



Risk Management Policy and Risk Management Framework

The English translation is provided for informational purposes only.

In the case of a discrepancy, the Thai version will be effective

Risk Management Policy and Risk Management Framework

1. Scope

This policy applies to all departments in the Company including its affiliates.

2. Objective

The Risk Management Policy "This Edition" is prepared for the main purpose of following

- 1) To implement the risk management system as a uniform approach throughout the organization and to make risk management a part of the operation.
- 2) To determine measure and guideline for risk management in order to be at an acceptable level so that organizations and related department which can achieve the objective and target as well as support appropriate risk response plan.
- 3) To inform those involved about the policy, guidelines, and risk management, with an awareness of risk ownership as well as joint risk management to maintain and create value for the organization.

3. Risk Management Policy

The Company has realized the importance mentioned above. Therefore, the Company has adopted both domestic and international risk management guidelines in order to adapt to the context of the organization leading to good governance and management. Reduce the chance and impact caused by both internal and external risks. Identify opportunities and be able to respond appropriately to the expectations of stakeholders. The Company has established the following risk management policy.

- 1) The Company has an organizational risk management framework and appropriate risk management guidelines in accordance with the principle of good corporate governance as well as promote a risk management culture to create understanding, awareness, and shared responsibility by all executives and employees of the organization who own risks. They must be aware of the risks involved in the operations of their own department and the organization.
- 2) Require risk management to be a part of the preparation of strategic plans as well as the determination of objective, goal, and plan of the organization.
- 3) Establish guidelines or measures for good and adequate risk management, identify, evaluate, prioritize, and determine the Company's risk factor from risk assessment in two aspects: likelihood and severity of the impact of the incident, determine the level of risk appetite, implement risk response method, report, monitor, and evaluate continuously throughout the organization with the following detail.

3.1 Risk Identification

The Company must determine the level of risk identification by determining the scope of the decision and the impact of the acceptable decision in order to

ensure that the Company can operate sustainably and achieve the set objectives by covering the main risk areas as following

- (1) Strategic Risk
- (2) Financial Risk
- (3) Operational Risk
- (4) Compliance Risk
- (5) Fraud Risk
- (6) ESG Risk
- (7) Emerging Risk

3.2 Risk Assessment means predicting the likelihood of the risk occurring and the potential impact of the risk in terms of severity. If the risk is likely to occur frequently and can cause a lot of damage, it will be classified as a risk that must be corrected first.

3.3 Risk Responses: The above risk assessment will enable the Company to prioritize the risk to be solved by determining the method or strategy in order to solve the problem or reduce the level of risk as follows

- (1) Take risk: This strategy does not take any action to reduce the risk but the company considers the risk to be very low. If a company decides to reduce the level of risk, it may require undue costs or time. Therefore, they choose to accept that risk.
- (2) Treat risk: It is to reduce the likelihood of risk such as quality control (QC) or adjustment of work methods or determination of monitoring measures, etc.
- (3) Termination: It is the elimination of risks. If it is considered not worth it such as canceling the project, etc.
- (4) Transfer risk: It may be an operation for a third party to take on this risk, such as insurance, etc.
- 4) Review performance and changing in risk that may affect business strategy and objective as well as continuously improve the organization's risk management.
- 5) Encourage the use of risk management as an important tool. Communication must be communicated to personnel at all levels in order to understand and cooperate with each other to strengthen good corporate governance and build confidence among stakeholders.

4. Risk Management Framework

The Company conducts risk management activity in accordance with the principle of risk management with internationally recognized standards both in International and Domestical. It covers the main topic as follows

- 1) Governance & Culture
 - Risk Management
 - Establish an operational structure.
 - Define a desirable risk culture.
 - Organizational stakeholder management
 - Attract, develop, and retain talented personnel in line with business strategy and objectives
- 2) Strategy & Objective Setting
 - Analyze the business context.
 - Determine the level of risk appetite
 - Evaluate the company's strategy
 - Define business objective
- 3) Performance
 - Identify risk
 - Assess the severity of the risk
 - Prioritize risk
 - Implement risk mitigation method
 - Develop a risk profile
- 4) Review & Revision
 - Assess key changes that have an impact on risk
 - Review risk and performance
 - Continuously improve the organization's risk management
- 5) Information & Communication
 - Leverage data and technology to support organizational risk management
 - Communicate between departments to exchange risk information
 - Report on risk and performance at different levels

This Company's Risk Management Policy was approved by the Board of Directors' Meeting No. 2/2025 on March 14th, 2025 and be effective from March 14th, 2025 onwards.

Announced on 14th March 2025

- Vallop Rungkijvorasathien -

(Mr. Vallop Rungkijvorasathien)
Chairman of the Board of Directors
Stecon Group Public Company Limited