

Risk Management Report 2025

Thai Plaspac Public Company Limited

Thai Plaspac Public Company Limited has developed this Enterprise Risk Management Report in accordance with the COSO Enterprise Risk Management (COSO-ERM) framework and relevant quality management standards.

Our objective is to proactively identify business risks and opportunities that may impact the organization. By managing these risks within acceptable levels (Risk Appetite), we strive to enhance corporate value, mitigate potential damages, and reduce performance uncertainty. This ensures that our business operations remain aligned with the organization's strategic goals and long-term vision.

Objectives

1. To evaluate the adequacy and effectiveness of the organization's risk management policies, processes, and mitigation measures.
2. To identify critical weaknesses or significant risks that have not yet been appropriately addressed or managed.
3. To provide strategic recommendations for enhancing efficiency and continuous improvement of risk management processes.
4. To foster a robust risk management culture across all levels of the organization.

Risk Management Approach

The Company places great importance on managing risks and opportunities that may impact the business in order to prevent and adapt to various risks. The Company adopts the internationally recognized COSO-ERM framework as the guideline for its enterprise risk management practices.

The Company's enterprise risk management framework consists of five components as follows:

- Governance and Culture
- Strategy and Objective Setting
- Performance
- Review and Revision
- Information, Communication, and Reporting



The Company implements risk management processes to reduce the likelihood of risks occurring or to minimize the impact of potential events to an acceptable level. The risk management approaches are as follows:

- **Risk Acceptance**
- **Risk Reduction / Risk Control**
- **Risk Sharing or Risk Transfer**
- **Risk Avoidance**

Risk Management

1.Risk Identification

Risk Topic	Risk Issue	Remark
Emerging Risks		
ESG Risk	<ul style="list-style-type: none"> ● Extreme Weather Risk 	An additional assessment topic was introduced in 2025.
Current risks		
Strategic Risk	<ul style="list-style-type: none"> ● Geopolitical Conflict Risk ● Raw Material Price Volatility Risk 	
Operational Risk	<ul style="list-style-type: none"> ● Operational Risk ● Inventory Level Risk ● Fraud Risk ● Cyberattack Risk on Critical Internal Data 	
Financial Risk	<ul style="list-style-type: none"> ● Asset Risk ● Consumer Perception and Behavior Risk Regarding Plastic Packaging ● Exchange Risk (FX Risk) ● Interest Rate Risk ● Mergers and Acquisitions Risk (M&A Risk) 	
Compliance Risk	<ul style="list-style-type: none"> ● Compliance Risk related to Laws, Regulations, and Rules 	
ESG Risk	<ul style="list-style-type: none"> ● Risk Related to Consumer Perceptions and Behavior toward Plastic Packaging ● Climate Change Risk 	

2. Risk Assessment

Risk assessment is a process that includes analyzing, evaluating, and prioritizing risks that may affect the achievement of the organization’s operational objectives. The Company has established risk assessment criteria consisting of the likelihood of occurrence and the severity of impact. These criteria may be defined using both quantitative and qualitative measures, which serve as the basis for assessing risks across various areas.

The likelihood of risk occurrence is classified into five levels.

Likelihood	Possibility	Frequency
5 High	An event that is almost certain to occur or occur regularly in business operations.	>1 time/year
4 Likely	An event that is highly probable or occurs regularly in most business operations.	Once every 2 years
3 Possible	An event that is reasonably possible or may occasionally occur in business operations.	Once every 3–5 years.
2 Unlikely	An event that is very unlikely to occur in business operations.	Once every 5 years.
1 Highly Unlikely	An event that is highly unlikely to occur in business operations.	Once every 5–10 years.

The level of risk impact is classified into five levels.

Impact	Business Opportunity / Financial Loss*	Corporate Reputation and Image	Personnel, Customers, and Stakeholders	Legal Enforcement
5 Severe	Fines equal to twice the value or benefits received, or > THB 9,000,000	<ul style="list-style-type: none"> - The Company is blacklisted. - Severely negative corporate governance reputation that cannot be rectified. - Business operations are suspended for more than one month. 	<ul style="list-style-type: none"> - Physical harm resulting in loss of life. - Customers and stakeholders file lawsuits for damages. 	Business contracts or operating licenses are revoked, and the Company’s directors and senior executives are imprisoned.
4 Significant	THB 5,600,000 – 9,000,000	<ul style="list-style-type: none"> - Continuous media coverage with increasing public attention. - Business operations suspended for 1 month. 	<ul style="list-style-type: none"> - Severe physical injury. - Customers and stakeholders demand clarification and explanations from the Company’s board and management. 	Investigated by government authorities and found guilty of wrongdoing.
Impact	Business Opportunity / Financial Loss*	Corporate Reputation and Image	Personnel, Customers, and Stakeholders	Legal Enforcement

3 Moderate	THB 2,800,000 – 5,600,000	<ul style="list-style-type: none"> - Social media spreads news or information about corruption involving the Company, which can be clarified within 1–3 days. - Significant disruption to business operations. 	<ul style="list-style-type: none"> -Physical injury requiring hospitalization for more than 5 days. -Customers and stakeholders raise questions to the Company’s Board of Directors. 	The Company may need to submit evidence and provide clarification if authorities accept the case for investigation.
2 Minor	THB 600,000 – 2,800,000	<ul style="list-style-type: none"> - Rumors involving the Company or its personnel may arise but can be clarified immediately. - Minor impact on processes and operations. 	<ul style="list-style-type: none"> -Physical injury requiring hospital treatment and 1–5 days of leave. -Customers and stakeholders begin to express concerns and request information. 	A violation that may result in a warning or a minor fine with insignificant value.
1 Negligible	Less than THB 600,000	<ul style="list-style-type: none"> - No media coverage affecting the Company -No impact on the Company. - No disruption to business operations. 	<ul style="list-style-type: none"> -Minor injury requiring basic first aid. -Customers and stakeholders experience minor inconvenience. 	Almost none

Note: *The financial thresholds may be adjusted as appropriate.

3.Risk Level Determination

Risk Level = Likelihood × Severity

The resulting risk level indicates the priority for risk management. The level of risk is determined based on the criteria specified in the table.

Risk Matrix

Likelihood Severity	1 Highly Unlikely	2 Unlikely	3 Possible	4 Likely	5 High
5 Severe	High	High	Very High	Very High	Very High
4 Significant	Moderate	High	High	Very High	Very High
3 Moderate	Low	Moderate	High	High	Very High
2 Minor	Low	Low	Moderate	High	Very High
1 Negligible	Low	Low	Moderate	High	High

**Risk
Matrix**

Likelihood \ Severity	1	2	3	4	5
	Highly Unlikely	Unlikely	Possible	Likely	High
5 Severe	C, I		B		
4 Significant		L			
3 Moderate	M				
2 Minor		A, N	G		
1 Negligible	E, J	D, F	K		H

- | | | | |
|---|------------------------------------|---|--|
| A | Climate Change Risk | I | Mergers and Acquisitions Risk (M&A Risk) |
| B | Raw Material Price Volatility Risk | J | Regulatory and Legal Compliance Risk |
| C | Operational Risk | K | Consumer Perception and Behavior toward Plastic Packaging Risk |
| D | Inventory Level Risk | L | Geopolitical Conflict Risk |
| E | Fraud Risk | M | Cyberattack Risk on Critical Internal Data |
| F | Asset Risk | N | Extreme Weather Risk |
| G | Foreign Exchange Risk (FX Risk) | | |
| H | Interest Rate Risk | | |

3. Risk Prioritization

Very High Risk

- B Raw Material Price Volatility Risk

High Risk

- C Operational Risk
- I Mergers and Acquisitions Risk (M&A Risk)
- H Interest Rate Risk
- L Geopolitical Conflict Risk

Moderate Risk

- G Foreign Exchange Risk
- K Consumer Perception and Behavior toward Plastic Packaging Risk

Low Risk

- A Climate Change Risk
- D Inventory Level Risk
- E Fraud Risk
- F Asset Risk

- J Regulatory and Legal Compliance Risk
- M Cyberattack Risk on Critical Internal Data
- N Extreme Weather Risk

After considering various dimensions of potential risks, the Company primarily adopts the Risk Reduction approach as its risk management strategy. This is because most risks are within the acceptable level of risk (Risk Appetite) and fall within the acceptable deviation range (Risk Tolerance).

In addition, the Company applies Risk Sharing for certain risk issues where appropriate. The Company has established risk management plans and implemented risk mitigation measures as follows.

4.Risk Management Plan and Risk Mitigation Actions

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
Emerging Risk				
1	Extreme Weather Risk	Extreme weather conditions such as severe storms, flash floods, prolonged droughts, heat waves, or abnormal temperature fluctuations are risks that are expected to occur more frequently and with greater intensity. These events may affect business continuity, employee safety, corporate assets, and the organization's supply chain.	Develop and regularly review the Business Continuity Management Plan (BCP) . Establish contingency plans for production sites, raw material sources, transportation systems, and information technology systems to ensure operations can continue even during emergencies.	<ul style="list-style-type: none"> - Number of extreme weather events affecting business facilities per year - Number of days of production or operational disruptions caused by natural events - Value of property damage caused by natural disasters - Proportion of suppliers located in high-risk areas

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
Strategic risk				
2	Geopolitical Conflict Risk	<p>Current geopolitical conflicts have intensified and expanded continuously, significantly impacting the global economy in many dimensions, such as international trade competition among major powers, supply chain disruptions, and energy insecurity. These conflicts create complex impacts including economic slowdown, delays in product deliveries, shortages of raw materials, and increased production costs. In addition, volatile international trade policies, sanctions, and political uncertainty create fluctuations in financial markets and investments, which may affect the Company's economic growth.</p>	<p>The Company focuses on comprehensive risk management strategies, including:</p> <ul style="list-style-type: none"> - Closely monitoring geopolitical developments and continuously assessing potential impacts on the business. - Diversifying sources of raw materials and business partners to reduce dependence on any single source. - Developing innovations and technologies to enhance resilience and maintain competitive advantages. 	<ul style="list-style-type: none"> - Crude oil and energy price indices - Plastic resin price index - Exchange rate fluctuations of major currencies - Proportion of suppliers from high-risk countries

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
3	Raw Material Price Volatility Risk	<p>The Company manufactures and designs rigid plastic packaging, with polyolefins as the primary raw materials used in production. As these materials are the key inputs, fluctuations in plastic resin prices significantly affect the Company's production costs. Variations in supply and demand for plastic resins during different periods—such as maintenance shutdowns of resin manufacturing plants, oil price fluctuations, economic crises, and war—may cause plastic resin prices to increase, directly impacting the Company's production costs.</p>	<p>To mitigate risks arising from fluctuations in raw material prices and procurement sources, the Company adopts the following strategies:</p> <ul style="list-style-type: none"> - The Company has negotiated agreements with key customers to adjust product selling prices in line with changes in plastic resin prices during each period. This approach helps mitigate price fluctuation risks, allowing the Company sufficient time to adjust and manage costs systematically. As a result, the Company can maintain consistent cost and profit levels while ensuring fair pricing, which supports part of its sustainability strategy. - The Company diversifies procurement by purchasing plastic resins from multiple domestic suppliers based on customer requirements. This helps reduce the risk of raw material shortages and price monopolization. 	<ul style="list-style-type: none"> - Crude oil price index - Plastic resin price index - Inventory turnover ratio

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
Operational risk				
4	Operational Risk	Operational risk may arise from failures in processes or policies, as well as errors in operational systems.	<p>For over 40 years, the Company has maintained quality assurance and product safety systems, including ISO 9001:2015, FSSC 22000, and GMP. Operations follow structured procedures and are overseen by the Audit Committee and independent auditors on a quarterly basis. The Company also complies with Stock Exchange of Thailand governance policies and undergoes regular customer audits. Continuous system improvements and industry certifications help support growth and competitiveness. Obtain relevant industry certifications to support business growth, maintain industry recognition, and strengthen competitiveness.</p>	<ul style="list-style-type: none"> - Gross Profit Margin - EBITDA Margin - Defect Rate - Machine Downtime Frequency

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
5	Inventory Level Risk	<p>The Company has a large customer base and more than 1,000 product items. Therefore, controlling inventory levels and managing warehouse, logistics, and the supply chain is a crucial process to ensure products are delivered to customers within the required timeframe.</p>	<p>The Company has developed an inventory management system and a comprehensive data control system covering the entire supply chain—from procurement, raw material receiving, and production planning to inventory control and product delivery to customers. This system operates under well-structured facilities and an integrated data network, along with expanded warehouse space to efficiently support customer demand.</p>	<ul style="list-style-type: none"> - Number of suppliers per product item - Supplier quality evaluation score - On-time delivery rate - Inventory turnover rate
6	Fraud Risk	<p>In organizational management, there is a possibility of fraud risk at all levels of the organization, as various operational activities involve both internal personnel and external stakeholders.</p> <p>Fraud can impact the organization in both the short and long term, including financial losses, damage to reputation, loss of public and stakeholder trust, and other negative effects on employees and the organization.</p>	<p>The Company declared its intention to join the Thai Private Sector Collective Action Against Corruption (CAC) in 2023 and implemented anti-corruption policies and whistleblowing channels with confidentiality protection. Employees receive regular training, and the Company was certified as a CAC member in 2024.</p>	<ul style="list-style-type: none"> - Number of complaints received through the whistleblowing channel - Number of complaints resolved

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
7	Cybersecurity Risk to Critical Internal Data	<p>Cyber threats are increasing and may lead to unauthorized access to the Company's information systems, including production data, internal information, personal data, and other critical business information. Such breaches could cause financial losses, damage to credibility and reputation, and disruption to business operations, production, and services. Cyberattacks such as malware, phishing, or other forms of cyber intrusion may also interrupt the Company's systems and impact business continuity.</p>	<p>To mitigate these risks, the Company has implemented several cybersecurity measures, including compliance with IT security policies and procedures, regular employee training on secure information usage, data backup practices, and safe use of websites, email, and electronic storage. The Company also deploys cybersecurity protection systems, access authentication mechanisms, and network access controls. In addition, the Company has established incident response and cyber threat management plans and continuously communicates cybersecurity awareness to employees.</p>	<ul style="list-style-type: none"> - Number of detected cyber threats or cyberattack attempts - Number of IT system disruptions or cyberattack incidents

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
Financial Risk				
8	Asset Risk	<p>Asset risks may directly impact the Company's facilities and operating environment, such as natural disasters, climate changes, or property damage. These events could disrupt business operations and lead to financial losses.</p>	<p>To mitigate such risks, the Company has obtained comprehensive insurance coverage, including property damage and business interruption insurance with a one-year policy period. This helps protect against potential losses that may affect operations and assets. The Company also maintains transportation insurance for vehicles and product liability insurance to cover potential claims from third parties.</p>	<ul style="list-style-type: none"> - Statistics of asset damage incidents - Employee and community satisfaction survey results
9	Foreign Exchange Risk	<p>As the Company operates in international markets, fluctuations in foreign exchange rates may affect its business, financial position, operating results, and business opportunities. Currency volatility may create imbalances between operating costs and revenue currencies. Export sales are primarily priced in U.S. dollars, while most operating costs are incurred in local currency.</p>	<p>To mitigate this risk, the Company enters into forward exchange contracts with a duration of no more than 90 days to manage potential impacts on its operating performance.</p>	<ul style="list-style-type: none"> - Foreign exchange rate statistics

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
10	Interest Rate Risk	<p>The Company obtains loans from financial institutions with floating interest rates, which may be affected by macroeconomic conditions and monetary policies.</p> <p>Changes in market interest rates may increase borrowing costs in the future and impact the Company's operating results and cash flow</p>	<p>To manage this risk, the Company closely monitors interest rate trends and manages its borrowings from financial institutions appropriately during periods of interest rate volatility to optimize operating performance and cash flow.</p>	<ul style="list-style-type: none"> - Interest rate statistics
11	Mergers and Acquisitions (M&A) Risk	<p>The Company pursues business expansion through mergers and acquisitions, which may involve risks such as increased debt from transaction financing and potential declines in operating cash flow that could lead to non-compliance with financial covenants set by financial institutions.</p>	<p>To mitigate these risks, the management team dedicates significant time and resources—both internally and through external specialists in areas such as environmental, legal, and financial matters—to conduct comprehensive due diligence on target companies. This process typically takes several months before finalizing transaction terms. The Company also focuses on acquiring businesses within the plastic packaging industry, where it has over 40 years of experience and strong expertise in production technology and industry operations.</p>	<ul style="list-style-type: none"> - Gross profit margin of acquired companies - EBITDA margin of acquired companies - Number of disputes in acquired companies

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
Compliance Risk				
12	Regulatory, Legal, and Compliance Risk	<p>The Company must comply with various regulations, laws, and requirements related to its business operations both domestically and internationally. These regulations may change over time, and failure to comply fully may affect the Company's reputation and corporate image. In addition, certain laws and regulatory requirements particularly those related to the Company's products may require adjustments to meet market demands and could impact the Company's competitiveness.</p>	<p>To manage this risk, the Company continuously monitors and studies relevant regulations and laws through responsible departments. These include laws related to occupational health and safety, human rights and labor practices, anti-corruption, product standards, and environmental regulations. The Company regularly updates its internal policies and procedures to ensure compliance and alignment with current legal requirements.</p>	<ul style="list-style-type: none"> -Number of complaints received -Number of complaints resolved

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
ESG Risk				
13	Consumer Perception and Behavior Risk Regarding Plastic Packaging	<p>Growing environmental concerns and climate change have increased consumer awareness of circular economic practices and environmental conservation. Campaigns to reduce plastic usage and stricter environmental regulations may influence perceptions toward plastic packaging. Although plastic can be recyclable, negative perceptions may impact the Company's business, especially if the Company does not adapt by developing more environmentally friendly products.</p>	<p>The Company addresses this risk by implementing environmental and sustainability policies, including the development of eco-friendly and low-carbon products. The Company also collaborates with customers in research and development to support circular economy practices, such as using recycled materials (PCR, PIR), biodegradable materials, and reducing the use of virgin plastic to align with environmental regulations and evolving consumer expectations.</p>	<ul style="list-style-type: none"> - Community and stakeholder expectation and satisfaction surveys - Proportion of different types of raw materials used in production

No.	Risk Issue	Causes and Impacts	Risk Management Approach	Risk Indicators
14	Climate Change Risk	<p>Severe global climate change has led to more frequent and intense natural disasters. Countries worldwide are setting targets to reduce greenhouse gas emissions. Thailand has announced its goals to achieve Carbon Neutrality by 2050 and Net Zero Emissions by 2065, resulting in stricter environmental policies, regulations, and practices. These environmental impacts are also influencing consumer behavior, prompting businesses to place greater emphasis on environmentally responsible operations. As a result, the Company may face higher production costs, investments in energy-efficient machinery, and potential impacts on competitiveness.</p>	<p>To address this risk, the Company has adjusted its business strategy to align with sustainable development, focusing on environmental responsibility and social accountability through the following actions:</p> <ul style="list-style-type: none"> - Establishing sustainability and environmental policies and communicating them continuously to stakeholders. - Setting environmental strategies and targets, particularly for reducing greenhouse gas emissions and improving energy management, including the use of renewable energy and new technologies to reduce emissions in production and transportation processes. - Developing environmentally friendly product innovations by reducing raw material usage and increasing the use of alternative and recycled materials. 	<ul style="list-style-type: none"> - Statistics of natural disasters in Bangkok and surrounding areas - Community and stakeholder expectation and satisfaction survey results - Greenhouse gas emissions - Solar electricity consumption - Proportion of renewable energy (%) - Proportion of recycled materials used (%)

5. Performance Reporting and Risk Management Reporting

The Risk Management Working Team is responsible for compiling performance results and preparing the annual risk management report. The report is submitted to the Risk Management Committee and the Board of Directors for review, monitoring, and regular evaluation of the Company's risk management performance.