

2. Risk Management

Risk Management Policy and Plans

Risk Management Culture and Policy

Thai Union Group was listed on the Dow Jones Sustainability Indices (DJSI) for the eighth straight year in 2021. Our world-class standards for Risk and Crisis Management received a score in the 100th percentile for the second straight year.

The Company continues to embed risk culture in our business strategy and operations at all levels. Starting from the Company's leadership, the Board of Directors (BoD) promotes and enforces consistent and effective risk management, making it part of our organizational culture. The policy, framework, guidelines and structure of risk management demonstrate formal communication.

Employees are encouraged to have a positive attitude towards proper risk management from their first day with Thai Union. This is consistently reinforced throughout their time with the organization, such as through the new joiner program, risk management training, ongoing activities and internal news updates. In addition, risk management is embedded in business planning, decisions and execution. Examples of key areas include:

- Strategic risks are considered in the strategy planning process and during the implementation of initiatives complying with the decided strategy.
- New strategic investments, including M&A, new types of business investment, and large capital expenditure are embedded in risk management. The risk profile will be reviewed by the Risk Management Committee (RMC) for suggestions on the adequacy and appropriateness of the risk response.
- Financial strategy and risks were taken care of closely and driven by Group Treasury and the Finance Shared Services function and comply with Group Financial Risk Management and Treasury Policy. The framework parameters and the acceptable risks are approved by the BoD and used as the key communication and control tools for the management and treasury team, globally.
- Sustainable strategy and risk management were taken care of closely and driven by the Sustainable Development Committee lead by the President and CEO as the Chairman of the Committee.
- IT security strategy and risk management were taken care of closely and driven by the IT Security Committee lead by the President and CEO as the Chairman of the Committee.



Risk Management Framework

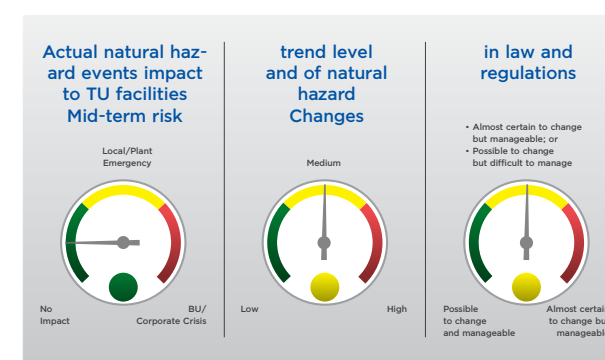
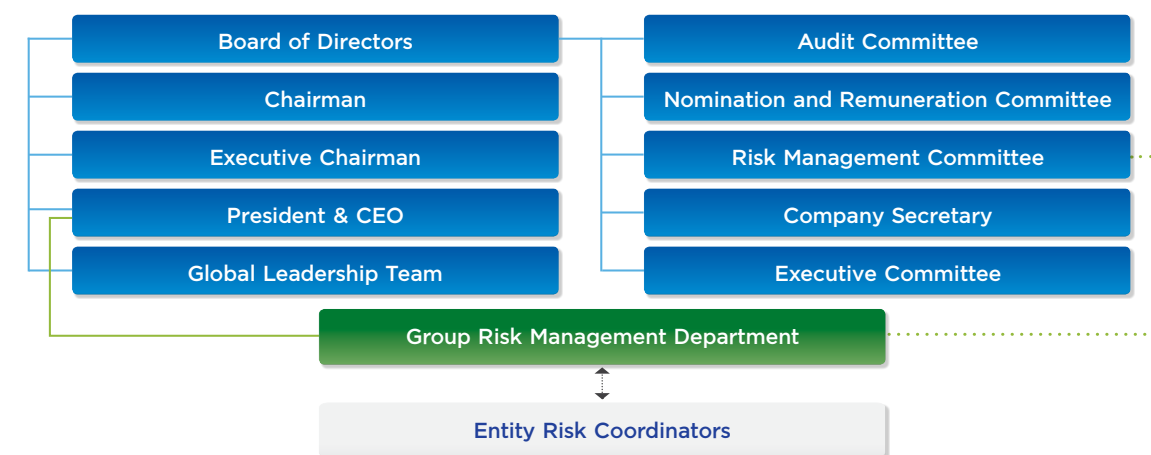
The Company's risk management framework is in accordance with the international standards of COSO ERM and ISO 31000: Risk Management. It is a guideline for management and employees to operate consistently. The framework is designed to identify, assess, manage, monitor and communicate systematically and consistently in order to minimize the probability of risks occurring and limit their potential impact on Company business. Thai Union Group processes risk management at Group level, business segment level and entity level.

Acceptable Risk Level

Acceptable risk level is an important factor to consider when Thai Union Group sets strategies and determines the direction of risk management. High and Medium-High are considered to exceed the acceptable level and require the immediate actions or mitigation plans.

Risk Management Organization

Risk management structure, roles and responsibilities are clearly established. The BoD provides important oversight to enterprise risk management, and is aware of and concurs with the entity's risk acceptable level. The RMC oversees risk management implementation and regularly reports risks, mitigations. The President and CEO is to ensure the appropriate and effective implementation of risk management throughout the organization. The Risk Management function directly reports to the President and CEO and leads the implementation of risk management and provides guidance, the framework and process to subsidiaries. Management and employees are responsible for managing risks in their areas of responsibility. For additional information on roles and responsibilities, see the Corporate Governance Report.



Key Risk Indicators (KRIs)

For materiality risks, Key Risk Indicators, or KRIs, are set up and closely monitor movement. KRIs provide an early signal of increasing risk exposures in various areas of the enterprise and can be lagging and leading indicators. For example, the Company monitors actual and trend of natural hazard events as well as potential change or new laws and regulations of the countries where we operate to monitor climate change risk.