

# **Risk Management Policy**

## **Risk Management Policy and Plan**

The company is committed to operate its business to achieve the specified business goals and plan. The company is aware of the constantly changing business environment and the risk that may occur all the time, to achieve the principles of good corporate governance, therefore, the company establishes risk management policy for systematic implementation with appropriate risk analysis, evaluation, management and monitoring at all times, to help reduce loss and impact that may occur to the minimum. In addition, the company developed the executive and employees in all levels to have knowledge, understanding and to participate in process of risk management, so that the work operation of the company achieves the target and co-objectives of the organization.

### **1. Objectives**

1.1 To support the organization to have Enterprise Risk Management, specifying the risk events, evaluating risk and arrange the importance of risk that may have impact to the business operation of the organization.

1.2 To ensure that there is determining of person having duty to be responsible for controlling risk and preventing risk appropriately.

### **2. Risk management policy**

2.1 To engage in business under the risk appetite, to achieve objective according to the requirement of the company and there is planning of risk management, joining with business operation planning which there is making regularly every year.

2.2 Executive and employee of every section must understand and manage risk according to the provision of ISO 9001:2015 and there is following of risk management result in every quarter. If there is risk having high impact, there must be report quickly and finding for correction methods immediately.

2.3 If there is risk having a lot of impact to doing business, there must be report to the risk management committee, to consider and present to the Board of Directors for acknowledgement to find for guidelines to prevent and solve problems in time.

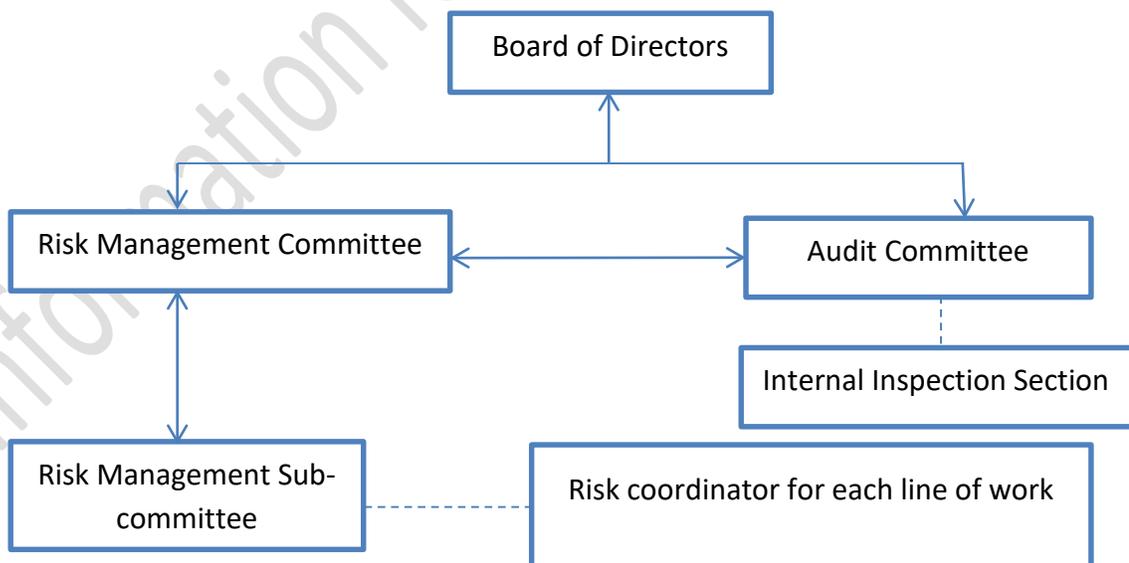
### **Risk Governance**

The company realizes the work situation at present during the period of quick change in the internal and external factors, which affect the business environment. The company therefore, uses the risk management, according to the international standard to be tools for supervising the business, to help in controlling and reducing impact of risk that may happen, so that risk is in the acceptable level (risk appetite), as well as it will respond to the expectation of every group of stakeholders appropriately, especially customers, employees and trading partners, leading to achieving the organization objectives and sustainable growth, so that the company will have continuous risk management all over the organization and the company will be confident that

the risk management will have efficiency and effectiveness; therefore, there is determining of risk management structure, as follows:

1. **Board of Directors** has the duty and responsibility to supervise and operate the work according to the risk management policy and strategy of the organization and approve risk appetite.
2. **Risk Management Committee** has the duty to determine risk management strategy in organization level and risk appetite, to present to the Board of Directors, to consider and review every year, follow to review every year, follow to review the risk and make the risk management plan in organization level, as well as report about the risk management to the Board of Directors regularly, in every quarter, as well as communicate and exchange the information and coordinate regarding risk and internal control, with the Audit Committee.
3. **Audit Committee;** doing the duty to supervise and evaluate the effectiveness of work operation, according to risk management system of the organization. The committee will have the Internal Audit Section to inspect whether internal control system complies with the system or not, to communicate and exchange the information with the Risk Committee.
4. **Risk Management Sub-committee;** doing the duty to supervise the work operation so that the work operation complies with the risk management process under the work line in responsibility and to give advice and determine the risk management frame work in the level of each line of work, so that there is evaluation of risk and determining the risk management plan appropriately.

### Risk Management Structure



## **Risk Management for emerging risk, impact and mitigation plan**

In the year 2023, the company has evaluation of the risk that may affect the work operation and achieving the objectives of the organization and making important risk management plan, as follows:

### **1. Strategic risk**

#### **1.1 Risk from competition and customers' needs**

From the present condition, competition in the market is more and more, because economic condition slows down and customers' needs are increasingly complex and diverse having impact to uncertainty of the business operation result. The risk management guidelines of the company reduce impact, including development of work process, especially production together with the development of personnel, to impact so that there is ability to compete, and the importance management with customers in all levels, to create confidence to customers, and searching and developing opportunity in other relevant business groups, to set the plan supporting marketing change in the future.

#### **1.2 Risk related with non-continuing of accepting the work**

Construction condition of bored pile and retaining wall in each project, spends the time about 3-4 months, the risk that occurs from the new project work to support the old work that nearly finishes, the company realizes the risk, the company determines the guideline by making a plan to estimate when the work will finish and follow the new project to tender bids, so that it will be consistent with the operating work so that the company will accept work continuously with the delivered work, which the company is confident that the company will receive continuous work, because the company had reputation in this field of work for more than 49 years; and the company has partners in working with the company.

#### **1.3 Risk from fluctuation of price of construction materials and fuel oil**

In the condition of the construction work of bored piles and retaining wall, the period of construction is 3-4 months of the normal project work. If it is a large special project, the time is about one year. The company considered about the fluctuation of the price of construction materials and fuel oil. The manner of acceptance of the company work consists of two types, as follows:

- 1) Accepting the work including main materials value; the company has to receive risk regarding construction materials value. The main materials consist of steel and concrete, the company prevents risk, by locking the price with supplier until the work is finished. Regarding the price of fuel oil, the company accepts risk in this matter but there is not much impact because the cost of fuel oil per income is about 3-4% of the value of the project.
- 2) Accepting the work excluding main material value; the company will be affected because of fuel oil, the fuel oil will affect the original work that the company is working. The newly accepted work will add the price of the added work.

#### **1.4 Risk from project delay**

The delay of the project occurs from the project owner or employer or may occur from other external impacts, such as changes in some work details, the employer is unable to deliver the construction area, etc. If delay is not caused by the company, it is a force majeure event, the company can negotiate with the employer to extend the construction time.

The company realizes the risk from delay of each project, the company evaluates the risk before decision making to accept the work or participate in the bidding for work, to determine the guideline for work, so that the work can be submitted as scheduled.

#### **1.5 Risk from using the strategy of the organization**

Change of environment in business and customers' needs, may affect the present business operation and seeking opportunity for future growth, therefore the company requires that there should be review of the direction, strategy and business plan for short term and long term constantly every year to be consistent to the direction of economy, society and environment, as well as changes under Mega trend of the world and economic policy of Thailand. The strategic direction in the year 2022 of the company, aimed to create stability of business by accepting the work to suit the company's structure, including creating growth through development of cooperation with business partners to develop and find for chances more in the future.

### **2. Risk in work operation**

#### **2.1 Risk relating with personnel resource management and development of personnel to support business growth**

The organizational structure and readiness of personnel, especially in important positions, affected the continuity of business operation that might cause disruption, the company therefore, determined to set up a plan to deal with the situation according to the opportunity for change, as well as select and plan to develop personnel so that personnel has readiness to support succession of important positions. Furthermore, the company created network with education institutes, adjusted the work structure form, plan the development and create motivation to be appropriate to attract knowledgeable persons who had ability right to the needs to participate in the works.

#### **2.2 Risk from impact of outbreak of COVID-19**

The situation of epidemic of COVID-19, all over the world, still affect the world up to the present time. It might affect the health and safety of employees while working and it might stop the business. The guidelines for preventing the disease of the company to reduce the impact of risk that might arise, the company arranges tracking and evaluating the situation to control risk and manage the impact continuously to reduce risk in infection of personnel and spreading inside the company. Furthermore, there is making of measures of searching infected persons by ATK

checking (as appropriate) and tracking the situation and promoting vaccination of employees in the organization continuously.

### **3. Risk on finance**

#### **3.1 Risk from interest rate**

Presently, the interest rate is floating which may be higher, or lower, according to the interest condition in the financial market, deeming that it is one of the risk factors that companies must consider carefully every time they decide to borrow money and find the cheapest source of loan to achieve the lowest costs and the interest policy of the government and the world market is closely followed, to be risk management data effectively.

#### **3.2 Liquidity risk**

The company places importance on working capital management to ensure efficient liquidity, by providing a working capital loan which is working capital to be sufficient to meet the company's growth needs. Furthermore, the company has cash flow management plan, to use cash efficiently to reduce risk and have the lowest financial expense.

### **4. Risk on compliance with relevant law, rules and regulations**

#### **4.1 Risk from changing of law, rules and regulations and enforcement of law related to construction business, as well as tax law**

The impact from practice that violates the law may result in damage to the company's reputation. The violator may be punished and may have to pay the fines to relevant governmental agencies. The company determined to study and review the relevant regulations and provisions in doing business regularly, or when there is important change, the company will hold relevant executive meeting to review the relevant laws, regulations and rules regularly.

### **5. Risk regarding impact to environment, society and governance**

#### **5.1 Risk regarding climate change and natural disaster**

**5.1.1 Physical Risk;** from impact of the current global warming crisis, that causes the weather to be unstable and cause disaster, such as drought, because it does not rain seasonally, or flood because of sea water level rising, etc. affecting the business operation of the company that may cause disruption or damage, the company therefore, has the guideline in managing the risk, reviewing and preparing the emergency plan to support when there is emergency event or critical condition and review and make Business Continuity Plan: BCP and determining the responsible person and there is rehearsal to prevent crisis according to the plan constantly.

**5.1.2 Risk from quick change of policy, technology, work operation rules in environment - Transition Risk;** it is the risk that may happen in the future; the event that the government promulgates law for companies to prepare Carbon Footprint Organization Report.

Presently the company assigns relevant working units to make basis data for preparing the readiness for the future.

## **5.2 Risk regarding human right**

Monitoring and evaluating the risk regarding human right are important, because there may be risk in several dimensions, such as using of illegal labor, employment which may not be fair, etc. It may cause claim under the law and there may be order to suspend the license to operate and the company may be dishonored. Presently the company has mechanism to monitor and evaluate the risk and impact in human right; complying with the provisions of relevant working units continuously, such as, respecting and complying with the labor right, respecting and complying with the human right to the stakeholders. There is no issue violating the human right.

## **5.3 Risk regarding the Personal Data Protection Act**

Personal Data is deemed as risk that the organization will have to manage appropriately because it is the data that criminals or evil persons may use illegally, if the working unit that supervises data cannot protect the data, result in the organization lacking reliability in operation. The company realizes the importance of protection of the personal data of employees, customers and stakeholders who keep, collect, use, disclose and transfer the data, therefore, the company makes personal data protection policy, having objectives to improve the strictness of stability and safety keeping measures, of information system and safety of Cyber of the company, as well as safety keeping measures of the data, so that the work operation has consistence with the Personal Data Protection Act-PDPA, for example, improving the Personal Data Protection Policy, making process of applying of the right and inform the cause of the violation of Personal Data Owner, or appointing Data Protection Officer, etc.

## **6. Analysis and evaluation the Emerging Risk threat:**

### **6.1 Risk from cyber threat**

Presently information technology helps business operation so that business operation has effectiveness for recording and coordination in working in several steps, making business process to be done quickly and smoothly. At the same time, information technology system may become important point, making the business to stop and to be damaged if there is obstruction of the system and may be attached to cause damage, or for stealing and hold information, or hold the system, called totally: "Cyber Threat" the company realized safety of information of stakeholders of every party, both the data of customers, employees manufacturers, raw materials, and other relevant sectors. The company therefore, makes data safety policy regarding the information, arranging mechanism to prevent access to the system and data which may cause business damage, increasing of safety of information technology of the organization, and planning for disaster events that may occur. Furthermore, information technology working units make Risk Evaluation, having important Key Risk Indicator used in evaluation, in order to report to Risk Committee in level of organization in every month, to report regarding supervision of data safety

and cyber, to ensure that the company can manage risk effectively and reduce the impact that may occur to the organization and business opportunity.

## **6.2 Management of fire crisis**

The company realizes the risk from fire which the fire event may affect the business a lot, it may stop the business temporarily. The company made handbooks for being plan preventing and suspending fire, revision No. 2 on 13 May 2022, having the objectives as follows:

1. For preventing loss of life and properties from fire.
2. For reducing risk for occurring of fire in business place.
3. For creating confidence in safety to employees in case of fire occurring.
4. For creating good attitude to employees in business place.

**Plan to prepare** for preventing before any event happens to prevent risk that may occur, including:

1. **Plan to check;** it is the plan to survey about risk and check the place, to monitor, prevent and eliminate the cause of fire.

2. **Plan of training;** it is the training to give knowledge to employees to prevent when there is disaster, it consists of:

- Training for preventing and suspending fire basically.
- Training on fire evacuation drill
- Training on basic first aid.

The training is made by experts on preventing risk and suspending fire; the head office will arrange training regularly every year.

3. **Plan to campaign for preventing fire;** making handbooks and public relating with preventing fire in the company, or announcement through the bill board for public relations and making activities of 5 Sor.

4. **Determining fire extinguishing plan;** it is to determine the responsible persons, steps of report to supervisor, and informing the causes to government working units according to the rehearsal plan.

5. **Fire evacuation plan when there is fire**

6. **Plan of action when there is fire out of working time/holidays**

7. **Alleviation plan**

- 7.1 Coordination with government working units.

- 7.2 Surveying and evaluation of damage from fire.

- 7.3 Report oneself of officials in every section and appointment to meet officials

- 7.4 Holding meetings of Safety Committee and related persons to summarize the events that have happened, analyzing causes and determining preventing measures.
- 7.5 Moving victims, properties and dead persons.
- 7.6 Helping and assisting victims from fire.
- 7.7 Summarizing the report of operation result and report of fire situation.
- 7.8 Improving and solving immediate problems, so that the company can do the work the fastest.

Information for SEAFSCO PLC Only