BTS Group Holdings Public Company Limited

Enterprise Risk Management Group Policy

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1   Introduction

BTS Group Holdings Public Company Limited (hereinafter referred to as "BTSG") recognizes the significance and value of Enterprise Risk Management ("ERM") to manage the risks with good corporate governance principles.

The Enterprise Risk Management Group Policy (hereinafter referred to as "This Policy or ERM Policy") establishes the structure for effective ERM for the Group, providing guidance in governance structure, processes, roles and responsibilities.

This Policy is established in line with COSO ERM 2017 to manage the risks and enable all Directors, Executives, and Staff at all levels to effectively manage the risks in a systematic and structured manner within the established risk appetite and risk tolerances and to make business decisions considering associated risks.

2   Enterprise Risk Management Structure

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 Group. This also includes defining risk-related decision-making authorities and involves creating a structure for risk information flows and reporting (refer to Figure (1) – BTSG Risk Management Structure).

BTSG Board of Directors is responsible for oversight of the Group Policies and assigning the appropriate members to the BTSG Risk Management Committee.

BTSG Risk Management Committee (hereinafter referred to as "RMC") is responsible for reviewing the Group Risk Management Policy and oversight of the effectiveness of the Group Risk Management. Findings and results were reported to the Board of Directors at least semi-annually.

BTSG Audit Committee is responsible for overseeing the assurance over the Group Risk Management.

BTSG Internal Audit Office is responsible for providing independent assurance over the Group Risk Management.

Group Risk Management Working Team consists of RM representatives from each Business Unit. The Working Team is responsible for establishing the Group Risk Management Policy, facilitating the implementation of the Group Risk Management, reporting risks to the RMC and monitoring the effectiveness of the Group Risk Management.

Risk Management Representatives consists of RM working teams within each Business Unit. The representatives are responsible for implementing Risk Management and ensuring that risk assessment and control activities are implemented effectively.

Management and Risk Owners at the Business Unit Level are responsible for identifying, assessing, monitoring and reporting risks and ensuring that controls are effective.
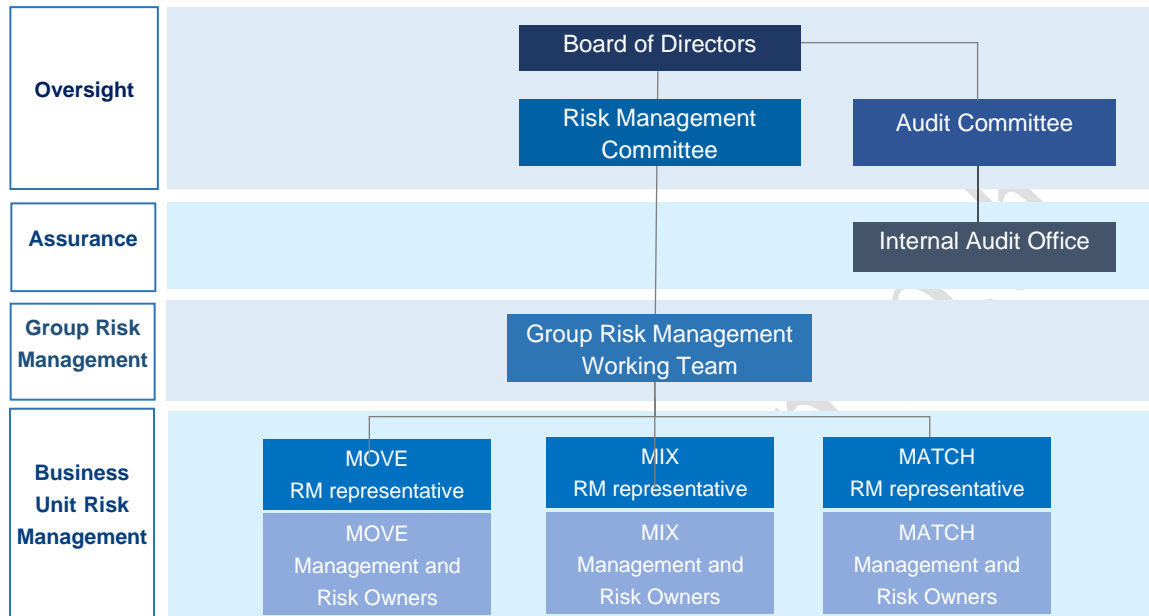

Figure (1) – BTSG Risk Management Structure

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3 Enterprise Risk Management Process

Enterprise Risk Management is a process to ensure that proper governance and risk culture are in place; significant risks are identified, assessed and managed to be within an acceptable level; and risk monitoring and reporting are effectively implemented.

The Enterprise Risk Management Process comprises of **FIVE** key activities as follows:

1) Governance and Culture

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:

a) Exercise Board Risk Oversight
b) Establish Operating Structure
c) Define Desired Culture
d) Demonstrate Commitment to Core Values
e) Attract, Develop and Retain Capable Individuals

2) Strategy and Objective Setting

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.

3) Performance

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.

4) Review and Revision

By reviewing and 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.

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5) Information, Communication, and Reporting

Enterprise risk management requires a continual process of obtaining and sharing necessary information, from both internal and external.

The Group considers leveraging information and technology systems to support an effective ERM and communication process. The communication of risk information is significant and must be flown up, down, and across the Group in accordance with the oversight structure *(refer to Figure (1) – BTSG Risk Management Structure)*