



## Risk Management 2025

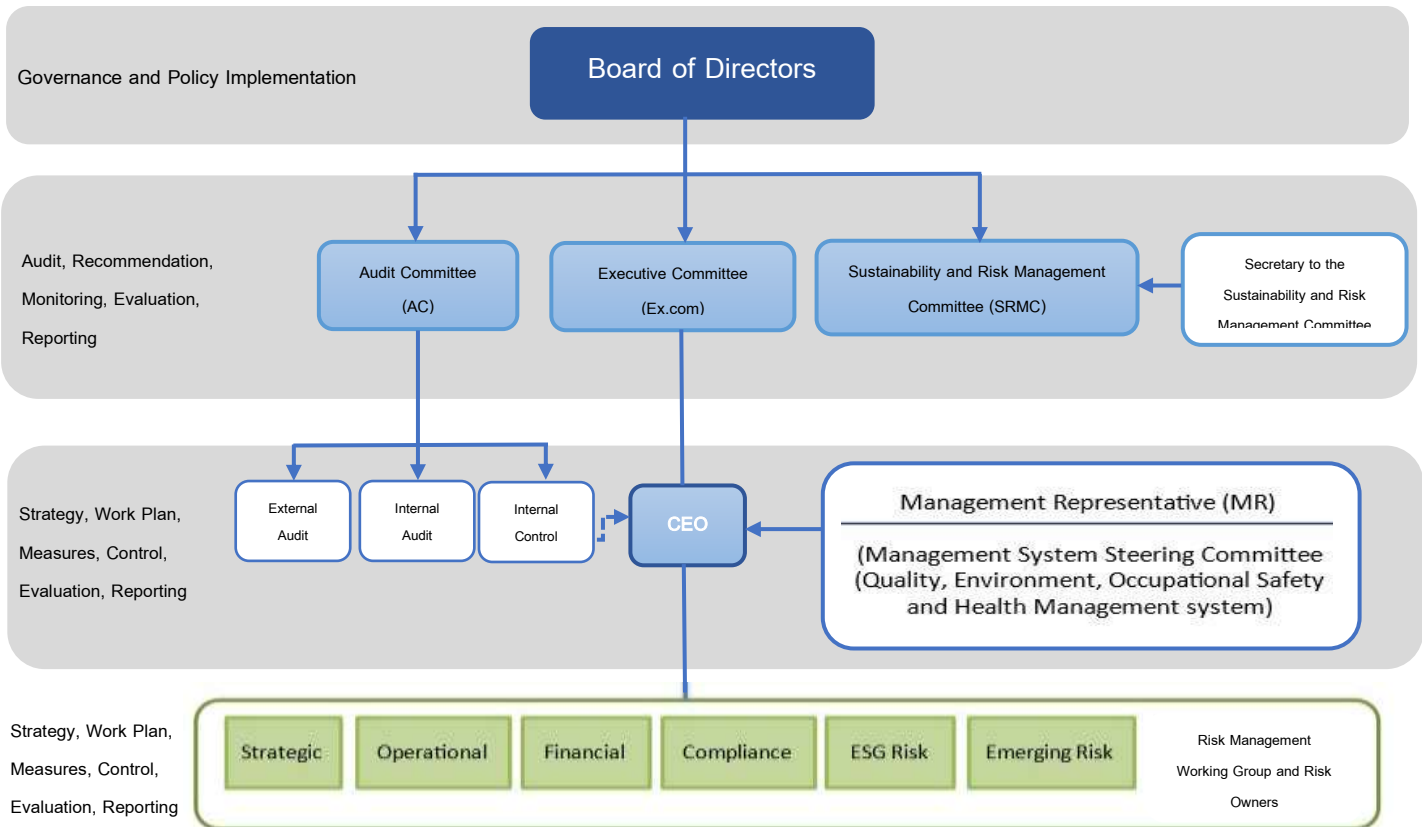
### Risk Management Policy and Plan

#### Risk Management

The Company recognizes the importance of risk management amidst changes driven by both internal and external factors that may impact business operations in both the short and long term. Consequently, the Company is committed to managing enterprise risks in an integrated manner alongside strategic management. This includes establishing and reviewing the Risk Appetite and Tolerance levels to provide a framework for evaluating alternatives and selecting appropriate strategies. This approach supports business operations to achieve strategic goals, fulfill objectives, and build corporate sustainability in alignment with the COSO Enterprise Risk Management Framework (COSO ERM) across corporate, business, and operational levels, including Environmental, Social, and Governance (ESG) aspects. This serves as a guideline to manage risks that could impede the achievement of corporate objectives and goals, while leveraging risk management to create sustainable business opportunities for both the present and the future.

#### Risk Management Structure

The Company systematically manages risks through the Board of Directors, management teams, and various administrative committees to define strategies, action plans, and mitigation measures. This ensures continuous, efficient, and effective integration of risk management in alignment with the Company's goals and strategies. The current risk management organizational structure and working teams are as follows:



### Roles and Responsibilities

- 1) **Board of Directors** Responsible for setting the corporate direction, as well as approving the sustainability plans and operational frameworks.
- 2) **Sustainability and Risk Management Committee** Responsible for defining sustainability and risk management policies. The committee members co-design and develop the company’s sustainability initiatives, formulate action plans, monitor their implementation, and assess the adequacy and appropriateness of the sustainability and risk management plans. They also report key findings to the Board of Directors.
- 3) **Risk Management Working Group** Collaborates with risk owners from each department to define sustainability strategies, action plans, and mitigation measures. They jointly establish the sustainability framework and measure performance based on relevant operational Sustainability Key Performance



Indicators (KPIs) within their respective departments to seamlessly integrate business functions with sustainability goals.

- 4) **Secretary of the Sustainability and Risk Management Committee** Coordinates sustainability and risk management efforts by working closely with the Working Group and Committee members. This ensures that sustainability and risk management policies and plans are implemented efficiently, and risks are properly reported to the Sustainability and Risk Management Committee.

### Risk Management Tools

The Company has studied and implemented various risk management tools to proactively mitigate potential impacts before they affect business operations, including Risk Appetite, which defines the level of risk the organization is willing to accept; Risk Map, which is used to assess and prioritize risk factors; Mitigation Plan, which monitors risk management through structured action plans; and Key Risk Indicators (KRIs), which are used to track critical risk exposure indicators. In addition, the Company monitors significant external changes as well as emerging risks in order to proactively prepare risk management measures before such risks impact the Company's business operations.

The Company has analyzed both internal and external environments, including economic, social, political, technological, industrial, and market trends, as well as competitors and the expectations of relevant stakeholders. This analysis is used to identify enterprise-level risk factors that may have significant impacts on the Company and its stakeholders.

### Risk Management Policy

The Company's risk management policy covers the following key principles:

1. To promote understanding, awareness, and shared responsibility regarding risk, controls, and the impacts of risks on the Company across all levels of employees and management throughout the organization.
2. To establish effective and appropriate risk management processes, guidelines, and measures aligned with international standards, including risk identification, analysis, assessment, prioritization, treatment,



control, monitoring, reporting, evaluation, and continuous communication of risk information across the Company.

3. To implement both qualitative risk assessments, such as reputational and brand risks, and quantitative risk assessments, such as revenue loss and increased costs, taking into account both likelihood and impact.
4. To define risk tolerance levels in order to limit potential losses within an acceptable range, as well as to establish warning signs or threshold indicators to prompt appropriate actions before risks exceed the defined limits.
5. To ensure that risk management remains within acceptable levels in alignment with Company policies, taking into consideration a balance between costs and expected benefits.
6. To establish written operating procedures to guide management and employees in practice, thereby controlling operational risks effectively.

In 2025, the Sustainability and Risk Management Committee conducted assessments, controls, and monitoring of risks across all dimensions, including strategic risk, operational risk, financial risk, compliance risk, sustainability-related risk, and emerging risks. Overall, the Company's risk profile remains at a manageable level. The identified risk factors are based on current circumstances; however, there may still be other risks that are currently unforeseeable or considered not materially significant to the Company's operations at present. This disclosure is provided transparently by management for the benefit of information users.

## 2.2 Corporate Business Risk Factors

### Strategic and Business Risks, **Including Emerging Risks**

- 1) Intense Market Competition Due to the contraction of the domestic market driven by economic conditions, competitors are aggressively seeking to expand their market share. As a result, the Company faces increased competition within the specific market segments where it possesses high expertise.

#### Impact on the Company



- Reduced market share and heightened pricing pressure due to the growing number of competitors, which directly impacts the Company's sales, profit margins, and overall financial performance.
- Increased marketing and development costs required to attract customers and establish product differentiation.
- A higher likelihood of customer defection to competitors if the Company fails to maintain its quality standards or differentiate its offerings.

#### Risk Mitigation Measures

- The Company focuses on maintaining strong, continuous relationships with customers by developing strategic account management plans tailored to individual needs in terms of quality, service, and delivery. We utilize cross-functional teams comprising Sales, Quality Assurance, and Technical Service to support customers simultaneously, while differentiating our products and services through innovation, premium quality, and after-sales support.
- We emphasize supply chain management to optimize costs throughout the entire supply chain efficiently, thereby maintaining our competitive edge.
- We build customer confidence by delivering on Quality, reasonable Cost, and reliable Delivery (QCD). This is reinforced by a strong commitment to sustainability across the three pillars of ESG, ensuring product safety alongside employee safety, boosting employee morale, maintaining eco-friendly manufacturing processes and products, and adhering to business ethics. These commitments are anchored on our core management systems, including ISO 9001 (Quality), ISO 14001 (Environment), and ISO 45001 (Occupational Health and Safety).
- The Company continuously improves operational efficiency to reduce costs and boost production yields. This is achieved by investing in modern machinery that minimizes labor-intensive steps, reduces waste, and saves energy.
- We expand our product portfolio to cover various application levels within each product category, providing customers with more choices and establishing a stronger competitive advantage.
- The Company has restructured and upgraded the Technical Department (comprising Research & Development and Quality Assurance). This includes renovating facilities, upgrading laboratory



testing equipment, and modernizing testing methodologies to further strengthen customer confidence.

- 2) US Tariffs and Trump Policy Risks The trade and tariff policy risks under the Trump administration in 2025 have impacted the Company's business operations. Overall, these impacts can be categorized into three main dimensions: Export Tariff, Import Dumping, and pressure to restructure production. **This is considered an emerging risk.**

Impact on the Company

- Production deceleration resulting from uncertainties surrounding upcoming tariff rate announcements.
- Severe dumping of Chinese products, including compound materials from China, into the Thai market.
- Shortages of certain raw materials driven by retaliatory trade measures.

Risk Mitigation Measures

- Diversifying the sourcing of raw materials that are potentially vulnerable to trade restrictions in order to mitigate supply chain disruption risks.
- Continuously monitoring international trade policies and negotiations to ensure timely organizational adjustment while maintaining a competitive edge.

- 3) Geopolitical Risks Geopolitical tensions and global economic polarization have led to trade protectionism concerning both raw materials and technology. These challenges are further compounded by ongoing energy and logistics crises arising from prolonged conflicts between Russia and Ukraine, the Israel-Palestine war, shipping disruptions in the Red Sea, and the heavy influx of Chinese goods into Thailand.

Impact on the Company

- Severe price volatility of upstream raw materials (VCM/Ethylene) and inflated sea freight rates, which put downward pressure on profit margins.



- Operational challenges in production planning and inventory management.
- Intensified price wars within local and ASEAN markets, resulting in a loss of market share for Thai manufacturers to cheap Chinese products and a subsequent drop in purchase orders.

#### Risk Mitigation Measures

- Expanding our presence into high-grade and premium quality markets to establish a barrier against the entry of low-quality, underpriced goods from China.
- Managing and tracking the supply chain with heightened oversight and close coordination.
- Conducting lab testing and evaluation of alternative raw material sources and alternative chemical additives to safeguard against delayed deliveries and unexpected price hikes from specific suppliers.

- 4) Global and Domestic Economic Recession Risks The Company's products are upstream materials deeply tied to the construction and automotive industries, both of which are highly sensitive to economic fluctuations. This economic slowdown has led to a stagnation in the real estate and construction sectors, coupled with diminished consumer purchasing power caused by the high cost of living. Consequently, consumers are delaying purchases of durable goods such as automobiles and electrical appliances. This drop in demand occurs amidst a global market oversupply, as new manufacturing capacities from China continue to flood the market, causing product surpluses and intense price-cutting.

#### Impact on the Company

- A contraction in purchase orders and declining profit margins.
- Inventory devaluation risks resulting from falling raw material market prices.

#### Risk Mitigation Measures

- Upgrading manufacturing technologies and installing new production lines to reduce overall costs, while managing capacity utilization to be highly flexible, diversified, and responsive to actual customer orders.



- Executing market diversification by shifting focus toward economically resilient sectors, such as medical-grade products and high-performance applications, which maintain steady demand even during recessions.
- Optimizing inventory management by adopting a Just-in-Time (JIT) approach to mitigate the risk of carrying high-cost stock during downward market price trends.
- Implementing strict financial hedging, tight cash flow management, and foreign exchange hedging instruments to protect against currency fluctuations in volatile export markets.

#### Environmental, Social, and Governance (ESG) Risks

- 1) Climate Change The Company's business relies on raw materials linked to the petrochemical industry, a sector characterized by relatively high greenhouse gas (GHG) emissions and environmental impacts. Today, climate change issues are becoming starkly visible worldwide. This risk impacts the Company across multiple dimensions, including raw material and supply chain management, the necessity for green innovation driven by growing consumer environmental awareness, evolving business and product regulations, carbon tax measures, and the Company's overall reputation and corporate image.

#### Impact on the Company

- Reframing future business targets and operational planning to transition toward a green industry, which directly influences the Company's reputation and image.
- Supply chain disruptions, raw material shortages, or inflated material costs caused by natural disasters, as well as stricter environmental measures and regulations.
- Higher operational costs driven by the necessity to comply with environmental regulations enforced by government authorities, regulatory bodies, or specific customer requirements.
- The urgent need for product-related environmental innovations to offer eco-friendly alternatives for customers.

#### Risk Mitigation Measures



- The Board of Directors oversees climate-related issues, integrating them directly into corporate strategies with annual reviews. The Board tasks all management divisions to actively monitor the requirements of customers, partners, markets, and regulators, managing climate risks while identifying new business opportunities. In 2025, the Company accelerated its sustainability timelines, moving its Carbon Neutrality target forward from 2050 to 2045, and its Net Zero GHG Emissions target from 2065 to 2050, while maintaining close oversight of internal performance and external trends.
- The Company verified its Carbon Footprint for Organizations (CFO) covering Scope 1 and Scope 2 GHG emissions for its 2023 and 2024 operations, achieving formal certification from the Thailand Greenhouse Gas Management Organization (TGO) for the 2024 data. Furthermore, in 2025, the Company applied for and was selected to participate in the Scope 3 GHG data collection and reporting pilot program initiated by the Stock Exchange of Thailand (SET). This involves training personnel, establishing data collection frameworks, and reporting systems to ensure data accuracy and utilize the insights for future carbon reduction initiatives.
- The Company has laid out plans to develop Carbon Footprint of Products (CFP) assessments. This initiative aims to provide precise product-level GHG emissions data to customers, enabling them to calculate their own product carbon footprints in the future, thereby creating a competitive edge and preparing for upcoming carbon tax measures.
- On the research and development front, the Company continuously develops eco-friendly products, establishing green product innovation as one of its key sustainability performance indicators.

## Regulatory and Legal Risks

- 1) Non-Compliance with Relevant Laws and Regulations The Company has established anti-corruption policies and measures, strict internal control systems, compliance monitoring frameworks, penalty guidelines, and protective protocols. We strictly enforce our Code of Conduct and Working Regulations. Our operational procedures are aligned with statutory requirements to prevent any form of corruption.



Additionally, dedicated personnel are appointed to monitor the various whistleblowing and grievance channels provided by the Company. We maintain systematic and fair processes for responding to complaints, protecting whistleblowers, reporting findings, and notifying complainants in accordance with company regulations. These guidelines are publicly disclosed on the Company's website.

Nevertheless, given the industrial context, regulations concerning the environment, labor, human rights, and workplace safety require constant and rigorous monitoring, making regulatory compliance a critical operational risk for the Company.

#### Impact on the Company

- Severe financial penalties, operational suspension, or legal actions resulting from environmental and labor violations. This includes discharging waste, wastewater, or pollutants exceeding statutory limits; non-compliance with industrial waste management laws; or using prohibited hazardous chemicals. It also covers labor and human rights violations such as the use of illegal labor, child labor, forced labor, non-compliance with workplace safety standards, discrimination, or labor rights infringements.
- Loss of investor confidence, alongside severe damage to the Company's reputation and corporate image.
- Erosion of trust among customers, local communities, and wider society, as well as potential resistance or backlash from employees.

#### Risk Mitigation Measures

- Over the past year, the Company reviewed and updated its key policies to align with evolving rules and regulations. These updates ensure our guidelines remain modern, clear, and highly practical for effective implementation.
- The Company utilizes professional safety and environmental consulting services to track and provide comprehensive legal updates on safety, occupational health, environment, and energy. This information is funneled to relevant internal units to audit, update, and implement practices, ensuring the Company complies with new laws and regulations accurately and promptly.



- The Company maintains a dedicated Safety, Occupational Health, and Environmental department that works closely with the Safety Committee and the 5S Working Group. These operations are structurally integrated with our ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) systems.
- The Company allocates a specific training budget to provide continuous education for employees, ensuring full alignment with newly enacted environmental, occupational health, and safety standards and legislation.
- The Company has enhanced its legal compliance control process by systematically compiling regulatory requirements, establishing formal reporting steps, and conducting mandatory compliance status surveys across all departments, sections, and business units throughout the organization.

#### Management and Operational Risks

- 1) Workforce Capability Enhancement and Upskilling Human resource development is a critical risk for the Company. Our manufacturing processes are labor-dependent, making wage costs a significant operational expense. In response, downsized headcounts or structural workforce reductions in certain positions/departments have been implemented to maintain business efficiency. Consequently, remaining employees must become multi-skilled and acquire broader capabilities to prevent operational delays, bypass growth limitations, and ensure long-term competitiveness.

#### Impact on the Company

- Decreased production efficiency, lower output yields, and potential product quality issues.
- Higher operational costs driven by raw material waste from quality errors, alongside increased training expenses for upskilling the workforce.
- Diminished market competitiveness, which directly lowers customer satisfaction and damages the trust of key business partners.



#### Risk Mitigation Measures

- Developing an in-house trainer program to facilitate knowledge transfer and share field experiences directly among employees.
- Formulating targeted training roadmaps to upskill workers, aligning their capabilities with shifting structural roles and expanded departmental responsibilities to reduce dependency on a scarce talent pool.
- Establishing formal Succession Plans and co-designing specialized Training Roadmaps by the Human Resources Department in close collaboration with individual business units to match current operational structures.
- Expanding self-paced learning channels for employees by publishing educational materials and reference guides through the corporate Intranet.

- 2) Process Optimization The Company currently operates under numerous internal systems, process workflows, guidelines, and compliance regulations. Some of these are newly added activities driven by evolving statutory mandates, customer requirements, system auditing standards, and public disclosure requirements. Because these are new initiatives, cross-departmental workflows can occasionally lack continuity, creating operational silos and friction between business units.

#### Impact on the Company

- Increased exposure to efficiency and quality risks stemming from unoptimized, complex, or redundant workflows, leading to frequent operational errors.
- Elevated financial and cost-related risks, including missed business opportunities, over-allocation of resources, and an inability to manage human resources efficiently.
- Internal communication breakdowns that lead to misunderstandings, misaligned workflows, and a dilution of corporate goals and corporate culture.

#### Risk Mitigation Measures



- Integrating multiple regulatory requirements and operational systems into a unified framework. This is managed by a dedicated systems team that analyzes inputs and desired outputs, focusing heavily on eliminating process friction at departmental handovers to maximize the use of shared databases and reduce redundancies.
  - Conducting regular employee training sessions and targeted focus groups, coupled with concrete performance tracking and objective evaluations.
  - Leveraging software applications deployed by the Information Technology (IT) Department to boost speed, convenience, and efficiency. This includes Trello for flexible task and project management, and Bitrix24 as a centralized online workspace for collaboration.
  - Participating in collaborative programs with sustainability institutes to secure training grants and streamline ESG data disclosures. A key example is our involvement in Phase 2 of the SET Carbon Sandbox project, which assists in reporting Scope 3 GHG data, thereby minimizing the reporting burden on internal teams.
- 3) Internal Communication Ineffective internal communication can lead to various operational issues, such as departmental silos, Information Distortion, Communication Lag, and a lack of active feedback loops.

#### Impact on the Company

- Increased hidden costs resulting from manufacturing reworks or scrap due to misinterpreted orders, or redundant inventory accumulation caused by a lack of real-time warehouse visibility.
- Compromised safety and product quality. Failure to rapidly transmit safety warnings or chemical formula modifications to frontline workers can result in workplace accidents or off-specification products.
- Low employee morale, leading to workplace confusion, a loss of institutional trust, and the spread of distorted rumors during economic recessions, which ultimately drives high-turnover among top talent.



- Delayed market responsiveness, causing the Company to lose its competitive edge due to an inability to adjust swiftly to trade policy shifts or changing customer demands.

#### Risk Mitigation Measures

- Expanding internal data transmissions by utilizing the corporate Intranet as a Centralized Information Hub.
- Reviewing and updating the integrated Quality, Environment, Health, and Safety (QEHS) management systems to eliminate cross-functional communication gaps, creating a smoother and faster information flow.
- Instituting Cross-Functional Meetings, such as brief daily huddles among department representatives, to address critical bottlenecks, immediate issues, and operational hurdles collectively.
- Deploying digital communication tools and operational dashboards across the manufacturing plant floor instead of relying on paper-based tracking, ensuring accurate data reaches everyone quickly via tools like Bitrix24.
- Setting up dedicated Line application groups for general, non-confidential operational announcements, alongside upgrading physical bulletin boards and public relations signage throughout facilities.
- Implementing mandatory daily Toolbox Meetings for production teams prior to every shift change to communicate daily targets, quality controls, safety practices, and environmental duties, reinforcing our weekly Morning Talk sessions.

#### Financial Risks

- 1) Customer Default Risks Trade wars, the global economic downturn, inflationary pressures, high interest rates, currency volatility, and domestic political uncertainties have directly strained the financial liquidity of the Company's customers. This environment significantly impacts customers' debt repayment



capabilities, presenting substantial financial, operational, and risk management challenges for the Company.

#### Impact on the Company

- Corporate revenues failing to meet predetermined financial targets.
- Increased provisioning for expected credit losses (doubtful accounts) driven by delayed payments from trade receivables, which threatens future collection viability and puts downward pressure on net profit margins.
- Diminished operational liquidity as a result of delayed customer payments, forcing the Company to postpone business expansions or the development of new product lines.
- The mandatory implementation of stricter credit policies, enhanced customer credit screening systems, and more stringent credit term definitions.

#### Risk Mitigation Measures

- Utilizing a customer screening system to thoroughly audit the financial history of clients and establish strict, clear credit-granting criteria.
- Conducting close, monthly monitoring of customer payments in direct coordination with the Sales Department, reporting findings to executive management to collaboratively define appropriate collection workflows and strategic actions.
- Generating monthly or quarterly Accounts Receivable (A/R) Aging Reports to closely track outstanding balances, while enforcing an automated shipment suspension protocol for accounts that exceed approved payment terms.
- Regularly updating customers' financial statements and overall financial health profiles within our database to ensure each client's credit status reflects current market realities.

- 2) Financial Performance Risks This involves the risk that the Company might fail to hit its defined financial targets (e.g., net profit, revenue, or rate of return), or experiences earnings volatility that threatens overall business stability. This risk is of paramount importance to the Company, as profit margins are continuously squeezed by raw material price fluctuations and macro-economic factors.



#### Impact on the Company

- Severe cash flow shortages resulting from performance deficits, leaving the Company with insufficient cash reserves to fund subsequent raw material procurement or fulfill bank debt obligations.
- Corporate devaluation and loss of stakeholder trust; continuous profit declines erode investor and shareholder confidence, which can lower credit ratings and complicate future financing requests.
- Investment constraints, forcing the Company to suspend investments in new technologies or energy-saving machinery, thereby missing long-term capability enhancement opportunities.
- Risk of financial covenant breaches; if declining profits push critical financial ratios (such as the Debt-to-Equity or D/E ratio) outside agreed-upon thresholds, banks may demand accelerated or immediate loan repayments.

#### Risk Mitigation Measures

- Initiating comprehensive cost-cutting measures and reducing expenditures on non-revenue-generating fixed assets.
- Diversifying the customer base toward economically resilient industries or alternative sectors (such as medical equipment, automotive components, and electrical appliances) to reduce over-reliance on the wire and cable segment alone.
- Adopting a lean approach to inventory management and sharpening accounts receivable collection practices to convert paper profits into actual cash as rapidly as possible.
- Structuring rigid protocols for handling obsolete stock management and evaluating customer product claims.
- Maintaining tight control over credit default risks to prevent the necessity of booking additional provisions for doubtful accounts.



- Anchoring corporate strategies onto ESG principles to foster sustainable, long-term business growth.

3) Investment Risks in New Ventures such as investments in ADB Bio or future projects, introduces several variables. These include market and demand risks: where new products might not achieve anticipated market adoption or target markets grow slower than projected, technical and expertise hurdles, and financial and payback risks: where cost overruns or prolonged product development cycles drain the Company's consolidated cash flows.

#### Impact on the Company

- Sunk cost burdens; if a project fails, capital deployed toward research and development turns into unrecoverable sunk costs.
- High opportunity costs; over-allocating capital and human resources to an underperforming new venture can cause the Company to miss critical windows for optimizing its core business.
- Credit rating impacts; if a new venture requires high debt leverage that ultimately depresses earnings, financial institutions may downgrade the Company's credit rating and increase loan interest rates.
- Reputational damage; if a new product line encounters quality flaws or safety issues, it can negatively spill over and damage customer trust in the Company's established core products.

#### Risk Mitigation Measures

- Routinely tracking and monitoring all predefined Key Performance Indicators (KPIs) designated for the ADB Bio business unit.
- Formally updating the Board of Directors and the Sustainability and Risk Management Committee on the precise progress of new product line expansions at regular, close intervals.
- Subjecting all new investment proposals to rigorous, prudent evaluations to guarantee they consistently deliver net positive value to the business group's overarching portfolio.