Risk Management Policy

Approved by the Board of Directors' Meeting No. 6/2023

Held on 9 November 2023

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01	August 14, 2018	Update No.1/2018	-According to the principles of the SEC and SET	BOD 4/2018
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Preamble

Siamrajathanee Public Company Limited (the "**Company**") realizes the importance of risk management in the business operations. The aim is to make risk management a culture of all personnel, which not only will help the organization in achieving main objectives and goals, but also support the Company to carry out operations that create tangible added value for the organization. For the Company's units to have similar guidelines for risk management, the Risk Management Committee has prepared this Risk Management Policy of Siamrajathanee Public Company Limited to be the risk management policy for practice by all employees. This will lead to the achievement of risk management objectives throughout the organization and create the utmost benefits to the Company in the future.

Risk Management Committee

Risk Management Policy

1. Definition of the term "risk"

Risk means any act or event that may occur under uncertain circumstances and will affect, or cause damage or failure, or reduce the likelihood of achieving the company's goals and objectives at organizational level, departmental level, and individual level.

2. Definition of the term "risk management"

Risk management is the process of dealing with risks in the Company's operations according to the goals by providing a system and methods for dealing with risks in order to manage risks affecting the Company to acceptable level of risk and size of impact, as well as having a systematic evaluation, control and audit, taking into account the achievement of the Company's goals as utmost important.

3. Objectives of risk management

To manage problems and obstacles at work in order to prevent or reduce the likelihood of occurrence of adverse events and potential impact that will result in the organization not being able to achieve its objectives and goals. It also promotes good corporate governance.

4. Scope of risk management

For continuity of the operation and achievement of the Company's objectives, all departments must have risk management by making risk management a daily task for every employee. The aim is to make risk management part of the corporate culture.

5. Risk management policy

Every department must have a systematic and continuous risk management under the same standardized risk management process by using information technology to ensure the speed of communication and processing. In addition, there must be monitoring and evaluation, including revision to risk management plan on a regular basis in order to achieve the objectives.

6. Benefits of risk management

When the company has good and appropriate risk management, the Company will benefit directly from risk management as follows:

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6.1 The Company's operating performance can meet its goals and objectives, which will promote continuous and sustainable business growth, creating added values for the Company and its stakeholders and promoting good corporate governance.

6.2 Employees are encouraged to understand and be aware of the importance of risk management. Consequently, employees will be more careful at their jobs, which will reduce the chance of incurring loss from the operation.

6.3 Project planning. The Company can apply the results of risk analysis to be used as part of its decision making, whether or not to pursue any project that will have impact on the Company.

6.4 The determination of the Company' s objectives and strategies shall be more complete, feasible, and consistent with the acceptable of level of risk.

6.5 It promotes readiness and preparation for solving problems which may occur and affect the Company's business operations.

6.6 There is information technology system that helps in storage, calculation, reporting, and review of information accurately, completely, and promptly.

6.7 The management has information to be used in making decisions faster and more accurately.

6.8 Resources are allocated appropriately, taking into account the cost-effectiveness of the investment.

6.9 There is participation from the Company's employees and integration with other systems of the organization that will jointly drive the organization to achieve its objectives.

7. Risk management structure of Siamrajathanee Public Company Limited

The risk management structure consists of The Risk Management Committee and the Risk Management Working Group are as follows:

7.1 **Organizational level** includes the Risk Management Committee. Appointed by the Board of Directors, consisting of the Chairman of the Risk Management Committee and directors, totaling approximately 4 people, whose duties and responsibilities are in accordance with the Charter of the Risk Management Committee.

7.2 **The management level** is called the Risk Management Working Group, consisting of the Managing Director. and lower level executives Perform risk management work under the supervision of the Risk Management Committee.

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Picture 1: Risk Management Structure

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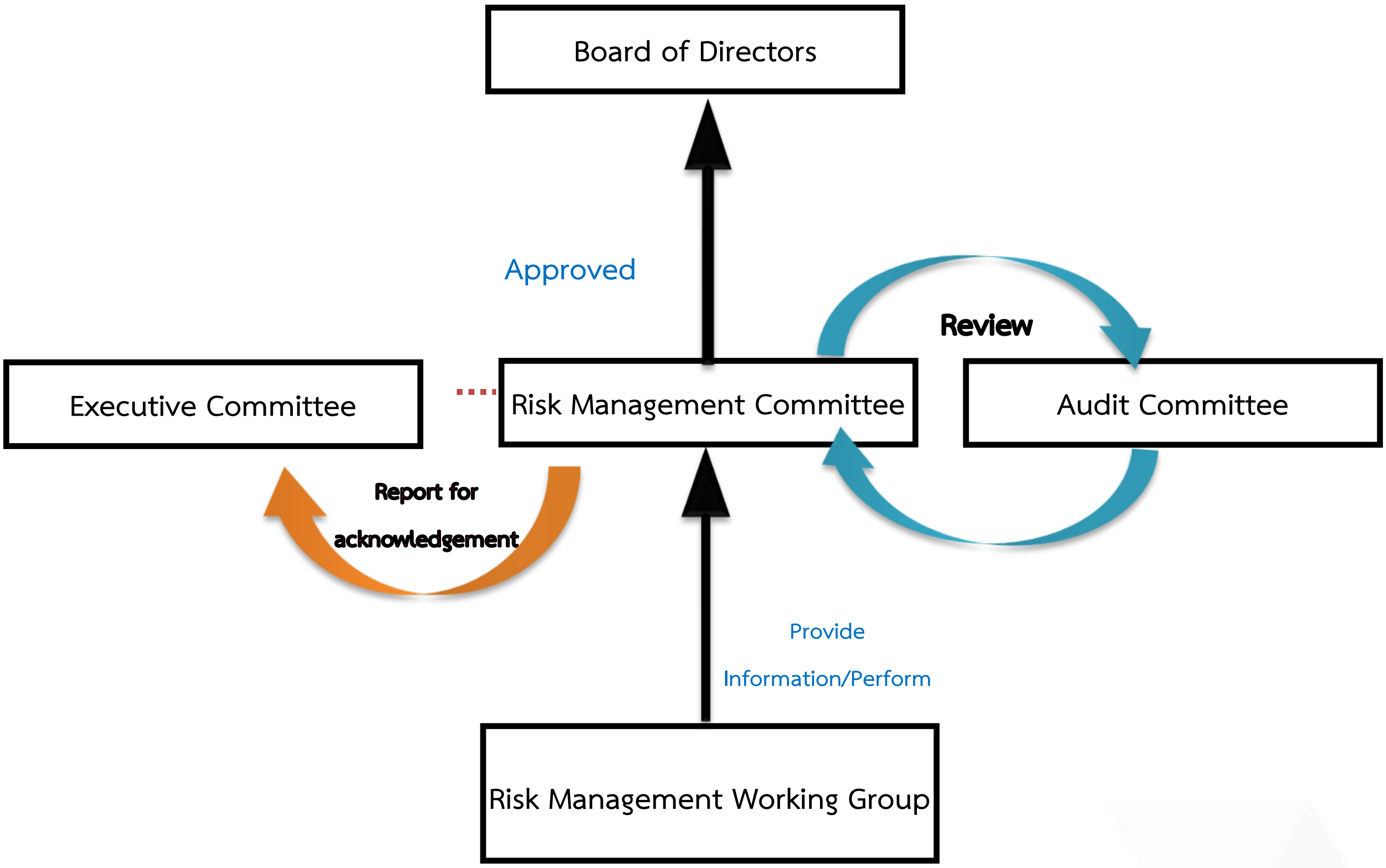

8. Duties and responsibilities of committees in the risk management system

8.1 Duties and responsibilities of the Risk Management Committee

The Risk Management Committee has duties and responsibilities as set out below.

8.1.1 To determine risk management policy and overall risk management structure of the Company, which covers important types of risks such as financial risk, investment risk, risks of investing in digital assets, ESG (Environmental, Social and Good Governance) risks and risks affecting the organization's reputation etc. The risk management policy and structure shall be presented to the Board of Directors for approval and shall be in accordance with the risk management guidelines by the Stock Exchange of Thailand and the Institute of Internal Auditors of Thailand.

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8.1.2 To determine the Company's risk management strategies and guidelines that are in line with the risk management policy in order to assess, monitor, and control each type of risk to an acceptable level and allow departments to participate in risk management and control.

8.1.3 To oversee and monitor the implementation of the risk management policy under the guidelines and policies approved by the Board of Directors.

8.1.4 To determine criteria for risk measurement and acceptable risk limit for the Company.

8.1.5 To determine measures to be used for risk management that are appropriate to the circumstances.

8.1.6 To assess risks at the organizational level and to determine how to manage that risk to an acceptable level as well as to supervise the risk management in accordance with the prescribed methods.

8.1.7 To review the risk management policy and to improve it for efficiency and effectiveness for controlling the risk.

8.1.8 To have the power to summon relevant persons to clarify or to appoint and determine roles for employees at all levels to have the duty to manage risks as appropriate and to report to the Risk Management Committee so that the risk management can achieve its objectives.

8.1.9 To report on the results of the management, operations and risk status of the Company including any changes and things that need to be improved in order to be consistent with the policies and strategies as determined by the Audit Committee for review and proposing to the Board of Directors on a regular basis.

8.1.10 To prepare the annual corporate risk management manual.

8.1.11 To establish an integrated risk management system by connecting with the information systems.

8.2 Duties and responsibilities of the risk management working group

Risk management working group means the managing director and lower level executives Has duties and responsibilities as follows:

8.2.1 Being the recipient of risk management guidelines in order to prepare a plan to support the relevant risks.

8. 2. 2 To operate and report the results of operations in accordance with the guidelines as determined by the Risk Management Committee in the "Annual Enterprise Risk Management Manual of each year".

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8.2.3 To evaluate and prepare risk management reports of each department or each division to the secretary of the Risk Management Committee within the specified period under the supervision of the Risk Management Committee.

8.2.4 To perform other tasks as assigned by the Risk Management Committee.

8.3 Duties and responsibilities of the Audit Committee

The Audit Committee shall have the following duties and responsibilities:

8.3.1 To review the risk management policy and corporate risk management handbook to ensure that the Company has an appropriate and effective risk management system for good corporate governance.

8.3.2 To independently monitor risk management.

8.3.3 To communicate with the Risk Management Committee to understand the key risks and adopt them with the internal control system.

8.4 Duties and responsibilities of the Internal Audit Department

The Internal Audit Department shall have the following duties and responsibilities:

8.4.1 To review and evaluate the effectiveness of the risk management process whether the Company has an appropriate and effective risk management system for good corporate governance.

9. Process of risk management according to COSO ERM 2017 guidelines

The Company has adopted the Enterprise Risk Management Integrated Framework in accordance with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as a guideline for risk management. There are 5 steps in risk management that all departments shall continuously perform as follows:

1) Governance and Culture
2) Strategy and Objective-Setting
3) Performance
4) Review and Revision
5) Information , Communication and Reporting

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Picture 2: Risk Management Process COSO ERM 2017

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The 2017 COSO Enterprise Risk Management Framework consists of 5 components and 20 principles (as illustrated in Picture 2), which align with normal business processes of the enterprise, including:

1) Mission, Vision & Core Values
2) Strategy Development
3) Business Objective Formulation
4) Implementation & Performance
5) Enhanced Value

Details of the framework are as follows:

1. Governance and Culture

Corporate governance and organizational culture are fundamental to all components in risk management. This is because corporate governance provides guidance for an organization in giving importance and creating responsibilities relating to risk management, and organizational culture is related to ethical values, desired behavior, and understanding of organizational risks. This will be reflected through various decisions with the following five elements:

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1.1. Exercises Board Risk Oversight

The Board of Directors is responsible for supervising the operations according to various strategies, including overseeing the business. For instance, the Board of Directors should determine risk management responsibilities and has knowledge and expertise in overseeing risk management. The Board of Directors should be independent to avoid any possible conflicts of interest.

1.2. Establishes Operating Structures

Operating structures that are consistent with business strategy and objectives shall be established, for instance, establishing an appropriate operating structure and chain of command. There is a structure for risk management and duties and responsibilities are defined to be consistent with the strategy.

1.3. Defines Desired Culture

Desired behaviors that demonstrate organizational culture shall be identified. The Board of Directors and the management determine the organizational culture for the organization as a whole and for personnel within the organization. Such organizational culture should value risks. Organizational culture is formed by many factors. Important internal factors include the level of judgment, independence in employee decision-making, communication between employees and managers, standards and rules, facility layouts, and compensation system. External factors include legal requirements, expectations of customers, investors, and other components.

1.4. Demonstrates Commitment to Core Values

The Company should demonstrate its commitment to adhere to the organization's core values, including adhering to risk management as part of organizational culture, strict compliance with responsibilities, creating responsibility for oneself, and establishing appropriate communication.

1.5. Attracts, Develops, and Retains Capable Individuals

The Company should strive for development of human resources, in line with business strategies and objectives, such as training personnel in risk management, promoting capabilities of employees, creating motivations and other appropriate compensations for positions at all levels.

2. Strategy and Objective-Setting

Risk management can be integrated into an organization's strategic plan through process of defining business strategies and objectives. The organization should define acceptable risks in accordance with strategy formulation. In addition, business objectives will determine strategies, general operations, and factors that are

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important to the organization. They are fundamental in identifying, evaluating, and responding to risks, consisting of four principles set out below.

2.1. Analyzes Business Context

Impact of business management that may occur and affect level of overall risks of the organization shall be evaluated, such as understanding business context and taking into consideration external environment and stakeholders.

2.2. Defines Risk Appetite

The Company should identify acceptable risks in order to create, maintain, and promote awareness of values, such as setting acceptable risk levels and clearly communicating acceptable risks. There is no fixed or standard for acceptable risks that will work for every organization. Acceptable risks are selected by management, subject to different business context in each organization.

2.3. Evaluates Alternative Strategies

Assessment on alternative strategies and potential impact thereof on the organization's risk profile shall be performed, such as conducting SWOT analysis, valuation, revenue forecast, competitor analysis, and strategic situation analysis which support the mission and vision and being consistent with core values and risk profile.

2.4. Formulates Business Objectives

In formulating business objectives, organizations should consider various risk levels that are consistent with and support strategies, for instance, determining a risk deviation from performance that is still within an acceptable level of risk.

3. Performance

This begins with identifying and evaluating risks that may affect the ability to achieve organizational strategies and objectives by prioritizing risks according to opportunities and possible impacts and considering risks acceptable to the organization. The organization then chooses its response to the risk using various approaches, including considering overall amount of risk and examining performance for changes. This develops a holistic view of the amount of risk the organization may face in achieving its strategic business goals and objectives at the organizational level. This consists of the five principles as set out below.

3.1. Identifies Risk

The organization should identify risks that affect business strategy and objectives, such as customer risk, operational risk, financial risk, and compliance risk. All risks are stored in a risk profile for further management. The risks are classified into 7 categories as set out below.

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3.1.1. Strategic risk means risk arising from setting strategic plan and inappropriate implementation of the strategic plan, including inconsistency between policies, goals, strategies, organizational structures, and competitive situation.

3.1.2. Operational risk means risk arising from every step of operation, covering factors related to process, technological equipment, and operating personnel.

3.1.3. Compliance risk means risk arising from non-compliance with the applicable regulations and laws, or the existing regulations and laws are inappropriate and have become obstacles in the performance of work.

3.1.4. Fraud risk governance to show the Board of Directors' position regarding anti-corruption in the organization (Tone at the Top). The Audit Committee has a proactive approach in monitoring results of fraud risk management (FRM). The management creates a fraud risk management program (FRMP) and reports the results to the Board of Directors and the Audit Committee periodically. Employees must understand red flags and promptly report any signs of fraud. Internal auditor must assess the effectiveness of FRMP to provide confidence to the Board of Directors that the risk management on fraud occurrence by the management is at an acceptable level to the Board of Directors.

3.1.5. Information technology risk includes the following key risks:

1) inability to use information technology system (Available);
2) inability to access information and work system by various persons (Access);
3) inaccuracy and outdated information (Accuracy);
4) lack of flexibility in adjusting business practices to be consistent with business operations and strategies (Agility).

3.1.6. Financial risk

It is a risk that will lead to financial volatility of which may be categorized into one part with a direct impact on business operations and another part with an indirect impact on business operations, for instance:

1) weak banking and financial institution system;
2) declining and stagnant asset market;
3) weak governance structure of the financial system;
4) accounting standards affect disclosure of complete and accurate financial information;
5) financial position of the government sector;
6) sensitivity of the financial institutions to changes and fluctuations in the financial system;
7) enforcement on compliance with Basel II and security standards of the World Bank.

3.1.7. Economic, social, and political risks can be divided into the following sub-categories:

1) Economic risk

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There is a possibility that the country's economy will be weakened below the fundamental level. This would have a negative impact on operating results, income stability, and business volume. In general, economic issues should consist of:

- Economic growth
- Financial status of the government sector
- International transactions, international trade, and balance of trade between countries
- trends in economic growth and stability

2) Social risk management

Global trends have led to direct and indirect social risks. Such trends include interconnectedness of people in different countries and greater dependence on one another in terms of trade relations and supply chains, international financial flows, and labor migration. Communication and information technology break down communication barriers. Within the country itself, there have been changes in related ways. The government may ask the private sector to provide services or public goods such as education and security system. The private sector may ask NGOs to protect intellectual property, or NGOs may ask the private sector to ensure respect for human rights. Such interdependencies are the source of increased social risk in the society, creating a new environment in which traditional business strategies cannot be used for management.

Components of Social Risk

There must be four components for social risk to occur in a business:

- Social and environmental issues. These include global warming or outbreak of certain diseases or migration from rural area to city.
- Expectations and involvement of additional groups of stakeholders. The new groups are in addition to the existing stakeholder group such as environmental protection organizations and children's and women's rights protection groups. Even ordinary individuals have an increased role in protecting society.
- Negative perception about the business. It is the emergence of negative information about the company through official news sources and word of mouth through social media. The company’s personnel themselves provide news to an external party. Such transmission of information accumulates and creates negative perception.

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- Channels leading to damage including spreading opinions through small and large networks, such as forwarding e-mails, giving opinions in the public, boycotts, and protests.

3) Political risk

There is a possibility that the government is unable to manage the country efficiently, which can be seen from:

- changes in executives of sub-government and state instability;
- pressures and division in the society and social unrest;
- inadequate law enforcement system;
- there is a problem of unrest in some areas;
- there is a problem of international political conflict;
- National security infrastructure;
- Inappropriate government policy.

3.2. Assesses Severity of Risk

The organization should assess severity of risk by evaluating likelihood of each risk factor and, if it occurs, severity of impact be on the organization. The assessment procedures are as follows:

3.2.1. consider risk arising from operations before having risk control measures from identifying risk in step 2 by considering severity of risk and likelihood of occurrence of risk before control measures (Inherent Risk);

3.2.2. assess risk by analyzing likelihood of risk (Likelihood) and severity of impact (Impact) according to criteria for determining the likelihood of risk (Likelihood) and severity of impact, which can be considered both qualitatively and quantitatively. The Company has set assessment criteria at 5 levels, where “risk level” is equivalent to “result of likelihood of risk (Likelihood) and severity of impact (Impact)” severity of impact (Impact).

3.2.3. prioritize “risk level” which has been assessed according to Item 3.2 by importance. There are 5 levels of risk importance as follows:

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Risk Level	Risk Level Score	Detail	Risk Factor	Timeframe for Risk Management
Level 5. Extremely Risk (E)	20-25 Very High	Unacceptable level that requires urgent risk management to immediately lower the risk to acceptable level	- Safety of employees or personnel - Illegal actions - Causing significant damage to property - Action that affects the reputation of the organization - No internal control	Take immediate action within the specified time period of 1 month
Level 4. High Risk (H)	15-19 High	Unacceptable level that requires risk management to lower the risk to acceptable level	- The operating performance did not meet the objectives. - Lack of good internal control - Causing damage to property	Within 1 month
Level 3 Moderate Risk (M)	10-14 Medium	Acceptable level. However, efforts must be made to lower the risk to acceptable level.	- Lack of good internal control or inefficient internal control - Preparation of financial statements and financial reports Incorrect reporting of sales data	Within 4 months
Level 2. Low Risk (LR)	5-9 Low	Acceptable level, but there must be a control to prevent the risk from moving to unacceptable levels.	Event that affects the financial statements or internal control and has a moderate impact on the operations.	Within 6 months
Level 1. Least (L)	1-4 Very Low	Acceptable level without risk control. No additional management is required.	Event that affects the financial statements or internal control and has little or no effect on the operations.	Use the existing internal control system or within 12 months

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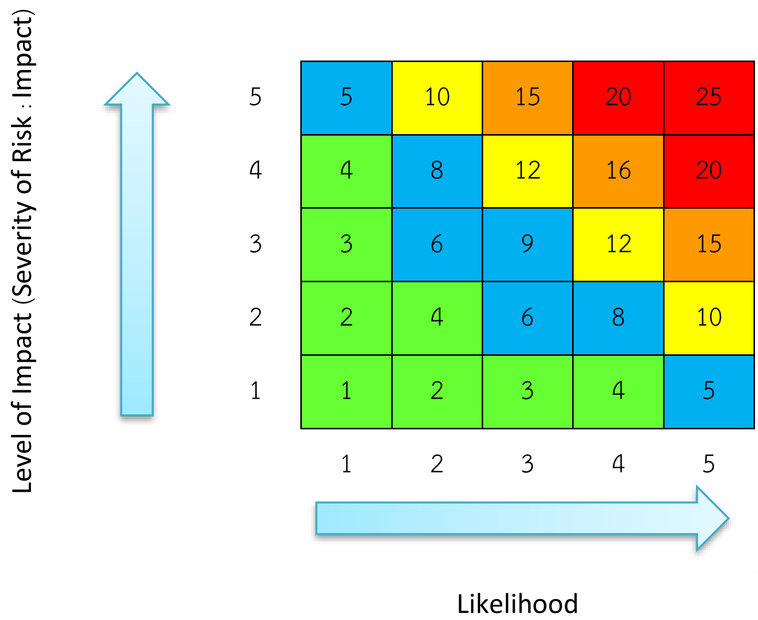
3.3. Prioritizes Risks

The organization should assess risk exposure and prioritize risks to serve as a basis for considering and selecting methods in responding to various risks. Assessment of risk level is equivalent to a result of likelihood of risk multiplying by damage to prioritize which risk should be first dealt with.

Risk assessment must be carried out before preparation of management/risk management plan and after management/risk management plan has been implemented. This will reveal effectiveness and efficiency of the management/risk management plan and whether the management/risk management plan should be reviewed or improved.

Risk matrix and acceptable risk levels. The Risk Management Committee has set acceptable risk levels of not more than 5 risk levels.

Picture 4: Risk Matrix and Impact



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3.4. Implements Risk Responses

The organization should assess severity of risk by evaluating likelihood of each risk factor and severity of impact on the organization.

3.5. Develops Portfolio View

The organization should develop and assess risks for the entire organization. A popular tool which is used to display risks is known by many names, including Risk Map or Risk Matrix.

4. Review and Revision

The organization should periodically consider its risk management process by reviewing capabilities and risk management guidelines. Executives should consider capabilities and risk management across the organization whether it adds values to the organization and which aspects need to be improved to add values to the organization, even when facing with various important changes. There are 3 components as follows:

4.1. Assesses Substantial Change

The organization should identify and assess internal and external changes that may affect important business strategies and objectives, such as resignation of senior executive, merger, rapid changes in technology or rules and regulations.

4.2. Reviews Risk and Performance

The organization should review its operating results and consider relevant risks, for instance whether the organization's operating results have reached targets, accuracy of the organization's risk assessment, appropriateness of risk level assessed by the organization to its goals or whether there are any other risks that are occurring and may affect the organization.

4.3. Pursues Improvement in Enterprise Risk Management

The organization should regularly improve its enterprise risk management, especially during periods of important changes such as organizational restructuring after performance assessment or changes from external environment that affect the risk management system.

5. Information, Communication and Reporting

Communication is a continuous process of gathering information and sharing necessary information across the organization. Executives use relevant information from both internal and external sources. Such information comes from executives and employees in various departments of the organization to support risk management throughout the organization. The organization will utilize information system to collect, process and manage various information related to risk management. The organization then reports risk information, corporate culture, and operational results. There are 3 components as follows:

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5.1. Leverages Information and Technology

The organization should provide adequate, appropriate, and timely information. The organization may use big data analytics to find relationship patterns between data connections, leading to better risk identification and management.

5.2. Communicates Risk Information

The organization should communicate enterprise risk management information through various communication channels. Communication of information includes top-down (Top-down Approach) and bottom-up (Bottom-up Approach). Communication of risk information should be adequate, both internally and outside the organization.

5.3. Reports on Risk, Culture, and Performance

The organization should report risks, corporate culture, and operating results at all levels across the entire organization. Even though reporting responsibility has been assigned to any unit or person, executives must supervise such responsibility.

Monitoring and assessment refer to process of controlling quality of operations and additional assessment of management/risk management plan or control activities that are continuously and consistently put in place. The responsible person follows up during work performance and evaluates results from time to time as appropriate to ensure that management/risk management is efficient and effective.

Following monitoring and assessment, progress, problems, and obstacles in management/risk management must be reported to the Risk Management Committee so that the Risk Management Committee can use such report as a guideline for further review or improvement of the management/risk management plan.

Content of the report that must be prepared by the Risk Management Committee shall include:

1) Report summarizing risk factors and risk level;
2) Existing controls and guidelines on management of outstanding risks;
3) Responsible unit/person, result of risk level after control;
4) Deviation of risk beyond acceptable level;
5) Five highest levels of risk;
6) Event which although having a low likelihood of occurring, it will have the following impacts:
   - safety for employees or other persons;
   - illegal acts;
   - major damage to assets, impairment of assets;
   - unit’s reputation;

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- improper preparation of financial statements and reports;

7) Report to senior management or the Board of Directors.

In order for the operations throughout the organization to be consistent, the risk management policy has been promulgated from 9 November 2023.

Signed..

(Mr. Weidt Nuchjalearn)

Chairman of the Board of Directors

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