-English Version-

FRASERS PROPERTY (THAILAND) Public Company Limited

RISK MANAGEMENT POLICY

This handbook is a confidential document and should be returned to the Company when a staff member ceases employment with the Company

December 2020

THE FRASERS PROPERTY (THAILAND)
RISK MANAGEMENT POLICY

1. INTRODUCTION

Risk management is part of sound business management. The starting point is the strategic objectives of the organisation. Taking well-managed risks is essential for creating and sustaining value for the organisation as a whole.

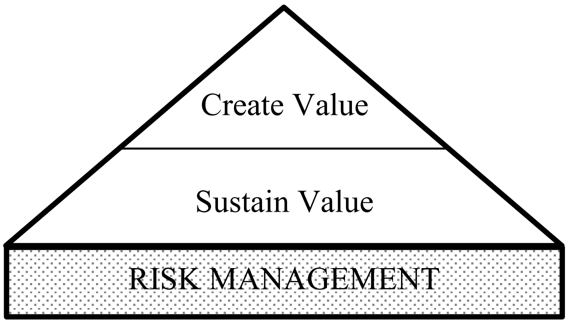


Figure 1: Two organizational Agendas for Directors and Management of the Frasers Property (Thailand) group

The Risk Management Policy (**the "RM Policy"**) establishes the overall process in defining the strategy to identify and manage risks across the entire Frasers Property (Thailand) group of companies (**the "FPT Group"**). The management of risks should be three-fold:

(a) Integrated and coordinated: the risk management framework encompasses a risk model which captures key risks and involves the identification of risks and controls, analysis of risk impact and probability, and assessment of appropriate management actions.

(b) Embedded: risk management is embedded in the organisation process where daily activities are aligned with the risk management policy.

(c) Group of company: in a global economy, risk management must be established across all locations, operating units and countries where the FPT Group does business, to ensure consistent embedding of the risk management system and methodology.

The RM Policy aims to achieve across the FPT Group, a consistent and cohesive framework for risk management by the establishment of a risk register for each business unit (**"BU"**) within the FPT Group.

The FPT Group RM is owned and managed by each BU and disseminated across the BUs to their respective divisions/subsidiaries, departments/operating units, and processes. It is reviewed by the Risk Management Committee ("**RMC**") or respective Audit and Risk Management Committees and endorsed by the respective Boards of the entities within the FPT Group to safeguard shareholders' interests and the FPT Group's assets, and to grow the FPT Group with confidence and strength.

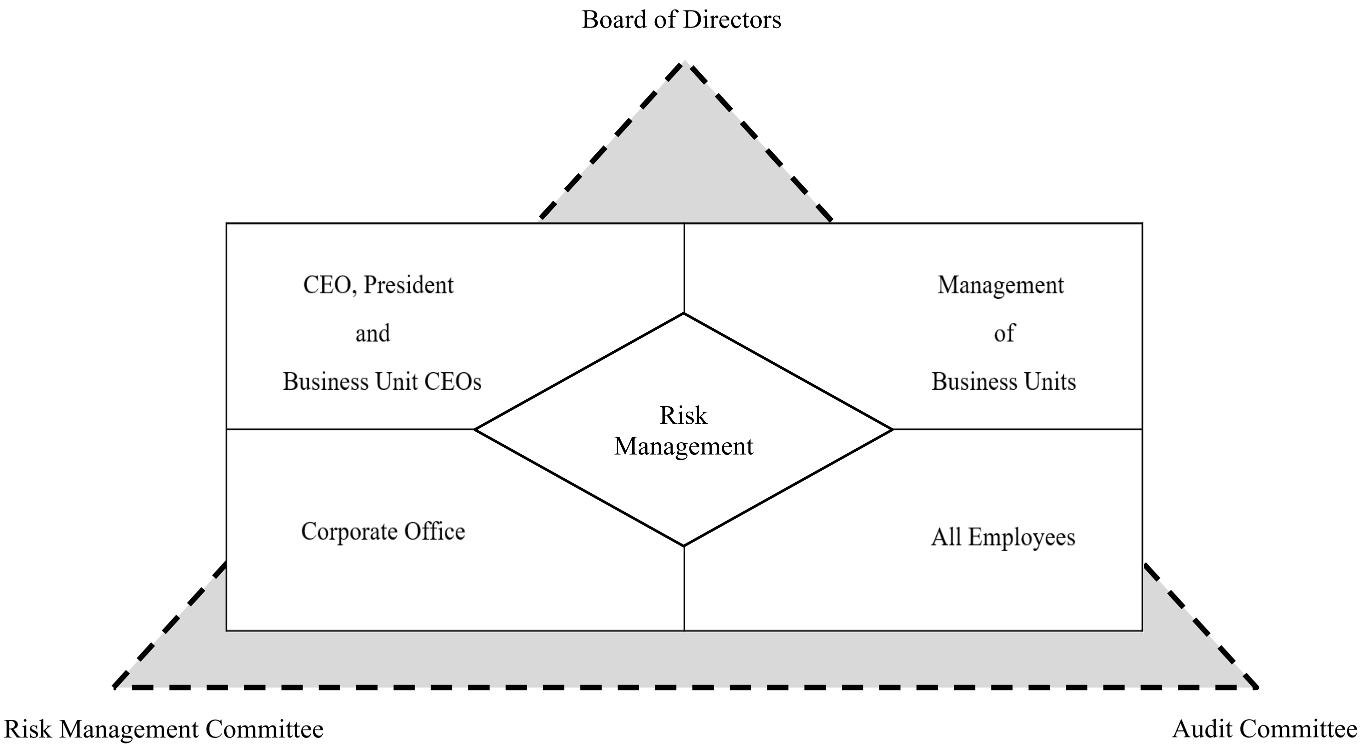


Figure 2: FPT Group Risk Management Framework

2. OBJECTIVES OF RM

The objectives of RM are as follows:

(a) To safeguard shareholders' interests and the company's assets as the company pursues its strategic objectives, through having a risk management framework that encompasses all areas of operations.

(b) To maximise opportunities across the FPT Group to achieve the corporate mission and vision.

(c) To periodically identify **key risks** that may impact on the FPT Group, to assess the adequacy of controls in place, and to determine management actions to be taken and

(d) To comply with Principle 6 of the Corporate Governance Code for Thai listed companies:

Principle 6

Strengthen Effective Risk Management and Internal Control

6.1 The Board should ensure that the company has effective and appropriate risk management and internal control systems that are aligned with the company's objectives, goals and strategies, and comply with applicable law and standards.

3. ORGANISATIONAL CULTURE

For risk management to be effective there is a need for openness throughout the organization. This will enable Management and staff to escalate concerns in a timely manner without fear of reprisal through one or more of the following measures:

(a) Risk awareness briefings for new employees and refresher for employees (where required).

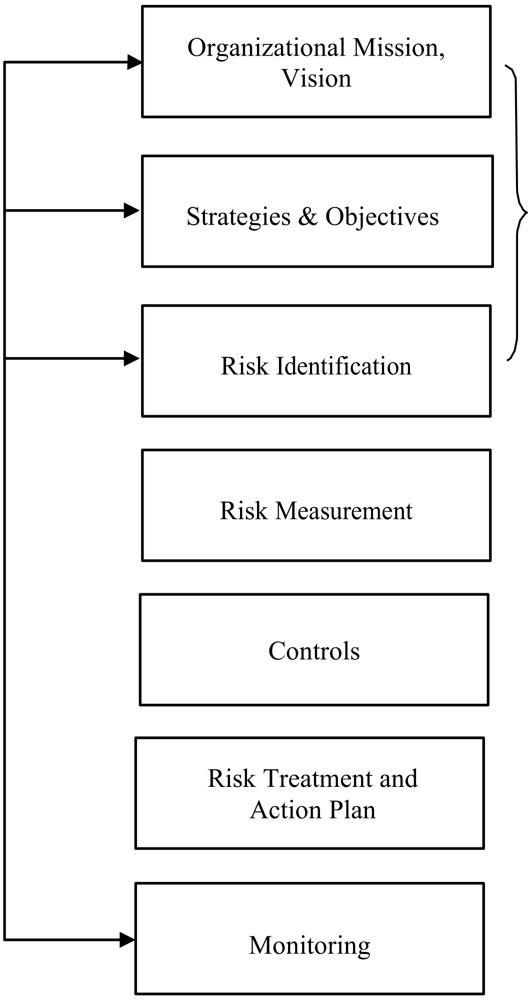
(b) Communication and understanding by employees of risk tolerance statements adopted by the relevant BU.

(c) Periodic Risk Management reports to the RMC and at least annually, to the Board; and

(d) Periodic discussions of risks and risk issues with Management at RMC and at BU level.

4. THE RM PROCESS

The RM process includes the following steps:



- Identify key Corporate Risks associated with the organizational Mission, Vision, Strategies and Objectives.
- Measure these risks in terms of the Possibility of occurrence and the Impact on the organization resulting from the consequences.
- Evaluate the existing controls to manage the risks, confirm ownership and timelines for managing and monitoring the controls.
- Decide on Risk Treatment. Develop Action Plans to manage Residual Risks.
- Monitor and review continually to ensure risks are effectively identified and assessed, and controls appropriates.

Figure 3: RM Process

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5. THE RM METHODOLOGY

In order to have a logical and systematic methodology for identifying, analysing, assessing, treating and monitoring risks, a web-based CRS system is adopted where Management reports risks and risk status using a common platform and in a consistent and cohesive manner.

5.1 RISK REGISTER AND REPORTS

Risks are reported and monitored via the following.

(a) Register

(i) The RM process begins with the establishment of the risk register.

(ii) The risk register captures the key risks and mitigating measures (preventive, detective and corrective controls), as well as the ratings of the risks. Ratings are assigned based on an assessment of the impact and probability of the risks where no control measure is taken to address the risk, i.e. gross rating. The net ratings are arrived at after taking into consideration the implementation and effectiveness of the control measures. Risk parameters for respective BUs, upon which the ratings are based, are established by Corporate Finance taking into account the risk appetite of each operating unit based on forecasted profits for the year.

(b) Key Risk Indicators (“KRI”)

KRIs are established to monitor the risks. (For instance, the Key Construction Material Prices statistics published by the Building & Construction Authority can be used as KRIs to track the price of construction materials.)

(c) Risk Dashboard

The Risk Dashboard is used for management reporting. It summarises the key information in the risk scorecard and KRI report.

(d) High Impact Low Probability (“HILP”) Events Risk Dashboard (as appropriate)

Events that have low probability of occurrence and high financial impact when they occur are shown on the HILP Events Risk Dashboard. The objective is to keep these risks in view and put in place measures to minimise the loss should the events occur.

5.2 RISK CLASSIFICATION

(a) Risks are analysed based on the following sources of risks:

No.	Sources of Risk	Description
1.	External	External factors such as globalisation, economic conditions, competition and takeovers, political changes, reputation and public image.
2.	Regulatory	Rules and guidelines by statutory and government bodies with penalties for non-compliance.
3.	Legal	Legal arrangements, contracts, agreements and obligations.

No.	Sources of Risk	Description
4.	Strategy	Corporate framework for managing the strategic direction and performance of the organization e.g. strategy formulation, management and execution, organization performance and alignment.
5.	Corporate Governance	Corporate framework for managing the organization e.g. organizational structure, corporate culture, values, delegation of authorities, performance of the Board and policy setting.
6.	Financial	Financial considerations e.g. profitability, cash flow and cost management and asset/liability management.
7.	Customers	Internal and external customers. May include agents, distributors and resellers.
8.	Products & Services	Goods and services sold or provided by organisation, including marketing and R&D.
9.	Suppliers	External parties who supply goods and services to the organisation e.g. vendors and contractors. May include outsourcing providers.
10.	Human Capital	Human resources of organisation, permanent and temporary.
11.	Operations	Production and delivery of goods and services e.g. policies and procedures, storage of materials and disaster recovery.
12.	Information Technology	IT infrastructure, network, security and system

(b) Key Risk Categories

No.	Key Risk Category	Description
1.	Reputational	Potential loss from events that have negative impact on reputation, public perception and branding.
2.	Operational	Potential loss associated with day-to-day events that the organisation is confronted with as it strives to deliver its strategic objectives. (E.g. IT related event) (other than those falling under reputational, strategic, country and political, currency and interest rates and commodity risk categories.)
3.	Commodity	Potential loss caused by impact of shortage and/or fluctuations in price, for commodity. (E.g. raw materials)
4.	Financial	Potential loss from multiple types of risk associated with finance. Major financial risks include: Currency – Potential loss caused by impact of changes in exchange rates on foreign currency denominated assets and liabilities. Interest Rates – Potential loss caused by impact of changes in interest rates on interest bearing assets and liabilities. Liquidity Risk – Potential loss caused by impact of failure to meet financial obligations that are due. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

No.	Key Risk Category	Description
5.	Country/Political	Potential loss caused by operations/investments in foreign countries. (E.g. Expropriation/ nationalization)
6.	Strategic	Potential loss to current or prospective earnings or capital arising from changes in the business environment and from adverse business strategy, improper implementation of strategy, or lack of responsiveness to industry, economic or technological changes.

5.3 RISK REPORTING STRUCTURE

(a) Departments/Divisions/Subsidiaries will report to BUs which in turn report to FPT

(b) Risk Owners and Risk Co-ordinators

The head of each entity (i.e. Department/ Division /Subsidiary/Business Unit) is the risk owner, and is responsible for the entity's RM programme, determining and managing the overall risk exposure of the entity. There is a Risk Co-ordinator appointed in each entity. The Risk Co-ordinator is responsible for the coordination and management of the RM programme, and updating and reporting on the risk status to the head of the entity.

(c) Risk Review and Approval Process

Risks are identified, managed, reviewed and endorsed at each level of reporting structure. They are then consolidated for review at the next higher level, before they are escalated to the FPT RMC. The RMC reviews risks that have a material impact at Group level.

(d) Frequency of Review of Risks

Risks are reviewed at least three times a year at RMC meetings.

6. RESPONSIBILITIES FOR RM

The responsibilities for RM are as follows:

(a) Management

Management is responsible for

(i) maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the FPT Group's assets; and

(ii) assisting the Chief Executive Officer (**"CEO"**) in implementing the RM process and Methodology.

(b) The BU CEO and Head of Finance

The **CEO** and Head of Finance of each BU will be responsible for the following:

(i) Compliance of the RM process and Methodology.

(ii) Flow through of RM Concept to the BU including the department/operating unit/ division/subsidiary and the process levels.

(iii) Continual risk assessment by the BU using the Methodology and assessing and monitoring management actions taken.

(iv) Timely identification, mitigation and management of key risks that may have a material impact on the FPT Group's profit and loss, and balance sheet.

(v) Periodic review of the nature and extent of significant risks which the BU is willing to take in achieving its strategic objectives.

(vi) Communication and understanding by employees of risk tolerance statements adopted by the relevant BU.

(vii) Periodic discussions of risks and risk issues with management at RMC and at BU level at least three times a year.

(viii) Submission by each BU, at least annually, to the Risk Management Unit, a Risk Report (endorsed by the CEO) on the RM process carried out by each BU; and

(ix) Assurance to the FPT CEO and FPT Chief Financial Officer ("CFO") regarding the effectiveness of the BU's risk management and internal control

(c) The FPT CEO and FPT CFO

The FPT CEO, President and FPT CFO exercise oversight of the role of each BU of the FPT Group in carrying out their responsibilities in risk management, including the following:

(i) Periodic discussions of risks and risk issues with management at RMC and at BU level

(ii) Annual validation of the BU Risk Report.

(iii) Assurance to the Board regarding the effectiveness of the BU's risk management and internal controls systems.

(d) The Risk Management Unit

The Risk Management Unit, works with the appointed Risk Co-ordinators of the BUs in consultation with the Group Company Secretary, Group Legal/Compliance Officer (as appropriate) and RMC, to drive RM implementation, facilitate risk awareness programmes and training workshops.

Annually, the Risk Management Unit will co-ordinate an annual review of the RM profile of the FPT Group for validation before the RMC. Upon validation, the Risk Management Unit will consolidate the FPT Group risks in the FPT Group RM Register.

(e) Internal Audit

Internal Audit is expected to conduct a review of the RM process and the risk registers of each of the BU in accordance with audit plans approved by the respective Audit Committees of the relevant FPT Group entity.

(f) Risk Management Committee

The RMC assists the Board in carrying out its responsibility of overseeing risk management of the FPT Group. Specifically, the RMC's role is to report to the Board and provide appropriate advice and recommendations on key material risk issues, and to ensure that Management has in place an effective risk management system for the identification, mitigation and management of such key risks that may have a material impact on the FPT Group. The detailed role and duties of the RMC are specified in the RMC Terms of Reference.

(g) Audit Committee

The Audit Committee assists the Board in the review of the adequacy and effectiveness of the Group's internal controls including Financial, Operational, Compliance and Information Technology controls.

(h) The Board of Directors

The Board of Directors with the assistance of RMC, through the review and formulation of risk tolerance statements by the Group, determines the levels of risk tolerance for the company and its subsidiaries; and reviews the adequacy and effectiveness of the Group's risk management framework and process through regular risk reporting, annual risk validation exercise and assurances from key management.