

# **Risk Appetite and Tolerance Levels**

# Framework to Determine Risk Appetite



Committee of Sponsoring Organizations of the Treadway Commission

## Enterprise Risk Management Integrating with Strategy and Performance



### Overview:

GC has applied COSO ERM 2017 to enhance our enterprise risk management process by systematically identifying, assessing, and mitigating risks. It aligns risk management practices with company's strategic objectives. It also foster transparency and ethics of conducting business in the manner of alignment with international practices. Ultimately, adopting COSO ERM 2017 promotes effective decision-making and resilience against unforeseen events

### Risk Appetite:

In this case, GC has established risk appetite statement, as well as defining the level of risk it is willing to accept, by considering and applying the guidance of COSO ERM 2017. The risk appetite will provide threshold, as the acceptable level, covered all the identified risks. GC has appointed Risk Management Committee (RMC) as the responsible body for setting the overall risk appetite for the organization and ensuring it aligns with the company's strategic objectives and risk capacity. Also, Enterprise Risk Management Committee (ERMC) has the responsibility to ensures that the implementation of risk management is align with strategic management, linked to strategic objectives and primary goals of the organization, within risk appetite and in conformity to policy and risk management framework established by the Risk Management Committee (RMC).

# Risk Appetite Levels

Description of risk appetite levels for different risk categories/types.

Risk Perspectives	Risk Appetite Statement
<b>Strategic</b>	<ul style="list-style-type: none"><li>• Investment in innovation should yield the necessary return on investment to foster sustainable business growth.</li><li>• Ensure a favorable position in international sustainability rankings within the Chemicals sector</li></ul>
<b>Business</b>	<ul style="list-style-type: none"><li>• Comply with laws, rules, regulations, and relevant standards while conducting the business.</li><li>• Conduct business with transparency and being examinable.</li></ul>
<b>Operation</b>	<ul style="list-style-type: none"><li>• Conduct business with awareness of quality, security, safety, and health of employee, society, community, and environment.</li><li>• Prioritize on applying technology to improve operational efficiency, including energy management, to be complied with international standards.</li><li>• Maintain IT security to be in accordance with relevant standards to prevent impacts that influence business's reputation and operation.</li></ul>
<b>Financial</b>	<ul style="list-style-type: none"><li>• Ensure timely repayment of debt according to the established schedule</li></ul>

# Risk Tolerance Levels

Description of risk tolerance levels for different risk categories/types.

Risk Perspectives	Risk Tolerance
Strategic	• Return on investment should be higher than the pre-defined minimum threshold
	• Maintain ranked among the Top 10 of the Dow Jones Sustainability Index (DJSI)
Business	• Have no action that break or violate any laws.
	• Have no non-compliance case that might influence company to not receive crucial certificates/standards e.g., ISO series, etc.
Operation	• Have no Process Safety Event (tier-1)
	• Have no cybersecurity-related case that might impact to reputation, assets, and confidential information of the company.
Financial	• Sustaining the capacity to repay debt within the predetermined limit.