

Risk Management Committee Charter

Purpose

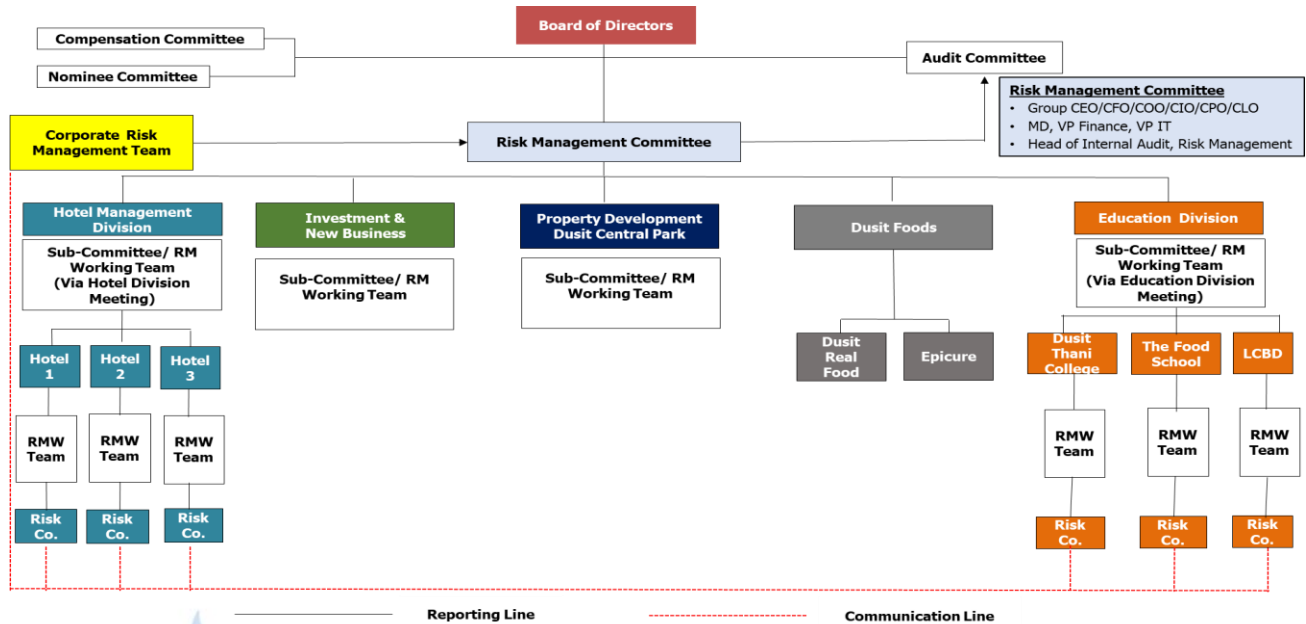
The Company's Risk Management Committee (hereby called Risk Management Committee) is established to oversee the implementations of Enterprise Risk Management (ERM), which is one of the management tools deemed significant by the Board of Directors in ensuring Good Governance of the Company. Risk Management Committee will also assist the Board of Directors in fulfilling their oversight responsibilities with regards to the Company's risk management program as follows:

- Providing guidelines, policies and processes regarding the enterprise risk management practices of the Company within the risk management framework by COSO (The Committee of Sponsoring Organizations of the Treadway Commission) ;
- Overseeing the enterprise risk management practices of the Company in relation to the identification, measurement, monitoring, and controlling of the Company's principle business risks which include, but are not limited to, strategic risk, operational risk, financial risk and compliance risk, to meet the Company's risk appetite;
- Providing an open and ongoing communication forum between management, third parties and the Board of Directors to discuss risks and risk management.

It is of paramount importance that risk management practice is embraced by employees at all levels. Risk Management Committee will oversee and extend support for the implementations of risk management by carrying out the activities enumerated in Section Authority, Duties and Responsibilities of this Charter.

Structure

To ensure the effective implementation of Enterprise Risk Management, Risk Management Committee forms four subcommittees—Hotel Risk Committee, Investment & New Business Risk Committee, Property Development Risk Committee (Project D) and Education Risk Committee—to assist Risk Management Committee in fulfilling their duties and responsibilities regarding risk management related to each function. In addition, Corporate Risk Management Team is established and designated to carry out risk management activities enterprise-wide. The structure and reporting lines of each risk committee are illustrated below:



Membership

1. Risk Management Committee is led by Group Chief Executive Officer as a chairperson and is comprised of the Company's key executives and/or representatives from each business unit and division. The chairperson of Risk Management Committee called for a revision of the Committee's composition which includes but not limited to:
 - Group Chief Executive Officer
 - Chief Financial Officer
 - Chief Operating Officer
 - Chief Investment Officer
 - Chief People Officer
 - Chief Legal Officer
 - Head of Property Development (DCP)
 - Head of Education
 - Head of Food Business
 - Head of Hotel Business Development Department
 - Head of Information Technology Department
 - Head of Internal Audit Department
 - Head of Risk Management Department

Risk Management Committee may appoint, as deemed necessary and appropriate, any other executives/representative to be a member of the Committee. The head of Risk Management Department shall act as the secretary of the Risk Management Committee.

2. The four sub-committees—Hotel Risk Committee, Investment & New Business Risk Committee, Property Development Risk Committee (DCP) and Education Risk Committee—shall consist of the department heads relevant to their businesses. The four subcommittees are led by Chief Operating Officer, Chief Investment Officer, Managing Director–Property Development and Managing Director–Education respectively. The subcommittee members may additionally appoint their members as deemed necessary and appropriate. As for Food Business, the head of each business unit will appoint their own risk management working team and report directly to the Risk Management Committee. No sub-committee was appointed.

3. Other executives—General Managers, School Principals, for instance—may be requested to participate in risk management meetings as deemed necessary by Risk Management Committees.

Meetings

- Risk Management Committee shall meet at least 4 times per a year or more frequently as circumstances dictate. In a case where Group Chief Executive Office is unable to attend the meeting, Chief Finance Officer can be designated as the chairperson. However, an official approval from Group CEO must be obtained per each meeting. As for other members, they may assign a representative to attend the meeting in their absence.
- Hotel Risk Committee shall, for being the key business to the Company, meet at least 6 times a year to discuss risks encountering their business. The meeting can be incorporated into their regular division meetings participated by all concerned executives.
- Investment & New Business Risk Committee shall call for a risk management meeting at least 1 time a year or more frequently as circumstances dictate. The meeting can be incorporated into their regular division meetings participated by all concerned executives.
- Property Development Risk Committee (DCP) shall call for a risk management meeting at least 6 times per year or more frequently as circumstances dictate. The meeting can be incorporated into their regular division meetings participated by all concerned executives.
- Education Risk Committee shall call for a risk management meeting at least 4 times a year or more frequently as circumstances dictate, but can be incorporated into their regular division meeting.

Authority, Duties and Responsibilities

Authority of Risk Management Committee

- Risk Management Committee shall have authority to request, as deemed relevant and appropriate the Company's management from any business unit, division, or department to participate in Risk Management Committee meetings to report and update on risk management matters related to their responsibilities.
- Risk Management Committee shall have authority to assign the Company's management from any business unit, division or department to execute a given task necessary in fulfilling the committee's responsibilities pertinent to risk management.

Duties and Responsibilities of Risk Management Committee

The committee shall:

Enterprise Risk Management Framework

- Review and recommend, as deemed necessary and appropriate, the Company's risk management structure, practices, guideline, policies and process related to the implementations of enterprise risk management to fit with ever-changing business environments
- Monitor the development implementation and effectiveness of enterprise risk management framework within the Company.

Risk Appetite and Tolerance

- Review and approve the Company's risk appetite and strategy relating to key risks.
- Monitor the Company's adherence to its risk appetite.

- Oversee the Company's process and policies for determining risk tolerance and review management's measurement.

Risk Assessment & Management

- Monitor and review the Company's risk profile, its on-going and potential exposure to risks of various types.
- Monitor risks identified and evaluate the Company's responses (controls) to manage risks.
- Review and make recommendations around key risk reports, policies, and risk mitigation plans for each business unit.

Risk Management Coordination, Communication and Culture

- Help to set the tone and develop a culture of risk awareness and risk management.
- Promote open discussion regarding risks, integrate risk management into the organization's goals and create a corporate culture such that people at all levels manage risk in a more proactive manner.
- Provide a comprehensive view of the Company's risk profile to the Board of Directors. Monitor an enterprise-wide view of the risks affecting the Company and report to the Board of Directors.
- Promote the linkage between risk management and the strategic planning process.
- Ensure the Company's staff continue to support the Risk Management Working Team.
- Ensure Risk Management Working Team has adequate resources in the implementations of risk management activities.

Duties and Responsibilities of Sub-Risk Management Committee

In order to support the Company's Risk Management Committee in achieving their goals related to the Enterprise Risk Management, each Sub-Risk Management Committee—Hotel Division, Investment & New Business, Property Development and Education Division—is committed to:

Risk Appetite and Tolerance

- Determine risk appetite pertinent to their business unit and propose to the Company's Risk Management Committee for review and approval.
- Monitor the business unit's adherence to its risk appetite.

Risk Assessment & Management

- Identify, monitor and review risks in the business unit, its on-going and potential exposure to risks of various types.
- Monitor risks identified and evaluate the business unit's responses (controls) to manage risks.
- Review and make recommendations around key risk reports and risk mitigation plans for concerned individual in the business unit.

Risk Management Coordination, Communication and Culture

- Promote risk awareness culture and risk management in the business unit by ensuring sufficient communication in relation the business unit's risk and risk management, demonstrating their roles in risk management practice and providing a dialogue to discuss risks for all concerned.
- Integrate risk management into the business unit's goals and create a culture such that people at all levels manage risk in a more proactive manner.

- Promote the linkage between risk management and the strategic planning process.
- Ensure that their staff continue to support the Risk Management Working Team.

Reporting

- Risk Management Committee shall report, at a minimum annually, the Board of Directors regarding enterprise risk management activities, the Company's risk profile and risk appetite as approved by the Board including risk mitigation plans.
- Risk Management Committee shall report, on a quarterly basis, Audit Committee regarding the progress of enterprise risk management implementation, the Company's risk profile and risk appetite for their review and recommendation prior to the presentation to the Board. The Head of Risk Management Department can be designated to report to Audit Committee on their behalf.
- Sub-risk committees shall regularly report the risks related to their business units in the Risk Management Committee Meeting for recommendations. Should any case requires an urgent decision or action, sub-committee shall notify Risk Management Committee immediately.

Charter Reviews

- Risk Management Committee shall, at least annually, review and update the charter to ensure respond to new risk-oversight needs and any changes or other requirements.

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