Risk Management System

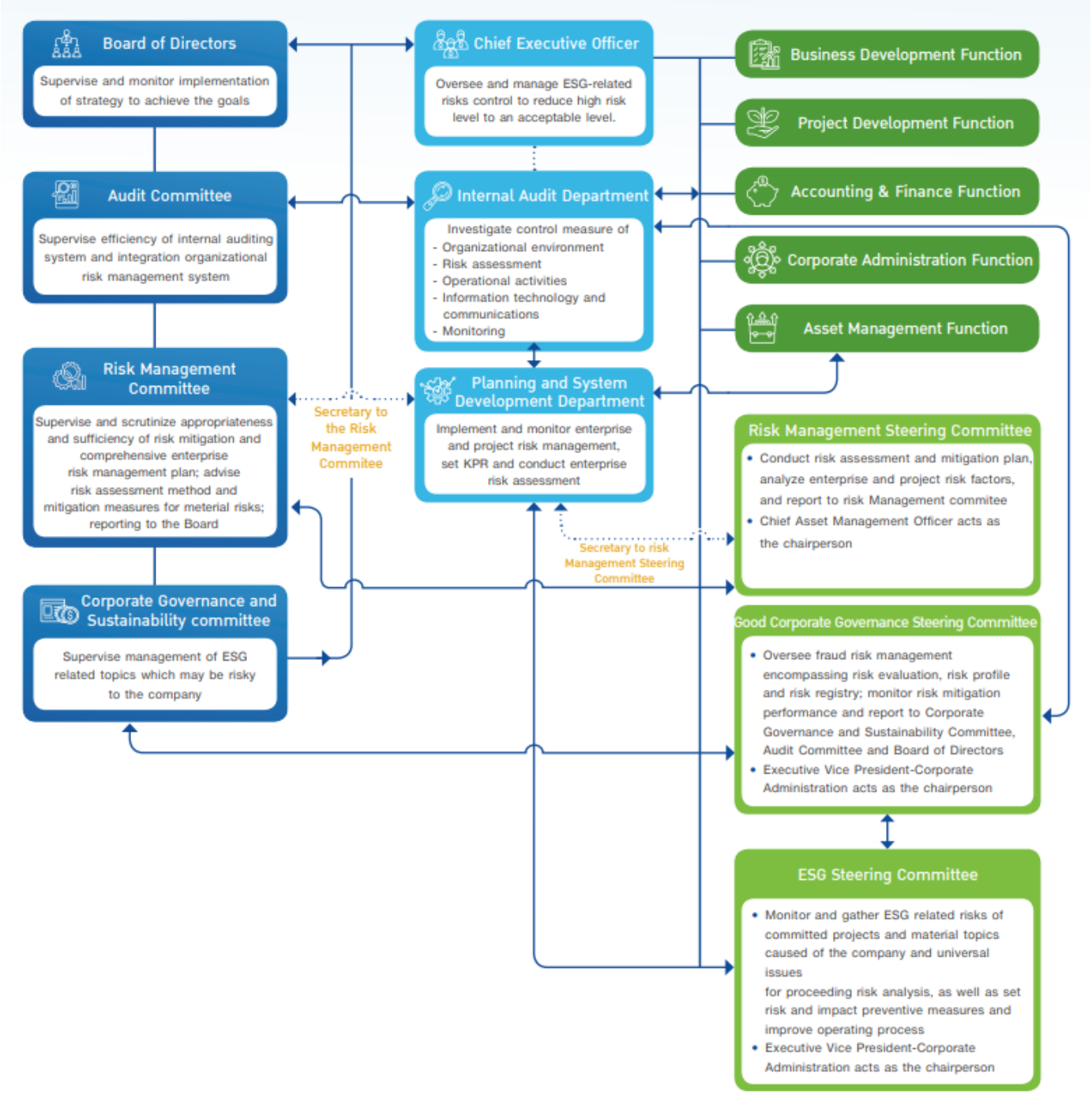
RATCH realizes the importance of efficient risk management and control, as it warrants the chance of success and minimizes the chance of failure and loss. The efficient system will also reduce operational uncertainties or, if unavoidable, keep them within the risk appetite to ensure business stability and continuity.

Internal control is a main tool of risk management. Internal control with adequate efficiency and effectiveness can contain risks in line with risk appetite and enable the company to achieve objectives and appropriately address stakeholders' needs.

The Company has established a systematic risk management structure, comprising:

1) **Risk Management Team (RMT)**: Managerial-level representatives from each function serve as members of the Risk Management Working Committee, to jointly assess risks, prepare mitigation plans and consider risk factors under their responsibilities at the project and corporate levels.
2) **Risk Management Committee (RMC)**: The Company's sub-committee reviews the appropriateness and adequacy of the Risk Management Working Committee's plans; considers if the mitigation plans are cautiously outlined; and offer additional suggestions on risk assessment and mitigation plans for significant risks for the efficiency in the Company's risk management.
3) **Meetings between the Risk Management Committee and the Audit Committee**: The meetings are aimed at integrating and streamlining risk management and audit activities to ensure reciprocal supports. The assessment results of project and corporate risks are the topics of joint consideration, to monitor, follow up and determine if the risks are comprehensively and adequately managed in all dimensions.

Governance on risk management and internal control structure



Realizing the importance of efficient and sufficient internal control, the Board of Directors formulates an integrated internal control system in line with the 5 components of the Committee of Sponsoring Organizations of the Treadway Commission's COSO Internal Control – Integrated Framework 2013 (COSO 2013). The goal is to achieve control in 3 aspects – operation, reporting and compliance. In this regard, the Audit Committee is tasked to monitor, follow up and examine the internal control system, with supports from the Internal Audit Department. The department assesses the sufficiency and appropriateness of the system on an annual basis together with the Company's functions, to ensure the Company's work processes in all aspects are efficient, effective and in line with international standards.

Performance in 2022

The Internal Audit Department evaluated the 5 components of the internal control system.

Evaluation	Results
1. Control Environment	• The Board of Directors proclaimed the Code of Conduct, the Corporate Governance Policy, the Anti-Fraud and Corruption Policy and the policies concerning shareholders, society, the environment and sustainability and monitored the compliance. • In 2022, the Human Rights Policy, the Personal Data Protection Policy and Supplier Code of Conduct were introduced. • RATCH received the 2nd recertification of Thai Private Sector Collective Action Against Corruption (CAC)'s membership for a duration of 3 years. • The Key Performance Indicator (KPI) and rewards were clearly set in line with business strategies and plans and the performance against KPI was reported to the Board of Directors. • Favorable work environment was promoted, with continuous capacity building activities for employees. • Employees' awareness and compliance with the Code of Conduct and the Ant-Fraud and Corruption Policy was bolstered through an e-learning system. All were required to pass a test prior to the annual performance evaluation.

2. Risk Assessment	• The company's risk management policy was in line with good governance principles and the business strategies, direction and objectives. The Risk Management Committee constantly monitored the activities, reviewed the enterprise and project risk management plans and reported the results on a regular basis. • The risk assessment procedure and steps were executed systematically. The risks were comprehensively identified while the preventive measures were adequate and appropriate.
3. Control Activities	• The company's internal control system was comprehensive, covering the organization and business unit levels, to ensure control efficiency and containment of risks within risk appetite. Control measures were stated in the company's regulations.
4. Information and Communications	• RATCH's information system had proper classification procedures that prevented information leakage and enhanced the efficiency of cross-functional operations. • Internal communications system was efficient. • Information was disclosed via the Stock Exchange of Thailand's channel and the company website. The whistleblowing channel was in place whereby employees or outsiders can file corruption-related complaints or reports to the Board of Directors, the Audit Committee or relevant units. • Financial reports were audited by the accounting and finance chief and an independent auditor, before submission to the Audit Committee. • Internal communications were executed via the Intranet, email and online meetings via Microsoft Teams. Employee meetings were organized to communicate important policies and information. The Knowledge Management System was developed as the data bank of internal knowledge for capacity building. Knowledge-sharing activities were continuously arranged as the stage for an exchange of knowledge and experiences. • The IT security policy and efficient IT-related risk management were in place, along with the emergency plan which was exercised in line with the guidelines of the company's Business Continuity Plan. • The computer security measures were set and risks to IT security were assessed. There was a procedure to watch out for cyberattacks. • The personal data management system was set to record, use, gather, collect and review the consent appropriately, to reduce risks and impacts on the organization.

5. Monitoring Activities	• The implementation of evaluation-based recommendations accordingly to the pre-set agreements with the Management of the company and subsidiaries was monitored on a quarterly basis and the results were reported to the Audit Committee for further submission to the Board of Directors. • The policy and guidelines were set for the immediate reporting of serious fraud incidents, legal violations or unscrupulous acts which significantly affected the company's reputation and financial position to the Board of Directors. Relevant business units were instructed to prepare prevention plans and reported the implementation results to the Management and the Board of Directors. • Business targets and Key Performance Indicator (KPI) of all functions and employees at all levels were set accordingly to the strategic planning and business plans. The performance was benchmarked against targets and failure to meet the target as well as impacts were analysed root cause. The response and corrective plans to reduce impacts were outlined and reported to the Management and the Board of Director. • The risk profile was prepared covering strategic risks, operational risks, financial risks and compliance risks, to determine the likelihood and level of impacts. Measures to keep the risks within risk appetite were devised and the implementation of those measures was monitored and reported to the Risk Management Committee as well as the Board of Directors.