



# Thai Union Group's Emerging Risks

2022 update

# Emerging risk – Ocean Plastics

Emerging Risk			
Ocean Plastics			
Risk Category	Scenario Description	Potential Impact	Adaptation and Mitigation Plan
Environmental	<p>Ocean plastics is a human environmental damage risk, which is a global issue that has been growing prominence in recent years and has been identified as a global risk that may become a critical threat to the world within 3-5 years. Concerns are being raised not only among our stakeholders but by customers and consumers globally. Ocean plastics also contribute to another global risk of biodiversity loss, that can lead to significant impact on the health and resilience of the oceans, thereby impacting the livelihoods and potentially the health of those people who depend on them.</p>	<p>For Thai Union’s operations, ocean plastic impacts include:</p> <ul style="list-style-type: none"> <li>Negative impact on marine ecosystems and biodiversity, resulting in a potential reduction of global fish stocks and seafood supply as well as volatility in raw material pricing.</li> <li>Impact on brand and reputation, if TU, as a seafood company do not take action to address risk from ocean plastics to marine animals, significant harm can be caused when they feed on ocean plastics or are caught in lost and discarded fishing gears.</li> <li>Impact on revenue, due to increasing concern among consumers on the impacts of ocean plastics and safety of seafood products, this could impact their confidence in and demand for seafood products, and hence our revenue.</li> <li>Impact on legal issue, where new or change in laws and regulations on plastic packaging are to be implemented.</li> </ul>	<p>As part of its SeaChange® goals, Thai Union has committed to achieve 100 percent reusability, recyclability, or composability of our branded packaging by 2025. Our Global Innovation Center (GIC) is focusing its developments on addressing packaging sustainability concerns. This approach spans all packaging formats from flexibles and pouches to rigid containers such as plastic cups, and metal and aluminum cans and applications in both human and pet categories. With a commitment to ‘Healthy Living, Healthy Oceans.’ Thai Union has continuously implemented a number of initiatives to reduce marine litter and Abandoned, Lost and Discarded Fishing Gear (ALDFG) including joining forces with the Global Ghost Gear Initiative (GGGI) and the global international coastal cleanup program by the Seafood Business for Ocean Stewardship (SeaBOS) and Ocean Conservancy to protect the marine environment.</p> <p>Please visit <a href="http://www.seachangesustainability.org">www.seachangesustainability.org</a> for the full report.</p>
Source of Risk			
Macroeconomic (Plastic waste and Ghost fishing gear)			
Relevant Elements of Thai Union’s strategy and ESG-related factors			
	Timeframe of Impact	Three-five years	
	Potential Magnitude of Impact	Possible major impact	

Source: Annual Report 2022 PDF p46-right – 47-left, <https://investor.thaiunion.com/misc/ar/20230310-tu-or2022-en.pdf>





# Emerging risk – People-related risks and Employment Crises

## Emerging Risk

### People-related risks and Employment Crises

Risk Category	Scenario Description	Potential Impact	Adaptation and Mitigation Plan
<p><b>Societal</b></p> <p><b>Source of Risk</b></p> <p>Macroeconomic (Digital inequality, challenge in talent attraction, retention and engagement)</p> <p><b>Relevant Elements of Thai Union’s strategy and ESG-related factors</b></p> <div data-bbox="25 778 471 1306"> </div>	<p>In the past, operating in a developing country was advantageous due to the availability of inexpensive labor. However, as production shifts towards technology-oriented processes, there has been a change in the type of labor required. Despite the COVID-19 pandemic accelerating the process of labor mobilization and remote working, which opened doors to accessing human resources from various locations, the company still heavily relies on the supply of human resources from Thailand. Unfortunately, the country's education system is beyond control. Consequently, this poses a challenge for companies in finding qualified employees to keep up with the increasing consumer trend, coupled with advancements in technology and production method. Thai Union Group is no exception, our employment trends are showing changes which can potentially cause impact to our operations and people. The scarcity of skilled workforce can impede productivity, innovation, and overall growth for company.</p>	<p>Thai Union’s People-related risks and Employment Crises impacts include:</p> <ul style="list-style-type: none"> <li>Industry mismatches between labor supply and demand, workforce is exiting the Company or moving to other organizations who fit more to their preference, for example, providing permanent remote or hybrid work, digitalized working process, which may cause our operation to be short-handed on staffs which further impact our production rates.</li> <li>Displacement due to automation, innovation, and digitalization leading to succession challenges and difficulty in attracting top talent in a tightening talent market limiting us to achieve our goals.</li> <li>Underemployment as a result of rapidly changing nature of work and skills. There is a risk that our workforce is not equipped with the skills required to support our goals and new work environment which may affects Thai Union growth.</li> </ul> <p><b>Timeframe of Impact</b></p> <p>Three-five years</p> <p><b>Potential Magnitude of Impact</b></p> <p>Possible major impact</p>	<p>We are aware of the changing work environment and are closely monitoring this change in the society. Our strategy will focus on talent development, strengthening our people capabilities and increase employee engagement across all our businesses. Through the Thai Union Academy, we focus on upskilling and reskilling our workforce with high demand curriculums to ensure our workforce is skilled and talented. We will also continue to place priorities in understanding our employee demographics and drive employee engagement to keep our workforce happy including promoting flexibility working environment. Moreover, we have a policy to review critical positions and prepare development plan of successors as well as succession in an unexpected situation to ensure the success of our employee and continuity of our business.</p>

Source: Annual Report 2022 PDF 47-left, <https://investor.thaiunion.com/misc/ar/20230310-tu-or2022-en.pdf>

