Peace and Living Public Company Limited

Risk Management Policy

Peace and Living Public Company Limited (the '**Company**') has established this Risk Management Policy in order to keep up with changing economic and political situations and the impact of the global financial crisis. This Risk Management Policy also sets out measures to prevent and correct risks so that the board of directors and the audit committee supervise and monitor risk management as planned with cooperation and coordination from various departments as follows:

Risk Management Practices

- Establish risk management policy that is consistent with the objectives, main goals, and strategy to serve as a framework for implementation of a risk management process for everyone in the organization.
- Make risk management one of the corporate cultures that directors, executives, and all employees must adhere to in order to ensure that the mission, objectives, strategy, business goals, and expectations are met, and the best interests of stakeholders realized, given an acceptable level of risk to the organization.
- Determine the risk governance structure to cover the levels of the board of directors, the audit committee, subcommittees, and related departments.
- Identify the business's key risk areas, clearly define the meaning and extent of the risks, including clearly defining key risk indicators, and have procedures to monitor changes with significant impacts on business operations and work processes so as to determine corporate risks from new emerging risks.
- Analyze the business structure, set business goals, determine the acceptable risk level for the organization, and determine risk management as part of the preparation of the annual strategic plan, including various management processes, management tasks, and daily decisions.
- All executives and employees of the organization are risk owners and are responsible for identifying and assessing the risks of the department they are responsible for, as well as determining appropriate measures to manage the risks.
- Risk owners must manage risks that may affect the achievement of the mission, objectives, strategy, and business goals of the organization in a timely and continual manner as follows:
    - Identify risks comprehensively and in a timely manner, including both internal and external factors.

- Assess risks in terms of likelihood and impact if the risk occurs using both qualitative and quantitative assessments where applicable.
- Prioritize risks in the form of risk charts, defining relevant variables and assumptions so that the organization can analyze the data and assess how severe the risks are and how they possibly affect the business.
- Respond to risks by managing risks in accordance with established risk management criteria, taking into account the business context, costs, benefits, compliance with laws, rules, regulations, expectations of stakeholders, mission, vision, corporate values, necessity and urgency to respond to risks, including the level of risk the organization is able to accept, and the severity of the impact that may arise from the risk.
- Analyze the overall risk of the organization, monitor, review, and report the risks regularly. All high and very high level risks affecting the organization's business and strategic plans must be reported to the audit committee or subcommittees assigned address such a matter, and to the board of directors at least once every quarter or more frequently as appropriate.

● Establish a procedure for assessing significant changes in the corporate culture governance structure to ensure that the organization's risk management completely covers a wide range of areas, as well as review risks and their implications to improve risk assessment procedures, risk areas, risk prioritization methods, as well as risk response methods, to optimize risk management and to surveil and monitor risk response progress in order to find a way to improve corporate risk management.

● Communicate/report risks, risk management guidelines, and risk management results to stakeholders as important information in strategy development, operations, and investment decisions, as well as raise awareness amongst everyone in the organization, and build confidence in the effectiveness of corporate risk management levels.

● Develop existing information technology or software as tools to help identify, track, and report risks.

● Promote integration between corporate governance, risk management & compliance (GRC).

● Use an up-to-date risk management framework, focusing on changing circumstances that may present new risks compromising achievement of the organization's goals.

Roles, Duties and Responsibilities of the Board of Directors

1. The board of directors supervises appropriateness and adequacy of a risk management system and internal control.

2. The board of directors has arranged for appropriate and sufficient risk management to reduce or control significant risks to an acceptable level.

3. The board of directors ensures that corporate risk management covers information technology risk management.

4. The board of directors considers and approves risk management policies and internal control that are appropriate and consistent with the objectives, main goals, and strategy to cover the entire organization, and ensures there is a risk management process to appropriately reduce an impact on the Company's business, as well as monitors performance.

5. The board of directors studies and understands key risks of the business and approves acceptable risks.

6. The board of directors considers and approves the Risk Management Policy consistent with the objectives, main goals, strategy, and acceptable risks of the business. The Policy serves as a framework for the risk management process for everyone in the organization to follow in the same direction. In this regard, the board of directors places importance on risk management and ensures that the Risk Management Policy is reviewed regularly, for example, once a year.

7. The board of directors ensures that the Company has identified risks, by considering both external and internal factors that may cause the Company to fail to achieve its objectives.

8. The board of directors ensures that the Company has assessed impacts and opportunities causing identified risks in order to prioritize risks and have appropriate risk management methods, such as to take risks, treat risks, terminate risks, or transfer risks.

9. The board of directors assigns the audit committee or relevant subcommittees to screen the information, then propose to the board of directors for consideration, as appropriate to the business.

10. The board of directors regularly monitors and evaluates effectiveness of risk management.

11. The board of directors ensures that the Company operates its business in accordance with relevant laws and standards, both locally and internationally.

12. If the Company has a subsidiary or other business in which the Company has invested significantly (for example, having a shareholding proportion with voting rights of 20 percent but not greater than 50 percent), the board of directors will take the results of the internal control system assessment and risk management as part of its consideration.

Roles, Duties and Responsibilities of the Audit Committee

In order to increase the efficiency and effectiveness of risk management, the audit committee should receive reports on progress and status of key risk management from the internal audit unit, to which the audit committee in turn make necessary recommendations. The audit committee should ensure that identified key risks are included in an internal audit plan and should attend as an observer a board meeting or a meeting of a subcommittee assigned to address such a matter. The audit committee must provide opinions on adequacy of the risk management system and the internal control, which are disclosed in the annual report.

Roles, Duties, and Responsibilities of the Internal Audit Unit

1. The internal audit ensures that the risk management system is properly implemented and followed throughout the organization.
2. The internal audit unit develops the risk management system and the internal control and reviews their efficiency, and submit a corresponding report to the audit committee, as well as discloses the report the annual report.
3. The internal audit unit reviews operations of a risk management unit and makes propose ways to improve effectiveness of the risk management process.
4. The internal audit unit reviews effectiveness of the internal control through annual audit, reviews key risks to the management, and communicates with the risk management unit to ensure understanding of the risks in order to conduct risk based auditing.

Roles, Duties, and Responsibilities of Executives and Employees

1. Executives and employees operate in accordance with the organization’s Risk Management Policy framework.
2. All executives and employees are owners of risks according to their responsibilities.
3. The management is responsible for implementing the Risk Management Policy and is responsible for continually monitoring of its implementation, with support from the board of directors, the audit committee, or relevant subcommittees.
4. All employees are responsible for complying with policies and risk management manuals.
5. Risks shall be identified, control measures be assessed, and operational risks be reported to supervisors up in the hierarchy.
6. Executives and employees participate in determining risk management methods and implementing them.

7. Management and employees monitor strategic risks, operational risks, financial risks, compliance risks, and other risks critical to each mission of an entire department, and ensure that an appropriate risk management plan is in place and able to manage risks to an acceptable level.

8. A department shall be supervised to assess risks, manage risks, and report risks sufficiently and appropriately.

9. Executives and employees report risks, as well as risk status, risk management guidelines, progress, and risk management results to the risk management unit once every quarter, or according to any given notice on a case-by-case basis.

10. Risk management culture shall be promoted to ensure that department/ section managers prioritize risk management in their department/section.

11. All employees must be aware of the importance of risk management and make risk management a part of their normal work process.

Risk Management Policy Review

- The board of directors must review the Risk Management Policy at least once a year to ensure that the Policy is appropriate, sufficient for the Company's business environment, and consistent with the changing risk management framework.
- If the management finds that the Risk Management Policy is inappropriate or insufficient for the Company's risk management, the management shall propose to the board of directors that the Risk Management Policy be revised.

This Risk Management Policy is effective from 14 May 2021 onwards.

(Mr. Sumet Techakraisri)

Chairperson of the Board of Directors