

Risk Management

Risk management was deemed a significant mechanism which helped the corporate to become aware of risks or damages which would occur from uncertain situations for the corporate to plan appropriate and thorough response thereto to mitigate risks, reduce risk factors and reduce level of damages to the corporate. It also created stability of the business operation to achieve the established goals and create confidence and good images to stakeholders both inside and outside the corporate.

Risk management guidelines

Board of Directors of Major Cineplex Public Company Limited resolved to establish Risk Management Committee (RMC) to perform the duties to determine directions and supervise the Company's risk management in accordance with international standard mechanism and process, and to ensure that they are in the same direction with the Company's work operation policy and consistent with sustainable development and growth.

In 2022 the Company greatly emphasized on Enterprise Risk Management whereby all processes were seriously carried out, starting from review of the risk management policy regularly every year consistent with good corporate governance and sustainable development and growth principles for executives and personnel at all levels to observe and comply with. The Risk Management Committee regularly organized meeting once a quarter to supervise and monitor management of significant risks of the Company and report on risk management at strategic and operational levels.

Risk management framework

The Company determined 2 levels of risk management framework i.e., **strategic risk management** and **operational risk management** with a working group comprising the Chief Executive Officer of each business group and department head of each business group as risk management working group, respectively, to take actions according to the risk management mechanism and process efficiently. However, all 2 levels of risk management would have operational mechanism by complying with policies, management guidelines and recommendations from the

Risk Management Committee and conveyed to personnel at all levels, respectively, and there would also be report accordingly.

1. Strategic risk management

In respect of the strategic risk management the Company established a working group comprising Chief Executive Officers of all business groups jointly performing duties to identify significant risks impacting upon the business or corporate. The risks were assessed to learn how severe the impacts thereof could be in order to determine risk management plan, both preventive and corrective, thoroughly, and to monitor and report thereon regularly to ensure that the risks were managed to a level acceptable by the corporate, and to use relevant information to support the risk management to obtain optimal efficiency for the corporate through meetings of strategic risk management working group on quarterly basis.

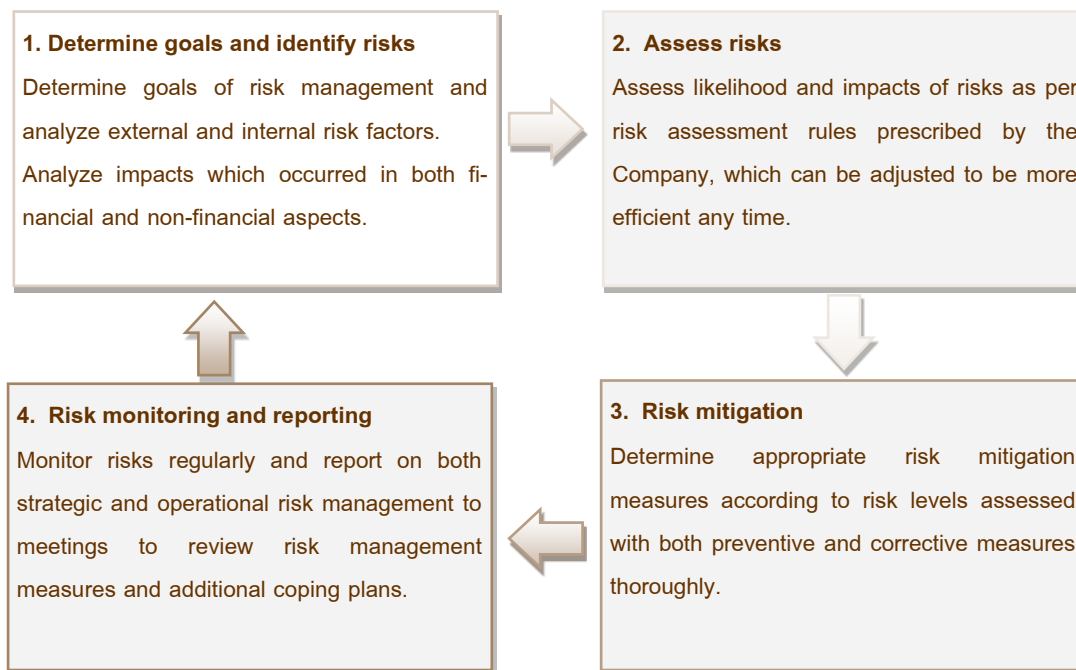
Secretary of the Risk Management Working Group performed duties to summarize complete report to the Company's Risk Management Committee at the meetings regularly organized on quarterly basis.

2. Operational risk management

In respect of operational risk management the Company established a working group comprising department heads of all business groups jointly performing duties to identify significant risks impacting upon the business or corporate. The risks were assessed to learn how severe the impacts thereof could be in order to determine risk management plan, both preventive and corrective, thoroughly, and to monitor and report thereon regularly to ensure that the risks were managed to a level acceptable by the corporate, and to use relevant information to support the risk management to obtain optimal efficiency for the corporate through meetings of strategic risk management working group on quarterly basis.

Secretary of the Risk Management Committee performed duties to summarize complete report to the Strategic Risk Management Working Group and the Company's risk Management Committee at the meetings regularly organized on quarterly basis.

Process of Risk Management



The Company processed the risk management using knowledge, guidelines and principles in accordance with international standards and summarized significant processes as follows.

1. Determine goals and identify risks. Goals of work performance and goals of risk management must be related and consistent with one another and both internal factors and external factors including both financial and non-financial impacts must be analyzed.
2. Assess risks at likelihood and impact levels of all risks in accordance with risk assessment criteria prescribed by the Company.

3. Manage risk, determine risk mitigation measures appropriate to risk levels assessed with both preventive action to reduce likelihood of risk to the minimum, and corrective action to reduce impacts in case of risks as much as possible.

4. Risk monitoring and reporting. Monitor risks regularly and report to the quarterly meeting on both the operational risk management and the strategic risk management to review if the risks were handled correctly and properly in accordance with measures and plan stipulated.

Risk Monitoring and Reporting

Level	Risk Owner	Risk Reporting	Frequency
Strategic risk management	Chief Executive Officer of each business group	Report to Risk Management Committee and Board of Directors, respectively	Every quarter
Operational risk management	Depart head of each business group	Report to Chief Executive Officer (Strategic Risk Working Group)	Every quarter

The Company supervised, monitored and reported on risks in compliance with the Company's risk management policy including operation in compliance with recommendations and guidelines of the Company's Risk Management Committee and practices of Chief Executive Officers of all business groups (Strategic Risk Working Group) and department heads of each business group (Operational Risk Working Group).

Risk monitoring and reporting were to be in accordance of risk management mechanism as per international standard jointly carried out by Strategic Risk working Group, Operational Risk working Group and Secretary of the Risk Management Committee, with the duties to supervise, monitor and manage risks to be at a level acceptable by the Company, including further presentation to the Company's Risk Management Committee. Moreover, reports on progress of significant risk management and identification of new risks would be regularly made on continuous basis.

In 2022 Thailand is still a year of recovery from the COVID-19 epidemic and more likely to return to normal. In particular, the economic situation still faces many challenges and there is a vulnerability in the early stages of recovery, All these incidents created valuable lessons and huge changes in numerous organizations e.g., business downsizing, resource and operation cost control, business operation remodeling, learning new knowledge and creation of new corporate culture as well as introduction of more information technology to support business operation. This is to mitigate the impact and in order for the business to continue to operate. The company has carried out the important process along with business operations that is enterprise risk management. In 2022 the company continues to focus on in the area of risk management together with all sectors of the organization which has adhered and continued to practice in every process intensely in order to meet the Company's goals and risk management policy, Corporate Governance principles, Sustainability principles and international level risk management standards (COSCO ERM & ISO 31000) and also reviewed the policies regularly every year. Two more lev-

els of risk management framework were determined i.e., strategic risk management and operational risk management, both of which would be supervised by respective working groups performing duties on risk management, supervision and monitoring through meetings with the risk management working groups continuously every quarter, As well as encouraging employees to apply knowledge and processes to use in their work which to achieve the real enterprise risk management. Moreover, that would help enabling the Company to instill risk management as a part of the corporate culture.

The Company determined risk management structure by appointing Risk Management Committee to supervise and monitor operation through reports of risk register and risk mitigation plan and consideration of relevant supporting information regularly at least once every quarter through meetings of the Company's Risk Management Committee, and also established Strategic Risk Management Working Group and Operational Risk Management Working Group and Risk Management Team to make the risk management operation systematic and efficient throughout the corporate.

Perspective of risk factors in 2022 could be summarized as follows.

Strategic risk factors

In 2022, was still the year of recovery from the COVID-19 epidemic, which directly affected to the company's business. The past situation made the company learn about the uncertainty. Therefore, in order to cope with the risk, the company has strategized for growth after the Post-pandemic continuously by investing in the film industry with a joint venture to produce Thai movies with business partners and can be further developed to increase revenue in different streaming platforms, Branch expansion and development of new innovations such as IMAX with Laser and Screen X. Along with accelerating revenue from the Concession business in all channels, including Delivery, Merchandising and Modern Trade businesses, to emphasize the business model 'more than a movie theatre' which supports growth and competitiveness in

Business to stronger.

Operational risk factors

At present, the situation of the COVID-19 epidemic has been resolved and has changed to be communicable disease under surveillance. All types of businesses can be open for service as usual. As an establishment, the Company emphasizes on executives and employees to raise awareness of risks and how to deal with various emergency situations through the policies, guidelines or measures to manage operational risks to be at a controlled level and systematically inspected as well as implementing measures to prevent the spread of COVID-19 of the Ministry of Public Health in each phase intensely. In addition still important for business operations to be complete and in accordance with the law and regulations. readiness of the system facilities and the safety in the service place to ensure that the company gives full attention to such measures, both to employees, customers and related parties in order to conduct business efficiently.

Financial risk factors

While the situation of COVID 19 began to subside along with the economy that is recovering, In business sector still can't deny the risk factor about "uncertainty". Moving forward with an aggressive strategy to attract and respond to ever-changing customer needs, The company therefore recognizes the importance of investment in order to expand the business to have more variety such as joint ventures to produce Thai movies with business partners, expanding branches and developing cinema innovations, buying movie screening rights along with pushing the concession business into the delivery, merchandising and modern trade industries. All of them are considered as another part of risk management by splitting investment to the various fields to prepare with the uncertainties of modern consumers. However, the company has continued to implement cost control measures to maintain liquidity and cash flow by controlling operating costs in all dimensions. To ensure that the company will conduct business

carefully, comply with risk management measures to mitigate the impact that may occur in the future.

Compliance risk factors

The company continues to supervise for covering all business groups to follow the regulations and laws strictly. These is to prevent business operations that cause mistakes or be defective. Whether a law, the Personal Data Protection Act 2019 (PDPA) which has been officially enforced which is a law on granting rights to personal data subjects. Punishment of the law which are civil penalties, criminal penalties and administrative penalties as well as to understand especially as a business organization where the personal information are collected whether customer information or employee information. The company has emphasized on employees and related parties to carry out strict compliance that has Data Protection Officer ("DPO") as the supervisor to ensure that the Company's process is in accordance with the regulations. In addition, we continue to attach great importance to the implementation of business licenses in order to comply with the measures of government agencies. Internal control which emphasize the code of conduct for employees practice in general. All for maintain image and business stability to grow sustainably in the future.

Information technology risk factors

Information technology system is a very important role to drive business in the present which tends to be even higher in the future. Customer and consumer behavior that has changed, causing technology to be integrated into everyday life more and more. Every business needs to adapt for survival by adjusting the business base to a digital platform that can reach more customers.

Due to technology rapidly developing that may become another important risk factor such as Cyber risk. The company has set measures to reduce the risk by comprehensively and continuously. Focusing on bringing innovation and new technologies that is modern to fill in more services especially the Major Cineplex application to be a 100% ticket sales channel through Mobile Ticketing. Using AI & ML in the form of a Movie Recommendation

Engine to develop promotions for meeting the different customer behaviors to be an organization "Total Digital Organization"

Anyhow, for driving the business to operate efficiently, the company has set measures to reduce the risk of information technology by focus on the development of both personnel and systems such as training on IT policy and Cyber security for employees to be up-to-date on the current technological threats, such as phishing mail or other forms that be possible to violate the own and others' personal information, Improving network and server equipment along with penetration testing to prevent the risk of data leakage and add layers to make the internal system more secure. Moreover, the Security Office Center (SOC) has been set up which is a surveillance system and prevent invasion or unauthorized access which may come from internal factors or being attacked from outside.

Corruption risk factor

In 2022, the company continues to demonstrate the commitment to anti-corruption by signing a declaration of intent and certified as a coalition against corruption of the Thai private sector or Private Sector Collective Action against Corruption (CAC) as well as focusing on staff training to realize the importance of being a transparent organization and free from all forms of corruption also review and auditing processes in all business groups that may still have gap which is conducive to corruption, then bring to improve the operational procedures, including the preparation of written documents for a practical guideline according to good corporate governance and consistent with business ethics for the organization growth to be sustainable.

Emerging risk factor

Cyber security

In 2022, various business sectors still in the process of adaptation to the digital transformation to meet the needs of customers. The accelerated development was considered as another risk which cyber attackers rely on more sophisticated methods to intimidate organizations by various attack including continuous advanced

development.

Mitigation Plan

Therefore, the company has set measures for protection and preparation for what might happen. To ensure that the management and services will be effective by focus on further development both in terms of personnel and systems to be consistent with IT security policy and cyber security guidelines for employees to be up-to-date on the current technological threats, Improving network and server equipment along with penetration testing to prevent the risk of data leakage and add layers to make the internal system more secure. Moreover, the Security Office Center (SOC) has been set up which is a surveillance system and prevent invasion or unauthorized access which may come from internal factors or being attacked from outside as cyber attack, all for the company to step into the digital age securely and gain trust from customer.

In addition, one more risk is sustainable development and growth, according to the principles of sustainability by emphasizing the principles of sustainability that are properly integrated into **operations and risk management covering environmental, social and corporate governance (ESG)**.

The company is aware of the impact of global warming that causes the current climate to change rapidly and severely causing natural disasters and environmental problems that may result in damage to property. Resource management in business operations are affecting customer service Including many sectors that focus on managing global warming problems. In the context of Thailand, The goal of national participation (Nation Determined Contributions: NDC) has been set according to the Paris Agreement and announced its intention to fully elevate the climate problem. To achieve the goal of carbon neutrality (Carbon Neutral) by the year 2050 and the goal of net zero emissions (Net Zero Emission) by the year 2065, resulting in social adaptation and low carbon. It may accelerate the development of cleaner and more efficient technologies, having regulations to reduce the impact and

expectations of the market and stakeholders in which the organization must be aware and actively participate in the management of this problem. The company has implemented a Green Cinema program that includes many activities that promote and care for the environment, such as solar rooftop, making staff clothing from plastic bottles, reducing the use of paper and plastic from the company's products and services, this may result in property damage. resource management in business operations, etc. For social, there are many activities both internal activities that support and take care of employees such as financial assistance, education, health, from various welfare provided continuously and external activities that help pay back to the community, such as charitable donations, supporting activities to help society both in the public and

private sectors, etc. There are operations that take care of customers and partners through the Voice of Customer (VOC) and operations that take care of all groups of stakeholders through 'White MAJOR' Project to file complaints of corruption and to be managed by the Company's internal audit unit, etc. For Good Corporate Governance, the Company focuses on operations that must be free from corruption which has organized a workshop for all business groups of the Company to search for activities or processes that have gaps and loopholes that facilitate corruption and brought to improve operational procedures, various guidelines including the preparation of written documents in order to be able to put into practice immediately.