

## The Charter of the Risk Management Committee

### 1. Objective

In order to manage risk effectively and in accordance with the standard of ISO 31000 as well as the guideline of the Securities and Exchange Commission on COSO internal control framework, the Risk Management Committee (RMC) is then appointed and assigned to oversee the risk management process to all aspects of the organization, to monitor and to manage the risk issues as appropriate as to mitigate the impact on the company's businesses. In this regard, this charter specifies the composition, the office term as well as the duties and responsibilities as an operational framework for the RMC.

### 2. Composition of the Risk Management Committee

2.1 The RMC comprises at least 3 directors elected by the Board of Directors, and at least 1 of whom must be a director of the company. An external personnel who has proper qualifications can be appointed as the RMC's member.

2.2 The RMC can appoint a company employee as the RMC's secretary.

2.3 The Board of Directors has the authority to appoint a new member of the RMC who has a proper qualification as to substitute the member of the RMC who is out of the office by the reason other than the end of term in order to maintain the number of the RMC's members as specified in the charter.. The new member who is appointed can only be in the office within the remaining term of the member he/she replaced.

### 3. The Office Term

3.1 The RMC's members have the office term of three years.

3.2 The RMC's members may be reappointed.

3.3 Apart from vacating upon the end of office term, the RMC's members shall retire from the office upon the following conditions

3.3.1 Death

3.3.2 Resignation

3.3.3 Dismissal by the resolution of the board of directors.

### 4. Duties and Responsibilities

4.1 Assess the Company's risk management policy, risk appetite, and other related framework and present them to the board of directors

- 4.2 Develop an efficient enterprise risk management system and promote collaboration to ensure risk management is continuously implemented at all levels in the organization.
- 4.3 Review risk report of each department and provide recommendations and resolutions.
- 4.4 Coordinate with the Audit Committee about significant risk factors and propose appropriate mitigation policy or measures
- 4.5 Oversee the effectiveness of risk management process
- 4.6 Report significant risks and risk management solutions to the board of directors' meeting periodically.
- 4.7 Perform other tasks related to risks management as assigned by the board of directors

## 5. The meeting

- 5.1 The RMC shall hold the meetings at least once in each quarter by setting the agendas and inform the members in advance.
- 5.2 The RMC can invite any related personnel to join the meeting as necessary.
- 5.3 There must be more than half of RMC's members attend the meeting as a quorum.
- 5.4 The Chairman of the RMC shall also be the chairman of the meeting. In case where the Chairman of the RMC is absent or unable to perform the duty, other committee members attending the meeting can select one RMC's member to be a substitute chairman of the meeting.
- 5.5 Each RMC's member has one vote and the resolution can be made by majority vote. If votes are equal, the chairman of the meeting shall vote as additional vote as to be decided vote. Any member of the RMC, who has any interest in the related topic shall not vote in that particular topic.

## 6. Reporting

The RMC shall report its performance on risk management to the Board of Directors at least twice a year during the 2<sup>nd</sup> and 4<sup>th</sup> quarter as as assigned. Also, the RMC shall prepare a report on such issue signed by the RMC's Chairman to disclose in the company's annual report.

## 7. Performance assessment

The RMC shall assess its performance at least once a year as well as shall review the risk management policy and report to the Board of Directors for acknowledgement and receiving the

recommendations to improve the risk management of the company to be more effectively and efficiently.

This charter is enforced from Novemeber 26, 2015 onwards.

Dr.Pongsak Viddayakorn (M.D.)

Chairman of the Board

Principal Capital Public Company Limited