

WINNERGY MEDICAL PUBLIC COMPANY LIMITED

Risk Management Policy for the Company and Its Subsidiaries

Issue No. 01 Edit No. 1

16 / 12 / 2022

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Issue No.	Edit No.	Page	Item No.	Date and Modification Details
00	-	-	-	08/09/2020: Manual commencement
01	01	3-4	-	<u>Amended</u> Version Control Table for Risk Management Policy
	01	12		<u>Amended</u> Potential Financial Impact
	01	13		1. Adjusted Measurement of Impact Severity of Sales 2. <u>Amended</u> Measurement of Impact Severity of Finance 3. Adjusted format of Degree of Risk Determination Criteria - Likelihood of Sales from crisis-low to low-crisis
	01	14	5.1	1. Adjusted Impact Criteria on Reputation and Image - Customer Satisfaction 2. Adjusted the format of Impact Criteria on Reputation and Image - Customer Satisfaction from crisis-low <u>to</u> low-crisis
	01	14	6.1	1. Adjusted Impact Criteria on Information Technology System – System Interruption 2. Adjusted the format of Impact Criteria on Information Technology System – System Interruption from crisis-low <u>to</u> low-crisis
	01	17	6	Amended information on Degree of Risk
	01	18	7	1. Adjusted format of the Table of Risk Management Guidelines <u>from</u> crisis-low <u>to</u> low-crisis 2. Amended Risk Management Guidelines Score

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Page No.	Level of Impact	Level of Impact Assessment	Previous	Current
13	(1) Low	Sales	Sales/income decreased by <1% or the financial damage value ≤ 0.75 million baht	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) < 1% ≤ 5% (between below 1% to below or equals to 5%), or 2. Decrease in estimated sales/revenue < 5% ≤ 10% (between below 5% to below or equals to 10%).
		Finance	-N/A-	The collection period of each customer that affects the cash cycle and DE Ratio based on +/-2 % higher/lower, highest/lowest ratio of the Company.
		Customers satisfaction	Customers satisfaction is 80% - 84%	1. Returns of products sold through Online and Offline channels < 20% (below 20%) of total invoices. 2. Respond to customer complaints from all channels within 1 business day. 3. The probability that the customer does not purchase the service/product again within 90 days.
14		Information Technology System – System Interruption	System interruption period < 6 hours	System interruption period > 1 ≤ 6 hours (between over 1 hour and below and equals to 6 hours)
	(2) Moderate	Sales	Sales/income decreased by 1% - 5% or the financial damage value > 0.75 to 3.75 million baht	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) > 5% ≤ 10% (between over 5% to below or equals to 10%), or

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Page No.	Level of Impact	Level of Impact Assessment	Previous	Current
13	(3) High			2. Decrease in estimated sales/revenue > 10% ≤ 15% (between over 10% to below or equals to 15%).
		Finance	-N/A-	The collection period of each customer that affects the cash cycle and DE Ratio <u>based on</u> +/-5% higher/lower, highest/lowest ratio of the Company .
		Customers satisfaction	Customers satisfaction is 80% - 84%	1. Returns of products sold through Online and Offline channels > 20% ≤ 25% (over 20% but below or equals to 25%) of total invoices. 2. Respond to customer complaints from all channels within 1 business day. 3. The probability that the customer does not purchase the service/product again within 120 days.
14		Information Technology System – System Interruption	System interruption period 6 – 12 hours	System interruption period > 6 ≤ 12 hours (between over 6 hours and below and equals to 12 hours)
9	(3) High	Sales	Sales/income decreased by 6% - 10% <u>or</u> the financial damage value > 3.75 to 7.5 million baht	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) > 10% ≤ 15% (between over 10% to below or equals to 15%), <u>or</u> 2. Decrease in estimated sales/revenue > 15% ≤ 20% (between over 15% to below or equals to 20%).

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Page No.	Level of Impact	Level of Impact Assessment	Previous	Current
		Finance	-N/A-	The collection period of each customer that affects the cash cycle and DE Ratio <u>based on</u> +/-10% higher/lower, highest/lowest ratio of the Company .
		Customers satisfaction	Customers satisfaction is 75% - 79%	<ol style="list-style-type: none"> Returns of products sold through Online and Offline channels $> 25\% \leq 30\%$ (over 25% but below or equals to 30%) of total invoices. Respond to customer complaints from all channels > 1 week ≤ 1 month. The probability that the customer does not purchase the service/product again within 270 days.
14		Information Technology System – System Interruption	System interruption period > 24 hours	System interruption period $> 12 \leq 24$ hours (between over 12 and below and equals to 24 hours)
9	(4) Crisis	Sales	financial damage value > 7.5 million baht	<ol style="list-style-type: none"> Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) $> 15\%$ (over 15%), or Decrease in estimated sales/revenue $> 20\%$ (over 20%).
		Finance	-N/A-	The collection period of each customer that affects the cash cycle and DE Ratio <u>based on</u> +/-20% higher/lower, highest/lowest ratio of the Company.

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Page No.	Level of Impact	Level of Impact Assessment	Previous	Current
		Customers satisfaction	Customers satisfaction is < 75%	1. Returns of products sold through Online and Offline channels > 30% (over 30%) of total invoices. 2. Respond to customer complaints from all channels \geq 1 month. 3. <u>The probability that the customer does not purchase</u> the service/product again within 365 days.
14		Information Technology System – System Interruption	System interruption period > 72 hours	System interruption period > 24 hours (over 24 hours)

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1. Introduction

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of the Company's current operations in the face of constant change, whether it is an external factor such as changing economic conditions or internal factors such as determining the Company's operational strategies, organizational structure, etc. In order to guide the implementation of the risk management process, which is a process that will help the Company achieve its objectives, be able to identify events that may occur and have an impact on the Company, and be able to manage the risk to be within the acceptable level of the Company, the Company therefore concludes the risk management policy as follows:

1. The Board of Directors is responsible for ensuring that risk management complies with the established policy. There are screenings for provision of suggestions and follow up on the action to manage the risk effectively, including regular reviews and evaluation of the risk management system.
2. The Audit Committee is responsible for reviewing the suitability and efficiency of risk management and the Company's risk management process to ensure that the established internal control and risk management are sufficiently effective, while reporting to the Board of Directors on the results of such risk review.
3. The Executive Committee is responsible for formulating direction for management and approving strategies as well as corporate policies that are significantly important parts of the company and provide advice on risk management in matters related to policies, supervision, and business plans of the Company.
4. The Chief Executive Officer is responsible for the implementation of this policy and supervision to ensure continuous compliance through the Risk Management Committee and/or the Risk Management Working Committee which consists of executives from the main departments of the Company with the Chief Executive Officer as the chairman.
5. The Company determines that corporate risk management complies with international standards with efficiency and effectiveness, ready to prepare Risk Appetite to be used as a criterion for determining strategies or appropriate measures to manage risks, and as a

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framework for risk management of all employees in the Company to be in the same direction.

6. The company has appointed a Risk Management Working Committee to be responsible for defining and operating according to the risk management plan, as well as reporting results to the Board of Directors, the Audit Committee, and/or the Executive Committee.
7. The company requires the identification and assessment of risks which will consider both external and internal factors that may affect the Company from achieving its objectives. This covers risks in 6 areas, namely:

- 1) Strategic Risk

Risks associated with strategic planning, action plan, and improper implementation of such plans, including changes from external and internal factors which affect strategy formulation or operations to achieve the main objectives, goals, and operational guidelines of the organization.

- 2) Financial Risk

Risks related to financial management, which may be a risk caused by internal factors such as liquidity management, credit, investment, or from external factors such as changes in interest rates, exchange rate, or the risk where the parties are unable to perform their obligations as agreed that affect the existence, resulting in damage to the organization.

- 3) Operational Risk

Risks associated with the operation of each process or activities within the organization, including risks associated with the management of information technology data, and various knowledge information to achieve the specified goals. Operational risks will affect the efficiency of the work process and achieving the main objectives of the organization.

- 4) Compliance Risk

Risks related to compliance with laws, rules, and regulations of various departments related to business operations of the Group of companies, which once arises, this risk will affect the reputation and image of the organization.

- 5) Fraud Risk

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Risks associated with fraud that may arise from the activities, processes, or operational procedures of the respective departments involving stakeholders and all parties inside and outside the organization that may cause fraud, which can be divided into 3 aspects:

- Fraud risks related to consideration of approval and/or permission
 - Fraud risks in transparency of the exercise of power and position
 - Fraud risks in requesting and/or budget expenditure
8. The company has established criteria for risk assessment, degree of risk identification, and guidelines for responding to risks to manage risks to an acceptable level, while considering the cost and benefits that will be obtained from the implementation of various guidelines.
 9. All executives and employees of the Company are responsible for identifying, analyzing, evaluating, and prioritizing the risks of their responsible departments, including setting guidelines and/or appropriate measures to manage risks according to their priorities.
 10. The Board of Directors can suggest improvements of the Risk Management Policy whenever appropriate, and the Risk Management Committee and/or the Risk Management Working Committee need to review the risk management framework, Risk Management Policy, including annual risk assessment of the organization. The Audit Committee will consider, approve, and present the latter to the Board of Directors for approval if there should be any change.

This policy has been reviewed and approved for additional amendments from the Board of Directors' Meeting No. 6/2022 held on 16 December 2022 and is effective from 16 December 2022 onwards.

(Asst. Prof. Dr. Terdsak Rojsurakitti)
Chairman, Board of Directors
Winnergy Medical Public Company Limited

2. Risk Assessment Criteria - Likelihood

Risk Assessment Criteria - Likelihood		
Likelihood	Probability	Frequency
(1) Low occurrence	≤ 25%	May occur once a year or not at all
(2) Moderate occurrence	26 – 50%	May occur 2-3 times a year
(3) High occurrence	51 – 75%	May occur once in a trimester or a month
(4) Very High occurrence	≥ 75%	May occur every day or every week

3. Potential Financial Impact

Degree of Risk	Color	Amount Worth (unit: million Baht)
Low	L	0-10 million Baht
Moderate	M	$> 10 \leq 20$ (over 10 million Baht, but below 20 million Baht)
High	H	$> 20 \leq 50$ (over 20 million Baht, but below 50 million Baht)
Crisis	C	> 50 (over 50 million Baht)

4. Impact Assessment Criteria

Sl. No.	Impact Severity Assessment	Degree of Impact			
		(1) Low	(2) Moderate	(3) High	(4) Crisis
Corporate Impact					
1	Business	The Company can continue to operate, no effect on the organizational strategy adjustment.	The Company can continue to operate, but the service provider adjusts the organizational strategies every four (4) months.	The Company can partially operate the business, but with a significant business interruption, the service provider adjusts the organizational strategy within two (2) months.	The Company terminates business operations permanently, the service provider adjusts the organizational strategy immediately.
2	Operation	Little impact on business operations where the Company can continue its business.	The operations of some businesses in certain parts are affected and able to resume business within one (1) month.	The operations of some businesses are severely affected, or significant business interruptions occur for more than one (1) month.	Permanent impact on business operations or significant business interruptions occur for more than one (1) week.
3	Sales	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) $< 1\% \leq 5\%$ (between below 1% to below or equals to 5%), <u>or</u> 2. Decrease in estimated sales/revenue $< 5\% \leq 10\%$ (between below 5% to below or equals to 10%).	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) $> 5\% \leq 10\%$ (between over 5% to below or equals to 10%), <u>or</u> 2. Decrease in estimated sales/revenue $> 10\% \leq 15\%$ (between over 10% to below or equals to 15%).	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) $> 10\% \leq 15\%$ (between over 10% to below or equals to 15%), <u>or</u> 2. Decrease in estimated sales/revenue $> 15\% \leq 20\%$ (between over 15% to below or equals to 20%).	1. Net Income (Net Income – Net Expenses) decreases from the previous year (Net Income) $> 15\%$ (over 15%), <u>or</u> 2. Decrease in estimated sales/revenue $> 20\%$ (over 20%).

Sl. No.	Impact Severity Assessment	Degree of Impact			
		(1) Low	(2) Moderate	(3) High	(4) Crisis
4	Finance	The collection period of each customer that affects the cash cycle and DE Ratio based on +/-2% higher/lower, highest/lowest ratio of the Company.	The collection period of each customer that affects the cash cycle and DE Ratio based on +/-5% higher/lower, highest/lowest ratio of <u>the Company</u> .	The collection period of each customer that affects the cash cycle and DE Ratio based on +/-10% higher/lower, highest/lowest ratio of <u>the Company</u> .	The collection period of each customer that affects the cash cycle and DE Ratio based on +/-20% higher/lower, highest/lowest ratio of the Company.
5	Reputation and Image				
5.1	Customer Satisfaction	1. Returns of products sold through Online and Offline channels < 20% (below 20%) of total invoices. 2. Respond to customer complaints from all channels within 1 business day. 3. The probability that the customer does not purchase the service/product again within 90 days.	1. Returns of products sold through Online and Offline channels > 20% ≤ 25% (over 20% but below or equals to 25%) of total invoices. 2. Respond to customer complaints from all channels within 1 business day. 3. The probability that the customer does not purchase the service/product again within 120 days.	1. Returns of products sold through Online and Offline channels > 25% ≤ 30% (over 25% but below or equals to 30%) of total invoices. 2. Respond to customer complaints from all channels > 1 week ≤ 1 month. 3. The probability that the customer does not purchase the service/product again within 270 days.	1. Returns of products sold through Online and Offline channels > 30% (over 30%) of total invoices. 2. Respond to customer complaints from all channels ≥ 1 month. 3. The probability that the customer does not purchase the service/product again within 365 days.
5.2	Impacted Persons	Have impacts on individuals.	Have impacts on specific departments or within a department.	Have impacts on several departments or the management.	Have impacts on the Company.
5.3	Prosecution / Complain	Complaints to departments within the Company and/or there is very little news that does not affect the image of the organization.	Complaints to external agencies and/or publish news in a limited area, where the news can be edited within 1-3 days.	Complaints to an external agency, there was compensation for damages, and/or news dissemination through various media.	Complaints to external agencies, there was compensation for damages, and/or news disseminated through various media and must be officially clarified to relevant agencies.

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SI. No.	Impact Severity Assessment	Degree of Impact			
		(1) Low	(2) Moderate	(3) High	(4) Crisis
6	Information Technology System				
6.1	System Interruption	System interruption period $> 1 \leq 6$ hours (between over 1 hour to below or equals to 6 hours).	System interruption period $> 6 \leq 12$ hours (between over 6 hours to below or equals to 12 hours).	System interruption period $> 12 \leq 24$ hours (between over 12 hours to below or equals to 24 hours).	System interruption period > 24 hours (over 24 hours).
6.2	Data Corruption	The database is partially corrupted, invalid, not current, and data recovery $< 50\%$ of partial database / non-significant permanent damage.	The database is partially corrupted, invalid, not current, and data recovery $> 50\%$ of the complete database.	$>50\%$ of important databases are permanently damaged.	The complete database is permanently damaged.
7	Laws, Rules, Regulations				
7.1	Penalty	No or little legal liability.	The Company is guilty where the Company can prove causing monetary fines $>10 \leq 20$ (over 10 million Baht but below 20 million Baht).	The Company is guilty where the Company can prove causing monetary fines $>20 \leq 50$ (over 20 million Baht but below 50 million Baht).	The Company is guilty where the Company can prove causing monetary fines >50 (over 50 million Baht).
7.1	Legal Punishment	Receiving a warning notice from the litigant and/or the victim.	Being subpoenaed for investigation by government agencies.	Being prosecuted by law / suspended of license.	Imprisonment / license revocation.
8	Human Resources				
8.1	Human Resources Management	The employee is warned verbally.	The employee is warned in writing.	The employee is subjected to disciplinary action and/or suspension without pay for a period of not more than seven (7) days.	The employee is being laid off or fired.

5. Degree of Risk Determination Criteria

Risk Map				
Impact	Likelihood			
	(1) Low Occurrence	(2) Moderate Occurrence	(3) High Occurrence	(4) Very High Occurrence
(1) Low	L	L	M	M
(2) Moderate	L	M	H	H
(3) High	M	H	H	C
(4) Crisis	C	C	C	C

6. Degree of Risk

Degree of Risk				
Impact	Likelihood			
	(1) Low Occurrence	(2) Moderate Occurrence	(3) High Occurrence	(4) Very High Occurrence
(1) Low	1	2	3	4
(2) Moderate	2	4	6	8
(3) High	3	6	9	12
(4) Crisis	4	8	12	16

7. Table of Risk Management Guidelines

Risk Management by Prioritization			
Degree of Risk	Score	Color	Risk Response
Low	1-2	L	Acceptable level, but must be cautious
Moderate	3-4	M	Relevant departments can manage the risk by <u>following the procedures</u>
High	5-9	H	The management and relevant departments must take action to control and manage the risks <u>immediately and control not to elevate to the critical level.</u>
Crisis	10-16	C	The management and relevant departments must <u>urgently and immediately act on risk management.</u>