

## **Internal Control Policy**

The Board of Directors of Thai Reinsurance Public Company Limited has recognized the importance of having an appropriate and effective internal control system that suits the nature of non-life reinsurance business. The Board, therefore, has put in place an internal control policy that is in line with the Company's risk management policy and adheres to the principle of good corporate governance and business transparency with the intention to enhance insurance stability, build trust in business, strengthen business efficiency, and prevent any potential loss in a timely manner.

Internal control has been integrated into all levels of the Company's business operations, covering both financial activities and core activities. The explicit internal control processes that have been put in place would enable the Company's executives and all employees to carefully perform their duties to achieve the Company's objectives and ensure that every aspect of business operations complies with the applicable laws and regulations.

The Company's internal control system is in line with the COSO's internal control framework which entails five interrelated key elements as follows:

### 1. Control Environment

The Company's organization structure to oversee internal control and risk management has been set up based on the three lines of defense model. Roles, duties and responsibilities are explicitly defined for all functions. Policies and procedures on business ethics and integrity have been put in place along with the Company's code of conduct and good corporate governance policy to enable the Company to achieve sustainable growth.

### 2. Risk Assessment

Risk assessment must be performed on all core activities. Effective key risk indicators (KRIs) must be developed while appropriate risk management measures must be put in place to ensure that all key risks are managed within their risk appetite.

### 3. Control Activities

The Company must implement an effective internal control mechanism for all core activities and other activities. The Company's core activities include 1) product design and development 2) pricing 3) premium collection 4) underwriting 5) claims management 6) reinsurance 7) investment 8) asset and liability management, and 9) outsourcing.

The Company's policies, manuals, procedures, and guidelines must be developed for all key activities, with the explicit roles, duties, and responsibilities for each related process and must comply with all applicable rules and regulations especially the OIC Notifications on money handling, internal audit, and internal control.

### 4. Information and Communication

The Company must put in place an effective and efficient information system that are able to generate useful reports and data analysis that provides business insights in a timely manner. In addition the Company's information system must be able to support data and report submission to relevant regulators in an accurate and timely manner.

5. Monitoring Activities

The Company must monitor and assess its internal control effectiveness periodically to ensure that any potential risks that might affect the Company is proactively managed and any possible downside impacts to the organization is minimized and properly managed.