Asiametal
Public Company Limited

Risk Management Policy and Internal Control

This document is effective from March 1, 2023 onwards.

Mr. Chusak Yongwongphaiboon	Mr. Veerachai Suteerachai
Chairman of the Risk Management Committee	Chairman of the Board

Introduction

Asia Metal Public Company Limited ("Company") recognizes the importance of risk management. Therefore, a risk management policy has been established to provide a framework for developing a quality risk management system, including best practices, while taking into account consistency with the company's objectives and operational goals. This is to ensure that the risk management policy is efficient and effective in managing the company's risks and to ensure that the company is committed to establishing a working process regarding risk management and compliance with laws, regulations, announcements, orders, and good standards to achieve performance resulting from the participation of the Board of Directors, executives, and employees at all levels in the company.

The Board of Directors and executives of Asia Metal Public Company Limited hope that this policy will be useful for operators and those involved, including those who are interested in further work.

List of contents

This document is effective from March 1, 2023 onwards.

Message from the Chairman of the Board of Directors

Asia Metal Public Company Limited gives importance to five aspects of risk management, including anti-corruption, along with strategic management under the changing environment that affects business operations, taking into account the appropriate response to the needs of all groups of stakeholders and preventing losses that may occur from various uncertainties. It also helps in seeking opportunities to increase business value with the purpose of defining the operational framework for the risk management process by ensuring that responsibilities for controlling the identified risks are appropriately assigned at the level of directors, executives, and all employees. This includes understanding and realizing the importance of participating in risk management and reducing the likelihood of risks and their impact on the Company’s business operations.

Announced on March 1, 2023

Mr. Veerachai Suteerachai
Chairman of the Board

Definition

Definition	Meaning
Risk	The likelihood of an event occurring that may affect the objectives of the company. The risk can be measured from its impact and likelihood of occurrence.
Anti-corruption risk	The likelihood of intentional acts, including giving and/or accepting bribes, conflicts of interest, claims, threats, or any action in order to obtain unlawful benefits for the organization, oneself, or others.
Risk management	Systematic and continuous organizational processes to help organizations reduce the opportunity for damage from policy, operations, and corruption. The level of damage and its potential impact that may occur in the future is assessed by the organization and controlled and monitored systematically, taking into account the achievement of objectives or goals and the organization's image.
Assessment of the control system	A process that helps ensure those responsible for each operational activity work in accordance with the desired direction and can help prevent and identify corruption risks that affect the organization's objectives. It is a step in the risk management process that should be done after assessing the likelihood and impact of the risks.
Opportunity (Likelihood)	The likelihood or probability that an event will occur.
Impact (Impact/ Consequence)	The effects of both monetary and non-monetary events.

Risk Management Policy

The Company is confident and aware of the importance of effective and efficient risk management in accordance with good corporate governance principles. Risk management plays an important role in promoting the Company's stability and increasing the chances of success while reducing losses to acceptable levels. It involves a management process to prevent risks, events, or uncertainties that may occur and cause damage, which could clearly affect the achievement of the Company's objectives.

The company is committed to conducting risk management operations covering the entire company in accordance with international best practices with regard to quality standards. It will adopt a framework for internal control practices to improve and develop the risk management framework. This will be used as a tool to develop internal control and risk management, which will increase the chances of success in business operations and reduce failures, losses, and uncertainties in company performance.

The risk management committee has established the Company's risk management policy as follows:

1. The Board of Directors, executives, all employees, and all departments are responsible for identifying, analyzing, assessing, prioritizing, managing, controlling, monitoring, reporting, evaluating, and encouraging an effective risk management process in the departments under their responsibility, including participating in the development of the company's risk management.
2. All executives and personnel in the company must be aware of and pay attention to the management of events that may affect the achievement of the company's objectives in each division/department, both in terms of risks and opportunities. They must manage them to be at a reasonable and acceptable risk level.
3. The risk management committee must regularly monitor and review risk events in line with the ever-changing internal and external environment.
4. The risk management committee must consider risk management as part of its normal operating procedures.

Responsibilities Risk Management Committee

1. Consider and approve the Company's risk management policies, frameworks, and guidelines, including reviewing them at least once a year to ensure they are suitable for changes in the environment and various events.
2. Determine the acceptable risk level (Risk Appetite).
3. Determine measures to be used in managing risks appropriate to the situation.
4. Acknowledge and approve risk assessment results and proper risk management, including providing suggestions for improvement.
5. Approve the risk management plan.
6. Supervise and monitor the implementation of risk management policies under the policies, frameworks, and guidelines approved by the Board of Directors.
7. Report on the performance of operations management and risk status that will affect the company's goals to the Board of Directors.

Identification of Risks

Risk identification involves identifying potential risks or uncertainties by considering both factors inside and outside the company that affect the achievement of the company's objectives. In managing the Company's risks, the risks are divided into 4 categories as follows:

1. Strategic Risk:

   It is the risk associated with strategy formulation and strategic decisions, including inconsistencies between policies, goals, strategy, company structure, competitive situations, and the environment that affects the company with government policies, risks related to economic and political conditions, risks related to reputation, risks related to stakeholders, risks related to business competition, risks related to management, etc.

2. Operational Risk:

   It is a risk arising from operations in terms of personnel management and technology used in work, such as operational risks, asset management risks, fraud risks, personnel risks, information technology risks, etc., including uncontrollable external factors such as natural disasters, terrorism, etc.

3. Financial Risk:

   Risks related to financial and investment management policies and procedures, namely risks related to the capital structure related to financial accounting and reporting risk, financial liquidity risk, exchange rate/interest rate/inflation rate risk, no new source of income, customer credit, etc.

4. Compliance Risk:

   Compliance risk refers to the risk of violating or failing to comply with laws, rules, and regulations, including those that are inappropriate or that obstruct operations, such as legal disputes with customers and incorrect implementation of laws.

Risk Assessment Process

The company has established a risk assessment process with the following methods:

1. **Criteria Definition: The company has defined criteria for assessing risks based on the impact and likelihood of occurrence.**
   Impact risk assessment criteria are divided into financial repercussions and non-financial impacts.

	Impact			
	Financial Loss from Scandal	Reputation	Customers/Shareholders	Law Enforcement
5 Severe	Fine 2 times the value or benefit received or > 1,000 million baht	The company was listed as prohibited for having a negative corporate image for good corporate governance.	Being sued by shareholders/customers for damages caused	The contract/business license has been terminated. Directors and senior executives of the company were imprisoned.
4 Significant	Between 100million - 1,000million baht	The media continued to report on the case and society began to pay attention.	The Board of Directors and executives of the Company must clarify and explain the facts.	Being inspected by government agencies and pointing out the culprit.
3 Moderate	Between 1million-100 million baht	Social media publishes news or information about corruption cases that companies are involved in.	Customers/shareholders ask questions to the Board of Directors.	The company may be required to submit evidence and clarify if the inspection agency accepts the matter.
2 Minor	Between 3,000-1million baht	Appears rumors that may refer to people within the company or the company.	Started to have concerns and ask for information.	It's a mistake that may be warned or fines for fees of insignificant value.
1 Negligible	Less than 3,000 baht	Amost none	Almost none	Almost none

2. **Risk Identification**
   The working team collects information from risk analysis or other sources to identify risks and risk factors related to the project or various operational activities. This helps to be aware of opportunities or events that may affect the image of the company, taking into account the following factors:

	Internal factors	External factors
Operating environment	Organizational structure, management style, assignment step-by-step operation, and coordination regulations, etc.	Government policies, laws, rules, regulations, etc. .

3. Identify the impact and likelihood of the risk.

Use the Risk Assessment Criteria on Likelihood to identify the likelihood of the risk:

	Likelihood	
	Possibility	Frequency
5 High	Certain event or it happens as usual in every business operation.	>1 time / year
4 Likely	High probability event or it happens as normal in most business operations.	1 time / in 2 years
3 Possible	Probable event or it may happen sometimes in business.	1 time/in 3-5 years
2 Unlikely	There are very few events that can happen in business.	1 time/in 5 years
1 Highly Unlikely	An unlikely event that can happen in business operations.	1 time/ 5-10 years

4. Identify the level of risk by analyzing the impact and likelihood of the risk.

Analyze the impact and likelihood of the risk to determine the level of risk. Then, put the risks (impacts and opportunities) into the risk analysis table (Risk Matrix) according to the criteria in order to determine additional internal control measures or hedging.

Likelihood / Impact	1 Highly Unlikely	2 U0nlikely	3 Possible	4 Likely	5 High
5 Severe	High	High	Very high	Very high	Very high
Significant 4	Moderate	High	High	Very high	Very high
3 Moderate	Low	Moderate	High	High	Very high
2 Minor	Low	Low	Moderate	High	Very high
1 Negligible	Low	Low	Moderate	High	High

5. Control System Assessment: Internal Audit and Control

Assessment of control systems means processes, methods, and procedures to ensure that those responsible for each operational activity work in accordance with the desired direction. It can help prevent and address the risks of corruption and other areas that affect the objectives of the organization. This is a step in the risk management process and should only be done after assessing the likelihood and impact of the risks.

The company has established audit procedures and internal control systems throughout the company to foster a culture of good governance with risk management and systematic review. The company has set up an internal audit department that is independent to assess the internal control system, risk management system, and the corporate governance process of the company's activities or systems. The internal audit can prevent the risk from risk assessment, covering both financial aspects and record-keeping of accounting processes, to comply with standards, principles, and applicable laws regarding accounting and financial reporting. This includes ensuring that all types of expenses must have supporting documents, and the collection and maintenance of the Company's information must be effective and in accordance with the intended purpose, including ensuring compliance with the anti-corruption policy. Corruption is subject to regulations, laws, or relevant regulations.

In addition, the financial statements and operating results are audited by a certified public accountant on a quarterly and yearly basis to ensure that financial or accounting information and reports are accurate, reliable, and timely in accordance with legal requirements.

The Audit Committee is responsible for supervising the internal control of the company, including considering financial reports and other processes related to anti-corruption measures.

Importance of Internal Control:

1. It is a tool to help executives supervise and manage work effectively.
2. It is an index of standardized management.
3. It is an operational framework.
4. It enables the effective implementation of objectives.
5. It helps to reduce risk to an acceptable level.

Responsibilities of Auditor and Internal Control:

Internal auditors and controllers are responsible for reviewing the effectiveness of internal controls through annual internal audits, which examine critical business processes based on risk factors. They also monitor improvements for detected deficiencies and report the results to the Audit Committee for acknowledgment.

6. Reporting and monitoring compliance with risk prevention measures:

Monitoring and evaluation can be done in two ways: 1. Follow-up during operation and 2. Follow-up on a case-by-case basis (self-control assessment or independent control assessment). This includes reporting as an activity used to monitor and review the risk management plan to ensure effective and appropriate risk management or to modify the plan if it is not effective enough. The information to be tracked and the frequency of the review should be specified, and risk assessment should be conducted at least once a year or when significant changes occur to assess which risks are already at an acceptable level and if there are new risks increasing.

The Risk Management and Internal Control Committee prepares a report on the performance of risk management in various areas affecting the Company for the Board of Directors.