

Risk Management Policy

Introduction

In today's rapidly changing business environment, risk management is a critical process that enables systematic planning and management of business uncertainties. The Company has established risk governance guidelines applicable to the Company, its subsidiaries, and associated companies, covering strategic risks, business risks, financial and non-financial losses, as well as reputational risks. The company has used the COSO Enterprise Risk Management framework and other international standards as a basis to shape its risk management policies.

The Company adopts the "Three Lines of Defense" governance principle to ensure compliance with applicable laws and regulations, including notifications and requirements issued by the Office of Insurance Commission (OIC), the Bank of Thailand (BOT), and the Securities and Exchange Commission (SEC), among others.

TGH applies Enterprise Risk Management ("ERM") as an integrated risk management framework encompassing all dimensions of risk across the organization.

Operating Principles

The Company has adopted the "Three Lines of Defense" model in accordance with international standards and best practices for risk management, segregation of duties, and checks and balances among functions, as follows:

- **First Line of Defense** – Operational units and risk owners, such as business units, operational departments, and accounting and finance functions. These functions are responsible for conducting Risk and Control Self-Assessments ("RCSAs") and ensuring that their operations comply with established internal control frameworks and regulatory requirements.
- **Second Line of Defense** – Functions such as Risk Management, Legal, Compliance, and Data Protection Officer ("DPO") functions. These units are responsible for developing risk management policies and overseeing compliance with applicable laws, international security standards, and regulatory requirements. They also provide guidance, training, and communication regarding relevant policies.
- **Third Line of Defense** – The Internal Audit function, which operates independently and reports directly to the Audit Committee. This function is responsible for reviewing and assessing whether the processes and controls implemented by the first and second lines of defense comply with established guidelines and operate effectively and efficiently.

Risk Management Requirements

The Company has established written risk management policies, procedures, and operational manuals, which are regularly communicated to all employees.

In addition, the Risk Management function has developed risk indicators by defining the Company's Risk Appetite as well as Risk Tolerance levels to monitor the Company's overall risk exposure. The Risk Appetite framework is endorsed by the Company's Risk Oversight Committee and approved by the Board of Directors. Such risk thresholds are reviewed and updated annually to align with the Company's strategic direction.

Key Activities Undertaken During the Past Year

- The Company has implemented ongoing monitoring, surveillance, and reporting of risk status against acceptable risk levels to the Risk Management Committee or Risk Oversight Committee on a regular basis. This enables timely decision-making and implementation of key risk management policies.
- The Company has assigned business management functions to manage risks within acceptable risk levels. These activities are recorded in a tracking system used for monitoring implementation progress and follow-up actions. Such action plans are discussed during Risk Management Committee or Risk Oversight Committee meetings.
- The Company continuously communicates risk management knowledge and awareness through internal communication channels to ensure that employees perform their duties with appropriate consideration of risk management within acceptable risk levels.
- The Company has established Product Governance Guidelines to ensure effective internal controls, monitoring systems, and reporting processes relating to product development, distribution, and product performance. This is to ensure that the Company achieves its business objectives, delivers valuable products to customers, and sustains long-term growth.
- The Company monitors key risk indicators of affiliated businesses and provides guidance on risk management approaches to ensure that business operations remain within appropriate and acceptable risk levels.
- The Company monitors and provides recommendations regarding the performance and risk management of product portfolios, including life insurance and non-life insurance portfolios, as well as investment portfolio risk management.
- The Company monitors and provides guidance on the management of emerging risks, including the impact of the electric vehicle (EV) market on the car rental business, as well as climate and environmental risks, climate-related risks, and ESG risk management.