

RATCH Group Public Company Limited's Order
No. Khor.6/2024
On Fraud Risk Management

Pursuant to amendments to RATCH Group Public Company Limited's Order No. Khor. 2/2020 on fraud risk management to ensure the alignment of fraud risk management practices with the Company's Code of Conduct, Anti-Fraud and Corruption Policy and guidelines as well as international standards, Chief Executive Officer hereby exercises her authority stated in Section 1 item 5 of RATCH Group Public Company Limited's Regulations on Anti-Fraud and Corruption B.E.2566 to issue the following order:

Section 1

General Provisions

1. Objectives

1.1 Outline activities and procedures for employees, by which they can prevent, identify and respond to fraud risks.

1.2 Define the responsibility of each position in preventing, identifying and responding to fraud risks for clarity and compliance with best practices.

1.3 Formulate guidelines to assist employees in preventing, identifying and responding to fraud risks in a correct and timely manner, where they are in doubt or witness a fraudulent activity.

2. Definition

2.1 "Fraud" means a deliberate act with the intention of obtaining an unauthorized benefit, either for oneself or others (including family members, relatives and friends). Fraud encompasses corruption, embezzlement and false statements.

2.2 "Corruption" means the abuse of power to gain an unauthorized benefit for the organization, oneself or others. Corruption encompasses giving and/or taking of bribes, conflicts of interest, extortion and/or demand for benefits, facilitation payments, political contributions, charitable contributions, sponsorship, expenses on gifts, receptions and other expenses associated with power abuse.

2.3 "Embezzlement" means an intentional act for unauthorized ownership of the Company's assets for oneself or others, which leads the Company to a loss of property, opportunity or benefits.

2.4 "Fraudulent statements" means an amendment to financial reports like financial statements and records or non-financial reports with an intent to cover embezzlement or inappropriate acts or benefits for oneself or others, which make the Company's financial statements, financial records or other reports untrue.

Section 2

Fraud Prevention Measures

Fraud risk assessment, the designing and implementation of an appropriate internal control, as well as the building of anti-corruption awareness and values among employees serve as the major factors to guard the Company against fraudulent activities. Fraud prevention measures contain 5 main activities as follows:

1. Fraud risk assessment

The assessment of fraud risks is aimed at encouraging all functions to take offensive approaches to identify, assess and review the Company's fraud risks and raising awareness in possible fraud risks as well as their consequences to the Company's objectives and operations. The assessment is to ensure timely fraud identification and management. The activity is completed in 4 major steps.

Step 1: Preparation for the formulation of assessment criteria in terms of impact and likelihood of occurrence and the enterprise risk appetite.

Step 2: Identification of fraud risks, major causes and impacts as well as the analysis of severity and likelihood regardless of existing internal control measures.

Step 3: Assessment of the current internal control system and the analysis of risk severity and likelihood under the system.

Step 4: Laying down measures to keep risks within the enterprise risk appetite, if the current internal control measures is insufficient to prevent the risks.

2. Preparation of fraud and corruption-related policy

RATCH puts in place the policy, regulations, orders and measures to fight against fraud and corruption. They include the Anti-Fraud and Corruption Policy; the Regulations on Anti-Fraud and Corruption; the Order on Fraud Risk Management; the order on the giving/taking of gifts, sponsorships, charitable contributions and receptions; business ethics; etc. Employees are expected to understand moral principles and best practices as well as demonstrate awareness and anti-corruption values.

RATCH will review and improve the related policy, regulations and orders on a regular basis or when major changes occur, to ensure that fraud risks are tackled and operational as well as legal changes are properly integrated into the policy.

3. Communications and training

Communications and training are an essential element in the anti-fraud measures, to educate employees and raise awareness in the importance of compliance with the anti-fraud and corruption policy, regulations and relevant orders. Through communications and training, employees are encouraged to engage in the Company's anti-fraud risk management and be a part in the defense, monitoring and communications with subsidiaries and business partners to demonstrate the Company's determination in fighting fraud and corruption as well as operational transparency.

The communications process on anti-fraud and corruption measures and policy is as follows:

3.1 Prepare the annual anti-fraud and corruption policy and measures in writing, covering internal and external communications.

3.2 Set communications channels such as newsletters, posters, brochures, training or workshops for various internal and external recipients.

3.3 Set communication frequency for each channel.

3.4 Set messages to entail the anti-fraud and corruption measures, policy, orders, relevant guidelines and the Company's expectations on compliance.

3.5 Execute the communications plan. To ensure communication efficiency and sufficiency of activities in raising awareness among employees and business partners, the communication plan and prescribed communication channels will be reviewed while internal control system will be evaluated.

4. Background check on employees and stakeholders

Running a background check on employees and business partners is essential for an efficient anti-fraud system. The process is exercised prior to hiring someone as an employee or prior to entering into a contract or transaction with any potential business partner. The process is carried out under legal limits and with permission from job applicants or business partners.

4.1 Pre-employment background check to verify applicants' qualifications, suitability and experiences.

4.2 Background check on business partners, not limited to just vendors, contractors and service providers, to verify credibility, financial status, reputation and qualifications relevant to their products and services.

5. Internal Control

The internal control concerns the process designed jointly by the Board of Directors, the Management and employees at all levels, to reasonably ensure that operational approaches or procedures will help the Company achieve its objectives. As such, the internal control is the Company's primary tool in fighting fraud at all functions.

Each function is designated to design an appropriate internal control system that fits its responsible area to manage and reduce fraud risks; and communicate as well as monitor employees' compliance with the system.

All divisions are required to formulate work processes or procedures in writing for all processes, taking into the clarity of job descriptions, to ensure transparency, independence and efficiency in preventing or detecting fraud risks. The processes or procedures must be reviewed and approved by function chiefs; and stored at the place accessible to involved employees.

Division heads are required to review the processes or procedures on a regular basis, at least once a year or when significant changes to the operations occur, to ensure that the processes or procedures are aligned with best internal control practices and current operations.

Section 3

Fraud Detection Measures

Fraud detection measures concern 2 main activities as follows:

1. Reporting or whistleblowing mechanism

RATCH sets credible and independent channels for fraud reporting and allows all - employees or outsiders - to file reports without revealing their identity. Whistleblower protection mechanism has been in place to protect them from harms or threats, as a way to assure employees of their own safety and encourage them to report fraud and corruption incidents and clues.

Knowing of fraudulent activities or clues or information relating to fraud, employees can file reports through the following channels:

- 1) Chairman or directors
- 2) Independent directors or the Audit Committee
- 3) Chief Executive Officer
- 4) Supervisors
- 5) Vice President – Head of Internal Audit Division

Employees knowing of fraudulent activities or clues and failing to inform the Company or employees filing false reports will be subjected to disciplinary actions.

2. Fraud reporting

Upon receiving reports on fraudulent activities, clues or information, the Chief Executive Officer-appointed investigating committee is required to execute the consideration and investigation within 30 days from the date of the receipt of the complaint and gather information relating to the reports and relevant information including the number of reports; a summary of internal incidents and the status of related actions (investigation status, penalty considerations and enterprise fraud statistics); the status of compliance with the anti-fraud and corruption measures; etc. for submission to Chief Executive Officer and subsequently to the Board of Directors.

If the clue involves a serious matter which must be timely addressed, the investigating committee must immediately inform Chief Executive Officer or the Board of Directors and the related division.

The information received must be kept confidential and the investigating committee must share it only with the authorized persons and must not share it, in any form, to irrelevant divisions or individuals.

Section 4

Fraud Response Measures

RATCH prepares fraud response measures to remedy and rehabilitate impacts as well as prevent similar incidents from reoccurring. The measures involve internal investigation, punishment and rehabilitation, and information disclosure, under the following guidelines:

1. Investigation

The Chief Executive Officer-appointed investigating committee looks into information relating to a clue and launches an investigation when the clue provides sufficient grounds for actions.

The investigating committee shall maintain justice while investigating on the case and shall not disclose information to irrelevant individuals. The committee shall inform Chief Executive Officer of investigation progress or result, which will be presented at the next Board of Directors meeting.

The investigating committee shall keep investigation records as well as evidence, physical and electronic, until the statute of limitations runs out, to ensure the Company has sufficient evidence to support court proceedings.

2. Punishment and rehabilitation

2.1 Punishment

When the investigation is over and proof of fraud is found, the investigating committee shall conclude the investigation and consider disciplinary actions for submission to Chief Executive Office, who will take action in accordance with the protocol and relevant laws.

The investigating committee shall record its penalty consideration and conclusion in writing. All documents concerning the punishment must be kept along with material information gathered during the investigation. Meanwhile, if the punishment may cause legal risks to the Company, the investigating committee shall seek consultation with the Legal Division.

2.2 Rehabilitation

As the investigation is closed, relevant division heads shall brainstorm and find rehabilitation measures; for example, improving or extending the Company's policy and internal control; a change in work process; filing criminal and/or civil lawsuits; extending the investigation to uncover fraud in other relevant parts; etc. The rehabilitation action plan shall be prepared with timeframe, for Chief Executive Officer's consideration and approval.

3. Information Disclosure

The disclosure of significant information relating to the anti-fraud and corruption measures of each fraud case to regulatory agencies (like the Securities and Exchange Commission, the Stock Exchange of Thailand, etc.) or to the general public shall be approved by Chief Executive Officer or the persons designated by Chief Executive Officer to take responsibility for such case.

Section 5

Roles and Responsibilities

The employees at all levels shall strictly follow the Company's moral principles and Code of Conduct and support the Anti-Fraud and Corruption Policy and related regulations. Divisions are assigned responsibilities as follows:

1. Internal Audit Division

The Internal Audit Division is independent and neutral. It is tasked to audit, provide consultation on audit, as well as assess risk status and the internal control of the anti-fraud and corruption measures.

1.1 Review the policy, process and procedure of fraud risk management, to ensure complete and efficient compliance with the management plan.

1.2 Assess the internal control of each process to ensure it entails fraud risks and suspect whether any found irregularity is caused by fraud.

1.3 Support the investigating committee through consultation and information sharing.

2. Human Resources Division

Human Resources Division's responsibilities concerning fraud risk management are as follows:

2.1 Outline communication approach and channels to raise awareness among employees on ethics, fraud risk management and fight against fraud and corruption; as well as organize training and orientation to equip them with capability in preventing fraud at workplace.

2.2 Check the background, qualified credentials, capability and work experience of the applicants for key positions, prior to hiring, to ensure the applicants have impeccable history in terms of integrity.

2.3 Include the condition and rules on fraud and corruption in employment contracts.

2.4 Embed ethics and anti-fraud practices in the executive's KPI evaluation process.

2.5 Embed ethics and anti-fraud practices in the employee's KPI evaluation process.

2.6 Interview resigning employees with questions that include fraudulent activities they are concerned about or encountered during the period of their service.

3. Office Administration Department

Office Administration Department's responsibilities concerning fraud risk management are as follows:

3.1 Check the background of business partners particularly vendors, contractors and service providers, to verify their credibility, financial status, reputation and qualifications relating to their products or services.

3.2 Communicate the anti-fraud and corruption policy, regulations and orders to business partners.

4. Corporate Governance Working Group

The Corporate Governance Working Group's responsibilities concerning fraud risk management are as follows:

4.1 Advise the Management on fraud risk assessment.

4.2 Gather fraud risk assessment results for the documentation of the enterprise fraud risks. The documents shall cover Fraud Risk Profile and Fraud Risk Register.

4.3 Monitor compliance with the risk management plan and report to the Board of Directors, the Corporate Governance and Sustainability Committee, the Audit Committee, the Management and other committees or regulatory agencies.

5. Employees

5.1 Study the Company's Anti-Fraud and Corruption Policy, relevant regulations or orders; fraud risk management; and the Code of Conduct.

5.2 Clearly communicate the Company's Anti-Fraud and Corruption Policy, relevant regulations or orders, the Code of Conduct to business partners.

5.3 Understand their roles and responsibilities in fraud risk management and correctly perform their tasks as planned.

5.4 Report fraud-related irregularities, inappropriate behaviors or suspicious acts to the Company's channels.

5.5 Cooperate by providing the investigating committee information or when asked to assist the investigation process.

5.6 Stay alert for risk factors and timely report risk issues to supervisors.

Section 6

Zero Tolerance for Fraud and Corruption

RATCH maintains ethics and morals a priority in business operations and will not ignore any acts that may lead to fraud and corruption though such acts may benefit the Company. To ensure employees' zero tolerance for fraud and corruption, all employees shall understand and strictly comply with laws, policies and regulations relating to fraud and corruption, fraud risk management, the Code of Conduct and the Company's work procedures.

RATCH vows to investigate all suspicious incidents thoroughly and appropriately, without concerns about external factors (including the alleged' job positions, period of service or personal relationship within the Company). The investigation will be based on a neutral and unprejudiced process. Wrongdoers are subject to maximum penalties. In the course of investigation, any employee found to have known of fraudulent activity and failed to report the activity will be liable to disciplinary action. The Company will not demote, punish or act negatively against employees who deny

corruption, even when such act may cost the Company a loss of business opportunity. The best protection will be granted to safeguard whistleblowers, as specified by law.

With immediate effect.

Announced on 10 April 2024

(Miss Choosri Kietkajornkul)

Chief Executive Officer