



JUMP+ Plan



CHAI WATANA TANNERY GROUP PUBLIC COMPANY LIMITED

(CWT)

Year 2026 - 2028

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and disseminated on 31/03/2026

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Table of Contents

| | Page |
|--|------|
| Executive Summary | 1 |
| Section 1 Business Plan | 2 |
| Target in 2028 | 3 |
| Strategic Plan 1 : Leather Platform Optimization (Stability) | 3 |
| Strategic Plan 2 : Renewable Energy Expansion | 4 |
| Strategic Plan 3 : Cost Transformation | 6 |
| Section 2 Governance Plan | 9 |
| Enhancing anti-corruption and fraud prevention efforts | 10 |
| Enhancing whistleblowing mechanisms | 11 |
| Strengthening emerging risk oversight practices | 13 |
| Section 3 Climate Action Plan | 15 |
| Greenhouse gas inventory (GHG) plan | 16 |
| Decarbonization | 17 |



CHAI WATANA TANNERY GROUP PUBLIC COMPANY LIMITED

SET
Industrials / Automotive

CG Report :
SET ESG Ratings: -
Anti-Corruption Certification (CAC): -

Business Type

The company operates 3 main business groups which are 1. Leather products group Producing and selling 4 types of products which are 1) Bleached leather products 2) Pet toys products 3) Leather furniture products 4) Leather upholstery products and leather parts for cars such as Toyota Honda Nissan Isuzu Mazda Mitsubishi and Chevrolet 2 power groups The company has invested in 100% shares in Chai Wattana Green Company Limited with the goal of operating an investment (holding) company in the renewable energy sector. 3. Vehicle design and distribution group which operates the design and distribution of ships And bus size Small produced with aluminum

Financial Statement

| Year | 2025 | 2024 | 2023 | 2022 |
|------|------|------|------|------|
|------|------|------|------|------|

Income Statement (MB)

| | | | | |
|------------|----------|----------|----------|----------|
| Revenues | 1,413.58 | 1,646.17 | 1,827.82 | 1,895.33 |
| Expenses | 1,418.58 | 1,503.82 | 2,058.60 | 1,684.56 |
| Net Profit | 21.96 | 0.83 | -116.20 | 180.06 |

Balance Sheet (MB)

| | | | | |
|----------------------|----------|----------|----------|----------|
| Assets | 3,498.78 | 3,415.48 | 3,619.33 | 3,489.80 |
| Liabilities | 1,647.75 | 1,663.17 | 1,911.12 | 1,410.93 |
| Shareholders' Equity | 1,761.26 | 1,740.87 | 1,810.97 | 1,974.14 |

Cash Flow (MB)

| | | | | |
|-----------|--------|---------|---------|---------|
| Operating | 104.25 | 221.23 | 179.47 | 260.84 |
| Investing | 10.87 | -64.39 | -429.91 | -83.57 |
| Financing | 36.64 | -205.08 | 303.95 | -189.31 |

Financial Ratio

| | | | | |
|-------------------|-------|-------|--------|-------|
| EPS (Baht) | 0.03 | N/A | -0.18 | 0.29 |
| GP Margin (%) | 17.33 | 24.10 | 17.12 | 23.59 |
| NP Margin (%) | 1.47 | -0.74 | -18.10 | 8.05 |
| D/E Ratio (Times) | 0.89 | 0.95 | 1.12 | 0.68 |
| ROE (%) | 1.25 | 0.05 | -6.14 | 9.90 |
| ROA (%) | 2.20 | 2.31 | -6.15 | 7.26 |

JUMP+ Plan

Business Plan

Target in 2028

| | |
|---------|--------------------------|
| Revenue | 1,800-2,200 million baht |
|---------|--------------------------|

| Strategic Plan | Growth | Profitability & Efficiency | Stability |
|----------------|--------|----------------------------|-----------|
|----------------|--------|----------------------------|-----------|

1. Strategic Plan 1 : Leather Platform ✓

Optimization (Stability)

2. Strategic Plan 2 : Renewable Energy ✓

Expansion

3. Strategic Plan 3 : Cost Transformation ✓

Governance Plan

1. Enhancing anti-corruption and fraud prevention efforts

2. Enhancing whistleblowing mechanisms

3. Strengthening emerging risk oversight practices

Climate Action Plan

1. Greenhouse gas inventory (GHG) plan

2. Decarbonization

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Section 1
Business Plan

Section 1 Business Plan

Target in 2028

| Topic | YE/2023 | YE/2024 | YE/2025 | Target in 2028 |
|------------------------|----------|----------|----------|----------------|
| Revenue (million baht) | 1,827.82 | 1,646.17 | 1,413.58 | 1,800-2,200 |

Traditional Leather Manufacturer to Integrated Circular Industrial & Energy Platform

Growth plan/Increase business value

Strategic Plan 1 : Leather Platform Optimization (Stability)

Blend traditional craftsmanship with modern technology in a balanced manner to enhance quality, efficiency, and long-term environmental responsibility. The company focuses on strengthening its Leather Platform business.

This plan will promote and develop the organization in the following dimensions

- Stability

Targets

The company focuses on strengthening its Leather Platform business with the following objectives:

1. Maintain current revenue levels while significantly improving profitability by increasing the Gross Profit Margin by 5–10% within the plan period.
2. Enhance operational efficiency by reducing loss rates and improving yield in leather cutting and Lectra processes by at least 3%, thereby directly lowering production costs.
3. Strengthen and retain relationships with key customers to ensure stable and recurring revenue from the existing customer base, with a target to maintain or achieve steady growth in sales from core customers, forming a solid foundation for profit growth and reducing long-term business volatility.

• Other Targets

| Topic | Baseline | Targets | | |
|-------------------------------|----------|---------|-------|-------|
| | YE/2025 | 2026 | 2027 | 2028 |
| Revenue from Leather Business | 800 | 800 | 1,000 | 1,200 |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|---|------|--|
| Improve and develop production techniques to meet customer needs. | 2026 | <ul style="list-style-type: none"> • Invest in automated or semi-automated machinery to reduce costs. • Invest in robots and robotic arms for repetitive or hazardous tasks. |
| | 2027 | <ul style="list-style-type: none"> • Scale up and continue investing in automated and semi-automated machinery. |

| Strategic Initiative | Year | Expected Outcomes |
|----------------------|------|---|
| | 2028 | <ul style="list-style-type: none"> Scale up and continue investing in robots and robotic arms for repetitive or hazardous tasks. Invest in a water treatment system to recycle water and reduce wastewater discharge. |

Risk Management

Risk 1 : Foreign exchange volatility

• **Risk Characteristic**

1. Revenue is in USD, while part of the costs are in THB (labor, utilities) This creates a currency mismatch, resulting in profit volatility even when sales remain constant.
2. The import of raw hides (wet salted hides), which are the key raw materials, is conducted through international transactions, exposing the business to foreign exchange fluctuations.

• **Risk Impact**

The risks arising from these two factors lead to significant earnings volatility, even when sales volume or revenue remains unchanged. This is because revenue is denominated in foreign currency, while part of the cost base remains in Thai Baht. As exchange rates fluctuate, both the translated revenue and the cost structure are impacted simultaneously. At the same time, the import of raw hides, being the core raw material and transacted in foreign currency further increases exposure to exchange rate movements. In particular, when the Thai Baht depreciates, input costs rise immediately, while selling prices cannot always be adjusted in time, resulting in meaningful margin compression. Additionally, there is a timing gap between purchasing raw materials, production, and revenue realization. Exchange rates may shift during this cycle, causing actual profits to deviate from initial forecasts and creating uncertainty in financial planning and cash flow management. In summary, foreign exchange volatility in this business model does not affect only one side of the equation but impacts the entire value chain simultaneously, making profitability less stable and more difficult to manage without proper risk mitigation strategies.

• **Risk Management Measures**

The Company establishes a foreign exchange risk management policy through the use of financial hedging instruments (Financial Hedge) to control the volatility of costs and cash flows arising from foreign currency transactions. This is particularly relevant to the import of key raw materials, which are significantly sensitive to fluctuations in exchange rates. The Company’s primary approach is to utilize forward contracts to lock in exchange rates in advance for transactions with a high degree of certainty, such as the procurement of raw materials from overseas suppliers. The Company will execute these contracts on a phased and timely basis, enabling it to effectively stabilize costs at predictable levels, mitigate the impact of exchange rate volatility, and enhance the accuracy of cost and profit planning.

Strategic Plan 2 : Renewable Energy Expansion

Build the energy business as the group’s “Core Growth Engine.”

This plan will promote and develop the organization in the following dimensions

- Growth

Targets

- **Other Targets**

| Topic | Baseline | Targets | | |
|---------|----------|---------|------|------|
| | YE/2025 | 2026 | 2027 | 2028 |
| Revenue | 580 | 580 | 780 | 980 |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|-------------------------------|------|---|
| Execute according to the plan | 2026 | <ul style="list-style-type: none"> • Hire a consultant to study the project documentation. • Hire an Owner’s Engineer to oversee technical and engineering work. • Evaluate suitable land for project development. |
| | 2027 | <ul style="list-style-type: none"> • Evaluate and invest in suitable land for project development. • Evaluate and invest in suitable machinery and technology. |
| | 2028 | <ul style="list-style-type: none"> • Purchase machinery and others equipment. • Construction: Engage an EPC contractor. |

Risk Management

Risk 1 : Volatility in energy purchase tariffs driven by war conditions and surging oil prices.

- **Risk Characteristic**

Volatility in energy purchase tariffs is closely linked to macroeconomic factors, particularly war situations and geopolitical tensions, which directly impact global oil and energy prices. When oil prices surge, overall energy costs in the system increase and are often passed through to pricing structures or energy tariffs in various forms. However, this volatility is not always one-directional. Government policies, pricing mechanisms, and contractual structures such as PPAs may be adjusted either to reflect rising costs or to mitigate the impact on consumers. As a result, energy operators face uncertainty in both revenue streams and return projections. From a business perspective, such volatility affects investment planning, project evaluation, and cash flow management. This is especially critical when fuel costs or related expenses increase rapidly, while electricity selling prices cannot be adjusted at the same pace. Consequently, profitability becomes less predictable, requiring careful risk management to maintain long-term earnings stability.

- **Risk Impact**

Volatility in energy purchase tariffs, driven by war conditions and surging oil prices, exposes energy businesses to multiple layers of risk, particularly in terms of revenue stability and profitability. Tariffs may fluctuate in response to rising system-wide energy costs or be influenced by government policies, making long-term revenue projections less predictable. On the cost side, if projects are linked to fuel or energy sources tied to oil prices, expenses can increase rapidly, while electricity selling prices, especially under PPA contracts, may not adjust at the same pace. This leads to significant margin compression. Additionally, such volatility impacts project feasibility and investment decisions, as fluctuations in input costs can materially affect project IRR,

potentially turning previously viable projects into less attractive or even unviable ones during certain periods. From a cash flow perspective, uncertainty in both revenue and costs can result in unstable cash flows, making liquidity management and debt servicing more challenging, particularly for highly leveraged projects. In summary, this risk not only affects short-term performance but also undermines financial stability and long-term growth potential if not managed systematically and effectively.

• **Risk Management Measures**

Risk mitigation measures for volatility in energy tariffs and oil prices should be implemented in a proactive and systematic manner. This begins with designing a more stable revenue structure, such as investing in projects with long-term PPAs that offer fixed tariffs or include pass-through mechanisms to reflect changes in energy costs, thereby reducing exposure to fuel price fluctuations. On the cost side, energy diversification is essential. Increasing the share of renewable energy sources such as WTE or biomass, where fuel cost volatility is lower than oil-linked energy, can help stabilize cost structures. In addition, companies should consider long-term supply agreements and financial hedging instruments to lock in input costs over a certain period. From a portfolio management perspective, diversification across energy types and contract structures can reduce reliance on a single revenue source. Regular sensitivity analysis and scenario planning are also critical to assess the impact of energy price fluctuations on project IRR and cash flow under different assumptions. Furthermore, strong cash flow and capital structure management is necessary. Maintaining adequate liquidity and avoiding excessive leverage are key, especially during periods of high energy market volatility. In summary, effective risk management is not only about mitigating short-term impacts but also about structuring the business to remain resilient and capable of sustainable growth under uncertain energy price conditions.

Strategic Plan 3 : Cost Transformation

The company aims to improve its Net Profit Margin from approximately 3% to at least 10% within the plan period by systematically optimizing both revenue and cost structures. This includes increasing the share of high-margin businesses and enhancing operational efficiency across all business units. Key initiatives will focus on eliminating non-value-added costs, improving production and supply chain efficiency, and leveraging technology and digital tools to enhance productivity

This plan will promote and develop the organization in the following dimensions

- Profitability & Efficiency

Targets

- **Corporate Financial Targets**

| Topic | Latest data | | Targets | | |
|-----------------------|-------------|---------|---------|------|-------|
| | YE/2024 | YE/2025 | 2026 | 2027 | 2028 |
| Net Profit Margin (%) | -0.74 | 1.47 | 3.00 | 5.00 | 10.00 |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|---|------|---|
| Reduce production costs by leveraging technology. | 2026 | <ul style="list-style-type: none"> • Train employees in the use of technologies such as AI, IoT, and robotics. • Invest in machinery and IoT equipment (Phase 1) to analyze performance and efficiency. |
| | 2027 | <ul style="list-style-type: none"> • Invest in machinery and IoT equipment (Next Phase) to analyze performance and efficiency. |

| Strategic Initiative | Year | Expected Outcomes |
|----------------------|------|--|
| | 2028 | <ul style="list-style-type: none"> • Scale up the widespread adoption of IoT, Machine Learning (ML), and dashboards in production and operational control. • Continue to scale up the widespread adoption of IoT, Machine Learning (ML), and dashboards in production and operational control. • Achieve a 10% cost reduction target. |

Risk Management

Risk 1 : Energy optimization (fuel mix adjustment in biomass power plants / energy efficiency) by refining the fuel formula and incorporating lower-cost fuels such as sugarcane leaves, agricultural residues, and other agricultural by-products.

• **Risk Characteristic**

The risk associated with energy optimization through fuel mix adjustments in biomass power plants arises from uncertainties in substituting traditional fuels with lower-cost alternatives such as sugarcane leaves, agricultural residues, and other by-products. While these inputs can reduce costs, they often vary in calorific value and moisture content, which may lead to unstable combustion performance and inconsistent power generation. There is also a supply risk, as agricultural fuels are typically seasonal and geographically dispersed, creating uncertainty in both availability and pricing. If supply becomes insufficient, operators may need to revert to higher-cost fuels, resulting in cost volatility. From a technical perspective, changes in fuel composition can impact equipment such as boilers and combustion systems. Incompatible fuel characteristics may cause increased wear and tear, clogging, or reduced efficiency, leading to higher maintenance costs and potential downtime. Finally, there is a financial risk if the expected cost savings from cheaper fuels are offset by hidden costs, such as reduced efficiency or higher operating and maintenance expenses. This may result in actual returns falling short of projections and negatively affecting long-term profitability.

• **Risk Impact**

The impact of risks associated with energy optimization particularly fuel mix adjustments in biomass power plants, directly affects operational efficiency, cost structure, and overall profitability. If the fuels used have inconsistent quality, such as low calorific value or high moisture content, combustion efficiency may decline, leading to unstable power generation and reduced output, which in turn impacts revenue generation. On the cost side, although the objective is to reduce expenses by using lower-cost fuels, supply constraints or the need to switch to higher-cost backup fuels during shortages can lead to cost volatility and potentially higher-than-expected energy costs. Additionally, technical issues arising from unsuitable fuel characteristics, such as clogging, increased wear and tear, or reduced system efficiency, can result in higher maintenance costs and unplanned downtime, directly affecting revenue. Overall, if fuel quality and system efficiency cannot be effectively managed as planned, financial performance may fall short of expectations in terms of both margins and project returns (IRR). This also increases uncertainty in cash flow and reduces the reliability of long-term business planning.

• **Risk Management Measures**

Risk mitigation measures for Energy Optimization (Fuel Mix / Efficiency) should focus on fuel quality management, supply security, and operational efficiency in a systematic manner. From a fuel management perspective, clear fuel quality standards, such as moisture content and calorific value, should be established, along with proper testing and screening before usage. A well-designed fuel blending strategy is also essential to combine different fuel types to achieve consistent and optimal combustion performance, reducing reliance on any single low-cost fuel source. In terms of supply risk management, sourcing should be

diversified to avoid dependence on a single supplier. Long-term contracts with key suppliers in core regions can help ensure both availability and price stability. Maintaining an appropriate level of buffer stock is also important to mitigate seasonal supply fluctuations.

Section 2

Governance Plan

Section 2 Governance Plan

Accountability and Transparency Governance

Enhancing anti-corruption and fraud prevention efforts

The objective of this plan is to obtain CAC certification from the Thai Institute of Directors Association within the plan period, while strengthening operational controls and stakeholder relationships.

Targets

| Topic | Current Status | Targets | | |
|---|----------------|-------------|---|-----------|
| | | 2026 | 2027 | 2028 |
| The company has established an anti-corruption policy and practices. | In Progress | In Progress | In Progress | Success |
| <ul style="list-style-type: none"> An anti-corruption and anti-bribery policy has been developed to comprehensively cover the organization's business operations, formally approved by the Board of Directors, and supported by clear and practical implementation guidelines | In Progress | In Progress | In Progress | Success |
| <ul style="list-style-type: none"> The company conducts regular monitoring and evaluation of compliance with its anti-corruption and anti-bribery policy and procedures. Audit results are reported by internal auditors to the Board of Directors at least annually. In the event of any violations, corrective actions and preventive measures are clearly defined to prevent recurrence | In Progress | In Progress | In Progress | Success |
| <ul style="list-style-type: none"> The company conducts an annual review of its anti-corruption and anti-bribery policy and practices with the Board of Directors | In Progress | In Progress | In Progress | Success |
| Achieve CAC certification from the Thai Institute of Directors (Thai IOD) | Not Started | Signatory | In the process of applying for certification. | Certified |
| Supplier code of conduct | - | Signatory | In the process of applying for certification. | Success |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|--|------|---|
| Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) | 2026 | <ul style="list-style-type: none"> Declaration of Intent: The Board of Directors has approved joining the CAC and submitted a formal Declaration of Intent. |
| | 2027 | <ul style="list-style-type: none"> Certification Application: The self-assessment in accordance with CAC guidelines has been completed, and the application has been submitted to the Thai Institute of Directors Association (IOD). |
| | 2028 | <ul style="list-style-type: none"> Certification Achieved: CWT has been certified by CAC. |

Risk Management

Risk 1 : Corruption incident during transformation

• **Risk Characteristic**

CWT's diversification into clean energy and vehicle manufacturing increases exposure to unfamiliar regulatory environments, new business partners, and complex approval processes where corruption risks may be elevated.

• **Risk Impact**

A corruption incident could damage reputation, disrupt transformation activities, and result in financial penalties affecting capital market access.

• **Risk Management Measures**

Comprehensive policy revision addressing new sector risks, enhanced due diligence for diversification-related partnerships, CAC-aligned procedures for regulatory engagement, and systematic monitoring with early warning capabilities.

Risk 2 : Regulatory non-compliance and stakeholder confidence loss

• **Risk Characteristic**

Inadequate anti-corruption measures could result in failed SET sustainability assessments, loss of investor confidence, and restricted access to capital markets critical for transformation funding. Absence of CAC certification creates governance credibility gap versus industry peers.

• **Risk Impact**

Loss of investor confidence, and restricted access to capital markets

• **Risk Management Measures**

CAC certification achievement as external validation, supplier code of conduct extending standards through value chain, transparent board reporting on anti-corruption metrics, and continuous improvement cycle linked to regulatory updates.

Enhancing whistleblowing mechanisms

Enhancing whistleblowing by upgrading the “Policy + Framework” to a fully integrated end-to-end system. Previously limited to basic mechanisms, now developed into a comprehensive, board-approved policy covering 11 key components, such as procedures, reporting channels, responsible parties, timelines, protection measures, and penalties ensuring practical implementation rather than just a guideline.

Targets

Enhance system “Speed & Efficiency” (KPI-driven) by establishing clear KPIs: Case intake ≤ 3 days Reduce average resolution time to ≤ 15 working days by 2028

| Topic | Current Status | Targets | | |
|--|----------------|-------------|-------------|---------|
| | | 2026 | 2027 | 2028 |
| The company has established a whistleblowing policy and procedures for reporting misconduct. | Not Started | In Progress | In Progress | Success |

| Topic | Current Status | Targets | | |
|---|----------------|-------------|-------------|---------|
| | | 2026 | 2027 | 2028 |
| <ul style="list-style-type: none"> The company has established a formal, written whistleblowing policy and procedures, which have been approved by the Board of Directors | Not Started | In Progress | In Progress | Success |
| <ul style="list-style-type: none"> Appointment of an impartial recipient for whistleblowing reports. | Not Started | In Progress | In Progress | Success |
| <ul style="list-style-type: none"> All complaints are thoroughly investigated, and outcomes are reported to the Board in a timely manner, with appropriate corrective and preventive actions in cases of confirmed misconduct to avoid recurrence. | Not Started | In Progress | In Progress | Success |
| <ul style="list-style-type: none"> The whistleblowing policy and procedures reviewed by the Board of Directors at least annually. | Not Started | In Progress | In Progress | Success |
| Reduce the complaint resolution time. | - | - | - | 15 day |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|---|------|--|
| Upgrade the investigation process to a **systematic approach (Systematic Investigation)** by establishing a clear workflow: Case intake Screening Investigation Conclusion Case closure Each stage is defined with specific timelines, supported by an investigation committee with clearly assigned roles (IA + Legal + HR). | 2028 | <ul style="list-style-type: none"> Reduce the average resolution time to ≤ 15 working days by 2028. |

Risk Management

Risk 1 : Low whistleblower confidence and underreporting

- Risk Characteristic**

Employees and external parties may lack confidence in the whistleblowing system due to concerns about retaliation, confidentiality, or responsiveness. This results in underreporting and undetected misconduct.

- Risk Impact**

Consequences could be misconduct continues undetected, potential regulatory violations, reputational damage, and erosion of ethical culture during transformation period.

- Risk Management Measures**

Comprehensive protection measures documented and communicated, neutral complaint recipients providing independence, defined investigation timeframes demonstrating commitment to action, and regular communication of whistleblowing outcomes (anonymized) to build confidence.

Risk 2 : Investigation delays and inconsistent handling

- Risk Characteristic**

Without defined processes and timeframes, investigations may be delayed or handled inconsistently, undermining whistleblower trust and allowing issues to escalate.

• **Risk Impact**

Consequences could be prolonged exposure to misconduct, complainant dissatisfaction, potential legal liability, and loss of confidence in governance mechanisms.

• **Risk Management Measures**

Defined investigation process with stage-by-stage timeframes, investigation committee with clear responsibilities, tracking mechanism for monitoring compliance, and complaint handling efficiency target providing accountability.

Governance of Risk and Management Compliance

Strengthening emerging risk oversight practices

The objective of this plan is to establish a systematic process for identifying, assessing, and preparing for risks before they occur, enabling the Board to have clear visibility over potential threats that may impact strategic execution.

Targets

| Topic | Current Status | Targets | | |
|--|----------------|-------------|-------------|---------|
| | | 2026 | 2027 | 2028 |
| The company has established policies and guidelines for managing emerging risks. | Not Started | In Progress | In Progress | Success |
| • Conduct an analysis to identify and assess a minimum of three emerging risks with potential business impact. | Not Started | In Progress | In Progress | Success |
| • Each emerging risk is accompanied by scenario analysis and corresponding mitigation plans | Not Started | In Progress | In Progress | Success |
| • Engagement of senior management in the tracking and decision processes related to emerging risks. | Not Started | In Progress | In Progress | Success |
| Technology Risk Governance | - | In progress | In progress | Success |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|---------------------------------------|------|--|
| Technology Risk Policy and Governance | 2026 | • Identify critical technology systems across all business units (leather operations, clean energy, and automotive manufacturing), and establish technology risk governance principles covering accountability, cybersecurity, business continuity, and vendor management. |
| | 2027 | • Integrate the policy into relevant operational processes, communicate it to business units and key vendors, and establish incident reporting requirements. |
| | 2028 | • Review and update the policy based on operational experience and external developments. |

Risk Management

Risk 1 : Failure to identify and respond to emerging risks

- **Risk Characteristic**

CWT's diversification into unfamiliar sectors increases exposure to risks that management may not recognize or prioritize, including regulatory changes, supply chain disruptions, or technology failures specific to clean energy and vehicle manufacturing.

- **Risk Impact**

Consequences could be financial losses from unmitigated risks, strategic misalignment, regulatory non-compliance, and stakeholder confidence erosion during transformation period.

- **Risk Management Measures**

Emerging risk framework with systematic horizon scanning, dedicated emerging risk register with business unit input, board-level emerging risk reporting and discussion, and scenario analysis informing major decisions.

Risk 2 : Technology failures undermining transformation success

- **Risk Characteristic**

As CWT expands into technology-dependent operations in clean energy and vehicle manufacturing, inadequate technology governance could result in operational disruptions, safety incidents, or cybersecurity breaches.

- **Risk Impact**

Consequences could be production interruptions, asset damage, regulatory penalties, and reputation harm affecting transformation credibility and stakeholder confidence.

- **Risk Management Measures**

Technology risk governance framework with clear accountability, risk assessments for critical systems in new business segments, incident reporting and control requirements, and integration with risk management committee oversight.

Section 3

Climate Action Plan

Section 3 Climate Action Plan

Greenhouse gas inventory (GHG) plan

The Company has published a Greenhouse Gas (GHG) emissions report

URL Link to the Document : <https://cwt.co.th/home/certificate.php>



Chai Watana Tannery Group Public Company Limited . hereby announces that it has obtained verification and certification of its Greenhouse Gas (GHG) emissions, or Carbon Footprint for Organization (CFO), in accordance with ISO 14064-1:2018, as verified by an independent third party, Bureau Veritas Certification. The certification covers the Company’s leather production and distribution operations. The Company has continuously conducted and reported its CFO on an annual basis for the years 2022 2023, 2024, and 2025.

Targets

The objective is to reduce greenhouse gas (GHG) emissions based on certified Carbon Footprint for Organization (CFO) data, covering all scopes, in accordance with ISO 14064-1 or Thailand Greenhouse Gas Management Organization (TGO) standards. The target is to achieve a continuous 5% reduction in GHG emissions annually, using 2022 (the first year of CFO implementation) as the base year.

| Topic | Targets | | |
|---|---------|---------|---------|
| | 2026 | 2027 | 2028 |
| GHG inventory report, GHG verification and disclosure (specific to Scope 1 and Scope 2 emissions) | Success | Success | Success |

Strategic Initiative

Chai Watana Tannery Group Public Company Limited (CWT) places strong emphasis on the reduction of greenhouse gas (GHG) emissions in a tangible and systematic manner. The Company has established key measures to continuously enhance energy efficiency as follows:

1. Optimization of Boiler Fuel Consumption

The Company focuses on improving thermal energy efficiency through better process management and operational improvements to reduce fuel consumption. In addition, the Company considers the adoption of alternative fuels with lower carbon intensity. These initiatives are expected to significantly reduce direct greenhouse gas emissions (Scope 1).

2. Enhancement of Electrical Energy Efficiency

The Company continuously improves the efficiency of its machinery and equipment, particularly water pump systems and air compressor systems, through preventive maintenance, leakage detection and reduction, and the gradual replacement of equipment with higher energy-efficient technologies. These measures aim to minimize energy losses and improve overall electricity efficiency across the organization, thereby reducing indirect greenhouse gas emissions (Scope 2).

These initiatives reflect the Company’s commitment to enhancing operational efficiency while minimizing environmental impact, and support its long-term sustainability objectives.

| Strategic Initiative | Year | Expected Outcomes |
|--|------|--|
| <p>1. Optimization of Boiler Fuel Consumption The Company focuses on improving thermal energy efficiency through better process management and operational improvements to reduce fuel consumption. In addition, the Company considers the adoption of alternative fuels with lower carbon intensity. These initiatives are expected to significantly reduce direct greenhouse gas emissions (Scope 1).</p> <p>2. Enhancement of Electrical Energy Efficiency The Company continuously improves the efficiency of its machinery and equipment, particularly water pump systems and air compressor systems, through preventive maintenance, leakage detection and reduction, and the gradual replacement of equipment with higher energy-efficient technologies. These measures aim to minimize energy losses and improve overall electricity efficiency across the organization, thereby reducing indirect greenhouse gas emissions (Scope 2).</p> | 2026 | • All Scope Emission decreased by 5% (in tCO#e) compared to the previous year. |
| | 2027 | • All Scope Emission decreased by 5% (in tCO#e) compared to the previous year. |
| | 2028 | • All Scope Emission decreased by 5% (in tCO#e) compared to the previous year. |

Attachments

URL Link to the Document : <https://jumpplusmedia-setlink.setgroup.or.th/CWT/1773914849135.pdf>



Decarbonization

1. Optimization of Boiler Fuel Consumption The Company focuses on improving thermal energy efficiency through better process management and operational improvements to reduce fuel consumption. In addition, the Company considers the adoption of alternative fuels with lower carbon intensity. These initiatives are expected to significantly reduce direct greenhouse gas emissions (Scope 1).

2. Enhancement of Electrical Energy Efficiency The Company continuously improves the efficiency of its machinery and equipment, particularly water pump systems and air compressor systems, through preventive maintenance, leakage detection and reduction, and the gradual replacement of equipment with higher energy-efficient technologies. These measures aim to minimize energy losses and improve overall electricity efficiency across the organization, thereby reducing indirect greenhouse gas emissions (Scope 2).

Targets

| Topic | GHG emissions in the base year (tCO ₂ e) | Target for reducing GHG emissions compared with the base year (tCO ₂ e) | | |
|--|---|--|-------|-------|
| | 2022 | 2026 | 2027 | 2028 |
| Greenhouse gas emission reduction volume | 58550 | 47689 | 45305 | 43040 |

Strategic Initiative

| Strategic Initiative | Year | Expected Outcomes |
|--|------|---|
| <p>Chai Watana Tannery Group Public Company Limited (CWT) places strong emphasis on the reduction of greenhouse gas (GHG) emissions in a tangible and systematic manner. The Company has established key measures to continuously enhance energy efficiency as follows: 1. Optimization of Boiler Fuel Consumption The Company focuses on improving thermal energy efficiency through better process management and operational improvements to reduce fuel consumption. In addition, the Company considers the adoption of alternative fuels with lower carbon intensity. These initiatives are expected to significantly reduce direct greenhouse gas emissions (Scope 1). 2. Enhancement of Electrical Energy Efficiency The Company continuously improves the efficiency of its machinery and equipment, particularly water pump systems and air compressor systems, through preventive maintenance, leakage detection and reduction, and the gradual replacement of equipment with higher energy-efficient technologies. These measures aim to minimize energy losses and improve overall electricity efficiency across the organization, thereby reducing indirect greenhouse gas emissions (Scope 2).</p> | 2026 | <ul style="list-style-type: none"> Invest in a boiler system to achieve a 5% reduction in Scope emissions (tCO2e) compared to the previous year. |
| | 2027 | <ul style="list-style-type: none"> Invest in a compressor system to achieve a 5% reduction in Scope emissions (tCO2e) compared to the previous year. |
| | 2028 | <ul style="list-style-type: none"> Achieve the plan. All Scope Emission decreased by 5% (in tCO2e) compared to the previous year. |

Risk Management

Risk 1 : Financial Risk: Exposure to volatility in energy prices arising from geopolitical instability (e.g., conflicts or war), which may result in fluctuations in project returns, including changes in the Internal Rate of Return (IRR)

• Risk Characteristic

The Company recognizes financial risks arising from volatility in energy prices, which are influenced by external factors, particularly geopolitical instability such as regional and global conflicts or wars. Such conditions may lead to significant fluctuations in global energy markets. These fluctuations may impact the Company’s energy costs and affect the financial assumptions underlying energy and environmental investment projects, including energy efficiency and renewable energy initiatives. As a result, the Internal Rate of Return (IRR) of such projects may deviate from initial projections.

• Risk Impact

Volatility in energy prices may directly impact the Company’s operating costs, potentially leading to higher energy expenses and affecting overall profitability. It may also influence the economic viability of energy and environmental investment projects, resulting in deviations of the Internal Rate of Return (IRR) from initial projections, and may affect future investment decisions.

• Risk Management Measures

1. Regular monitoring and assessment of energy price trends to support strategic planning and decision-making
2. Conducting sensitivity analysis to evaluate the impact of energy price fluctuations on project returns, including IRR