

Risk Management

Berli Jucker Public Company Limited and the group companies (BJC) operate the businesses according to the principle and guideline of Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management (COSO-ERM) which is the international standard of risk management. BJC promotes risk awareness to all employees' levels and integrates risk management into all business processes in order to operate businesses systematically and continually. As a result, the company is able to reduce likelihood and impact of risks, including maintaining the risk level into risk appetite (acceptable risk level). To closely monitor the key risks and risk management outcomes, BJC set up risk management policy as well as identified significant risk and Key Risk Indicator (KRI). The outcomes of risk management were reported to the Risk Management Sub Committee (RMSC) and Risk Management Committee (RMC) respectively

For BJC structure, the Risk Management (RM) department reports directly to the Chief Executive Officer and president and also reports to the Risk Management Committee. As the second line of defense, RM department plays an independent roles as a coordinator (i.e. coordinating with each BU to ensure consistency of overall risk management process across Business units and functions), a facilitator (i.e. arranging Risk Management workshops with BUs to do risk assessments and prepare risk mitigation plans), and a reporter (i.e. reporting corporate risk issues and mitigation plan as well as risk prioritized to senior management, CEO & President, Risk Management Committee and Board of Director)

Emerging Risks

1. Risk from change in digital technology and new innovation

Business Impact

Presently, the advancement of technology has significantly impact on business operations and competition as rapid advance in technology and innovation has played an importance role in consumer's behavior. A lot of consumers can access information through digital media and the preferences of spending through online platform has significantly increased, resulting in the change of business models and higher business competition. If BJC is incompetent to adapt its business operation in alignment with that change or allows its competitors to be the first mover creating business opportunities, it could suffer to BJC performance such as revenue growth, market share, customer satisfaction and loyalty causing the company to grow difficultly in this intense competitive environment.

Mitigating action

BJC emphasizes and continually monitors the change of technology. BJC's strategy is developed and reviewed to be better aligned with that change. In addition, BJC improves its business model and invests in new technology such as adopting OMNI-channels (O2O), application development to connect data between stores and online channel which allows customers to easily access to products and services, including information and communication improvement through social-media in order to explore customer requirements and customer satisfaction surveys. Furthermore, BJC emphasizes on development of new technology through any channels in long and short term. By afore mentioned, BJC collaborated with the Nielsen Company (Thailand) Co., Ltd., a leading global market research and information management company, and launched the C Smart Solution, a data analytic company that invests in technology for database analysis systems. C Smart Solution will analyze the Big C customers' needs in order for us to develop and improve our offering to meet those needs more effectively. Artificial Intelligence (AI), new innovation store format. These technology not only will be able to further extend in other business in BJC group to increase company's competitiveness and performance in managing such risk, but also will pave the way for increasing loyalty of existing customers and gaining new ones and new opportunity in BJC's business.

2. Risk from cyber threat

Business Impact

Currently, BJC's business operations rely extensively on the information technology system. As the company increasingly uses, collects and communicates data through the internet, this data may include the company's confidential information such as trade data, personal data of employee, and customer data, resulting in exposing businesses to the risk from cyber threat such as data hack , malware, ransomware, cyber fraud and unauthorized person attempts to attack the company's information technology system which could result in legal penalty and adverse effects on company's image and reputation if the company is unable to protect the information.

Mitigation action

For internal threat control, BJC develop Information technology and cybersecurity policy & procedures including network security device. BJC implements data classification by setting up user authorization, username & password. In addition, all notebook have been encrypted. BJC also provides guideline consistently to educate and raise awareness on cyber risk for all employees. Our Data Center where contains critical information has been certified for ISO 27000 (Standard of data security protection). For external threat control, there are cyber security system/ program such as firewall, virus Protection, monthly vulnerability assessment and Penetration testing. We have Disaster Recovery Plan which allows BJC to quickly recover any important information. The Company also established for relevant measures to be reviewed at least once annually. Regarding improvement of personal data protection, BJC has studied the new law "Personal Data Protection Act B.E.2562" and has improved all related business processes in compliance with regulations to minimize risks which may occur to customer's personal data.