ALLY REIT

Risk Management Policy and ERM Framework

ALLY Freehold and Leasehold Real Estate Investment Trust

ALLY REIT MANAGEMENT CO., LTD., in its capacity as the REIT Manager, recognizes its responsibility in managing the REIT based on the principles of sustainability in business operations. The company is committed to risk management within the framework of enterprise risk management (ERM), which is a key component in advancing toward good corporate governance.

The company firmly believes that effective risk management is a critical process that enables both the company and the trust under its management to achieve their objectives, respond efficiently to changes in the business environment, and enhance resilience.

It also builds stakeholder confidence, creates long-term value, strengthens competitiveness in an increasingly complex market, and helps mitigate potential risks to operational performance and organizational reputation.

The company therefore establishes a risk management policy that covers both the corporate level and the REIT level as follows

Definitions

Company	**Means** ALLY REIT MANAGEMENT CO., LTD.,
REIT	**Means** ALLY Freehold and Leasehold Real Estate Investment Trust
Risk	**Means** An uncertain event or circumstance that may cause current plans or operations to fail in achieving the set objectives or goals, ultimately resulting in impacts or damages to the organization - either in terms of financial loss or damage to the organization's image and reputation.
Enterprise Risk Management	**Means** a process applied by the Board of Directors, management, and all personnel within the organization to support strategy setting and operations. The risk management process is designed to identify potential events that may affect the organization and to manage risks within the organization's risk appetite, in order to provide reasonable assurance regarding the achievement of the organization's objectives.

Risk Management Policy for Companies and REIT

- Risk management is defined as a responsibility of employees at all levels, who must be aware of the risks associated with their departmental and organizational operations. Emphasis shall be placed on managing all types of risks at an appropriate and sufficient level.

- The Company shall establish an enterprise risk management process in accordance with international best practices, specifically the COSO ERM framework. This process shall encompass risk management related to information technology and risks that impact sustainability, including environmental, social, and governance (ESG) risks. The objective is to ensure that risk management for both the Company and the Trust is effective, promotes continuous improvement, and is implemented consistently across the organization. Risk management shall be integrated into decision-making, strategic planning, operational planning, and day-to-day operations, with a focus on achieving the defined objectives, goals, vision, mission, and strategies. This approach aims to foster operational excellence and enhance stakeholder confidence.

- Preventive and mitigating measures have been established to manage operational risks of the Company and the Trust in order to avoid or minimize potential damage. In addition, risk management performance is regularly monitored and evaluated.

- Risk management activities are reported directly to the Chief Executive Officer, as well as to the Risk and Sustainability Management Committee and/or the Board of Directors.

Enterprise Risk Management Framework

The Company has established a risk management process to ensure that risk management procedures and methods are systematic and consistently applied throughout the organization. The key steps of the enterprise risk management process consist of the following eight steps.

- **Internal Environment**
- **Objective Setting**
- **Event Identification**
- **Risk Assessment**
- **Risk Response**
- **Control Activities**
- **Information and Communication**
- **Monitoring**

1.   Internal Environment

The internal environment of the organization forms a fundamental basis for risk management. It influences the setting of organizational strategies and objectives, as well as the identification, assessment, and management of risks.

The internal environment of the organization refers to various factors such as ethics, working methods of management and personnel, management structure, and the delegation of authority and responsibilities. Management must encourage participation and collaboration with employees throughout the organization, resulting in the development of risk awareness, understanding, and control among all employees.

2. **Objective Setting**

An organization should clearly define its business objectives to ensure that they align with strategic goals and the level of risk the organization is willing to accept, managing them within the framework o Risk Appetite and Risk Tolerance.

3. **Event Identification**

In the event identification process, all potential risk factors should be considered, such as strategic, financial, personnel, legal, operational, communication, system, environmental risks, the relationships between possible events, and sources of risk from both the internal and external organizational environments.

Internal organizational environment These are the internal factors within the organization that influence the organization's objectives.	External organizational environment These are the external elements outside the organization that influence the organization's objectives/goals
▪ The organization's capabilities in terms of resources and knowledge, such as capital, time, personnel, processes, systems, and technology. ▪ Information systems, data flow, and both formal and informal decision-making processes. ▪ Internal stakeholders ▪ Organizational policies, objectives, and strategies ▪ Perception, values, and organizational culture ▪ Standards developed by the organization ▪ Structure, such as management systems, roles, and responsibilities	▪ Culture, politics, laws, regulations, finance, technology, economy, and the competitive environment both domestically and internationally. ▪ Key drivers and emerging trends that influence the achievement of organizational objectives ▪ Recognition and perceived value of external stakeholders

The identification of events may be conducted through interviews with senior executives or the departments responsible for the plans or operations. Key risk issues that have attracted attention or caused concern are then gathered to develop the organization's Corporate Risk Profile.

The company has classified risks into four categories as follows.

Strategic Risk	Strategic risk relates to the improper formulation, implementation, or execution of strategic plans and operational plans. It also includes risks arising from external and internal factors that affect the development of strategies or the operations aimed at achieving the organization's objectives, goals, and operational directions.
Operational Risk	Operational risk relates to the activities and processes within each department of the organization, including risks associated with managing information technology and knowledge data. These risks affect the achievement of operational goals. Operational risk impacts the efficiency of work processes and the overall accomplishment of the organization's key objectives.
Financial Risk	Financial risk relates to the management of financial affairs and may arise from internal factors such as liquidity management, credit management, and capital management, or from external factors such as changes in interest rates, exchange rates, or the risk that counterparties fail to fulfill their contractual obligations. These risks impact the organization's sustainability and may cause losses to the organization.
Compliance Risk	Compliance risk arises from the failure to comply with relevant regulations and requirements imposed by regulatory authorities, such as the Securities and Exchange Commission, as well as laws related to the business operations of the Stock Exchange Group. It also includes risks stemming from the inability to adhere to policies and procedures established by the Stock Exchange. Such risks can adversely affect the organization's reputation and overall image.

4.   Risk Assessment

Risk assessment is the step that follows risk identification. The risk assessment consists of two main processes, based on the principle of prioritizing risks (Risk - Based Method).

Likelihood refers to the probability of a risk event occurring. Both the likelihood and the level of impact are categorized into five levels. Impact refers to the severity of the consequences resulting from the risk event, also divided into five levels. Risk assessment is conducted using a Risk Heat Map to prioritize risks and to plan appropriate measures for subsequent risk response actions.

RISK HEAT MAP	Likelihood				
Impact	Medium	Medium	High	High	High
	Medium	Medium	Medium	High	High
	Low	Medium	Medium	Medium	High
	Low	Low	Medium	Medium	Medium
	Low	Low	Low	Medium	Medium

5.   Risk Response

The risk management plan shall be presented to the executive management meeting for review and approval of the necessary resource allocation (if any). The most appropriate risk management approach considers the organization's risk appetite by balancing the costs incurred against the benefits expected, as well as compliance with applicable laws and other requirements related to social responsibility.

Risk appetite refers to the level of risk that an organization is willing to accept in order to operate its business and achieve its established objectives.

Guidelines for Risk Management

Avoid	It is an action taken to avoid events that cause risks. This approach is typically used when the risk has a high impact and cannot be eliminated or managed to an acceptable level
Share / Transfer	It involves sharing or transferring all or part of the risk to an external individual or organization to help alleviate the risk, such as by purchasing an insurance policy.
Reduce	It is the implementation of measures to reduce the likelihood of risk events or minimize their potential impacts to an acceptable level, such as preparing a contingency plan.
Accept	Residual risk refers to the current level of risk that is acceptable without the need for further actions to reduce its likelihood or impact. This approach is typically applied to risks where the cost of managing them outweighs the benefits gained.

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6. Control Activities

Control activities are policies and procedures established to ensure that risk management remains at an acceptable level, thereby preventing any adverse impact on the organization's objectives. Since each organization defines its objectives and risk-triggering events differently, control activities - which may vary in nature - can be categorized into four types.

Preventive Control	It is a control method established to proactively prevent risks and errors from occurring.
Detective Control	It is a control method established to identify errors that have already occurred.
Directive Control	It is a control mechanism that promotes or encourages the achievement of…
Corrective Control	It is a control method established to correct errors that have occurred and to prevent their recurrence in the future.

7. Information and Communication

Information is vital for organizations to effectively identify, assess, and manage risks. Relevant information, obtained from both internal and external sources, must be accurately recorded and communicated to personnel in an appropriate format and in a timely manner. This ensures that all personnel can fulfill their duties and responsibilities effectively, including the reporting of risk management activities. Through effective communication, everyone within the organization remains informed about the risks encountered and the results of risk management efforts.

Effective communication should encompass top-down, bottom-up, and lateral exchanges across all levels and departments within the organization.

8. Monitoring

The risk management process carried out within the organization requires communication regarding risk assessment and monitoring of risk management progress. It involves monitoring trends of key risks as well as the continuous occurrence of anomalies, to ensure adequate monitoring as follows.

- The Risk Owner regularly and appropriately monitors, assesses, analyzes, and manages the risks under their responsibility.
- Risks that impact the achievement of the organization's objectives are reported on the progress of risk management and risk trends directly to the Chief Executive Officer, as well as to the Risk and Sustainability Committee and/or the Board of Directors.
- The internal control system established is adequate, appropriate, and effective, and is implemented to prevent or mitigate potential risks. Furthermore, the internal controls are regularly reviewed and updated to ensure alignment with evolving circumstances or risks.

This policy shall take effect from January 1, 2025 onwards.

Mr. Kavin Eiamsakulrat

Chief Executive Officer (CEO) of the REIT Management Company

(November 19, 2024)