

Enterprise Risk Management Policy
Pruksa Holding Public Company Limited

Enterprise Risk Management Policy

1. Principle and Rationale

Pruksa Holding Public Limited Company (“the Company”) realizes on the significance of the risk management which is significant part of the good corporate governance, and support and promote the business to achieve the targeting objective. The business can perceive the opportunities and obstacles that are expected to occur and can prepare supporting plans, or adjust business strategic plans both proactive and defensive approaches from risk management in due time, and can mitigate the contingent impact to be in decreasing or acceptable level.

The efficient risk management and internal control ensures the security and sustainable growth of the business operation, and creation of the confidence of the investors, shareholders or stakeholders in another way. The Company simultaneously applies the framework of practical guideline on internal control in accordance with COSO Standard (The Committee of Sponsoring Organizations of the Tread Way Commission) and the framework of the guideline of Enterprise Risk Management for improvement and development as the tool of the Management in developing the international control and risk management system to be more complete.

In this regard, the Board of Directors’ Meeting No. 4/2016 held on May 11, 2016 to consider and approve the Company to apply the same internal control system, guideline and policy of risk management observed by Pruksa Real Estate Public Company Limited to ensure that the Company and Pruksa Real Estate Public Company Limited have the same standard of internal control system, guideline and policy of the risk management.

2. Purpose

The purpose of “this issue” of corporate risk management policy includes the following.

(1) To ensure the understanding and awareness of all executives and employees on the significance of risk management participation.

(2) To understand roles and duties of the Corporate Enterprise Risk Management Committee, Chief Executive Officer, Management Team, and the executives in each line, and risk management unit.

(3) To mitigate the opportunity of risk and impact occurrence that may affect the Company’s business operation.

3. Definition

“Risk” means any events or acts under that are contingent under uncertain situation and will affect or create damage both in monetary and non-monetary term, or cause failure or reduction of opportunity to achieve the goal under main enterprise task and mission.

“Enterprise Risk Management” is the process carried out by all members of the Board, executives and personnel in the enterprise in order to help determining strategies and operations. Risk management process is designed to enable to indicate the event that is contingent and affect the enterprise, and enable to address risk to be in risk appetite level of the enterprise to obtain the reasonable confidence in achieving the objective determined by the enterprise.

The Company establishes enterprise risk management to cover all four areas of risks as follows.

(1) Strategic Risk such as economic fluctuation, fiscal policy of the government, severity of competition, alien labor policy, and change of business partner, etc.

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(2) Operation Risk such as delay of the construction project, problem of construction work quality control to meet standard, complaint from surrounding community, inefficient information system, and lack of continuous development of the executives and employees, and working danger, etc.

(3) Financial Risk such as insufficiency of source of investment funds, higher financial cost, high Debt to Equity ratio, and low Return on Equity Ratio, etc.

(4) Compliance Risk in rules and laws such as operation in violation of rules and laws of real estate by carelessness, lack of prevention in enterprise corruption and legal dispute with the customers, etc.

4. Scope

This issue of the policy is effective for all work units of Pruksa Holding Public Company Limited and its subsidiaries.

5. Enterprise Risk Management Policy

The Company regularly determines to review risk factor in every area both from internal factors and external factors by covering strategic risk, financial risk, operation risk and compliance risk in rules and laws; considers the priority of risk management by considering from the opportunity of risk occurrence and level of impact severity; and formulates preventive and mitigating measure of impact, determines the person in charge for operation, and determination of measure in reporting and monitoring for assessment.

Nevertheless, the Corporate Enterprise Risk Management Committee shall suggest on the guideline and/or policy for governance of key risk to reduce enterprise risk or to be in risk appetite level.

(1) The Company determines risk management to be responsible for all employees that must be aware of risks existent in working of their own and enterprise work units through emphasis on management of risks in various areas in specifying and assessing risks and formulating appropriate and adequate management measure.

(2) The Company establishes risk management process in accordance with good standard under international practical guideline to ensure efficient enterprise risk management to be consistent with visions, missions, objectives and strategies of the Company.

(3) The Company determines that all employees shall have duty to comply with risk management system and risk management tool both in enterprise and operation level established by the Corporate Enterprise Risk Management Committee.

(4) The Company determines the reporting of risks that may affect business plans and strategies of the Company in high level toward the Corporate Enterprise Risk Management Committee, the Board of Directors, for acknowledging and seeking for management guideline without delay.

(5) The Company promotes risk management to be corporate culture, leading to value addition to the enterprise for awareness of all employees on the significance of sustainable risk management.

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6. Risk Management Structure and Role and Duty of the Responsible Person

In business management, the Company sets up the Corporate Enterprise Risk Management Committee as a composition to have duty in acknowledging and suggesting the policy, strategy and guideline for Enterprise Risk Management, verifying Risk Mitigation Plan of the Management, and overall enterprise risk management process, acknowledging key risks, considering whether the Management appropriately responds to risks, and monitoring performance in accordance with the framework of Enterprise Risk Management.

Role, Duty and Responsibility

Corporate Enterprise Risk Management

- (1) To formulate policy, framework and structure of Enterprise Risk Management.
- (2) To acknowledge and suggest the policy, strategy and guideline of Enterprise Risk Management.
- (3) To determine the guideline of enterprise risk assessment, and arrange the continual reporting of risk management.
- (4) To specify and report key risks (occurred and expected to occur), change, and Risk Mitigation Plan to the Board of Directors. Risk assessment result and operating result for risk mitigation shall be regularly reported to the Board of Directors. In case of the crucial matter that significantly affects financial position and operating results of the Company, the Board of Directors shall be reported for consideration as quick as possible.
- (5) To acknowledge the key risks and consider whether the Management appropriately responds to risk.
- (6) To verify Risk Mitigation Plan of the Management, and overall enterprise risk management process, and monitor and supervise the verification on enterprise risk management process and risk management result.
- (7) To carry forward the implementation of the policy and guideline for risk management in enterprise-wide.
- (8) To carry forward the continuous development of personnel capacity and creation of risk awareness and control in enterprise-wide.
- (9) To invite the representatives from each operating line of each organization to present what are executed under the guideline of risk management, in the Meeting of the Corporate Enterprise Risk Management Committee.

Chief Executive Officer of Each Business Unit

- (1) To monitor the risks in various aspects and all areas in enterprise-wide, and create confidence to ensure the appropriate Risk Mitigation Plan.
- (2) To promote the risk management policy to ensure the implementation of risk management process in enterprise-wide, and an emphasis of every department on risk management.

Executives in Each Work Unit and Organization

- (1) To specify and assess risks.
- (2) To cooperate with Risk Management Department in preparing Risk Registration and Risk Management Plan.
- (3) To manage risk by operation in accordance with the determined plan.
- (4) To report risk and progress of the operation under Risk Mitigation Plan.
- (5) To consider risk factors, and present the risk-relate aspects without delay.

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Risk Management Unit

- (1) To be the coordinator in regular communication and provision of advices in the aspects related to the risk management of the enterprise/organization and department.
- (2) To regularly coordinate and communicate risk management in the enterprise/organization/department.
- (3) To support the implementation of risk management policy in the enterprise/organization/department.
- (4) To regularly prepare and collect information of enterprise/organizational/departmental risks, and report the result to the executives of the department and organization, and Corporate Enterprise Risk Management Committee.
- (5) To prioritize the significance of risk and carry forward key risk management of the enterprise/organization/department.

7. Review of Enterprise Risk Management Policy

The Corporate Enterprise Risk Management Committee shall regularly review this issue of the Policy every year.

Approved by Chief Executive Officer

-Signature-
(Mr. Thongma Vijitpongpun)
Group Chief Executive Officer
Pruksa Holding Public Company Limited

June 27, 2018

Approved by Chairman of the Corporate Enterprise Risk Management Committee

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(Dr. Prasarn Trairatvorakul)
Chairman of the Corporate Enterprise Risk Management Committee
Pruksa Holding Public Company Limited
June 27, 2018

Note: The English translation of the Enterprise Risk Management Policy is for the purpose of understanding by foreigners; only the Thai version of the texts is legally binding.

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