

**Group (Enterprise) Risk Management Policy**  
**of**  
**Pruksa Holding Public Company Limited**

## **Group (Enterprise) Risk Management Policy**

### **1. Rationale**

Pruksa Holding Public Company Limited (the Company) realises the importance of risk management being a key component in corporate governance and in supporting businesses to achieve objectives as targeted. Risk management enables businesses to see opportunities, problems, and obstacles that may arise, for which plans can be prepared or strategic plans can be adjusted, both proactively and reactively, in a timely manner, which in effect can relieve impact that may arise to an acceptable level. Sound risk management creates confidence to investors, shareholders, and other stakeholders. Risk management therefore contributes to sustainable growth of the group, with the Company placing importance on internal control and risk management policies. The Audit Committee has a duty to review the results of internal control system adequacy assessment to ensure that the internal control system is adequate and suitable for business operations by using the framework of internal control practices under COSO (The Committee for Sponsoring Organizations of the Tread way Commission) standards together with the Group (Enterprise) risk management framework as management tools in developing the internal control system and risk management system for improvement. On this matter, the Board of Directors' Meeting No.4/2016 on 11<sup>th</sup> May 2016, resolved to approve the use of the internal control system, guidelines and policy on risk management of Pruksa Real Estate PCL, for the Company and Pruksa Real Estate PCL to have internal control systems, guidelines and policies on risk management of the same standards.

### **2. Objectives**

This group risk management policy has the following objectives:

- (1) To equip every executive and personnel with understanding and realising of the importance of managing risk
- (2) To create understanding in the role and duty of the Group (Enterprise) Risk Management Committee, Chairman of the Executive Board and Top Management Committee, and executives in each line of operations including risk management units
- (3) To reduce negative impact that may have on business operations.

### **3. Definition**

“Risk” means the chance/event of uncertainty or things that cause the operating plan or current action to not achieve the objective/set target, resulting in impact or damage to the group, both in monetary term and/or reputation of the group, including legal impact for which the Company has to be responsible.

“Group (Enterprise) Risk Management” is a process carried out by the Board of Directors, management, and all personnel in the group to help determine strategies and operations. The risk management process is designed to enable indication of events that may arise and have impact on the group and can be mitigated risk to an acceptable level, with reasonable confidence in achieving the objective set by the group.

The Company has put in place group risk management involving four types of risks, as follows:

- (1) Strategic risks, such as economic fluctuations, state monetary and fiscal policy, competition severity, foreign labor policy, business partner changes, etc.
- (2) Operation risks, such as construction project delays, problems on construction quality control to meet standards, complaints from community in nearby areas, inefficient information system, and lack of personnel development, etc.
- (3) Financial risks, such as insufficient liquidity, high financial costs, high debt/equity ratios, low returns on equity, etc.
- (4) Compliance risks, such as breach of rules or real estate laws, negligence, lack of fraud prevention in the group, legal disputes with customers, etc.

### **4. Scope**

This policy is applicable to all units of Pruksa Holding Public Company Limited and its subsidiaries.

### **5. Group (Enterprise) Risk Management Policy**

This policy is the policy to manage various types of risks that have impact on the Company by taking into consideration both internal and external factors to manage the residual risk to a suitable and acceptable level. The management of the Company requires that risk factors in all areas be reviewed on a regular basis, covering strategic risks, financial risks, construction management risks, and other operational risks; the review covers the consideration of the likelihood of risk and severity of impact, determination of measures to prevent and mitigate the impact, designation of responsible persons, including determination of policy on reporting and follow-up for evaluation, with the Group (Enterprise)

Risk Management Committee giving recommendations regarding guidelines and/or policy on handling risks.

- (1) The Company asserts that in risk management it is the responsibility of every personnel to be aware of the existence of operational risks in his/her unit and the group, placing importance on the management of risk in various areas to be at a suitable and acceptable level.
- (2) The Company has instituted risk management processes in accordance with the standards of international practices to ensure efficient group risk management, in line with the Company's vision, mission, objective and strategy.
- (3) The Company requires every personnel to comply with the risk management system and risk management tools, both at the group level and operational level, as provided by the Group (Enterprise) Risk Management Committee.
- (4) The Company requires that the management have a duty to report risks that may have impact on the Company's business plan and strategy with high risk level to the Group (Enterprise) Risk Management Committee for information and management action in a timely manner.
- (5) The Company promotes risk management as group culture leading to values for the group, with personnel at every level having awareness of the importance of sustainable risk management.

## **6. Risk management structure and roles of responsible persons**

In business management, the Company has Group (Enterprise) Risk Management Committee as a component with a duty to acknowledge and give recommendations to the policy, strategy, and guidelines of group risk management, review the risk management plan of the management, including the overall risk management process of the group, acknowledge important risks and consider if the management has responded to the risks properly, as well as follow-up on compliance with the framework of group risk management.

### **Roles and responsibility**

#### **Group (Enterprise) Risk Management Committee**

- (1) To determine the policy, risk management framework, including structure of group risk management
- (2) To acknowledge and give recommendations to the policy, strategy, and guidelines on group risk management

- (3) To determine guidelines on group risk assessment and provide risk management reports on a continued basis
- (4) To identify and report important risks (that have occurred and are expected to occur), changes and risk management plans to the Board of Directors, by reporting the results of risk assessment and risk mitigation to the Board of Directors on a regular basis. In case of an important risk with significant impact on the Company's financial position and operating results, it must be reported to the Board of Directors as soon as possible.
- (5) To acknowledge important risks and consider if the management's responses to the risks are suitable or not.
- (6) To review the management's risk management plans, including overall group risk management processes, and follow up and review on risk management processes, as well as group risk management results.
- (7) To encourage overall compliance with the group risk management policy and guidelines
- (8) To establish capability development and realisation of group risk and control on a continued basis for our personnel.
- (9) At meetings of the Group (Enterprise) Risk Management Committee, representatives of the operating line of each group will be invited to present their implementations in accordance with risk management manual.

**Chairman of the Executive Board and Group Chief Executive Officer**

- (1) To monitor risks in all areas of the group and prepare mitigation plans as appropriate
- (2) To monitor strategic risks and critical operational risks and build confidence that appropriate risk management plans are in place
- (3) To promote the risk management policy and ensure that the risk management processes are observed throughout the Company, all business units and all departments have placed importance on risk management.

### **Executives in each unit and group**

- (1) To identify and assess risks
- (2) To prepare risk registers and risk mitigation plans
- (3) To manage risks by implementing risk mitigation plan
- (4) To report risks and the progress of operations under risk management plans
- (5) To consider risk factors and present risk-related issues in a timely manner

### **Risk management unit**

- (1) To be the coordinator and give advice on matters related to risk management of the Company, business units and departments
- (2) To coordinate and communicate matters on risk management in the Company, business units and departments on a regular basis
- (3) To support risk management policy implementation in the Company, business units and departments
- (4) To prepare and collect risk information of the Company, business units and departments and report the results thereof to the executives of the departments, business units and the Group (Enterprise) Risk Management Committee on a regular basis
- (5) To prioritize risks and push for risk management to be of high priority of the Company, business units and departments.

Approved by the Audit Committee

Approved by the Board of Directors

Signed

Signed

(Dr. Piyasvasti Amranand)

(Dr. Pisit Leehtam)

Chairman of the Audit Committee

Chairman of the Board of Directors and Independent Director

9 May 2016

11 May 2016