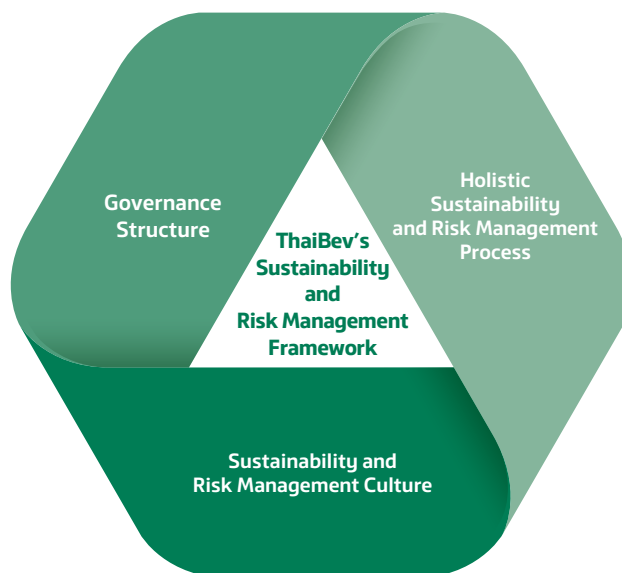


Risk Factors and Risk Management for Sustainability

Risk management is an integral part of ThaiBev's sustainability strategy and achievement of our ultimate goals in becoming a stable and sustainable total beverage leader in ASEAN. It drives our mission to share value from our business growth back to the environment, society, and all stakeholders. The sustainability of our organization depends not only on our ability to adapt and deal with risks and fluctuations arising from rapid economic, social, and environmental changes in the era of globalization, but also on our ability to identify and capture opportunities arising from changes to drive continuous business development. Sustainability and risk management involves many aspects of the business from establishing policies, goals, and operational guidelines; managing risks and opportunities at all levels; to governing and managing the business from strategic planning, financial planning, decision-making, and operational processes. These are within our sustainability and risk management framework, which is in line with the COSO Enterprise Risk Management Framework and comprises 3 key components:

- 1) Governance structure
- 2) Holistic sustainability and risk management process
- 3) Sustainability and risk management culture



Governance Structure

ThaiBev's Board of Directors ("**the Board**") is responsible for overall business management for the sustainability and long-term success of ThaiBev Group, including ensuring sound risk management and internal controls. The Board has established Sustainability and Risk Management Committee ("**SRMC**") to support its oversight of corporate sustainability and risk management by providing guidelines for implementation. The SRMC also has the responsibility to monitor the process and results of sustainability and risk management under various circumstances to ensure its alignment with the predetermined strategy, and holds meetings and reports the operating results to the Board on a quarterly basis.

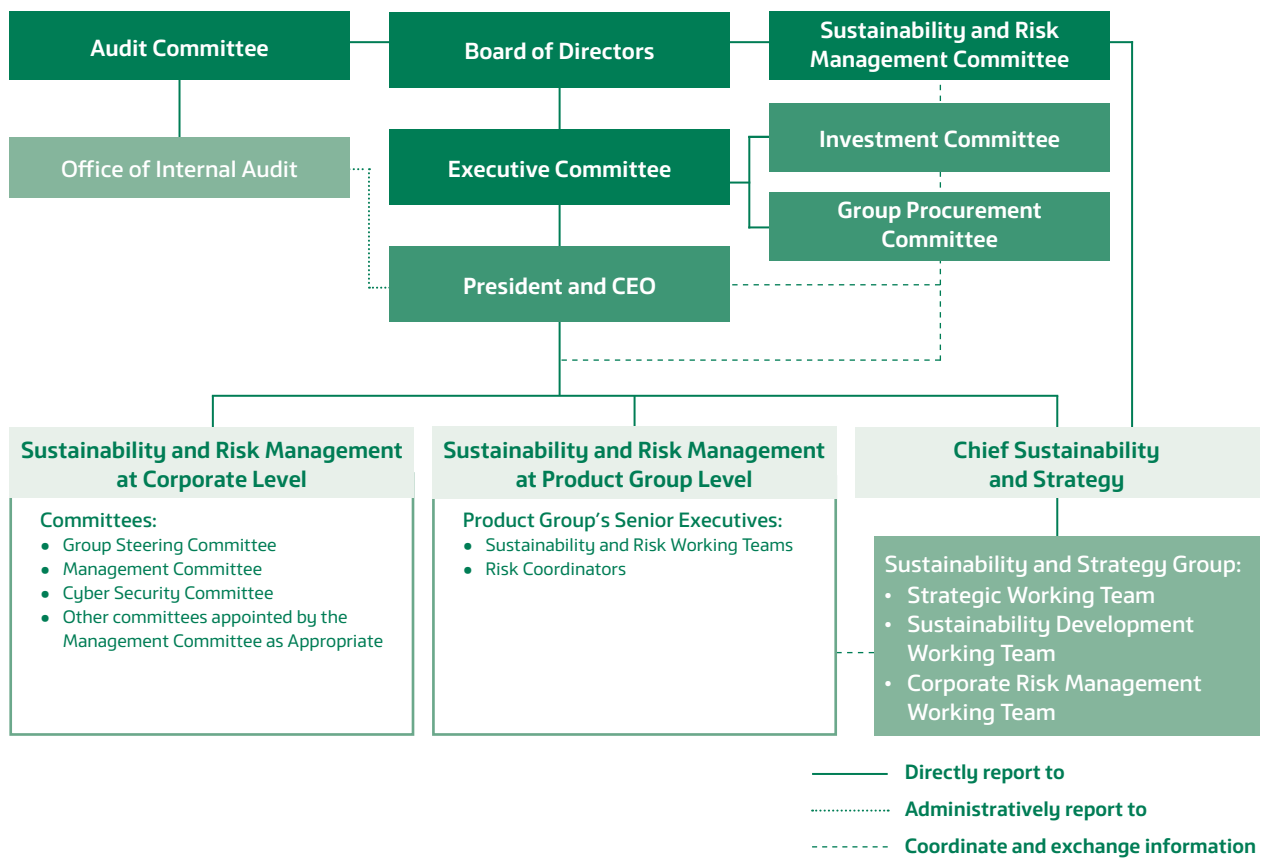
In light of sustainability and risk management at the corporate level, several committees have been established to drive efficient, effective, and systematic sustainability development and risk management within the scope of responsibility of each respective committee. For instance, (i) the Company's Executive Committee has the responsibility to determine and propose business

strategies and plans, targets, and budgets to the Board for consideration and approval, including supervising, monitoring, and approving matters relating to the Company's operations; (ii) Group Steering Committee, which consists of executives from our domestic and international business groups, is responsible for setting long-term strategies for business operations and organizational management, including connecting all business units across the Group to enhance management capability; (iii) Investment Committee is responsible for considering and providing advice on risks and opportunities relating to mergers, acquisitions, investments, and disposal of businesses and assets of ThaiBev Group; (iv) Group Procurement Committee has the responsibility to define the Group's key raw material sourcing and procurement strategies and implement sustainable sourcing of raw materials; (v) Management Committee is responsible for approving operational plans within the strategic and policy framework set forth by the Board and the Executive Committee; and (vi) Cyber Security Committee is responsible for setting policies, strategies, and action plans related to the oversight of cyber risks in accordance with the organization's

risk management policy. There are also Audit Committee appointed by the Board, and Office of Internal Audit, which supports the Board and the management by independently and objectively reviewing the efficiency and effectiveness of the governance process, risk management, and internal

controls of ThaiBev Group. On an annual basis, the Board, with the concurrence of the SRMC and the Audit Committee, reviews at least annually the adequacy and effectiveness of the Company's risk management and overall internal control system.

ThaiBev Group's Sustainability Development and Risk Management Structure



For sustainability and risk management at the product group level, senior executives of each product group are responsible for overseeing that their group develops sustainability action plans and manages risks at an acceptable level, as well as reporting the sustainability and risk management results to President and CEO. Our key product groups, namely Spirits, Beer, Non-Alcoholic Beverage (“NAB”), and Food Product Group in Thailand, have established their own sustainability and risk working teams and risk coordinators who assist in controlling and following up on the sustainability and risk management results of each group. The product groups’ sustainability and risk working teams and risk coordinators also

coordinate and exchange information with Sustainability and Strategy Group led by Chief Sustainability and Strategy, who is responsible for driving various action plans to align with ThaiBev’s sustainability and business strategy. The Sustainability and Strategy Group consists of:

Strategic Working Team, consisting of analysts and representatives from product groups and business units, is responsible for analyzing business opportunities and risks to support strategic planning of each product group, including following up on the progress of various projects to ensure that their development is aligned with the strategies and action plans approved by the Board.

Sustainability Development Working Team, consisting of analysts and representatives from various product groups and business units, is responsible for providing the product groups information on sustainability development and standards, planning and tracking of sustainability goals (ESG), collecting data for sustainability reporting, participating in corporate sustainability assessments, and communicating sustainability knowledge and progress of sustainability development projects to internal and external stakeholders.

Corporate Risk Management Working Team is responsible for supporting risk identification and assessment by engaging with internal and external stakeholders, evaluating the adequacy of risk management plans, monitoring the progress of risk management actions, promoting and disseminating knowledge on risk management and providing advice to the business units, and reporting the corporate's significant risk management to the SRMC through the Chief Sustainability and Strategy.

Holistic Sustainability and Risk Management Process

The holistic sustainability and risk management process involves systematically applying sustainability and risk management approaches in identifying and assessing risks and opportunities, reporting, and continuous monitoring and reviewing sustainability and risk management at all levels from corporate, product group, to operational. Sustainability and risk management is a vital part in our management and decision-making, and integrated into the corporate structure, operations, and processes. For instance, when planning the business, operation, and investment in the short and long term, the senior management need to identify and assess key business risks and opportunities to achieve ThaiBev's sustainability and business goals. They analyze trends, relevant external and internal factors, and emerging risks to come up with measures in response to risks and opportunities.

Key risk indicators and key performance indicators are also determined to forecast, control, and monitor the management of sustainability and risks to achieve goals. From the product group to operational levels, the management, heads of business units, and supervisory-level employees identify and assess the business-related and operational risks and opportunities. They also prepare and execute sustainability development and risk management plans and regularly report the results through their respective chains of command.

ThaiBev's holistic sustainability and risk management process can be divided into 4 steps:

1) Understanding business context and setting business strategies and objectives

It consists of

- Understanding the context of beverage and food business by analyzing and monitoring related factors and significant trends that may affect business operations or corporate strategies.
- Setting and/or reviewing the business strategies and objectives of ThaiBev Group, product groups, and business units by ensuring their alignment with our vision, mission, and sustainability strategies.

2) Identifying and assessing risks and opportunities to achieve business strategies and objectives

We use risk identification and assessment techniques to analyze likelihood and potential impacts on related business strategies and objectives, such as brainstorming, surveys, scenario analysis, hazard analysis and critical control points, stress test, sensitivity analysis, risk heat map, etc. These likelihood and impact assessments according to the Company's criteria help prioritize risks and determine risk treatment, including reducing, accepting, transferring, or avoiding them. The risk assessment results at the business unit or product group level are consolidated in the corporate risk register for the purpose of reporting and following up on risk status and risk management progress.

3) Implementing sustainability development approaches while controlling and managing risks according to the established measures

This is necessary to reduce the likelihood and potential impacts or damage. The risks must be maintained at an acceptable level and opportunities must be seized to develop business, environmental, and social sustainability.

4) Monitoring, reporting, and evaluating the sustainability and risk management

To enable continuous improvement, the efficiency and effectiveness of our sustainability and risk management is regularly monitored and reviewed. This includes reporting the progress on the sustainability development and risk management plans to ensure our ability to appropriately manage sustainability development and risks in a timely manner.



In addition to reviewing the effectiveness of the risk management and internal controls by the Office of Internal Audit, an internal independent unit, the Company is planning to engage an external consulting firm in the next fiscal year to review our enterprise risk management process to ensure that its efficiency and effectiveness is on par with international standards. The opinions and recommendations to be received from the consulting firm will be applied to continuously develop and improve our risk management process.

Sustainability and Risk Management Culture

The objective of creating ThaiBev's sustainability and risk management culture is to cultivate attitudes, knowledge, understanding, and behavior related to sustainability development, risk, and risk management in all employees in order to achieve ThaiBev's sustainability targets and business goals. A strong sustainability and risk management culture is an important factor for the effectiveness of our sustainability and risk management which enables the Company to prepare for any possible scenario, maintain the performance, and consistently grow. Being role models in sustainability and risk management, our executives are therefore entrusted with the tasks of setting sustainability goals, communicating their significance, and putting sustainability and risk management into practice. ThaiBev also integrates sustainable development and risk management, in both general and specific areas, into its employee orientation, annual trainings, and other activities which allow the employees to share their opinions and perspectives to create awareness and responsibility towards sustainability and risk management. Such activities will also help develop the right mindset for the executives and employees. The risk coordinators of each product group or business unit can seek consultation and propose risk issues to the Corporate Risk Management Working Team in the bimonthly "Risk Clinic" activity. ThaiBev also uses sustainability and risk management as a criterion for employee performance evaluation. Additionally,

there is annual WOW (Way of Work) Awards, a competition where our employees are encouraged to submit their projects built on innovative ideas or operational practices that could potentially support sustainable development or mitigate risks for ThaiBev. Our senior executives are the judges and interesting projects with potential benefits to the organization are chosen as winners for further implementation. Regarding potential risk reporting, an employee may submit a written report on risks to their direct supervisor or directly to the Office of the President via the designated email, and the President and CEO shall consider and take actions as deemed appropriate.

In addition to creating the internal culture of sustainable development and risk management, ThaiBev and leading organizations in Thailand which are role models in sustainability have established a business collaboration that jointly drives sustainable development for the society through collaborative projects, activities, and seminars. These activities focus on creating synergy, campaigning for sustainable development, raising awareness of sustainable development and prudent resource management, providing knowledge and promoting the concept of circular economy, and opening up opportunities and building collaborative social networks with all sectors. These efforts lead to effective practices and pragmatic results, one of which being the annual Sustainability Expo which has been taking place since 2020.

Risk and Risk Management Strategies

ThaiBev analyzes, assesses, and reviews key risks that would affect our operations and sustainability in environmental and social dimensions annually at minimum. The analysis encompasses internal and external factors, critical trends, and expectations of all stakeholders, and aims to assess the likelihood of risk events and their possible impacts. These results are used to determine the levels and priority of the risks, as well as the appropriate measures to address them.

Strategic Risk

- 1. Business Investment Risk
- 2. Corporate Image and Reputational Risk
- 3. Macroeconomic and Industry Structure Risk

ESG Risk

- 4. Water-related Risk
- 5. Climate Change Risk
- 6. Packaging Management Risk
- 7. Stakeholders' Health and Safety Risk
- 8. Changing Consumer Behavior and Demographic Shifts
- 9. Ethics and Compliance Risk

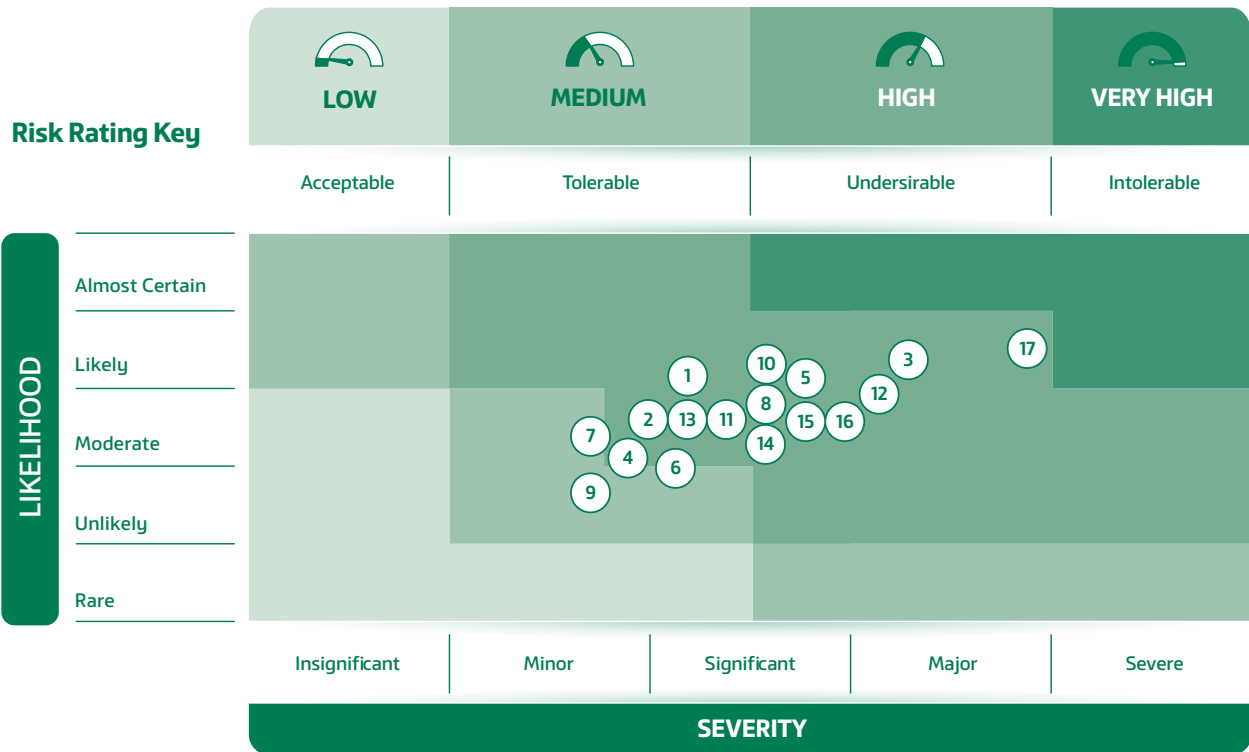
At the end of fiscal year 2023, there are 4 categories of principal risks that could affect ThaiBev: Strategic, ESG (Environment, Social, and Governance), Operational, and Emerging Risk which may arise from external factors and could have significant long-term impacts on the business. We are required to adapt our strategy and/or business model in response to these risks. The details of the principal risks in each category, including their likelihood, impacts, risk level, and key mitigations, are summarized as follows:

Operational Risk

- 10. Supply Chain Risk
- 11. Financial Risk
- 12. Human Capital and Succession Risk
- 13. Business-related Regulatory Shifts
- 14. Cyber Threats and Data Privacy Risk

Emerging Risk

- 15. Climate Change-related Regulatory Transition Risk
- 16. Technology and Innovation Disruption
- 17. Geopolitical Risk



Risk and Possible Impact	Key Mitigation
Strategic Risk	
1. Business Investment Risk ThaiBev has been growing significantly through both domestic and overseas acquisitions to become an ASEAN beverage industry leader. However, businesses in today's world are facing several key risks. Despite having in place systematic risk management, some risk factors still cannot be prevented entirely, such as natural disasters, climate change, epidemic and pandemic, cyber attack, terrorism, sabotage, economic downturn and inflation, trade competition, and other unexpected events. These risk factors may affect the performance of the businesses we have invested in and cause ROI shortfalls, possible impairment of goodwill and investment accounts.	• The Investment Committee has the responsibility to consider investment objectives and appropriateness and adhere to the investment rules and established investment consideration guidelines to ensure the expected returns on investments. • The Management Committee and the Executive Committee monitor the performance of investments using indicators and changes in various factors which could result in ROI shortfalls so that the responsible executives could resolve the potential problems in a timely manner. • We establish synergy and complement perspectives between the Company and acquired businesses by using suitable governance structures, aligned strategies, resource planning, and employee development.
2. Corporate Image and Reputational Risk Social media has become a key channel of communication and exchange of opinions on products, services, and organizations. It influences the attitudes and behaviors of consumers as well as our stakeholders. Negative news could quickly and severely affect the Company's products, operations, image, and reputation.	• We commit to sustainable business operation through good governance and appropriate, transparent, and fair business strategies, compliance with applicable laws and regulations, and responsibility towards the environment, society, community, and all groups of stakeholders. • We consistently communicate our strategies and business operation guidelines to all stakeholders to create awareness and understanding, in both usual and unusual situations. • We provide channels to receive stakeholders' opinions, complaints, suggestions and feedback on products and services, and respond to comments. • We conduct stakeholders' expectation or satisfaction surveys, then analyze and use the results to improve business operations. • We establish a working team and process to monitor news and information on social media, notify the relevant executives, and respond to the news, in both normal and crisis circumstances.

Risk and Possible Impact	Key Mitigation
3. Macroeconomic and Industry Structure Risk The markets for spirits, beer, non-alcoholic beverage, and food have been consistently changing with the economic situations and become highly competitive with both existing players and new players entering the market. This may lead to intense competition and affect income and sales.	Alcoholic Beverage Business • We build strong and modern brand images to meet consumer preferences, as well as protecting and gaining market share with a wide range of high-quality products. • We build our product portfolio with brands and categories which are competitive in each price range. • We continue to help strengthen our partners through area management, while using data analytics and route-to-market network for precise market penetration in target provinces. • We efficiently manage costs, expenses, and selling prices to handle the rising inflation and input costs amidst prolonged geopolitical tension. Non-alcoholic Beverage Business • We have established market-competitive strategies under the “NAB BATTLE FORCE” concept to achieve the PASSION 2025 goals. • We retain and strengthen our distribution outlets, and develop and nurture the relationship with existing store owners via Line Official Account “Sermasuk Family” to build loyalty and increase sales opportunity for non-alcoholic beverages. • We utilize digital technology to enhance production efficiency and decrease cost per unit. Food Business • We give consumers the value for money with our products and services, and offer healthier food as alternatives, both in restaurants and as ready-to-eat/ready-to-cook products. • We digitalize our restaurant operation to increase competitiveness and add more channels to reach consumers. These new channels help expand service areas, offer more convenience, and increase efficiency of sales promotion and marketing while keeping the costs low.

Risk and Possible Impact	Key Mitigation
ESG Risk	
4. Water-related Risk Natural water sources are crucial to ThaiBev's operations, supply chain system, communities, and the environment. The major water-related risks are floods, droughts and pollution, all of which are inter-related. Our production sites and surrounding communities are exposed to the risks of flood/flash flood caused by extreme weather events. On the other hand, some of our factories in water-stressed areas could face water shortage due to increasing water scarcity. Saltwater intrusion into the river also has a significant effect on the quality of the water used in ThaiBev's production and communities' consumption. Water-related risks affect business continuity and increase operating expenses and costs associated with water supply and water treatment.	• We set a sustainable goal of water replenishment back to nature and communities equivalent to 100% of the water used in finished goods by 2040 with clear practices. • All manufacturing plants shall conduct water sustainability assessment regarding adequacy and quality, as well as monitoring changes in the water-related laws and regulations and attitudes of surrounding communities and stakeholders. • All manufacturing plants shall determine and implement short- and long-term approaches to water management and consumption, including ensuring that discharged water is properly treated. • We adopt new environmentally-friendly production technologies for saving and recycling water. • We conduct water footprint assessments throughout our products' life cycle to improve the water consumption efficiency with the 3Rs principle – Reduce, Reuse, and Recycle. • We establish stormwater management plans/structures to protect our facilities and mitigate flood damage. • We participate in CDP Water Security, a disclosure of critical water-related business information, to drive effective decisions and actions on water management. • We assess water-related risks to which our key partners are exposed annually to determine preventive and mitigation measures. • We initiate water stewardship projects and other forms of engagement and partnership with stakeholders from the surrounding communities to the national level.

Risk and Possible Impact	Key Mitigation
5. Climate Change Risk Anomalies and natural disasters brought on by climate change are frequent, intense, volatile, and unpredictable. Climate change is the result of the excessive amount of greenhouse gas which upsets the balance of Earth. It is increasingly impacting business, way of life, natural resources, ecosystem, biodiversity, and economic development. Failure to adapt to climate change and inability to reduce carbon emissions throughout the value chain will affect ThaiBev's business operations and performance, resulting in physical and transition climate risks such as inability to meet customer demand for low-carbon products.	• We set the goal to reduce the net GHG emissions from the Group's operations (Scope 1) and from the purchased energy (Scope 2) to zero by 2040, and set clear strategies/practices on climate management for ThaiBev. • We set up natural disaster preparedness plans across all operation sites. • We have energy-efficiency management programs and transition to renewable and clean energy. • We adopt eco-friendly machinery and production technologies to increase energy and chemical-use efficiency, as well as reducing waste. • We participate in the CDP Climate Change, which assesses our efficiency in mitigating the impacts of climate change, then the results will be used to consistently improve ThaiBev's climate change management. • We analyze and manage climate-related financial risks (both physical and transition risks) and opportunities according to the recommendations by TCFD (Task Force on Climate-related Financial Disclosures). • We focus on sourcing and procurement according to the sustainable sourcing guidelines. • We engage and partner with internal and external stakeholders on energy and climate change management.
6. Packaging Management Risk Plastic bottles are one of the main packaging materials for ThaiBev's non-alcoholic beverage products. There are concerns about plastic packaging waste, which constitutes a major environmental issue. Similarly to global peers in food and beverage industry, ThaiBev still faces risks from plastic packaging and challenges in recycling management.	• We commit to managing post-consumer packaging, with the target to retrieve 100% of the primary packaging of our products by 2030. • We have adopted the concept of circular economy throughout the value chain and developed a post-consumer packaging retrieving system operated by a subsidiary (Thai Beverage Recycle Co., Ltd.) • We cooperate with partners, communities, agents/distributors, suppliers, and end-consumers to retrieve post-consumer packaging for recycling according to the circular economy model to minimize environmental impacts. • We research and develop sustainable packaging with recyclable materials with commitment to use 30% of rPET in PET packaging by 2030.

Risk and Possible Impact	Key Mitigation
7. Stakeholders' Health and Safety Risk This risk involves health and safety of consumers who consume our food and beverage products. It also includes occupational health and safety aspect in the working environment which relates to our employees, third-party contracted labors, contractors, or communities surrounding our factories and operation sites. ThaiBev has to consistently manage and monitor this type of risk as it may lead to illness, injury, or death of a stakeholder, as well as affecting our business operations and reputation. In addition, the occupational health and safety risk may impact employee engagement to the organization.	• We source high quality raw materials/ingredients for product manufacturing. • We set stringent standards for activities throughout our value chain and closely monitor the implementation to ensure consistent quality and safety of our products and services. • We adopt international standards for production and occupational health and safety, e.g., ISO 22000, ISO 45001, FSSC 22000, NSF, and GMP/HACCP. • We provide clear nutrition facts on the packaging label of applicable beverages and food products. • We expand our range of low- and no-sugar/calorie non-alcoholic beverages and have acquired the certified "Healthier Choice" logo for them. • We continue to research and develop for healthier beverages and food products.
8 Changing Consumer Behavior and Demographic Shifts Consumer behavior in beverages and food consumption has changed drastically due to health trends. Digital technologies have led to more online purchases and less attachment to physical stores or traditional channels. Consumers compare information from many sources before deciding to buy products that meet their demand and value for money. Amidst the proliferation of choices, food and beverage brands must adjust their strategies to attract new customers while retaining loyal customers for repeat purchases. In addition, demographic shifts create consumer diversity, leading to various and constantly changing consumer behavior. Should ThaiBev fail to offer products and services which respond to the needs of consumers and their changing behavior, there may be negative impacts on our overall profitability and revenue growth, consumer base, and business growth achievement.	• We focus on product innovation and portfolio expansion to always cater to the needs and lifestyles of consumers in all age groups. • We promote active lifestyles through consumer engagement programs focusing on health and wellness. • We continue to design and develop labels and packaging to communicate nutritional value of our food and beverages. • We regularly communicate product information to the target consumers through the media that fit their behavior and lifestyles. • We track consumer-behavior changes in the food and beverage industry and study demographic shifts to devise business strategies which efficiently cater to consumers' needs and preferences.

Risk and Possible Impact	Key Mitigation
9. Ethics and Compliance Risk ThaiBev Group is exposed to compliance risk concerning laws and regulations in each country where we are operating our businesses. This type of risk stems from various factors such as complexity of the laws, misunderstanding of the practices, and varied interpretations and enforcement of the laws. This is especially true with Thailand's Alcoholic Beverage Control Act which, despite having been in force since 2008, still has interpretation and enforcement issues. Should we fail to comply with the laws, regulations, or ethical guidelines, we may face penalty, suspension, or revocation of licenses to operate, including an impact on corporate image and reputation.	• We establish policies concerning ethical business practices and compliance with the laws and regulations as guidelines for our directors, executives, and employees. • We communicate and train our directors, executives, and employees at all levels, as well as our business partners, so that they acknowledge and strictly comply with the laws, regulations, and the code of conduct of ThaiBev Group. • We open communication channels for directors, executives, and employees at all levels to report any suspicious wrongdoing, criminal activity or unlawful conduct, or failure to comply with regulatory requirements and the code of conduct of ThaiBev Group, as identified in the Whistleblowing Policy which has been disseminated and made public on the Company's website. • We assess the risk of non-compliance with the laws and regulations and use systematic approach to prevent and solve the problems. • The Office of Internal Audit regularly conducts compliance audits concerning the laws, regulations, and business code of conduct, and reports to the relevant committees and executives of business units, such as Sustainability and Risk Management Committee, Audit Committee, Office of Human Capital, and Office of Legal Affairs. • We engage external legal consultants to give advice and recommendations on complex legal issues.
Operational Risk	
10. Supply Chain Risk ThaiBev's supply chain, similarly to all operators, has been facing significant challenges, from energy crisis and trade barriers to geopolitical tension that causes volatility in key raw material prices and rising costs of transportation and delivery disruptions throughout the supply chain. Other factors, such as extreme weather and frequent and severe natural disasters, also bring about fluctuations in production volume and prices of agricultural product. ThaiBev's suppliers may be affected by these factors and unable to deliver goods or services to ThaiBev as planned, and thus disrupt our production.	• We collaborate with critical suppliers and suppliers of key raw materials to develop business continuity plans, e.g., ensuring sufficient key raw materials in stock, assigning backup production sites or warehouses, etc. • We make purchase agreements with suppliers to secure good prices during the agreed timeframe to mitigate potential impacts from raw material price volatility. • We continuously develop technologies and innovations to manage supply chain, costs, and business continuity. For example, CROSS Procurement system manages the procurement process from supplier selection and tender to supplier performance evaluation. • We develop Thailand Supply Chain Network (TSCN), a network of supply chain partners, and continuously improve the potential of suppliers, especially the smaller ones.

Risk and Possible Impact	Key Mitigation
11. Financial Risk Financial risk, particularly risk from fluctuations in interest rate, exchange rate, and liquidity mismatch, is a risk factor related to investing, financing, and commercial activities. It may affect the financial position and operational performance of ThaiBev Group.	• We continuously perform liquidity management to ensure sufficient liquidity for business. • We closely monitor and manage foreign exchange and interest rate exposure to limit potential loss. • We use derivative financial instruments to manage exchange rates and interest rates while closely monitoring financial markets.
12. Human Capital and Succession Risk Well-equipped and skilled human capital is a key success factor for business growth and sustainability, and adds value to ThaiBev Group in all aspects. To support future business expansion in ASEAN, ThaiBev needs to build human capital readiness including identifying successors to key positions.	• We prepare succession plans and systematically expand them down from the senior executive level. • We define required characteristics of candidates for key positions as a framework for seeking and choosing successors. This also serves as a blueprint to develop readiness of successors. • We accelerate the readiness of key-position successors through experience-based development plans. • We set strategies to retain high-potential employees and provide talent development programs to build their capacity, as well as engaging executives and managers to help build and develop the organization's talent pool. • We attract young talents with potential to grow to support our business expansion.
13. Business-related Regulatory Shifts There are laws, regulations, and government policies which place an emphasis on economic development in tandem with social, community, and environmental development in Thailand and other countries that are relevant to ThaiBev Group's operations. Changes made to these laws, regulations, and policies are considered a risk factor that may affect our business. Should ThaiBev Group fail to adapt its business management practices accordingly, it could potentially lead to fines, suspension or revocation of licenses to operate, and impacts on our image and reputation.	• ThaiBev's Office of Legal Affairs constantly monitors changes in laws and regulations in Thailand and countries relevant to our businesses, and informs relevant business units. • We closely and systematically monitor the government's actions as a member of trade networks, associations, organizations, or agencies which aim to generate economic and social benefits and contribute to industrial development and sustainable growth for the country. This enables ThaiBev Group to prepare for regulatory changes and set guidelines for effective business management. • We engage external legal advisors to give advice and recommendations on legal issues which are complex or related to international laws.

Risk and Possible Impact	Key Mitigation
14. Cyber Threats and Data Privacy Risk Businesses face increasing and rapidly evolving cyber threats. Should we fail to set up a robust protection system or promptly ensure security for the technology that we use, it could lead to business interruption, reputational damage, or prosecution due to a breach of confidentiality or personal information.	• We use data-security management system which meets international standards (such as ISO/IEC 27001: 2013, NIST cybersecurity, and personal data protection) with certificates, and keep ensuring the implementation. • We safeguard critical IT and operational assets. • We implement IT-incident management process flow. • We regularly monitor cyber incidents and attacks and enhance the ability to detect, respond, and recover from cyber incidents and attacks. • We monitor threat landscape and remediate associated vulnerabilities. • We foster a positive culture of cyber security by engaging employees with ongoing security trainings and awareness sessions.
Emerging Risk	
15. Climate Change-related Regulatory Transition Risk The impact of intensifying climate change led to the push by United Nations Climate Change Conferences to urgently reduce greenhouse gas emissions. Many countries have made climate action commitments through Nationally Determined Contribution (NDC) targets and are likely to drive results through legislation to meet NDC targets. For instance, the Thai government is considering enacting various laws related to climate actions to be enforced on the industrial sector in the next 3–5 years, such as surface water taxes, carbon taxes, and Extended Producer Responsibility (EPR) by extending the environmental responsibility of manufacturers to cover the entire life cycle of products and packaging, from design, production, and management of used packaging according to environmentally friendly principles. If manufacturers do not have packaging waste management measures, an EPR fee will be charged based on the amount of packaging used and packaging material type. ThaiBev, as a leading beverage producer, uses large quantities and a variety of materials, packaging, and surface water in production and emits greenhouse gases from the production process. If there is inadequate adjustment or modification of the production process and operations, it may affect ThaiBev's business operations in the future. This will come in the form of increased operating costs based on the potentially levied taxes and fees. These costs may be passed on to us from business partners in our supply chain who are affected by these laws, and it will result in an increase in overall production costs.	• All production plants shall operate and be certified according to international standards for energy management systems (ISO 50001). • We utilize resources for production, such as energy, water, chemicals, and packaging materials, in alignment with the concepts of circular economy and waste reduction. • We implement various projects throughout our processes, from conducting energy efficiency assessments in all business units to applying suitable technologies to increase energy efficiency and reduce GHG emission and dependence on fossil fuels. • We develop products with less GHG emission and obtain certificates for Carbon Footprint for Organization (CFO), Carbon Footprint of Product (CFP), Carbon Footprint Reduction (CFR), a global warming reduction label, and Carbon offsetting activities (products and services category) (Carbon Neutral) for ThaiBev's products. • We are registered in 'Thailand Voluntary Emission Reduction Program' (T-VER) to prepare for changes in laws on climate change. The amount of GHG reduced or captured (carbon credits) can be offset with GHG emission and we will move towards being a low-carbon society in the future. • We analyze and manage climate-related financial risks (both physical and transition risks) and opportunities in line with TCFD (Task Force on Climate-related Financial Disclosures) recommendations. • We use internal carbon pricing as a factor in investment consideration in preparation for potential Carbon Tax implementation.

Risk and Possible Impact	Key Mitigation
16. Technology and Innovation Disruption The food and beverage industry is actively developing and applying technologies and innovations to increase production efficiency, reduce dependence on human, save costs in the long run, respond to ever-changing demands of consumers, and gain competitive edge. These technologies are ranging from blockchain which is used for product traceability, artificial intelligence (AI) used in customer interactions and robotics in production line, to new products and service innovations such as plant based and lab grown ingredients. ThaiBev may therefore be adversely affected if we do not pay close attention to technological advancement and innovations.	• We study trends, assess the suitability of investments, and invest in digital technologies and innovations to enhance our operations and increase competitiveness. • We adopt the ways of work gained from “ThaiBev Transformation Program” in building new businesses, strengthening our competitiveness and market leadership positions, and unlocking potential through new business opportunities to add value and contribute to the organization. • We collaborate with global-leading universities to incubate startups in F&B industry and enhance activities in ThaiBev’s value chain with new technologies. • ThaiBev’s Research and Development Center and our subsidiary, BevTech Co., Ltd., act as technology and engineering hubs which focus on innovations ranging from products and processes to business models.
17. Geopolitical Risk Geopolitical conflicts between countries, rivalry between superpowers, and political uncertainties have led to protests and terrorism, civil wars, and trade wars. All these factors are interrelated and may affect national and macroeconomic systems, global supply chain disruptions and changes in global supply chain systems. This is a considerably new challenge to ThaiBev Group’s current business operations and our expansion in the future.	• We continuously monitor important information and news on domestical and international economic conditions, political events, international relations issues, or conflicts which may affect our business operations. • We analyze scenarios to identify and assess the likelihood and impact of the factors which may affect ThaiBev’s operations, and prepare business continuity plans. • We communicate with our relevant business units so that they prepare and adjust their crisis response strategies or operational approaches in accordance with the situation. • We implement safety guidelines and protocols to protect our employees and assets.