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TOA Paint (Thailand) Public Company Limited
Risk Management Policy

1. Introduction

Risk management is an essential and integral management process to lead an organization to its goals, especially under business circumstances with rapid changes as well as high competitions. An effective risk management system is a core component of good corporate governance which brings about value added of business eventually.

The Company recognizes the importance of risk management; therefore, the risk management system is set up as a strategic equipment to achieve its objectives. The Risk Management Committee has been appointed consisting of at least one executive director to determine the management framework, design the proper risk management structure, and monitor the risk management system to ensure the efficiency. The committee shall also assure that the Company has proper measures to manage and control overall risks of the Company and its subsidiaries to an acceptable level. Moreover, all employees are informed about the risk management to ensure the compliance and lead to the same direction.

2. Objectives

- (1) Define the guiding framework for risk management procedures of the Company and its subsidiaries which should be aligned to achieve the compliance as a whole.
- (2) Ensure that the Company determines duties and responsibilities in order to control and manage identified risks appropriately.

3. Scope

This policy is applicable to all of the Company's business operations, including executives, employees and its subsidiaries.

4. Guidelines

- (1) The Company and its subsidiaries shall set the system and procedures of the corporate risk management based on the global standards and in line with the strategies and objectives.
- (2) The Company and its subsidiaries shall determine risk limits and manage risk within its risk appetite, or risk tolerance.



- (3) The Risk Management Committee shall oversee the overall corporate risk management of the Company and its subsidiaries together with due consideration, opinion, suggestion, and monitoring to ensure the effective and efficient risk management.
- (4) The management shall manage the overall corporate risk of the Company and its subsidiaries and oversee the implementation in each risk as entrusted with duties, or assigned by the Risk Management Committee. The results and performance of risk management must be reported to the committee for consideration and approval on a regular or appropriate basis.
- (5) The management at all departments of the Company and its subsidiaries are responsible for managing each type of risk in the organization, division, and operation under the responsibility or the top management assigning to do so. In addition, the implementation results must be prepared in accordance with the guidelines specified by the Risk Management Committee or the top management. The Company should instill the importance of risk awareness among employees as well.
- (6) The Risk Management Committee has the duties to provide advices, opinions, suggestions, and guidelines to manage risk to other departments for the enterprise-wide implementation. The risk management report must be prepared and proposed to the committee on a regular or appropriate basis.
- (7) All employees must follow the system and procedures of the risk management – organizational level, department level, and operational level – as determined by the Risk Management Committee or the management.
- (8) The Risk Management Committee shall report the corporate risk management results to the Audit Committee for acknowledgement within the time frame or others specified by the committee as deemed appropriate.

5. Duties and Responsibilities

- (1) **Board of Directors** is responsible for monitoring the enterprise-wide risk management as a whole.
- (2) **Audit Committee** is responsible for considering, evaluating, and monitoring the risk management outcomes implemented by the Risk Management Committee.
- (3) **Executive Committee** is responsible for assisting the Board of Directors in reviewing the risk management system to ensure the appropriateness and efficiency.
- (4) **Risk Management Committee** is responsible for assuring that the significant business risks shall be identified and evaluated on a regular basis, and determining the effective risk management measures. Such duties and responsibilities are as follows:
 - Formulate the risk management, strategies and criteria to manage risks in order to propose to the Board of Directors for consideration and approval.



- Review the Company's risks and mitigation measures as evaluated by the risk owners including recommending improvement.
 - Oversee the effectiveness of the Company's risk management process by continuous monitoring and review.
 - Report risks that are identified as "High" and "Extremely High" risk level to the President, Chief Executive Officer, Executive Committee, Audit Committee, and Board of Directors, respectively.
 - Report the risk management outcomes to the Audit Committee and review this policy on a regular basis.
- (5) **Risk Management Working Group** is responsible for executing risk management as planned and assigned by the Risk Management Committee, including risk identification, control measures, risk assessment based on the corporate criteria, risk mitigation planning and monitoring to reduce risk to an acceptable level, which shall be reported to the Risk Management Committee.
- (6) **Top Executives** are responsible for reviewing their duties of the business unit and their performance, identifying, analyzing, evaluating, and prioritizing their own risks along with complying with the mitigation measures specified by the Risk Management Committee.
- (7) **Internal Audit Division** is responsible for reviewing the effectiveness of the internal control through an annual internal audit: risk-based assurance program of key business processes and monitoring the rectification of any deficiencies identified.
- (8) **All managers and employees** are responsible for identifying, analyzing, evaluating, and prioritizing their own risks along with formulating proper mitigation measures.

6. Process of risk management

The Company and its subsidiaries have adopted the process of risk management that includes the step-by-step procedures for developing their risk management.

7. Policy review

The Risk Management Committee must review this policy on an annual basis and propose amendments (if any) to the Audit Committee and the Board of Directors respectively for consideration and approval.

- Jatuphat Tangkaravakoon-

(Mr. Jatuphat Tangkaravakoon)

Chief Executive Officer/

Chairman of the Risk Management Committee

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