

Cascading Responsibilities Throughout the Value Chains

KEY PERFORMANCE IN 2019

Supplier's sustainability procedure

29.93% launched the Supplier Self-Assessment Questionnaires (SAQ)

74 of suppliers Conducted suppliers' onsite audit for sustainability

100% of Tier 1 suppliers communicated on the Supplier Code of Conduct



2020 GOAL



100% of Critical Tier-1 Suppliers are assessed on sustainability and enable traceability

Supporting the SDGs



SDG2 Zero Hunger
2.4. Sustainable food production and resilient agricultural practices, maintain ecosystems, and strengthen capacity for adaptation to climate change



SDG8 Decent Work and Economic Growth
8.3 Promote policies to support job creation and growing enterprises
8.7 End modern slavery, trafficking, and child labor
8.8 Protect labor rights and promote safe working environments



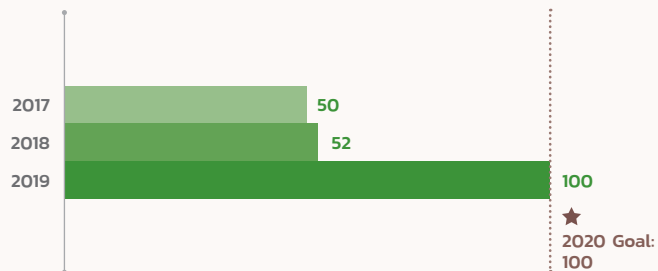
SDG12 Responsible Consumption and Production
12.2 Sustainable management and use of natural resources
12.4 Responsible management of chemicals and waste
12.7 Promote sustainable public procurement practices



SDG16 Peace, Justice and Strong Institutions
16.5 Substantially reduce corruption and bribery

PERFORMANCE AGAINST GOAL

Critical Tier-1 Suppliers have been Assessed on Sustainability (%)



Challenges

Supply chain management is the heart of the Company’s business operation, and so are the trading partners. Efficiency in supply chain management is one of the factors that give the Company its competitive advantage, mitigate the business risks, and uplift its capability to fulfil consumers’ needs. The Company also aims to balance out its relationships with both major and minor business partners to apportion the trading opportunities to smaller firms the same way it does to large corporations. Risk management protocol that is too rigid may eventually lead to deprivation of opportunities, which would consequently hinder smaller firms to grow in a sustainable way—a situation far from what the Company envisions its value chain to be. Concurrently, the Company also integrates sustainability issues into its supply chain management policies to encourage improvement and propel the growth of the organization, society, and the environment sustainably and in unison.

PROGRESS IN 2019



Assess suppliers’ sustainability risks via online platforms



Build suppliers’ capacity for sustainability

RESPONSIBLE SUPPLY CHAIN DASHBOARD

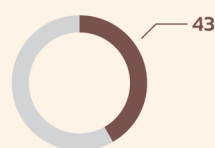
Number of Suppliers



Percentage of Tier-1 Suppliers with High Risks (%)



Percentage of Performed On-site Audit for Critical Tier-1 Suppliers (accumulated in the past 3 years, %)




100% of Tier-1 suppliers communicated on the Supplier Code of Conduct



97.51% of Tier-1 suppliers have written acknowledgement



77.76% of Tier-1 suppliers passed responsible supply chain management training



100% of Critical Tier-1 suppliers are assessed on sustainability

Risk Management Protocols



100% of suppliers identified as high-risk that have risk management protocols



100% of suppliers with risk management protocols fulfil the requirements within one year

Management Approach

CP ALL Plc. and its subsidiaries (“the Company”) is resolute in continuously managing our supply chain with great efficiency and integrating the sustainability principles into every step of the supply chain operation. In addition to sustainable procurement of raw materials, the Company also advocates sustainability operation among Tier-1 business partners to growth for both the suppliers and the organization and to nurture sustainable society and the environment.

Sustainable Process Improvement for Suppliers

The Company encourages its suppliers of all business models and industries to employ the 16 topics in the Suppliers’ Code of Conduct and Guideline, as follows.

Suppliers’ Code of Conduct and Guideline

01	Compliance with law and regulations	09	Freedom to unionize and negotiate
02	Product quality and safety	10	Occupational health and safety
03	Traceability	11	Rights to own and extract natural resources
04	Privacy and non-disclosure of trade secrets and intellectual properties	12	Environmental management
05	Child labor	13	Responsible sourcing
06	Modern slavery and breach of labor rights	14	Business integrity
07	Favoritism	15	Conflict of interests
08	Employment, wage, and remuneration	16	Opposition to bribery and corruption

Continuing from the year 2018, The Company has communicated the Suppliers Code of Conduct to 6,942 suppliers. the Company is pushing forward to make the suppliers’ operation more sustainable systematically and as per the Company’s sustainability context. Therefore, the Company determined 4 steps for supplier’s sustainability procedure following:

Supplier's Sustainability Procedure

01



Procure and select capable suppliers, in accordance to relevant laws and regulations and consideration of

- Production Capacity
- Quality
- Food Safety
- Traceability
- Sustainability Operations

02



Suppliers' Risk Assessment

03



Foster and promote suppliers' capability in responsible sourcing and supply chain management



Continuously assessing suppliers' sustainability performance

04



Build and maintain long-term relationship with clients, in alignment with sustainable development approach. Support to remunerate good performance, including sustainability performance

01

Procure and select high-functioning suppliers

The Company incorporates sustainability movement into every step of new business partner selection to make its policy and expectation clear to potential suppliers. In addition to partnering with suppliers who comply with the law and regulations, the Company also takes the capability to produce, quality factors, food safety, traceability, and sustainability protocol into account. In the light of supplier assessment criteria, the Company prioritizes different factors for different suppliers.

For example, contractor suppliers for Siam Makro PCL are considered based on the ability to promote safe work environments, management quality, factory standard, product control, and environmental management. Additionally, the Company also audits the potential suppliers for recruitment procedure and freedom to unionize. As for agricultural suppliers for CPRAM Co., Ltd, the emphasis is put on good agricultural practices.

02

Suppliers' Risk Assessment

The Company performs Environmental, Social and Governance (ESG) Risk Assessment on its potential suppliers based on the suppliers' business models and industries. The methodology is using the Risk Base Due Diligence system evaluated by merchandising team in tandem with Supplier Self-Assessment Questionnaires (SAQ) completed by existing and new suppliers. In 2019, the Company released 4 evaluation criteria:



To measure risks on sustainability factors of existing suppliers and new suppliers using Supplier Self-Assessment Questionnaires (SAQ) exploring the sustainability topics



To go digital on documentation



To increase topic coverage for Supplier Self-Assessment Questionnaires (SAQ) in terms of depth and breadth. The questionnaire should cover a variety of businesses, bearing in mind the differences in terms of product groups, service-provider groups, industry sectors (e.g., food and beverage, clothing and textile, chemicals, and electronics and appliances), types of business models, and sizes of organizations.



To educate and train suppliers on how to use the new self-assessment survey.

Consistent sustainability risk assessment protocol on Tier-1 Suppliers and Critical Tier-1 Suppliers, using a variety of tools, helped the Company to identify 130 high-risk

suppliers or 1.87% on sustainability issues. Furthermore, the Company performed on-site sustainability audit as the figures below:

82 of Accumulated Critical Tier-1 Suppliers was performed on-site sustainability auditing



106 of Accumulated High-Risk Suppliers was performed on-site sustainability auditing



Following the results obtained from Supplier Self-Assessment Questionnaires (SAQ). The on-site audit revealed several sustainability risks (e.g., compliance to law and regulations, occupational health and safety, and environmental impacts). As a result, the Company

called for cooperation from its suppliers to create its own sustainability risk management protocol. 100% of suppliers evaluated as risky from on-site auditing had protocol’s requirements that are commendable within one year. Examples of the requirements are as follows:

Examples of sustainability risks identified from on-site audit and risk management protocol

<p>Compliance to law and regulations</p>	<ul style="list-style-type: none"> • Register and track changes in the law relating to business operation • Track and renew factory permission license (Ror Ngor 4) as regulated by the law
<p>Occupational Health and Safety</p>	<ul style="list-style-type: none"> • Organize “Fire Safety Seminars and Fire Evacuation Drills” for employees • Organize “Safety Officer: Supervisor Level and Safety Officer: Management Level” training • Found an Occupational Safety, Health and Environment Committee • Plan an assessment and test of spare parts of freight lifts. The plan must be certified by engineers for at least one year. • Assess the risks as per job’s characteristics and perform general health check as well as additional health check relating to risky work conditions • Organize “Work Safety” training • Register work safety officers to the local labor offices • Check the work environments
<p>Environmental Impacts</p>	<ul style="list-style-type: none"> • Evaluate the scale of environmental impact as dictated by the law • Record the request to remove unused materials from the factory

The Company tracked the progress of the amendment using both desktop and on-site reviews, with the 18 topics of sustainability expectations taken from auditing 11 supplier sites. Suppliers that ability to improve negative impacts are 100% out of all suppliers. However, the Company is pushing forward with the usage of sustainability risk assessment results to support suppliers' improvement on operating a sustainable business. The ultimate hope is to join forces in ushering a holistic environmental and social responsibilities and grow together with all suppliers in a sustainable way.

03 Foster and Promote Suppliers' Capability

The Company is steadfast in supporting its suppliers for capability enhancement through the 3 Supplier Capability Enhancement Schemes. Working together with the suppliers to develop strategic business plans is one of the ways to reinforce collaborative relationships between the Company and its trade partners to create novel projects. Training and seminars about various topics from the Company to its suppliers are also important elements to the increment of the suppliers' competitive advantage and operation efficiency—for the sustainability of both parties. The examples of such programs include preparation for negotiations with third-party players, ethics and good practices for the development of a sustainable business, and suppliers' self-assessment guidelines.

A variety of projects targeting the boost of suppliers' sustainable efficiency are also crucial to accomplishing the Company's goals. Self-scan for product expiry dates at the points of sales using data matrix are now available for consumers' utilization, aiming to reduce the number of complaints on product quality, to build consumers' trust, and to increase product credibility. To elevate the traceability measurement, consumers can also trace back to a product's source of origin and manufacturing procedures through QR Code scan and implementation of eco-friendly packaging. Additionally, annual supplier on-site audit is also employed to review suppliers' performance on the Company's regulated metrics. The opportunities also facilitate experience and opinion sharing between the Company and its trade partners to further co-improve the efficiency and procedures more proficiently.



ESG Training for Siam Makro

Siam Makro PCL is determined to become an excellent business partner by sourcing quality products and selling them at reasonable price points to allow profitability for its suppliers. The company also helps suppliers to effectively manage the liquidity of cash flow for feasibility in growth. The mission to become an excellent business partner for Siam Makro PCL is also reflected in corporate social responsibilities and good governance. In November 2018, the company organized a training session to educate suppliers on its sustainability expectations, hoping to provide business expertise and follow the sustainability practices through seminars, educational training, on-site audit, and performance tracking. Siam Makro PCL also focused on communicating the good sustainability practices to the suppliers, so that they could adapt the practices into their organizations. From overall post-seminar evaluation, participants achieved noticeably higher post-test average score, comparing to the pre-test average score.

Capacity Building for Small Partner Contractors

CP ALL Plc. is an equal opportunity company to both major and minor contractors. The company selects its partners with fairness and provides opportunities for contractors to showcase their talents in the construction of both shops and office buildings. CP ALL Plc. supports and enhances suppliers' efficiency, hoping that they could sustainably grow alongside the company. Providing consultation on topics such as lawful management and operation, alien

labors, and safety management is one of the actions CP ALL Plc. has taken to boost suppliers' capability. The company also communicates with contractors its policies and guidelines of responsible business operation. Furthermore, openness to opinions and suggestions through the annual contractor convention is also vital as the voices gathered can be used to reinforce future collaborations.



Wasanti Wirit
A 14 Co., Ltd

"My relationship with CP ALL is strong because CP ALL values me and provides opportunities. I trust the company and strive to become a good partner by maintaining my work standard. This relationship brightens my future and opens new doors for me."

The Company has Analysed the Value Extracted from the Supplier Improvement Schemes and Found the Following Results:



DHL, Makro's suppliers could successfully reduce greenhouse gas emissions by

4,240

tonnes carbon dioxide equivalent (CO₂e)



Suppliers have become more aware of business operation with sustainability

04 Build and Maintain Long-term Relationship with Suppliers

Forging and nourishing long-term relationships with business partners have been a life-long mission of the Company. These are done by encouraging knowledge sharing, transferring knowhow of agricultural innovations to partnered farmers, and setting up a team to expand suppliers' expertise and skills to co-develop new products. The Company also organizes annual supplier meetings to exchange viewpoints, to co-construct business plans, and to strengthen relationships with the business partners. Joining forces with an C.P. Group 's insurance department, the Company crafted a Product Liability Insurance Program for its suppliers, in compliance with the Product Liability Law (issued in 2008). The aim is to harness legal cooperation from the supplier side. The support resulted in 362 suppliers subscribing to the Product Liability Insurance Plan in 2019. The program also comes with reduced premium and services to facilitate insurance policy renewal for suppliers by 5%.

7-Eleven Sustainable Thai SMEs Award

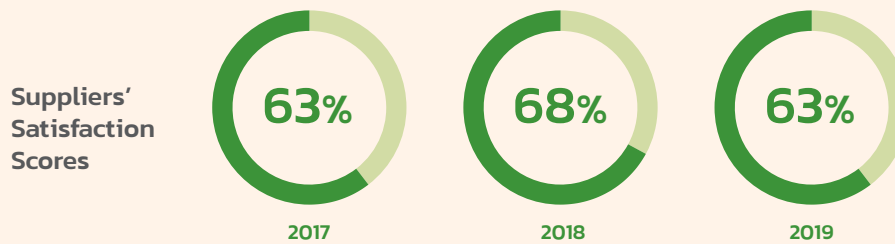
The Company celebrates, connects with, and creates social acceptance for small and medium-size entrepreneur (SMEs) business owners with stellar performance, aiming to inspire business owners to deliver exceptional perform and grow sustainably alongside the Company. There are 7 types of awards comprising

-  **Sustainable SMEs Award**
-  **Rising Star SMEs Award**
-  **Community-based SMEs Award**
-  **Health Product SMEs Award**
-  **Excellent SMEs Award**
-  **Agriproduct SMEs Award**
-  **Outstanding Creativity SMEs Award**

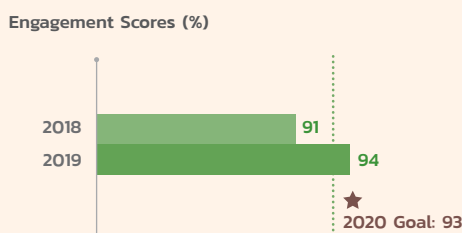
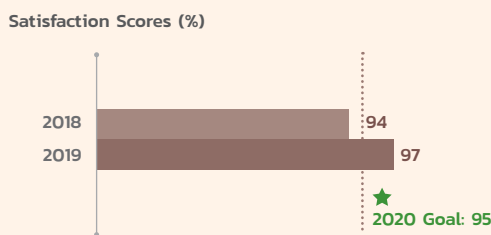
The scoring criteria of each award include total revenue, product quality standard, marketing campaign effectiveness, income opportunities for co-ops and farmers, innovation in product design, and product health benefits. One of the most prominent award recipients with consistent business success is Nam Prik Pa Waen by Surirat Part., Ltd.



In 2019, supplier satisfaction and engagement surveys were extended to include more service groups (i.e., equipment and construction contractors—who are vital building blocks of the Company’s suppliers).



Satisfaction and Engagement of Equipment Contractors



Satisfaction and Engagement of Construction Contractors

