



RISK MANAGEMENT POLICY

Precious Shipping Public Company Limited

Updated: November 18th, 2020



Precious Shipping Public Company Limited

Risk Management Policy

1. Rationale

Precious Shipping Public Company Limited and its subsidiaries (referred to collectively as “the Company”) recognizes that effective risk management is a key component for the long-term sustainability of the Company. The identification and management of risks improves decision making, defines opportunities, minimizes adversity and establishes competitive advantage. The Company is committed to enterprise-wide risk management to meet its long-term objectives.

Risk is defined as the likelihood of an event that will have an adverse impact on the Company’s business objectives. It is measured in terms of consequence and likelihood.

2. Purpose

This policy explains the Company’s approach to risk management and forms part of the company’s governance. It also outlines the role & responsibilities of the Board/ Sustainability and Risk Management Committee/Risk owners etc.

3. Scope

This policy is applicable to all the company’s operations and shall operate in conjunction with all other departmental policies or practices.

4. Objectives

This Risk Management Policy has the following objectives:

- Provide a consistent approach to identify, evaluate, monitor, and report various risks involved in operations.
- To set out the risk management strategy and establish guidelines for the management of risk within the Company.
- To support the performance of the management and to achieve the Company’s goals.
- To reduce the impact of adverse events on business operations.



5. Policy

The Board of Directors has set the policy and framework of Risk Management by considering the probability and the likely impact of a range of risks that can adversely impact the business. They also particularize a list of preventive and mitigation measures, establish reporting structures and monitoring procedures to pick up on early warning signs of risk within the business. The Company has disclosed and explained significant risk factors in the Annual Report.

All the Company's employees are stakeholders in managing risk of the Company, which they accomplish by identifying and assessing the risks in their business areas and formulating appropriate mitigation measures.

6. Role and Responsibilities

- 6.1 The Board of Directors is responsible for overseeing the risks within the Company.
- 6.2 The Audit and Corporate Governance Committee assists the Board of Directors in reviewing risk management and control systems of the Company.
- 6.3 The Managing Director is responsible for implementing this Policy and monitoring the Company's risks in all areas.
- 6.4 The Sustainability and Risk Management Committee ensures that business risks are identified as well as monitored on an on-going basis and that effective mitigation measures are in place. The Committee is responsible for:
 - Prescribing the Risk Management policy.
 - Setting out procedures to identify, mitigate and manage major risks that could impact the organization.
 - Oversee the risk management process to ensure that both internal and external risk factors which may impede the achievement of Company objectives are considered during risk identification.
 - Ensure that impact assessment of risk factors is properly carried out and that appropriate risk mitigation methods are identified.
 - Annually review the risk management policies and procedures.
 - Follow up on, and evaluate, the performance in accordance with the organization-wide risk management framework, including recommendation of a framework for internal controls.



- Regularly report the Company's major risks, as well as the progress of measures taken to mitigate these risks to the Board of Directors.
- 6.5 The Risk Management Support Team is responsible for coordinating and communicating matters in relation to risk management within the Company. Prepare and collect risk related information of the Company and report the results thereof to the Managing Director and the Sustainability and Risk Management Committee.
- 6.6 The Internal Audit Department is responsible for reviewing the effectiveness of internal controls through an annual, risk-based assurance program of key business processes, and monitoring the rectification of any deficiencies identified.
- 6.7 All executives and staff are responsible for identifying, analyzing, and assessing risks under their areas of responsibility together with formulating appropriate mitigation measures.
- 6.8 The Finance Department is responsible for maintaining and updating financial models, conducting sensitivity analysis, and carrying out scenario testing.

7. Reporting

Major risks in different business areas as well as mitigation steps shall be reported to the Sustainability and Risk Management Committee every quarter. An update on major risks afflicting the Company and steps taken to mitigate these risks shall be reported to the Board of Directors annually.