



**PRUKSA**

**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 supports and promotes the business to achieve the targeting objective. The business can perceive the opportunities and obstacles that are expected to occur and can prepare the supporting plans or adjust the business strategic plans both proactive and defensive approaches from the risk management in due time, and can mitigate the contingent impact to be in a 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 the COSO (The Committee of Sponsoring Organizations of the Tread Way Commission) International Standard and the guideline framework of the Enterprise Risk Management (ERM) for improvement and development as the tool of the Management in developing the internal control and risk management system to be more complete.

## **2. Purpose**

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

- (1) To ensure the understanding and awareness of all executives and employees on the significance of the risk management participation.
- (2) To understand the roles and duties of the Risk Oversight Committee, Chief Executive Officer, Management Team, and the executives in each line, and risk management unit.
- (3) To mitigate the likelihood of risk and impact that may affect the Company’s business operation.

(4) To safeguard the interests of shareholders and the assets of the company in alignment with the strategic objectives of the organization, it is imperative to operate within the Risk Management Framework, ensuring consistent adherence to the established guidelines across all departments.

(5) To align with the principles of good corporate governance, an organization must maintain an appropriate risk management and internal control system that operates in accordance with relevant laws and standards.

### **3. Definition**

The term "The Company" refers to Pruksa Holding Public Company Limited and its subsidiaries.

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

“Enterprise Risk Management” is a process carried out by all members of the Board, executives and personnel in the enterprise in order to help formulating the strategies and operating. The risk management process is designed to ensure the indication of the event which is contingent and affect the enterprise, and the risk management to be in a risk appetite level of the enterprise in order to be reasonably assured of achieving the objective determined by the enterprise.

The Company delivers enterprise risk management, incorporating the following outlined risk categories:

**(1) Strategic Risk** means the risk occurred from the failure to operate the business in accordance with the business plans or strategies formulated by the Company. The arisen strategic risk may be arisen from the formulation of the strategic plan, operating plan, and the implementation which are improper or inconsistent with the changing factors and environments, such as economic fluctuation, fiscal policy of the government, severity of competition, alien labor policy, and change of business partner, etc., possibly affecting the Company’s turnover, financial liquidity, corporate capital fund or security, and being a key obstacle of the future corporate expansion.

**(2) Operational Risk** means the risk which will cause damages due to inadequacy of or fault of the internal process, personnel, or system of the Company, or from the external events, including legal risk, but excluding strategic risk, such as the delay of the construction project, problem of construction work quality control to meet the standard, complaint from surrounding community, inefficient information system, and lack of the continuous development of the executives and employees, and working danger, etc. However, the efficient operational risk will contribute to the smooth operations of the business process, and the reduction of operational cost.

**(3) Financial & Investment Risk** means the risks stemming from the financial and investment activities of the company that are subject to influences from financial, market, and value fluctuations. These risks are associated with assets whose market prices can adversely affect the company's financial position. Financial and investment risks may manifest in various forms, encompassing diverse risk factors.

**3.1 Investment risk** pertains to the potential of generating lower income from assets than the company's intended goals or expectations. This includes risks associated with fluctuations in the market value of assets and the investment in financial instruments that could adversely affect the company's financial position. These risks may emanate from various types of risk factors.

**3.1.1 Exchange Rate Risk** pertains to the potential risk or adverse impact that may arise from fluctuations in exchange rates, impacting assets and liabilities denominated in foreign currencies.

**3.1.2 Interest Rate Risk** pertains to the potential risk or adverse consequences resulting from fluctuations in interest rates. It influences the return on investment in company assets and the cost associated with borrowing money.

**3.1.3 Price Risk** pertains to the potential risk or adverse impact resulting from fluctuations in the prices of debt and equity instruments, as well as the prices of other investment assets. This risk has implications for the valuation of the company's investment portfolio.

**3.2 Liquidity Risk** means the risk of which the Company fails to comply with the payment obligation when it is due because of its failure to change asset into cash, or failure to acquire the adequate fund as required within the specified period at a suitable cost. This may cause damage to the

Company's revenue and equity. However, the factors causing liquidity risk are both internal and external, such as the structure of assets and liabilities, and reservation of quick assets to be used for supporting the requirements, economic environment, market liquidity, and confidence from the owners of the source of loans/capitals.

**(4) Project Risk** means the risk arisen from the implementation of the project which is not align with the specified goals and may be an obstacle for achievement the Company's overall goals, such as cost management and return of the project not as planned.

**(5) Compliance Risk** means the risk which may be arisen from the business operation of which the Company or its officer breaches the rules prescribed by the official. It is likely for the damage to the Company upon the careless, concise, or faulty operations in the matters relating to the set of regulations and laws, such as the operation in violation of set of regulations, or laws in real estate by carelessness, lack of prevention in enterprise corruption and legal dispute with the customers, etc.

**(6) Sustainability Risk (ESG Risk)** refers to risks related to Environmental, Social, and Governance issues that can occur due to both internal and external factors within the organization. Without a robust risk management process, it may impact the organization's ability to drive its business in the medium and/or long terms, influencing the investment decisions of investors.

#### **4. Scope**

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

#### **5. Enterprise Risk Management Policy**

The Company regularly determines to verify the risk factors in every area both from internal factors and external factors by covering strategic risk, financial & investment risk, operational risk, project risk, compliance risk, and Sustainability Risk (ESG Risk) in the set of regulations and laws; considers the priority of risk management by considering from the likelihood of risk and level of impact severity; and

formulates the preventive and mitigating measure of impact, determines the person in charge for operation, and determination of the measure in reporting and monitoring for assessment.

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

(1) The Company determines the risk management to be responsible by all employees who must be aware of the risks existent in working of their own and enterprise work units by emphasizing on management of risks in various areas in identifying and assessing risks and formulating the appropriate and adequate management measure.

(2) The Company establishes the framework, tools and risk management process in accordance with the good standard under international practical guideline to ensure the 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 the risk management system and the risk management tool both in enterprise and operational level established by the Risk Oversight Committee.

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

(5) The Company promotes the 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.

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

In business management, the Company sets up the Risk Oversight 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 the compliance with the framework of Enterprise Risk Management.

## **Role, Duty and Responsibility**

### **Board of Directors**

(1) To consider and approve the enterprise risk management policy.

(2) The Board of Directors collaborates with the Risk Oversight Committee in jointly overseeing and assuming responsibility for sub-committees and/or senior executives tasked with organizing assessments, controls, and monitoring of the company's risks. This includes reviewing the adequacy and effectiveness of the risk management framework, as well as the risk management process, through regular risk reporting.

### **Risk Oversight Committee**

(1) To consider and recommend policy, strategy, and guideline on corporate risk management covering types of key risks including Sustainability/ESG Risk which shall include Environmental and Social issues of the Company and its affiliated companies, and appropriate and efficient determination of risk level and key risk indicator. The committee shall coordinate and has joint action among relevant sub-committees, such as the Corporate Governance and Sustainable Development Committee and the Audit Committee as appropriate.

(2) To supervise to ensure the risk governance structure properly for support the effective risk management in the organization.

(3) Supervise to ensure the risk assessment and monitoring system effectively in compliance with international risk standard and the company's policies. This shall include to supervise management team to manage risk within acceptable level and to have proper preventive action and mitigation plan.

(4) To consider risk management report/profile and recommend on the emerging risks, as well as guidelines on determination of Risk Control Measure or Mitigation Plan of the Management to ensure that the risk shall be addressed to be in risk appetite level, and continuous development of efficient risk management process in overview of the Company and its affiliated companies.

(5) To support and carry forward the cooperation on the overall risk management of the Company and its affiliated companies, and continuously review the adequacy of the risk management policy and implementation of the policy.

(6) To monitor and supervise the implementation of Risk Mitigation Plan, and review the disclosure of the risk information to regulators and general investors.

(7) To perform any other duties as assigned by the Board of Directors and report to the Board of Directors in risk profile and significant root cause and factors including the solution according to the policies and the strategies of the company's risk management.

(8) To promote and support the improvement and development of risk management system in all enterprise-wide levels.

#### **Executive Committee**

(1) Supervise that pertinent business units adhere to the Enterprise Risk Management policy.

(2) To consider the reports on risk management results, and approve the risk mitigation plans submitted by business units or risk owners. This is to ensure that risks are effectively managed and maintained at an acceptable level before presentation to the Risk Oversight Committee and the Board of Directors.

#### **Chief Executive Officer of Prukisa Holding Public Company Limited and its subsidiaries**

(1) To monitor the risks in all enterprise-wide aspects, and create the 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 the risk management.

#### **Top Executive of Function**

(1) To apply the framework of risk policy to establish the rules, criteria, or work procedures inside the work units, and to be assured of the efficient risk mitigation on continuous basis.

(2) To formulate the business strategy or plan which is consistent with the acceptable risk.



(3) To support the occurrence of risk management culture by communicating to all staffs in the work unit to understand and realize on the significance, and duties and responsibilities relating to the important enterprise risk management.

(4) To consider the risk factors, and propose the risk-related issues, as well as analyze the causes and prepare the Mitigation Plan in due time.

(5) To report the overview of the operating risks and progress in accordance with the Risk Mitigation Plan.

### **Risk Management and Sustainability Group**

#### **Role, Duty, and Responsibility**

(1) To prepare the risk management policy/framework, as well as tools used for measuring risks, and establish the guideline for monitoring and controlling the risks to be under a risk appetite level, and regularly report the risk position to the Risk Oversight Committee.

(2) To study and monitor the practical guideline for risk management for developing and improving the risk management framework, and risk management policy as appropriate.

(3) To provide knowledge and understanding in order to create the organizational risk management culture through the provision of communication or training for providing knowledge and advices on the risk management as appropriate.

(4) To coordinate, give advices, and monitor the organizational work units to efficiently and effectively comply with the risk management framework, and apply the risk management tools.

(5) To mutually analyze the causes and comment on the preparation of Mitigation Plan, and regularly monitor the risks and the operating progress in accordance with the Risk Mitigation Plan, and report to the related Committees.

(6) To coordinate with the internal audit unit and other related work units in order to exchange the information relating to the risk which may affect the Company's business operations.

(7) To prepare and collect the information relating to the risk management in overview, and report to the executives and the Risk Oversight Committee as appropriate.

(8) Ensure regular reporting of the overall ESG risk status and mitigation plans from the Sustainable Development Management Department to the Risk Oversight Committee.

### **The Sustainable Development Management Department**

#### **Role, Duty, and Responsibility**

- (1) Develop ESG risk policies/frameworks, including tools for risk assessment, and establish guidelines for monitoring and controlling risks to remain within acceptable levels.
- (2) Regularly report ESG risk status and mitigation plans to the Risk Oversight Committee.

### **Risk Representatives of Associated Companies/Subsidiaries of Pruksa Holding Company Group**

(1) To identify, assess, control, monitor, and report key risks, and to represent associated companies/subsidiaries within the Pruksa Holding Company Group, supporting and promoting the implementation of the risk management framework in their respective organizations.

(2) To coordinate with Risk Owners within their respective companies, including the risk management function, to explain the principles and guidelines for operations and risk management processes. This includes providing information on tools and risk indicators to internal functions for better understanding and practical application.

(3) To participate in identifying and evaluating risks within their respective companies, and to take corrective action according to the risk mitigation plan in order to maintain the risk within acceptable levels.

(4) To prepare a report on the overall risk status of their respective organizations, including monitoring the progress update status in accordance with the risk mitigation plan.

(5) To regularly provide reports on the comprehensive risk status of their respective organizations, presenting the outcomes of monitoring the risk mitigation plan to the company's executives, risk management function executives, and the Risk Management Supervisory Committee.

### **Risk Owner Unit**

- (1) To identify, assess, control, monitor and report the key risks.
- (2) To propose the issues relating to the risks, and collaborate with the risk management group on the cause analysis, and prepare the Risk Mitigation Plan in due time.
- (3) To formulate the Risk Mitigation Plan together with the work unit executives, and implement the Plan.
- (4) To report the risk overview and the operating progress in accordance with the Risk Mitigation Plan.

## **7. Review of the Enterprise Risk Management Policy**

The Risk Oversight Committee shall regularly review this issue of the Policy every year.

This Policy is effective from February 20, 2025.

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**Approved by the Chairman of the Risk  
Oversight Committee**

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(Ms. Narisara Phatanaphibul)  
Chairman of the Risk Oversight Committee  
Pruksa Holding Public Company Limited

**Approved by Chairman of the Board of Directors**

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(Mr. Roongrote Rangsiyopash)  
Chairman of the Board of Directors  
Pruksa Holding Public Company Limited

**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.**