

INVESTMENT RISK MANAGEMENT

AURA.CO.TH

1. Overview

Investment risk management is an essential part of responsible capital ownership. Every investment involves uncertainty, and the ability to identify, understand and evaluate potential risks is fundamental to making informed financial decisions.

At Aura, investment risk management forms part of the broader framework through which investment opportunities are assessed, capital is deployed and existing investments are reviewed.

As a privately owned, family-controlled international investment company, Aura approaches risk management with a focus on protecting its own family-owned capital, maintaining financial discipline and understanding the potential consequences of investment decisions over time.

Risk management does not mean avoiding every investment involving uncertainty. Rather, it involves recognising the nature of potential risks, evaluating their possible financial impact and determining whether the risks are appropriate in

relation to the investment's economic characteristics and objectives.

Aura may consider risks arising from financial markets, individual businesses, asset valuations, financing arrangements, liquidity, operations, technology, regulation, geopolitical developments and broader economic conditions.

The objective is to establish a disciplined understanding of risk before capital is committed and to maintain appropriate oversight throughout the investment lifecycle.

2. Aura's Risk Management Philosophy

Aura's approach to investment risk management is founded on careful analysis, informed judgement and responsible ownership.

An investment should not be evaluated solely on its expected financial return. Its potential vulnerabilities, capital requirements, downside scenarios and ability to withstand adverse conditions must also be considered.

The company's risk management philosophy may be guided by the following principles:

- Protecting the financial integrity of family-owned capital.
- Identifying material risks before investment commitments.
- Understanding the relationship between risk and potential return.
- Maintaining appropriate financial flexibility.
- Avoiding unnecessary financial exposure.
- Evaluating the quality and reliability of information.
- Considering both individual investment risks and broader portfolio exposure.
- Monitoring changing market and operating conditions.
- Reviewing investment assumptions when circumstances change.
- Supporting informed and accountable investment decisions.

Risk management is regarded as an ongoing responsibility rather than a process limited to the initial investment assessment.

3. Risk Identification

The first stage of risk management involves identifying the factors that could adversely affect an investment.

Different investments may be exposed to different types of risk. A publicly listed company may be sensitive to market volatility and changes in investor sentiment, while a private business may face operational, financing or customer concentration risks.

An infrastructure investment may involve construction, regulatory and long-term operating risks. A real estate investment may be exposed to occupancy, financing, maintenance and property-market conditions.

Aura may identify potential risks through:

- Investment research.
- Financial statement analysis.
- Business and industry assessment.
- Management evaluation.
- Legal and regulatory review.
- Operational due diligence.

- Market analysis.
- Financial modelling.
- Scenario analysis.
- External specialist assessments.

The purpose is to develop a sufficiently comprehensive understanding of the factors that could affect the financial and commercial outcome of an investment.

4. Risk Assessment and Measurement

Identifying a risk is only the beginning. Its potential significance must also be assessed.

Aura may evaluate risks according to their likelihood, possible financial impact, duration, interconnectedness and potential effect on the investment's underlying value.

Relevant considerations may include:

- Probability of an adverse event.
- Potential loss of invested capital.
- Impact on cash flow.

- Effect on business operations.
- Financing and repayment implications.
- Liquidity consequences.
- Potential recovery value.
- Time required to resolve the issue.
- Impact on other investments.

Risk measurement may use quantitative analysis, qualitative assessment or a combination of both.

Financial models can help estimate possible outcomes, but they cannot capture every uncertainty. Accordingly, analytical results should be considered alongside independent judgement and relevant qualitative information.

5. Market Risk

Market risk arises from changes in financial-market conditions that may affect the value or performance of an investment.

These changes may include movements in equity prices, bond yields, interest rates, exchange rates, commodity prices and broader market valuations.

Aura may evaluate market risk in relation to:

- Equity-market volatility.
- Interest-rate movements.
- Bond-market conditions.
- Commodity-price changes.
- Currency fluctuations.
- Market liquidity.
- Investor sentiment.
- Changes in market valuations.
- Economic-cycle developments.

Market movements may influence investments even when the underlying businesses or assets continue to operate effectively.

Understanding market exposure is therefore important when evaluating the potential financial impact of changing economic and investment conditions.

6. Equity Market Risk

Equity investments may be exposed to changes in share prices resulting from company performance, market sentiment, economic developments and industry-specific factors.

Aura may assess equity-market risk by examining:

- Business fundamentals.
- Revenue and earnings sensitivity.
- Competitive positioning.
- Valuation levels.
- Financial leverage.
- Market liquidity.
- Corporate governance.
- Industry concentration.
- Share-price volatility.

A decline in market prices may occur even when a company's long-term business prospects remain intact.

However, a sustained decline may also reflect deteriorating fundamentals, financial weakness or structural changes in the industry.

The distinction between temporary market movements and permanent impairment of underlying value is an important consideration in equity investment analysis.

7. Interest Rate Risk

Interest-rate changes can affect the valuation, financing costs and cash-flow characteristics of different investments.

Higher interest rates may increase borrowing costs, reduce the affordability of financing and place pressure on businesses with substantial debt.

They may also influence property valuations, infrastructure financing, bond prices and the relative attractiveness of different asset classes.

Aura may consider:

- Existing borrowing arrangements.
- Variable-rate debt exposure.
- Fixed-rate financing.
- Refinancing requirements.
- Bond duration.
- Interest coverage.

- Debt maturity profiles.
- Sensitivity of asset valuations to discount rates.

Interest-rate scenarios may be incorporated into financial analysis to understand how changing borrowing conditions could affect an investment.

8. Foreign Exchange Risk

International investments may involve financial exposure to multiple currencies.

Exchange-rate movements can influence investment valuations, operating costs, revenues, financing obligations and the value of distributions received from overseas investments.

Aura may assess currency exposure according to:

- Investment denomination.
- Operating currency.
- Revenue currency.
- Cost structure.
- Debt currency.

- Expected cash flows.
- Geographic exposure.
- Potential currency mismatches.

An investment may perform well in its local currency while producing a different financial result when translated into another currency.

Currency risk may therefore be considered as part of the overall investment assessment.

Where appropriate and economically justified, currency-risk management techniques may be evaluated according to their costs, benefits and limitations.

9. Credit Risk

Credit risk is the possibility that a borrower, issuer, counterparty or contractual party may fail to meet its financial obligations.

This risk may arise through fixed-income investments, private credit transactions, corporate lending, trade-related exposures and other financial arrangements.

Aura may evaluate credit risk through:

- Borrower financial strength.
- Debt-service capacity.
- Cash-flow stability.
- Existing indebtedness.
- Collateral quality.
- Seniority of claims.
- Contractual protections.
- Covenant structures.
- Repayment schedules.
- Counterparty reliability.

Credit assessment should consider both the borrower's present financial condition and its ability to meet obligations under less favourable economic conditions.

10. Liquidity Risk

Liquidity risk arises when an investment cannot be converted into cash within an appropriate period or without accepting a significant reduction in value.

Publicly traded securities may offer greater market liquidity than private businesses, real estate or long-term infrastructure assets, although liquidity can deteriorate during periods of market stress.

Aura may evaluate liquidity risk through:

- Expected investment duration.
- Market trading activity.
- Potential transaction costs.
- Restrictions on transfers.
- Contractual lock-up periods.
- Redemption conditions.
- Capital commitment schedules.
- Expected cash requirements.
- Potential exit routes.

Liquidity considerations are particularly important when investments involve long development periods, limited secondary markets or substantial future funding obligations.

The objective is to understand how readily capital may be accessed and whether the investment structure is consistent with the company's financial requirements.

11. Leverage and Financing Risk

Borrowing can increase the financial resources available for investment, but it can also magnify potential losses and create additional obligations.

Aura may assess financing risk by examining:

- Total debt exposure.
- Debt maturity.
- Interest costs.
- Repayment capacity.
- Loan covenants.
- Collateral requirements.
- Refinancing conditions.
- Cash-flow coverage.
- Financial flexibility.

- Sensitivity to interest-rate changes.

Excessive leverage may place pressure on an investment during periods of reduced revenue, higher financing costs or declining asset values.

Financing structures should therefore be evaluated in relation to the underlying asset, expected cash flows and the company's capacity to withstand adverse conditions.

12. Business and Corporate Risk

Investments in operating businesses involve risks associated with their commercial activities, financial condition, competitive environment and management.

Aura may assess business risk through:

- Revenue concentration.
- Customer relationships.
- Supplier dependence.
- Competitive pressures.
- Product relevance.
- Pricing power.

- Operating margins.
- Working capital.
- Management capability.
- Corporate governance.
- Business continuity.

An attractive market does not necessarily guarantee that an individual business will succeed.

The company's competitive position, execution capability and financial structure remain central to the assessment.

13. Operational Risk

Operational risk arises from failures or weaknesses in business processes, systems, personnel, infrastructure or internal controls.

Such risks may affect both individual investments and the organisations responsible for operating them.

Potential areas of exposure include:

- Process failures.
- Human error.

- Internal control weaknesses.
- Supply-chain disruption.
- Equipment failure.
- Inadequate maintenance.
- Fraud.
- Business interruption.
- Inaccurate reporting.
- Third-party service failures.

Aura may consider operational resilience as part of its investment assessment and ongoing ownership review.

For operating businesses and physical assets, operational due diligence may help identify vulnerabilities that are not immediately visible through financial statements.

14. Management and Governance Risk

The quality of management and corporate governance can materially influence investment outcomes.

Weak leadership, inadequate controls, conflicts of interest or poor decision-making may undermine the financial and commercial position of an otherwise attractive business.

Aura may assess:

- Management experience.
- Leadership capability.
- Decision-making quality.
- Board oversight.
- Ownership alignment.
- Internal controls.
- Financial reporting.
- Related-party transactions.
- Conflict-of-interest arrangements.
- Succession planning.

Governance risk is particularly relevant where an investment involves significant ownership rights, operational dependence or long-term capital commitments.

15. Regulatory and Legal Risk

Investments may be affected by changes in laws, regulations, licensing requirements, taxation, contractual obligations and regulatory interpretation.

These risks can influence business operations, transaction structures, profitability and the ability to hold or transfer certain assets.

Aura may consider:

- Applicable corporate laws.
- Investment and ownership regulations.
- Tax requirements.
- Licensing obligations.
- Competition law.
- Employment regulations.
- Environmental requirements.
- Data-protection rules.
- Contractual enforceability.
- Cross-border investment restrictions.

Legal and regulatory considerations may vary significantly across jurisdictions and investment categories.

Where necessary, specialist legal, tax and regulatory advice may be considered as part of the due-diligence process.

16. Geopolitical Risk

Geopolitical developments can affect investment conditions through changes in government policy, international relations, trade restrictions, sanctions, political instability and regional conflicts.

These developments may influence market access, supply chains, currency movements, financing conditions and asset valuations.

Aura may assess geopolitical exposure by considering:

- Political stability.
- Government policy.
- International relations.
- Trade restrictions.
- Sanctions exposure.
- Foreign ownership rules.

- Regional security.
- Capital controls.
- Changes in taxation.
- Cross-border transaction conditions.

Geopolitical risk may be difficult to quantify and can change rapidly.

Accordingly, the assessment should consider both direct exposure and indirect consequences through markets, counterparties and supply chains.

17. Country and Jurisdictional Risk

Different countries and legal jurisdictions present different economic, financial, political and regulatory environments.

Aura may evaluate jurisdictional risk when considering investments, ownership arrangements and cross-border transactions.

Relevant factors may include:

- Legal-system reliability.
- Property rights.

- Contract enforcement.
- Political and institutional stability.
- Tax frameworks.
- Capital movement restrictions.
- Currency convertibility.
- Foreign investment rules.
- Regulatory transparency.
- Financial-market infrastructure.

The legal and commercial environment of a jurisdiction can materially influence the security, operation and eventual realisation of an investment.

18. Counterparty Risk

Counterparty risk arises when another party involved in a transaction or contractual arrangement fails to fulfil its obligations.

Potential counterparties may include banks, lenders, suppliers, customers, insurers, business partners, contractors and financial institutions.

Aura may consider:

- Counterparty financial strength.
- Creditworthiness.
- Contractual obligations.
- Operational reliability.
- Reputation.
- Collateral arrangements.
- Settlement procedures.
- Concentration of exposure.
- Alternative counterparties.

Counterparty assessment is relevant to both direct investments and the supporting financial arrangements associated with them.

19. Valuation Risk

Valuation risk arises when the estimated value of an investment differs materially from its eventual economic value or achievable realisation price.

This may occur because of incomplete information, uncertain assumptions, market volatility, limited transaction evidence or changes in business conditions.

Valuation risk can be particularly significant in private businesses, real estate, infrastructure and other assets that do not have continuously observable market prices.

Aura may consider:

- Reliability of financial information.
- Valuation methodology.
- Assumption sensitivity.
- Comparable transaction quality.
- Discount-rate selection.
- Forecast uncertainty.
- Asset condition.
- Market liquidity.
- Potential disposal value.

A valuation should be understood as an estimate based on available information and assumptions, not a guarantee of future realisation proceeds.

20. Concentration Risk

Concentration risk arises when a substantial proportion of investment capital or financial exposure is dependent on a limited number of investments, sectors, counterparties, markets or economic drivers.

Aura may evaluate concentration at several levels:

- Individual investment exposure.
- Industry concentration.
- Geographic concentration.
- Currency concentration.
- Counterparty dependence.
- Financing concentration.
- Customer concentration.
- Supply-chain concentration.

Concentration may sometimes be a deliberate result of a high-conviction investment strategy, but it can also increase vulnerability to adverse developments affecting a particular business or market.

The assessment should consider whether the potential benefits of concentration justify the additional exposure.

21. Technology and Cybersecurity Risk

Technology-related risks may affect the operations, financial performance and information security of businesses and investment-related activities.

Potential threats include:

- Cyberattacks.
- Data breaches.
- System outages.
- Ransomware.
- Unauthorised access.
- Technology obsolescence.
- Software failures.
- Third-party technology dependence.
- Inadequate data protection.

- Artificial intelligence-related vulnerabilities.

Aura may consider the quality of an organisation's technology infrastructure, cybersecurity arrangements, data governance and business continuity capabilities.

For technology-dependent businesses, these factors may represent important elements of operational and investment risk.

22. Artificial Intelligence and Emerging Technology Risk

Emerging technologies can create commercial opportunities while introducing new forms of uncertainty.

Artificial intelligence, automation, advanced computing and digital platforms may change business models, competitive dynamics and operating requirements.

Aura may assess:

- Technology reliability.
- Data quality.
- Intellectual property rights.
- Cybersecurity.

- Regulatory developments.
- Model limitations.
- Operational dependence.
- Technology adoption.
- Competitive disruption.
- Long-term commercial sustainability.

The assessment should distinguish between demonstrated commercial capabilities and projected benefits that remain uncertain.

23. Environmental and Climate Risk

Environmental and climate-related factors may influence the financial performance, operating conditions and long-term value of certain investments.

Physical risks may arise from extreme weather, flooding, heat, water scarcity, natural disasters and other environmental events.

Transition risks may arise from changing regulations, energy policies, technology developments, market preferences and

the costs associated with adapting to lower-emission economic systems.

Aura may consider:

- Physical asset exposure.
- Climate vulnerability.
- Energy efficiency.
- Environmental compliance.
- Resource availability.
- Water and land use.
- Transition expenditure.
- Insurance availability.
- Environmental liabilities.

The relevance and materiality of these factors may vary according to the investment's sector, location and operating model.

24. Social and Human Capital Risk

Social and workforce-related factors may affect business continuity, reputation, operating performance and long-term commercial sustainability.

Potential areas of consideration include:

- Employee safety.
- Workforce retention.
- Labour relations.
- Skills availability.
- Employment practices.
- Community relationships.
- Customer welfare.
- Supply-chain standards.
- Human rights considerations.

Aura may consider whether these factors could create material operational, legal or reputational exposure.

The assessment should reflect the nature of the business and the markets in which it operates.

25. Reputational Risk

Reputational risk arises when actions, events or associations negatively affect the credibility and standing of a business, investment or relevant counterparty.

Reputational damage may influence customer confidence, commercial relationships, financing access, regulatory scrutiny and investment value.

Aura may consider:

- Corporate conduct.
- Governance practices.
- Legal disputes.
- Regulatory investigations.
- Ethical standards.
- Business-partner relationships.
- Public controversies.
- Environmental and social issues.
- Accuracy of corporate disclosures.

Reputational considerations may be particularly relevant to investments involving public visibility, regulated activities or significant stakeholder relationships.

26. Project and Development Risk

Development projects may involve risks associated with planning, financing, construction, procurement, commissioning and eventual operation.

These risks may be relevant to real estate, infrastructure, energy, industrial facilities and other capital-intensive investments.

Aura may examine:

- Project feasibility.
- Planning approvals.
- Construction schedules.
- Contractor capability.
- Cost estimates.
- Material availability.
- Engineering requirements.
- Financing arrangements.
- Completion guarantees.

- Commissioning requirements.
- Expected operating performance.

Cost overruns, construction delays or changes in market conditions can materially affect project economics.

The assessment should therefore consider contingency requirements and the financial consequences of delays or incomplete delivery.

27. Supply-Chain Risk

Supply-chain disruption can affect the production, delivery and operating performance of businesses across many industries.

Potential causes may include geopolitical developments, transport interruptions, supplier failures, material shortages, trade restrictions and unexpected increases in input costs.

Aura may consider:

- Supplier concentration.
- Critical material availability.
- Geographic dependence.
- Transport infrastructure.

- Inventory requirements.
- Alternative suppliers.
- Contractual protections.
- Procurement costs.
- Supply-chain visibility.

The degree of supply-chain risk may depend on the complexity of the business and the availability of alternative sources.

28. Commodity and Resource Price Risk

Investments associated with energy, agriculture, mining, metals and other natural resources may be sensitive to changes in commodity prices.

Prices may be influenced by supply and demand, production costs, inventories, weather, geopolitical developments, transportation constraints and government policy.

Aura may assess:

- Price volatility.

- Production economics.
- Operating costs.
- Resource quality.
- Market demand.
- Inventory conditions.
- Contract structures.
- Transportation costs.
- Currency exposure.
- Hedging arrangements, where relevant.

Commodity-price sensitivity may materially influence revenue, operating margins and asset valuations.

29. Liquidity and Funding Stress Scenarios

Liquidity conditions can deteriorate during periods of market disruption, financial stress or unexpected operating difficulties.

An investment that appears financially sustainable under normal conditions may experience pressure when cash inflows decline or financing becomes unavailable.

Aura may consider stress scenarios involving:

- Reduced operating cash flow.
- Delayed customer payments.
- Higher borrowing costs.
- Refinancing difficulties.
- Asset-price declines.
- Restricted access to capital markets.
- Unexpected expenditure.
- Delayed project completion.
- Reduced asset liquidity.

Stress analysis can help identify whether an investment has sufficient financial flexibility to withstand adverse conditions.

30. Scenario Analysis and Stress Testing

Scenario analysis provides a structured way to consider how investments may perform under different economic, financial and operational conditions.

Aura may evaluate a range of scenarios, including:

- Economic recession.
- Higher interest rates.
- Lower revenue growth.
- Reduced operating margins.
- Currency depreciation.
- Commodity-price shocks.
- Market corrections.
- Financing restrictions.
- Regulatory changes.
- Geopolitical disruption.

Stress testing may involve applying more severe assumptions to financial models to examine potential vulnerabilities.

These exercises do not predict future events. Their purpose is to improve understanding of possible outcomes and identify areas where additional financial protection or flexibility may be appropriate.

31. Risk Mitigation and Management Measures

Once material risks have been identified and assessed, appropriate responses may be considered.

Depending on the investment, potential measures may include:

- Adjusting the investment size.
- Revising the capital commitment.
- Improving contractual protections.
- Strengthening governance rights.
- Diversifying exposure.
- Maintaining liquidity reserves.
- Reducing leverage.
- Staging capital deployment.

- Obtaining appropriate insurance.
- Evaluating alternative financing.
- Monitoring key risk indicators.
- Reconsidering the investment.

Risk mitigation measures should be proportionate to the nature and significance of the identified exposure.

No mitigation measure can eliminate every risk, and some risks may remain unavoidable.

32. Insurance and Contractual Protections

Insurance and contractual arrangements may help address selected financial and operational exposures.

Depending on the investment, Aura may evaluate the relevance of:

- Property insurance.
- Business interruption insurance.
- Construction insurance.

- Professional indemnity insurance.
- Directors' and officers' liability coverage.
- Cyber insurance.
- Product liability coverage.
- Contractual warranties.
- Indemnities.
- Performance guarantees.

The availability, scope, exclusions and cost of coverage should be considered carefully.

Insurance should not replace proper due diligence, operational controls or financial risk assessment.

33. Investment Risk Monitoring

Risk conditions can change after an investment has been made.

Aura may monitor relevant financial, operational, market and external indicators to identify developments that could affect investment assumptions.

Monitoring may include:

- Financial performance.
- Cash-flow trends.
- Debt levels.
- Liquidity.
- Market valuations.
- Credit conditions.
- Operational performance.
- Regulatory developments.
- Management changes.
- Industry conditions.
- Geographic and geopolitical exposure.

The frequency and depth of monitoring may depend on the investment's size, complexity, liquidity and risk profile.

The objective is to maintain an informed understanding of material developments throughout the ownership period.

34. Risk Indicators and Early Warning Signals

Early warning indicators may help identify potential deterioration before it becomes a more serious financial or operational problem.

Aura may consider indicators such as:

- Declining revenue.
- Reduced operating margins.
- Deteriorating cash flow.
- Increasing debt.
- Covenant pressure.
- Customer losses.
- Supplier disruption.
- Delayed projects.
- Management departures.
- Regulatory investigations.
- Changes in market liquidity.

Indicators should be interpreted in context.

A single adverse development does not necessarily mean that an investment has failed, but a combination of warning signals may justify a more detailed review.

35. Portfolio-Level Risk Management

Individual investments may create risks that interact with one another across a wider investment portfolio.

Aura may therefore consider the combined effect of its investment exposures rather than evaluating each position exclusively in isolation.

Portfolio-level risk considerations may include:

- Asset-class concentration.
- Sector exposure.
- Geographic distribution.
- Currency exposure.
- Interest-rate sensitivity.
- Credit exposure.
- Liquidity requirements.
- Financing dependencies.

- Correlated market risks.
- Combined capital commitments.

Diversification may reduce certain forms of concentration, but it does not guarantee protection against losses.

Understanding the relationships between investments is important to assessing the overall financial structure.

36. Risk Management in Private and Public Investments

Public and private investments can involve different risk characteristics.

Public investments may be subject to frequent market-price movements, trading liquidity changes and market sentiment.

Private investments may involve limited financial disclosure, less frequent valuation, longer holding periods and restricted exit opportunities.

Aura may adapt its risk assessment according to the investment structure.

For public investments, the analysis may place greater emphasis on market exposure, valuation movements and trading liquidity.

For private investments, it may focus more heavily on financial reporting quality, governance rights, operational performance, contractual arrangements and exit considerations.

The underlying economic and commercial risks remain important in both categories.

37. Risk Management Across the Investment Lifecycle

Risk management may be considered at every stage of an investment's lifecycle.

Before investment: Identify material risks through research, screening, due diligence, financial analysis and valuation.

At investment commitment: Evaluate capital requirements, financing structures, contractual protections and approval considerations.

During ownership: Monitor financial performance, operations, governance and changes in the external environment.

During expansion or restructuring: Assess additional funding requirements, execution risks and changes to the original investment rationale.

At exit or disposal: Consider valuation, transaction conditions, liquidity, legal obligations and potential realisation risks.

This lifecycle perspective helps maintain continuity between the assumptions made before investment and the decisions required during ownership.

38. Risk Management and Technology

Technology may support the organisation and analysis of investment risk information.

Aura may consider appropriate analytical systems to monitor financial exposures, track investment performance and identify changes in relevant indicators.

Potential capabilities may include:

- Financial risk modelling.
- Portfolio exposure analysis.
- Liquidity monitoring.
- Currency sensitivity analysis.
- Credit assessment.
- Scenario modelling.
- Investment reporting.
- Data validation.
- Risk dashboards.
- Document and control management.

Artificial intelligence and data-analysis tools may also assist with selected research and monitoring tasks.

However, technology-based analysis has limitations and may produce incomplete or misleading results if its data or assumptions are inaccurate.

Appropriate human oversight, verification and professional judgement remain essential.

39. External Expertise and Independent Assessment

Certain investments may require specialised knowledge beyond general financial analysis.

Aura may consider external professional expertise where the complexity or nature of an investment warrants it.

Relevant specialists may include:

- Legal advisers.
- Tax advisers.
- Financial auditors.
- Engineering consultants.
- Environmental specialists.
- Cybersecurity professionals.
- Industry experts.
- Valuation specialists.
- Insurance advisers.
- Regulatory consultants.

Independent assessment may help identify issues that require additional investigation.

The selection and scope of external expertise should reflect the specific requirements of the investment.

40. Risk Governance and Accountability

Effective risk management requires appropriate responsibilities, review procedures and documentation.

Aura may consider internal arrangements that support clear investment accountability and oversight.

These may include:

- Defined investment responsibilities.
- Appropriate approval authority.
- Documented risk assessments.
- Due-diligence records.
- Financial exposure reporting.
- Periodic investment reviews.

- Escalation of material concerns.
- Monitoring of corrective actions.
- Review of significant changes in risk conditions.

The nature of the governance arrangements may vary according to the scale and complexity of the investment activities.

The purpose is to ensure that material risks are considered consistently and that investment decisions remain subject to appropriate oversight.

41. Risk Management and Capital Allocation

Risk management and capital allocation are closely connected.

The amount of capital committed to an investment should reflect not only its potential financial contribution but also the risks associated with the business, asset, market and financing structure.

Aura may consider risk assessments when determining:

- Whether an opportunity merits further review.

- The appropriate level of investment exposure.
- The structure of a capital commitment.
- The need for staged funding.
- The appropriate financing approach.
- The investment's relationship with other exposures.
- Whether additional capital remains justified.

An investment's risk profile may also change over time, requiring its capital allocation to be reconsidered.

42. Continuous Improvement

Risk management should evolve as investment activities, financial markets, technology and regulatory environments change.

Aura may periodically review its analytical approaches, risk assessment methods and oversight procedures to ensure they remain appropriate to the investment environment.

Continuous improvement may involve:

- Reviewing previous investment outcomes.
- Evaluating the accuracy of assumptions.

- Identifying recurring risk patterns.
- Improving financial models.
- Strengthening information quality.
- Updating risk indicators.
- Reviewing due-diligence procedures.
- Incorporating relevant market developments.

Lessons from both successful and unsuccessful investment decisions can contribute to more informed future assessments.

43. Conclusion

Investment risk management is a fundamental element of responsible investment ownership.

At Aura, it involves identifying, assessing and monitoring the financial, commercial, operational, regulatory and external factors that may influence investment outcomes.

As a privately owned, family-controlled international investment company, Aura approaches risk management in relation to its own family-owned capital, with an emphasis

on financial discipline, informed judgement and long-term stewardship.

The objective is not to eliminate uncertainty, which is an inherent part of investment, but to understand potential vulnerabilities, evaluate their consequences and make decisions with appropriate consideration of risk.

Through disciplined analysis, ongoing monitoring, suitable governance and continuous review, Aura seeks to maintain a responsible approach to investment risk and the long-term preservation and development of family-owned capital.