

Risk Management Policy



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Risk Management

Asia Aviation is aware and realises the importance of risk management in order to achieve effectiveness and efficiency in the Management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation operates its business by holding shares in Thai AirAsia therefore, risk management system has been established for Thai AirAsia which is its subsidiary and operates core business with details as follows:

Risk Management Committee consists of Executive Chairman, Chief Executive Officer and the Management together with Head of departments and Risk Management Department to manage internal and external risks that may affect operation to an acceptable and appropriate level by evaluating and examining evaluation results from all departments and revising policy regarding risk management annually. The member of Risk Management Committee as follows;

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| 1. Mr. Tassapon Bijleveld | Advisor of Risk Management Committee |
| 2. Mr. Santisuk Klongchaiya | Chairman of Risk Management Committee |
| 3. Mr. Phairat Pornpathananagoon | Risk Management Committee |
| 4. M.L. Bovornovadep Devakula | Risk Management Committee |
| 5. Mr. Damrong Phaspipatkul | Risk Management Committee |
| 6. Mr. Banyat Hansakul | Risk Management Committee |

Scope of Duties and Responsibilities of the Risk Management Committee

1. Drive and inculcate a risk culture throughout the Company
2. Oversee the development and implementation of a consistent approach to both Risk Management across the Company (including the identification, assessment and management of risks) to all departments and Business Continuity Management (covering risk assessment, business impact analysis, recovery strategy, business continuity plan and crisis management) to ensure effective continuance of business operations in the event of a disruptive incident.
3. Review and recommend changes as needed to both of the Risk Management and Business Continuity Management strategies, frameworks, policies and procedures prior to submission and presentation to the Audit Committee for final discussion prior to submission and presentation to Board of Director for the approval.
4. Consider changes to the risk profiles arising from any changes from the approved strategic business plans of the Company and notify the Audit Committee on any relevant matters deemed to be of major importance.
5. Oversee the reporting and always monitoring of risks, namely: Each risk is assigned a risk owner responsible for the management, monitoring and reporting of risks particularly significant risks Mitigation/ action plans are acted upon, monitored and addressed.

6. Review quarterly Enterprise Risk Management and Business Continuity Management reports (relating to the Company's enterprise risk profiles, progress of risk management activities, and the assessment of the Company's key risks and the status of the BCM programme and incident reports)

7. Provide a risk management working group as necessary by supporting manpower budget and other necessary resources including the availability of various systems related to be ensured which are adequate and consistent with the scope of responsibility for risk management in all matters.

8. Ensure that adequate Risk Management training/ awareness sessions are in place to support the Company's employees in their understanding of risk management and fulfillment of risk management practices.

9. Ensure that adequate Business Continuity Management training/ awareness sessions are in place to support all employees in their understanding of the BCM programme and familiarity of their respective roles and responsibilities in the event of a disruptive incident.

10. Ensure that the Business Management Continuity programme and crisis management/ response plans are tested and audited periodically to ensure the effectiveness and preparedness of response during a crisis.

Thai AirAsia's Board of Directors has approved the policy and guideline in risk management for each department to adopt in evaluating, analysing, ranking, and setting direction and strategy to manage risks, along with setting scopes and responsibilities of each relevant department with details of policy, process, risk management framework, as follows:

Principle and Policy

1. Thai AirAsia is aware that risk is the main factor in business operation from setting the strategy and business plan, to daily business operation. The Company aims to manage risks to the acceptable level and uses resources in an effective and efficient manner.

2. Risk management is part of the organisation culture that is communicated and assigned to the Management and all employees to realise its importance, and to participate in all the process of risk management.

3. The Management and employees together with the Risk Management Department jointly identify, evaluate, and set up risk management by quarterly.

4. Risk Management Committee evaluates the framework for risk management annually and prepares a report.

5. Each step of risk management shall be reported in writing.

Framework for Risk Management

1. Roles and responsibilities of each unit on risk management include:

- Board of Directors and Chief Executive Officer identify direction and strategy, and set up structure and overall environment for the Company to support risk management effectively. Board of Directors also evaluates risk assessment and risk management plan, and approves the operation according to plan.
- Risk Management Committee specifies risk management policy to cover all risks in management, considers and approves risk management plan, establishes working groups and evaluates, assesses, monitors, reports systematically, and recommends risk management process to each unit, and constantly monitors and reports the results to the Audit Committee.
- The Audit Committee examines the risk management to ensure that risks are managed and controlled effectively and at the acceptable level.
- The Internal Audit Department examines the internal control system in the area related to risks specified by the Management as significant, examines the overall risk management procedure, and prepares all the results for report to the Company's Board of Directors, Audit Committee, and other relevant units.
- Process owners identify, analyse, manage and evaluate risks in their own areas of responsibilities.

2. The aim is to summarise the principle and process adopted by Thai AirAsia in managing risks by jointly apply the policy and process for risk management to identify and manage risks that have the tendency to affect the efficiency and growth of Thai AirAsia.

3. Risk management process includes setting up objectives, goals, and strategies for risk identification, risk assessment, risk evaluation, risk management, and risk monitoring and reporting.

The operation has followed the framework for risk management under International Organization for Standardization (ISO) 31000 as follows:

1. Considering the characteristics of existing or future risks by identifying events or risk factors that may affect or contribute to the achievement of the organisation's and operational goals appropriately by considering risks from the internal operation, laws, society, politics, and external environment, and assigning all departments to identify and categorise risks systematically, and monitoring changes and reporting to the Management or relevant party regularly.

2. Evaluating risk by specifying criteria for evaluation at each level appropriately at the organisational and operational level, and qualitatively and quantitatively evaluating level of risk by considering both acceptable and unacceptable risks in two aspects, which are the impact of the risk taking place and the possibility of the risk for taking place by specifying the level of risk as high, medium or low and also evaluate any gaps from the implementation and address those gaps within framework to enhance Risk Management.

3. Setting strategy to respond to risk at each level and overall risk by avoiding, reducing, averting, and accepting risk, to ensure that all alternatives are efficiently and worthily considered by managing the high risk first to reduce the possibility and impact of the risk.

4. Each department heads controls, evaluates, and monitors results of risk management to keep it to the acceptable and appropriate level, and regularly revises changes or increases of risks in a risk evaluation report to the Top Management.

5. Risk Management Committee follows up on the success of risk management by considering the plan of the Management who is responsible for risk factors and the result of the credible evaluation from operation. In each meeting, Risk Management Committee assigns the responsible Management to report the result of risk management for the Audit Committee's acknowledgement.

6. The component of the framework and the way in which each department works together with Risk Management should be customized according to the needs of the organization and based on ISO 31000 as indicated.