

(-Unofficial English Translation-)

# **Risk Management Committee's Charter**



**BTS Group Holdings Public Company Limited**

*June 1, 2020*



## ***Introduction***

Risk management is a key component of the business operations of BTS Group Holdings Public Company Limited (the “Company”). The Company therefore determines the enterprise risk management policy as means to communicate to all business units and departments within the Group to be aware of the importance of the enterprise risk management, as well as to be informed of the risk management framework and risk management guidelines in managing and maintaining risks at an appropriate and acceptable level, so as to ensure that the business operations of the Group are resilient to the changing business environment and aligned with the objectives, strategies and operational goals of the Company.

To ensure continuous operations, and the determination and development of the enterprise risk management policy and framework, the Board of Directors’ Meeting held on June 1, 2020 passed a resolution to establish a “Risk Management Committee” in order to consider and determine the enterprise risk management policy and framework, as well as supervising each business unit of the Group on the compliance with such enterprise risk management policy and framework.

This Risk Management Committee’s Charter (the “Charter”) has been prepared to address the Structure and Qualifications of the Risk Management Committee, Rules of Meeting of the Risk Management Committee, Duties and Responsibilities of the Risk Management Committee, and Report on Performance of the Risk Management Committee in order to enable the Risk Management Committee to perform its duties in accordance with the objectives of the establishment of the Risk Management Committee.

## ***Structure and Qualifications of the Risk Management Committee***

1. The Risk Management Committee shall consist of at least one independent director who is a member of the Audit Committee, executives of the Company who include but not limited to the Chief Financial Officer and the Internal Audit Director, and senior executives from other business units of the Group. The members of the Risk Management Committee shall be appointed by the Board of Directors;
2. One of the members of the Risk Management Committee shall act as the Chairman of the Risk Management Committee. The Chairman of the Risk Management Committee shall be appointed by the Board of Directors or the members of the Risk Management Committee;
3. The members of the Risk Management Committee shall hold the office for a term of three years. The retired members may be re-appointed by the Board of Directors;
4. The members of the Risk Management Committee shall cease from their office in case of:
  - 4.1. retirement by rotation;
  - 4.2. resignation;
  - 4.3. death;
  - 4.4. cease from office of director or employee of the Group;
  - 4.5. lack of qualifications of the Risk Management Committee as stipulated in Item 6.
5. In case of a vacancy in the membership of the Risk Management Committee before the completion of the term, the Board of Directors may appoint an independent director who is a member of the Audit Committee, an executive of the Company or a senior executive from other business units of the Group, who has the appropriate qualifications, to be a member of the Risk Management Committee as a replacement. Such appointment shall be made within three months from the date of vacancy in the membership of the Risk Management Committee.
6. The members of the Risk Management Committee must have the following qualifications: having knowledge and understanding of the Group's businesses and/or specific expertise which is crucial to the Group's business operations, as well as being able to allocate sufficient time to perform their duties as the members of Risk Management Committee; and



7. The Risk Management Committee shall have a secretary to assist in the performance of its duties. Such secretary shall have direct duties and responsibilities in relation to the risk management of the Company.

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## ***Rules of Meeting of the Risk Management Committee***

1. The Risk Management Committee shall hold at least two meetings in each fiscal year and may call additional meetings as necessary and appropriate;
2. The quorum for a meeting of the Risk Management Committee shall be no less than half of the total number of members of the Risk Management Committee;
3. If the Chairman of the Risk Management Committee is not present at the meeting or unable to perform his duties, the members who are present at the meeting may choose one of the members as the chairman for such meeting;
4. Unless being a person with a conflict of interest, each member of the Risk Management Committee shall have one vote. The member who has the conflict of interest shall not be present at the meeting when considering such matters and shall not have the right to vote. A resolution of the meeting shall be passed by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a casting vote; and
5. The secretary of the Risk Management Committee is responsible for organizing the Risk Management Committee's meetings and preparing meeting agenda, meeting invitation, meeting materials, and meeting minutes. In this regard, the meeting invitation and meeting materials shall be sent out at least five business days prior to the meeting date.

## ***Duties and Responsibilities of the Risk Management Committee***

1. To consider, determine, update, and review the adequacy of the enterprise risk management policy and framework, and the potential positive and negative effects of the risks, at least once a year in order to ensure alignment with the objectives, strategies and operational goals of the Company, by covering various aspects of the risks, including but not limited to strategic risk, operational risk, financial risk, legal and compliance risk, and fraud risk, and to further propose to the Board of Directors for consideration and approval on an annual basis, as well as to supervise and support each business unit of the Group to effectively and efficiently carry out its risk management in compliance with the specified enterprise risk management policy and framework;
2. To consider, determine, review, and oversee the risk management process by identifying the risks which could impact the Group, both from internal and external factors, assessing the risks with respect to their impacts and probability of occurrence, and prioritizing the risks in order to further determine the mitigation plans and measures so as to ensure that such risks are at an appropriate and acceptable level, as well as to define the risk appetite and risk tolerance of the Group;
3. To consider new or emerging risks which may have a long-term impact on the Company, as well as determining the mitigation plans and measures to manage such risks;
4. To encourage and support the development and improvement of the risk management process on a regular basis, including the development of tools and information system continuously, as well as to promote the development of an effective risk management culture throughout the organization;
5. To control and monitor the risk management results on a regular basis, as well as to assess the probability of occurrence of the risks from the operations of the Group. In addition, the Risk Management Committee shall identify the appropriate key risk indicators so as to provide an early signal of increasing risk exposures in order to ensure that each business unit is able to promptly and appropriately respond to the risks in accordance with the specified guidelines;
6. The Risk Management Committee may request the relevant departments to provide documents and information that are necessary for the performance of its duties and responsibilities, and may invite the relevant executives and/or officers to attend its meeting in order to clarify and provide information as it deems appropriate;

7. To establish a risk management working group to assist the Risk Management Committee in performing its duties, as well as to appoint an independent advisor(s) having the relevant knowledge and expertise to provide advice, suggestion and assistance to the Risk Management Committee;
8. To acknowledge the report from the risk management working group on the audit of the risk management process conducted by the Internal Audit Office at least once a year;
9. To conduct an evaluation on the performance of the Risk Management Committee on an annual basis and report the evaluation result to the Board of Directors; and
10. To perform any other acts as regards the risk management as assigned by the Board of Directors, or as stipulated by laws or regulations of the relevant government agencies.

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## ***Report on Performance of the Risk Management Committee***

1. The Risk Management Committee shall report to the Board of Directors at least once a year the assessment of the risks with respect to their impacts and probabilities of occurrence, mitigation plans and measures, risk management results, and progress status, as well as matters that require corrective actions or matters that the Board of Directors should acknowledge; and
2. To consider and review the disclosure of information in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company in relation to the performance of the Risk Management Committee which includes, but not limited to, the oversight of risk governance and risk management, significant risks that are foreseen and unforeseen, risk monitoring and control, and risk management results, as well as to prepare and disclose the report of the Risk Management Committee in the Annual Report (Form 56-2) of the Company.

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