

# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

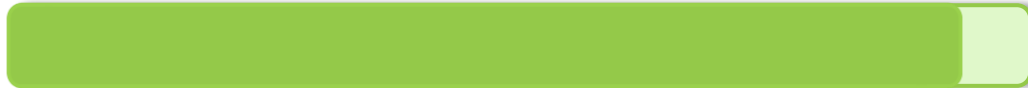
## Target and Performance

### Long term target by 2030

- 100% of suppliers are assessed ESG risk.
- 100% high-risk suppliers are audited and corrected.

95.67% significant supplier has been ESG assessment

(2024 and 2030 Target)  
**100%**



Base year: 2020

2024 Performance: **95.67%**

100% High risk score suppliers are onsite audited and completed the correction

(2024 and 2030 Target)  
**100%**

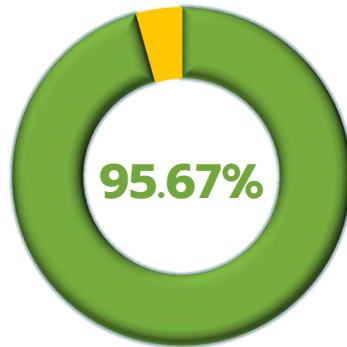


Base year: 2020

2024 Performance: **100%**

### 2024 Target

- 100% Significant Supplier has been evaluated the Environment, Social, and Governance assessment in 2025



Of Target

### 2024 Performance

- **95.67%** % significant supplier has been ESG assessment
- **100%** Tier 1 suppliers and Non-tier 1 suppliers signed acknowledgment and trained.
- **100%** High risk suppliers are onsite audited.
- **100%** of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation
- **100%** of significant suppliers in capacity building programs

# Supplier's Risk Assessment and Potential Impact to The Company

## Business Aspect

### Risk of Food safety and product quality from supplier

As the food safety and product quality are crucial factors directly affecting consumer health, satisfaction, and confidence. Product safety and adherence to quality standards are fundamental factors that directly influence the Company's reputation, credibility, and the trust we maintain with our customer. Furthermore, food safety crises could cause damage to both business operations and stakeholder relationships. Therefore, the Company places the highest priority on delivering quality and safe products while promoting consumer health and well-being to build business sustainability and maintain long-term confidence.

### Mitigation:

The Company has developed food safety and product quality management processes according to international standards, from raw material sourcing and supplier selection to product delivery. The Company conducts strict supplier and source evaluations (Ethical Sourcing) to ensure products sold come from quality sources. The Company has developed food safety standards following internationally recognized guidelines such as GLP, Q Mark, GHP, HACCP, and GMP Codex to ensure all products. Also implemented a traceability system called "i-Trace" using QR codes to display product origin information. Customers can scan QR codes on packaging to directly access information about production sources, quality inspections, and product safety standards. This system enhances transparency and builds confidence among consumers and operators. Furthermore, the Company closely monitors disease situations, collaborating with government agencies and relevant organizations to track news and develop effective preventive measures. Safety management covers prevention, control, and concrete crisis response to ensure the Company is prepared to handle and reduce impacts from food safety crises.

### Examples of the company's economic risk assessment results from Critical Tier 1 and Tier 1 suppliers across various aspects.

| Supplier Name        | Supplier Classification | Quality and Traceability<br>assessment scores | Supply Chain Management<br>assessment score | Human Rights and Labour<br>Practice assessment score | Health & Safety<br>assessment score | Environment<br>assessment score | Total Score |
|----------------------|-------------------------|---|---|--|-------------------------------------|---------------------------------|-------------|
| Supplier Name xxxx1  | Critical Tier 1         | 4.0   | 1.0   | 4.0  | 4.0                                 | 5.0                             | 31          |
| Supplier Name xxxx2  | Critical Tier 1         | 4.0   | 4.0   | 8.0  | 6.0                                 | 5.8                             | 31          |
| Supplier Name xxxx3  | Critical Tier 1         | 4.0   | 1.0   | 1.0  | 1.0                                 | 3.0                             | 15          |
| Supplier Name xxxx4  | Critical Tier 1         | 4.0   | 0.0   | 5.0  | 5.0                                 | 7.4                             | 31          |
| Supplier Name xxxx5  | Critical Tier 1         | 4.0   | 1.0   | 1.0  | 1.0                                 | 4.0                             | 15          |
| Supplier Name xxxx6  | Critical Tier 1         | 4.0   | 4.0   | 8.0  | 6.0                                 | 7.8                             | 31          |
| Supplier Name xxxx7  | Critical Tier 1         | 4.0   | 4.0   | 8.0  | 6.0                                 | 6.2                             | 31          |
| Supplier Name xxxx8  | Critical Tier 1         | 4.0   | 4.0   | 8.0  | 6.0                                 | 7.6                             | 31          |
| Supplier Name xxxx37 | Tier 1                  | 4.0   | 4.0   | 8.0  | 5.0                                 | 9.0                             | 31          |
| Supplier Name xxxx38 | Tier 1                  | 2.0   | 0.0   | 6.0  | 3.0                                 | 5.0                             | 31          |
| Supplier Name xxxx39 | Tier 1                  | 2.0   | 4.0   | 8.0  | 6.0                                 | 2.0                             | 31          |
| Supplier Name xxxx40 | Tier 1                  | 4.0   | 1.0   | 7.0  | 5.0                                 | 7.0                             | 31          |
| Supplier Name xxxx41 | Tier 1                  | 3.0   | 4.0   | 6.0  | 6.0                                 | 7.0                             | 31          |
| Supplier Name xxxx42 | Tier 1                  | 4.0   | 4.0   | 7.9  | 6.0                                 | 5.5                             | 31          |

# Supplier's Risk Assessment and Potential Impact to The Company

## Environment Aspect

**Risk of environment impact to supplier's operation which is Climate Resilience risk** refers to the risks arising from climate shifts and their associated impacts, which can affect business operations, supply chains, and long-term sustainability. The environmental crisis i.e. water, clean air etc. caused by climate change represent a key challenge affecting businesses across all sectors. The Company recognizes potential impacts on business operations, energy consumption, and environmental management costs. These changes not only increase pressure on sustainable business operations but also affect corporate image in stakeholders' views.

### **Mitigation:**

The Company enhance suppliers and contractors—production, transportation, storage, distribution, and sales—in jointly reducing carbon emissions. This is achieved through activities such as the Supply Chain Sustainability Excellence Award. Furthermore, the greenhouse gas reduction target setting is the one of the supplier's annual evaluation criteria. Additionally, the company implements the "Better Life for Highland Farmers" project. This initiative aims to explore, educate, and support farmers in the northern and northeastern regions, which face chronic drought issues, to improve agricultural production efficiency and prevent food loss. In collaboration with the Department of Agricultural Extension and various universities, the company encourages farmers to adopt organic farming practices for a better quality of life, such as using drip irrigation systems, eliminating pesticide use, and transitioning to organic farming. Furthermore, the company educates farmers on cultivating water-efficient and high-demand fruits and vegetables to prevent food loss and purchases produce from participating farmers for distribution nationwide.

## Supplier's Risk Assessment and Potential Impact to The Company

### Social Aspect

**Risk of social impact from supplier's operation such as the Human rights violation risk** refers to the risk of non-compliance with international human rights standards, potentially leading to legal, reputational, and stakeholder relationship issues. Human rights and labor practices are crucial issues in sustainable business operations. Failing to prioritize human rights and labor management may affect organizational credibility and lead to human rights violations in business activities, including risks of discrimination and workplace harassment, impacting operational efficiency and company image. Non-compliance with legal requirements or international labor standards may result in legal consequences and loss of stakeholder trust, including customers, employees, and business partners.

#### **Mitigation:**

Human Rights Due Diligence (HRDD) processes are implemented to assess and improve human rights policies, including establishing a human rights working team responsible for risk assessment, impact evaluation, and performance monitoring. The Company communicates and trains supplier on human rights policies. The Company conducts human rights risk assessment including supplier and contractors. Additionally, performance results are disclosed in annual reports to ensure transparency and credibility with stakeholders. In occupational health and safety, the Company aims to achieve zero lost-time accidents by 2030, developing safety management systems aligned with ISO 45001 standards and implementing 10 Life-Saving Rules to strictly prevent workplace accidents and diseases. The Company also provides defensive driving and safe forklift operation training courses, including continuous workplace safety inspections and improvements.

# The Company's Supply Chain Management Approach

## Supplier's Code of Conduct

The Supplier's Code of Conduct manual and training VDO with subtitle are publicly on The Company's website and applied to all suppliers across all countries. All the suppliers must be trained and sign an acknowledgment by their top management or assignee to accept these ESG criteria as the business contract terms and conditions



which intend to guide suppliers for corporate responsibility.

### 2024 Result

- **100%** Tier 1 suppliers and non-tier 1 suppliers signed acknowledgment and trained.
- **100%** Buyer, QA, and Operation are trained in their roles in the supplier ESG program.



Supplier Screening

The significant supplier is a supplier that is identified as a potential sustainability risk supplier. The screening of the significant suppliers by reviewing potential or actual suppliers’ risks of the negative ESG impacts and also business relevance risks or a combination of both. The risk covers factors of country, sector, and commodity-specific risks are considered.

The Company’s criteria for supplier ESG screening

| Business relevance  | Environmental  | Social Aspect  | Governance & Compliance  |
|---|--|--|--|
| <ul style="list-style-type: none"><li>• High procurement value</li><li>• Key component, material</li><li>• non-substitutable components</li></ul> | <ul style="list-style-type: none"><li>• Resource efficiency</li><li>• Greenhouse gas</li><li>• Energy</li><li>• Water &amp; Wastewater</li><li>• Waste• Biodiversity</li><li>• No deforestation</li><li>• etc.</li></ul> | <ul style="list-style-type: none"><li>• Human rights i.e. forced labor, child labor, female labor, etc.</li><li>• Labor practice include employee, temporary and migrant worker</li><li>• Occupational Health &amp; Safety</li><li>• Discrimination / Harassment &amp; Sexual harassment / Community’s rights</li><li>• etc.</li></ul> | <ul style="list-style-type: none"><li>• Quality &amp; Product Safety for consumer</li><li>• Country’s law &amp; Regulation</li><li>• Corruption</li><li>• Bribery</li><li>• Conflicts of interest</li><li>• Intellectual property</li><li>• Specific certificate or requirement of products</li><li>• etc.</li></ul> |

| 2024 Result of KPIs for Supplier Screening                    |       |
|---|-------|
| Total number of Tier-1 Suppliers                              | 5,457 |
| Total number of Significant Suppliers in Tier-1               | 2,353 |
| Total spend on Significant Suppliers in Tier-1                | 94.44 |
| Total number of Significant Suppliers in non-Tier-1           | 6     |
| Total number of Significant Suppliers (Tier-1 and non-Tier-1) | 2,359 |

All suppliers are required to achieve minimum ESG requirements within the set timeframe (**score >33% before starting** or **> 55% within 2.5 years to continuing the business**)

Supplier Assessment & Development Process




Purchasing practices towards suppliers are continuously reviewed to ensure alignment with the Supplier Code of Conduct and to avoid potential conflicts with ESG requirements.

Online Assessment:

- All supplier must pass the ESG desk assessments which is the systematic verification of evidence on the company’s digital platform and transparent scoring. The assessments follow SMETA and ISO 17025 and ISO 20400.
- All suppliers are informed of the exclusion from contracting if they cannot achieve minimum ESG requirements within the set timeframe (score >33% before starting or > 55% within 2.5 years to continuing the business). Suppliers with better ESG performance are preferred by applying a minimum weight to ESG criteria in supplier selection and contract awarding.

Onsite Audit:

- Any supplier who has low score (< 33%) and/or potential ESG risk in any criteria i.e. product safety & quality, human rights, labor practices, environment impact or breach case with community, etc. will be conducted the on-site assessments which carried out by the company’s audit team and/or independent accredited auditing body (3rd party assessment). The high-risk supplier must have the corrective action and improvement and quarterly update the progression.

| 2024 Result   |   |
|---|---|
| <br>Online Assessment        | <b>100%</b> supplier undergo a transparent digital assessment that requires submission of relevant evidence and features a clearly defined scoring system.  |
| <br>Onsite Audit             | <b>100%</b> with low scores (less than 33%) or identified ESG risks are subject to on-site audit, performed by the company’s assessment team and verified by accredited third-party auditors.   |
| <br>Standards of Industry    | <b>100%</b> have been assessed through ESG questionnaire, with supporting documents aligned with SMETA, ISO 17025, and ISO 20400 standards.   |
| <br>Correction & Development | <ul style="list-style-type: none"><li>• <b>100%</b> Training on company's supplier ESG program, process and requirements.</li><li>• <b>100%</b> Supplier access to ESG benchmarks against peers.</li><li>• <b>100%</b> Collaborate with supplier support on implementation of corrective / improvement actions.</li><li>• <b>43</b> suppliers has got the In-depth technical support programs and <b>3,980</b> suppliers are in the capacity building programs.</li></ul> |

Picture of ESG Desk Assessment Platform and Supplier Access to ESG Benchmarks Against Peers





KPIs for Supplier Assessment and Development

| Target:<br>100% Significant Supplier are assessed ESG within 2025<br>100% Suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation<br>100% unique significant suppliers in capacity building programs | 2024 Result     |                 |                   |
|---|-----------------|-----------------|-------------------|
|   | Makro           | Lotus’s         | CP Aextra         |
| Total number of suppliers assessed via online and onsite assessment (tier 1 / non tier 1)   | 2,264           | 2,069           | 4,333             |
| New suppliers are assessed  | 173<br>(100%)   | 48<br>(100%)    | 221<br>(100%)     |
| Significant suppliers are assessed  | 1,765<br>(100%) | 486<br>(82.65%) | 2,251<br>(96.67%) |
| Total number of suppliers are required onsite audit (score < 33% or potential ESG risk)   | 13              | 26              | 39                |
| Total number of suppliers have been onsite audited  | 13              | 26              | 39                |
| Total number of suppliers assessed with substantial actual/potential negative impacts   | 92              | 192             | 284               |
| % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan  | 97.83%          | 100%            | 97.87%            |
| Total number of suppliers with substantial actual/potential negative impacts that were terminated   | 2               | 0               | 2                 |
| Corrective action plan support  |                 |                 |                   |
| Total number of suppliers supported in corrective action plan implementation  | 90              | 192             | 282               |
| % of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation   | 100%            | 100%            | 100%              |
| Capacity building programs  |                 |                 |                   |
| Total number of suppliers in capacity building programs   | 1,911           | 2,069           | 3,980             |
| % of unique significant suppliers in capacity building programs   | 100%            | 100%            | 100%              |



## Example of ESG Development Programs with Suppliers

### “CP AXTRA Teams Up with Food and Drugs Administration (FDA) To Elevate Food Safety and Build Consumer Trust”

CP Axtra organized a seminar with business partners, suppliers, importers, and fresh food producers to elevate and strengthen food safety standards, aiming to build “Safe Food Standards for Consumer Confidence.” Representatives from the Thai Food and Drug Administration (FDA) provided guidance on establishing end-to-end product quality management processes. Additionally, experts from AMARC, an internationally certified laboratory, shared knowledge on testing for chemical residues in fruits and vegetables. The initiative aims to enhance food safety standards for both locally produced and imported fresh foods, reinforcing CP Axtra’s position as a leader in the fresh food industry.



### “Shelf Ready Display” Project

Most products are packaged in various types of materials and wrapped in shrink film before being placed in cartons for transportation to retailers. Retailers must then unpack the products for display, generating a significant amount of packaging waste.

To address this issue at the source and promote reuse and recyclability, CP Axtra initiated a shift in 2024 by encouraging partners to adopt Shelf-Ready Display (SRD) packaging. Beyond its environmental advantages, SRD packaging also offers practical benefits—it allows for easy stocking and restocking, can be opened and used immediately, and presents products in a ready-to-sell format. This not only enhances product visibility and shelf appeal but also makes it easier for customers to access and purchase items.










\*Watch more videos at  
<https://youtu.be/DI-HQzrIZsM?si=h5SvTNn-fxxVLBm1>

Promoting Sustainability Certified Product







Over the past year, the Company has placed strong emphasis on encouraging its supply chain to produce and deliver products that are certified under various sustainability standards. As a result, in 2024, the volume of purchases of certified products has increased, as outlined below.

Certification of Agricultural Crops

| Agriculture Crop  | Certification or Accreditation  | % Purchased of certificated product | % Exposure |
|---|---|-------------------------------------|------------|
| <br>Palm Oil | RSPO, RSB, ISCC   | 47.88%                              | 2.47%      |
| <br>Soy      | RTRS, Pro Terra, CRS, ISCC+   | 79.32%                              | 2.41%      |
| <br>Sugar    | BON Sucro, Fairtrade, Vive  | 10.95%                              | 1.22%      |
| <br>Cacao    | Fair trade, UTZ , Rainforest Alliance, Bird Friendly                                    | 38.58%                              | 0.98%      |
| <br>Coffee  | IRTAC, SRP, Global G.A.P, BRC , Rainforest Alliance, UTZ, Fairtrade                     | 18.93%                              | 2.24%      |
| <br>Cereal | GAP,FTA Gold, Global G.A.P, BRC   | 21.25%                              | 16.00%     |
| <br>Cotton | Fair Trade-certified cotton, BCI, GOTS, OCS, GRS, RCS , Global organic textile standard | 28.57%                              | 0.45%      |

*Note:* % Purchased of certificated product per total purchasing agricultural crops.  
% Exposure = Purchased argricultural crops per total purchasing.

Certification of Animal Product

| Animal product  | Certification or Accreditation          | % Purchased of certificated product | % Exposure |
|---|---|-------------------------------------|------------|
| <br>Aquaculture    | ASC, G.A.P., BAP, Non-GMO, BRC, GMP     | 89.69%                              | 0.6%       |
| <br>Cattle         | G.A.P., AAWC, BRC, GMP                  | 27.78%                              | 0.6%       |
| <br>Dairy          | G.A.P., AAWC, BRC, GMP, Fairtrade       | 23.15%                              | 5.14%      |
| <br>Swine          | G.A.P., AAWC, BRC, GMP, Fairtrade       | 76.20%                              | 8.14%      |
| <br>Poultry & Egg | G.A.P., AAWC, BRC, GMP                  | 50.07%                              | 5.83%      |
| <br>Wild fishery | MSC, MSC Chain of Custody, G.A.P., ATBF | 20.65%                              | 1.88%      |

*Note:* % Purchased of certificated product per total purchasing agricultural crops.  
% Exposure = Purchased argricultural crops per total purchasing.

**Own Brand ASC & MSC Certified**

“ocean gems” own brand product has 42 items which are certified by Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) in the 6 product categories which are fish, crab, shellfish, shrimp, squid, and roe. In 2024 selling volume of The company own brand products are ASC MSC certified value 332.33 million THB significantly increased compared to 113.47 million THB in previous year. The increasing sales of own brand sustainable products reflect the growing trend of consumer acceptance towards certified sustainable products.

The certificate are posted on the company's website which accessible through below links

<https://www.cpaxtra.com/storage/document/sustainability/asc-certificate.pdf>

<https://www.cpaxtra.com/storage/document/sustainability/msc-certificate.pdf>



26% Selling volume of private label products are ASC MSC certified

**Promoting the Animal Welfare and organic products**

The company’s commitment and engagement to animal product suppliers must be audited and qualified with QA and product safety criteria before trading and reassessment every 3 years to ensure the product is safe for consumers.



Not to use the antibiotics  
**100%**



Not to use GMO or cloned animal  
**100%**



Not to apply growth-hormone substance  
**100%**



Lab sampling in every product lot.  
**100%**

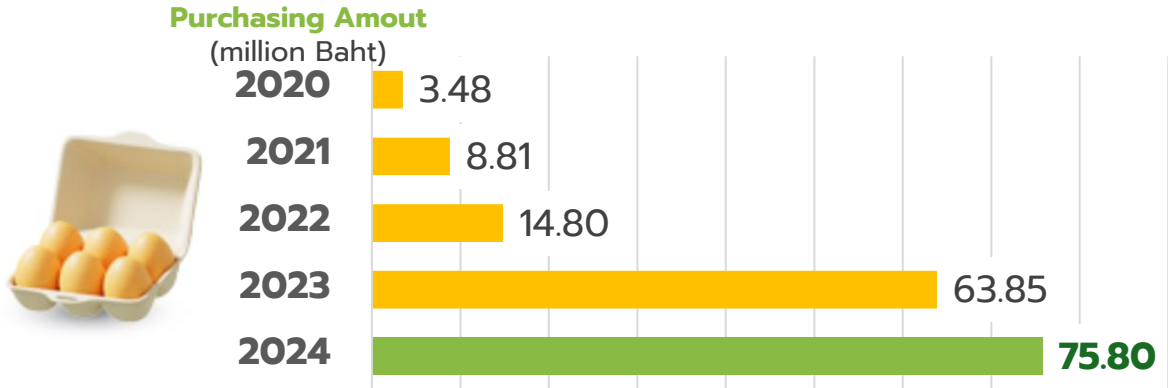
**2024 Result**

**33.82%** Share of organic products per total fresh food products which is increased 10.93% compared last year. (2023 = 22.89%)

**Cage Free Egg Product**

Collaborates with supply chain and government agencies to improve cage-free egg production, develop egg farmers, educate customers and consumers, as well as sales at all stores since 2020. In 2024, the total sales of cage free egg is 75.08 million THB which increase 11.23 million THB (2023 sales = 63.85 million THB).

**2024 Result**



## "Sustainable Fishery" Initiative

The Company is committed to developing sustainable seafood products by ensuring certification in accordance with internationally recognized standards, such as those of the Aquaculture Stewardship Council (ASC) and the Marine Stewardship Council (MSC). These certifications safeguard the aquatic animal supply chain, assuring consumers that the products offered originate from responsibly managed fisheries with verified quality assurance. Additionally, the certifications emphasize environmental responsibility and sustainability, with full traceability across the entire supply chain—right back to the original source of the seafood.



### 2024 Result

- More than 200 items certified under MSC and ASC standards.
- Purchases of certified products exceeded 7 billion baht, representing for 38% of total seafood product purchases in 2024.