

Risk Management Policy

SCG Decor Public Company Limited

The Board of Directors Meeting of SCG Decor Public Company Limited (“the Company”) No. 200 (4/2022) held on December 1, 2022, resolved to approve the first Risk Management Policy, and the Board Meeting No. 1/2023 held on June 9, 2023, subsequently endorsed the continuous enforcement of the Policy upon the conversion of the Company into a public limited company.

Definition

“SCG Decor” refers to SCG Decor Public Company Limited and its subsidiaries based on the consolidated financial statements.

SCG Decor 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 and its subsidiaries (hereby called “SCG Decor”) currently has been changed endlessly no matter from external or internal factors which may affect capability to achieve goals and key missions of SCG Decor. The Board of Directors meeting therefore approves the Risk Management Policy to assure that the Company implements the enterprise risk management system effectively and efficiently.

Definition of Risk and Risk Management

“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 Decor either financial impact or impact to reputation of SCG Decor.

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

Objectives of Risk Management

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 Decor.

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.

Identify risk or unexpected crisis and mitigate loss or damage to SCG Decor appropriately and timely.

Inform the Risk Management Committee and the Audit Committee with the information on key risks, trends and overall risks as well as oversee the risks effectively and efficiently.

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 Decor by considering risk appetite and practicability at appropriate cost.

Communicate and train in risk management to employees consistently. Improve their common understanding and focus as risk owners to manage the risks across multiple functions jointly.

Separate risk management functions from business units which are risk taking functions 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 review and monitor risk profile and manage risks appropriately and timely.

Risk Management Framework

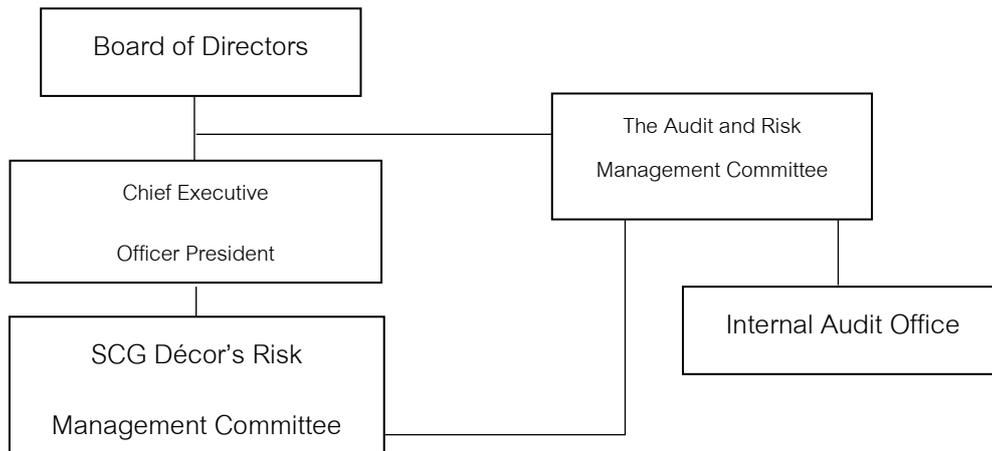
SCG Decor establishes its enterprise risk management framework in alignment with international standards which includes the following contexts: Strategy Formulation

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

Structure and Accountability in Risk Management

The organizational structure of risk management of SCG Decor 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, establishes risk management policies, strategies, risk management framework, and oversees the risk management process of the Risk Management Committee. The Committee reviews risk and Enterprise Risk Management Network, process, monitoring, governance, operations, information technology, and safety of information and network system effectively according to the international standards, as detailed in the Audit and Risk Management Committee Charter.

The Audit Office

The Office evaluates risk management systems and encourages companies in SCG Decor to manage risks following international standards, indicate important risks and managed risks effectively. Establishes appropriate indicators including setting warning signs. and checking the correctness and effectiveness of work processes, risk management, monitoring, governance, and security of information and communication network systems to be up to international standards

SCG Decor's Risk Management Committee

The Risk Management Committee has the following core responsibilities:

- (1) Determine risk management structure and assign accountabilities for risk management;
- (2) Consider and determine risk management strategies, framework, and plans to request approval from the Audit and Risk Management Committee;
- (3) Review the risk profile and track the risk management practices of the entire organization regularly;
- (4) Report risk management results to the organization's Audit and Risk Management Committee on a quarterly basis.

Risk Management Process

SCG Decor's risk management framework is applied in three primary areas: strategic risk management

(Medium to Long Term), investment project risk management, and operational risk management (Short to Medium Term). The 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 manage risk levels to be in line with the targets.
- (4) Risk reporting to the Risk Management Committee before presenting a report to the Audit and Risk Management Committee on a quarterly basis.

The risk management of the following issues shall be assessed.

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

Building a Corporate Risk Culture

SCG Decor recognizes that risk culture is a critical component of risk management. SCG Decor 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 Decor 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 in SCG Decor to continually communicate the benefits of risk management.

This Policy shall be effective from June 9, 2023.