

## RISK MANAGEMENT PROCESS

The company's risk management process comprises the following 8 steps:

### 1. OBJECTIVE SETTING

Understanding business context, vision, mission, core values and setting aligned short-term and long-term objectives for Thai Union Group, product groups, and business units.

### 2. RISK IDENTIFICATION

Identifying all risks or events that may occur and potentially impact the achievement of set goals. These uncertainties can be either positive events (opportunities) or negative events (risks) that might arise. Thai Union Group considers identifying risk factors from three perspectives as follows:

1. The possibility that strategy and business objectives may not align with the mission, vision, and core values.
2. Evaluating the Chosen Strategy.
3. Risk implementing Strategy and Business Objectives.

Under Thai Union Group's risk management policy framework, identifying risk factors will be comprehensive in all dimensions, including financial and non-financial aspects, environmental, social, and governance (ESG) aspects, as well as emerging risks, classified by risk groups such as

- **Strategic Risk:** The risk that arises from inappropriate and unsuccessful strategic, business planning, governance and resource allocation, including undesirable changes in external environments such as economics, social, political and hazard.
- **Operational Risk:** The risk that associates with company operations starting from planning, sourcing, production, selling including information system to support operations.
- **Financial Risk:** The risk that is associated with financial reporting, financial obligation and financial management, including investment.
- **Compliance Risk:** The risk that associates with meeting the requirements of laws, regulations, practices, standards, and internal policies and procedures.

### 3. RISK ASSESSMENT

Thai Union Group conducts risk assessment and analysis in all dimensions of sub-risks according to the Risk Criteria in the main dimensions, which include financial, business process and operations, corporate reputation, customer, and personnel. These are the standard criteria used throughout the organization for considering Group-wide level risk and Business Unit (BU) level risk. The organization's standard risk assessment criteria are as follows:

- **Impact Assessment Criteria**

The criteria for assessing the impact of risks include seven perspectives: Net Profit, Corporate or Brand Reputation, Health & Safety, Business Interruption, Laws & Regulations or Non-compliance, Environmental & Social, and Information Technology. This is divided into 4 levels, ranging from: Minor, Moderate, Major, Severe.

- **Likelihood Assessment Criteria**

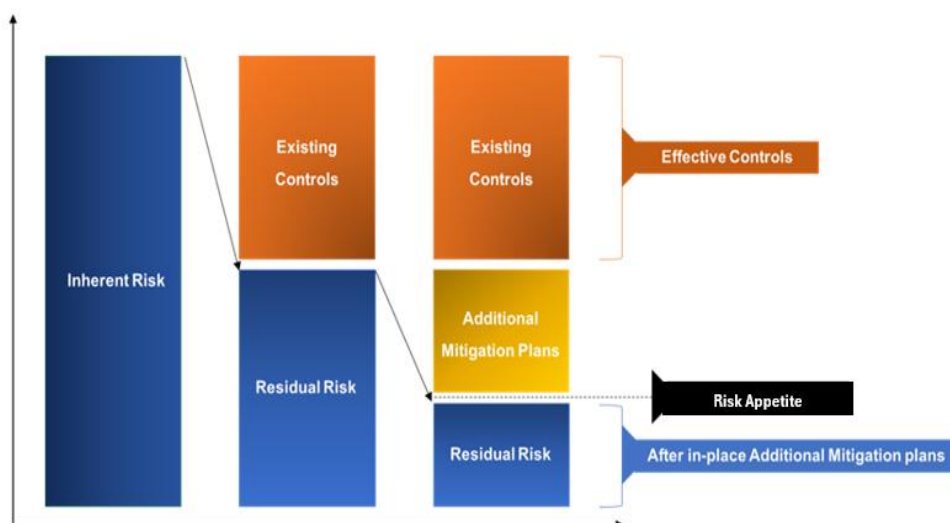
The criteria for assessing the likelihood of risks include two perspectives: Probability and Frequency. This is divided into 4 levels, ranging from: Almost certain, Likely, Possible, Unlikely.

Risk level represents the relationship of two perspectives, impact and likelihood of a risk event, which can be defined into 4 risk levels, as shown in the following table.

Impact	Likelihood			
	Unlikely (1)	Possible (2)	Likely (3)	Almost certain (4)
Severe (4)	Medium-High (4)	Medium-High (8)	High (12)	High (16)
Major (3)	Medium-Low (3)	Medium-High (6)	Medium-High (9)	High (12)
Moderate (2)	Low (2)	Medium-Low (4)	Medium-High (6)	Medium-High (8)
Minor (1)	Low (1)	Low (2)	Medium-Low (3)	Medium-High (4)

#### 4. RISK RESPONSE

After conducting the residual risk assessment, the management shall consider the residual risk has been reduced to be within the risk appetite risk level.



The risk response strategies can be categorized into five types: Avoid, Reduce, Transfer, Accept, and Enhance.

The risk management approaches for each risk level are presented in the following table.

Risk Level	Risk Management Approaches
High	<ul style="list-style-type: none"> <li>• Immediately response or define mitigation plans and</li> <li>• Monitor and report to <u>BoD</u> and RMC (if any) in quarterly basis</li> </ul>
Medium-High	<ul style="list-style-type: none"> <li>• Define mitigation plans and</li> <li>• Monitor and report to <u>BoD</u> and RMC (if any) in quarterly basis</li> </ul>
Medium-Low	Monitor risks and existing controls through daily business operation
Low	

## 5. MONITORING, REVIEW AND REPORTING

Under Thai Union Group’s risk management policy, the charter of the Risk Management Committee, Thai Union Group continuously monitors, reviews, assesses, and reports on risk management. This ensures that all risk items can promptly respond to current and future situations, events, and operational conditions. The following actions are taken:

- The Risk Management Committee (RMC) continuously monitors and develops the risk management framework and risk management process of the Company and its subsidiaries, aligned with international guidelines, and oversees the continuous activities of assessment, analysis and review of the Company and its subsidiaries’ significant risks, under normal and crisis conditions. The significant risks and mitigation are regularly communicated to the Board of Directors.
- Thai Union Group requires that at least one person at each subsidiary must be assigned as Risk Coordinator with clearly set roles and responsibilities as a guideline for effective and efficient implementation of risk management.
- Risk Coordinators of subsidiaries and Thai Union’s Group Risk Management Department collaborate and coordinate regularly. The Group Risk Management Department is required to share reporting forms to the risk coordinators to be used for gathering all required information and submitting the information to the Group Risk Management Department within the specified time frame. The Group Risk Management Department will then use the information to develop the key corporate risk profiles

## 6. INFORMATION AND COMMUNICATION

Relevant information shall be identified, stored, and communicated in an appropriate format and within a timeframe that allows personnel to adopt it according to their responsibilities.

Information is required by personnel at all levels for identifying, evaluating, and responding to the risks. Communication must be effective and widely recognized, spanning from top to bottom, between departments, and bottom-up interactions. Personnel from all departments shall receive clear information about their roles and responsibilities.

## **7. RISK AUDIT**

To ensure the effectiveness of the overall risk management, which is crucial for supporting the success of an organization's mission and business objectives, Thai Union Group emphasizes auditing the system's operations according to international standards. The audit includes:

- **Internal Audit**

Thai Union Group's Internal Audit (IA), responsible for examining Thai Union Group's risk management and internal control systems to ensure adequacy and effectiveness and report the result to Audit Committee which comprises of only independent directors at least once a year.

- **External Audit**

Conducted by external auditors to certify compliance with international standards and best practices annually. Examples include certifications for ISO 9001 on Quality Management System by the UKAS management system, ISO 14001 on Environmental Management System by the UKAS management system, Independent Assurance Statement relating to Thai Union Group's Sustainability report by LRQA (Thailand) Limited, The audit of consolidated financial statements and the separate financial statements by KPMG Phoomchai Audit Ltd.

## **8. CONTINUOUS IMPROVEMENT**

The continuous improvement process in risk management is an approach that emphasizes ongoing development and enhancement by identifying opportunities for improvement and establishing plans aligned with international standards. After implementation, the outcomes are monitored and evaluated to ensure that the organization's risk management system remains modern, consistent with global standards, and responsive to changes in the business environment.