

## Risk Management Policy

### Introduction

The Erawan Group Public Company Limited and its subsidiaries (“The Company” or “The Erawan Group”) recognize that risk management and internal control are integral components of good corporate governance and form the foundation for achieving both strategic and operational objectives. The Company is committed to protecting the interests of its shareholders and safeguarding its assets. Although it is not possible to eliminate all risks associated with business operations, The Erawan Group is committed to implementing effective risk management practices to support better decision-making, appropriately managing risks, maximizing business opportunities, and minimizing potential adverse impacts on the Company.

### Objectives

The Risk Management Policy of The Erawan Group has been established with the following objectives:

- To affirm and demonstrate the commitment of The Erawan Group and its subsidiaries to employ risk management as a tool to achieve the Company’s strategic and operational goals and objectives.
- To ensure that all significant risks affecting the Company are identified, assessed, managed as necessary, and reported to the Board of Directors in a timely manner through the Risk Management Committee.
- To establish a consistent and structured framework for identifying, assessing, managing, monitoring, measuring, and reporting key risks within each department across the organization.
- To promote risk awareness among employees and assign responsibility for risk management within each respective function.
- To ensure that risk management is embedded in the day-to-day management and operational activities of all departments throughout the organization.
- To comply with principles of good corporate governance applicable to the Company.

### Scope

This policy applies to all operations, executives, and employees of The Erawan Group Public Company Limited and its subsidiaries.

## Risk Management Policy

1. The Company operates within an acceptable risk framework to achieve its objectives and meet stakeholder expectations. Risk management is an integral part of annual business planning, daily operations and decision-making, as well as project management processes.
2. All executives and employees of the Company are risk owners. They are responsible for identifying and assessing risks within their respective areas and implementing appropriate measures to manage those risks.
3. All risks that may impact the achievement of the Company's objectives shall be managed as follows:
  - Risks must be identified in a timely manner.
  - The likelihood of occurrence and potential impact of each risk must be assessed.
  - Risks must be managed in accordance with established risk management principles, considering the costs of risk mitigation and the benefits expected from managing the risk.
  - Ongoing monitoring must be conducted to ensure that the Company's risks are effectively managed.
4. Risks that may affect the Company's business plan and strategic plan, particularly those assessed as high or very high, must be reported to the Board of Directors, the Executive Committee, the Risk Management Committee, and the Audit Committee.

## Roles and Responsibilities in Risk Management

### Board of Directors

- The Board delegates to the Risk Management Committee, chaired by the President and comprising executives from the Finance, Operations, and Governance functions, to develop a systematic risk management plan. This plan shall include appropriate risk management and risk control measures and shall be reported to the Executive Committee. The Committee is responsible for managing risks and reviewing the risk management framework effectively, including defining acceptable risk levels.
- Acknowledged and approved the Risk Management Policy and established a foundation for, as well as foster, a risk management culture within the Company.

### The Risk Management Committee shall be responsible for:

- Reviewing and overseeing actions within the scope of its charter and having authority to access all information related to risk management.

- Establishing the risk management policy for the Company and its group companies to be submitted to the Board of Directors for approval.
- Defining a risk management framework that ensures effective identification, analysis, assessment, response, and monitoring of all significant risks of The Erawan Group, including aligning organizational strategies and resources with the Company's risk management policy.
- Determining the levels of risk tolerance and acceptable risk across various dimensions of significant risks and submitting these for the Board of Directors' consideration.
- Supervising management in the design, implementation, and ongoing monitoring of the risk management system, including providing recommendations to improve, rectify, and establish preventive measures for key risks, ensuring that risk management is effective.
- Reporting to the President on the following matters:
  - The impact of risk levels and changes to the risk management framework, including effects from policy changes and business developments.
  - The status of risks and any changes affecting risk tolerance or acceptable risk levels in a timely manner.
  - Factors that may have a significant impact on the Company's risk levels.
- Regularly reporting to the President on the status of risks and any changes affecting the scope or level of acceptable risk.
- Prepare an annual report on the Company's risk management activities and strategies, to be submitted to the Board of Directors for review of the adequacy and effectiveness of the Company's risk management. This report shall also be disclosed in the Company's Annual Report and Sustainability Development Report.

### **Executives and Employees**

All executives and employees, as risk owners, are responsible for managing risks within the scope of their duties. This includes identifying, analyzing, assessing, and prioritizing risks within their respective areas, as well as implementing appropriate risk management measures in accordance with the Company's risk management policy, internal control framework, and guidance from the Board of Directors and/or the Risk Management Committee.

## Internal Audit Department

The Internal Audit Department is responsible for reviewing the effectiveness of internal controls through the annual internal audit. This includes auditing key business processes based on risk factors, following up on corrective actions for identified deficiencies, and providing recommendations to improve the effectiveness of risk management, internal controls, and governance to enhance value and support the Company's operations.

## Risk Management Process

The Company follows a 7-step risk management process as follows:

1. Identify risks arising from internal and external environments that may affect the achievement of strategic and operational objectives.
2. Assign risk owners.
3. Identify and assess existing controls.
4. Evaluate the impact and likelihood of each risk after considering existing controls.
5. Assess the risk rating and prioritize risks based on the assigned scores.
6. Select and review risk mitigation methods and action plans to reduce the likelihood and/or impact of risks and implement the approved action plans.
7. Monitor and report on risk management and mitigation measures.

Identified risks should cover the following types:

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| 1. Strategic risks                                   | 11. Macroeconomic and geopolitical uncertainty risks |
| 2. Asset concentration risks                         | 12. Cybersecurity and data protection risks          |
| 3. Competitive risks                                 | 13. Human resources risks                            |
| 4. Risks from international expansion                | 14. Hazard risks                                     |
| 5. Risks arising from changes in consumer behavior   | 15. Financial and liquidity risks                    |
| 6. Operational risks                                 | 16. Regulatory risks                                 |
| 7. Supply chain management risks                     | 17. Governance and legal compliance risks            |
| 8. Risks from dependence on limited supply chains    | 18. Human rights-related risks                       |
| 9. Risks of receiving substandard goods and services | 19. Environmental risks                              |
| 10. Digital and emerging technology risks            | 20. Emerging risks                                   |
|  | 21. Risks from outbreaks of new diseases             |
|  | 22. Climate change                                   |
|  | 23. Environmental sustainability risks               |

These risks can be assessed through brainstorming, SWOT analysis, or departmental group assessments. Identified risks should be recorded in the Risk Register for periodic monitoring and reporting to the Risk Management Committee and/or the relevant management level. Each department's management should annually review the linkage between strategic objectives and risks to ensure focus remains on critical activities.

Each year, the Risk Management Committee shall review the Risk Registers of all departments.

#### Assessment Criteria for the Probability or Frequency of Events

Level		Description	Likelihood/Frequency of occurrence	
			Probability	Occurrence Period
High	5	Most probable or frequent event	>90%	Quarterly
Substantial	4	Likely or frequent event	50 – 90%	Semi-annual
Medium	3	Possible or occasional event	30 – 50%	Annually
Low	2	Unlikely event	10 – 30%	2 - 5 Year
Very Low	1	Rare or exceptional event	<10%	5 - 10 Year

The policy shall be reviewed and approved by the Board of Directors annually or whenever changes occur.

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Reviewed and duly approved by the Board of Directors  
at Meeting No. 8/2025, held on 24 November 2025