

CENTRALRETAIL

Risk Management Policy

Central Retail Corporation Public Company Limited

12 November 2020

Risk Management Policy

The Company realizes the importance of the good organizational management for driving its growth, expanding business with stability, building steady financial status, creating appropriate level of return to shareholders as well as complying with the good corporate governance and the check and balance principle in the business competition environment currently faced by Central Retail Corporation Public Company Limited (CRC), which changes over time either from the external factors or internal factors, and may affect CRC's ability to achieve its goals and main missions.

The Board of Directors and executives of CRC deem as appropriate to adopt the risk management system to its operations in order to have good corporate governance and to build confidence to its shareholders and all related parties regarding its continuous operation, thereby achieving the objectives and creating value for CRC. Hence, the following risk management definition, objectives, policy and framework have been established.

Definition of Risks and Risk Management

Risks mean opportunities/ uncertain events or any factors that impede the current plans or operations from achieving the defined objectives or goals, resulting in a negative impact to the organization, both financial impact and impact on its image and reputation.

Risk management means the process that is executed by the Board of Directors, executives and every personnel in the organization to assist in setting up strategy and operations. The risk management process has been designed to be able to identify potential events that may have the impact to the organization as well as to manage the risks to be within the acceptable level in order to reasonably ensure the achievement of its defined objectives.

Objectives of Risk Management

1. To adopt the internationally standardized risk management system as the guidelines throughout CRC and set the risk management as part of CRC's decision-making, strategy setting, plans and operations.
2. To set up measures and guidelines for managing residual risks to be within the acceptable level by considering the measures that shall efficiently reduce likelihood and/or impact of any potential risks in order for CRC to achieve its defined objectives at both corporate level and business unit level.

3. To be able to identify risks and to respond to unexpected crisis by reducing loss or damage to CRC in a proper and timely manner.
4. To report significant risk information, trend of risks, and overall risks to all the committees under the risk management structure, including the Board of Directors, the Risk Policy Committee, and the Risk Management Committee in order for them to efficiently and effectively oversee the risks.
5. To assign every unit to identify, evaluate and manage significant risks on a regular basis or when there is any major situation, activity, process and/ or significant project or change within CRC, taking into account the risk appetite and the practical and cost effective manner.
6. To constantly communicate and share the risk management knowledge to employees and develop them to understand and be aware of being the risk owner and managing risks incurred together.
7. To comply with the good corporate governance and the check and balance principle. CRC clearly assigns authorities and duties in managing risks to the management. The Risk Management Unit shall support and monitor to ensure that the management has properly executed the Risk Management Policy. In addition, the Internal Audit Unit shall provide assurance that the risk management is efficient.

Risk Management Policy

The Company recognizes the importance and necessity to adopt the internationally standardized risk management system to its management in order for CRC to achieve its objectives in an efficient and effective manner and to comply with the relevant laws and standards. To limit the overall risks within the acceptable level, the Risk Management Policy has been defined as follows:

1. Determine that the risk management is the responsibility of employees in every level whereby they must be aware of risks in operations of their own units and of CRC as well as focus on managing different types of risks under the systematic internal control in an adequate and appropriate manner.
2. Establish the enterprise risk management process that is in accordance with the good international standards in order to efficiently manage risks that may affect CRC's operations, bring developments, and carry out the risk management in the same

direction throughout the organization by embedding the risk management system as part of the decision-making, strategic planning, plans and operations of CRC as well as focusing on achieving the specified objectives, goals, vision, mission and strategies to establish operational excellence and build confidence of relevant parties.

3. Set up measures to prevent and mitigate the risks from CRC's operations in order to avoid any damage or loss that may incur, as well as regularly monitor and assess the risk management results.
4. Promote and develop a cutting-edge information technology system to be implemented in CRC's risk management process and support personnel at all levels to have access to the sources of risk management information thoroughly as well as set a system to report the risk management to the Risk Policy Committee in an efficient manner.

Risk Management Framework

The Company has integrated strategic development, business objectives setting and performance evaluation into the enterprise risk management under 5 interrelated principles, which will enhance value creation for CRC. Such principles are defined as follows:

1. Governance & Culture

The Company sets up the organizational structure and clearly determines the duties and responsibilities of risk management as well as fosters a corporate culture that focuses on awareness of the risks that may affect its business operations.

2. Strategy & Objective-Setting

The Company has a strategic planning process, which integrates the risk management principles, and develops strategies, and sets business objectives to align with the risk appetite.

3. Performance

The Company identifies and assesses risks that may affect the accomplishment of strategies and business objectives whereby the risks will be prioritized according to the level of impact and likelihood of events that can cause risks as well as determines appropriate risk response methods.

4. Review & Revision

The Company regularly reviews its performance results to consider how effective the organization's risk management is as well as reviews the risk management for continuous improvements.

5. Information, Communication, & Reporting

The Company has in place an information system that enhances risk management efficiency. Such system will help support risk information, performance data, and risk management reporting to continuously and appropriately communicate the risk management results to the stakeholders.

This Risk Management Policy is effective from November 12, 2020 onwards.

-Signed-

(Dr. Prasarn Trairatvorakul)
Chairman of the Board of Directors
Central Retail Corporation Public Company
Limited