

RISK MANAGEMENT POLICY

1. The Company operates business under acceptable risk to achieve the Company's objective and satisfy the stakeholder's expectation.
2. Risk management is determined as part of annual plan preparation.
3. The duty of every executive and employee is to take responsibility for identifying and assessing the risk of his/her own responsible work unit, and define appropriate measure for contingent risk management.
4. Risks that affect all of the Company's objective attainment shall be executed as follows.
 - 4.1 Timely identify risks such as type, significance level, corrective guideline, person in charge, etc.
 - 4.2 Assess the opportunity of risk occurrence and impact from such incidence occurrence.
 - 4.3 Manage risk to be consistent with the criteria of risk management under concern on related expense and gained benefit.
 - 4.4 Monitor, supervise and assess to ensure that the Company's risks are properly managed.
5. Risks that may entirely affect business plan and strategy of the Company in various areas in high and very high level shall be reported to the Executive Committee, Risk Management Committee, Audit Committee and the Board of Directors for acknowledgement.

Internal Control and Risk Management

The Company gives precedence to the internal control system both of executive and operation levels for efficient and effective operation of all levels. The Board of Directors Meeting of the Company No. 1/ 2019 on February 27, 2019, all audit committee members attended the meeting. The Board of Directors assessed the adequacy of the Company's internal control system in five areas in accordance with Internal Control System Adequacy Assessment Form, including Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Audit Committee was of the opinion that the Company has appropriate and adequate internal control system regarding transactions with major shareholders, directors, executives or persons related to such persons for the business of the Company in business operation. The consideration of such transactions mainly focused on the best interests of the Company, and the said transactions were regarded as if the transactions with third party. The approval of such transactions was performed by the non-stakeholder in such transactions only. Moreover, the Board of Directors was of opinion on internal control system in other topics that it has been adequate and appropriate.

For implementation of the internal control system of the Company, the Company set up the Audit Committee to review in order to ensure the appropriate, adequate and efficient internal control and internal audit system of

the Company. The Audit Committee shall coordinate with the auditor, internal auditor, and executives of the Company to review adequacy of internal control system and work system of the associated company for duty performance of the Company in accordance with Securities and Exchange Law, Requirements of the Stock Exchange of Thailand, and laws relating to the Company's business operation.

The Company has established the Internal Audit Unit to perform duties in the Company and report the results of internal audits in the meeting with the Audit Committee, members of the Internal Audit Unit include Miss Pimrumpai Boonchana and Mr. Surachai Panmool together with the external party which is ACC-PLUS Consultants Co., Ltd., that is hired by the Company, and Miss Wanna Maluangnon (Managing Director, ACC-PLUS Consultants Co., Ltd.) acts as the Chief of Internal Audit Unit. to perform the duties of auditing and preparing internal control audit system of the Company to enhance check and balance of every department's duty performance. The Company has commenced hire of ACC-PLUS Consultant Co., Ltd. since Q3 of 2011. The internal auditor shall present internal audit result report to the Audit Committee's Meeting, and prepare annual internal audit plan to be presented to the Audit Committee's Meeting to consider approving the said plan for use in monitoring and verifying properness and completeness of duty performance in consistency with plans and policies formulated by the Company. The Company has continuously improved and developed internal control quality. In the Audit Committee's Meeting No. 1/2019 held on February 27, 2019, the internal auditor presented the internal audit result report, suggestion, and operation of the Company toward suggestions provided to the Meeting of Audit Committee for acknowledgement. The Audit Committee acknowledged suggestions in some issues of internal control system requiring for corrective action which will be filled as agenda for continuous monitoring in the next Meeting of the Audit Committee. However, the internal auditor shall regularly present monitoring result and new contingent audited findings to the Audit Committee's Meeting for acknowledgement on quarterly basis.

After acknowledgement of the Audit Committee's Meeting on monitoring result and new audited findings, the Chairman of the Audit Committee shall present detail of such information to the Board of Directors' Meeting for acknowledgement. The Board of Directors has established and disclosed internal control system and risk management system as appeared in Audit Committee Report 2018 being disclosed in Annual Report. Moreover, the Board of Directors considered internal control system and risk management system of the Company. The topic of key risks emphasized by the Board of Directors consists of risks in various areas and guideline of such risk management as per the following details.

1. Operating Risks

The Company regularly holds weekly meetings to monitor problems occurred from duty performance between work units of Headquarter which is part of factory, and marketing department work unit which is located in

part of branches for coordinating and enabling to recognize problems occurred from cooperation without delay.

2. Financial and Exchange Rate Risks

The Company establishes the policy for monitoring movement to be aware of tendency of fluctuation on rate of exchange without delay. Moreover, financial limit of Forward Contract for Foreign Currencies with financial institutions for use as hedging tool.

3. Production Risks

The production risks consist of key risks such as raw material-related risk, for instance, shortage problem, fluctuation of raw material price, and labor shortage risk, as preventive guideline of these risks. The Company formulates as policy prescribing that the supervisory and responsible work unit shall monitor and anticipate the contingent problems, and quickly report the executive level for acknowledgement if there is signal or tendency of contingent abnormality.

4. Risk from New Customers and Dependency on Current Customers

At present, the Company has mitigated risk from new customers by authentication and financial reliability through information of Department of Business Development, Ministry of Commerce, prior to consideration on granting credit term for new customers. In respect to dependency on current customers, the Company can reduce dependency on the group of foreign customers from before. The Company's proportion of foreign customers and domestic customers have currently been similar.

5. Risk from Internal Factory Fire and Insurance

The Company regularly reviews fire prevention policy and training to provide knowledge to the employees who work in production process, and reviews insurance limit on yearly basis.

6. Risk from Compliance with Rules and Regulations

The Company set up a work unit to perform duty of supervising the duty performance of the Company under cooperation between the Company Secretary Unit, and Accounting and Finance Unit, to be responsible to ensure the proper compliance of the Company with laws and requirements of the Stock Exchange of Thailand, or rules of the government agencies.

7. Risk from Investment and Business Operation of the Subsidiaries and Associated Company

Due to the investment of the Company in several subsidiaries and associated companies, the Board of Directors therefore establishes a policy for considering risk management covering contingent risks from business operation or investment in those subsidiaries and associated companies.