

TSRC Enterprise Risk Management Policy

Purpose

This policy outlines the risk management framework utilized by TSRC to manage the multiple risks which the enterprise faces in order to deliver TSRC strategic business objectives and ensure long term sustainability of the enterprise.

Key Principles

1. A comprehensive annual (or sooner if new risks arise) review and assessment of the identified risks faced by the enterprise.
2. Risk level is determined based on a function of probability and impact severity.
3. Focused actions with timeline and ownership are determined based on prioritization of the risk inventory.
4. Each risk identified must have corresponding counter measures/actions to reduce and minimize risk level even though it is not possible to totally eliminate risks.

Scope

The scope of TSRC enterprise risk management includes:

1. Risk identification
2. Risk assessment – trend, occurrence probability, impact
3. Risk prioritization
4. Action plan for top priority risks – to control, minimize, eliminate
5. Report and disclosure

Oversight and Responsibilities

Risk management, much like safety, is everyone's responsibility. Nevertheless, leadership must take overall responsibility and accountability to ensure an effective risk management culture and ecosystem.

The Board of Directors oversees TSRC's overall risk exposure and takes on a supervisory role in the effective implementation of the risk management system and process.

The CEO takes on the primary accountability, together with the executive leadership team, for risk management at TSRC. This includes the identification, assessment, prioritization, action plan implementation, and reporting and disclosure of the risks. The executive leadership team is also responsible for good daily operations and business management based on a rational and controlled risk mindset.

The Audit office is responsible, through planned and ad hoc audits, for validating and ensuring risks are being well managed and minimized.

Implementation Framework and Process

The detailed implementation framework and process are documented in the TSRC Enterprise Risk Management Implementation Manual.

It is everyone's responsibility to be mindful of risk to the enterprise when performing one's role and make one's best effort to minimize risk incurred and/or highlight severe risks to the relevant supervisor. Priority risks which require specific and concerted actions are documented with accountability assigned.

TSRC Enterprise Risk Management is an annual business process as stated in the implementation manual. This is to ensure that the risk profile is refreshed and updated, in line with external changes, to capture new and enhanced risks as well as reduction in risks due to effective mitigation.

Risk Categories

TSRC faces multiple and increasing risks in view of market volatility and external changes. The risks relevant to and regularly tracked by TSRC cover the following broad categories:

1. Strategic risk
2. Contract Management and Compliance risk
3. Asset Management and Subsidiary Management risk
4. Financial risk
5. Operating risk
6. Geo-regional and industry risk
7. ESG related risk

8. R&D and Intellectual Properties Management risk
9. Information Technology, Cybersecurity, and Technology risk

Reporting and Disclosure

CEO is required to report out, at least annually, to the Board on the status and implementation outcome of risk management. This is carried out at Board Meetings and via CEO Quarterly Reports. The key outcomes of the enterprise risk management will be appropriately disclosed in the Company Annual Report and Sustainability Report.