Enterprise Risk Management

Background and relevance

In 2023, S&P recognized and emphasized the importance of risk-based management due to the rapid changes in both internal and external factors. Examples include international conflicts and natural disasters caused by climate change, which impact the global economy and can affect the business directly and indirectly. Conversely, S&P also faces risks that could impact society and the environment.

Commitment

Given the changing circumstances, S&P is committed to setting goals for the risk management process to prevent or mitigate the severity of impacts on our company and those it might cause externally. Therefore, S&P has adopted the international standard risk management system (COSO ERM 2017) as a governance tool to control and reduce the impact of potential risks to an acceptable level. This approach also aims to meet the expectations of all stakeholders appropriately, create business opportunities, enhance competitiveness, build confidence in efficient operations, ensure stakeholder satisfaction, and sustainably create value for our company.

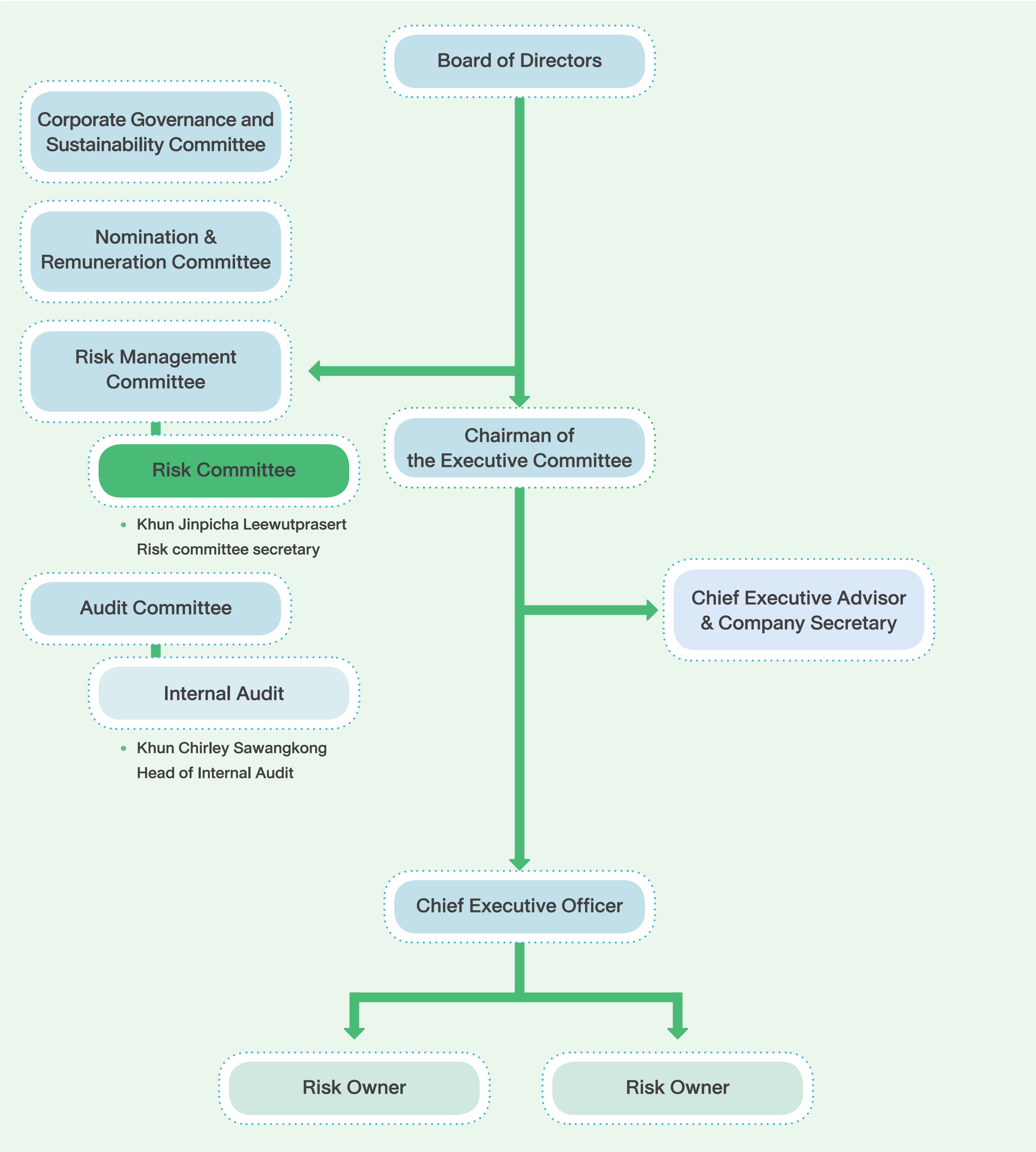
Operational approaches

Risk management policy and plan

The Risk Management Committee has established policies and reviewed risk management for all departments in the organization, as assigned by the Board of Directors. This includes assessing risks in major projects with high investment budgets before presenting them to the Board of Directors. The Risk Management Committee has identified the Top Corporate Risks and Emerging Risks in all company processes, along with the impacts and management approaches, as follows:

Risk management policy

Risk management structure



Role and Responsibilities of Risk Management

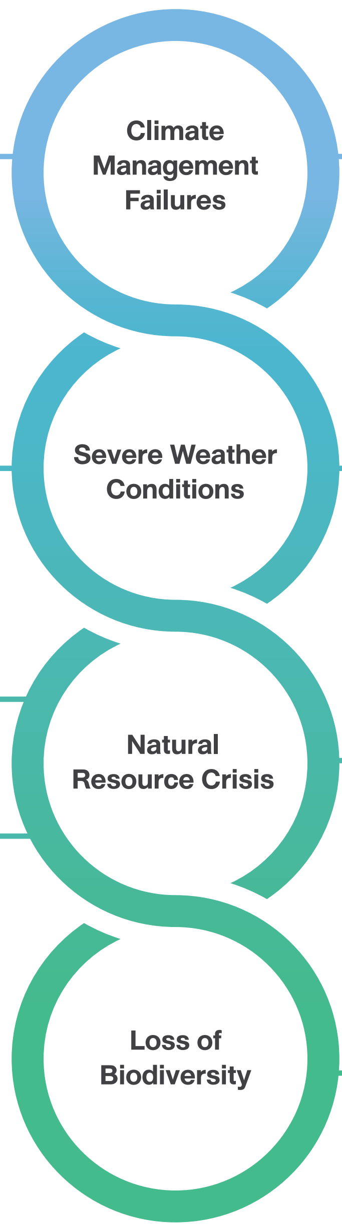
- Establish policies and guidelines for risk management as well as setting the vision and main goals of the organization.
- Appoint and monitor the performance of the Risk Management Committee.
- Establish a risk management structure to cover the entire company.
- Supervise risk management operations and approve acceptable risks that are appropriate for S&P's operations.

- Evaluate risk factors from business goals and directions throughout the process in the business chain to prioritize at the company level.
- Determine corporate risk management strategies and acceptable risks from company-level risk factors. Propose to the Policy Risk Management Committee for consideration.
- Establish processes and measures for risk management at the organizational level including reducing impacts appropriately.
- Follow up on risk reviews and reporting to the Audit and Governance Committee.
- Appoint a risk management working group at the department level for each department.
- Promote and support learning, training, and disseminate knowledge and understanding about risk management.
- Support and drive the creation of risk management culture for employees.

- Serves as an indicator and assesses related risks according to the specified process to reach the risk appetite.
- Prepare a line-level risk management plan and designate responsible persons.
- Support and assist the departments to be able to perform according to plan and goals.
- Monitor and report on operational risk management results to ensure compliance with S&P's policy.

The significant external risk factors and trends at the global stage

S&P recognizes the impact of risk factors on business operations, which are inherently uncertain, and the potential for unexpected situations to arise at any time. Therefore, key risk factors and trends at global, regional, or national levels are critical issues that affect both the present and future. It is crucial to compile these key risk factors to inform risk management strategies and prepare for future competition. This ensures that business operations can achieve their goals while maintaining confidence among shareholders and other stakeholders.



Climate Management Failures

Adjust production and transportation for environmental friendliness.

Adhere to government environmental regulations, rules, and measures.

Severe Weather Conditions

Scarcity of raw materials such as wheat flour and sugar causes price increases.

Develop contingency plans to address potential disruptions in production lines, sales channels, and transportation due to sudden flooding.

Natural Resource Crisis

Integrate environmentally friendly clean energy in business operations to mitigate future energy shortages.

Implement proper waste segregation and disposal methods to reduce landfill waste and environmental pollution.

Implement proper waste segregation and disposal methods to reduce landfill waste and environmental pollution.

Loss of Biodiversity

Ensure consistency in product quality and taste despite varying quality of agricultural produce.

Therefore, a key process involves **gathering relevant factors and issues that serve as critical information, developing measures to reduce risks to acceptable levels**, and regularly reviewing risk factors and obstacles that may impact S&P and our stakeholders. S&P also has a Risk Management Committee responsible for assessing risks and mitigating negative factors that could affect the success of S&P's plans.

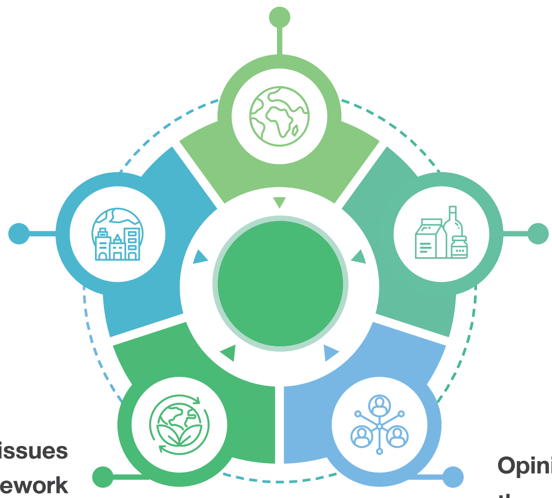
Measures and guidelines for dealing with risk management of organization

1 **Evaluate, identify issues, and sequence important risk factors.**

By collecting issues and risk factors that are both negative and positive that have the potential to create an impact on the organization. To bring important factors into a framework from the process of identifying Risk analysis and Assessment

Global Risk Factors

- Information from the World Economic Forum – The Global Risks Report 2022, 17th Editiion



Key trends affecting S&P operations

- SDGs Mega Trends 2022 & 2023: Global Compact Network Thailand.
- Global Footprint Network (2022)

Significant trends impacting the food and beverage industry

- Marsh Asia Food & Beverage survey results

Analysis of sustainability issues following the ESG framework throughout the value chain.

Opinions and concerns of the stakeholders (internal and external)

2 **Monitor, Evaluate, and Regularly Improve Operational Plans**

Execute plans, monitor and evaluate results, and communicate risks related to departmental activities or company processes to minimize losses from unmet objectives and maximize opportunities.

3 **Establish the Business Continuity Plan**

Apart from the primary risk issues affecting operations, S&P needs a plan to address crises or hazards that may disrupt departmental processes and ensure continuity of operations.

4 **Leverage Technology for Data Collection and Promote Learning and Training to disseminate knowledge about risk management and foster a risk management culture within the organization.**

Adoption of technology for efficient data analysis, recording, and processing, integrating it as part of the organizational culture. Conduct comprehensive risk assessments covering ESG guidelines as a crucial mechanism for good corporate governance to achieve sustainable growth. Provide risk management training and disseminate best practices to all employees and key suppliers.

In 2023, S&P conducted a risk assessment aligned with sustainability issues, covering environmental, social, and governance (ESG) risk factors. This assessment included an analysis of external risk factors influencing S&P's business operations. Data from the World Economic Forum - The Global Risks Report 2022, 17th Edition, provided deep insights into the evolving global risk landscape, highlighting environmental issues as top risks impacting both short-term and long-term operations, with cascading effects on other risk areas.

Emerging risks of S&P are characterized by their high uncertainty and unprecedented nature, with potential significant impacts in the near future. To address these, S&P began by utilizing data from the Global Footprint Network (2022) and findings from the Marsh Asia Food & Beverage survey. This approach enabled the integration of emerging risk analysis into S&P's risk management process, allowing the formulation of plausible scenarios and the comparison with business models. By reviewing potential impacts and designing management measures, S&P aims to be prepared to mitigate these risks before they become evident and escalate in severity.

Corporate Risk Management

In 2023, S&P held 5 risk management committee meetings to assess factors impacting S&P. The Risk Management Committee approved a risk management plan consisting of 5 types of risks:

Furthermore, S&P assessed the primary risks, including **financial risk**, and found that it had relatively low financial risk due to strong cash flow and debt repayment capability. Therefore, financial risk was not integrated as a primary risk of the organization.

Risk Assessment Matrix

2024 S&P Key Risk Matrix

Likelihood	Insignificant 1	Minor 2	Moderate 3	Major 4	Very Significant 5
5					
4				4.1, 4.2	
3		4.3, 4.4, 5.2, 4.5	2.1, 2.2, 5.3	1.1, 1.3, 1.2	5.1
2					
1			3.2	3.1	

Impact

No.	Risk types	Risks
1.1	**Operational Risks**	Supply chain risk and production disruptions
1.2	**Operational Risks**	Risk of labor shortage
1.3	**Operational Risks**	Risk of corruption and internal control
2.1	**Emerging Risks**	Risk from riots/ epidemics or rapid legal changes.
2.2	**Emerging Risks**	Sustainability Risk and Sustainability Compliance
3.1	**Compliance Risks**	Risk from compliance with laws/acts/regulations/ various government criteria
3.2	**Regulatory Compliance Risks**	Risks related to data management and digital infrastructure
4.1	**Strategic Risks**	Strategic risks in understanding the changing behaviors and lifestyles of consumers and suppliers
4.2	**Strategic Risks**	Technological intervention
4.3	**Strategic Risks**	Business competition risks
4.4	**Strategic Risks**	Succession Plan
4.5	**Strategic Risks**	Risks related to S&P's reputation
5.1	**IT & Cyber Security Risks**	Ransomeware / Hacker
5.2	**IT & Cyber Security Risks**	Internet Breakdown
5.3	**IT & Cyber Security Risks**	Use a point of sale (POS) service from a single supplier

Risk Profile

Risk factors	Impact on business	Risk prevention measures
Operational Risk (OR)		
1) Supply chain risk and production disruptions	• Shortages of raw materials, transportation problems, and increased costs may lead to production stoppages. • Disease outbreaks or environmental issues such as droughts, floods, or climate change may also cause production interruptions and increased costs. • Employee errors in production processes could result in production stoppages and legal disputes.	• Measures such as finding alternative suppliers, stockpiling raw materials, and researching substitute materials in advance can mitigate these risks. • Planning ahead and developing operational flexibility, finding capable contract manufacturers, clarifying employee work procedures. • Ensuring strict compliance with international standards can reduce errors. • Insurance coverage can also help mitigate the impact of damages.
2) Risk of labor shortage	• A shortage of efficient and service-ready workforce can impact customer satisfaction and the overall customer experience. It can also hinder business growth potential.	• Motivating the workforce and providing suitable compensation and benefits are essential. • Training and development programs can enhance employees' abilities to perform their tasks effectively. • Leveraging technology to reduce labor usage in certain processes can help mitigate the impact of labor shortages.
3) Risk of corruption and internal control	• Financial losses for an organization can have implications for the business operations. • Auditing and remediation may incur additional expenses. • Affecting the credibility of business partners and employees. • Losing key personnel is also detrimental.	• Implementing stringent policies and procedures, including clear roles and responsibilities for employees • Regular audits • Utilizing technology such as Artificial Intelligence (AI) for anomaly detection or software for data verification, can mitigate these risks.
Emerging Risk (ER)		
4) Risk from riots/epidemics or rapid legal changes	• When serious incidents occur and escalate, production may come to a halt. • Disease outbreaks can lead to business interruptions and increased costs. • S&P may need to revise processes, business plans, and policies to comply with new laws, potentially requiring additional resources or expenses.	• Exploring the possibility of finding alternative quality subcontractors. • Developing efficient online distribution channels and E-Marketplaces • Staying updated on legal trends and adjusting business strategies accordingly are crucial. • Insurance coverage can also help mitigate the impact of damages.

Risk factors	Impact on business	Risk prevention measures
5) Sustainability Risk and Sustainability Compliance	• The impacts of climate change on product or service design, sourcing raw materials, and packaging costs are significant. • Increased expenses from Carbon Tax, sugar taxes, or salt taxes are notable. • Community opposition to establishing factories near residential areas is another challenge. • Internal governance shortcomings.	• Managing environmental impacts while promoting conservation alongside cost-saving innovations is essential. • Encouraging responsible business conduct and cultivating a culture of corporate social responsibility are crucial. • Clear policies and practices regarding environmental stewardship, giving back to society, such as using eco-friendly packaging and reducing single-use plastics, are essential. • Keeping track of legal trends and adjusting business strategies to minimize potential impacts is also vital.
Compliance Risk (CR)		
6) Risk from compliance with laws/acts/regulations/ various government criteria such as the Food and Drug Act, the Industrial Factory Act, the National Environmental Quality Act, the Securities and Exchange Act, and the Public Companies Act.	• Violations may lead to S&P and related individuals being prosecuted or incurring additional expenses, such as fines, compensation, or damages from legal proceedings. • Loss of credibility in the market and with customers can have long-term impacts on S&P's operations. • Violations may cause S&P's business to come to a halt.	• Understanding relevant laws and regulations and accurately communicating them to everyone in the organization is crucial. • Clear and appropriate policies and procedures should be established for everyone in the organization to follow. • Regular reviews should ensure that laws and regulations are being properly adhered to, and necessary adjustments should be made. If violations are detected, they should be reported to S&P's authorities for consideration.
7) Risks related to data management and digital infrastructure	• Risk of data leakage from customers, suppliers, and employees and misuse of data	• Manage data of customers, suppliers, and employees according to Life Cycle Management and set clear policies and procedures for collecting, gathering, and using data for everyone involved to follow. • Choose a contractor who is capable and whose security systems are always tested. • Set measures in case abnormalities are found. Ready to set duties. The responsibility for resolving incidents is clear and prompt.

Risk factors	Impact on business	Risk prevention measures
Strategic Risks (SR)		
8) Strategic risks in understanding the changing behaviors and lifestyles of consumers and suppliers	• Customer dissatisfaction or their choice to not purchase products or services from S&P may lead to customer loss. • This can expose S&P to competition in markets that adapt well to changes. • Relying on a single supplier may result in price fluctuations, quality issues, material shortages, and necessary service disruptions.	• Strategies for marketing, advertising, product/service enhancement should be adjusted to meet customer needs and interests, with customers as the primary focus. • Establishing good customer relationships and managing them appropriately can help retain existing customers and increase satisfaction in purchasing products and services. • Increasing the number of suppliers and utilizing new innovations. • Especially Artificial Intelligence (AI), for understanding customers can also be beneficial.
9) Technological intervention or Technology Disruption	• Inability to adapt to technological disruptions may result in market share loss, lack of product development. • Inadequate promotion of new products and services. • This can impact S&P's revenue and operations, posing risks to the sustainability.	• Analyzing and understanding the technology's impact on the food industry, including studying technology resource distribution and consumer behavior changes, is crucial. • Developing appropriate strategies to cope with these changes. • Investing in suitable technology to improve production and service processes are essential for long-term competitive sustainability.
10) Competitive Advantage Risk	• Brand popularity has decreased. • Resulting in the profits or expected results of the investment in the business not to be as expected. • Loss of market share.	• Focus on building brand awareness and building more confidence in S&P's brand. • Developing product innovation and maintaining product quality including excellent service. • Increase production efficiency to save costs by using Lean Process principles to work throughout the production chain.

Risk factors	Impact on business	Risk prevention measures
11) Succession Plan	• Lack of clear work direction and plans. • Some types of work may be disrupted. or there is a delay. There is no continuity. • Loss of both customers and employees. • The cost of recruiting and developing replacement personnel is high.	• Create a clear direction for career advancement and push together to reach the same goal. • Support, promote, encourage, and develop employees' potential regularly and determine appropriate compensation. • Create an environment and organizational culture that creates motivation to work. • Regularly build good relationships with external parties to identify potential successors.
12) Brand & Reputation Risk	• The S&P's stakeholders lack confidence affecting consumers's decision to purchase products or use services. • If the organization's reputation is not good, no matter what matter the organization operates in, the results are always evaluated negatively first. • It affects the management of the organization and negatively affects the value of the organization.	• Appoint the Risk & Crisis Management Team to oversee events that may pose a risk to the organization's reputation and image. • Appoint external consultants if necessary. • Create communication systems and processes that are efficient, fast, accurate, and timely. • Organize activities and disseminate news that is creative and beneficial to society outside and in the organization. • Arrange insurance to reduce the impact on damages that occur.
IT & Cyber Security Risk		
13) Ransomware/Hacker	• This causes S&P to lose important information or be unable to access information or systems. It affects the efficiency of business operations and the reliability of customers. • This may cause personal data of customers, suppliers, and employees or S&P's information to be attacked and disclosed to the public, risking the credibility of S&P and legal disputes including damages that may occur as a result. • S&P lost time and resources to resolve the issues and may cause business disruptions that affect productivity and services.	• Use highly secure software and technology. • Appoint external consultants if necessary. • Specify the audit and assessment on the quality and stability and security of the IT systems in the organization (Cyber Security Risk Audit). • Clearly define the persons with authority to collect, use, and the scope of authority. • Set policies and situations in which abnormalities are found along with clearly specifying the responsible person. • Arrange insurance to reduce the impact on damages that occur.

Risk factors	Impact on business	Risk prevention measures
14) Internet Breakdown	• This may prevent important data from being accessed or recorded which may cause data loss. • It may affect satisfaction and readiness to do business. • The organization is unable to function or produce goods and services as usual which affects the sales and income of the organization.	• Develop a backup plan to carry out work in an emergency. • Using appropriate technology and tools for internet-connected systems. • Setting a suitable preventive maintenance Plan for infrastructure to help reduce the chance of Inter Breakdown.
15) Use a point of sale (POS) service from a single supplier	• This possibly poses S&P to be at risk of the quality of the product or service. • The contract terms may put S&P at risk of being controlled or excluded. • In the event of wishing to amend the contract or change the terms, it may make important information inaccessible or unable to record sales.	• Consider researching a variety of qualified and diverse suppliers. • Find new technology to replace and prepare a backup plan. • Collection and tracking of Source Codes for various programs to further expand the POS system.

Risk Appetite (RA) and Risk Tolerance (RT)

Risk Appetite (RA) is the overall level of risk that S&P is willing to accept to achieve the objectives. In setting the Risk Appetite, the risk management team and responsible parties consider the alignment with the organization's regulations, rules, and relevant laws, as well as the long-term goals the organization aims to achieve.

Risk Tolerance (RT) is the level of risk deviation S&P is willing to tolerate. S&P has determined this level to be consistent with the degree of deviation the organization is prepared to accept. S&P considers various impacts, such as financial estimates, as well as non-financial impacts like S&P's reputation and credibility.

S&P has established three primary areas where risk is unacceptable and cannot be tolerated :

1

Zero Fraud

2

100% Comply with Laws and Regulations

3

Zero Tolerance of Cyber Attack and Personal Data Breach

To manage the risks associated with these three areas, S&P has implemented robust risk management strategies. For example, there is a strong internal audit process across all operations, and S&P consistently monitors relevant laws and regulations. In terms of cybersecurity, S&P uses firewalls and antivirus software, regularly backs up critical data, and enforces strict cybersecurity policies, including the use of secure passwords.

Key Risk Indicators (KRIs)

S&P has established risk indicators taking into account the impact on operations, objectives, and goals of the organization as the primary focus. S&P's objectives and goals are driven through the formulation of various strategies, which identify key risks that may impact those strategies or goals. This leads to the analysis and establishment of Key Risk Indicators (KRIs) used as tools for risk tracking and as early warning signals of potential future risks.

S&P's risk indicators are considered based on the likelihood of risk occurrence and the impact of the risks. The risk levels are categorized into three levels:

Color	Key Risk Indicators (KRIs)	Action
Green (Low risk)	Low Risk/ Low Impact	Normal monitoring
Yellow (Medium risk)	Medium Risk/ Medium Impact	Review or improve existing methods or operational measures.
Red (High risk)	High Risk/ High Impact	Immediately prepare a risk management plan and report the results to the Risk Management Committee for further consideration and recommendations.

S&P regularly reviews KRIs to ensure they align with and are relevant to the changing internal and external circumstances and environments.

Risk Management Process

For other risks apart from those previously mentioned, S&P has established them as Risk Appetite (RA) and Risk Tolerance (RT). These are determined by considering their connection to S&P's objectives and strategies, and the impact of these risks on the business operations (as referenced in the risk register). S&P has satisfactory contingency plans for these risks and reviews them annually. This annual review aims to collect and analyze any changing events or uncertainties, both internal and external, that might affect S&P's operations. The review process includes the following components:

Risk Issues	KRIs
Operational Risk (OR)	
1) Supply chain risk and production disruptions such as Shortages of raw materials, transportation problems, and increased costs may lead to production stoppages, Disease outbreaks or environmental issues and Employee errors	• Adequate inventory levels for production • Severity level of epidemics • Severity level of weather conditions • Frequency of delayed shipments • Severity of employee errors in the production process that could affect product quality
2) Risk of labor shortage	• Level of Service (LoS) • Time to train workers to have skills
3) Risk of corruption and internal control	• Frequency of fraud occurrences • Number of internal control process deficiencies • Severity level of damage caused by fraud
Emerging Risk (ER)	
4) Risk from riots/epidemics or rapid legal changes	• Severity and prolongation of riots • Severity and prolongation of epidemics • Changes in regulations that may affect S&P's normal operations
5) Sustainability Risk and Sustainability Compliance	• Regularly instilling ESG knowledge in personnel within the organization • Number of participations by employees, customers, and suppliers in ESG-related activities • Continuous monitoring of relevant laws and regulations
Compliance Risk (CR)	
6) Risk from compliance with laws/acts/ regulations/various government criteria such as the Food and Drug Act, the Industrial Factory Act, the National Environmental Quality Act, the Securities and Exchange Act, and the Public Companies Act	• Clear policies and procedures that comply with various laws and regulations • Continuous monitoring of relevant laws and regulations • Regular audits to ensure business operations comply with legal requirements

Risk Issues	KRIs
7) Risks related to data management and digital infrastructure	• Key performance indicators (KPIs) for information security and digital infrastructure • Number of data system errors • Results of data security measures testing
Strategic Risk (SR)	
8) Strategic risks in understanding the changing behaviors and lifestyles of consumers and suppliers	• Customer satisfaction levels regarding services and products • Changes in the number of customers and frequency of purchases each day • Number of suppliers continuing to do business with S&P
9) Technological intervention or Technology Disruption	• Ability to develop appropriate strategies to cope with changes • Speed in developing technology to keep up with changes
10) Competitive Advantage Risk	• Percentage loss of market share • Changes in the number of customers and frequency of purchases each day • Ability to innovate products while maintaining their quality and brand value • Ability to enhance production efficiency to be suitable and timely
11) Succession Plan	• Detailed designation of positions and required qualifications in the succession plan • Concrete plans for recruiting, evaluating, and ranking successors • Regular communication and assessment of successors
12) Brand & Reputation Risk	• Number of customer complaints across various channels • Customer confidence level in the brand and trademark • Level of service
IT & Cyber Security Risk	
13) Ransomware/Hacker	• Number of system errors related to attacks • Frequency and severity of cyberattacks
14) Internet Breakdown	• Number of times and frequency of IT system downtime • IT systems must be restored to normal operation within 4 hours after an incident causing downtime.
15) Use a point of sale (POS) service from a single supplier	• Severity and impact if the supplier does not continue to develop the system. • Time required to source a POS system from a new supplier • Time required to prepare a backup plan

Risk Issues	KRIs
Financial Risk	
16) Risks regarding investment in branch expansion and asset management	• Return on Investment (ROI) and Payback period meet expectations • Sales and revenue align with the business plan
17) Liquidity risk	• Estimated opening cash flow • Continuous and consistent cash inflows • Sufficient cash flow within the business to support daily operations

S&P establishes and reviews Key Risk Indicators (KRIs) at least once a year, typically before the start of the fiscal year or immediately when there are significant changes affecting business operations. The Secretary of the Risk Committee sends the "Key Risk Register" form to the Risk Working Group for review and summary, which is then submitted to the Risk Committee for consideration and approval. S&P prioritizes the evaluation of mitigation plans and solutions for risks that have a severe impact on the business operations. These plans are developed to manage such risks effectively. Risks deemed by the Risk Committee to be of low significance or minimal impact are considered the risk appetite.

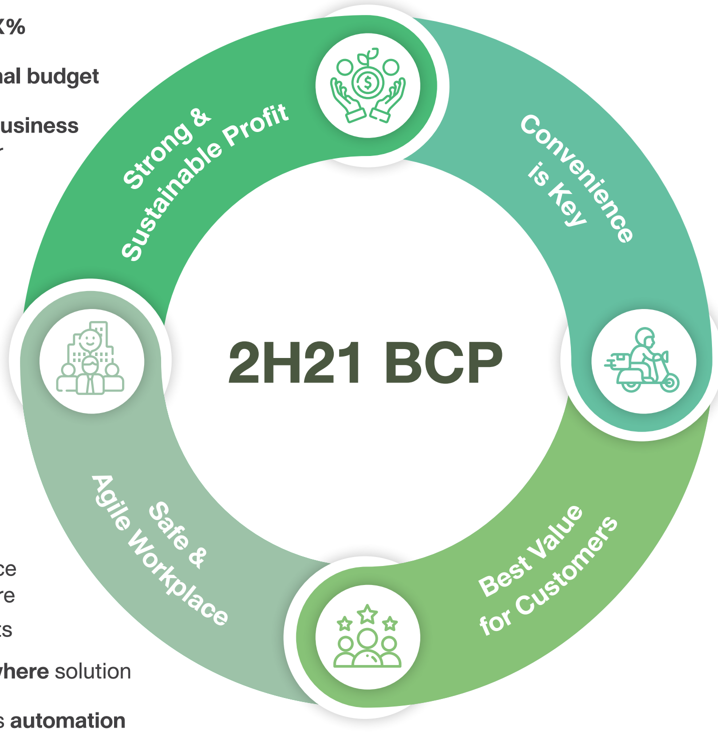
Business Continuity Management (BCM)

S&P begins with a business risks and impacts analysis by evaluating events that have occurred or may occur due to external and internal factors. The focus is on assessing the severity of risks, should they occur and cause a temporary business interruption. It is essential to determine the minimum service levels that S&P and our customers can accept. Business continuity management involves carrying out, monitoring, maintaining, and recovering critical services or maintaining essential structures.

Examples Business Continuity Plan in epidemic

Business Continuity Plan in epidemic “2H2021”

1. **Rental** control **Restro & Shop XX%**
2. **COL** control **Restro XX%**
3. **Factory profit** to **original budget**
4. **Profitable Japanese business** (control loss from other businesses)
5. **Corporate Expense Control XX MB**



1. **DelTa** Expansion to XX stores (100% BKK Coverage) by year end
2. Drive **Delivery** sales to **X MB per day** by July
3. Drive **Take-away** sales 2H2021 to **original budget** (specific offer by CG channel)
4. Drive **Trading** sales to **meet budget** leveraging new Home based lifestyle

1. **Living with Covid**
   Safe and Strong
   - Get vaccinated
   - Strong social distance and disinfect measure
   - New anti Covid habits
2. New **Work From Anywhere** solution
3. Optimize Work process **automation**
4. **Customer centric** and **Store Support** culture

1. Drive **Pound Cake** Sales to X,XXX cakes per day by August “Order a cake, get a cake”, levetage festive occasions (Mother’s Day and New Year) to reach **X,XXX cakes per day** by December
2. Boost **Thai Food to original budget** through meaningful Food sets, and Delivery Heroes
3. Boost **Member Spend to XX%** of total sales through new CRM platform

Information Technology Systems

S&P places significant importance on the information technology systems as they are crucial for collecting operational data and are an integral part of business continuity management. This includes developing platforms and collaborating with various food delivery partners, enabling consumers to access services conveniently and quickly.

1. Regularly establishing and rehearsing emergency management plans at various levels is a critical component on business continuity management. For example, in cases of emergencies where IT systems or data cannot be accessed electronically.
2. Conducting cyber drills for employees under simulated scenarios, or holding annual fire evacuation drills, helps build familiarity, improve response, and ensure appropriate and timely handling of emergencies.

Occupational Health and Safety

S&P evaluates and identifies risks to reduce occupational health and safety risks in strict compliance with the Safety, Occupational Health, and Working Environment Act of the Ministry of Labor.

- S&P analyzes and prioritizes risks based on the likelihood of occurrence and the severity of their potential impact on the objectives of organizational or departmental processes. The risk assessment steps include:

1. Analyzing risks at each step of the department's work processes.
2. Evaluating the risks associated with department's work.
3. Establishing preventive measures and recommendations.
4. Conducting annual health checks for employees working with identified risks.

- S&P's Business Continuity Management (BCM) system encompasses addressing public health risks, as discussed in the employee engagement section.

S&P has consistently recognized that the business environment is rapidly changing and unpredictable.

- External factors such as natural disasters, the COVID-19 pandemic since 2020, political risks like international conflicts, and technological advancements.
- Internal factorsrelated to management, whether operational or human resources, pose significant risks. These risks include insufficient personnel, damage to facilities or IT systems, which can hinder normal employee operations. These factors can disrupt S&P's business operations or impede continuous operations. Thus, timely crisis response and problem resolution through sustainable development practices are crucial, emphasizing Business Continuity Management (BCM).

S&P initiated the BCM efforts by conducting annual fire evacuation and fire drill exercises. These drills are scheduled regularly at both company-owned premises and leased facilities, ensuring participation in all fire evacuation drills. In 2023, S&P carried out these exercises across the factories.

Risk Culture

Regarding the key factors in cultivating risk management culture, after the COVID-19 pandemic and with ongoing climate change, the crises impacting raw materials for food production have intensified. Issues such as the scarcity of seasonal vegetables and fruits, altered flavors, and the proliferation of pests causing damage, along with increasingly severe droughts, have emphasized the importance of risk management or Enterprise Risk Management (ERM) for S&P. In the digital age, organizations face significant challenges, particularly due to the rapidly changing business environment, consumer behavior shifts, customer expectations, and the value chain.

S&P aims to instill a “Risk Culture” by fostering employees’ attitudes and beliefs in the risk management process. This involves providing risk management training to executives and employees to build knowledge and understanding of the organization’s key risks. The focus is also on developing expertise through work experience, which helps employees identify both risks and opportunities. S&P strives to integrate risk management into our core values and align plans with these values. Performance in risk management is included as a KPI for the organization and relevant departments, promoting efficient teamwork. Additionally, risk management criteria are incorporated into the development of new products. We plan to implement the following actions:

- Establish a dedicated risk management team.
- Conduct annual risk management training for employees at all levels, including board members, senior executives, and employees.
- Ensure all employees understand and apply risk management in their daily operations, making it a part of S&P’s workflow.
- Summarize and prioritize risk management activities, compiling them into an organizational risk report.
- Report to the Risk Committee and the Board of Directors for approval and dissemination.

S&P recognizes the importance of risk management and aims to foster a strong risk culture. This culture is seen as a crucial factor in enabling S&P to navigate the rapidly changing business environment and associated risks effectively.

Plan to create and cultivate a risk management culture from 2021 to 2030

2021

Initiating and pushing for organizational risk issues by S&P's leaders.

2022

1. Assign people responsible for enterprise risk management by establishing a risk management committee including determining the role of the risk management working group to oversee, collect information, and analyze organizational risks as determined by the Risk Management Committee.
2. Identify risk factors and assess the main risk levels of the organization. There are a total of 5 factors; Operation Risk, Emerging Risk, Compliance Risk, Strategic Risk and IT & Cyber Security Risk that affect S&P. We have taken these risk factors to find ways to prevent them if the risk occurs which is in the process of data analysis.

2023

1. S&P determines the organization's 5 main risks by finding ways to prevent and solve risks that may occur in order to be prepared to deal with the situation in a timely manner.
2. Communication about risks
   - **Executives Level:** Receive information from the Risk Management Committee to discuss and give opinions by the expert committee.
   - **Middle management and employees:** S&P sets plan to create a risk culture through knowledge training, testing and understanding via the E-Learning system.
3. The Risk Management Committee will review the main risk issues of the organization every year so that risk management can be adjusted according to the context in which it occurs and be able to respond promptly to every situation.

2026

1. Consider various investment aspects using ESG Risk criteria to evaluate projects.
2. Create a culture of continuous risk management services.
3. Communication and understanding in the same direction to achieve S&P's goals.

2030

Carry out systematic risk management both inside and outside the organization.
Be an example of the risk management process for suppliers and business partners.

Highlight project in 2023

Risk Assessment Workshop

Objective

To create mutual understanding to the issues that are the main risks of the organization as well as brainstorming ideas altogether to integrate work methods to deal with risks that may affect the organization. This will lead to systematic management of the organization for sustainability.

Training participants

22 members

committee members and executives representing each relevant agency.

Training date

On 20th July, 2023

Results

The Key Risk Matrix was addressed from the workshop activities, totaling in **8 risk issues,** to be used to plan risk management in the first 3 important issues.