Risk Management Policy

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HOLDINGS

Rabbit Holdings Public Company Limited

Version No.:	3
Effective Date:	15 February 2024
Approved By:	Board of Directors' Meeting No. 1/2024

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Version Control Log

No.	Significant changes summary	Date / Approval
1	• Adding the table of contents on page No. 2 • Adding the Version Control Log on page No. 3 • Adding the key subtopic, e.g., Objectives, Scopes of the Policy, Exception of Non-Compliance with the Policy, Related Laws, Regulations, Policies and Procedures, Effective Date and Frequency of Review, Definitions, Generality, Roles and Responsibilities, Risk Management Framework, Risk Appetite, Tools, and Methodologies of Risk Management. • Revised risk management framework (From COSO ERM 2004 to COSO ERM 2017) to comply with the current practices.	14 Feb 2022 The Company Board of Directors
2	• Improved wording and document format due to the change of company name and corrected typos (if any).	14 Feb 2023 The Company Board of Directors
3	• Updating Roles and Responsibilities. • Updating Terms and Abbreviation to align with Roles and Responsibilities. • Updating wording of risk appetite details for clear understanding.	14 Feb 2024 The Company Board of Directors

Risk Management Policy

Objectives

The Risk Management Policy, "this policy", is a basic framework, which is comprised of the risk management structure, roles and responsibilities, and the operational processes of the Company's risk management. The framework shall be communicated to related departments.

Scopes of the Policy

This policy is applied to Rabbit Holdings Public Company Limited and its subsidiaries.

Exception of Non-Compliance with the Policy

No exception.

Related Laws, Regulations, Policies, and Procedures

- Personal Data Protection Act, B.E. 2562 (2019) and further amendment
- The Enterprise Risk Management Integrated Framework (COSO ERM 2017)

Effective Date and Frequency of Review

This policy is effective as of the date of approval from the Board of Directors. It must be reviewed annually, or when there is a need for significant revision.

The Board of Directors must approve any revision or review of this policy before promulgation.

Term and Abbreviations

Term and Abbreviations	Meaning
AC	Audit Committee
BoD	Board of Directors
Business Risk Model Framework	The Business Risk Model Framework can be applied to all departments for risk identification. There are four types of risk as below. ▪ Strategic Risk is the probability that an event will interfere with a company's strategies or business model. Strategic risks are the risks of failing to achieve these business objectives. ▪ Operational Risk refers to risks that a company faces in its day-to-day operations, such as the potential of a breakdown in manufacturing processes, a security breach, corruption and mismanagement, and even natural disasters. ▪ Financial Risk is the possibility associated with financing, including financial transactions that include company loans at risk of default. ▪ Compliance risk is the possibility that the Company may expose to legal penalties, financial forfeiture, and material loss; resulting from its failure to act in compliance with laws and regulations.
COSO ERM 2017	The Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management 2017.
Emerging Risks	The risks that are unknown and unanticipated that may have a major impact on a company's ability to meet its strategic objectives.
Enterprise Risk Management (ERM)	The culture, capabilities, and practices, integrated with strategy-setting and its execution that organizations rely on to manage risk in creating, preserving, and realizing value.
EXCOM	Executive Committee

Term and Abbreviations	Meaning
Impact	The severity of the incident at risk or the prediction that such a risk event will cause damage in areas such as financial, legal, policy or regulatory, delays or interruptions in operations, damage to the image and reputation of the company, etc.
Inherent Risk	The risk to an entity in the absence of any actions management might take to alter either the risk's likelihood or impact.
Key Risk Indicators (KRIs)	The metrics used by organizations to provide an early signal of increasing risk exposures in various areas of the enterprise.
Likelihood	The frequency or probability that a risk event will occur.
Residual Risk	The risk that remains after risk responses are executed (the net risk or risk after controls).
Risk	An occasion or event of uncertainty causes the action plan to fail to achieve the stated objectives by causing an impact or damage to the Company, e.g., monetary implications, Company's reputation, delayed or interrupted operations, or impact on relevant laws.
Risk Appetite	A risk that the Company is willing to accept. Risk appetite is compiled by Management and Risk Owners, reviewed by Risk Management Working Team, assessed by EXCOM, and approved by BoD.
Risk Culture	The values, beliefs, knowledge, attitudes and understanding about risk shared by a group of people with a common purpose.;
Risk Level	Risk status was assessed by the likelihood and impact of each risk factor. Three levels of risk status are High, Medium, and Low.
Risk Management	The processes performed by the Committees, management, and all employees in the Company to help formulate strategies and operations. Risk management is designed to identify events that may occur and affect the Company so that the

Term and Abbreviations	Meaning
	Company can manage the risks to an acceptable level and gain reasonable confidence in achieving its objectives.
Risk Profile	A composite view of the risk assumed at a particular level of the entity, or aspect of the business that positions management to consider the types, severity, and interdependencies of risks, and how they may affect performance relative to the strategy and business objectives.
Risk Response	A set of actions that the Management selects, develops, and implements such as avoiding, accepting, reducing, or sharing risk to align risks with the entity's risk tolerances and risk appetite.
Risk Tolerance	The acceptable level of variation relative to achievement of a specific objective, and often is best measured in the same units as those used to measure the related objective.

Generality

The Company places great importance on risk management because it believes that proper risk management will make the Company achieve business objectives and sustainable growth. Necessary and sufficient resources are allocated for risk management to an acceptable level under this policy framework. Personnel at all levels, including directors, executives, and employees, are responsible for managing risks in accordance with the risk management policy and framework.

Risk Management Framework

The Company Board of Directors approved the Risk Management Framework, which is referred to as the COSO ERM 2017, and is consistent with the increased key strategic risk level of current economic changes by integrating with strategy and performance. It helps the Company to create, treat and make it happen. There are 5 components and 20 risk management principles according to the COSO ERM 2017. It is respectively operated according to normal business processes covering (1) Governance and Culture, (2) Strategy and Objective Setting, (3) Performance (4) Review and Revision, (5) Information, Communication, and Reporting. The details are below.

1. **Governance and Culture** (5 principles)

   Governance sets the organization's tone, reinforcing the importance of, and establishing oversight responsibilities for, enterprise risk management. Culture pertains to ethical values, desired behaviors, and understanding of risk in the entity. Governance and culture cover the following:

   - Exercises Board Risk Oversight

   - Establishes Operating Structures

   - Defines Desired Culture

   - Demonstrates Commitment to Core Values

   - Attracts, Develops, and Retains Capable Individuals

2. **Strategy and Objective-Setting** (4 Principles)

   Enterprise risk management, strategy, and objective setting work together in the strategic-planning process. A risk appetite is established and aligned with strategy; business objective put strategy into practice while serving as a basis for identifying, assessing, and responding to risk. Strategy and objective-setting cover the following:

   - Analyzes Business Context

   - Defines Risk Appetite

   - Evaluates Alternative Strategies

   - Formulates Business Objectives

3. **Performance** (5 Principles)

Risks that may impact the achievement of strategy and business objectives need to be identified and assessed. Risks are prioritized by severity in the context of risk appetite. The organization then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders. Performance covers the following:

- Identifies Risk

- Assesses Severity of Risk

- Prioritizes Risks

- Implements Risk Responses

- Develops Portfolio View

4. **Review and Revision** (3 Principles)

By reviewing entity performance, an organization can consider how well the enterprise risk management components are functioning over time and in light of substantial changes, and what revisions are needed. Review and Revision cover the following:

- Assesses Substantial Change

- Reviews Risk and Performance

- Pursues Improvement in Enterprise Risk Management

5. **Information, Communication, and Reporting** (3 Principles)

Enterprise risk management requires a continual process of obtaining and sharing necessary information, from both internal and external. Information, Communication, and Reporting cover the following:

- Leverages Information and Technology

- Communicates Risk Information

- Reports on Risk, Culture and Performance

Roles and Responsibilities

The establishment of a formal risk structure helps to clarify and formalize the accountability, roles and responsibilities among various stakeholders involved in the ERM Process across the Company. This also includes defining risk-related decision-making authorities and involves creating a structure for risk information flows and reporting.
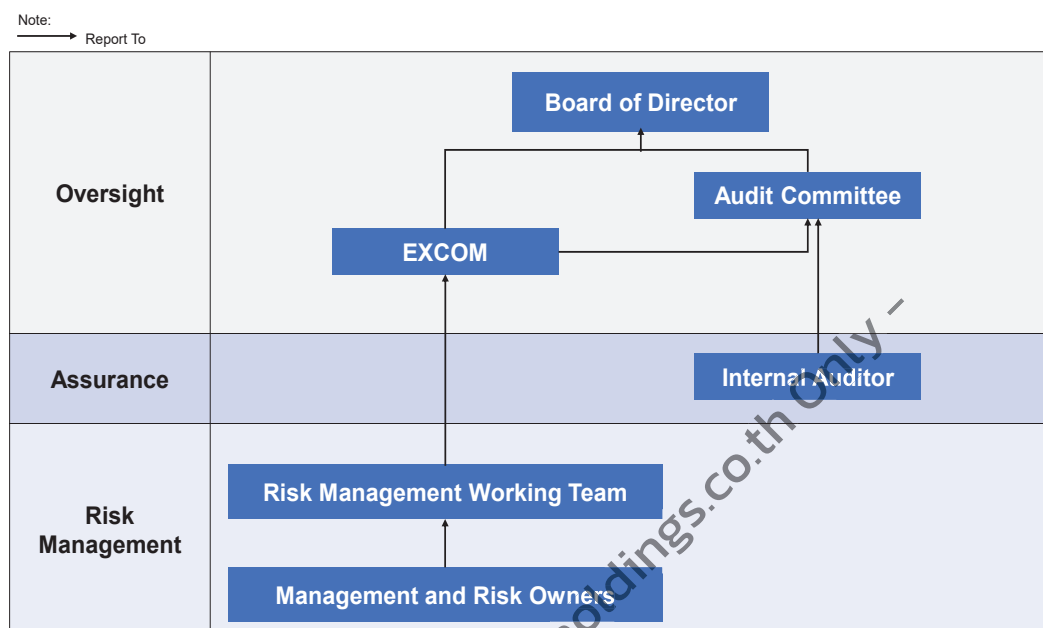

Figure 1 – Rabbit Holdings Risk Management Structure

1.   **The Company Board of Directors, BoD**

1.1   **Governance and Culture**

- To establish the tone at the top for the desired risk culture including vision, mission, and core value of organization

- To approve and review the Risk Management Policy

- To evaluate the adequacy of the Risk Management Framework

- To enhance the corporate culture by communicating to all employees regarding the awareness of risk management and application with all departments

- To assign the Executive Committee to be responsible for overall enterprise risk management, risk assessment, and the organization's risk management structure

1.2 Strategic and Objective-Setting

- To establish the organization's strategy and business objectives including understand the risk associated with the strategy
- To approve and review the maximum acceptable risk level (Risk Appetite) and Risk Tolerance
- To oversight and provide advice to management in strategic and business objectives setting in alignment with risks, vision, mission and culture

1.3 Performance (Risk Assessment)

- To approve the Company's risk profile, risk assessment, risk response and mitigation plans as proposed by Management
- To oversee, monitor, and supervise so that the risk is properly managed

1.4 Review and Revision

- To discussion with the Management to review significant risks faced by the Company on its operation including change in business context that impact vision, mission, values, strategies and objectives

1.5 Risk Information, Communication, and Reporting

- To emphasize risk management by reporting to the BoD for acknowledgement at least once a year
- To emphasize regular and significant risks reporting to enable effective decision-making and provide consultation on the action plans
- To consider and approve the Company's risk reports and KRIs Status

2. Audit Committee, AC

- To assess the adequacy of the Risk Management Policy, internal control systems, internal audit system
- To emphasize risk management by including risks as an agenda for acknowledgment at least once a year
- To acknowledge and advice on the assurance report conducted by the Internal Audit Office on a regular basis
- To advice on the Company's Risk Management Policy and Manual, internal audit plan, internal audit results, fraud, and irregularity in the internal control system and report to the BoD
- To ensure the continuous improvement of the risk management process

- To acknowledge the report from Executive Committee concerning the performance of risk management program and challenge Management for their risk assessment where applicable

3. Executive Committee, EXCOM

3.1 Governance and Culture

- To approve the Risk Management Working Team establishment. The team is comprised of management and risk liaisons for each department.
- To be a center of enterprise risk management, oversee and monitor risk management to ensure appropriate action with acceptable quality
- To maintain risk culture throughout the organization
- To review the Risk Management Policy and Procedure to ensure that the policy and manual align with the prominent ERM Framework (e.g., ERM COSO)
- To approve and review the Risk Management Procedure

3.2 Strategic and Objective-Setting

- To provide guidelines for risk consideration in setting strategy and business objectives by Management
- To oversight and hold management accountable for identifying and managing risks to the achievement of objectives
- To assess the risk appetite and risk tolerance that the Company is willing to accept in pursuit of business objectives

3.3 Performance (Risk Assessment)

- To oversee overall enterprise risk management, risk assessment, and lay out the organization's risk management structure

3.4 Review and Revision

- To review and ensure that the risk profile is updated, and the revision is needed where significant changes or major risks emerge during the year in order to ensure that such risks are at an appropriate and acceptable level within the risk appetite and risk tolerance of the Company
- To monitor the progress of risk mitigation plans and key risk indicators

3.5 Risk Information, Communication, and Reporting

- To report the risk management performance for acknowledgement to BoD and AC at least once a year
- To timely escalate significant risks to BoD and AC
- To share information or matters regarding the enterprise risks with the Audit Committee through meetings on a regular basis

- To consider and review the disclosure of information in relation to enterprise risk management in the 56-1 One Report

4. Internal Audit

- To develop the internal audit plan considering the enterprise risks and fraud risks
- To perform internal audit to evaluate the adequacy and effectiveness of the risk management process and action plans and provide suitable recommendations to Management and Risk Owners
- To collaborate with the Company Risk Management Working Team through regular sharing of risk-related information

5. Risk Management Working Team

Risk Management Working Team is consisting of representative from key business departments.

5.1 Governance and Culture

- To prepare and update the Risk Management Framework, Policy, Procedures and Manual then propose to BoD, EXCOM and CEO respectively for consideration and communicate to the Management and Risk Owners

5.2 Strategic and Objective-Setting

- To provide guidance and facilitate the implementation of the Risk Management Policy in Strategic and Objective-Setting to Management and Risk owners

5.3 Performance (Risk Assessment)

- To conduct the risk management activities according to the approved risk management framework
- To advice and facilitate the risk assessment process to Management and Risk owners

5.4 Review and Revision

- To review and ensure the risk profiles are updated and revision is needed where significant changes or major risks emerging
- To monitor the progress of risk mitigation plans
- To revisit and improve the efficiency and usefulness of existing risk management process

5.5 Risk Information, Communication, and Reporting

- To report the risk management performance and KRIs Status to EXCOM for acknowledgement at least once a quarter then report to AC and BoD at least once a year.

- To interact and share information or matters regarding enterprise risks with Internal Audit and relevant departments.

- To prepare the disclosure of information in relation to enterprise risk management in the 56-1 One Report.

6. Management and Risk Owners

Management and Risk Owners are process owners include with head of operations, managements and employees.

6.1 Governance and Culture

- To promote and support risk culture within their departments
- To participate the risk-related sharing throughout the departments
- To implement and comply with the Risk Management Policy and Manual

6.2 Strategic and Objective-Setting

- To establish strategy and business objectives that align with the organization's mission, vision, and strategies.
- To apply tolerances to specific risks associated with strategy and business objectives.

6.3 Performance (Risk Assessment)

- To identify internal and external risk events that impact both process level and the Company levels and prepare the risk profile, including inherent risks and emerging risks
- To conduct risk assessment and risk prioritization
- To select and perform appropriate risk responses to manage individual risk, consistent with the risk appetite

6.4 Review and Revision

- To consider and monitor risks, including significant changes, or major risks emerging during the year and update risk profiles
- To perform the risk mitigation plans and report the results
- To implement the risk management improvement process on a regular basis
- To determine the severity of the revision to the risk profile

6.5 Risk Information, Communication, and Reporting

- To identification, monitor and update the KRIs status to the Risk Management Working Team on a quarterly basis to adopt the appropriate tools and methodologies to support the ERM process

Risk Reporting	Responsible Person	Frequency	Report to
1. Regular Risk Report includes Risk Management results and progress status	- Risk Management Working Team - EXCOM	At least Once a Quarter Annually	EXCOM AC / BoD
2. Key Risk Indicators (KRIs) Monitoring Report	- Risk Management Working Team - EXCOM	Quarterly Annually	EXCOM AC / BoD
3. Regular Risk Report includes Risk Management results and progress status	- Management and Risk Owners -	Quarterly	Risk Management Working Team
4. Risk and Control Self-Assessment (RCSA) Report	- Management and Risk Owners	Quarterly	Internal Audit / Risk Management Working Team
5. Business Continuity Management Report	- Management and Risk Owners	Quarterly	Internal Audit / Risk Management Working Team

Risk Appetite

The Company determines the acceptable risk level to show the level of risk or the level of damage that the Company allows happening. The risk appetite is compiled by Management and Risk Owners, reviewed by Risk Management Working Team, assessed by EXCOM, and approved by BoD.

Tools and Methodologies of Risk Management

The tools and methodologies of risk management are designed and established for the efficiency and effectiveness of risk identification, assessment, monitoring, controlling, and reporting. The details are as below.

1. **Risk and Control Self-Assessment (RCSA)**

RCSA is prepared for risk identification, assessment, and internal control efficiency to ensure the effectiveness of risk and control management.

2. **Key Risk Indicators (KRIs)**

KRI is an early warning tool used as an indicator, monitoring the trend of the Company's risk. In addition, it helps to remind the management regarding the key risk level changes for detective control.

3. **Business Continuity Management**

The Business Continuity Management Structure of the Company comprises roles, responsibilities, framework, and processes to ensure that, in case of business disruption, the Company's activities can be operated and timely returned to normal.

(MR. Keeree Kanjanapas)

Chairman of Board of Directors

Rabbit Holdings Public Company Limited