



Cascading Responsibilities Throughout the Value Chains



2020 Goal

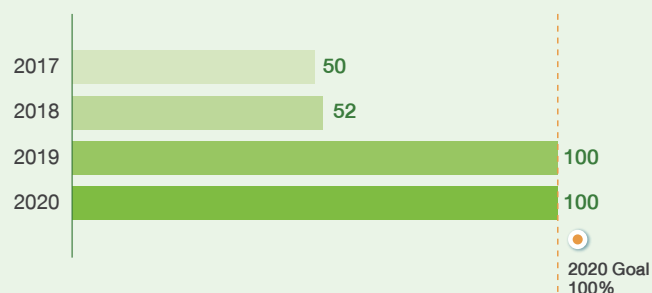


100%

of critical tier 1 suppliers are assessed
on sustainability and enable traceability

Performance Against Goal

Critical tier 1 suppliers have been assessed on sustainability
(%)



Key Performances in 2020



81.48%

Critical tier 1 suppliers and non-tier 1 suppliers have been assessed the proactive onsite audit



88.65%

Tier 1 suppliers classified as high sustainability risks have been assessed the proactive onsite audit



100%

Tier 1 suppliers with high sustainability risks have corrective action plan



100%

SMEs Suppliers received SMEs awards and additional training, as well as encouraged to partake in collective action coalition against anti-corruption

Supporting the SDGs



SDG8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment



SDG2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- 2.4. Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



SDG12 Ensure sustainable consumption and production patterns

- 12.2 Achieve the sustainable management and efficient use of natural resources
- 12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities



SDG16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- 16.5 Substantially reduce corruption and bribery in all their forms

Risks and Opportunities

Supply chain management is the heart of the Company's business operation which propels competitive advantage, fulfillment of consumers' needs and mitigates the business risks. Therefore, the Company's goal is to support and reinforce all supplier groups' capacity in operating business for sustainable growth. This was achieved through integrating aspects of sustainability comprising governance, society and environment throughout the supply chain. The efforts aim to drive the organization and supplier's growth sustainably in unison.

Management Approach

Effective supply chain management takes into account how sustainability can enable risk mitigation of business operation disruptions, stakeholders throughout the supply chain, organizational image, operations to mitigate risk and prevention of impact towards supply chain management, therefore is of great importance. CP ALL Plc. and subsidiaries ("the Company") is committed to sustainable supply chain management policies, including Suppliers' Code of Conduct and Guideline, with all suppliers in order to increase development capability for an efficient value chain management system and reduce risks that may arise.

Progress in 2020



Proactive supplier sustainability assessment onsite audit



Formation of supplier capacity building in sustainable supply chain management



Invitation and support of SME suppliers to participate in the announcement of intent in line with Private Sector Coalition Against Corruption (CAC)

Guidance on Mitigating and Preventing the Risk of COVID-19



The Coronavirus disease (COVID-19) pandemic has created uncertainty and unpreventable impact towards the Global Supply Chain resulting in unprecedented disruption of businesses or impact towards planned work including shortages of raw materials used in production, especially raw materials imported from overseas. The disruption of global logistics has increased the demand for raw materials used for the production of public health equipment and thereby caused a price surge in related products. Additionally, the COVID-19 pandemic has caused a labor shortage. Therefore, businesses have increased their supply chain flexibility and versatility to mitigate production disruption and product delivery capability. The Company has implemented the following measures to assist and increase supplier business opportunity during this crisis:

- Close collaboration with suppliers in adjusting supply chain management plan of raw materials sourcing, production, delivery, distribution and marketing
- Provide knowledge and advice in risk evaluation and practices during the COVID-19 pandemic through supplier sustainability development initiatives
- Close communication with suppliers regarding local area coronavirus situations and coordination to facilitate supplier delivery of products to 7-Eleven stores and distribution centers

Responsible Supply Chain Dashboard

Supplier Categorization



Note: The Company has identified the critical tier 1 suppliers by criteria as follows, 1) High spending 2) Critical components 3) Non-substitutable.

Total Procurement Spent



Share of product and raw material domestic procurement's spent



Share of procurement spent from critical tier 1 suppliers



Total procurement spent from SMEs, covering agricultural products, SMEs products, local enterprises' products or OTOP

7,880.55
million Baht

Suppliers Engagement



100%

Tier 1 suppliers have received communication on the anti-corruption policy through the Supplier Code of Conduct and Guideline



100%

Tier 1 suppliers have written acknowledgement of the anti-corruption policy through the Supplier Code of Conduct and Guideline



81.11%

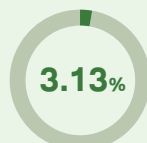
Tier 1 suppliers passed responsible supply chain management training

Supplier Environmental, Social and Governance (ESG) Risk Identification and Management

Risk Identifying and Evaluation

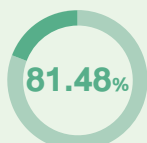


Tier 1 suppliers that passed the ESG risk assessment

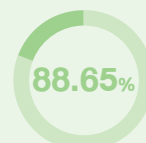


Tier 1 suppliers with high sustainability risks, accumulated in the past 3 years

Proactive ESG Risk Assessment



Critical tier 1 and non-tier 1 suppliers that passed active assessment, accumulated in the past 3 years



Tier 1 suppliers with high sustainability risk that passed active assessment, accumulated in the past 3 years

Supplier Risk Management Protocol Support, Reducing Risk Impacts



Tier 1 suppliers with high sustainability risks, have corrective action plans



Tier 1 suppliers with high risks, can operate according to corrective action plans within a year of the plan's launch

Suppliers' Capacity Training



10.67%

SMEs with increased competitive capacity

(revenue growth, increased efficiency of business management in various aspects, such as finance, product development, packaging development, transportation, marketing support, management according to sustainable development approach, for examples)



Sustainable Procurement

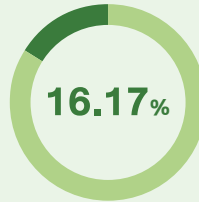
Share of Private Brand products with traceability



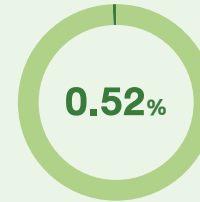
Share of revenues from organic products against total revenues from agricultural commodity products



Share of Marine Stewardship Council (MSC) certified marine raw material and product



Share of Aquaculture Stewardship Council (ASC) certified marine raw material and product



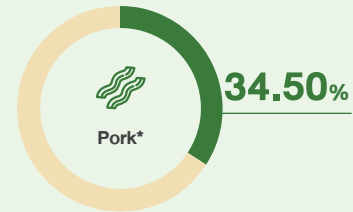
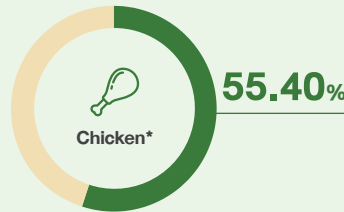
Agricultural Raw Materials and Products from Responsible Sources

Agricultural Commodity	Certification Standard	Percentage of Annual Production Volume
Palm oil**	RSPO	30.69
Soy**	RTRS	31.28
Sugar**	Bonsucro	59.09
Cocoa*	GMP , HACCP, Khocher Certificate FSS C22000 , Halal , ISO14001:2015 , BRC	100
Coffee**	GMP , HACCP, FSSC22000 , USDA , IFOAM ACCREDITED	1.77
Cereals (such as Corn and Rice)*	GMP , HACCP, Halal	100

Note * Percentage of raw material used by CPRAM

** Percentage of raw materials used in CPRAM and products sold in 7-Eleven and Siam Makro

Animal Products Assessed by the Business Benchmark on Farm Animal Welfare (BBFAW)



Note * this information covers only products sold at 7-Eleven



Management Approach for Supplier's Sustainability

The Company encourages its suppliers in all business industries to adopt practices from the 16 topics in the Suppliers' Code of Conduct and Guideline as follows:



Supplier's Sustainability Management Processes

01



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

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

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 a long-term relationship with suppliers, in alignment with sustainable development approach. Support to remunerate good performance, including sustainability performance

Procurement and Selection of Highly Capable Suppliers

The Company incorporates sustainability movement into every step of supply chain management. New suppliers are selected through capability and qualification criteria, receive communication regarding organizational policies and expectations for supply chain management. The criteria cover key aspects such as product quality, delivery capability, compliance with laws and regulations, product safety, quality assurance systems and traceability, environmental management, labor recruitment evaluation, work force safety and freedom to unionize.

In 2020,

100%

of new suppliers were
selected through
the sustainability criterion



Suppliers' Risk Assessment

The key factor in enhancing supply chain management proficiency is the evaluation of risks. The procurement department initially evaluates supplier sustainability through the Risk-based Due Diligence system. Additionally, the Supplier Self-Assessment system was developed for both current and new suppliers to evaluate initial risk in an effective and accurate manner through an online system. In 2020, 100% of new suppliers have received training and conducted self-assessment. In order to emphasize and foster the suppliers' understanding of correct self-assessment and adjust communication to better suit the New Normal method in response to the COVID-19 situation, the Company has developed educational materials for suppliers through an online system. Furthermore, the company has developed criteria to appropriately evaluate critical supplier risk at each level with plans for expansion plans for 2021.

Foster and Promote Suppliers' Capability

In 2020, the Company strives to foster and promote suppliers' capability through various capability enhancement schemes from jobs creation, careers creation and stable income creation to supporting local community sustainable development.



CP ALL Public Company Limited

7-Eleven and Thai Farmers Collaboration Project

The Company has initiated the '7-Eleven and Thai Farmers Collaboration' project and identified opportunities to provide greater customer convenience in accessing agricultural products through innovations in postharvest processing and product value addition. Such success is evident through the golden banana project model in the previous year. Thus, the Company has proceeded with expansion to include other produce such as fresh vegetables, fresh seasonal fruits, salad, chopped fruits and ready-to-cook vegetables with emphasis for upstream to downstream development.

- Encourage factories to adhere to Good Manufacturing Practices (GMP) and the adoption and development of innovations in industrial agriculture innovations from public and private networks and application in cultivation, production or processing.
- Joint development of packaging to add value to products and fulfill customer needs to suit New Normal practices.



In 2020, 98 new products from suppliers which adds product value and enabled product diversification spanning from fresh vegetables, fresh seasonal fruits, salad, chopped fruits and ready-to-cook vegetables were sold at 7-Eleven throughout the country.

Impacts and Benefits

'7-Eleven and Thai Farmers Collaboration' Project



Increased
374 million Baht
in income for farming families



Created income for
1,863 farming families

Siam Makro PCL.

Biological Fish Farms for Sustainability Project

Continued Biological Fish Farms for Sustainability project aims to improve production processes through raising catfish and tilapia in integrated closed systems enabling the control of quality, cleanliness, safety, and total traceability. Additionally, this system controls production factors, reduces product insufficiency due to water issues, promotes the reduction of wastewater release into public waters, and promotes the livelihood of farmers, communities and society, and creates stability and sustainability with the Company.



Farming fish the traditional way using cages



Capable of modification
to enable raising various
species of fish



Raising tilapia fish in closed systems consisting of plastic
enclosures and an aeration system



Capable of small-scale
family integrated farming
or large scale farming

Additionally, the Longan Punsuk Returns Happiness to the Community project continuously increase capability of farmer unionization in Pa Sang, Pa Sang District, Lamphun Province for over 8 years. Siam Makro Public Company Limited has collaborated with the Department of Agricultural Extension to increase standards of E-Dor longan cultivar production in accordance to Good Agricultural Practices: GAP in order to produce quality products which are safe, traceable and meets market demand. Additionally, the joint collaboration has established the longan selection and packaging factory to increase product shelf life prior to shipment to the longan incubator and external markets. Furthermore, 1 Baht from each kilogram of longan sold is allocated and contributed to medical equipment funds for elderly people in the local community.

Longan Punsuk Returns Happiness to the Community Project



On field at the longan plantation areas



Longan products

Impacts and Benefits

Longan Punsuk Returns Happiness to the Community Project



Contributed income to more than **100** longan farming families and created an average of **367,200** Baht/year income for each family.



Support medical equipment funds for elderly people and impoverished people of the local community in Lamphun and Chiangmai Province at the total of **355,305** Baht.

Build and Maintain Relationship with Suppliers

The Company strives to continuously support the building and maintaining of supplier relationships. This endeavor is projected through various knowledge sharing and livelihood improvement programs, supplier meetings to enable the exchange of knowhow and suggestions between the Company and suppliers, as well as conducting joint development plans.

Sustainable Development Case Study Between Suppliers and CP ALL

From a Young Mechanic to a New Generation of Farmer, Earning Millions

The Company commenced a trial project to sell fresh vegetables in 7-Eleven for over 6 years to assist small scale farmers. Mr. Manit Thippinthon or Mr. Wit, age 36, owner of Suwan Earth Company Limited has participated in this trial project to sell fresh vegetables at 7-Eleven since 2014 and was provided with the opportunity to harvest fresh produce, such as Chinese cabbage, morning glory, cabbage, cucumber and spring onions from his farm. His products have always been very well received and his fresh produce is currently offered at over 300 7-Eleven stores. The consumer trend to focus more on consuming healthy food during the COVID-19 pandemic has led to the opportunity for a massive increase in sales of fresh vegetables. This trend has assisted Mr Wit's farm in selling 20,000 packs of produce every day, which is an increase from the usual 6,000-8,000 packs per day. Additionally, 7-Eleven has suggested ideas to create ready-to-cook vegetable packs such as sets for tomyum soup, sukiyaki, stir fried Thai basil, chili paste, as new idea offerings for consumers and to increase sales for farmers.

“

I have received various forms of assistance from 7-Eleven ever since I've been their supplier. The importance given to a farmer without high education is something I didn't expect from a large organization. They have assisted in stable jobs creation.

”

From Company Employee to Construction Contractor, Generating Steady Flow of Income

The Company values the construction business, which is a business highly capable of distributing income to the community. Therefore, this opportunity for potential small-scale construction contractors to showcase their work and test their transparency. Upon successful evaluation, the potential construction contractors participate in construction a 7-Eleven store. With emphasis on quality and safety as key factors, Mr. Rungroj Pholchan, general manager of Keng Engineer Company Limited, became one among a group of construction contractors who have passed

the requirements on every level and received the opportunity to collaborate with 7-Eleven. Mr. Rungroj has received construction contracts which allows for income stability throughout the year. Since collaborating with CP ALL over 3 years ago, our company has constructed over 100 7-Eleven stores and distributed income to over 70 people. Even during crisis such as the COVID-19 we still have financial liquidity, company employees still have work and employees are remuneration because CP ALL is a stable, sustainable and growing organization.



“
We are where we are now because of the opportunity received from an ethical and moral large company that not only doesn't take advantage of suppliers but is supplier focused and has future vision such as CP ALL.
”

From Selling Jelly Dessert Locally to Selling in 7-Eleven Stores, Creating Sustainable Jobs for Farmers

The Company supports and creates opportunities for SMEs to develop Thai desserts through product development collaborations and enhanced packaging to promote interest and ease of consumption. This project creates jobs and income for the community, including farmers, through purchasing their agricultural products as raw materials for desserts. Local farmers receive a stable income stream and stimulates the local economy through increased cash flow, the increase in product distribution channels through 7-Eleven and 24 Shopping Co., Ltd., and joint collaboration to

continuously develop and grow supplier SMEs. Ms. Monsawan Sanvejkul or Ms. Kay, director of Ms. Kay Desserts Co., Ltd., received the opportunity from CP ALL to offer 8 products, including cantaloupe sago, corn and wet flour sago, pumpkin in sweet coconut milk, sweet crown-shaped flour with butterfly pea with young coconut, Ruam Mit in fresh coconut milk, 5 colors Bua Loy, taro with young coconut, and pandan leaf flavor coconut milk jelly in 7-Eleven stores. The production capacity of 60,000 portions per day created a sales revenue of over 100 million Baht per year.

“
The CP ALL team has jointly collaborated with suppliers in product development through providing advice, quality inspection, new product recipe development, packaging designing appealing and modern packaging which allows ease for consumption, marketing strategies, and online promotion of products. Additionally, CP ALL has a well-established logistics system capable of distribution supplier products countrywide within a short time frame to ensure product freshness every day.
”



Sustainable Raw Material Procurement

The Company is steadfast in responsible operations towards all stakeholders. Under the policies spanning from sustainable procurement to ethics and supplier guidelines. The criteria for supplier selection include supplier capacity and compliance with the relevant law and regulations. The Company promotes and supports its suppliers and develops supplier capability through procurement and responsible supply chain management in order to fulfill the constantly changing needs and expectation of customers, communities and society. Additionally, there have been support for additional agricultural product and organic product sales channels while taking into account the appropriate distance from farms to point of sales to preserve product freshness and development of work processes to reduce environmental impact. Furthermore, the Company realizes the importance of product traceability in order to promote sustainable raw material usage throughout the various projects.

Traceability Inspection Project

Siam Makro takes into account the importance of product traceability. In 2019, the Makro iTrace system was developed to ensure consumers of the product traceability through a scannable QR code located on the product label and started with Own Brand fresh food products. The system was expanded this year to include product databases from the Makro iTrace application and therefore provides enhanced coverage.



Total
11,900 products
which are traceable

Accounts for **100%**
of total products,
under the registered
trademark of Siam Makro

