

PROEN Corp Public Company Limited

Risk Management Policy

1. Meaning and Definition of Risk Management

Risk is a chance of default, damage, leakage, waste, adverse events or any acts arising at uncertain circumstances may occur in the future, resulting in the failure in the Company's objectives and goals in terms of strategies, operations, finance, and administration.

Risk Management means a determination of guidelines and processes for determination, analysis, evaluation, management, monitoring, and communication for the risks that related to activities, agencies, or the Company's operations, in order to minimize the Company's losses and to maximize its business opportunities. Risk Management also means a perfect combination of the Company culture, process and structure that directly affects management efficiency and business disadvantages by considering the achievement of objectives or goals of the Company as a priority.

Risks divided into 4 types as follows:

1. Strategic Risk: SR
2. Financial Risk: FR
3. Operational Risk: OR
4. Compliance Risk: CR

2. Risk Factor

Risk Factor means the origin or the cause of risks, which may fail the stipulated goals. It must also specify where the event will take place, when, how this will happen, and why this happens. The cause of risks must be real in order to accurately analyze and determine the risk measures later. Risk factors can be considered by:

1. External factors, for instance, economic, social, politics, law and so on
2. Internal factors, for instance, the company's rules and regulations, officers' experience, work systems



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3. Risk Assessment

Risk Assessment means the risk identifying process, the risk analysis, and the risk prioritization by an assessment of likelihood and impact.

1. Likelihood means a frequency or a chance of risk occurrence.
2. Impact means the scale of intensity that will occur if a risk event occurs.
3. Degree of risk means the risk status evaluated by the impact and risk factors, divided into 5 levels: Extremely High, High, Moderate, Low, and Extremely Low.

4. Risk Management

Risk Management means a process in management to reduce risks or impacts from risk events to be at an acceptable level. There are several risk management methods as follows:

1. Risk Acceptance: to accept the risk, because it is not worth managing, controlling, or preventing risks.
2. Risk Reduction: to improve or to redesign the work system in order to reduce a chance of risk or impact to be at an acceptable level.
3. Risk Sharing: to share or to transfer risk to others for sharing responsibilities.
4. Risk Avoidance: to handle the high risk that departments cannot accept, thus the project/activity is decided to be cancelled.

5. Control

Control means a policy, a guideline, or a practice to reduce risks and to achieve objectives. Control can be divided into 4 types as follows:

1. Preventive Control: an initial control to prevent risks or error.
2. Detective Control: a control method to fine defects that raised.
3. Directive Control: a method to control, to support, or to encourage accomplishment according to objectives
4. Corrective Control: a control method to correct an error that occurs or to find a way to prevent it from happening again in the future.



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6. Relation of Risk Management

Internal Control and Internal Audit

Objectives of good corporate governance are monitoring, directing, controlling and supervising the processes for the efficient use of resources to achieve target with cost-effective and economical purpose, resulted in the maximum benefit to the stakeholders. The principle of corporate governance consisted of:

- 6.1 Internal Control
- 6.2 Risk Management
- 6.3 Internal Audit

6.1 Internal Control

Internal Control is a work process provided by the executives and human resources department in order to reasonably ensure that these processes have been complied with, so the Company will be able to achieve its objectives. The Company's objectives are mainly:

1. The effectiveness and efficiency in operations.
2. Financial report reliability
3. Law and regulatory compliance

For objective determination, executives will determine the procedure to reach the objectives. Meanwhile, there must be control of the operations of the Company in order to meet the effectiveness and efficiency. These controls are internal control processes, or shortly internal control. Therefore, all departments must have appropriate internal control. The establishment of the internal control system is a duty of the division administrators, who well know where their work is at risk. They should evaluate and create control systems to prevent, correct, and detect risks. The internal controls are usually set out in the form of regulations or manuals, annual risk management manuals, which will improve the efficiency of the Company's operation, prevent a leakage, as well as to make the Company meet the correct and reliability financial statements. The Company eventually grows steadily.

6.2 Risk Management

Risk is unexpected or uncertainty events, or a chance of loss or uncertainty, such as natural disaster, corruption, pilferage, IT system damages, legal proceedings, injuries, damages, accident, danger, loss of assets, negative image of the Company and people, uncertainty, failure



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to protect the rights or dignity, or a loss that cause a compensation. Risk management is a process performed by the Board of Directors, executives and all employees in the Company to assist in the formulation of strategies and operations. The risk management process is designed for the ability to forecast possibility of events that affect to the Company, and the ability to handle the risk to be at an acceptable level to gain reasonable assurance in the achievement of the objectives set forth by the Company. (Source: Risk Management framework: Committee of Sponsoring Organizations of The Tread way Commission: COSO)

6.3 Internal Audit

Internal Audit is providing confidence and advice fairly and independently in order to increase the value and improve the Company's operation for its goals achievement by assessment and effective improvement of risk management process, internal audit, and good governance with systematic. The internal auditors are responsible for analyzing and giving advice from the internal audit process. The internal audit process is a mechanism to drive for operation improvements, internal control, and risk management, which are appropriate to the achievement of the objectives and goals of the Company. Officers sometimes think that the existing control is sufficient, or think that they have expertise from long-time experience, which may cause negligence by ignoring some points that must be controlled. The internal auditors have a method to check that the current control is sufficient to achieve the company goals or not. The audit result will be in the form of an audit report presented to the executives for acknowledgement or consideration. The report contained detecting issues, advice or recommendation when there is a requirement for improvement from the current practice.

7. Risk Management Procedure

7.1 Overall risk management policy of the company

Policy of management, the Company and all officers realize the objectives for value added creation to the Company with sustainability, focusing on mission to sell quality products, which is the main mission of the company. Therefore, the company pays attention to the prevention of threats, problems, obstacles and damage, causing the Company to be unable to achieve its goals, and may damage the Company and stakeholders. The Company searches for opportunities that create fairness for the business involved, and continually create satisfaction for the stakeholders by using risks and IT management integration for corporate governance.



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1.1.1 The Company's culture: the Company encourages all employees to realize the importance of risk management by treating them as a part of the operations until it becomes the Company's culture.

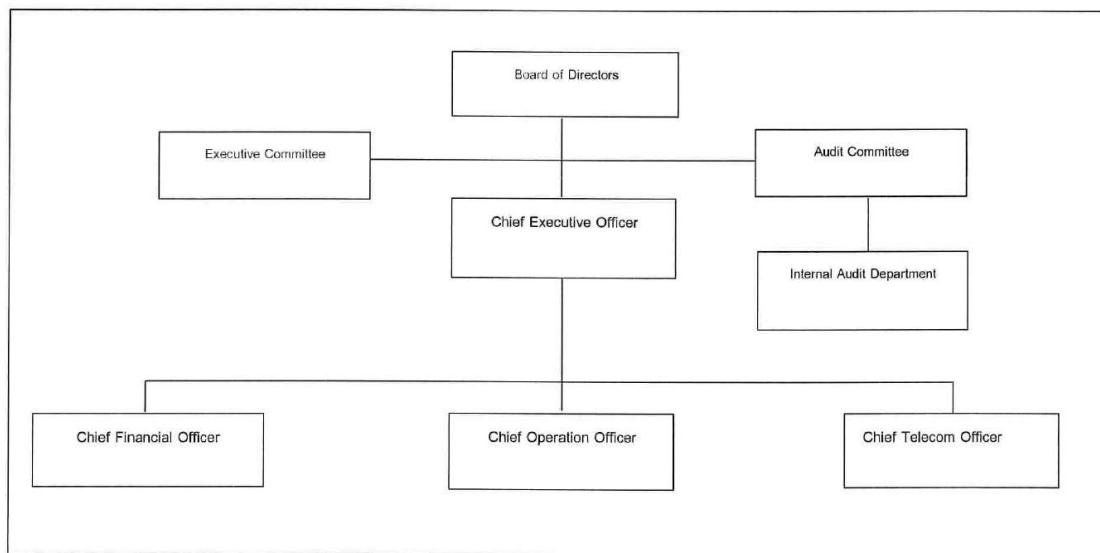
1.1.2 Search for opportunities: to create value added to the Company, the Company will manage opportunities that are uncertain, or events may occur having positive impacts to the Company's objectives, causing the most benefits to the Company to emphasize on the creation of value added to the company and benefits to all stakeholders.

7.2 Risk Management Formulation of the Chief Executives

- The risk management must be integrated with systematically and continuously management.
- There must be a formulation of procedures
- There must be monitoring of assessment results of risk management that regularly reviews and updates
- There must be an adoption of IT to be used for good management
- The risk management must be a part of normal operations.

Overall Risk Management Structure of the Company

Management structure of the Company



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7.3 Duty and responsibility according to overall risk management structure

Related person	Duties and responsibilities
Board of Directors	<ul style="list-style-type: none"> - Conduct policies, give advice on the risk management plan of the Company - Support and encourage appropriate operation to handle the risks - Understand risks that may affect the Company, and ensure appropriate action to handle the risks.
Audit Committee	<ul style="list-style-type: none"> - Supervise and monitor risk independently - Monitor effectiveness of internal audit department and person in charge of risk management of the Company - Review and give advice regarding risk management
Board of Directors / Chief Executives	<ul style="list-style-type: none"> - Monitor key risks of the Company, supervise to ensure the management will respond to risk by appropriate risk management - Encourage risk management policy, and ensure risk management procedures are implemented throughout the Company - Supervise and control risk management by considering objectives determination, assessment, risk management planning and preparation, follow-up report, risk management assessment to meet acceptable risk level, and to comply with changes in both internal and external the Company - Provide risk management to the company using IT system with systematic integration - Appoint a working group or staff to assist in performing the duties as appropriate
Risk Management Committee	<ul style="list-style-type: none"> - Prepare for draft of policy, strategy, corporate risk management plan, and risk management manuals to comply with risk management



	<p>procedure to achieve objectives, prepare for news publication, agendas, and presentation, as well as proposed to the executives and the Board of Directors regarding corporate risk management</p> <ul style="list-style-type: none"> - Determine and report risk related to the operations, participate in risk management plan formulation, and plan implementation - Assess risks from duties - Prioritize risks - Determine risks control activities to be at an acceptable level considering cost and benefit - Be careful for risk factors, propose up-to-date risk issues to directors instantly - Prepare for risk status report to the directors after handling with or resolved risk factors
Internal Auditor	<ul style="list-style-type: none"> - Support Chief executives and audit committee to monitor the internal management and risk control - Prepare for audit plan and review risk management in each division - Ensure the risk management is applied properly, and the entire Company is compiled with - Review operations concerning risk management

7.4 Management Structure

For the risk management, since the Company has no department that is directly responsible for the risk management, however the committee for risk assessment has been appointed by the Company. The action plans will be proposed to get approval from the Board of Directors, and the work plans will be assessed for risk events annually and formulated a risk management plan to get approval from the Board of Directors. Quarter risk management reports must be prepared for the Board of Directors accordingly.

7.5 Risk Management Procedure

Risk Management Procedure is divided into 2 phases as follows:



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Phase 1 Implementation and Development

- Risk assessment form primary operations
- Risk factors prioritization from operations
- Controlling activities determination
- Prepare for risk management plan for high risk factors
- Prepare for risk management policy frameworks, working procedures, management structure, and risk classification for the entire Company considering high impact operations.

Phase 2 Finalization

- Encourage risk management to implement applying for the entire Company
- Communicate and facilitate risk management workshop for all departments
- Improvement of risk management process development for each type of risk
- Improvement of people capabilities improvement in performing risk management procedure of departments
- Prepare risk management manual

The Risk Management Policy approved by the Board of Directors meeting no. 5/2021 held on August 14, 2019, effective from August 15, 2019 onwards.

(Signature)

Mr. Kittipan Sri-bua-iam
Chief Executive Officer

