

-Translation-

AAI – 031 – 2022

**Policy on Risk Management
(Revised edition B.E. 2566)**

Asian Alliance International Public Company Limited and its subsidiaries (the “Company”) realizes that good governance is required for the Company to sustainably achieve its success. Good governance will allow the Company to address and respond to constant changes, either from internal or external factors, which can adversely affect the Company’s capability to achieve its goals. Therefore, the Company decides that risk analysis, evaluation of risk factors, and risk communication need to be constantly conducted within the Company itself and in its subsidiaries.

Policy on Risk Management

1. The Company will designate its executives and employees in each of its departments to be persons in charge of risks. They will play active roles and contribute to the Risk Management within the Company. They are required to have good knowledge and understanding of their Risk Management responsibilities.
2. Under the Good Corporate Governance principle, the Company will establish efficient Risk Management procedures for all processes in its business operations, so that good governance, Risk Management, and Information Technology Management are able to complement each other.
3. The Company will implement and promote its Policy on Risk Management throughout its organization. It will efficiently use its limited resources to appropriately identify, evaluate, and manage risks.
4. The Company will promote and encourage corporate culture on Risk Management. All employees should be fully aware of Risk Management and its importance.
5. All employees will have duties to comply with guidelines on Risk Management as prescribed by the Risk Management Committee.
6. The Risk Management Committee and the Company’s executives have duties to examine, follow up, and evaluate implementation of Risk Management within the organization.

Entities in Charge

1. To ensure efficient Risk Management, the Risk Management Committee has duties and responsibilities in making policies and frameworks on Risk Management. The Committee have to consider about balance between risks and returns from business operations.
2. The Audit Committee’s role is to support the work of the Risk Management Committee. Its duty is to verify whether current Risk Management system can function appropriately and effectively.
3. Executive board have duties and responsibilities in considering risk-related issues with potential to adversely affect business operations and policies of the Company.
4. Managing Director’s role is to supervise the implementation of the Company’s policy and frameworks on Risk Management. Managing Director has to designate measures, provide supports, and follow up with implementation of Risk Management procedures to ensure their successes. The Managing Director has to evaluate the Risk Management plan’s implementation results, as well as verifying whether current Risk Management in key areas remain sufficient. Findings of the Managing Director will be reported to the Risk Management Committee and the Company’s Board of Directors on an annual basis.
5. The Company’s Internal Audit department bears responsibilities in following up with results of Risk Management policy’s implementation. It will perform verification to assure that Risk Management procedures are implemented uniformly and efficiently throughout the organization.

6. If the Company's Internal Audit Department can identify risks which can adversely affect the Company's business plan and strategy, it will report the matter to Managing Director and the Risk Management Committee.

In cases where identified risks are classified as significant or high, the Internal Audit Department must also report the matter to the Executive Board and the Audit Committee. The Risk Management Committee will subsequently report the matter to the Company's Board of Directors.

7. All executives and employees of the Company must be responsible in identifying, analyzing, assessing, and prioritizing risks which exist in their departments. They have to prepare appropriate measures for Risk Management, as well as act in accordance with the Risk Management policy and risk manual, which are approved by the Company's Board of Directors and/or the Risk Management Committee.

Objectives of Risk Management

1. To uniformly implement Risk Management guidelines throughout the organization. To have Risk Management listed as one among factors to be considered in decision making, strategy development, planning, and business operations of the Company.
2. To be used as a tool in achieving the Company's sustainable stability.
3. To serve guidelines for management of residual risks and keep them at a level deemed by the Company as acceptable. Efficient measures for reduction of risk likelihood and mitigation of damages should be considered in order to help in realization of the organization's objectives both at organizational level and department level.
4. To have the Company's executives and the Risk Management Committee stay informed about key risks, probability of risks, overall picture of risks so that they will be able to manage risks efficiently and effectively.
5. To encourage every department within the Company to identify, evaluate, and manage key risks on a regular basis. Factors on acceptable level of risks, and feasibility of implementation with reasonable cost, must be taken into consideration.
6. To constantly communicate and educate all employees about Risk Management. To develop employee's understanding of risks, as well as awareness that they can be potential bearers of risks. To have all employees mutually managing risks arising from works under their responsibilities.

Guidelines for implementation

1. The Risk Management Committee will lay down frameworks and guidelines for overall implementation of Risk Management, both within the Company and its subsidiaries. These instruments will help ensure that all employees perform their duties in accordance with Risk Management procedures in a uniform manner.
2. The Company organizes trainings and workshops to create understandings of Risk Management for all employees, as well as encourage them to identify risks and risk factors in their line of duties.
3. Risk Analysis
 - 3.1. Analyzing likelihood of risk in question, which can be classified in to 5 levels in accordance with Annex 1.
 - 3.2. Analyzing consequences of risk in question, which can be classified into 5 levels in accordance with Annex 2
 - 3.3. Designating criteria for risk evaluation. This can be done by considering factors relating to risk likeliness as well as those relating to level of damages. These criteria can be used in identifying relationship between likeliness of risks and severity of damages, and that results in risk levels. There are four levels of risks: low, moderate, significant, and high. For further details, refer to Risk Map in Annex 3.
4. Risk Evaluation – Evaluation of likeliness and consequences of certain incidents through identification of likeliness and consequences of risks occurred.

5. Risk Response – Once the risk in question is evaluated, evaluation results will be analyzed for Risk Planning and Risk Control. There are four approaches in response to risks: acceptance, pass-on, reduction, and termination.
6. There will be follow ups in the meeting of the Company’s Board of Directors to keep directors updated on progresses of implementation of Risk Management plans, as well as limitations occurred. The said limitations include internal regulatory limitations, limitations of resources, and other kinds of obstacles.

This policy applies for the company and its subsidiaries operate in Thailand only.

This policy was considered and approved in the Board of Directors Meeting No. 5/2023, dated 8 November 2023, which shall come into effect from 8 November 2023 onwards.

- Mr. Vichai Assarasakorn -

(Mr. Vichai Assarasakorn)

Chairman of the Board

Asian Alliance International Public Company Limited

Annex 1

Evaluated Level	Rare	Unlikely 2	Moderate 3	Likely 4	Almost Certain 5
Probability of occurrence	Once a year (1/12)	Once a quarter (4/12)	Once a month (12/12)	Once per week (52/12)	More than once per week (>52/12)

Annex 2
Risk Matrix

Table of Financial Effects

Relevant Factors	Level of Severity				
	Low	Minor	Moderate	Major	Critical
Financial Effects					
Sales Revenues	Sales Revenues less than targeted $X \leq 5\%$	Sales Revenues less than targeted $5\% < X \leq 10\%$	Sales Revenues less than targeted $10\% < X \leq 15\%$	Sales Revenues less than targeted $15\% < X \leq 20\%$	Sales Revenues less than targeted $X > 20\%$
Earnings before Interest and Taxes (EBIT)	EBIT less than targeted $X \leq 5\%$	EBIT less than targeted $5\% < X \leq 10\%$	EBIT less than targeted $10\% < X \leq 15\%$	EBIT less than targeted $15\% < X \leq 20\%$	EBIT less than targeted $X > 20\%$
Cashflow/Liquidity	unaffected	Cashflow affected, but can be restored through normal business operations	Cashflow negatively affected to an extent (Current Ratio not lower than 1.4)	Cashflow negatively affected to a significant extent (Current Ratio not lower than 1.2)	Cashflow negatively affected to a serious extent (Current Ratio below than 1.2)
Actual Expenses	Less than 2% difference between actual expenses and budgeted expenses	2%–5% difference between actual expenses and budgeted expenses	5%–7% difference between actual expenses and budgeted expenses	7%–10% difference between actual expenses and budgeted expenses	More than 10% difference between actual expenses and budgeted expenses

Table of Non-Financial Effects

Factors	Level of Severity				
	Low	Minor	Moderate	Major	Critical
Non-Financial Effects					
Effects towards organization's reputation and public image	Organization's public image and reputation unaffected	Organization's public image and reputation slightly affected	Organization's public image and reputation affected in short term	Organization's public image and reputation significantly affected in a negative manner	Organization's public image and reputation significantly affected in a negative and continuous manner for a long term
Effects towards Business Operations	No negative effects	Negative effects manageable by the Executives	Significant negative effects manageable by the Executives	Significant negative effects requiring considerable additional managing measures	Crisis threatening organization's existence
	Business operations unaffected and able to continue	Business operations slightly affected and resume within 1 week	Business operations affected/Restoration takes more than 1 week, but less than 1 month	Business operations affected/Restoration takes more than 1 month, but less than 3 months	Business operations affected/Restoration takes more than 3 months

Relevant Factors	Level of Severity				
	Low	Minor	Moderate	Major	Critical
Safety	Minor Injury, first aid treatment/no time off work	Medical Treatment Injury (MTI); Less than 3 days off work	Medical Treatment Injury (MTI); 4–12 days off work	Medical Treatment Injury (MTI); More than 15 days off work	Death/Permanent disability
Employees	Employees' morale unaffected/Success in finding candidates or retain employees	Incidents slightly affecting employees' morale/Failure to find candidates or employees in supporting departments (direct manager or lower)	Incidents significantly affecting employees' morale/Failure to find candidates or retain employees in key departments (direct manager or lower)	Protests by some groups of personnel (Suspension of some operations)/Failure to find candidates or retain employees of mid-level management (direct manager or higher)	Protests resulting in suspension of overall business operations/Failure to find candidates or retain employees of high-level management (Assistant to Managing Director or higher)
Compliance with rules and regulations	No violations of rules and regulations/no adverse effects	Minor violations or rules and regulations/amendable consequences	Minor violations of rules and regulations/unamendable consequences	Significant violations of rules and regulations/unamendable consequences	Serious violation of laws/adverse effects towards the Company's financial status and reputation
Compliance with policies by government/supervising agencies	No adverse effects	Verbally cautioned by regulators	Written caution received from regulators	Intervention of regulators in business operations	The Company not allowed to engage in projects implementing government policies
Continuity of business operations	No suspension of business processes and operations	Minor obstruction to business processes and operations	Significant suspension of business processes, operations, and continuation	Serious impact towards business processes and operations/delay in operations	Serious impact towards business processes and operations in a continuous manner/delay in operations resulting in inability to achieve objectives

Relevant Factors	Level of Severity				
	Low	Minor	Moderate	Major	Critical
Delays in closure of financial statement	Unable to close financial statement within 5 business days (from month's end)	Unable to close financial statement within 7 business days (from month's end)	Unable to close financial statement within 10 business days (from month's end)	Unable to close financial statement within 11 business days (from month's end)	Unable to close financial statement within more than 11 business days (from month's end)
Stoppage of business operations	Stoppage lasts for a day or less	Stoppage lasts for 3 days or less	Stoppage lasts for 6 days or less	Stoppage lasts for 7-14 days	Stoppage lasts longer than 14 days
Time taken for restoration of data	The issue can be resolved within a day	The issue can be resolved within 3 days	The issue can be resolved within 5 days	The issue can be resolved within a week	The issue takes more than a week to be resolved/the issue can't be resolved

Annex 3

Consequence (X) Likelihood (Y)	Low (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
	Almost Certain (5)	Significant (1,5)	Significant (2,5)	Significant (3,5)	High (4,5)
Likely (4)	Moderate (1,4)	Significant (2,4)	Significant (3,4)	High (4,4)	High (5,4)
Moderate (3)	Low (1,3)	Moderate (2,3)	Significant (3,3)	Significant (4,3)	High (5,3)
Unlikely (2)	Low (1,2)	Low (2,2)	Moderate (3,2)	Significant (4,2)	High (5,2)
Rare (1)	Low (1,1)	Low (2,1)	Moderate (3,1)	Significant (4,1)	Significant (5,1)

Approved by: