



ENTERPRISE RISK MANAGEMENT POLICY

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Enterprise Risk Management Policy

Vanachai Group Public Company Limited and Subsidiaries

Vanachai Group Public Company Limited and its subsidiaries (“the Company”) recognize the importance of risk management as a core mechanism of Good Corporate Governance (GCG). Effective risk management enables the Company to anticipate and address uncertainties that may affect the achievement of its strategic, operational, and sustainability objectives.

Enterprise Risk Management (ERM) plays a critical role in enhancing the Company’s competitiveness, resilience to change, and ability to create long-term value for all stakeholders. The Company adopts a proactive risk management approach to prevent and mitigate potential adverse impacts from unforeseen events, while also leveraging emerging opportunities that align with its strategic direction and sustainable development goals.

The Company applies the principles of the COSO ERM Framework (2017) to ensure comprehensive risk management across all dimensions – strategic, operational, financial, compliance, and ESG (Environmental, Social, and Governance) risks.

In identifying and prioritizing sustainability-related risks and opportunities, the Company applies the **Vanachai Integrated Materiality and Risk Assessment (V-IMRA)** as an internal framework to systematically assess sustainability-related impacts, risks, and opportunities across its operations and value chain.

The outcomes of V-IMRA are used as key inputs to the Enterprise Risk Management (ERM) process, supporting the identification of material sustainability-related risks, their integration into the Enterprise Risk Register, and their ongoing monitoring and management.

This policy serves as a clear, comprehensive, and aligned operational framework that supports the Company’s strategic objectives and complies with the requirements of the Stock Exchange of Thailand and international sustainability standards. Its goal is to promote systematic and continuous risk management across all departments and employee levels, fostering an organizational culture of anticipation, preparedness, and shared accountability.

1) Objectives

The purpose of Enterprise Risk Management (ERM) is to establish an effective and comprehensive risk management system that covers all dimensions of risk, enabling the Company to achieve its strategic objectives and operate with stability, transparency, and sustainability.

- **Strengthen Good Corporate Governance:** Establish a risk management framework that aligns with governance principles, ensuring that the Board and management make

decisions based on balanced consideration of information, risks, and opportunities. This promotes transparency and accountability to all stakeholders.

- **Prevent and Mitigate Risks:** Implement a proactive risk management process to identify, assess, and manage risks in a timely manner, preventing or minimizing potential business, financial, operational, legal, and ESG-related (Environmental, Social, and Governance) impacts.
- **Foster a Risk-Aware Organizational Culture:** Encourage all employees to understand, acknowledge, and actively participate in risk management by integrating risk considerations into daily operations, planning, and decision-making – making risk management an inherent part of the corporate culture.
- **Support Strategic Execution and Decision-Making:** Integrate risk management into strategic planning, resource allocation, and project management to ensure that all strategic decisions are made within the Company's acceptable risk appetite and contribute to long-term value creation for stakeholders.
- **Enhance Organizational Adaptability and Resilience:** Strengthen the Company's capacity to respond to emerging risks, such as climate change, natural disasters, cyber threats, and market volatility, ensuring business continuity and maintaining stakeholder confidence over the long term.

2) Policy Alignment and International Standards

This policy has been developed in alignment with good corporate governance principles and international standards to ensure that the Company's risk management processes are transparent, auditable, and consistent with global best practices. The following key frameworks and guidelines serve as references:

- **Global Reporting Initiative (GRI):**
 - **GRI 102-15, 102-29, 102-30, 102-33, and 102-34** – addressing the identification, analysis, and disclosure of significant risks and opportunities.
- **COSO Enterprise Risk Management (ERM) Framework (2017):** Serves as a guiding framework for strategic risk management and the integration of risk considerations into organizational decision-making processes.
- **ISO 31000: Risk Management Principles and Guidelines:** Provides a systematic and organization-wide approach to identifying, assessing, and managing risks effectively at all levels.
- **UN Global Compact Principle 10 and SDG 16:** Promote transparency, fairness, and strong institutions in business operations.
- **FTSE Russell ESG Indicators:**
 - **GRM04:** Risk Management Framework and Structure
 - **GRM05:** Risk Oversight and Control Mechanisms

- **GRM12:** Risk Disclosure and Transparency
- **GRM20:** Confidential Whistleblowing and Grievance Reporting Mechanism
- Sustainability-related risks and opportunities are identified through internal assessment processes, including the **Vanachai Integrated Materiality and Risk Assessment (V-IMRA)**, and managed in accordance with the frameworks referenced above.

3) Scope

This policy applies to:

- **Board of Directors and Relevant Board Committees:** Responsible for overseeing and monitoring risk management to ensure that the Company's risk exposure remains within acceptable levels and is aligned with organizational strategy.
- **All Levels of Management:** Required to integrate risk management into planning, decision-making, and daily operations, as well as to establish and implement appropriate risk mitigation measures within their respective areas of responsibility.
- **All Employees:** Responsible for identifying, analyzing, and reporting potential risks within their scope of work and for strictly adhering to established control measures.
- **Supporting Units – such as Internal Audit, Sustainability Management, and Risk Management Departments:** Provide information, tools, and management systems to enhance the overall effectiveness and efficiency of the Company's enterprise risk management.
- **Subsidiaries and Business Partners:** Must operate under the same risk management principles and framework as the Company to maintain consistency and uphold the Group's governance standards.
- **All Organizational Activities:** Covers all aspects of the Company's operations – including strategic planning, financial management, operations, procurement, investment projects, human resources, safety management, business continuity, and ESG-related risks (Environmental, Social, and Governance).

(Aligned with FTSE Russell GRM04 – Risk Management Framework, GRI 102-15, GRI 102-29, SDG 16.6, and SDG 17 – Partnerships for the Goals.)

4) Definitions and References

- **Event:** An occurrence or incident that may affect the Company's ability to achieve its objectives, which can result in either positive outcomes (opportunities) or negative impacts (risks). All events must be properly assessed, analyzed, and managed.
- **Risk:** The likelihood that an event will occur and adversely affect the achievement of the Company's objectives. Risks may arise from internal or external factors. Risk

management aims to reduce uncertainty and minimize potential impacts to an acceptable level.

- **Risk Management:** An integrated process encompassing the identification, assessment, response, monitoring, and communication of risks to support effective strategic decision-making and operational execution.
- **Enterprise Risk Management (ERM):** A holistic management system that integrates risk management across all levels of the organization to create, protect, and sustain corporate value and competitiveness in the long term, in accordance with the COSO ERM Framework (2017).
- **Risk Appetite:** The level and type of risk the organization is willing to accept in pursuit of its objectives, ensuring that business decisions and initiatives maintain an appropriate balance between opportunity and acceptable risk.
- **Emerging Risks:** Newly developing or poorly understood risks that may have significant future impacts, such as those arising from climate change, cyber threats, or regulatory changes.
- **Organizational Resilience:** The Company's ability to anticipate, respond to, and recover from unexpected events, ensuring business continuity and the sustainable achievement of strategic objectives.
- **Environmental, Social, and Governance (ESG) Risks:** Risks arising from environmental impacts, social changes, or governance issues that may affect the Company's reputation, stakeholder confidence, and long-term sustainability.
- **Vanachai Integrated Materiality and Risk Assessment (V-IMRA):** An internal assessment framework used by the Company to identify, assess, and prioritize sustainability-related impacts, risks, and opportunities across its operations and value chain. V-IMRA integrates impact materiality and financial materiality considerations and provides structured inputs to the Enterprise Risk Management (ERM) system, strategic planning, and sustainability reporting.

(Aligned with FTSE Russell GRM04–GRM11, COSO ERM, ISO 31000, GRI 102-15, GRI 102-29, GRI 102-33, SDG 9, SDG 13, and SDG 16)

5) Governance and Accountability

- **Board of Directors:** Serves as the highest governing body responsible for overseeing the Company's risk management framework. The Board approves the Risk Management Policy, the Risk Appetite, and related monitoring guidelines to ensure that the risk management system is appropriate, comprehensive, and aligned with corporate strategy. The Board regularly reviews the effectiveness of the risk management system, monitors significant risk reports, and promotes a corporate culture that emphasizes risk awareness and informed, evidence-based decision-making.

- **Risk Management and Corporate Governance Committee:** Defines policies, strategies, and guidelines for risk management in line with the Company's strategic plan, determines acceptable risk levels, and monitors key and emerging risks that may affect the organization. The Committee reviews quarterly reports from the Risk Management Working Group, provides recommendations to the Board, and promotes the integration of Enterprise Risk Management (ERM) into organizational decision-making and operations.
- **Executive Committee:** Implements risk management practices across departments in accordance with corporate policy, ensures adequate allocation of resources for risk management, and reports progress, challenges, or key risks to the Risk Management and Corporate Governance Committee. This helps ensure that risk management is continuous, consistent, and effective across the organization.
- **Risk Management Working Group:** Identifies, analyzes, and evaluates the Company's key strategic, operational, financial, and emerging risks. The group monitors the effectiveness of existing risk controls and mitigation measures, prepares quarterly risk management summary reports for the Risk Management and Corporate Governance Committee, and promotes knowledge sharing and communication on risk management throughout the organization.
- **Executives and Department Heads:** Responsible for managing risks within their respective areas by integrating risk management into daily operations, identifying and reporting potential risks, and implementing appropriate control and mitigation measures. They also encourage team participation in continuous risk assessment and management to ensure efficient and secure operations across the organization.
- **All Employees:** Required to perform their duties with awareness of potential risks related to their work and to promptly report unusual incidents or risks through designated channels without fear of retaliation. Employees must strictly adhere to the Company's risk control policies and contribute to building a transparent, risk-conscious, and responsible corporate culture at all levels.
- **Internal Audit Unit:** Conducts independent reviews and evaluations of the adequacy and effectiveness of the Company's risk management and internal control systems. Audit results are reported to the Audit Committee, along with recommendations for improvement to strengthen the risk management framework and enhance governance tools and controls in line with international standards.

(Aligned with FTSE Russell GRM04–05, GRM11, GRI 102-29, GRI 102-30, GRI 102-33, GRI 205-2, and SDG 8.8, SDG 9.1, SDG 16.5, SDG 16.6, SDG 16.7)

6) Commitments and Principles

The Company is committed to implementing Enterprise Risk Management (ERM) in a systematic, comprehensive, and strategic manner to anticipate and manage risks effectively, transparently, and sustainably. The following principles, aligned with international standards, guide the Company's risk management practices:

- 6.1 Proactive Risk Management** (*FTSE Russell GRM04, GRI 102-15, SDG 9.1, SDG 16.6*): The Company adopts a forward-looking and proactive approach to risk management to identify potential risks in advance, minimize adverse impacts, and transform risks into opportunities for growth and sustainable value creation.
- 6.2 Integration of Risk Management with Corporate Strategy** (*FTSE Russell GRM05, COSO ERM Principle 3, GRI 102-29, SDG 16.6*):
- Risk management is integrated into the strategic planning, investment, decision-making, and daily operations of the Company. This ensures that all business processes operate within the defined risk appetite and are aligned with the Company's strategic objectives.
- 6.3 Establishment of Risk Appetite and Tolerance** (*FTSE Russell GRM04, GRM05, GRI 102-30, SDG 16.6*):
- The Company defines its Risk Appetite and Risk Tolerance levels to provide a structured framework for strategic decisions, ensuring that risks are managed appropriately within the context of a dynamic business environment.
- 6.4 Building a Risk-Aware Culture** (*FTSE Russell GRM04, GRI 102-30, SDG 8.8, SDG 16.7*):
- The Company promotes organization-wide understanding and awareness of risks by embedding the principle that "Risk is Everyone's Responsibility." Every department and employee are encouraged to incorporate risk management into their daily activities, fostering a shared culture of accountability and collective risk ownership.
- 6.5 Systematic Risk Assessment and Control** (*FTSE Russell GRM04, GRM05, GRI 102-29, SDG 12.6*):
- The Company applies the COSO ERM and ISO 31000 frameworks to identify, assess, analyze, and respond to risks using both quantitative and qualitative data. This approach ensures that risks are managed at appropriate and cost-effective levels consistent with operational objectives.
- 6.6 Transparent Risk Disclosure and Reporting** (*FTSE Russell GRM11 – Risk Disclosure, GRI 102-33, SDG 16.10*):
- The Company is committed to transparent disclosure of significant risks and mitigation measures to the Audit Committee, the Risk Management and Corporate Governance Committee, and other stakeholders to build trust and accountability in its operations.

6.7 Continuous Improvement and Learning from Events (*FTSE Russell GRM05, COSO ERM Principle 20, GRI 102-30, SDG 4.7, SDG 16.6*):

- The Company continuously improves its risk management system by leveraging performance monitoring data, internal audit findings, and lessons learned from past incidents. These insights are used to strengthen organizational resilience and enhance readiness to respond effectively to future uncertainties.

7) Risk, Impact, and Dependency Management

The Company applies the COSO Enterprise Risk Management (ERM) Framework to identify, assess, manage, and monitor risks in a structured and systematic manner. This approach focuses on minimizing negative impacts while enhancing positive opportunities that contribute to the Company's long-term sustainability.

The risks, impacts, and dependencies associated with the matters addressed in this policy are identified, analyzed, and prioritized through the Company's Vanachai Integrated Materiality and Risk Assessment (V-IMRA) process. V-IMRA is an internal assessment framework that considers both impact materiality and financial materiality across the value chain.

- **The results of V-IMRA** are integrated into the Enterprise Risk Management (ERM) system to support policy formulation, strategic decision-making, the setting of risk appetite, and the creation of long-term sustainable value.
- **Risk Identification and Assessment:** The Company systematically identifies risks that may affect the achievement of its strategic and operational objectives, covering strategic, operational, financial, compliance, and ESG (Environmental, Social, and Governance) risks.

Special attention is given to emerging risks such as climate change, cybersecurity threats, and global economic volatility. These risks are regularly assessed to ensure timely response and preparedness.

Sustainability-related risks and opportunities identified through the **Vanachai Integrated Materiality and Risk Assessment (V-IMRA)** are incorporated into the Company's risk identification and assessment process. These risks are evaluated using established likelihood and impact criteria and, where relevant, classified as strategic, operational, financial, compliance, or ESG risks within the Enterprise Risk Register.

- **Impact Assessment:** Risks are evaluated based on likelihood and impact, using both qualitative and quantitative analysis to prioritize and determine appropriate management actions. Assessments are conducted at corporate, departmental, and project levels, taking into account interconnections among risks across functions to support informed decision-making and efficient resource allocation.
- **Risk Management and Response:** The Company implements risk management strategies based on the nature and severity of each risk through four main approaches:

- **Risk Avoidance** – Ceasing or refraining from activities or decisions that may lead to excessive risk (e.g., tax approval processes and cross-border transactions must be reviewed and approved by the Executive Committee).
- **Risk Reduction** – Implementing control measures to reduce the likelihood or potential impact of risks.
- **Risk Transfer** – Transferring or sharing risk with third parties, such as through insurance or business partnerships.
- **Risk Acceptance** – Accepting risks that fall within the Company’s defined risk appetite and tolerance levels.

All risk response measures must consider cost-benefit effectiveness and suitability to the business environment to ensure optimal operational efficiency.

- **Monitoring and Reporting:** The Company maintains a continuous monitoring and review system for risk management. Risk management performance reports are prepared at least twice a year and submitted to the Risk Management and Corporate Governance Committee and the Board of Directors. The findings are used to improve risk management plans, internal control measures, and corporate strategies to enhance overall resilience and operational efficiency.
- **Dependency and Interconnection Management:** The Company recognizes risk interdependencies within and beyond the organization, particularly in areas such as supply chain stability, energy security, natural resource management, and environmental and social change.

To address these interconnected risks, the Company collaborates with business partners, suppliers, and stakeholders to strengthen value chain resilience and mitigate long-term dependency risks.

(Aligned with FTSE Russell GRM04, GRM05, GRM11, COSO ERM Principles 9, 10–12, GRI 102-15, GRI 102-29, GRI 102-30, GRI 102-33, SDG 12.2, SDG 12.6, SDG 13.1, SDG 16.6, and SDG 17 – Partnerships for the Goals.)

8) Targets and Metrics

The Company establishes clear risk management goals and performance indicators to ensure that its Enterprise Risk Management (ERM) system effectively supports strategic decision-making, enhances organizational resilience, and creates long-term value for all stakeholders.

Short-Term Goals (Within 1 Year):

- Ensure 100% of management and operational employees complete the ERM Awareness & Training Program.
- Require all departments to conduct annual key risk assessments and develop comprehensive Risk Action Plans.
- Establish and regularly update an Enterprise Risk Register that links departmental risk data with relevant performance indicators (KPIs).

Medium-Term Targets (3–5 years):

- Achieve integration of risk management into at least 90% of the Company’s strategic plans, budgets, and major investment projects.
- Reduce the number of “critical” or “very high” risks by at least 50% within three years.
- Conduct Project Risk Reviews for all investment projects valued above USD 15 million, ensuring proper identification and mitigation of associated risks.

Long-Term Targets (5 years and beyond):

- Achieve Position the Company as an industry role model for risk management and corporate governance within the wood-based materials sector.
- Ensure that enterprise risk management fully encompasses all dimensions of ESG risks and aligns with the United Nations Sustainable Development Goals (SDGs).
- Foster a “Resilience Culture” across all organizational levels, where every employee understands and embraces their role in managing and mitigating risks.

Key Performance Indicators (KPIs)

Category	Indicators	Monitoring Frequency	Responsible Unit
Strategic Risk Management	Percentage of strategic projects or plans with completed risk assessments	≥ 90%	Risk Management Working Group / Risk Management Committee
Operational Risk Management	Number of departments conducting annual risk assessments and developing Risk Action Plans	100%	Department Heads / Risk Management Working Group
Training and Communication	Percentage of employees completing annual risk management training	100%	Human Resources Department / Sustainability Development Task Force
Key Risk Management	Percentage of high and critical risks successfully mitigated or reduced after implementation	≥ 50%	Risk Management and Corporate Governance Committee
Disclosure and Reporting	Completeness and transparency of risk reports submitted to the Board	100% complete, annually	Internal Audit Unit / Risk Management Working Group

- **Performance Integration:**

- Risk management performance results are incorporated into the performance evaluations of executives and departments, reinforcing accountability and motivation for continuous and tangible improvement in risk management practices. This integration ensures that risk management becomes an integral part of leadership effectiveness and organizational performance.

(Aligned with FTSE Russell GRM04, GRM05, GRM11, COSO ERM Principle 6, GRI 102-29, GRI 102-30, SDG 4.7, SDG 9.1, SDG 12.6, and SDG 16.6.)

9) Supply Chain and Partner Responsibility

- **Risk-Based Partner Assessment and Selection** *(FTSE Russell GRM04, GRI 102-15, SDG 12.6, SDG 16.6)*: The Company applies a risk-based due diligence approach in selecting and evaluating business partners, covering financial integrity, legal compliance, labor practices, safety, environmental performance, and governance (ESG criteria). This ensures that all partners operate transparently and uphold management systems consistent with the Company's core values.
- **Supply Chain Risk Management** *(FTSE Russell GRM05, GRI 102-29, SDG 12.2, SDG 13.1)*: The Company conducts regular assessments of supply chain risks – such as disruptions in raw material supply, logistics, and delivery delays – to develop preventive measures and contingency plans. Environmental and social risk management is also integrated, addressing areas such as resource efficiency, greenhouse gas emissions, and labor rights, thereby promoting sustainability throughout the value chain.
- **Auditing and Monitoring** *(FTSE Russell GRM05, GRM11, GRI 205-3, SDG 16.6)*: The Company continuously monitors and audits its business partners to ensure compliance with the Risk Management Policy and Supplier Code of Conduct through internal evaluations or external independent audits when appropriate. In cases of non-compliance or violation, the Company requires corrective actions or may suspend or terminate the business relationship in accordance with established procedures.
- **Third-Party Risk Management** *(FTSE Russell GRM05, GRI 102-30, SDG 12.6, SDG 17)*: The Company prioritizes managing risks arising from third parties – including agents, contractors, and service providers – by conducting due diligence to evaluate credibility, performance history, and alignment with the Company's ESG and governance standards. This process helps mitigate reputational, legal, and operational risks that could affect the organization in the long term.
- **Sustainable Strategic Partnerships** *(FTSE Russell GRM11 – Risk Disclosure and Partnership, GRI 102-43, SDG 17 – Partnerships for the Goals)*: The Company promotes long-term collaboration with business partners who share its commitment to transparent, ethical, and sustainable risk management practices. It encourages information exchange, capacity building, and joint improvement initiatives to enhance shared risk management capabilities and sustainability performance across the supply chain.

- **Reporting and Disclosure** (*FTSE Russell GRM11, GRI 102-33, SDG 16.10*): The Company discloses supply chain risk management performance transparently through its Annual Vanachai Sustainability Move Report and official communication channels. This demonstrates accountability to stakeholders and reinforces the Company's leadership in advancing good governance standards within the industry.

10) Integration with Corporate Strategy

10.1) Integration with Strategic Planning (*FTSE Russell GRM05, COSO ERM Principle 4, GRI 102-29, SDG 16.6*):

- The Company integrates the results of its risk assessments into strategic planning, investment decisions, and project prioritization to ensure that all strategic initiatives operate within the defined risk appetite and align with the Company's long-term goals. This integration strengthens the link between risk awareness and strategic execution, supporting informed and balanced decision-making.
- The results of the **V-IMRA** are considered alongside enterprise-wide risk assessments to support strategic planning, capital allocation, and major investment decisions, ensuring that sustainability-related risks and opportunities are addressed in a forward-looking and integrated manner.

10.2) Integration with the **FOREST | FUTURE | TOGETHER – for a Sustainable Living**

Framework (*FTSE Russell GRM04–GRM11, GRI 102-30, SDG 8.8, SDG 12.6, and SDG 17*):

- **Forest – Governance and Responsible Resource Use:** Risk management focuses on environmental and supply chain risks to prevent overuse of resources, support the circular economy, and maintain balance between business growth and ecosystem integrity.
- **Future – Innovation and Organizational Resilience:** The risk management process supports technological development, innovation investment, and the creation of agile management systems that strengthen organizational resilience and adaptability to market and environmental uncertainties.
- **Together – Collaboration and Stakeholder Trust:** The Company manages social and governance-related risks by building strong partnerships with employees, suppliers, and communities, reinforcing mutual trust and minimizing reputational risks.

10.3) Supporting Strategic Decision-Making (*FTSE Russell GRM05, COSO ERM Principle 6, GRI 102-29, SDG 16.6*): Findings and reports from the ERM system are incorporated into the deliberations of the Executive Committee and Board of Directors to support strategic decisions. This enables a balanced approach between growth and risk (Risk–Return Balance) and enhances long-term value creation across economic, social, and environmental dimensions.

10.4) Driving Corporate Values and a Culture of Resilience (*FTSE Russell GRM04, GRM05, GRI 102-30, SDG 4.7, SDG 16.6*): The Company embeds risk management principles

into its corporate values and organizational culture, promoting prudence, accountability, and transparency in all decision-making processes. This integration fosters a resilient organization that is proactive, adaptable, and well-prepared to navigate future challenges and opportunities.

11) Implementation and Management Tools

- **Enterprise Risk Management Framework** (*FTSE Russell GRM04, COSO ERM Principles 1–3, GRI 102-29, SDG 16.6*): The Company adopts the COSO ERM (2017): Integrating with Strategy and Performance framework and ISO 31000:2018 Risk Management Guidelines to ensure that risk management is integrated with corporate strategy and adaptable to changing business environments.

The framework consists of four core processes: Identify, Assess, Manage, and Monitor & Report, forming a structured and systematic approach to enterprise-wide risk management.

- **Integrated Management Systems** (*FTSE Russell GRM05, GRI 102-30, SDG 12.6, SDG 16.6*): Risk management is embedded within the Company's key management systems to ensure alignment, consistency, and efficiency across all operations:
 - Sustainability Management System
 - Internal Control System
 - Quality Management System (ISO 9001)
 - Occupational Health and Safety Management System (ISO 45001)
 - Environmental Management System (ISO 14001)

This integration enables every department to identify and manage risks within their processes under a unified, standardized framework across the organization.

- **Risk Management Tools and Technologies** (*FTSE Russell GRM04, GRM11, COSO ERM Principles 6–8, SDG 9.5, SDG 16.6*): The Company leverages digital tools and information technology to enhance risk monitoring, data-driven insights, and timely decision-making:
 - **Enterprise Risk Register System**: Centralized risk database for real-time tracking and updates of organizational risks.
 - **Risk Dashboard**: Visualization tool displaying key risk indicators (KRIs) to support executive decision-making.
 - **Data Analytics Tools**: Analytical systems for identifying trends and detecting early warning signals.
 - **Cybersecurity and Data Protection Tools**: Safeguards to mitigate IT and data leakage risks, ensuring secure and resilient digital operations.
- **Risk Reporting System** (*FTSE Russell GRM11 – Risk Disclosure, GRI 102-33, SDG 16.10*): The Company maintains a transparent and structured risk reporting system to ensure timely communication of key risks and incidents that may impact operations through the following channels:
 - Reports to the Risk Management and Corporate Governance Committee (annually)

- Reports to the Board of Directors (semi-annual / annual basis)
- Crisis or Incident Reports for critical or unforeseen events
- **Capacity Building and Risk Awareness** (*FTSE Russell GRM05, GRI 102-30, SDG 4.7, SDG 16.6*): The Company organizes regular training programs and awareness campaigns on risk management for executives and employees at all levels, ensuring clear understanding of their responsibilities in identifying and managing risks. The Company also promotes knowledge sharing and best practice exchange among departments to continuously improve the effectiveness and maturity of its enterprise risk management system.

12) Monitoring, Reporting and Transparency

- **Monitoring and Evaluation** (*FTSE Russell GRM05, COSO ERM Principle 16, GRI 102-30, SDG 16.6*): The Company conducts regular monitoring and evaluation of its risk management processes, assessing the adequacy of control measures, the coverage of risk assessments, and the effectiveness of management practices across departments. The results of these evaluations are analyzed and used to improve and update the risk management system, ensuring its relevance and alignment with current business conditions.
- **Internal Reporting** (*FTSE Russell GRM05, GRM11, GRI 102-33, SDG 16.6*):
 - The Risk Management and Corporate Governance Committee report key risk assessments and risk status updates to the Board of Directors on a quarterly basis.
 - The Risk Management Department prepares monthly summary reports for senior management to support business decision-making.
 - The Internal Audit Unit submits an annual report on the effectiveness of the risk management system to the Audit Committee.

All reports must be accurate, complete, and traceable to reinforce confidence in decision-making and governance.
- **Public Disclosure** (*FTSE Russell GRM11 – Risk Disclosure and Transparency, GRI 102-33, SDG 16.10*): The Company discloses its risk management practices and material risk issues in the Annual Sustainability Report and Annual Report, allowing shareholders, investors, regulators, and other stakeholders to monitor and evaluate the Company's transparency and accountability continuously.
- **Internal Communication** (*FTSE Russell GRM05, GRI 102-43, SDG 16.7*): The Company maintains effective internal communication channels – such as the intranet, internal bulletins, and monthly meetings – to share information about risks, assessment results, and key management actions. This ensures organization-wide awareness and understanding of risk management priorities.
- **Data Verification and Assurance** (*FTSE Russell GRM11, GRI 102-56, SDG 16.6*): Risk management data and disclosures are verified by both internal and independent external auditors to ensure the accuracy, completeness, and reliability of the information presented in the Sustainability Report and Annual Report.

13) Review and Continuous Improvement

- **Policy Review** (*FTSE Russell GRM07 – Board Oversight and Governance Integration, GRI 102-33, SDG 16.6*): The Company reviews the Enterprise Risk Management Policy **at least every two years** or upon any significant change in policies, laws, organizational structure, or strategic risks to ensure continued relevance, completeness, and alignment with both corporate goals and international standards.
- **System Effectiveness Evaluation** (*FTSE Russell GRM05, COSO ERM Principle 20, GRI 102-30, SDG 16.6*): The Risk Management and Corporate Governance Committee, in collaboration with the Internal Audit Unit, conducts periodic evaluations of the risk management system’s effectiveness. This assessment is based on KPIs, audit findings, and real risk management outcomes, with the results used to strengthen adaptability and responsiveness to emerging challenges.
- **Continuous Improvement** (*FTSE Russell GRM05, ISO 31000:2018, GRI 102-30, SDG 4.7, SDG 9.5*): The Company continuously enhances its risk management system by integrating lessons learned from actual risk events and audit results to improve internal controls, workflows, and technologies. It also supports research and innovation to make risk management more precise, agile, and forward-looking.
- **Knowledge Sharing and Best Practices Exchange** (*FTSE Russell GRM04–GRM05, GRI 102-43, SDG 4.7, SDG 17*): The Company provides ongoing training and knowledge-sharing programs on risk management for employees at all levels, both internally and externally, to strengthen understanding and competency in assessing and managing risks effectively. It also encourages the exchange of best practices among departments to foster a learning and improvement culture that supports long-term organizational sustainability.

14) Enterprise Risk Management Policy Revision History

Version	Date	Policy Owner	Approved by	Key Changes / Comments
1.0	11 November 2024	Risk Management and Corporate Governance Committee	Board of Directors	Developed the first Enterprise Risk Management Policy to establish a governance-aligned framework consistent with the principles of Good Corporate Governance (GCG) and the Stock Exchange of Thailand (SET) requirements.
2.0	11 November 2025	Risk Management and Corporate Governance Committee	Board of Directors	Revised to align with FTSE Russell ESG Governance and Risk Management indicators (GRM04–GRM11), the COSO Enterprise Risk Management Framework (2017), and GRI Standards 102-15 and 102-30, by strengthening governance and oversight structures, integrating strategic, operational, and ESG-related risks into enterprise-wide risk management, enhancing transparent and consistent risk disclosure practices, and formally incorporating the Vanachai Integrated Materiality and Risk Assessment (V-IMRA) as a key input to the Enterprise Risk Management (ERM) process.

This policy is approved and issued for acknowledgement and implementation by all relevant parties.