Executive Officer and/or the Chairman of the Risk Management Committee.
- 5.2 The head of the department where the emergency occurred shall prepare a summary report outlining the key issues of the incident, including the actions already taken and those planned to be implemented in order to prevent potential risks from recurring in the future, and submit such report to the Risk Management Committee.

## **6. Review of the Risk Management Policy**

- 6.1 In the event that the Risk Management Policy is deemed inappropriate for the Company's business operations, the matter shall be submitted to the Board of Directors through the Risk Management Committee for approval to revise the Risk Management Policy.
- 6.2 The Risk Management Committee shall review the Risk Management Policy on an annual basis and submit it to the Board of Directors to ensure that the policy remains appropriate in alignment with the Company's business environment.

## **7. Risk Management Process**

Risk management is a continuous improvement process that is embedded in the Company's activities and business operations. The Company manages risks associated with its activities and/or businesses to mitigate the impact of undesirable or unforeseen events while enhancing business opportunities. The following actions shall be undertaken:

- 7.1 Conduct systematic risk assessments at least once a year, comprising the following steps:
- (1) **Identify Risks** – Risks must be identified comprehensively and in a timely manner, taking into account both internal and external environments that may affect the achievement of strategic and operational objectives.
  - (2) **Assess Risks** – Risks must be assessed based on the established criteria of likelihood and impact on the achievement of the Company's objectives if the risk occurs. This is to prioritize risks and determine appropriate risk management approaches.
  - (3) **Treat Risks** – Appropriate control activities and risk management plans must be developed to reduce the likelihood and impact of potential risks or damages. Risks must be managed within an acceptable level, with consideration given to the cost-effectiveness of implementing risk management plans compared to the potential impacts of risks. Risk owners are responsible for defining risk management plans and specifying the completion dates for each plan.
  - (4) **Document, Monitor and Review** – All steps in the risk management process must be documented in writing, and the effectiveness of the process must be monitored

and reviewed regularly to ensure continuous improvement. This enables the Company to manage risks appropriately and in a timely manner.

7.2 Report risks to the Risk Management Committee and the Board of Directors using the standardized reporting format (see *Annex 3*). In addition, significant risks should be reported to the Audit Committee for the purpose of reviewing the effectiveness and adequacy of the Company's internal control system.

## 8. Roles and Responsibilities

- 8.1 Board of Directors – Responsible for overseeing the proper implementation of this Risk Management Policy through the Risk Management Committee.
- 8.2 Risk Management Committee – Responsible for directing and ensuring that the risk management policy and framework are implemented within the Company, establishing measures and providing support, as well as monitoring the risk management process to ensure its success. The Committee shall evaluate compliance with the risk management framework, review the adequacy of the management of significant risks, and report to the Board of Directors at least once a year.
- 8.3 Risk Management and Compliance Unit – Responsible for conducting training and providing guidance to various departments in implementing the Risk Management Policy, and for continuously monitoring risk management practices. This role is supported by the Risk Management Committee to ensure that the risk management process is appropriately and effectively applied in a standardized manner across the organization.
- 8.4 Executives and Employees of the Company and its Subsidiaries – Responsible for complying with the Risk Management Policy and guidelines approved by the Board of Directors.

- Signed -

(Mr. Somprasong Boonyachai)  
Chairman of the Board of Directors

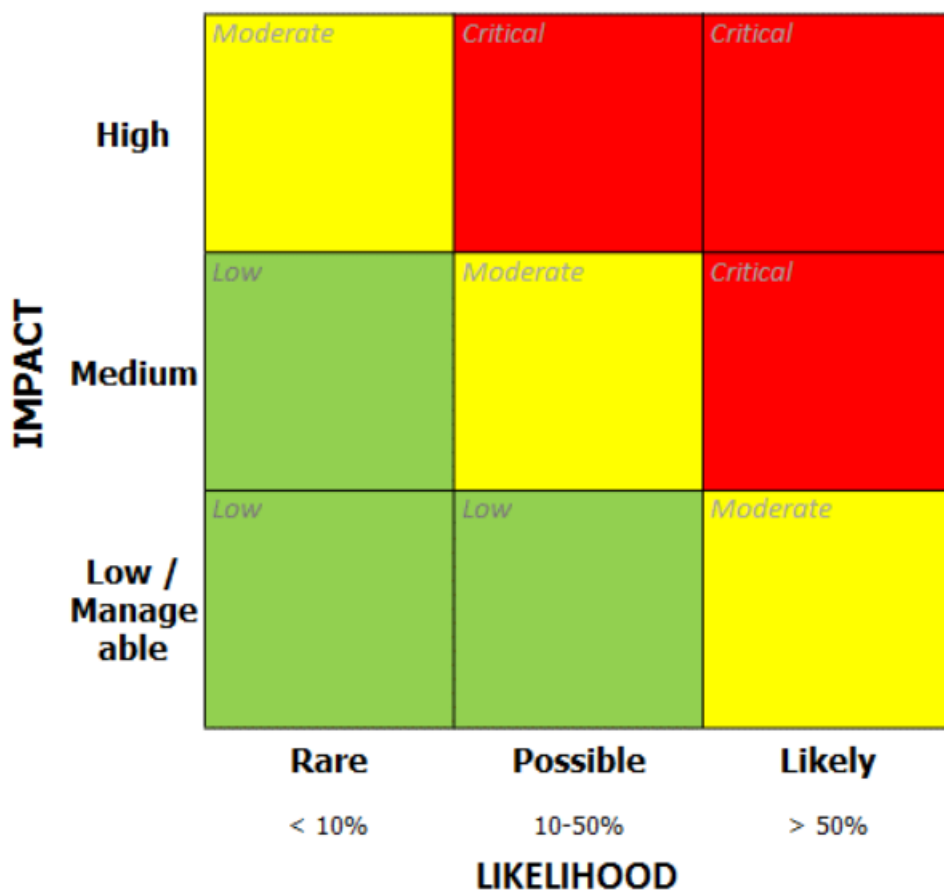
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**Annex 1 : Risk Assessment Criteria**

Likelihood		
(1) Rare	(2) Possible	(3) Likely
<10%	10%-50%	>50%
Impact		
(1) Low / Manageable	(2) Medium	(3) High
<b>Financial</b> (Calculated from 10% of projected profit after tax as stated in the annual financial budget of that year)		
<THB 100 million	THB 100 – 250 million	>THB 250 million
<b>Reputation and Corporate Image</b>		
<ul style="list-style-type: none"> <li>- News content that is not negative in nature, which may involve inaccurate or misleading information, or factual information.</li> <li>- News appearing in domestic media, including social media, print, radio, and television.</li> <li>- Complaints received, but not publicly disclosed in the media.</li> <li>- News related to the Company, its brands, or its executives.</li> </ul>	<ul style="list-style-type: none"> <li>- Negative news content of significant severity, which may involve inaccurate or misleading information, or factual information; may also reference executives or individuals associated with the Company.</li> <li>- Negative news appearing in domestic and regional media, including social media, print, radio, and television.</li> <li>- Negative news coverage that continues for more than 1 day but not exceeding 15 days.</li> <li>- Severe negative news regarding the Company, its brands, or its executives.</li> </ul>	<ul style="list-style-type: none"> <li>- Highly severe negative news content, which may involve inaccurate or misleading information, or factual information; may also reference executives or individuals associated with the Company.</li> <li>- Negative news appearing globally across all media platforms, including social media, print, radio, and television.</li> <li>- Continuous negative news coverage for more than 15 days.</li> <li>- Highly severe negative news regarding the Company, its brands, or its executives, resulting in reduced market share, decreased product credibility, or diminished confidence in the Company's executives.</li> </ul>
<b>Operations</b>		
<ul style="list-style-type: none"> <li>- Achievement of more than 90% of planned targets.</li> <li>- Project/activity delay of no more than 3 months.</li> </ul>	<ul style="list-style-type: none"> <li>- Achievement of 51%–90% of planned targets.</li> <li>- Project/activity delay of 3–12 months.</li> </ul>	<ul style="list-style-type: none"> <li>- Achievement of less than 50% of planned targets.</li> <li>- Project/activity delay of more than 12 months.</li> </ul>
<b>Supply Chain</b>		
- Inability to deliver products	- Inability to deliver products	- Inability to deliver products

for no more than 3 days	for 4-14 days	for more than 15 days
<b>Occupational Health, Safety and Environmental (HSE)</b>		
<ul style="list-style-type: none"> <li>- Minor injury requiring only first aid treatment at the clinic, without absence from work.</li> <li>- Minor impact on the surrounding community or the environment, which can be rectified and restored within one month, without the involvement of government authorities</li> </ul>	<ul style="list-style-type: none"> <li>- Severe injury or illness requiring hospitalization and absence from work.</li> <li>- Significant impact on the surrounding community or the environment, which may require government authority involvement for remediation, or a recovery period exceeding one month</li> </ul>	<ul style="list-style-type: none"> <li>- Disability or fatality.</li> <li>- Severe impact on the surrounding community or the environment, which requires the involvement of government authorities for remediation.</li> </ul>
<b>Human Resources</b>		
<ul style="list-style-type: none"> <li>- Individual employee dissatisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>- Widespread morale issues among employees, with the voluntary turnover rate increasing by no more than 10% compared with the Company's 5-year average voluntary turnover rate.</li> </ul>	<ul style="list-style-type: none"> <li>- Widespread morale issues among employees, with the voluntary turnover rate increasing by more than 10% compared with the Company's 5-year average voluntary turnover rate.</li> </ul>
<b>Compliance with Laws and Regulations</b>		
<ul style="list-style-type: none"> <li>- Non-compliance with rules, regulations, or legal requirements, with complaints raised by Company personnel or employees, but the Company is able to promptly resolve the issue.</li> </ul>	<ul style="list-style-type: none"> <li>- Significant violations of laws or regulations that are under investigation or reported to relevant authorities, including the initiation of legal proceedings and/or claims for damages, where applicable.</li> </ul>	<ul style="list-style-type: none"> <li>- Major lawsuits or significant claims for damages, including important cases and class action lawsuits filed by groups of affected parties.</li> </ul>

## Annex 2 : Risk Prioritization Grid



Degree of Risk Description	
High Risk	A risk that has a material impact on the Company. It requires immediate risk management planning and close monitoring of the progress of risk management actions.
Medium Risk	A risk that requires close monitoring and review to prevent potential future impacts.
Low Risk	A risk that can be managed under existing control plans.

### Annex 3 : OSP Standard Risk Report Template

Osotspa Company Limited  
Critical Risk [Year-Quarter]

Step 1: Risk Identification				Step 2: Risk Assessment	Step 3 & 4: Risk Response & Mitigation			Step 5: Risk Monitoring & Review
ID	Risk	Category	Owner	Impact (THB)	Mitigation Plan	Targeted Complete Date	In Charge	Progress Update
1								
2								
3								
4								
5								