

Gunkul Engineering Public Co., Ltd. and GUNKUL's Group			
	Enterprise Risk Management Policy	Document No.	OMD 2560/15
		Effective date	25 Dec. 2017
	Approved by the Resolution of the Board of Directors Meeting No. 9/2560 dated 18 December 2017	No.	2.0
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Message from the Chairman of the Board

The board of directors is aware that the risk management is part of good governance while both risk management and efficient risk control are the critical parts to enhance the company and its group to achieve the objective to undertake the business in a stable and continuous manner. The risk identification and risk management practice are the tools for the company and its group to examine and make a management decision with consideration on prudence and carefulness.

The board of directors has arranged the "risk management policy" as a practice and management guideline for the board of directors, sub-committee, executives and employees to manage the system and organization in accordance with the good governance concept to ensure the long-term return and value added to the shareholders and to enhance confidence of all stakeholders and to increase the competitiveness of the company and its group for sustainable growth.

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1. Objectives and Scope of Policies

- 1.1. To provide a framework for risk management of the company and its group and to provide a practice guideline on risk management process of the company and its group to ensure congruence and corporate-wide practice based on laws, rules, regulations and requirements of related supervision agencies and to counter fraud and corruption in accordance with the good governance concept.
- 1.2. To lead toward actual practice and compliance with the risk management and internal control as it is held the key part of all activities of the company and its group.
- 1.3. To determine duties and responsibilities to control the risk indicated appropriately.
- 1.4. This policy is applicable to all works undertaken by every director, executive and employee in the organization.

2. Definitions

Risk means the possible incident or impact and/or difficulty to accomplish the objective in accordance with the plan of the company and its group while such impact or damage, either financial impact or impact on image and reputation of the company and its group.

The enterprise risk management means the process arranged to identify the risk which may affect the organization and to manage the risk within the level acceptable to the organization to ensure confidence that the organization will be able to achieve the objective and strategy determined by the organization.

3. Duties and Responsibilities

- 3.1 The board of directors is assigned to take an overall responsibilities on supervision to ensure proper and consistent risk management throughout the organization through the risk management committee.
- 3.2 The audit committee is required to assist the board of directors to undertake the risk management work to ensure that the risk management process is effective and appropriate.

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- 3.3 The executive board is responsible for determination and review of the risk management, including the internal control of the company and its group.
- 3.4 The chairman of the executive board is responsible for carrying out this policy, supervise the organization to ensure strict compliance and to monitor continuous compliance and to enhance awareness against the risk and risk management until it is a corporate culture.
- 3.5 The risk management committee has a duty to ensure that the key business risk has been identified and assessed consistently and to arrange a measure to handle the risk effectively and is responsible for the following works.
- 1) To determine policies, practice guideline and framework on risk management of the company and its group to provide a guideline on the business undertaken in accordance with the law on securities and stock exchange, requirements of the stock exchange or the laws related to the business undertaken by the company and its group, including measures and practice guideline against corruption.
 - 2) To supervise, monitor and assist the risk management to ensure achievement in the organization level and the project level with consideration on each risk to assess, analyze and make a decision to ensure that the risk management process has covered all aspects and steps of the business undertaken.
 - 3) To review the practice measure and the framework on risk management in comparison with the international practice measures and make recommendations for improvements as deemed suitable to the board of directors.
 - 4) To review the risks and the risk management measures of the company and its group as assessed by the unit which is the owner of the risk assessed and to provide recommendations for improvements.
 - 5) To supervise effectiveness of the risk management process of the company and its group through continued monitoring and review.
 - 6) To report the risk which is high and greatly high to the chairman of the executive board, the executive board, the audit committee and the board of directors.
- 3.6 The internal audit division is responsible for review of the effectiveness of the internal controls through the annual internal audit which is the audit process for key businesses according to the risk and to monitor and to improve the defects found.
- 3.7 Every executive and employee is responsible for identification, analysis, assessment and prioritization of the risk of its own unit and to determine the suitable measure for risk management as part of its responsibility to be performed.

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4 Acceptable Risk Level

The company and its group has determined and communicate the level of risk acceptable to the company and its group which is dependent of the risk of the hypothesis and the expected possibility to provide the management measure and the performance of the employees and the acceptability and the risk management. The company and its group has the acceptable risk level as follows.

- 4.1 Financial management – The company and its group refuses to accept the risk on unreliable financial reports and non-compliance with the accounting standards.
- 4.2 Compliance with laws and regulations – The company and its group refuses to accept the risk on offence against the laws, rules, regulations and ethical principles of the employee or lack of good governance in the organization.
- 4.3 Image and reputation – The company and its group refuses to accept the risk from damage against image, reputation and declining quality of service and trust of the stakeholders.

5 Risk Management Process

The company and its group has a policy to manage the risks affecting the company and its group based on the internal and external factors to keep the remaining risk to the acceptable level and suitable and the management of the company and its group has determined that:

- 5.1 To review and examine every risk factor based on both internal and external factors consistently, including the strategic risk, financial risk, construction management risk, legal compliance risk, information technology risk and risks on the other work performed, including corruption risk.
- 5.2 To arrange a review and assessment on the possibility of the risk to incur and the level of severity of the impacts on various aspects.
- 5.3 There are measures to prevent and alleviate the impact possibly incurred from each risk.
- 5.4 The person responsible is assigned and the reporting and monitoring measures are arranged to assess and to keep the possible risk to the low level or the level acceptable to the company.
- 5.5 Modern information technology is employed in the risk management process of the company and its group and to support every level of personnel to widely access and to learn of the information on risk management to ensure that the risk management process of the company is adequate.

6 Policy Review

The risk management committee is required to review and submit this policy to the board of directors for approval every year.

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Revision Record

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OMD 2560/02	1.0	22 FEB 2017	Rewritten	To comply with the principles of the supervising agency and the current operations	25 DEC 2017
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