

## Emerging Risks

Mitr Phol regularly monitors external factors and identifies emerging risks that may arise in the future by assessing and analyzing potential risks to the Company over the next 3-5 years. This allows Mitr Phol to assess uncertainties and identify effective and appropriate mitigation measures to ensure that the Company can review and adjust its strategies to increase the likelihood of achieving its goals. Key emerging risks are as follows:

### 1. Climate Change Compliance Risk

<b>Risk Aspect</b>	Environmental / Economic / Social
<b>Description</b>	<p>Issuing new laws, regulations, and criteria is a mandatory mechanism used by government bodies in various countries to encourage sustainable management. These policies and regulations are also employed as conditions for international trade, such as enforcing carbon pricing in different nations. As a signatory to the Paris Agreement under the United Nations Framework Convention on Climate Change, Thailand requires strict and proactive mechanisms to reduce greenhouse gas emissions and achieve its net-zero target by 2065. Currently, significant draft bills under consideration include the Draft Management for Clean Air Act and the Draft Climate Change Act. These draft bills outline important economic instruments, such as the establishment of a carbon tax system.</p> <p>The first phase of carbon tax collection in Thailand will begin with an oil excise tax, with the Excise Department expected to start collecting this tax in the fiscal year 2025. Additionally, a greenhouse gas emissions trading scheme is anticipated to come into effect in 2031 (in reference to the hearing of the Draft Climate Change Act by the Department of Climate Change and Environment.) Moreover, there will be additional measures that the private sector must comply with, leading to increased costs for businesses across the supply chain as they transition to a low-carbon society. Thailand has also developed the Thailand Taxonomy for classifying economic activities based on their environmental impact. The use of the Thailand Taxonomy is currently</p>

	<p>voluntary (though it may become mandatory after three years). The Thai banking sector uses this taxonomy as a tool to assist in loan approval decisions.</p> <p>Consequently, businesses with high greenhouse gas emissions may face difficulties accessing finance or encounter higher financial costs. Without government mechanisms to subsidize these increased costs, the burden could fall on service providers and consumers, impacting future investment decisions.</p>
<p><b>Impacts on the Company</b></p>	<p>Laws related to climate change may establish new standards of business conduct across all industries and impact 100% operations of Mitr Phol Group, which could result in decreased revenue and increased costs. Material issues are as follows:</p> <ul style="list-style-type: none"> <li>● Preparing for the transition to a low-carbon society could increase management costs for all Mitr Phol businesses, for instance, costs for developing a GHG inventory for the entire organization, educating farmers to ensure that Mitr Phol's raw materials have lower GHG emissions, improving technology and workflows from sugarcane fields to delivery, developing low-carbon products to meet evolving consumer needs, and covering operational fees. If the law is not fully enforced, it could lead to a compliance gap, which will impact the Company's medium-term and long-term competitiveness.</li> <li>● Delays in the legislation of major laws and the announcement of relevant future notifications, along with unclear details, could impact Mitr Phol's plans to reduce GHG emissions. If these plans need to be revised, it could lead to redundant investments. The timing of legal enforcement, coupled with inadequate government support mechanisms, could hinder the achievement of net-zero targets, and impede the transfer of sustainability from the agricultural sector to society and the environment. Moreover, sugarcane, cassava, and rubber farmers may lack understanding of the law and may not be ready to comply with it. As a result, Mitr Phol could face increased operating costs, including direct costs such as taxes and</li> </ul>

	<p>fees, and indirect costs such as management expenses across the entire supply chain and investments in improving production processes. The Company may also encounter other difficulties and complexities, potentially forcing farmers to quit farming, leading to a shortage of raw materials and disruptions in the manufacturing of sugar, ethanol, electricity, cassava flour, and wood substitutes.</p> <ul style="list-style-type: none"> <li>● Overlapping laws, such as the Factory Act and the Promotion and Preservation of Environmental Quality Act, could cause difficulties for Mitr Phol's internal management and increase compliance costs.</li> </ul>
<p><b>Mitigation Measures</b></p>	<p>To prepare for regulatory changes, Mitr Phol has planned and implemented the following measures:</p> <ol style="list-style-type: none"> <li>1. Take part in acknowledging, providing comments, and advocating for the Draft Climate Change Act through the Chamber of Commerce, the Council of Chamber of Commerce of Thailand, the Thai Industries Association, the Thai Sugar and Bioenergy Producers Association, the Private Sector Joint Committee (PRO), a legislative committee, the Thailand Carbon Neutral Network, and the UN Global Compact Network Thailand.</li> <li>2. Establish a Compliance Unit to collaborate with representatives from other departments in monitoring and assessing risks from relevant laws and staying updated with new regulations.</li> <li>3. Continuously educate employees about legal and related issues by providing a legal library, communicating new laws to relevant units on the 15<sup>th</sup> of each month, and promoting climate change awareness through reskilling and upskilling programs.</li> <li>4. Enhance farmers' skills and knowledge to help them adapt to changing environmental conditions by introducing modern farming techniques through the "Mitr Phol ModernFarm" program and providing funding, equipment, irrigation systems, advance payments for sugarcane purchases, and fertilizers, etc.</li> </ol>

	<p>5. Set a target to achieve Net Zero emissions by 2050 and clearly define a decarbonization strategy to drive this target. The strategy covers five major areas:</p> <ol style="list-style-type: none"> <li>1) Decarbonizing Own Operations</li> <li>2) Decarbonizing the Supply Chain</li> <li>3) Neutralizing Residual Emissions</li> <li>4) New Investments/Businesses</li> <li>5) Economic Value</li> </ol> <p>The strategy is implemented through a research and development project on sugarcane farming processes that reduce GHG emissions.</p> <p>6. Create Mitr Phol's GHG inventory across the entire value chain, from sugarcane farming management, production processes, and storage, to sales and delivery, to understand the current situation and develop a plan to achieve the Net Zero target.</p>
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## 2. Cyber Insecurity from Generated AI Risk

<b>Risk Aspect</b>	Technological
<b>Description</b>	<p>In the digital economy era, artificial intelligence (AI) technology plays a pivotal role in enhancing business operations across various dimensions, driving growth, and improving operational efficiency.</p> <p>However, advancements in AI also introduce more sophisticated cyber threats, while legal frameworks struggle to keep pace with technological progress. Leveraging AI to support corporate operations exposes companies and their employees to cyber-attacks, thefts, ransomware attacks, scams, and the risk of receiving false information, etc.</p>
<b>Impacts on the Company</b>	<p>Mitr Phol recognizes the benefits of Generative AI and has begun using it to analyze data and perform certain tasks on behalf of employees, which helps increase work efficiency and expand business opportunities within the supply chain. For example, the Company has started utilizing Generative AI in sugarcane farming management and data analysis to enhance efficiency in</p>

production processes and sales and delivery operations. However, Mitr Phol may face the following significant risks and impacts:

- Becoming a target for online exploitation due to system vulnerabilities or weaknesses can lead to the destruction, theft, or ransom of the organization's data, including trade secrets and personal information. Increased use of technology heightens the risk of such threats, potentially causing financial losses from system recovery, damage compensation, and reputation restoration. Moreover, it may result in a loss of competitiveness and business credibility.
- Nowadays, business operations and supply chain collaboration are closely intertwined with technology. As advancements in technology and artificial intelligence become increasingly vital in driving future business processes, they also present greater opportunities for cybercriminals to exploit these developments in more sophisticated and harmful ways. For instance, AI- powered social engineering attacks can create false information, and deepfake technology can be used to impersonate senior executives, sending phishing emails to employees to trick them into revealing the Company's sensitive data. These methods can also deceive external parties, such as using deepfake images and voices of executives to lure people into fraudulent investments. The use of inaccurate or false information generated by technology and AI in decision- making can severely impact business credibility, and investment opportunities, and result in the loss of valuable information and financial resources.
- A lack of knowledge and understanding, insufficient monitoring of evolving threats, and inadequate preventive and security measures, coupled with improper response and management when cyber threats occur, can cause financial losses, and damage the organization's reputation and credibility.

**Mitigation Measures**

Mitr Phol recognizes the importance and benefits of driving business growth through technology and AI despite the associated risks. To mitigate these risks, the Company has established cybersecurity standards to address short-term threats and laid the groundwork for long-term prevention with the following measures:

1. Strengthen cybersecurity measures to align with the framework of the National Institute of Standards and Technology (NIST), targeting NIST Level 4.
2. The Cybersecurity Committee is responsible for overseeing cybersecurity operations and setting policies. The Chief Information Security Officer (CISO) has been appointed to manage cybersecurity and data privacy, with a dedicated unit entrusted with developing related measures.
3. Provide continuous cybersecurity training and awareness programs for all employees, including basic cybersecurity knowledge, phishing simulation tests to assess employees' cybersecurity awareness, and training for focus groups to enhance their understanding and adaptability to minimize risks to the organization.
4. Improve and develop security measures to protect work systems and critical information, such as using Data Labeling to classify confidentiality levels of documents, installing Control Systems (ICS) Firewalls to enhance internal network security, implementing systems to detect and filter phishing emails and malicious messages, using Multi-Factor Authentication (MFA) for access to critical systems, and developing AI-driven Threat Detection to identify and monitor patterns of AI-generated attacks.
5. Conduct annual drills on operational procedures to respond to cyber threats and ensure personal data security. Lessons learned from these drills are used to enhance the effectiveness of procedures.