



## Emerging Risk 2023

### 1. Risks derived from Thailand's Carbon Tax Laws

<b>Type:</b>	Compliance Risk, Environmental Risk
<b>Duration:</b>	Medium-term risk (3-5 years)
<b>Description:</b>	<p>The Ministry of Energy has paved the way for Thailand to fully adopt clean energy and achieve the Net Zero goal, which is in line with the National Energy Plan, to reduce greenhouse gas (GHG) emissions. The achievement can be divided into 3 phases as follows:</p> <ol style="list-style-type: none"><li>1) Reduced GHG emission by 40% by 2030.</li><li>2) Carbon neutrality by 2050.</li><li>3) Net zero by 2065.</li></ol> <p>At present, a number of countries have enforced the carbon tax laws, among which include the United Kingdom, Japan, and Singapore, and rigorous measures should be implemented to limit carbon emissions. In this regard, the energy sector, as the major contributor to carbon footprint, should probably be the first industry to which carbon taxes are applied. The government will announce the amount permitted for carbon dioxide emissions as the gas is the primary GHG emitted through human activities. Therefore, exceeding carbon dioxide emissions will be subjected to carbon taxes as prescribed by the government.</p>
<b>Impact:</b>	<p>If the company emits a large amount of carbon dioxide – a primary constituent of GHG in the atmosphere, without management measures, it may affect the corporate reputation and potentially result in stakeholders being dissatisfied. Moreover, if the amount of carbon dioxide emitted by the company exceeds the limit specified by the government, it will be liable for carbon taxes, which will additionally affect administrative costs and expenses while also causing an impact on internal operation approaches as they need to be adjusted to mitigate the impacts caused by the GHG emissions.</p>
<b>Management Measures:</b>	<p>The company is committed to reducing GHG emissions with aims to alleviate the climate change problems by setting forth climate management strategies in response to the National Energy Plan that encourages Thailand as a whole to adopt clean energy and achieve the Net Zero goal by 2065-2070. In addition, the company also conducts a climate change risk assessment in line with the Task Force on Climate-related Financial Disclosures (TCFD) and has corporate risk management in place. Moreover, it has prepared a report on climate change risk and opportunity analysis based on the principles of the Task Force on Climate-Related Financial Disclosures (TCFD) to identify risks and opportunities, as well as impacts potentially caused by climate changes on the company's business operations. The company outlined mitigation measures to cope with future situations and set GHG reduction targets. It is seeking new business opportunities that contribute to mitigating impacts caused by GHG emissions and undertaking several projects to address problems derived from the emissions; for instance, solar rooftops, EV charging stations in collaboration with EGAT, the Palm Complex project, etc.</p>



## Emerging Risk 2023

### 2. Disruptive Technology & Cybersecurity

<b>Type:</b>	Disruptive Technology & Cybersecurity Risk
<b>Duration:</b>	Short-term risk (1-3 years)
<b>Description:</b>	At present, the issue of innovation and Digital Disruption is becoming more influential, because each business uses new technologies to increase efficiency in various operations to enhance its competitiveness. This may affect marketing strategy changes, changes in consumer behavior, improvement of products and services, as well as the nature of business operations that may shift. Such changes can be both a challenge and an opportunity for business. However,
<b>Impact:</b>	the change of innovation and modern technology is rapid, it may cause the Company to be unable to adjust business strategies in preparation to support technology and innovation development in time or unable to keep up with the changing behavior of consumers in the digital era. This may cause loss to business opportunities and competitiveness, as well as affecting the revenue and growth of the Company
<b>Management Measures:</b>	<p>The Company has undertaken comprehensive reviews and monitored the implementation of strategies, including analyzing innovation data and tracking emerging technologies to continually bolster business agility in response to evolving market dynamics. It has diversified its investments into non-oil ventures through a partnership with the Electricity Generating Authority of Thailand ("EGAT") to install electric vehicle charging stations, known as Elex by EGAT PT at its oil service stations. As of 2023, there were 49 operational stations spanning across all regions of Thailand. Furthermore, the Company has outlined plans to expand this network to 180 stations by 2027, anticipating the potential surge in electric vehicle adoption in the coming years. Preparing for the transition to a digital-centric society, emphasizing speed, convenience, modernity, and reduced physical contact, aligns with the organization's strategy focusing on non-oil businesses and increased connectivity with digital platforms. The Company has developed electronic financial service systems and alternative payment providers, offering E-Wallet services through the Max Me application, which serves as a continuous ecosystem and community hub. This is seamlessly integrated with the Max Card to provide an online-to-offline (O2O) platform, catering to the evolving consumer behavior favoring digital transactions. With the goal of becoming a leader in electronic financial services among energy companies and addressing the demands of entering the digital era, the Company is poised to lead the transition to a digital society. The Company has initiated the Max Enterprise Connect project, serving as a Platform Solutions provider for fuel cost and fleet management for operators. This platform enables businesses of all sizes to access advanced management technology, reducing reliance on foreign software with no fees or expenses. Furthermore, the Company has ventured into establishing Max Digital Asset Co., Ltd. ("MDA"), a Digital Asset Broker, to tap into the digital asset trading market, which is a pivotal target for the Company's non-oil business expansion. This strategic move will integrate with the databases within the Company's ecosystem, including Max Card membership and the Max Me application, an electronic money (e-Money) platform, thereby creating a seamless connection to the realm of digital assets, including DeFi and the Metaverse.</p>