

13. Debentures No. 1/2019 Unsubordinated and unsecured debentures in registered name form

Offering	High net worth and/or institutional investors
Outstanding Debenture Value	Baht 15,000.0 million
Issue Date	January 18, 2019
Interest Payment Date	Twice a year on each July 18 and January 18 that the debentures are outstanding; the first interest payment date on July 18, 2019.
Issue Rating	“A+” by Tris Ratings Limited

Series	Debenture Value (Baht)	Interest Rate (Percent)	Maturity Date
3 years	5,000,000,000	2.86	18 January 2022
8 years	2,466,000,000	3.95	18 January 2027
10 years	1,920,000,000	4.12	18 January 2029
12 years	5,614,000,000	4.40	18 January 2031

14. Debentures No. 1/2020 Unsubordinated and unsecured debentures in registered name form

Offering	Institutional investors and/or high net worth
Outstanding Debenture Value	Baht 7,500.0 million
Issue Date	May 13, 2020
Interest Payment Date	Twice a year on each November 13 and May 13 that the debentures are outstanding; the first interest payment date on November 13, 2020.
Issue Rating	“A+” by Tris Ratings Limited

Series	Debenture Value (Baht)	Interest Rate (Percent)	Maturity Date
7 years	1,699,000,000	2.90	13 May 2027
10 years	2,169,000,000	3.29	13 May 2030
12 years	3,632,000,000	3.59	13 May 2032

15. Debentures No. 2/2020 Unsubordinated and unsecured debentures in registered name form

Offering	Public offering, institutional investors and/or high net worth
Outstanding Debenture Value	Baht 25,000.0 million
Issue Date	September 29, 2020
Interest Payment Date	Twice a year on each March 29 and September 29 that the debentures are outstanding; the first interest payment date on March 29, 2021.
Issue Rating	“A+” by Tris Ratings Limited
15.1 Offering	Public offering

Series	Debenture Value (Baht)	Interest Rate (Percent)	Maturity Date
4 years 9months and 1 day	13,200,000,000	3.00	30 June 2025

15.2 Offering

Institutional investors and/or high net worth

Series	Debenture Value (Baht)	Interest Rate (Percent)	Maturity Date
2 years 5 months and 17 days	6,000,000,000	1.90	18 March 2023
9 years 7 months and 14 days	2,350,000,000	3.40	13 May 2030
15 years	3,450,000,000	3.90	29 September 2035

1.6 Dividend Policy

In the consideration of dividend payment, the Company will consider operating performance and shareholder returns in the long-run. Payment of dividends will be according to the Company's regulations No. 36 and No. 37. The dividend payment will be distributed according to the number of shares, each share equally. The dividend payment must be approved by the Shareholders' Meeting. The Board may pay interim dividends to shareholders occasionally, if they find that the Company has sufficient profits to do so, and reports to the subsequent Shareholders' Meeting.

The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement.

However, the policy will be subject to change should the Board of Directors consider the financial standing, economics situation, operating performance, ability to pay financing charges and principal repayment and comply with debt covenants and future projects and find that it is appropriate to propose to the shareholders otherwise.

In addition, the Company is obliged to comply with terms and conditions of various types of debentures. In case the Company is in default of interest payments or any payment related to debentures or postponement of interest payments on debenture (as the case may be), the Company will not pay dividends to shareholders.

Dividend Distribution

Dividend Payment	2016	2017	2018	2019	2020
1. Earnings per share – Company only (Baht/share)	1.57	1.77	2.11	2.14	1.48
2. Annual Dividend (Baht/share)	1.00	1.10	1.20	1.25	0.90*
3. Dividend payout – Company only (percent)	64	59	54	56	57

Remark : *Dividend payment for 2020 shall be further proposed to the shareholders' meeting on April 23, 2021 for approval.

Subsidiaries' Dividend Policy

The Board of Directors of subsidiaries has policies to distribute dividends in accordance with the operating performance of the relevant companies without determining a certain rate of dividend payment. The distribution of dividends will be based on financial position and future investment plans of each subsidiary.



Risk Management

2. Risk Management

2.1 Policy and Risk Management Framework

CP All Public Company Limited and its companies have established a comprehensive risk management system, comprising of a risk management and business continuity management committee. The Company holds the board of directors, executives, and all employees responsible for evaluating opportunities, events, and potential factors that may affect the Company's business operations. All of the abovementioned persons are also responsible for finding measures to mitigate or prevent negative consequences to the business, such as preparing risk control plans in accordance with the Company's objectives, goals, and strategic plans. The Company assesses the effectiveness of its risk management measures by monitoring situations and changeable risk factors and reporting them to the board of directors. Occurring twice a year, this comprehensive risk management policy review ensures that the Company maintains a consistent risk management system throughout the organization. The review also helps to effectively and sustainably integrate risk management into the Company's strategies, plans, decisions, and operations.

The Company has reviewed the risk management framework to ensure all departments' efficient compliance. At the Company, risk management is considered a part of the corporate strategy and work plan. In 2020, the Company appointed a representative from its risk management unit to be a member of its corporate strategy committee, which consists of representatives on strategy, budget, human resources, sustainability, and risk. The role of this corporate strategy committee is to consider the Company's strategic and risk management plans as well as other various operations planned for 2021 and ensure that they are implemented with maximum efficiency and effectiveness. In addition, the Company conducted a risk score assessment, which evaluated the risk management capabilities of different departments. The assessment helped provide insight into areas for improvement in more than 70 different departments in the organization. Held at least four times a year, departments that consistently achieve good performance are praised and recognized, announced by the Enterprise Risk Manager and Chief Executive Officer. Well-performing departments provide valuable insights that risk managers can use for further development.

The Company also organized a risk management seminar once every quarter. Held by the Risk Champion's unit, the seminar goal is to enhance its participants' risk management capabilities. With more than 400 participants, the seminar considered issues that need to be considered in situations of risk, such as strategy, finance, law, sustainability, and good governance.

In addition, the Company has established a risk assessment committee comprised of experts in various fields such as communication and image, store operations, law, human resources, facility cybersecurity, data privacy, governmental coordination, and occupational safety and environment. The role of this committee is to monitor the changing market situation on a daily basis, assessing and managing risks that may disrupt business plans.

In the event of urgent, significant changes in market situations, the risk management department organizes a risk review together with the risk management committee. The group collaborates to determine important control measures and, on special occasions, immediately reports to the executive committee.

2.2 Risk Factors

2.2.1 Operational Risks

Risk from 7-Eleven Trademark Termination

The Company operates its convenience store business under the Area License Agreement entered with 7-Eleven, Inc., USA since November 7, 1988. Under the terms, the Company is granted a license to operate convenience stores in Thailand under the "7-Eleven" trademark including related trademarks, and to obtain training and technical assistance in convenience store business from 7-Eleven, Inc. On August 20, 2003 7-Eleven, Inc. entered into the Consent Agreement which is an agreement among the Company, the Charoen Pokphand Group ("CPG") and 7-Eleven, Inc. under which 7-Eleven, Inc. has agreed to give consent to the

public offering of shares and the listing of shares for trading on the Stock Exchange of Thailand. The Area License Agreement does not specify the term of the Agreement. However, both parties have the right to terminate the Agreement if any event stipulated in the conditions does occur or if there is any event which constitutes a cause for termination under the Consent Agreement and also results in termination of the Area License Agreement.

On May 5, 2020, CP ALL (Cambodia) Co., Ltd., a subsidiary of the Company (with 100 percent of shares held by Albuera International Limited, a 100 percent-owned subsidiary of the Company), entered into a franchise agreement with 7-Eleven, Inc. to operate 7-Eleven stores in Cambodia. Under this agreement, CP ALL (Cambodia) Co., Ltd. was granted franchise rights to establish and operate 7-Eleven stores in Cambodia for a period of 30 years, whereby the relevant parties may agree to renew the agreement for a maximum of 2 times, 20 years each time. CP ALL (Cambodia) Co., Ltd. is a newly established subsidiary under Cambodian law, founded to operate 7-Eleven stores under the main franchise agreement in Cambodia.

In addition, on August 28, 2020, CP All Laos Co., Ltd., an indirect subsidiary of CP All (with 99.99 percent of shares held by Albuera International Limited, a 100 percent owned subsidiary of the Company) entered into a franchise agreement with 7-Eleven, Inc. to operate 7-Eleven stores in Laos. Under this agreement, CP All Laos Co., Ltd. has been granted franchise rights to establish and operate 7-Eleven stores in Laos for a period of 30 years, whereby the relevant parties may agree to renew the agreement for a maximum of 2 times, 20 years each time.

In case the Area License Agreement is terminated, the Company will lose its right to use the trademark, which will significantly affect the Company's business. In such a case, the Company might also be required to pay damages to 7-Eleven, Inc. In addition, if the relationship between the Company or CPG and 7-Eleven, Inc. turns sour, the Company may not obtain appropriate assistance from 7-Eleven, Inc.

The Company's Risk Management

For over the past 31 years of the good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date i.e. by the end of 2020 the Company operated 12,432 7-Eleven stores nationwide, which is higher than the minimum number of stores to be maintained under the agreement, the royalty fee is regularly paid for the period of time as stipulated in the agreement, or the Company continuously maintained a reputation of the trademark. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the "7-Eleven" trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. In addition, during this year The Company is also entrusted with the master franchise agreement to establish and operate 7-Eleven stores in Cambodia and Laos. The chance that such a relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.

Risk of Error or Failure of Distribution Center and Logistic

The Company recognizes the importance of its distribution center management system and technological tools to support its new services, such as online shopping, online to offline (O2O) services, and parcel delivery services. Notably, the Company's parcel delivery services have met with increased consumer demand. More people are perceiving 7-Eleven as a one-stop service store, where they can pick up their products or order to have them delivered to their homes. Most of the products sold in more than 12,432 7-Eleven stores nationwide are delivered from the Company's many distribution centers, located in Bangkok and other provinces across the country. This network of distribution centers helps small and large manufacturers to safely deliver their products to 7-Eleven stores to customers' hands-on time, 24 hours a day, 7 days a week. Therefore, the distribution centers play a vital role in 7-Eleven's business in distributing products to stores across the country

in correct, complete, and timely manner. Errors or problems at the distribution center and disruption of transport route due to floods, fire, communication system and information technology failure, severe accidents, or any force majeure from the supply chain system from the manufacturer to distribution centers and then delivery at the stores will have an adverse impact on the sales of all 7-Eleven stores and business opportunity, and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company regularly reviews corporate risks and strategies, considering both short- and long-term plans in order to accommodate sales growth from its existing stores. It is committed to increasing its branches as well as expanding to new forms of business. Presently, the Company's distribution strategy is to ensure that its distribution centers have sufficient space to support sales growth from its stores and new online businesses. The Company has also issued internationally recognized policies and practices for its trade partners, communicated through trainings and risk assessments. Results from risk assessments and audits are used for future developments and to find new opportunities for growing sustainably together with trade partners.

In addition, the Company also regularly monitors the preparedness of its equipment, personnel, and transportation routes to deal with disruptions in distribution. In the case that a new distribution center needs to be set up, the Company will select locations that are both safe and efficient for delivering products to its stores. This includes locations within stores' perimeters, spread throughout various provinces nationwide. With this strategy, the Company is confident that it can reduce risk factors related to distribution centers as it supports the growth of new stores and businesses in the future.

The Company has prepared and practiced the Incident Action Plan and conducted drill regularly planned to be ready to deal with various crises through 7days/ 24 hours such as flooding, riots, fire, and blackouts. There is also a Crisis Assessment Team (CAT) which is responsible for providing warnings about the crisis to various departments in the risk areas so that they can prepare to deal with the crisis in a timely and appropriate manner. Business Continuity Management (BCM) includes using nearby distribution centers to deliver products, transporting products using large trucks, using alternative routes, finding alternative products, and establishing temporary distribution centers.

The Company has also collaborated with key suppliers who are strategic partner developing Business Continuity Plan (BCP) to ensure that products can be delivered during the crisis to minimize the negative impact on the sales revenue. In addition, the Company has appropriately bought insurance to compensate for loss and to alleviate the cost burden that may occur in the future, covering distribution centers, stores, and subsidiary companies.

By doing so, the Company believes that the distribution centers are sufficient to support store expansion plans in the future. On the other hand, the distribution centers can function as a secondary distribution network with each other across the country. In case if any place where a disruption or major transportation routes were not passable. The network can back up to replace at the most effective.

Risk of Error or Failure of Information Technology System to Support O2O

The Company's information technology systems supporting O2O is as the brain of the convenience store business, for ordering and communicating effectively to all units in the supply chain, ranging from manufacturer, logistic system and distribution center through store level. This can help the Company making sales revenue, and delivering good products and services to more than 11 million customers per day which are the key matters to create persistent customers' satisfactory and impression. Therefore, any error or problem occurred to any key information technology systems such as sales and service system, store operation system, product ordering

and logistic system, and etc, would affect the business operations and ability to serve customers at 7-Eleven stores and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company recognizes the importance of the information technology system supports the Company's O2O service through a whole supply chain systems operating effectively with the continuity of business operations and in line with the Company's business strategy. Information Technology Supervision and Information Security Committee has also reviewed consistently to improve the stability of the management of information technology, monitoring, development, and maintenance of a standard system to effectively prevent, detect and respond to cyber-attacks in accordance with the Cyber Threat Action Framework referenced by the National Institute of Standards and Technology (NIST) which consisting of 5 sections i.e. identification, protection, detection, retaliation, and recovery.

The Company focuses on developing processes and assets in relation to technology with reference to international standards such as ITIL, CMMI, and ISO / IEC 27001: 2013, which aimed at developing technology to improve processes and assets in the long term. Business development unit can collaborate with global partners to update technology system to accommodate the changing trend of the market.

In regard to managing the hardware, the Company establishes two IT centers in different areas to diversify risk – Chaengwattana IT Center in Nonthaburi and True IDC Bangna in Samut Prakan, which is the first IT center to obtain a high information security standard and ISO from Uptime Institute. These two IT centers support each other in case of any interruption happening to one of the IT centers and ensure that the IT system will resume its normal operation.

The Company has a full range of security systems for its two IT centers, beginning with the design of their safety in every section under the proper environment. Backup generator systems, UPS, smoke, and fire detection systems, intrusion detection systems and inhibit mobility, backup air conditioning, and power feed system pairs each, including system maintenance have been also installed. In addition, the Company set up an expert team to stabilize and secure the IT system throughout 7days / 24 hours to be ready for its operation continually. In addition, the Company regularly provides training and drills to related BCM team, which the training will be given scenarios that could cause the crisis to IT center on a variety of different situations to ensure that the delegated team is comprehended and able to follow all the business continuity management (BCM) efficiently and timely. Furthermore, apart from regular check-up by the internal audit team, an external audit company tests on the IT system annually for the highest assurance of the Company's information technology system.

Cyber Threats

Due to rapid digital advancements and the spread of COVID-19 in Thailand and around the world, companies have had to adapt to working outside the office or from home. In order to keep its business running smoothly, the Company has a Business Continuity Management (BCM) plan, which includes guidelines on how to prevent corporate information from leaking. In Thailand, such cyber threats are regulated by various laws and regulations, including the Computer Crime Act, the Cyber Security Act, and the Personal Data Protection Act. The Company recognizes the importance of having pre-emptive measures to handle cyber threats. Cyberattacks, such as theft of trade secrets or leakage of customers' or employees' personal information, can result in adverse financial impact, damage the Company's reputation and credibility, or implicate the Company for failing to comply with the law.

The Company's Risk Management

The Company has been regularly reviewing its corporate strategy and plans with internationally recognized data security experts. To support business growth, the Company has digital technology business strategies and plans that are in line with global standards. Additionally, the abovementioned data security experts collaborate with the Company's information technology supervision committee to review, manage, and improve the stability of its information technology. These parties also establish guidelines on how to prevent, detect, and respond to cyberattacks. These guidelines are in line with the National Institute of Standards and Technology (NIST)'s cybersecurity framework, which comprises five areas of how to deal with cyberattacks, including identification, prevention, detection, retaliation, and recovery.

The Company has also appointed a Chief Cyber Security Officer, responsible for all of CP ALL Public Company Limited's information technology security. Furthermore, Gosoft (Thailand) Company Limited, a subsidiary of the Company, has been appointed to support the Company's cybersecurity measures. Operating in accordance with international standards, such as ISO 27001 that deals with information technology security and management and Internet security strategies, the subsidiary works to ensure the Company's business continuity and manage risks to fall within an acceptable range. Gosoft (Thailand) Company Limited is required to review the Company's cybersecurity strategy annually. Additionally, the subsidiary works to promote cybersecurity awareness amongst employees through various internal communication channels and assessments, including cyber crisis simulation programs such as the Cyber Security War Game and phishing campaigns. This way, employees will be readily equipped to use technology efficiently and keep themselves secure from cyber threats.

Risks from Laws and Government Policies

The Company manages the convenience store business and various supporting businesses under the CP All Group in Thailand. The Company is committed to conducting business with honesty, transparency, fairness, consideration for the community, society, and environment under the laws and policies from the government at all time, as well as tracking the changing needs of stakeholders on sustainability management approach internationally; both at the local level, regional and international level. It is the process of finding important information in order to make business decisions. It is also used to forecast the impact on the business from the issuance of new regulations, such as changes in the laws of government agencies various law enforcement including terms that may arise in the future, for example, new regulatory on climate change, and COVID-19 new normal lifestyle which these regulations often have smaller chapters or area-specific requirements corresponding to local characteristics. However, if the Company failure to follow up, forecast, and prepare to keep up with such changes may affect business operations and competitiveness as well as the sustainable growth of the business group.

The Company's Risk Management

The Company has always been committed to conducting business with transparency, fully complying with local and international laws and regulations. Mitigating risks is an issue of top priority, the Company has always promptly responded to government policies and is consistently improving its compliance capacities. Furthermore, the Company has a dedicated Corporate Legal Compliance Unit whose role is to closely monitor and report any changes in government policies, laws, and regulations in the countries in which they operate. This unit also supports the Company's compliance measures by building networks with relevant local and international public and private agencies. In order to thoroughly understand and comply with all government measures, the Company expresses its views on new legislation through various agencies, which in turn forwards the message onto licensing agencies.

In addition, the Company's Risk Management Committee and Corporate Legal Compliance Unit have executed risk assessments in cooperation with Risk Champions, whose role is to oversee risk-related issues and legal compliance. In this way, the Company can ensure that it can operate with full transparency and with good governance towards all of its stakeholders. In abiding by corporate risk management guidelines, the Company strives to be prepared to adapt to any legal changes, managing potential impacts to fall within an acceptable range.

Additionally, the Company's Sustainability and Corporate Governance Committee consistently oversees corporate governance and sustainability policies as well as business practices, ethics, and operations. Notably, the committee organizes approximately a hundred training and assessments on corporate governance and sustainability for employees of all levels annually. A contact center operated by this committee is also open 24 hours a day, 7 days a week for employees to submit any suggestions, complaints, and inquiries.

Human Rights Risks

With the international community increasingly expecting responsible conduct from businesses, the issue of respect for human rights has become of great importance. This is more so whilst the Company is expanding its business both locally and internationally, with different countries having varied legal practices and stakeholder groups. Thus, there are notable challenges in ensuring the respect of human rights in all of these relevant groups. Moreover, the changing global context has brought about the onset of various forms of human rights violations, such as breaches of privacy and personal information and freedom of expression. Therefore, the Company recognizes the importance of conscientiously monitoring its business operations in order to protect the human rights of all groups throughout its business chain.

If the issue of human rights is not managed in a systematic manner, satisfying the expectations of the international community, the Company may be faced with negative consequences, such as damage to the Company's image and business operations, suspension of trade, community opposition to expansion, and undermined employee confidence.

The Company's Risk Management

The Company is committed to respecting human rights and upholding its human rights policy in order to prevent violations of human rights amongst its employees, business partners, contractors, customers, and local communities throughout the supply chain. In addition to the formal enforcement of the Company's human rights policy in 2017, the Company has also established human rights protection guidelines in accordance with Thai and foreign laws in countries in which the Company operates. Furthermore, the Company abides by the United Nations' Guiding Principles on Business and Human Rights (UNGPs) and implements human rights due diligence, reviewing its human rights performance with relevant departments of all major business units every quarter. The Company is also proactive in raising awareness on human rights issues amongst employees by organizing sustainability training with the content on human and labor rights and providing workshops for assessing human rights risks.

In addition, the Company has various channels for employees to submit their opinions and suggestions, including a chime system, a complaint box placed at distribution centers, and a workplace welfare committee, which was established by the Labor Protection Act in 1998. Currently, 100 percent of the Company's employees are members of the workplace welfare committee, engaging in human rights management over the past year. To date, there have been no cases of human rights violations related to the Company's business operations, so there have been no remedial actions made for any violated persons. However, the Company has remedial measures in place to mitigate any cases of human rights violations should they occur.

Emerging Risks

1. “New Normal” Risk Considerations: Consumer Behavioral Changes

Retail businesses have been under major economic pressure due to various factors, including rapid consumer behavioral changes. Attributed to the COVID-19 pandemic, people are subscribing to a “new normal” way of life, being more concerned about health safety factors and social distancing. In addition, the increasingly digitalized and cashless society has made more consumers demand more convenience and speed from retail businesses. With more communication channels as well as purchase and payment options that customers can access anywhere, any time, on any device, fewer people are also visiting stores.

The Company’s Risk Management

The Company is committed to understanding customer insights from all its target consumer groups, diligently monitoring behavioral trends, changes, and lifestyles in different store locations. Its offline to online (O2O) systems give its customers convenient access to a wide variety of products and services by linking storefront to online processes and channels. Thus, the Company is able to provide lifestyle services and build long-term relationships with its customers.

2. Increasingly Common Outbreaks of Disease

Although the coronavirus pandemic has been ongoing for almost a year, its devastating effects are still prevalent in people’s lives and the economy. Scientists expect that people will still have to continue living with COVID-19 for some time and believe that this pandemic will not be the last the world has to face. Rather, global disease outbreaks will occur even more frequently in the future. Since the beginning of this century, the world has faced SARS, the swine flu, MERS, Ebola, and COVID-19. Additionally, mid-2020 saw the emergence of a new G4 EA H1N1 influenza virus in China, whose development scientists are monitoring closely. Even though there is not yet enough information to indicate whether this new disease might threaten humans, a mutation could cause a major, disastrous disease outbreak. This is because the increasing world population is pushing humans to encroach on more natural territories, where wild animals live, making pathogens transmit to humans more easily. Rising temperatures due to climate change have also increased the likelihood that diseases are transmitted to carrier animals, such as mosquitos. Currently, there are more than 1.7 million viral infections with animal carriers, which pose a major risk to humans. There needs to be more research on these diseases to find effective prevention and treatment measures.

Increasingly frequent pandemics in the future may lead to significant business disruptions and catalyze further changes in consumer behavior in the future. Despite the development of more effective medicine and response plans, it is still difficult to predict the severity of the overall impact of the next outbreak. However, the Company believes that the duration of the impact will be shortened as it gathers learnings from previous disease outbreaks.

The Company’s Risk Management

The Company recognizes the importance of monitoring rapid changes in consumer behavior due to technology use, the “new normal,” and an increasingly cashless society. Therefore, the Company is always developing more convenient and speedy ways to enable customer access to its products and services, anywhere, any time. As an avid researcher of customer insights, the Company realizes that consumer behavior and lifestyles vary based on different times of the day and occasions (e.g., workdays, holidays, festivals, or events in the area). These customer insights are used to develop a viable strategic plan that fits with

the ever-changing market context. Furthermore, the Company continually develops its products and services in the face of such change, delivering new experiences to customers via new channels of access to goods and services, including stores, vending machines, and even online channels. Customers can easily pay for their products or services through the Company's mobile application counter service, Alipay, Union Pay, credit card, or True Money wallet application, accessible via mobile phone. Customers can also purchase parcel delivery services at SPEED-D, available at selected 7-Eleven stores 24 hours a day. Additionally, on-demand delivery from stores is available. With these new experiences, the Company is confident that it will not only be able to retain its existing customers, but also expand to new customer groups.

3. Demographic Transition to an Aging Society

Due to the declining birthrates and better medical care, the global population is beginning to live longer and transition into an aging society. The World Health Organization (WHO) forecasts that the number of people aged 60 and over will increase by at least 3 percent annually. By 2030, it is expected that this number will reach approximately 1.4 billion, reaching 2 billion people in 2050. Asia has the most elderly population in the world, especially Japan. Considered the first country in the world that has transitioned into a super-aged society, the land of the rising sun has the most elderly population in the world. As for Thailand, the Thai Ministry of Public Health reports that as of 2020, the country has more than 12 million people aged 60 and over, or approximately 18 percent of the total population. This number will increase to 20 percent in 2021, indicating that Thailand will be considered an aging society or even a super-aged society in the next few years. In 2022, Thailand will be considered an aging society. In 2030, the aging population will increase to 26.9 percent of the total population. With regards to consumer behavior, the elderly want the best, safest, and most easy-to-use products. These considerations extend to areas such as health, financial services, and living spaces. Notably, the elderly also looks for technological tools that make their lives easier, such as smartphone applications. Therefore, the elderly is considered a target consumer group with high business potential. Previously, the market value of this consumer group was estimated to be at least 107,000 million baht per year.

The Company's Risk Management

The Company has established measures to monitor changes in demography, needs, expectations, behavior, and lifestyle amongst all of their customer groups. Customer insights are gathered from different store locations, taking into account factors that contribute to behavioral changes, such as timing (e.g., day, night, workday, holiday) and important events (e.g., festivals). These insights are used to develop viable strategic plans that fit with changing consumer habits and lifestyles. Additionally, the Company stands out from its competitors with its delicious, valuable food and beverage products full of nutritional benefits that promote the health and well-being of the Thai people. Menus such as ready-to-eat fresh fruits and vegetables, fruit and vegetable juices, low-calorie food options, and food with reduced salt and sugar are especially relevant to the elderly in Thai society.

The Company has begun exploring new business opportunities by installing an Eat Well Corner in 100 7-Eleven branches, which offers fresh fruits and vegetables, herbs, and a range of health products in high-potential areas such as in hospitals. All Beauty Corner, also established in special select stores, provides a larger range of beauty products. Moreover, "eXta" in certain stores sells quality home medicine and health products that are accessible to everyone, contributing to the health of Thais nationwide. 7-Eleven has now become a one-stop convenience store, where people can choose from a range of channels to access their products and services, including the store and vending machines. Customers also have

a variety of payment options, such as via the mobile application counter service, Alipay, Anion pay, and credit card as well as mobile payments, accessed through the True Money wallet application. 7-Eleven also enables customers to pick up their products at the store or request on-demand deliveries from stores, resulting in increased business opportunities for the Company.

4. Changing Consumer Behavior in a Circular Economy

Environmental problems, resource shortages, climate change, and plastic pollution in the ocean are fueling global resistance to plastic packaging. In Thailand, both the public and private sectors have been cooperating to alleviate environmental issues such as plastic pollution, educating consumers about how plastic use, disposal, and storage affect the environment in the long term. Results from such efforts should change consumer behavior and be more clearly visible within the next three to five years. Increasingly, consumers are looking for products and services that are environmentally friendly, use resources efficiently, and are even inclined towards entrepreneurs that operate environmentally friendly businesses, those that reduce the use of resources or recycle materials to be reused in production processes. In any case, there are some causes of concern as more and more plastic products are seen to be the cause of environmental problems, such as decreased revenue from original products, increases in research and development costs, taxation operating expenses, and negative impact on organizational image.

The Company's Risk Management

In this circular economy, the Company has adapted to satisfy customer needs via strategic planning as well as product, service, supply chain, and production process development. It is committed to increasing awareness and understanding of waste management to operate with sustainability for the environment, society, and economy. This strategic move will also help enhance the Company's competitiveness. Furthermore, the Company has management measures to handle the abovementioned risks.

As stated in their corporate resolution of "Creating and Sharing Opportunities for All," the Company believes that a sustainable organization must operate with good governance and social responsibility. Previously, the Company has had numerous initiatives to ensure business sustainability, such as helping farmers, community enterprises, and small and medium enterprises (SMEs) develop quality products to be sold in 7-Eleven stores. The Company has also consistently implemented its 7 GO Green policies for environmental conservation. For instance, the "You Can Stop Using Plastic Bags" program encourages customers to stop using plastic bags and converts the cost of these bags into donations. This project received great feedback from customers, with decreased use of more than 998 million plastic bags. As a plus, the Company was able to save more than 134 million baht, converting them into donations. Some donations include funding medical equipment for Nawamintharabopit Building's 84th Anniversary at Siriraj Hospital and 77 rural hospitals in 77 provinces nationwide. Thus, the Company was successfully able to help patients in rural areas access good healthcare.

In addition to their efforts to reduce plastic bag use, the Company is also committed to the concept of the circular economy, consistently looking for ways to recycle and upcycle plastic waste. Expanding upon its campaign to reduce the use of plastic bags in 7-Eleven, the Company has also recently collaborated with SCG and Dow Group (Thailand) to launch the 7 Go Green Recycled Plastic Road project. The project turned plastic waste into roads and built a parking area in front of a 7-Eleven store. In this way, the Company was able to do sustainable business that also takes into account the environment.

5. Shortage of New Skilled Workers

Digital advancements, a pandemic, and disruptions in the global supply chain have resulted in changes in consumer behavior and needs. These developments pose business risks, as the Company needs to adapt to use digital technology in the delivery, marketing, and online distribution of products. As a result, the Company has had to rapidly transform its digital strategy, business models, and internal operating processes in order to satisfy consumer needs for convenience and stay ahead of the competition. Consequently, this may result in a shortage of new skilled workers and personnel involved in the supply chain system that can keep up with new business models and distribution channels. Such a shortage could lead to significant business disruptions, even with continuous investments in human development. However, the Company believes that the help of modern technology can shorten the impact of skilled worker shortages whilst strengthening reskilling and upskilling efforts.

The Company's Risk Management

To support business growth, the Company regularly reviews its corporate strategy, which includes strategies for equipping its personnel with new skills. Such training is distributed through online teaching at Panyapiwat Technological College, which awards vocational certificates, and Panyapiwat Institute of Management's Thai and international programs, which awards bachelor's, master's, and doctoral degrees. Through these curriculums, employees are equipped with relevant digital business skills to better contribute to the organization. These educational programs, an ecosystem in itself, are also a way for students and employees to gain memorable life experiences whilst supporting the expansion of new businesses and trading platforms. Thus, the Company is committed to developing its employees' skills, particularly through reskilling and upskilling. Reskilling adds value to the organization by increasing employees' skills in the same role under the next contexts while upskilling develop employees' skills for other roles, such as training them on the use of new technology and other essential skills. These new skills, such as digital literacy, can be used in new roles in the organization. Additionally, the Company aims to develop specialized professional skills in line with its business expansion, such as training coffee makers, coffee masters, coffee managers, and food masters (food management specialists). There are also exams for awarding certificates and compensation schemes based on qualifications.

Furthermore, the Company has appointed a Business Excellence Committee and Business Excellence Working Team (BEW) to increase the effectiveness of its work processes for business excellence. This includes reducing multistage work processes, promoting work agility, and fostering cross-functional collaborations so that the Company can be a "4.0 organization" that is ready to face rapid changes in this modern world.

Moreover, the Company has continuously invested in developing quality employees to support Thailand's retail business. This is done through a bilateral learning curriculum where employees have a chance to learn both in and outside of the classroom, where they get practical training. In collaboration with the Office of Vocational Education Commission (OVEC), the Company supports programs at Panyapiwat Technological College, which awards vocational certificates, and Panyapiwat Institute of Management, which offers both Thai and international programs and awards bachelor's, master's, and doctorate degrees. In recent years, the Company has also cooperated with the government to create "Premium Graduates," awarded with certificates or diplomas in vocational education and bachelor's degrees in various disciplines such as trade innovation management, marketing, retail business management, electrical technology, and food and beverages.