

The Company organizes the risk management structure focusing on potential business impacts into 3 groups, comprises.

- 1 Operational risks
- 2 Sustainable risks and non-financial risks, and
- 3 Emerging risks

The Company has conducted risk assessments annually. Representatives from different functions are nominated as Risk Champion, also received training, according to each quarter’s risk mitigation measures. The internal control process, rigorously risk and performance monitoring are presented as follows.

Risk Assessment	Identify High-Risk Process	Set Up Risk Control Measures	Randomized Assessment of Control Measures by Auditors	Review Internal Process and Control of Risks Quarterly
<ul style="list-style-type: none"> <li>Conducted by risk champions</li> <li>Assessed risks include legal compliance, data security, cyber threat, human rights, corruption, randomized assessment by governmental agencies and consumers’ complaints</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, 25 processes have been identified as high-risk processes from 254 processed conducted across marketing, production, procurement, and distribution</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, there are 10 control measures in total for 25 high-risk process</li> <li>There has been communication on risk control measures to relevant parties, along with risk champions</li> </ul>	<ul style="list-style-type: none"> <li>Auditors comprise of risk management function, corporate process simplification function, and audit function</li> </ul>	<ul style="list-style-type: none"> <li>Review by risk champions along with the process’ function owners</li> </ul>

### Emerging Risks

The Company has reviewed issues and trends posing risks to business operations, as well as analyzing numerous changes that may become an issue or new risks, on a yearly basis. This enables the identification of measures and management approaches in response to said risks, ensuring prompt response to them. In 2020, 6 emerging risks with potential impacts to business have been identified, as follows.

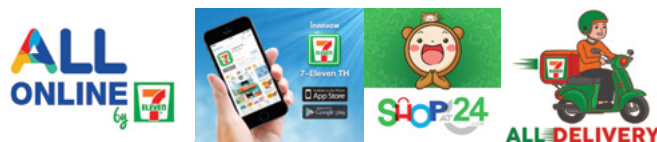


#### Risks from Customers’ Behavioral Changes Due to the New Normal

Following the COVID-19 pandemic, customers become more mindful regarding safety. This shifts customers’ behavior according to new normal, including customers’ buying habits favoring, even more, convenience and speediness amidst digital society. Such changes result in a decreased number of customers visiting the 7-Eleven stores.

#### Management Approach

- Develop the forms, channels for customers’ access to products and services via Online to Offline (O2O), for both 7-Eleven and online stores. There are various promotions allowing customers to make purchases through 7-Eleven across the country, and via online systems across all platforms. This provides greater ease to customers for every product and services purchases, across all communities.





### Risks of Pandemic Occurring More Frequently and Became a Norm

In recognition of the COVID-19 pandemic at present, scientists have reasons to believe that humans may have to continue co-existing with the virus. It is predicted that there are many virus strains capable of inducing other diseases. Notably, the spread of such communicable diseases may become more frequent and normalized in the future. This may affect business continuation and stimulate further customers' behavioral change towards new normal.

### Management Approach

Develop products and services continue to keep pace with changes as they happen. Such effort would ensure customers are able to access products and services convenient and safely, examples are as follows.

<b>Vending Machine</b>	
<b>Mobile Application Counter Service Pay</b>	
<b>Product and Service Payment</b>	
<b>Product and Parcel Delivery</b>	



### Risks from Demographic Shift Towards Super-Aged Society

Globally, the world population's birth rate has a tendency to decrease, while the existing population has better life expectancy. This presents an important factor that can cause a shift in demographical structure, as also applicable to Thailand. The country is on track to fully become super-aged society within a few years. At the moment, elders have strong preference for the best, safest and most convenient options; inclusive of multiple technologies that further facilitate daily life routines.

### Management Approach

The products and services development served for elderly customer groups needed has implemented as follows.

<p><b>Develop food and beverage products that promote health and Well-being.</b></p>	<p><b>Launch the Eat Well Corner</b></p> <ul style="list-style-type: none"> <li>A corner offering fresh vegetables, fruits, herbs and other healthy product; a one-stop service</li> <li>A corner offering common household medicines, as well as health and wellness product "eXta"</li> </ul>	<p><b>Accessibility channels for products and services</b></p>
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### Risks from Customers' Behavioural Shifts Follow Movements on Circular Economy

Plastic waste is one of the key environmental issues prioritized around the world. Customers have become even more aware regarding of the issues and started to switch their behavior to support the reduction of plastic packaging usage. There is now a preference to optimize resources for greater efficiency, whilst remaining environmentally friendly.

#### Management Approach

The Company adopted to address new customers' needs, which shifted

according to circular economy trends. There are strategies with the intent to reinforce sustainability for the environment, society and community, when it comes to product and service development throughout the supply chain. This includes fortification of waste management understanding. The efforts were executed through 7 GO Green Strategy, such as.

- Incentives encouraging customers to refuse plastic bags. For every refutation, a donation of the value of the plastic bag is made to “Thais together, Quitting plastic bags” project.
- Utilizing leftover materials and plastic bags for reuse, such as 7 Go Green Recycled Plastic Road Project, which uses plastic waste as materials to build roads. Parking spaces in front of 7-Eleven stores serve as pilot sites.



### Risks from Lack of New Skilled Workers Following Fast-Paced Digital Transformation

Presently, technology is advancing – resulting in business operations shifting forms towards digital systems in recognition of customers' behavioral changes and preferences. Reinforcing necessary work skills for employees to ensure they are able to keep up helps increase competitive edge and create value-added to the Company.

#### Management Approach

Strategies and personnel training plans for new skills have been stipulated, as follows.



Adjust curriculum to address work-related technology skills



Develop specific vocational paths in alignment with business expansion, such as coffee experts, food management experts



Adjust the Company's structure to become leaner and more streamlined, by cutting down several steps. This enables quite changes and integrative cross-functional work.



Collaborate with the public sector to build 'Premium Graduates' in various fields, such as retail management, electrical technology, food and beverages.



### Risks from Deep Fakes News Risk

Advancement in new digital technology leads to the increasing number of fake contents, photographs, videos and texts; including dissemination of fake news. The Company thus needs to consider its presence and stance in the digital world regarding information or opinions shared, in order to maintain the Company's reputation and competitive edge.

### Management Approach

Adjust business form to facilitate digital society more effectively, such as.

- Integrating digital transformation and disruptive technology as part of the Company's short- and long-term strategy.
- Develop Customer Relation Management (CRM) system for communication with customers, as well as collecting feedback from and ensuring access to them closely and effectively. This includes sell-promotion activities through online channels, phone application, such as 7-Eleven Thailand Facebook, Line, and Youtube.

### Black Swan Award

The Company started Black Swan Award to promote all personnel's participation, covered management to the officer, in identifying corporate risks. Such risks may obstruct the Company from achieving its goal or causing instability and insecurity to the Company. Activities are organized for management and officer to join in by submitting their perceived risks through different channels, such as Black Swan Online QR code. This was executed under the concept "To seek and address for prevention and handling of potential black swan risks." Risk issues recognized for awards are considered by executives, in order to develop appropriate measures. The measures will be developed and implemented effectively, according to the relevant 6 issues, as follows.

1

Continuous Business Operations

2

Work Process

3

Products and Services

4

Outsources Hiring

5

Corporate Sustainability

6

Activities Related to the Company's Subsidiaries

### Impacts and Benefits

There are **1,849** risks submitted by employees.

**5** risks recognized for awards comprises

- Personal data breaches
- Capacity in handling a new wave of pandemic
- Environmental issues
- Products and services
- Human right and safety