

THE  
NEXT  
TOGETHER  
ก้าวไปด้วยกัน

**makro**  
your trusted **partner**

## **Sustainability Report 2020**

Siam Makro Public Company Limited

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## THE NEXT TOGETHER

A Strong Partnership  
Toward  
Sustainability



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# Overall Performance

"We firmly believe that a strong foundation of sustainable development comes from the contribution of all stakeholders to create shared values, so as to ensure that every activity in our operation fosters actual positive changes to society and environment."

- Message from Board of Directors and Group Chief Executive Officer - Siam Makro
- 2020 Key Highlights and Sustainability Awards
- Business at a Glance
- Business Value Chain



## Message from Board of Directors and Group Chief Executive officer – Siam Makro



**Mr. Supachai Chearavanont**  
Chairman

The year 2020 has been marked an extremely challenging year worldwide as the COVID-19 pandemic brought significant changes to people's way of life, consumer behavior and working culture. Makro, therefore, needs to respond to such changes in a vigilant, promptly and efficient manner while integrated technology into our business procedures. Most importantly, Makro remains committed to being the trusted partner that assists the business enterprise, community and country to get through the crisis together.

### Embedding Sustainability in Organizational Culture

Makro achieved the 2020 corporate targets by the major factors which are resilience strategy, consistent collaboration and situational leadership from all employees. Throughout 2020, we have continuously implemented the "Makro 4.0 Strategy" — comprising six goals that comprehensively manage of economic, social and environment. We also strive to be the number one trusted partner that provides a complete solution of safe and high-quality products to the customer. Makro invested in human capital development for essential skills and encourages a teamwork culture to broaden our experience, capability and corporate sustainability strategy to every country that we operate. Additionally, we received the award of "Best Companies to Work for in Asia 2020" by Malaysia's HR Asia Magazine.

### Sustainable Growth for All Stakeholders

Food quality and food safety are our key priorities as well as traceability of product sources through the value chain,

especially during the COVID-19 pandemic. Makro leverages hygiene practice along the supply chain from producers, distributors and suppliers to ensure that we deliver only good quality and safe product to customer. Particularly followed the government's obligations to mitigate risk for employee, customer and visitor at every site. Makro has rapidly enhanced the online shopping platforms — **Makroclick.com** and **Makro Application**, enabling our customers to get faster delivery of guarantee fresh, clean and safe products. Furthermore, plus the online platforms, Makro has initiated the "**E-Donation**" — which is the online channel for donator connect to the foundation nationwide as the New Normal lifestyle.

As for our social support, Makro launched various philanthropic project including, the "**Egg for Sustainable Lunch**" - we donated egg breed chickens and coops to thirty rural schools to prevent student's malnutrition; and the "**Back to Community with New Chance of Life**" — providing the basic skill of street food and retail trading to the inmates as their career opportunity after release. Likewise, Makro corporates with the governmental sector to support local farmers confronted low demand issues

**Mrs. Suchada Ithijarukul**  
Director and Group Chief Executive  
Officer – Siam Makro



during COVID-19 outbreaks. Makro has continuously purchased agricultural products — such as sea bass, taro and shrimp — from food safety verified farms and develop the farmer for concise production planning both quality and quantity that meets market demand.

Enhance customer's business growth is one of our core values. Makro dedicated many projects to strengthen Sho Huay, hotel, restaurant and catering (HoReCa) customers — enabling them to prosper and become resilient. Under the framework of "**Stable, Wealthy and Sustainable**" Makro provides knowledge on management, technology and explores business opportunities through projects including, the "**Community Kitchen**" — transforming Sho Huay stores into community hubs for fresh and frozen food and a campaign as "**Free Area for Food SME**" — offering free area in front of Makro stores for food retailers to sell cooked food during the country's lockdown.

### Protecting the World for Future Generation

The Company values the importance of natural resources Makro recognizes the importance of natural resources and environmental protection. Throughout 2020, Makro has many environmental protection projects including, "**Increase Solar Panel Installation**" which significantly increased the renewable energy consumption compared to last year; "**Say Hi to Bio Say No to Foam**" — which strives to promote sustainability packaging consumption

by increase the variety of biodegradable and reduce selling of foam packaging; and "**Food Waste Reduction**," that adapted the digital technology to improve database accuracy. Simultaneously, towards with Sustainable Development Goals (SDGs), in 2020, Makro participated the **United Nations Global Compact** (UN Global Compact) and pledged to synergize the 10 principles with Makro's strategy. By joining the UN Global Compact, we commit to contribute positive changes to the economy, society and environment while driving the global community towards sustainability.

### The Next Together as "Your Trusted Partner"

At Makro, we never stopped to initiate the new operational format, application of digital technology, expand the business operation into international markets and also align with Charoen Pokphand Group's sustainability strategy. We firmly believe that our approach will help differentiate, foster efficiency, broaden the customer category and deliver the utmost benefits to every group of our stakeholders.

On behalf of Board of Directors, management and employees, we would like to extend sincere gratitude to all of our stakeholders for their continued trust and support in our business. We strongly believe that, with cooperation from every party and best efforts to operate the business while keeping economic, social and environmental balance in place, Makro will achieve sustainable growth and grow alongside the society as "Your Trusted Partner."

# 2020 Key Highlights

## Economic Performance



Total Revenue  
**218,760** million baht,  
**3.9%** increase from 2019



Net Profit  
**6,563** million baht,  
**5.1%** increase from 2019

## Social Performance



Total Employees **16,108**



Male Employees  
**7,242**

**44.96%**

Female Employees  
**8,866**

**55.04%**

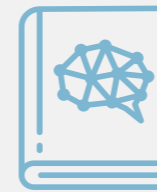


**2,500**  
Additional hiring during  
COVID-19 crisis



**596** Individuals received  
direct career and income supports,

- **408** are farmers
- **166** are small business owners
- **22** are from vulnerable groups



**42,139**  
Children and Youth  
were offered a learning  
opportunity

## Environmental Performance



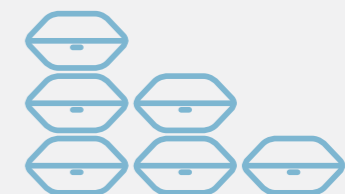
Reduced direct and indirect  
greenhouse gas emissions  
intensity (scope 1 and 2)  
by **19.55%** in 2020,  
compared to the base year 2015



Reduced energy intensity  
by **3.27%** in 2020,  
compared to  
the base year 2015



Installed solar panel rooftop  
for electricity generation  
at **52** Makro stores,  
Generating electricity from **26** stores  
more than  
**17,659.54** megawatt hour



Reduced foam selling by  
**32.78** million pieces  
from 2019

# 2020 Sustainability Awards



**51** Safety, Occupational Health, and Workplace Environment, National Level 2020

by the Department of Labour Protection and Welfare, the Ministry of Labour

Thailand Labour Management Excellence Awards, 2020 bestowed to **94** Makro stores

by the Department of Labour Protection and Welfare, the Ministry of Labour



**3** Honorary Plaques from Thailand Voluntary Emission Reduction Program (T-VER)

- in recognition of the 3 projects:
1. Electricity generation from a solar rooftop,
  2. Replacing all light bulbs with high-efficiency LED,
  3. Low Emission Support Scheme (LESS) at Chachoengsao Makro store and Makro head office building

by Thailand Greenhouse Gas Management Organization (TGO)



**Best Companies to Work for in Asia 2020**

by HR Asia, Malaysia

**Sustainability Disclosure Award 2020**

by Thaipat Institute



**Second Runner-Up for LinkedIn Award 2020 for Most Active Employer Branding**

by LinkedIn

# Business at a Glance

Established in May 1988, Siam Makro Public Company Limited ("the Company") has operated a complete wholesale and retail business offering only the best quality product under

## VISION

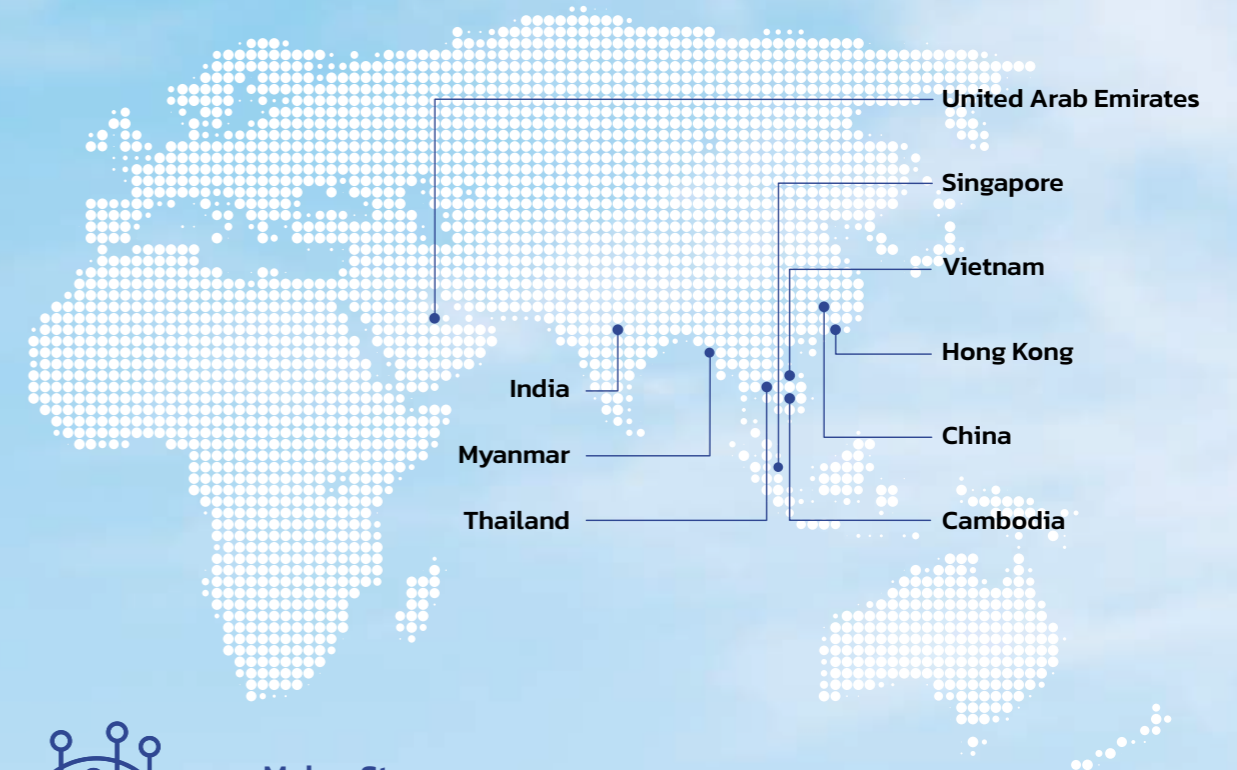
**"To be the number one food solution provider for professional customers."**

## MISSION

<b>m</b>	<b>a</b>	<b>k</b>	<b>r</b>	<b>o</b>
<b>Multi-formats</b>	<b>Award</b>	<b>Know the differences</b>	<b>Responsible</b>	<b>Offer the best</b>
Expansion	Team achievement and invest in people	Know and respect the local differences	for the society and the world	Value & solutions to customers

Makro operates the business in **9** countries

The head office is located in Thailand



### Makro's Business

#### Makro Store



**137** branches in Thailand **7** branches in Cambodia, India, China and Myanmar

The Company operates wholesaler stores that offer a large variety of products, including fresh food, dried food, daily necessities and consumer goods through our 144 branches in Thailand and the other four countries; including Cambodia, India, China and Myanmar.

#### Makro Foodservice



Operate in **6** countries, including Thailand, Cambodia, Vietnam, Singapore, United Arab Emirates and Hong Kong

The Company operates import, export and distribution of frozen and chilled food, as well as storage and delivery services under the administration of Food Service Asia Pacific and Middle East (APME)

#### Other related businesses to support the main business

The Company offers technical and supporting services for subsidiaries on business expansion and also provides marketing and consultancy services to the retail business operation in Myanmar.

Remark: For more information on the organization structure, please refer to the Annual Report 2020



# Value Chain

## Product Sourcing

Select high quality ingredient and products from qualified local and international suppliers and also Makro own brand 's.



## Product Distribution and Delivery

Screening, test and inspection before distributing products to Makro stores, with the modern logistics system to preserve product quality.



## Marketing and Service

Deliver our products to customer through diverse channels, both online and offline.




# Sustainability Management

"We operate our business in alignment with the sustainability strategy, which employs good governance practices while concerning responsibility to the economy, society, environment and all stakeholders."

- Sustainability Strategy
- Stakeholder Engagement and Materiality Assessment



# Sustainability Strategy



## Sustainability Development Vision

To be the number one trusted partner for customers, offering safe and high-quality products at fair prices, supporting customers to remain competitiveness and profitability. To enhance stakeholders' quality of life without compromising the future generations' opportunity to access the resources for their needs.

Makro remains committed to the sustainability development vision while balancing interests among every group of stakeholders. The Company has developed the Makro 4.0 strategy based on technology, creativity and innovation, and also integrated with the international approaches in sustainability management.

## Supporting UN Sustainable Development Goals

Makro corporates the United Nation Sustainable Development Goals (SDGs) into Makro 4.0 Strategy. Under the strategy, the Company directly support 14 out of 17 goals align with our competencies to induce positive impacts in economic, social and environmental aspects.

# SUSTAINABLE DEVELOPMENT GOALS



## The Six Strategic Goals of Makro 4.0



### Food Safety

The Company recognizes the importance of food safety and aims to serve the demand of food businesses and new generation consumers who become more health-conscious and willing to pay for food products that meet each country's international safety standards.

### Ethical and Sustainable Product Sourcing

The Company places high emphasis on tracing the source of ingredients. Makro therefore seeks to work with suppliers who operate a business with legal compliance while recognizing environmental and social sustainability in pursuit of sustainable mutual growth across the value chain.

### Reducing Environmental Impact

The Company highly values natural resources and the environment. Makro strives to promote the efficient use and optimization of resources and energy and ensure that every procedure in our business is friendly to the environment.

### Locally Beloved

With our aspiration to be the local love, The Company seeks to bring benefits to the community in which we operate through local hiring and knowledge sharing on retail business management with local retailers (sho huay) and young retailers, encouraging them to leverage the knowledge into local store improvement to achieve sustainable growth.

### Making Our Customers Prosper

The Company strives to research and integrate digital technology into new business channels that enable our customers to do business with greater ease and convenience, attain higher profits and bring off sustainable growth in the new competitive landscape. This would help increase satisfaction among business customers and ensure their long-term loyalty to company.

### Employer of Choice

To be 1 of the top 5 companies people of all generation most want to work for, The Company emphasizes human resource development in terms of ethics and competence, along with leadership skills and capability to adapt and work effectively amidst social and technological changes.

For more information regarding the achievement of each goal, please refer to their respective chapters



# Stakeholder Engagement and Materiality Assessment


## Stakeholder Engagement






Makro has recognized the importance of stakeholder engagement to improve operational efficiency, mitigate risks and create shared value. The Company has aligned the practices of AA 10000 Stakeholder Engagement Standard, categorized both direct and indirect stakeholders into 10 groups and reviewed the engagement channel every year to ensure that every stakeholder's voices are embraced in the Company's sustainable development approaches.



The table below illustrates the details of engagement channels, stakeholder's key concerns and examples of the Company's response.

Stakeholders	Engagement Channel	Stakeholder's key concern and expectation	Example of the Company's response
 <p><b>Shareholders and Investors</b></p>	<ul style="list-style-type: none"> <li>Communication channels including website, telephone, email and official LINE account</li> <li>Annual General Meeting (AGM)</li> <li>Quarterly Analyst Meeting</li> <li>Investor activities such as company visits, roadshow events, etc.</li> <li>Annual Report and Sustainability Report</li> <li>Financial statements and Quarterly Management Discussion and Analysis (MD&amp;A)</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of accurate, complete and up-to-date information</li> <li>Equal and fair treatment</li> <li>Transparency in administration</li> <li>Shareholder rights</li> <li>Business growth</li> <li>Risk management</li> <li>Competitiveness</li> <li>Sustainable return for investors</li> </ul>	<ul style="list-style-type: none"> <li>Strictly follow policies, regulations, requirements, and guidance of the Stock Exchange of Thailand to ensure that all information disclosure are transparent and verifiable</li> <li>Set up policies and guidances adhering to principles of good corporate governance</li> <li>Respect shareholder rights regarding laws and equality</li> <li>Enhance the competitiveness by continuously improving business procedure, business process and human capital</li> <li>Effectively implement risk management system</li> <li>Promote continuous improvement through the value chain</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Internal communication channels including email and intranet</li> <li>Grievance channels such as email to Corporate Governance Office, HR email, complaint letter, employee hotline, etc.</li> <li>Annual employee satisfaction survey</li> <li>Quarterly Welfare Committee meeting</li> <li>Nomination and Remuneration Committee meeting</li> <li>Annual performance review</li> <li>Annual innovation event</li> </ul>	<ul style="list-style-type: none"> <li>Career path</li> <li>Competency development</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Follow the Human Resource strategy</li> <li>Encourage leadership development program</li> <li>Leverage upskilling and reskilling programs to be change agent</li> <li>Enhance online learning system. (Makro Learning Program)</li> <li>Promote understanding of task and time management</li> <li>Apply digital equipment to support business operation</li> </ul>

Stakeholders	Engagement Channel	Stakeholder's key concern and expectation	Example of the Company's response
 <p><b>Customers and Entrepreneurs</b></p>	<ul style="list-style-type: none"> <li>• Communication channels including website, Makro Mail, telephone, official LINE account, and Facebook</li> <li>• Customer grievance and feedback channels</li> <li>• Regular customer visit</li> <li>• Quarterly customer interview and feedback</li> <li>• Marketing and sales promotion activities such as Food Retailer Event, MHA Roadshow 2020 New normal way etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Product's quality and safety</li> <li>• Customer's health and safety</li> <li>• Sufficient product stock</li> <li>• Product label</li> <li>• Good product and service</li> </ul>	<ul style="list-style-type: none"> <li>• Implement product sourcing and traceability</li> <li>• Supply safe and qualified products that promote good health and well being</li> <li>• Co-create an operational plan with business partner.</li> <li>• Plan and prepare in advance for price and promotion changes and increase random checks of price labels</li> <li>• Organize various projects such as Makro Retailer Alliance Project (MRA), Environmental impact reduction projects etc.</li> <li>• Encourage improvements and provide training on modern retail management</li> </ul>
 <p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>• Communication channels including website, telephone, email and official LINE account</li> <li>• Grievance and whistleblowing channels</li> <li>• Frequently meetings and seminars</li> <li>• Regular site visits</li> <li>• Supplier meetings</li> <li>• Supplier Audit and Quarterly projects to enhance the capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier capability development</li> <li>• New product development</li> <li>• Business operation plan including target, marketing strategy and sales promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Develop corporate planing to improve product's quantity quality and monitor the result</li> <li>• Conduct site visits and feedback sessions to align the direction procedure and develop operational both short-term and long-term</li> <li>• Encourage business partners to enhance production capability both in terms of quantity and quality</li> <li>• Support local agricultural products and small businesses in each community</li> </ul>
 <p><b>Contractors</b></p>	<ul style="list-style-type: none"> <li>• Communication channels including website, telephone, email and official LINE account</li> <li>• Grievance and whistleblowing channels</li> <li>• Monthly meetings</li> <li>• Regular site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with standards, laws and regulations</li> <li>• Occupational health and safety and personal protective equipment (PPE) for contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Establish the safety standard procedure and instruction for contractors</li> <li>• Define safety rules that requiring employee and contractor to obtain the proper and ready-to-use PPEs based on working risk</li> </ul>

Stakeholders	Engagement Channel	Stakeholder's key concern and expectation	Example of the Company's response
 <p><b>Community and Society</b></p>	<ul style="list-style-type: none"> <li>• Communications channels including website, online social media, Call Center and meetings with community representatives</li> <li>• Grievance and whistleblowing channels</li> <li>• Monthly dialogues/ community visits</li> <li>• CSR activities/ donation/ natural disaster</li> <li>• Skill development and job creation for community members</li> </ul>	<ul style="list-style-type: none"> <li>• Boosting local economy</li> <li>• Support community development</li> <li>• Local employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase local products and provide sales channels</li> <li>• Organize CSR activities, including blood donation and the Egg for Sustainable Lunch</li> <li>• Initiate projects that support disaster mitigation</li> <li>• Promote local hiring</li> </ul>
 <p><b>Financial institutions</b></p>	<ul style="list-style-type: none"> <li>• Communication channels including telephone and email</li> <li>• Regular meetings</li> <li>• Performance reports: Annual report and Financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Business performance and strategy for the next year</li> <li>• Punctuality in loan payment</li> <li>• Compliance with contract terms and relevant conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Disclose relevant information on the company's performance</li> <li>• Introduce measures to mitigate and manage the exchange rate risk</li> <li>• Strictly comply with creditor's terms and conditions, in adherence to principles of accuracy, transparency, and punctuality</li> <li>• Strictly comply with the contract's terms and conditions</li> </ul>
 <p><b>Government</b></p>	<ul style="list-style-type: none"> <li>• Meeting with government officials</li> <li>• Company visits by public authorities</li> <li>• MOU with public authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and relevant regulations</li> <li>• Disclosure of clear and complete information in a timely manner</li> <li>• Contribution to community, social and environmental development</li> </ul>	<ul style="list-style-type: none"> <li>• Promptly provide clear and complete information on the company's performance, and gain feedbacks for further operational improvement</li> <li>• Monitor and comply with relevant laws</li> <li>• Support projects and activities which benefit to community, society and environment</li> </ul>
 <p><b>Media</b></p>	<ul style="list-style-type: none"> <li>• Communication channels including news on website, press, social media, email, and TV programs</li> <li>• Quarterly company visits by media and press</li> <li>• Press conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Information transparency and accessibility</li> <li>• Organization's view on the economic outlook</li> <li>• Business strategy and operation with economic and social impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Disclose relevant information on the company's performance</li> </ul>
 <p><b>Non-governmental Organisations (NGOs)</b></p>	<ul style="list-style-type: none"> <li>• NGOs meetings</li> <li>• Operational site visits by NGOs</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Human rights along the value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Disclose relevant information on the company's performance through various channels such as meetings, company visits etc.</li> </ul>

# Materiality Assessment

The annual materiality assessment takes into account both internal and external factors with impacts on business operation, COVID-19 pandemic and stakeholder's interests. The assessment was compiled under the GRI Sustainability Reporting Standards (GRI Standard) through the following process:

**Stage 1**  
**Identification of Material Issues for the Organization and Stakeholders**

The Company has determined material issues based on external and internal contexts, which include the 6 Strategic Goals of Makro 4.0, Dow Jones Sustainability Indices (DJSI), Sustainability Accounting Standards Board (SASB), global trends both pre- and post-COVID-19 pandemic and major issues in other industry peers and related sectors.

**Stage 2**  
**Prioritization**

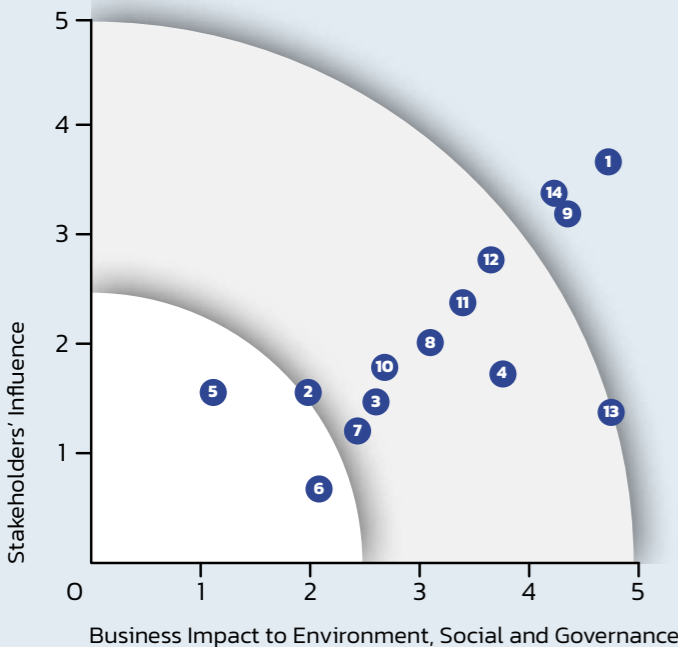
Representatives from the Company executives, heads of the relevant department and 10 stakeholder groups arranged the workshop to assess and prioritize material issues based on business impacts and stakeholder interests.

**Stage 3**  
**Validation**

The result of materiality assessment is submitted to the Group Chief Executive Officer - Siam Makro for consideration and approval. The Company also hired an independent third party to verify the reporting process's accuracy in accordance with the GRI standard and conduct a reliability assessment of selected data.

**Stage 4**  
**Continuous Review and Improvement**

The Company continuously reviews the reporting process and disclosure while working out channels to receive stakeholder's feedback and suggestions for future development and improvement of the organization's approaches towards sustainability.



**Materiality Assessment Result 2020**

1. Food Quality and Safety
2. Health and Nutrition
3. Marketing and Product Labeling
4. Responsible Supply Chain Management and Raw Material Sourcing
5. Climate Change
6. Energy Management
7. Waste and Raw Material Management
8. Community Engagement
9. Customer Prosperity
10. Labour Practice and Human Rights
11. Human Capital Development
12. Occupational Health and Safety
13. Innovation
14. Corporate Governance

# Materiality Boundary

Topic in the Report	Material Issues	GRI Standard	Impact Boundary	
			Internal	External
Food Safety	Food Quality and Safety	103-1, 103-2, 103-3, FP5		
	Health and Nutrition	103-1, 103-2, 103-3, 417-1		
	Marketing and Product Labeling	103-1, 103-2, 103-3, 417-1		
Ethical Sourcing	Responsible Supply Chain Management and Raw Material Sourcing	102-9, 103-1, 103-2, 103-3, 204-1, 308-1, 414-1		
Reducing Environmental Impacts	Climate Change	103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4, 305-5		
	Energy Management	103-1, 103-2, 103-3, 302-1, 302-3, 302-4		
	Waste and Raw Material Management	103-1, 103-2, 103-3, 302-1, 306-1, 306-2		
Locally Beloved	Community Engagement	102-12, 103-1, 103-2, 103-3, 413-1		
Customer Prosperity	Customer Prosperity	103-1, 103-2, 103-3, 203-2		
Employer of Choice	Human Capital Development	103-1, 103-2, 103-3, 404-1, 404-2, 404-3		
	Labour Practice and Human Rights	103-1, 103-2, 103-3, 401-2, 405-1, 412-1		
	Occupational Health and Safety	103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10		
	Innovation	103-1, 103-2, 103-3, 201-1		

## For reference

# Sustainability Performance

"We lead with determination  
in every step of our business to  
create positive changes to society,  
environment and stakeholders."

- Sustainability Foundation
- Food Safety
- Ethical Sourcing
- Reducing Environmental Impacts
- Locally Beloved
- Customer Prosperity
- Employer of Choice



# Sustainability Foundation

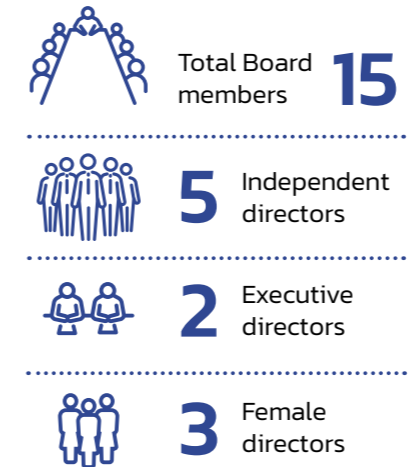
## Opportunities and Challenges

At Makro, ethical, transparent and compliance are the core of our operation. The Company thus places emphasis on good governance, anti-corruption culture and risk management in order to maintain our market competitiveness and potential of business expansion in the long term and also build trust amongst stakeholders.



## Corporate Governance

### 2020 Performance



Makro operates with strict adherence to good governance and business ethics. To do so, the Company publishes the Makro's Corporate Governance and Code of Conduct Manual in Thai, English and Khmer to ensure a thorough understanding across our organization. Employees at all levels are required to sign an acknowledgment and firmly comply with the manual in order to steer the company towards the goal, vision and mission while observing the highest level of business ethics.

In 2020, Makro organized training on relevant laws and legal issues that align with the 15 Principles of Good Corporate Governance for Listed Companies implemented by the Stock Exchange of Thailand (SET) and the Corporate Governance Code (CG Code) developed by the Securities and Exchange Commission (SEC). Apart from our adherence to SET requirements, the Company also collaborated with the Thai Institute of Directors to arrange training for our Board of Directors to enhance their skills and knowledge on good governance. By doing so, the Company aims to improve the company's policy and guidance and encourage our employees to strictly follow the good governance approach.

### Sustainability Development Committee

To drive efficiency and effectiveness of sustainability practices throughout the organization, Makro set up the Sustainability Development Committee in 2017, consisting of the executive and senior directors from all parts of the organization with respect to economic, social and environmental dimensions. The Committee is responsible for setting a target, developing business guidance, vitalizing and ensuring that our business operates in line with the direction and goal.

In 2020, in correspondence with the business expansion, Makro made an adjustment with regards to the Committee member and appointed the sub-committee to drive the company towards sustainability target.

Note: For more information on corporate governance policy, Board of directors and other information related to corporate governance, please refer to the Annual Report 2020 and the company's website ([www.siammakro.co.th](http://www.siammakro.co.th))

## Partnerships to drive sustainable development



Makro has devoted great importance to building cooperation and companionship with business alliances to promote an effective practice towards sustainability. In July 2020, the company announced its commitment to comply with the 10 principles of the United Nations Global Compact (UN Global Compact) on human rights, labour, environment and anti-corruption. Makro also joined 204 global enterprises under the World Business Council on Sustainable Development (WBCSD). Together with the worldwide partners, the company aims to learn and lead toward a sustainable future for business, society and environment.

### Makro's Membership of Associations 2020

1. Global Compact Network
2. The Federation of Thai Industries
3. Thai Retailers Association
4. Thai Institute of Directors
5. Thai Frozen Foods Association
6. Thai Listed Companies Association
7. Thai Management Association
8. Personnel Management Association of Thailand
9. Thai Rice Packers Association
10. Netherlands-Thai Chamber of Commerce
11. Thai Chamber of Commerce
12. Thai-Russian Chamber of Commerce
13. Rangsit Personnel Management





## Anti-Corruption



### Communicating the Anti-corruption Policy

**100%**

of Board members are informed of the Anti-corruption policy

**100%**

of employees are informed of the Anti-corruption policy

**100%**

of suppliers are informed of the Anti-corruption policy through the Suppliers' Code of Conduct



### Anti-corruption Training

**100%**

of executive-level managers completed the Anti-corruption training

**100%**

of new employees completed the Anti-corruption training included in an orientation

**100%**

of operational-level officers completed the Anti-corruption training

At Makro, the Company is against any form of corruption as explicitly stated in our Anti-corruption Policy and No Gift Policy on all occasions. The policy consists of general standards and specific approaches related to political contributions, donations to charity, financial supports and gift-giving or gift-receiving from any person involved in business affairs. The Chairman of the Board of Directors and Chief Executive Officer of Siam Makro Group are responsible for monitoring and overseeing efforts to promote an anti-corruption culture within the organization and reporting progress to the Board. Besides, the Audit Committee which reports directly to the Board, is in charge of supervising and ensuring that Makro's business activities abide by the anti-corruption policy. The Committee works in collaboration with the Internal Audit Department to affirm that an appropriate internal control is in place as the safeguard the business process against corruption.

In 2020, Makro achieved its internal corporate governance goals and earned the highest ranking of "excellent" from the Corporate Governance Report of Thai Listed Companies (CGR). The Company also attained a full score of 100 from the Annual General Meeting Checklist for the 4th consecutive year.

Remark: For more information on anti-corruption, no gift, donation and other policies, please visit the company's website ([www.siammakro.co.th](http://www.siammakro.co.th))

### Whistle-blowing Channel

The Company provides whistle-blowing channels through which any stakeholder can report grievance or evidence of misbehaving conduct, violation of business ethics and corruption.

Any stakeholder is able to report concerns or suspicions of corruption through the available whistle-blowing channels, which include mail, e-mail, telephone and fax. Whistle-blower or informant's identity will be kept confidential and offered indispensable protection by the company.



**By mail to: Chairman/Chairman of the Audit Committee/Chief Executive Officer/ Head of Internal Audit Office**

Siam Makro Public Company Limited.  
1468 Phatthanakan Road, Phatthanakan,  
Suan Luang, Bangkok 10250



**[cgooffice@siammakro.co.th](mailto:cgooffice@siammakro.co.th)**



**Tel: +66 (0) 2067 9300**  
**Fax: +66 (0) 2067 9119**

## Corporate Risk Management

In pursuit of business opportunity amidst the wave of change in the retail and wholesale business landscape, it is vital to be well-prepared for risks in any aspect of transformation. Makro thus set up the Risk Management Committee, which is formed of 13 members from top management and executive directors, to formulate risk management policy and develop a risk assessment framework that meets an international standard. The Committee is appointed to identify potential risks, prioritize materiality to map out monitoring strategy, conduct assessment, develop a plan for corporate risk management and assign the authorized person to monitor risk management according to risk mitigated plan while limiting impacts within an acceptable level.

Reliance on information technology to connect data throughout the organization also increases Makro's exposure to cyber threats and attacks which become more aggravated, increasingly diverse and rapidly evolved with technological advancement. Makro fully acknowledges that cyber threats could undermine business operation and lead to loss of the Company's trustworthiness, so Makro places a high emphasis on cybersecurity and employ a proactive approach to mitigate such cyber risks.

In this regard, Makro has invested in a cybersecurity surveillance system and regularly runs a system test and evaluation to verify that the current equipment can effectively defend against cyber attacks. The Company also does Penetration Testing which evaluates system readiness for cyber threats and emergency backup systems to ensure a timely response to the incident while minimizing damages on data and system.

Furthermore, Makro has commissioned a consultancy firm with accredited experience and expertise in cybersecurity to assess the company's capability and provide advice and recommendation to uplift cybersecurity. The Company continues to keep our employees informed about the new cyber threats along with preventive measures and relevant IT laws via the company's internal communication channels and training.

For protection measures against personal data breaches, Makro has enhanced the operating procedures and internal data system in 2020. This includes working out a strategy, setting up the working committee, conducting analysis and assessment on a data source and revision the Privacy Policy to meet the most up-to-date basis. The Company also provides training to all employees on the impacts of data breaches and encourages them to strictly follow the obligation to ensure that our business work in alignment with the Personal Data Protection Act (the latest version) and relevant regulation.

### Risk Management during COVID-19 Pandemic

In 2020, Makro confronted the global risks from the COVID-19 pandemic, which caused extensive economic impacts worldwide. The outbreaks brought significant changes to regulations, consumer behavior that turns towards an online shopping and decreased purchasing power due to the country lockdown. In response to the pandemic, the Company's headquarter implemented the countermeasures to raise awareness of COVID-19 among employees and customers and also set up the Business Continuity Committee to closely monitor and handle any emergency arising from the spread of COVID-19.

In addition, Makro has increased personal hygiene and protective measures for headquarter and store employees. The additional measures include distributing face masks to every employee, providing other protective equipment such as plastic gloves and hand sanitizers and temperature checks. Furthermore, the Company has prepared responding plans to prevent virus transmission in case our employees or customers are suspected of having COVID-19. The action includes cleaning, decontamination, tracing people timeline and isolating the suspected infection case to prevent virus spread. Up to date, Makro has reported zero infection.

Remark: For more information on Risks Management and Corporate Risks, please refer to the Annual Report 2020

# Food Safety

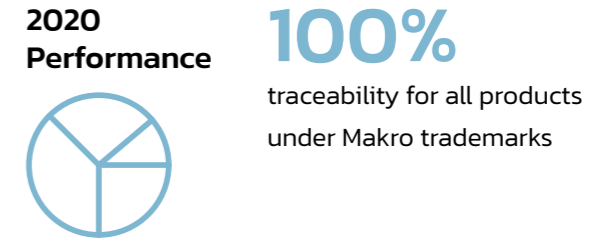
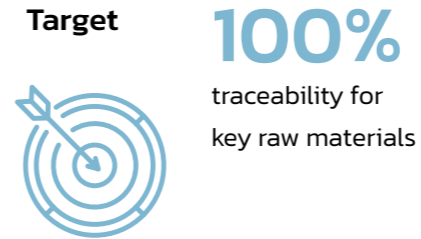
## Opportunities and Challenges



Consumers are becoming more conscious about food safety and nutritional needs that fit their ages. They also are the fast and accessible to information on food origins and raw materials. This is a challenge for Makro, so the Company carries on our Food Safety strategy to serve customer's expectation and turn into business opportunities for both Makro and our suppliers. Makro has been upraised our food quality and safety management across the supply chain to meet international standards. The Company develops a traceability system to improve product sourcing transparency, certifications for standards and nutritional values in pursuit of becoming 'Your Trust Partner' who delivers high-quality and safe products that bring good experiences to our customers through diverse channels.



## Target and Performance



## Product Quality and Safety

As food quality and safety are of the utmost importance, Makro always seeks to improve food safety management systems across the supply chain — from upstream to midstream and downstream. The Company also carries out a product safety assessment by the certified ISO/IEC 17025 external laboratory to ensure that every product available at Makro stores is high-quality, safe and meets regulation as clearly defined in our Food Safety Policy.

### Food Quality and Safety Procedures along the Value Chain



**Upstream**  
 Providing supports to farmers starting from the cultivation



**Midstream**  
 Controlling the standard, quality and safety of Makro stores and distribution centers



**Downstream**  
 Delivering the safe, standardized and traceable products to customers

Our approach to food safety starts at the farm. The Company works hand in hand with farmers, academics, government authorities, private committees and the international certification body to develop the **Makro Initiative Accreditation (MIA)** system — which are a risk assessment and quality assurance tool for our farm suppliers. Its assessment also covers community, social and environmental aspects. The MIA system helps raise farming standards and encourages farmers to grow farm products of good quality and chemical safety. With this assurance system, farmers can access international farming standards, reduce a reduce the duplicatate of certification and strengthen farmer capacity development.

### Food Safety Policy

“Siam Makro Public Company Limited remains ever-committed to thriving on a good performance, investing in human capital, developing quality and safe products, delivering good service to our customer's with social responsibility.”

In 2020, 100% of 200 farmer who supply products under our MQP and Selected Trademark had completed the assessment and were certified good cultivation standards. The Company targets to expand the assessment coverage to other 400 farm suppliers in 2021.



Following the same direction, in the midstream phase, the Company has developed the MIA system for store self-assessment to get each branch prepared for standard certifications, such as 1) Good Manufacturing Practice (GMP), 2) Codex standards of the Food and Agriculture Organization and the World Health Organization, 3) Hazard Analysis and Critical Control Point (HACCP) and 4) Food safety management systems based on ISO 22000:2018 standards.

**Internal, National and International Standard Certifications that Makro embraces to assure product quality and safety throughout the supply chain**



Makro Stores <sup>1</sup>

- ✓ 100% GMP based on legal requirements
- ✓ 100% "Livestock OK" by the Department of Livestock
- ✓ 100% GMP CODEX
- ✓ 100% Product Safety standards established by the Ministry of Agriculture and Cooperatives
- ✓ 100% HACCP
- ✓ 100% Internal Food safety management systems based on ISO 22000:2018 standards (Bakery Production) <sup>2</sup>

Remarks: As of December 31, 2020, the Company has a total of 137 branches in Thailand.

<sup>1</sup> Only 130 of which submitted a request for the GMP, HACCP, Livestock OK and Product Safety standard certification as the other 7 branches solely operate wholesale and retail activities — with no involvement in manufacturing or product modification — and thus are not qualify for standard approval.  
<sup>2</sup> Only 134 branches operate bakery production.



Makro Mahachai Distribution Center, Samut Sakhon province

- ✓ 100% GMP based on legal requirements
- ✓ 100% Product safety standards of the Ministry of Agriculture and Cooperative
- ✓ 100% GMP CODEX
- ✓ 100% Laboratory procedure comply with Department of Medical Sciences
- ✓ 100% HACCP
- ✓ 100% Food safety management systems based on ISO 22000:2018 standards (Bakery Production)
- ✓ 100% Halal Standard (HALAL)



Makro Wang Noi Distribution Center, Ayutthaya province

- ✓ 100% GMP CODEX
- ✓ 100% Laboratory procedure comply with Department of Medical Sciences



"QR Code for Makro i-Trace for products at weighing station"

Lastly, in the downstream phase, in 2019, Makro has developed the "Makro i-Trace" — a technology that enables the customer to trace product sources via QR code displayed on the product label. In 2020, the application has expanded its product coverage to fresh food and bakery, which covers for 100% of products under Makro trademarks such as ARO and MQP. Presently, 11,900 products available for traceability via Makro i-Trace. Apart from Thailand, the company currently broadens the application coverage to Makro fresh food products in Myanmar.



Moreover, in 2020, the Company partnered with Mahidol University to create a nutritional database of more than 10,000 items, both from domestic and international fresh food products, so as to improve the nutritional database and strengthen confidence among professional customers. Makro also aims to raise consumer's awareness and understanding of good nutrition in response to a rising healthy food trend. This database is also available in the Makro i-Trace system and can be accessed via QR Code.

**Supplying Seafood Products from Quality Sources under Fishery Standards**

Makro sources premium quality seafood that meet marine stewardship standards. The Ocean Gems brand from Indoguna lordly company, subsidiaries of Siam Makro Group, that is certified the standard of the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) which are widely recognized by global experts as the best mark of seafood sustainability and responsible aquaculture. Examples of certified products include cooked vannamei prawn, raw hard-shell clam and haddock fillet inter leaf. In 2021, Makro aims to be certificated globally.

**Examples of Projects to Promote Product Quality and Safety across the Supply Chain**

**"Safe Orange Save Thai Smile Project"**

To promote food safety and good agricultural management, Makro has continued the "Safe Orange Save Thai Smile" project for 7 consecutive years, with cooperation from the Ministry of Public Health, the Ministry of Agriculture and Cooperatives and Universities. In this project, the Company introduces the procedure to reduce pesticide residues in oranges and at the same time, build up knowledge among orange growers on food safety management from upstream to midstream and downstream. Under the "Safe Orange Save Thai Smile" project, every lot of oranges available at Makro stores are guaranteed good quality, chemical residues in safe level and also allow the customer to trace back to the farm via QR Code linked to the Makro i-Trace system.

**2020 Performance**

More than **60** farmers participated in the project



### "Pan-Sap to Sap-Pan — Sharing to the Highland Farms" Project

Makro initiates the "Pan-Sap to Sap-Pan" project to foster organic agricultural development across highland farms in Fang district, Chiang Mai province. Through this project, Makro enhances the supply chain management framework for organic farm products and put them into our Makro i-Trace system, allowing product traceability so that customers shall be confident in product safety and quality standard, which will help further demand for organic agricultural products.



#### 2020 Performance

Additional <b>50</b> households received the Organic Agriculture Certification	Reduced chemical cost by <b>4,000</b> baht per rai (1 rai = 1,600 square meters)	<b>15–20%</b> increase in product value after transitioning to organic farming	A <b>12,000</b> baht rises average incomes per household per year
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### "For Better Life of Hill Tribe Farmers" Project (Receive CP for Sustainability Award 2020)

Makro has actively created jobs, supported incomes and provided training to hill tribe farmers in the 4 northern provinces of Thailand, namely Mae Hong Son, Chiang Rai, Chiang Mai and Tak — as objective to uplift their quality of lives and well-being. The Company helps the farmers adopt the Makro i-Trace system and carry out an assessment to assure that farm crops they grow — such as cabbage and Chinese cabbage, etc. — are fresh, chemical safety and certified under Good Agriculture Practices (GAP).



#### 2020 Performance

<b>9,000</b> tons or <b>162</b> million baht of gross farm product sales	Hill tribe farmers reported a <b>two</b> -times increase in their income	More than <b>1,000</b> hill tribe farmers participated in the project
--------------------------------------------------------------------------	--------------------------------------------------------------------------	-----------------------------------------------------------------------

### "TISI Shop" Project

Makro has joined the "TISI Shop" since 2016. The project — initiated by the Thai Industrial Standards Institute (TISI) — aims to improve the safety and standards of household products under TISI supervision.

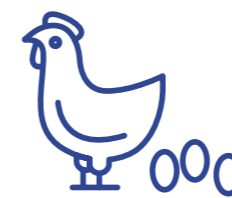


#### 2020 Performance

**101** Makro stores received the TISI Shop Certification in recognition for offering more than **1,300** items comply with TISI standard.



## Animal Welfare



Makro emphasizes on the commitment to animal welfare standards. To do so, the Company stands to support cage-free eggs — from hens reared naturally, while securing the best benefits to customers and competitiveness of farmers, suppliers and entrepreneurs. To raise the animal welfare standards in line with international practices, the Company works closely with egg farms, suppliers and government authorities on endorsing the "Five Freedoms" — an internationally recognized standard of animal care. The Five Freedoms affirms that the animals are freedom from hunger and thirst, from discomfort, from pain or disease, from fear and distress and freedom to express their normal behavior. Furthermore, the Company targets to offer free-range eggs as alternatives for our customers at every store within 2025.

At Makro, the Company enhances animal welfare while ensuring a minimum impact on farmers, customers and entrepreneurs. The Company wants to make sure that everyone can access food products at affordable prices and that our egg farms can obtain good knowledge and well-being on their path towards sustainable growth.

## Health and Nutrition

Good nutrition is the vital basis to improve customer's well-being. With this objective, the Company continues to search for quality products with nutritional value and promote knowledge-sharing and understanding among the public on good nutrition concept.

### Criteria for Healthier Products

- Consumable products that have been certified Healthier Choice Logo by the Institute of Nutrition, Mahidol University
- Food that has been infused, reduced or removed of nutrients per the law or approved standard such as the Notification of the Ministry of Public Health
- Vegetables, fresh fruits or food that has beneficial nutrients, natural or less processing
- Food that provides complete nutrition and sufficient energy in one meal
- Functional Food or Food Supplement per the notification of the Ministry of Public Health (no. 238) B.E.2544 and the Notification of the Ministry of Public Health (no. 293) B.E.2548

### Products under Makro's Own Brand

As modern consumers are now becoming more health-conscious, the Company strives to offer a wider selection of health and wellbeing products. In 2020, the Company launched our Own Brand products with the label "Healthier Choice" in the drinking category, such as fruit juice and plan to expand choices for healthy products in other categories as well.



Products certified "Healthier choice" label in the drinking category

### Thailand Quantity Mark

Makro always places importance on product labeling to provide customers a reliable, accurate and sufficient information for their decision-making. Since 2016, Makro has worked with the Central Bureau of Weights and Measures, Department of Internal Trade, Ministry of Commerce to develop the "Thailand Quantity Mark products," which guarantees customers actually receive net weight product.



Products certified "Thailand Quantity Mark" From Ministry of Commerce

Makro is the first private organization and the only wholesaler receiving the Thailand Quantity Mark. Compared to 2019, more than 364 products under Makro's Own Brand acquired the quantity mark in 2020. Our target is to raise the number of product lists with a quantity mark to 500 within 2021.

# Ethical Sourcing

## Opportunities and Challenges



In 2020, the COVID-19 outbreak was a big challenge to Makro’s supply chain management in terms of product quality, safety and sufficient inventory to serve customer demand. Nonetheless, with our commitment to Sustainable Sourcing Policy and strict compliance with supply chain transparency guidance, the Company is able to continue our business and ride out the pandemic. Makro has devoted great importance to supply chain risk management, creating shared value with producer, provider, supplier and business partner, while observing both positive and negative environmental impacts from our business operation.



## Target and Performance

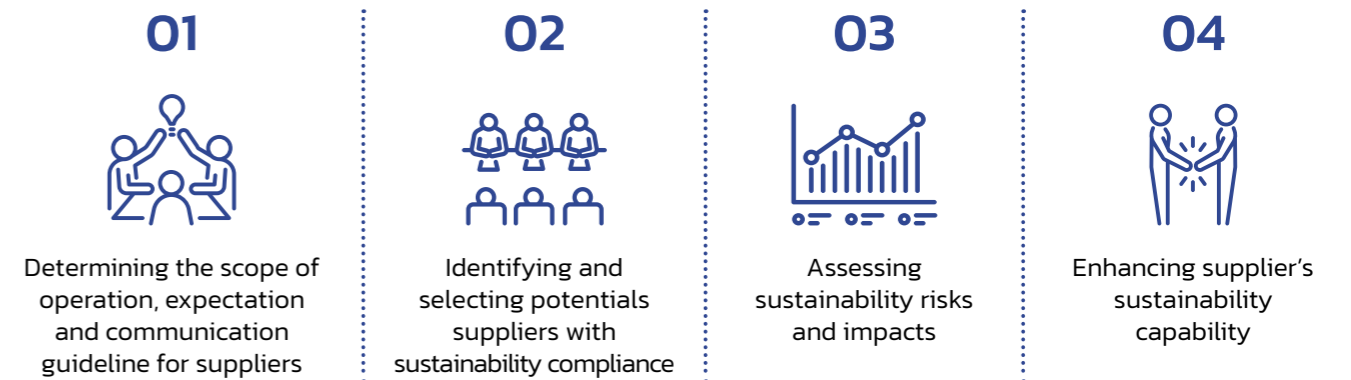
**Target**  
 **100%**  
 of suppliers have received communication on the Supplier Code of Conduct and sustainability issues

**2020 Performance**  
 **100%**  
 of suppliers received communication on the Supplier Code of Conduct and sustainability issues

## Responsible Supply Chain Management and Product Sourcing

To ensure that every business operation — from upstream to downstream — of Makro, suppliers and business partners is balanced with regard to social, economic and environmental dimensions, the Company has put a priority on every stage of the supply chain management in order to mitigate sustainability risks and drive a mutual growth with our suppliers.

### Sustainable Supply Chain Management Approach



### Supplier Code of Conduct

Transparency and efficient supply chain management could mitigate the risks of business disruption. Therefore, Makro has established the policy and code of conduct for our suppliers, providing guidance to operate a business with sustainability principles in place.



#### Supplier Code of Conduct

consists of 7 sustainability aspects:

- 1) Business Ethics
- 2) Food Safety and Quality
- 3) Traceability
- 4) Efficiency Improvement and Business Innovation
- 5) Economic, Social and Environmental Risk Management
- 6) Labor Practice
- 7) Health, Safety and Environment.

The Company has operated and communicated the Supplier Code of Conduct to 100% of our suppliers and also published the manual for downloading from our website. In 2020, 45.53% of suppliers had studied and signed an acknowledgment of the Supplier Code of Conduct manual.

In addition, Makro arranged business Code of Conduct for fresh food suppliers — accounting for 35.64% of the Critical Tier 1 suppliers, to emphasize our commitment to operate the business based on fair, transparent and traceable practices.

### Integrating Sustainability into Business Operation Across the Supply Chain

Makro embraces sustainability in every step of business operation. In identifying and selecting the potential suppliers, the Company creates a Pre-Audit Questionnaire to evaluate the performance and legal compliance of potential suppliers who's seeking business opportunity with Makro. The questionnaire covers production capability, product delivery, environmental practice, labour practice policy, sustainable procurement approach and international standard certification — such as HACCP, GMP, etc.

With regard to sustainability risk and impact assessment, Makro classifies suppliers as the Critical Tier 1 supplier based on purchasing volume. Every Critical Tier 1 supplier is then required to conduct an online self-assessment on social, environmental and corporate governance risks (Online ESG Supplier Risk Assessment). By doing so, the Company can ensure that our business partners operate in strict accordance with various policies and guidelines. In 2020, Makro updated our supplier database to remove duplicate data and in the same year, 53.09% of Critical Tier 1 Supplier completed the assessment on sustainability risks and impacts.

### Enhancing Supplier's Sustainable Capability

Makro places importance on holistic social-based development that integrates the collaboration, knowledge and skill-sharing to uplift well-being and foster sustainable mutual growth with our suppliers.

### Examples of Projects to Enhance Supplier's Sustainability Capability



#### "Sustainable Organic Fish Farming" Project

The Company initiated the "Sustainable Organic Fish Farming (aqua-culture)" project to encourage fish farmers to rear catfish and Nile tilapia in closed systems where quality and input factors can be controlled efficiently and all processes are traceable.



#### 2020 Performance

Enhanced quality of life for over **20** farmers



#### "Smart Farm Development — Strengthen Thai Farmers towards Sustainability" Project

Under the "Smart Farm Development" project, Makro embraces technology to enhance agricultural production while allowing farmers to learn, evaluate and assess quality controlling by themselves. Makro aims to foster improvement among our suppliers, farmers and small farm businesses.

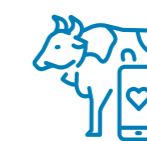
#### 2020 Performance

More than **200** farmer's family were employed and reported a **90%** rise in their income after joining the project

**50%** increase in numbers of farmers who passed the assessment

Farmers reported an average income rise of **3,240,000** baht per individual per year, from direct sales to buyers

Reduce farmer's training expense by **11,200** bath per individual



#### "Enhancing Production and Marketing Capability of Dairy Buffalo Farms" project

The Thailand Research Fund (TRF) has provided research funding for Siam Makro, Panyapiwat Institute of Management and our suppliers to improve the Murrah buffalo milk production process to ensure that every step — from Murrah buffalo breeding to dairy product processing — meets a good standard. The project strives to help Murrah buffalo farmers increase their sales, reach the break-even point and thus gain profits within a short period. Our target is to create jobs, foster employment, booster income and sustainability among dairy Murrah buffalo farmers in Chachoengsao province, while delivering good quality and safe products to our customers.

#### 2020 Performance

More than **10** dairy Murrah buffalo farmers participated in the project

The project was granted the **Bronze Award** from Research Expo 2020, hosted by the National Research Council of Thailand and the Ministry of Higher Education, Science, Research and Innovation.



**Outstanding awards in 2020**

**"Dear Consumers" Campaign**

Under the Dear Consumers campaign, the non-profit organization Oxfam Thailand examined and evaluated 8 supermarkets in Thailand on environmental responsibility and consumer welfare policies. The scorecard is based on supermarkets' policies available for public access, such as information on websites and annual reports. In 2020, Makro ranked first in Responsibility to Consumer and was among the top score group.

### 2020 Dear Consumers Scorecard

SUPER MARKET	TOTAL SCORES	Consumers	Environment Partner	Environment Retail
	3	-	0.33	3
	9	5	1	3
	9	4	-	5
	9	3	1	5
	2	-	-	2
	-	-	-	-
<b>Average</b>	<b>4.04</b>	<b>1.50</b>	<b>4.04</b>	<b>4.04</b>



**Canned Tuna Ranking by the Greenpeace**

Greenpeace — the independent environmental campaigning organization — has published the Canned Tuna Ranking, which rates canned tuna products in Southeast Asia based on 7 criteria over sustainable environmental and labour policies. In 2020, the canned tuna under Makro's brand "ARO" ranked first among retail players, second in Thailand and fifth among Southeast Asian countries. In the latest ranking, our score improved by 26.2% over the previous assessment, reflecting Makro's determination to find sustainable sources of raw materials with our suppliers. Makro also introduced the i-Trace system, which allows the customer to trace product sources.

**7 Assessment Criteria**



- 1 Sustainable raw material source
- 2 Legal compliance
- 3 Raw material sourcing policy
- 4 Traceability
- 5 Driving change
- 6 Transparency and information disclosure to the consumer
- 7 Fairness



To enhance conserving the natural resource protection and the environment. Makro has selected the specific tuna species Skipjack caught by safety-certified trawlers and nets, which cause no harm to dolphins. Also, Skipjacks are caught in their natural habitat in the Western and Central Pacific Oceans.

**"For the planet, for us and for sustainable resources"**



**Sustainable Packaging**

Makro recognizes the importance of sustainable packaging throughout our supply chain in response to stakeholders' concerns and our policies and approaches towards sustainability which also cover social and environmental dimensions. In 2020, the Company has reduced the amount of foam distribution and encouraged green packaging alternatives. By far, the Company has stopped the sale of foam at 52 Makro stores and committed to stop foam distribution at every store across the country within 2022.

Furthermore, as consumers are taking more concern in hygiene due to the COVID-19 pandemic, the demand for the single-use package has been on the rise. Therefore, Makro thrives on supplying and promoting food packages made from organic material such as paper, bagasse and bioplastics from corn starch.



**Breathable Plastic Bags**

In collaboration with our suppliers, Makro developed the new packaging bag, which reduce polyethylene resin in production. The new bag is produced under an eco-friendly manufacturing process and is able to fewer food waste by extend the shelf-life of vegetables and fruits for 1-2 days.



**"Say Hi to Bio Say No to Foam" Project**

To reduce foam utilization and provide greener package alternatives, Makro targets to stop selling foam at every store nationwide within 2022. Furthermore, the Company has organized various knowledge-sharing activities for customers and training for employees to raise awareness of the negative impacts of foam usage and promote understanding of suitable food packaging materials.



**2020 Performance**

Stopped foam selling at **52** Makro stores nationwide

Reduced foam utilization by **32.78** million pieces from 2019

# Reducing Environmental Impact

## Opportunities and Challenges

Crisis of natural resources and the environment have become increasingly intense and frequent. Makro focuses on balancing both business growth and environmental protection. The Company strives to maximize the benefit of natural resources while improving operational efficiency to minimize environmental impacts from our operations.



## Target and Performance

**Target**  
 Reduce Greenhouse Gas (GHG) Emissions intensity (Scope 1 and 2) by **10%** in 2020, compared to the baseline year 2015



**2020 Performance**  
 Reduced GHG emissions intensity (Scope 1 and 2) by **19.55%** in 2020, compared to the baseline year 2015 and by **14%** in 2020, compared to the baseline year 2019



Reduce water intensity by **10%** in 2020, compared to the baseline year 2015

Increased water intensity by **8.33%** in 2020, compared to the baseline year 2015 but reduced by **1.69%** in 2020, compared to the baseline year 2019

## Climate Change and Energy Management

Perceiving severe impacts from climate change and rising global temperature, we have done our best to help stabilize the global climate while operating our business with environmental responsibility. The company establishes a holistic approach to cut both direct and indirect GHG emissions, encourage renewable energy usage and promote waste reduction within our organization.

### Climate Change and Energy Management Approach



**Energy Efficiency**  
 Improving energy efficiency in our operational areas



**Renewable Energy**  
 Increasing the proportion of renewable energy use in our operational areas

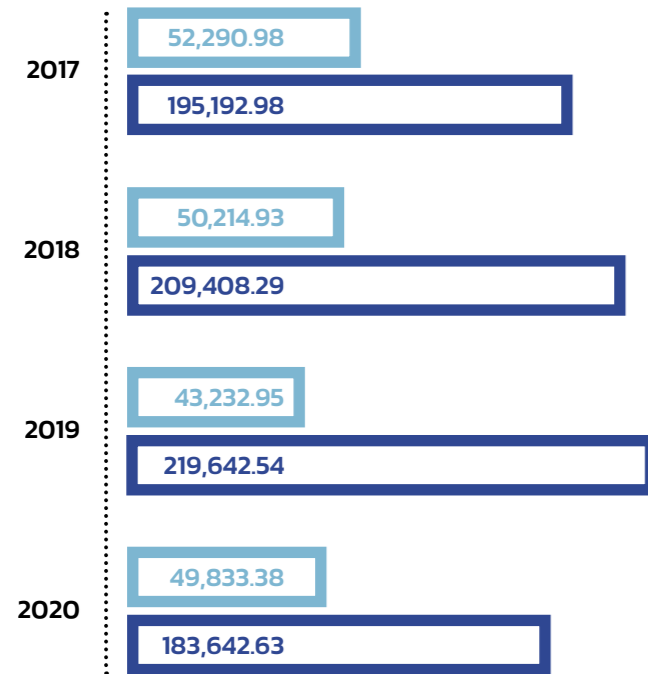


**Carbon Removal**  
 Encouraging perennial tree planting in the our operational areas and un-used land



### Direct and Indirect Greenhouse Gas Emissions

(Unit: ton of carbon dioxide equivalent)

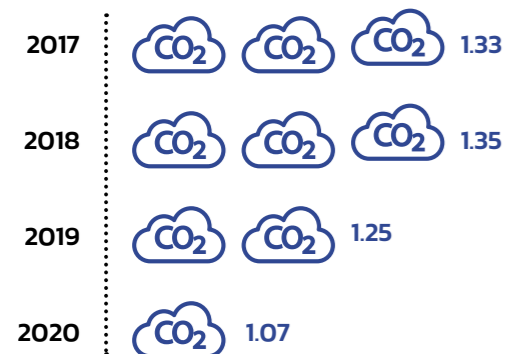


- Direct (Scope 1) GHG Emissions
- Energy Indirect (Scope 2) GHG Emissions

Remarks: • Scope 1: Direct GHG emissions  
• Scope 2: Indirect GHG emissions from energy consumption

### Greenhouse Gas Emissions Intensity

(Unit: ton of carbon dioxide equivalent per million baht)

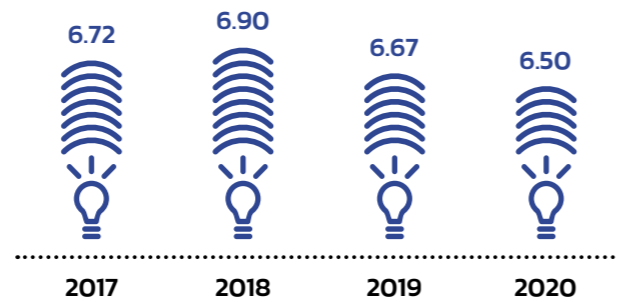


### Improving Energy Efficiency

The Company announced the Energy Policy as a framework and endorsed the ISO 50001 Energy Management Systems into our organizational practices. In 2020, Makro Head Office and other four Makro stores which are Nakhon In Nakhon Nayok, Klong Luang and Salaya have certified by ISO 50001:2018 standard.

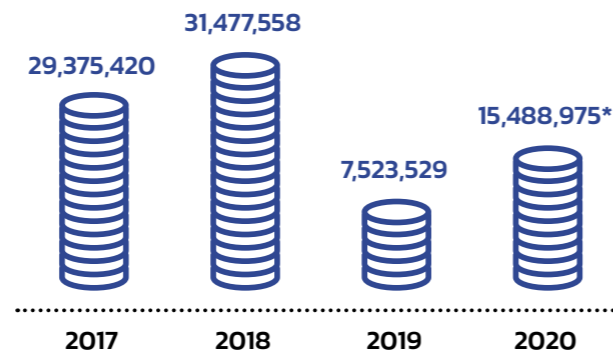
#### Energy Intensity

(megawatt hour per million baht)



#### Cost Savings from the Energy Efficiency Improvement project

(baht)



Remark: Savings in 2020 were a result from increasing of solar panel installation.

In 2020, Makro successfully implemented the Remote-controlled Engineering Service System for Building, which connects refrigeration, lighting and air-conditioning under a centralized system, thus enabling partial control of an air-conditioning system, indoor and outdoor lighting and refrigeration system through mobile devices.

Besides, the Company developed the "SMART Facility Management Platform" to improve preventive engineering and maintenance while ensuring that all tools and equipment work at their optimum capacity with efficient energy use.

### Examples of Climate Change and Energy Management Projects

#### "Solar Rooftop Installation" Project (Phase 1)



The Thailand Greenhouse Gas Management Organization (TGO) certified that the solar rooftop installed at Makro stores (Phase 1) is applicable for carbon offsets of 4,351 ton of carbon dioxide equivalent — based on the creditable period from January 1 to May 31, 2020.

#### "Sustainable Energy and Environment Management Pilot Model"

Makro participated in the Sustainable Energy and Environment Management event which organized by the Provincial Electricity Authority to encourage organizations nationwide to reduce energy cost and environmental impacts while holding onto the sustainable development target. The Company presented our successful pilot establishments — following the PEA Global Sustainable Energy and Environment (PEA-GSEE) standards — to the expert judges' panel in October 2020.



#### 2020 Performance

Makro store at Salaya branch was awarded the Platinum level for excellent sustainable energy and environment management.

### Promoting Renewable Energy

Energy consumption is likely to increase as Makro continue to expand our business operation nationwide. Therefore, the Company came up with the Solar Rooftop Installation project in 2019 as a part of renewable energy initiatives for the environment. In 2020, the Company installed solar rooftops at 52 Makro stores across Thailand, with a capacity to generate 17,659 megawatt hour of electricity from 26 stores, which enable the Company to reduce electricity cost by over 15.45 million baht per year.

Furthermore, the Company installed 144 Solar Cell Heaters at Mahachai distribution center, Samut Sakhon province, to produce hot water for cleaning store shopping baskets. In 2020, the solar cell heater was able to generate 79.06 megawatt hour of electricity.



#### Growing Perennial Trees



Presently, Makro has grown over **5,700** trees around our buildings to promote ecosystem and biodiversity preservation.



## Water Resources Management

Makro places a high value on water resources along the water life cycle. The Company, therefore, implements water management approaches starting from risks assessment in the water-stress areas, raising awareness among people both internal and external our organization and introducing efficient water discharge management. Water recycling is mainly for floor cleaning and watering plants within the store areas.

### Water Resources Management Approach



To develop an efficient water resources management, Makro conducted a water risk assessment using the Aqueduct Water Risk Atlas — created by the World Resources Institute (WRI). The Company found that 8.43% of water utilization at Makro stores contributed from the stores located in water stress areas. For that reason, the Company has established the water resource management frameworks, which include key steps to improve the efficiency of water consumption, work closely with local authorities to monitor and assess water risk and expand the database on water utilization, especially those of the stores located within areas at risk of water scarcity or flooding, in an attempt to prevent and respond against water risks.

To raise environmental awareness among every group of stakeholders, Makro consistently communicates to our employees on our water management and also to our customers to promote the water conservation through labels inside Makro stores.

For wastewater management, the Company installed a wastewater treatment system at every store nationwide\* and water discharge recycling system at 72 Makro stores — or 52.55% of total branches. The latter enables the reuse of water discharge for watering plants within store areas and supports the goal of zero wastewater discharge.

Remark: total Makro stores was 137 as December 31, 2020

### Examples of Water Resources Management Projects

#### "Save Water, Save Future - Water Conservation Project"

Makro started off the "Save Water, Save Future" project in 2018 to reduce water consumption and improve wastewater treatment systems according to the quality standard and regulation before discharged to the public waterway.

Besides, the Company installed an automatic watering system that reuses wastewater after treatment at Makro stores, which helps lower water supply consumption.

#### 2020 Performance

**72** Makro stores endorsed the project

Was able to reduce water supply consumption by **93,960 – 104,000** cubic meters per year

#### "Ground Water Bank" Project

Acknowledging the water scarcity and its impact, the Company has adopted King Rama IX's royal initiation — the "Ground Water Bank" — into our water management at Makro Yasothon store. The project aims to reduce wastewater discharge, encourage a completed water recycling and expand green area which serve as resting area for employees and customers. The Company also plans to develop the Yasothon branch into a pilot model and become communities' learning center for Groundwater Bank.



#### 2020 Performance

Reduced water consumption at Makro Yasothon branch by **1,846** cubic meters — or **0.3%** of total water consumption in 2019

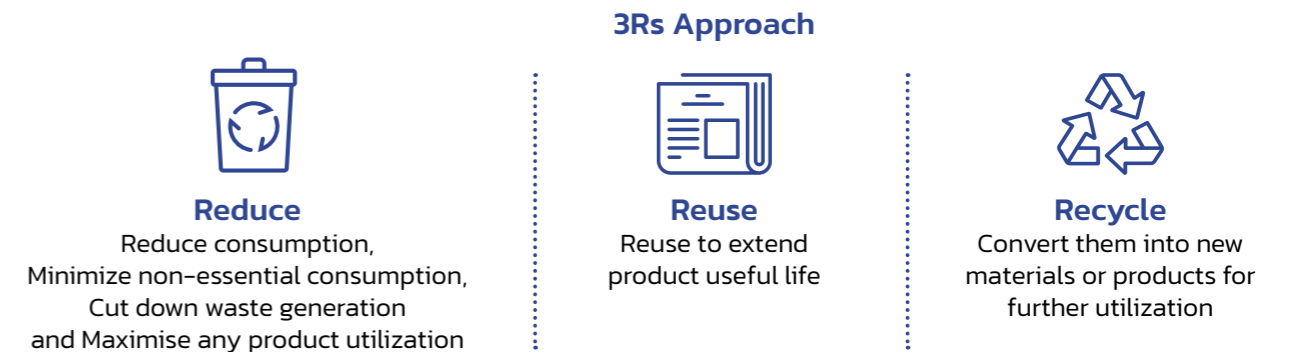
Saved cost by more than **60,000** baht

Certified as **"Gold level"** of waste water management from government

## Waste and Unused Material Management

To maximize waste utilization, the company embraces the Circular Economy concept into our waste management procedures, under the 3Rs approaches as follows:

### Waste and Unused Material Management Approaches



To prevent material and product spoilage, Makro compiles historical data of 20 products with the largest spoilage amount and conducts a root cause analysis. The Company then arranges training for store employees on product knowledge and product management and get the take feedbacks and obstruction they face at work. In 2020, there were 40,258 tonnes of recycled materials from paper and foam.

The Company embraces digital technology to improve efficiency in **reducing material and product spoilage** plus shorten the documentation process. In 2020, the Company developed the "E-ordering" application to estimate ingredient demand volume. The application helps us better our order accuracy, reduce document amount and shorten processing time to 8 minutes. Makro also upgraded the "Shrinkage Management System" to organize database of waste from ingredient and products.

### Examples of Waste and Unused Material Management Projects

#### "Food Waste Reduction" Project

The Company aims to minimize food waste and transform into an "Effectiveness Microorganism" (EM). The EM solution — made from leftover oranges and pineapples — is used to remove bad odors and clean grease clog in draining pipes at Makro stores.

#### 2020 Performance

Over **53.39** tons of food waste was converted into EM bio extract



# Locally Beloved

## Opportunities and Challenges



One foundation of sustainable development comes from a strong community. Then Makro has heightened emphasis on creating mutual value between our business and society, whether by promoting knowledge sharing and participation of the organization and communities at both local and national levels, as well as integrating our know-how to strengthen the society and communities where we operate.

Throughout the year 2020, Makro worked to meet community and society's expectations on hygiene and safety during COVID-19 epidemic at Makro stores, provide solace for local farmers affected by stalling exports and maintain our position as the number one food solution provider. These are the most significant challenges that Makro needs a fast response in the face of the COVID-19 epidemic. Makro sees these challenges as a good opportunity to bring out our full potentials to fulfill such expectations in an effective and efficient manner and therefore earn higher trust from our customers and communities.



## Target and Performance

**Target** Create positive impacts on the community in which we operate





**2020 Performance** More than **596** farmers, small business owners, and vulnerable groups were able to obtain job and income supports



## Quality of Life and Community Development

### "Social Responsibility Projects during Covid-19 crisis"

-  SDG Target 3.8 Improve access to healthcare service
-  SDG Target 2.3 Improve people's access to food

Despite a severe COVID-19 pandemic, many Thai people could not obtain a face mask, which is necessary to prevent virus spread, due to a soaring price and supply shortage. Makro thus cooperated with the Ministry of Commerce to **allocate face masks at fair prices countrywide** and worked to supply sufficient food material for customers amid lockdown panic buying. The Company also donated medical materials and essential protective equipment such as foam cooler boxes, water sprayer, alcohol gel, alcohol and cleaning solution disinfectant, etc. to more than 80 hospitals all over Thailand.




In the meantime, Makro has supplied over 1.4 tons of quality ingredient through the **"CHEFHUG Lunchbox for All Project"** to cook lunchbox and deliver them to Bangkok communities that affected by the COVID-19 pandemic. All lunchboxes were made by more than 200 professional chefs and alliances, packed in 40,000 eco-friendly packages and delivered by taxis to 50 communities in Bangkok.

The living expense and costs have been rising over the COVID-19 pandemic, becoming big challenges to consumers and business owners. Acknowledging such pain, the Company joined forces with the Department of Internal Trade to promote a **Fair Price for Pork** in order to ease impacts from rising pork prices on consumers and entrepreneurs. Makro encourages retailers to sell pork at fair prices similar to the normal situation and comply with every food safety standard while enforcing a strict hygiene control at every branch to assure our customers that all pork available at Makro store is clean and safe.

Furthermore, from mid-April to May 2020, Makro offered free space in front of 64 Makro stores nationwide for small food retailers to set up their booths and earn revenue to offset income loss as dining-in service at the restaurant was prohibited during the lockdown. Food retailers were allowed to sell lunch boxes and provide delivery service under a social distancing policy and strictly follow safety guidelines. The Company also guided food delivery concept an advertised more than 2,000 restaurants through our online communication channels.


## Local Farmers and Products Supporting


**2** ZERO HUNGER  
 **SDG Target 2.3**  
 Improve revenue for local farmers

Due to a country lockdown during COVID-19 outbreaks, local farmers countrywide were unable to export their harvests to foreign markets. Makro thus agreed to purchase crops from local farmers, distribute products, promote sales and support a value addition to agricultural products, so as to lighten the impacts on farmers and continue to drive the local economy.

Farm products	Supporting Approaches
<p>Seasonal fruits: such as rambutan, mangosteen, durian, longkong and zalacca</p> 	<ul style="list-style-type: none"> <li>• Purchased <b>4,000</b> tons of quality fruits from community enterprises</li> <li>• Organized the "Eastern Seasonal Fruits" event at Makro stores nationwide</li> </ul>
<p>Taro</p> 	<ul style="list-style-type: none"> <li>• Purchased <b>270</b> tons of taro from farmers in Ban Moh district, Saraburi province</li> <li>• Collaborated with food manufacturers to find opportunity of taro product processing</li> </ul>
<p>Sea bass</p> 	<ul style="list-style-type: none"> <li>• Increased the sea bass purchase more than <b>1,600</b> tons from local fisherman whom impacted by COVID-19 pandemic</li> <li>• Increased variety sizing of sea bass products</li> <li>• Organized the marketing campaign "New Sea Bass Menu for Restaurant"</li> </ul>
<p>Shrimp</p> 	<ul style="list-style-type: none"> <li>• Worked with the Ministry of Commerce and the Ministry of Agriculture and Cooperatives to increase the shrimp purchase from local fisherman in Ratchaburi by <b>200</b> tons per week</li> </ul>

## "Longan of Choice Give Back Joy to Locality" Project (Receive CP for Sustainability Award 2020)

**2** ZERO HUNGER  
 **SDG Target 2.3**  
 Improve revenue for local farmers

**3** GOOD HEALTH AND WELL-BEING  
 **SDG Target 3.8**  
 Improve access to healthcare services


The project "Longan of Choice Give Back Joy to Locality" seeks to strengthen the income of longan growers as well as improve farm product safety and quality to meet the standard and return benefit from sales to the community. In every purchasing one-kilogram Longan, Makro also donates 1 baht to the fund, which will later provide necessities and medical equipment to the older people in community who required medical supporting. Every year, the Company agreed to purchase a large amount of Longan — the local fruits — thus helping raise income for local farmers and cooperative groups in the North, particularly Chiangmai and Lampon provinces.



Top up the income of more than **100** longan-grower households in Lampon and Chiangmai provinces, raising their annual income by **367,200** baht per household on average

**355,305** baht donated to supply medical equipment for the elderly and the disadvantaged in Lampon and Chiangmai provinces locality

## Local Hiring

**8** DECENT WORK AND ECONOMIC GROWTH  
 **SDG Target 8.5**  
 Broaden employment opportunity

The economic impact from the COVID-19 pandemic have resulted in higher unemployment and rapid growth of, consequently, customer demand for delivery service with improved convenient Makro notice the opportunity for creating jobs and responding to customer demand. Makro started recruiting the unemployed who live nearby Makro stores to join our delivery staff team that encourages local hiring and expand the company's delivery service.

Hiring **2,500** workers during the COVID-19 pandemic.



## Creating Shared Values between Business and Society

### "Back to Community with New Chance of Life" Project

**4** QUALITY EDUCATION  
SDG Target 4.4  
Enhance relevant skills for both young and adults

**8** DECENT WORK AND ECONOMIC GROWTH  
SDG Target 8.5  
Broaden employment opportunity Full and productive employment



In collaboration with the Department of Corrections, the Company has organized a vocational training program for inmates who are close to releasing. The training is run by Makro volunteer staffs, providing basic knowledge on food safety standard and how to cook popular street food menus such as Pad Thai with prawn, Pizza, Grilled pork with sticky rice and beverages, which affordable for initial investment. The program is designed to teach practical skills the among inmates that useful career opportunity after prison and avoid recidivism.

The training program has conducted in **5** prisons: Khao Kling Prison Camp (Phetchaburi province), Kae Noi Prison Camp (Phetchabun province), Lom Sak Prison (Phetchabun province), Phetchabun Provincial Prison and Nonthaburi Provincial Prison

**361** inmates participated in the training program

**100%** of inmates taking the program had reported no recidivism after prison (Information until 31 December 2020)

### "Blood Donation, The Great Giving" Project

**3** GOOD HEALTH AND WELL-BEING  
SDG Target 3.8  
Improve access to healthcare services

The Company has signed the MOU with the Thai Red Cross and turned more than 100 Makro stores nationwide into the local blood donation centers, facilitating the community's donation process and accommodating the generous donors in donating blood to save lives which the annual target is 3 million C.C.

**4,213,200** C.C. of total blood donation



### "Egg for Sustainable Lunch and Young Sho Huay" Project

**2** ZERO HUNGER  
SDG Target 2.2  
Address the issue of malnutrition and promote healthy nutrition for students and children

**4** QUALITY EDUCATION  
SDG Target 4.4  
Enhance relevant skills for both youth and adults



Subsequently "Run For Fund" charity project to celebrate Makro's 30<sup>th</sup> anniversary in 2019. This Egg for Sustainable Lunch project aims to promote sustainable nutrition among students and children in rural areas. In 2020, the Company also extended the initiative into the "Young Sho Huay Program," which seeks to provide knowledge on 8 steps to run a retail store for students to understand manage cooperative shops management at their schools and being future career skills.

**30** schools received egg breed chicken and coops

**1,025** students trained on retail store business concept

#### Our supports to society

  
Charitable Donations  
**2.49** million baht

  
Product or Service Donations  
**3.25** million baht

  
Expenses on Employee involvement in CSR activities  
**1.94** million baht

  
Number of hour Employees spent on CSR activities  
**23** million hours



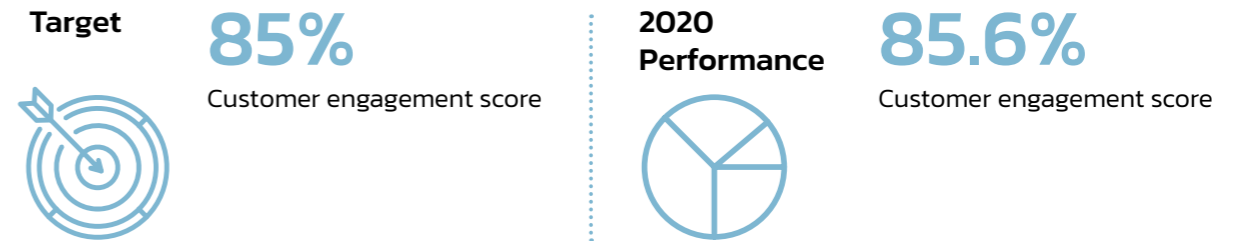
# Customer Prosperity

## Opportunities and Challenges

As a part of our vision to be the “Trusted Partner” committed to “Enhancing People’s Lives,” Makro strives for our customer business growth under any economic circumstance. The Company thus organizes various activities and projects to help our professional customers overcome their obstacles, foster business success and enable to thrive their business during the economic changes, crisis and new normal.



## Target and Performance



Makro strives to enhance customer value through their journey by improving our online and offline stores in response to the new normal era transformation to provide a distinctive customer experience with Makro service. At present, Makro stores can be parted into 6 formats: Classic, Eco Plus, Foodservice, Food Shop, Fresh@Makro and Siam Frozen — covering more than 3 million customers.

### Makro Customer



### Sale and Service channel Department

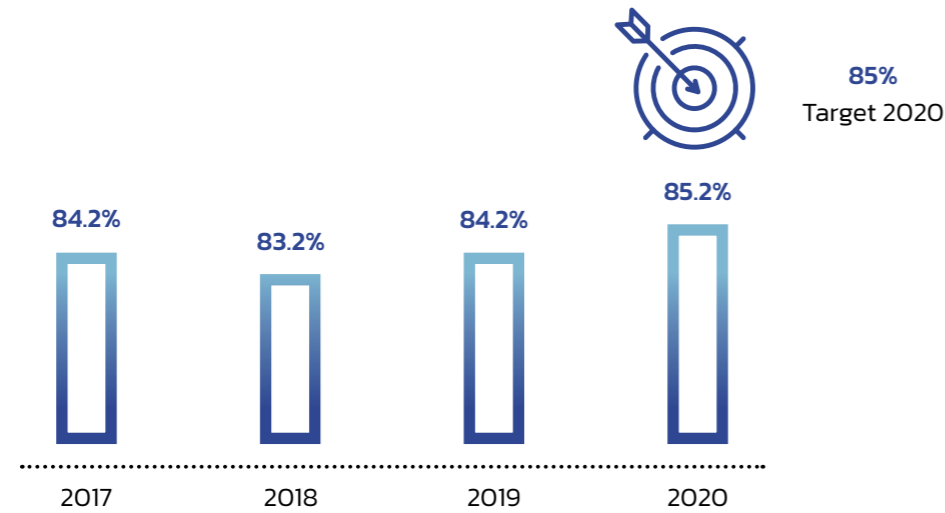
To deliver superior and convenient shopping experience to customer, Makro introduced the Offline to Online Ecosystem (O2O), which offers a seamless omni-channel experience from product selection to payment and delivery.

With the O2O ecosystem, our customers can order Makro products anytime from anywhere, including direct offline purchase at Makro stores, an online purchase via platforms — such as makro.com and Makro Application, or purchase through our sales representatives. The payment can be made through various channels such as cash, credit card and E-wallet. As for delivery, customers are able to choose delivery services from Last-mile Delivery, Speed M Express Delivery, Curbside Pick-up, etc.

**Customer Satisfaction**



The Company conducts the Customer Satisfaction Survey through customer visit or telephone interview on their satisfaction with our services. In 2020, 85.6% of the total survey respondents were satisfied with Makro services. The figure showed an improvement from 2019 and achieved the company's target at 85% in 2020.



**Customer Feedbacks**

Because every customer voices matter, Makro always places a priority on responding to feedbacks, suggestions and grievances. The Company collects customer feedbacks through multiple communication channels, then compiles, analyzes and uses them as input to further improve our business operation.

**Multiple Communication Channels for feedbacks, suggestions and grievances**



**Makro stores**



**Call Center**  
Tel: +66 (0) 2335 5300



**Online channels**  
such as Makro Mail, Makro LINE Official, Facebook etc.



**Visit and interview the customer**

**New Normal, Makro Store — fight against COVID-19 at full scale**

Makro highly focus on customer safety, particularly amid the COVID-19 pandemic. Thus, the Company initiated the "New Normal Social Distancing Model for Retail Business," introducing the new practice for retail stores during the COVID-19 crisis. The new model brings in strictly safety guidance requiring every Makro store to adjust store space, floor marking for a social distancing, monitor the number of customers entering and exiting stores and assign the Social Distancing Scout to ensure that customers follow the social distancing guidance and have their cooperation to prevent virus spread.

**New Normal Social Distancing Model for Retail Business**

- 01** Limit the number of customers in store to 1 per 1 square meter as ("Thai Chana" requirement)
- 02** Draw floor marking for social distancing at the crowded areas such as fresh food, meat and cashier
- 03** Arrange waiting areas outside the stores during the overcrowding time
- 04** Assign Social Distancing Scouts to remind customers to keep a distance at least 1 meter from other
- 05** Set temperature screening and monitor for customers, employees and suppliers before entering stores
- 06** Provide alcohol gel, hand groove and tongs during selection of fresh foods products to minimizing directly food contact

**"E-Donation" Project**

Examples of Recipient's Pain Points

- Famous foundations receive too much donation than necessary
- Less well known foundations are usually shortage of donation and lacking an opportunity to publicize their demand
- Both small and large foundations mostly receive a unwanted largesse

Examples of Donor's Pain Points

- Limited connection to foundations and unable to know wanted largesse
- No time to buy largesse for donation by themselves
- Avoid to deliver largesse on their own during COVID-19 pandemic

Acknowledging the constraints of the traditional donation method, Makro has initiated the E-Donation project in 2020 with the mission to promotes sustainable donation. E-Donation is developed to facilitate merit-making activities and buy right largesse right from your click by connecting potential donors to reliable foundations and foster homes upcountry and offering a selection of quality merchandise that is suitable with recipient so as to maximize donation value and benefits to both recipients and donors.

In 2021, the Company targets expanding more than 100 donation recipients across Thailand, thus broadening our support to over 30,000 people in need per year.



**2020 Performance**

- 50** foster homes, foundations, schools, temples and hospitals enrolled with the project
- More than **240** order was sent to receipt as their wanted list foundation and foster home
- Provided supports to more than **8,828** vulnerable individuals and over **5,600** discarded or disabled animals

Examples of Projects to Enhance Customer’s Business towards Sustainable Growth

**MAKRO HORECA ACADEMY (MHA)**

"The comprehensive knowledge center for food business entrepreneur"

Makro has introduced MHA since 2019 with a primary mission to become the complete source of comprehensive knowledge for professional food business customers via both online and offline channels. The program provides HoReCa entrepreneurs with 5 key elements: Knowledge Media, Seminar and Workshop, Online Learning, Business Advisor, and Business Networking — all free of charge.

**Mission of MHA Program**



**Coach**

Provide knowledge to the current HoReCa business operators



**Build**

Foster sustainable growth among HoReCa professionals



**Create**

Train up the new entrepreneurs to HoReCa business

Furthermore, in response to the COVID-19 pandemic, the Company revised and added new course contents in 2020, namely: Online Marketing, Product Delivery, Financial Management, Promotion and Advertising and New Business Development Model — to better reach and meet customers’ expectations.

**2020 Performance**

**45,406** total offline and online participants

As the leading knowledge center and trusted partner of food business, Makro has expanded the initiative into projects and activities as follows:

**Workshop and Exclusive Seminar**

Makro arranged workshops and exclusive seminars for restaurant owner members — all free of charge.

**The Sushi Millionaire**

Chef Boontham Pakpho (Thailand’s Iron Chef of Japanese cuisine) teaching basis of sushi and workshop the favorite sushi menus

**Reduce Cost, Increase Profit with Food Waste Management**

Chef Wichulada Kalumpaboot (Executive Sous Chef, Renaissance Bangkok Ratchaprasong Hotel), Chef Daniel Bucher (Executive Senior Sous Chef, Bangkok Marriott Marquis Queen’s Park) and Thanapong Wongshinsri (Penguin Eat Shabu’s owner) joining hands to share 7 steps to reduce food waste for a restaurant business, upstream to downstream management and how to create menus from leftover materials.

**2020 Performance**

More than **100** participants attended both activities



**Online Course**

Makro embraces technology to enhance knowledge sharing through online platforms where our entrepreneur customers can gain their knowledge anytime from anywhere.



**Online Platforms**



[www.makrohorecaacademy.com](http://www.makrohorecaacademy.com)



MakroHorecaAcademy



MakroHorecaAcademy

In 2020, the Company organized **online courses** across various categories taught by professionals in the food business where learners can pick up tips and guidance from the experts. Our online courses are well received with more than 510,000 views in total. Some popular **online contents** include “MHA Advise...becoming the pro,” which received over 2,117,000 views, “MHA Talk...A Look into the Success Story” with over 467,000 views and “MHA Cuisine & Cooking VDO...The Chef’s Secret Sauce” with over 3,185,000 views. The Company also arranged the **online seminar** on “Facebook Marketing and Food Costing & SOP” delivered by distinguished guest speakers and attended by more than 800 participants.

**2020 Performance**

More than **90,000** Facebook followers

More than **1,475,000** Facebook engagement

More than **510,000** views of the online course, a **3.7** times increase from 2019

**MHA Road Show 2020: The New Normal Business Partner**

Makro collaborates with the Department of Business Development (DBD), Thailand Chefs Association and guru from True Friends Restaurant Facebook Fanpage to organize a roadshow activity under the concept “The New Normal Business Partner” to help business entrepreneurs overcome crisis from COVID-19 outbreaks. At the event, participants were offered knowledge-sharing sessions on restaurant business management, a cooking workshop of 2 menus, a one-on-one advisory service and also MHA gifts and startup kits for business starters.

**2020 Performance**

More than **318** participants in the roadshow





### Makro Retailer Alliance (MRA)

Among Thailand’s highly retail business competition, the traditional store – Sho Huay are starting disappear. Makro recognizes such challenges and is committed to helping the Thai sho huay adapt to change and overcome any exiting limitation through the strategy: “Survive, Prosper, Be Rich.”

Makro has continued to support, enhance and strengthen small retailers’ capability for the past 13 years through knowledge sharing and training on retail store management from basics to advance level under the concept of “8 Steps to Success.” The Company also employs technology to create and broaden customer networks such as Facebook, official LINE account, delivery service and e-payment service which enables payment with QR code from banking or True Wallet. This project will enhance retail store’s capability towards sustainable growth and encourage the new retail entrepreneurs.



### 2020 Performance

**67,325** total MRA participants — **13,267** or **24%** increase in number from 2019

**15%** rise in revenue on average reported by MRA participants

Scored **4.35** of **5** in community retailer satisfaction (5 = very satisfied)



More than 31 years of alliance with small retailers, the Company has broadened the Makro Retailer Alliance program to projects and activities as follows:

### Thai Sho Huay Day — New Normal of Thai Sho Huay

Makro launched the first event of “Thai Sho Huay Day — New Normal of Thai Sho Huay” in 4 regions of Thailand: **Lower Northern region** at Makro Phitsanulok branch, **Eastern region** at Makro Chonburi branch, **Northeastern region** at Makro Udon Thani branch and **Southern region** at Makro Surat Thani branch. The event aims to share knowledge, promote sales and introduce a new shop model for sho huay stores to leverage and adapt into their shops. The event also included training, seminar and handbook which guideline tools and beneficial skills for bolstering sales and profits, tips on retail store management and how to leverage new technology in response to a changing business model and consumer behavior.



### 2020 Performance

More than **3,764,880** visitors attended the regional events in 2020

### "Community Kitchen" Project

To promote sho huay store as the community center of fresh and frozen food trading, Makro offers them a high-efficiency freezer at an affordable price, thereby. Through this approach, sho huay stores can differentiate themselves with guaranteed fresh, clean, safe and good quality products and are able to top up sales and profits.



In 2020, to support sho huay stores during the COVID-19 pandemic, the Company launched the promotion that offers THB 2,000 discount coupons for every freezer purchase. The coupon can be redeemed at Makro stores, where customers can purchase fresh food products for reselling at their stores.

### 2020 Performance

**10,044** new members in 2020 — accumulated member are **12,095**

**3,722** freezers delivered to the community

Over THB **1,222** million sales generated among fresh food sho huay stores

### Makro Retailer Alliance Plus (MRA+)

Built on the success of MRA project, MRA+ targets sho huay stores increasing their sales growth after participated in the program. The project covers the entire B2B2C process (from producer to makro to consumer) and operate in two stages.

#### Stage 1

Strengthen income of sho huay store with high profit-margin products, through “Community Kitchen” concept and knowledge from shohuaythai.com which is available for learning 24 hours a day.

#### Stage 2

Develop the pilot model of a retail store that connects to the big data analytical system to enhance efficiency in product order and delivery services and also promote the new image of sustainable sho huay store.

Furthermore, Makro offers advisory service for sho huay store on their business and service expansion which would help reduce commute time and expense for community as they no longer need to find service in other localities.

### U-Project — "Strengthen New Generation Business Partner"

In partnership with 87 leading universities, the company co-launched the “U-Project”, encouraging university students to take part in local retail store development within their community to help traditional sho huay stores adapt to the modern retail market. The students will be trained on retail store management and team up to develop a master plan for sho huay store improvement under the supervision of Makro mentors. Master plans with approval from the company, university and store owners will implement. Furthermore, during COVID-19 outbreaks, the Company rearranges the project guidelines for each university and follow health and safety guidance such as social distancing policy and conducting activities through the online platform to prevent virus spread.

### 2020 Performance

**7,867** retail store participants (cumulative since 2009)

**41,114** enrolled students (cumulative since 2009)

# Employer of Choice

## Opportunities and Challenges



Intense competition and rapid changes in business landscape drive Makro to take faster steps in enhancing employee capability — through upskilling and reskilling, career advancement, leadership development and innovative thinking — so as to adapt into digital transition and foster business growth ahead.

Apart from capability enhancement, the Company also concerns holistic wellness of employee which covers health, finance and working environment. In particular, in the face of the COVID-19 outbreaks, the Company has scaled up a strict safety and occupational health management guidance in every step of business operation, in order to mitigate risks and assure our stakeholders regarding safety and occupational health at our site.



## Target and Performance

### Target



**80%** of employee engagement score

**100%** of employees complete the Sustainability training program

**100%** of Makro Group Business complete the Human Rights Due Diligence

**100%** of workers are ensured an occupational health, safety and working environment

**100%** of customers at Makro stores are protected their health and safety

### Performance in 2020



**82.7%** of employee engagement score

**100%** of new employees completed the Sustainability training program

**100%** of Makro Group Business in Thailand completed the salient human rights issues assessment

**100%** of workers were ensured an occupational health, safety and working environment

**100%** of customers at Makro stores received service with ensured clean and safe for their lives and belongings

## Human Resource Management Strategy

At Makro, one of our major goal is to be the employer of choice who builds up employee potentials and let them grow like the 'Winged Tiger.' To achieve this goal, the Company lays out the human resource management strategy covering 5 key objectives, to assure that Makro leads our employees with intensive plan to strengthen employee capacity in an advance and effective manner.

### 5 HR Strategic Objectives



**Succession Planning for the Key Positions**  
79% internal job promotion in 2020

Makro focuses on Talent Management and the Succession Planning and takes into account knowledge, expertise, gender equality, experience and personal attributes that are essential to each job position. Makro then plans the capability development program for successor including skills and competency along with personal evaluation through various assessment method on individual job. In 2020, 297 employees — or 99% — took part in the capability development program for successor, 45% and 55% of which are male and female, respectively.

### Succession Management Framework



**To be the Employer of Choice**  
Turnover rate was down by **37%** in 2020, compared to 2019.

To attract and retain talents Makro strives to build a strong organizational culture based on various business drivers including diverse work opportunities, lifelong learning, cooperation across organization, communicating to every group of stakeholders with regard to corporate identity, creating work environment that promotes employee value proposition and developing digital human resource management for a better workplace experience.

At Makro, the Company sets the fair remuneration and welfare policy and offer competitive compensation and welfare benefits. Despite the impacts from COVID-19 outbreaks, the Company has **no policy reducing pay or laying off employee**. Instead, the Company rewarded additional bonus for staffs who worked with great efforts during the crisis and recruited over 5,000 new hiring nationwide both jobs for new graduate and jobs with experience requirements in various departments such as customer services, sales, food services, accounting, administration, store staffs, etc. In this way, the Company wants to be a part that helps solve unemployment, foster opportunities, strengthen income security and buttress economic recovery amidst the COVID-19 crisis.

### Examples of Employee Supports during the COVID-19 crisis

- Urgent support for affected employees and their families such as cash coupon for a purchase of necessities at Makro stores during lock down
- Short-term emergency loan with zero interest rate for any family members are affected from the outbreaks such as getting laid off or closing down family business
- Food delivery to the family of employee who is required to be home quarantined

Apart from the virus pandemic, Thailand also faced various natural disasters throughout the year 2020. Makro concerns about welfare, security and disaster impacts on our employees finance and thus works to supply the affected groups with urgent support such as survival bag, accommodation arrangement, housing maintenance and car repair. As disasters continue to sweep across Thailand, the Company is committed to extending hands and reliefs to every employee to mitigate impacts and to ensure that our employees and their families stay resilient after disasters.

**Build Up Talents through Capability Development Program**  
243,608 training hours in 2020

Makro has emphasized on enhanced employee capability in response to business growth and everchanging global trends. The Company thus develops our employees through led by both external and internal professionals as well as online courses where participants are able to learn and improve their functional skills, emotional intelligence and soft skills.

Examples of Employee Development Building Program



Leadership Development Program



Makro strives to develop leadership skills across the organization and thus partners up with the Charoen Pokphan Group to provide leadership training through the C.P. Leadership Institute. All training courses adopt the action learning method where learners can acquire knowledge, make decision, tackle problems and practice based on real issues. In 2020, the Company took part in the “C.P. Future Leaders Development Program” (Tao Kae Noi Program) — the introductory course for young talent — which aims to empower young leader competencies and drive our business growth with the new ways of work that embrace everchanging consumer behaviors in the digital era. The leadership development program has initiated in 2016 and so far we have 32 young leaders — 17 of which passed the program and are assigned the first-level management of the Company and the other 15 currently in the leadership program in 2020. Besides, the Company also joins the “C.P. Senior Leader Development Program” (Tao Kae Yai Program) — the strategic project with primary focus on enhancing sustainable growth amongst the Company and CP Group.

Makro Business Academy — Leadership Development Program

Makro Business Academy offers the training course to gain up our employee knowledge and skills also promote understanding in attributes and qualities that make a good leader who is able to drive business growth, so as to make an advancement in their career path. The program comprise two main courses: 1) STAR for management and officer levels and 2) STAR Plus for middle-level management and above.

M Learning — Online Course for Makro Employee



To embrace a digital transition and develop a learning organization in which any employees can access to knowledge base at anytime from anywhere. The Company has integrated digital technology into our training and knowledge sharing on organization platforms to uplift useful skills among our employees. In 2020, the Company has revamped some contents and added over **120** new courses covering development of both functional skills and soft skills, including the Anti-corruption version 2020, the Corporate Governance and Anti-corruption, the Law for Business and the O2O Operations — product arrangement and delivery services procedures. The M Learning has a total of **60,652** views in 2020.



Performance Evaluation

**100%** of employees completed Performance Evaluation in 2020.

To ensure a transparency and mutual understanding between supervisor and subordinate, Makro implements a clear approach for performance evaluation as follows:

- **Goal Setting:**  
Set target and key performance indicator (KPI) — mutual agreed by supervisor and subordinate to encourage contribution from junior employees and to achieve the goal in the same direction.
- **Coaching & Feedback:**  
Follow and assess work performance consistently — closely monitor of supervisor who provide constructive advices, feedbacks and action plans that reviewed and improved.
- **Year-end Review:**  
Supervisor and their subordinate discuss, review and evaluate performance in a year compared to goals, then set a challenging target for the next year.



Makro Employee Experience

Makro emphasizes on bringing good experiences to our employees with proper workplace environment. This has resulted in an improving Employee Engagement Score to **82.7%** in 2020 — exceeding the target of **80%**. For 2021, Makro has implemented the plan to enhance a better employee experience to ensure that our employees get a distinctive experience throughout their last working day with Makro.

Human Rights

Makro is highly respected Human Rights and maintain its performance standard in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Principles of the UN Global Compact and the International Labour Organization (ILO) Declarations. Which are a foundation of our approach towards sustainability.

Human Rights Due Diligence



Policy and Commitment



Embedding



Assessing Impact



Integrating and Acting



Tracking Performance



Communicating Performance



Stakeholder Engagement



Remediation and Grievance Mechanism

Makro has implementing to the Human Rights Due Diligence and established the Human Rights Policy since 2017, which afterwards serves as the operating guideline for Siam Makro Public Company Limited and subsidiaries. In 2020, the Company incorporate with the Charoen Pokphand Group to conduct the human rights risk assessment and salient human rights issues — comprising 1) Privacy, 2) Occupational Health and Safety, 3) Labor rights and Women rights and 4) Vulnerable rights. The Company continues to monitor, enact both proactive and defensive measures and follow the human rights due diligence processes every year so as to develop a more effective management against human rights risks which affect our business operation.



## Labour Practices

The Company always operates the business with strict adherence to national and international labour standards with proper practices in place. The Company promotes the Welfare Committee — in line with the stipulations of the Labour Protection Act, B.E. 2541 — as the central entity responsible for communicating and following up the suggestion from employees with regards to welfare issues. As of 2020, the committee consists of 700 members or accounting for 4.35% of total employees. Besides, the Company also takes feedbacks and concerns from employees, suppliers and contractors through various grievance channels such as suggestion box and direct hotline to the Group Chief Executive Officer, etc.

## Respect Diversity and Inclusion

The Company upholds the highest respect for the rights of employees and stakeholders with no prejudice. The Company solely abides by the Human Rights Policy and the Supplier’s Code of Conduct in which all employees, suppliers and contractors must be equally treated without discrimination over race, skin color, nationality, religion, disability, age, gender, sexual preference or any other conditions.



Hiring **22** disabilities  
(Accumulative number between 2018–2020)

**55.04%** Female  
employees of total

**64.29%** Female top  
Management level of total

**55.71%** Female middle  
Management level of total

**57.77%** Female  
management level of total

## Employee Welfare and Incentives

One of the key goals towards business sustainability is to retain the talent. To achieve this goal, the Company offers competitive remuneration and employee welfares comparing to relevant industries and leading organizations and also reviews such offers on annual basis.

## Occupational Health and Safety



An effective management of Safety, Occupational Health and Workplace Environment is a vital working condition for employees and stakeholders. For that reason, the Company has placed importance on a concrete management system of safety, occupational health and Workplace Environment, in order to prevent incident and near miss and also ensure that every employee and stakeholder in a safe and protected environment.

The Company defines the safety, occupational health and workplace environment policy which covers work condition, work system, risk monitoring and control system, employee training, health and sanitation management and workplace facilities.

In addition, The Company has set up the Safety, Occupational Health and Workplace Environment Committee — comprising elected representatives from employees and management levels according to a ratio specified by the laws. The Committee is responsible for occupational health and workplace safety across all operational sites, with regard to risk monitoring and control, preventive measures, worker health promotion, safety training and incident reporting procedure.

## Occupational Health & Safety Risk Assessment and Management for Employees and Contractors

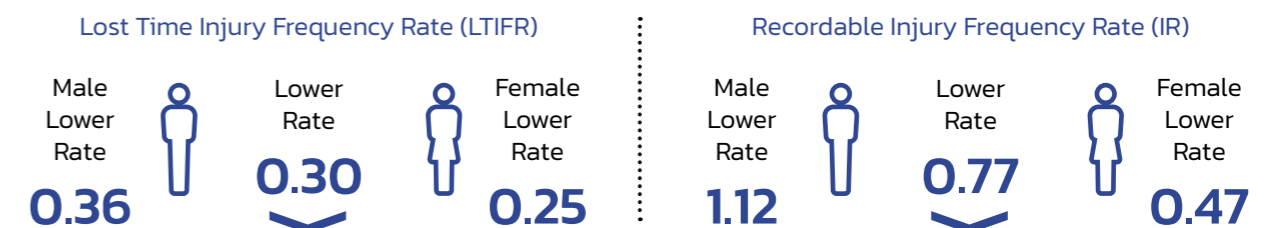
At every Makro store, The Company runs a daily risk assessment and inspection under the supervision of a duty manager, who closely monitors that safety controlling throughout working shift of employee include work permit during our contractor service. Besides, any unsafe action or condition employees, contractors and customers that potentially harm themselves and others, they must immediately notify or report to supervisors, to eliminate risk by corrective action. In case that the risk still has not been solved, the duty manager will terminate the task or stop the work permit until the risk is controlled to an acceptable safe level before restarting work.

In addition, any incident that potential risk to store operation occurs, employees who witness such circumstance must follow the reporting and investigation procedures to notify line managers, relevant departments and top executives within 24 hours including incident description, root cause analysis and preventive action.

The COVID-19 pandemic in 2020 is a critical risk to health & safety in the workplace environment. Therefore, the Company has launched hygiene control and preventive measures that are applied to every Makro store, distribution center, and the Head Office, to ensure a sanitation and safe condition are in place at our operational sites and throughout the delivery services to customers. All Makro stores upcountry is certified by the Department of Health, the Ministry of Public Health.








## Employee Injury Statistics

(per 1 million man hours worked)



Compared to year 2019



### Example of Risk Management during the COVID-19 pandemic for Employees and Contractors

 <p>Monitor and mitigate risks of infectious disease spread from business operation and service.</p>	 <p>Conduct a temperature screening for employees and customers before entering the store.</p>
 <p>Promote employees and contractors for personal hygiene behavior and self-protection against disease during their both on-duty and off-duty including their family.</p>	 <p>Clean Frequently touchpoint and surface with high-quality disinfectant solution.</p>
 <p>Provide employees the personal protective equipment such as face masks, fabric face masks, latex gloves and face shields.</p>	 <p>Enroll the COVID-19 health insurance and provide COVID-19 diagnostic tests for employees who at risk of infection case.</p>
 <p>Ensure there are sufficient alcohol sanitizers provided at every service points.</p>	

### Safety Culture

Makro has emphasized to increase the safety awareness amongst employees through basic and specific Occupational Health, Safety and Workplace Environment trainings to enhance knowledge, skills and capability of employees at site.

### Examples of Approach towards Organizational Safety Culture

 <p>New employee Safety Indoctrination included in the Orientation session at Makro Head Office.</p>	 <p>Safe Forklift Driving Training and provide watchmen and barricade the area during the forklift operation.</p>
 <p>Safety talk during the monthly meeting with store manager to share the occupational health, safety and workplace environment practice.</p>	 <p>Annual Safety, Health and Environmental Audit (SHE Audit) at Makro stores and distribution centers. The store leader is participating as the auditor to conduct health and safety assessments according to the international standard. This program aims to increase leadership's safety awareness and fostering the Safety Culture across the organization.</p>

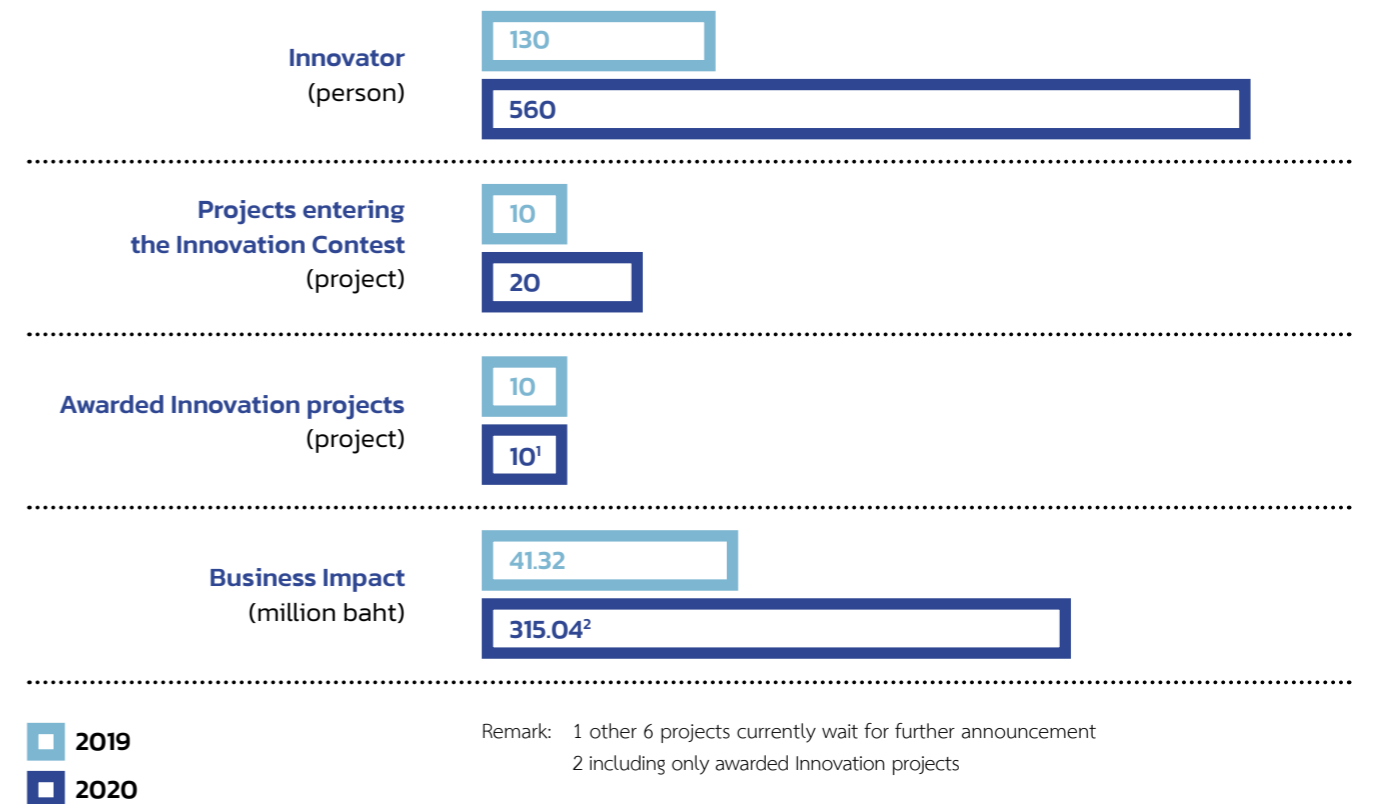
### Employee Well-being

The Company arranges an annual medical check-up and offer healthcare schemes to every employee according to laws and regulation in each country, along with interpreters to accommodate foreign staffs. Also, employees at risk of occupational illness will receive an additional examination by occupational health and safety doctors who help provide specific recommendations to monitor risks and prevent any work-related illness to ensure employee wellness. The individual medical testing result is protected under the Data Privacy Policy and will not be used to alter their employment condition.

Moreover, during a rainy season that the potential of seasonal influenza outbreak also high risk, the Company subsidize the expenses for four-strains influenza vaccine and thus allows employees access to vaccination at a specially-low price. The Company also organizes various health initiatives throughout the year such as exercise activity, Store's Sports Day and a fitness center at the Head Office.

### Embedding the Innovation Culture

“To drive innovation culture is accountability for everyone within the organization.” Makro encourages all employees to participate in operational process improvement, drive operational excellence and increase competitiveness in the retail industry while ensuring customer satisfaction.



Makro established the Innovation Committee and Innovation Leader team to foster knowledge, understanding and access to innovation across the organization. The Committee's responsibility to embed and drive innovative thinking among employees both in Thailand and other countries and provide supports for the infrastructure, network, communication and various promoting activities and contests.

**The Winner of Makro 4.0 Innovation Awards 2020**

**"Easy Bakery — Easy Bake, Easy Trade, Profit Made" Project**

Making bakery production usually finds multiple difficulties, including complicated instruction, skills and expertise of employees, product quality control, high investment etc. Acknowledging these pain points, Makro has improved our production efficiency by developing frozen bakery products of which quality and standard can be controlled both in terms of taste and texture. With this product innovation, Makro can save working time, machinery investment, raw materials and improve productivity while raising sales volume and profits.



**Examples of Innovation Projects in 2020**



Collaborative project with the Charoen Pokphan Group

**"One Day Satisfaction" Project**

Through this project, the Company encourages our employees to cultivate the mindset that welcomes changes and satisfies with their success for only one day. Instead, the Company wants our employees to strive for innovation, simplify the task or process, speedy but keeping good quality and improve efficiency in their daily tasks. In 2020, a total of 1,511 employees participated in 1,398 innovative projects.



Example: Disinfectant shower for trolley cleaning.



Example: Plastic bottle compressed machine.



Product Innovation

**"Thai Beef Business towards Sustainability" Project**

The project aims to enhance Thailand's beef business from upstream to downstream. Our initiatives include the collaborative project with government authorities to upgrade 3,000 farmer households and factories. — starting from site survey, developing product specifications. The Company also launched the new trademark "Pro Butcher" offering premium quality beef in the innovative Packaging or Skin Pack which extends shelf life to 3 weeks, reduce tasks and increase sales through both online and offline marketing.



Service Innovation

**"Makro Speed M" Project**

Delivery service for raw materials, fresh food and dried food to customers within one day for the location within 5 kilometers from Makro stores, with guaranteed good quality and freshness.



Process Innovation

**"Smart Item Lookup" Project**

Smart Item Lookup is the mobile application that gathers all product information the store staff needs to work and serve customers. Our staffs can use this mobile application instead of a handheld computer, enabling them to improve mobility and work efficiency and also deliver a faster customer service.



New Business Model

**"Makro Retailer Alliance Plus" (Community Kitchen) Project**

MRA Plus comprises two stages. First, the Company aims to strengthen the income of retail stores with high-profit products, embracing the "Community Kitchen" concept and approach from shouyaythai.com. Second, Makro will develop a pilot model of the modern retail store that connects to a big data analytical system, elevate efficiency and expand the services.



# Appendix

- About This Report
- Sustainability Performance Summary
- GRI Content Index and UNGC Principles
- Assurance Statement





# About This Report and Reporting Boundary



## About This Report

Siam Makro Public Company Limited publish the 2020 Sustainability report as the company's fourth consecutive year of reporting. The report has been prepared to communicate and disclosure our economy, social and environment performance from 1 January to 31 December 2020.

### Scope of Reporting

Covers Makro and subsidiaries in Thailand including Makro ROH Company Limited, Siam Food Service Company Limited and Promart Company Limited. The report has been prepared and disclosure the sustainability's materiality issue and performance in accordance with international standards which are;

GRI	UN Global Compact	SDGs
 <p>In accordance with the Sustainability reporting Global Reporting Initiative Sustainability Report (GRI Standard) using the Core option.</p>	 <p>As the Annual Communication on Progress (COP) in implementing the Ten Principles of United Nations Global Compact (UN Global Compact).</p>	 <p>As the Annual Progress report of supporting activities to United Nations' Sustainability Development Goals (SDGs).</p>

If you have any suggestion, question or request for additional information, kindly contact at

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: sustainability@siammakro.co.th

# Sustainability Performance Summary



## Personnel

GRI Standard	Performance	Unit	2017		2018		2019		2020	
			Male	Female	Male	Female	Male	Female	Male	Female
102-8	Total Employee	Person	13,786		14,560		15,267		16,108	
			6,211	7,575	6,592	7,968	6,813	8,454	7,242	8,866
	<b>By area</b>									
	- Thailand	Person	0		0		0		0	
			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	- International	Person	0		0		0		0	
			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	<b>By employment contract</b>									
	- Permanent	Person	13,732		14,484		15,200		15,726	
			6,181	7,551	6,547	7,937	6,770	8,430	7,027	8,699
- Part-time / Temporary	Person	54		76		67		382		
		30	24	45	31	43	24	215	167	
405-1	<b>Employee diversity</b>									
	<b>By level</b>									
	- Top management	Person	20		27		24		28	
		Percent	0.08	0.07	0.10	0.09	0.07	0.09	0.06	0.11
	- Middle management	Person	190		202		203		210	
		Percent	0.57	0.81	0.58	0.80	0.57	0.76	0.58	0.73
	- Management	Person	1,023		1,112		527		1,352	
		Percent	3.24	4.19	3.28	4.35	1.45	2.00	3.54	4.85
	- Officer	Person	12,499		13,143		14,446		14,136	
		Percent	40.95	49.71	41.02	49.24	42.28	52.34	39.44	48.32
	<b>By age</b>									
	- Under 30 years old	Person	5,184		5,481		5,668		5,582	
		Percent	17.74	19.86	18.34	19.30	17.91	19.22	16.58	18.08
	- 30-50 years old	Person	8,224		8,637		9,075		9,636	
		Percent	26.11	33.54	25.58	33.74	25.49	33.95	25.78	34.05
	- Over 50 years old	Person	324		366		457		508	
		Percent	0.99	1.36	1.06	1.45	1.22	1.77	1.27	1.88

GRI Standard	Performance	Unit	2017		2018		2019		2020	
			Male	Female	Male	Female	Male	Female	Male	Female
401-1	<b>New Hires</b>									
	Total number of new hires	Person	5,701		6,131		5,581		3,270	
			2,700	3,001	2,944	3,187	2,586	2,995	1,652	1,618
	Rate of new hires	Percent	41.52		42.33		36.72		20.79	
			19.66	21.85	20.33	22.00	17.01	19.70	10.50	10.29
	<b>By age</b>									
	- Under 30 years old	Person	3,673		3,963		3,585		2,060	
		Percent	12.76	13.99	13.59	13.77	11.36	12.23	6.80	6.30
	- 30-50 years old	Person	2,019		2,160		1,982		1,203	
		Percent	6.87	7.83	6.70	8.21	5.60	7.44	3.68	3.97
- Over 50 years old	Person	9		8		14		7		
	Percent	0.03	0.04	0.03	0.03	0.06	0.03	0.02	0.03	
<b>Turnover</b>										
Total number of turnover	Person	5,281		5,110		4,617		2,631		
		2,558	2,723	2,457	2,653	2,246	2,371	1,334	1,297	
Rate of turnover	Percent	38.46		35.28		30.38		16.73		
		18.63	19.83	16.96	18.32	14.78	15.60	8.48	8.25	
<b>By age</b>										
- Under 30 years old	Person	2,899		2,918		2,609		1,416		
	Percent	10.20	10.91	9.71	10.43	8.78	8.39	4.74	4.27	
- 30-50 years old	Person	2,344		2,158		1,961		1,178		
	Percent	8.27	8.80	7.14	7.76	5.80	7.11	3.62	3.87	
- Over 50 years old	Person	38		34		47		37		
	Percent	0.16	0.12	0.11	0.12	0.20	0.11	0.13	0.11	
404-1	<b>Employee Training and Development</b>									
	Average hours of training for all employees	Hour/ person/ year	6.51		8.96		10.69		14.32	
			6.35	6.66	8.78	9.13	10.79	10.58	14.03	14.60
	Average training costs per employee equivalent	Hour per person per year	2,259.68		2,553.34		2,527.60		2,366.41	
	<b>By level</b>									
	- Top Management		n/a	n/a	n/a	n/a	66.77	70.86	60.59	114.21
	- Middle Management	Hour per person	n/a	n/a	n/a	n/a	49.01	48.61	45.41	56.97
	- Management	per year	n/a	n/a	n/a	n/a	37.34	46.54	31.77	35.47
	- Officer		n/a	n/a	n/a	n/a	9.28	8.51	13.00	13.21

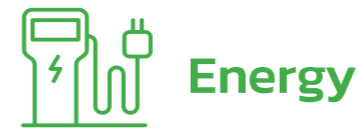
- Remarks:
- n/a means not available.
  - Total employees cover permanent employee, contract and temporary
  - Scope of GRI 401-1, 404-1 and 405-1 cover only permanent employee.



## Occupational Health and Safety

GRI Standard	Performance	Unit	2017		2018		2019		2020	
			Male	Female	Male	Female	Male	Female	Male	Female
403-2a (2016)	Absentee Rate (AR)		0.62		1.50		1.54		1.71	
	Employees	%	0.55	0.69	1.46	1.54	1.53	1.54	1.80	1.64
403-9 (a) (2018)	Lost Time Injuries Frequency Rate (LTIFR)		1.57		3.00		2.92		2.62	
	Employees	Case/ million hours worked	2.68	0.67	4.41	1.86	4.16	1.91	3.80	1.66
			2.60		1.60		6.68		1.32	
	Contractors	Case/ million hours worked	3.48	1.80	1.94	1.30	7.91	5.68	1.47	1.14
			3.10		2.30		2.64 <sup>1</sup>		1.93	
	Injury Rate: IR		2.13		4.05		3.86 <sup>1</sup>		3.09	
	Employees	Case/ million hours worked	3.43	1.07	6.03	2.44	5.68	2.37	4.56	1.90
			3.10		2.30		2.64 <sup>1</sup>		1.93	
	Contractors	Case/ million hours worked	3.93	2.30	2.64	2.07	4.03 <sup>1</sup>	1.50 <sup>1</sup>	2.34	1.45
			3.10		2.30		2.64 <sup>1</sup>		1.93	
The number of fatalities as a result of work-related injuries		0		0		0		0		
Employees	Case	0	0	0	0	0	0	0	0	
		0		0		0		0		
Contractors	Case	0	0	0	0	0	0	0	0	
		0		0		0		0		
403-10 (a) (2018)	Occupational Illness Frequency Rate: OIFR		0		0		0		0	
	Employees	Case/ million hours worked	0	0	0	0	0	0	0	0
			0		0		0		0	
	Contractors	Case/ million hours worked	0	0	0	0	0	0	0	0
			0		0		0		0	
	The number of fatalities as a result of work-related ill health		0		0		0		0	
	Employees	Case	0	0	0	0	0	0	0	0
			0		0		0		0	
	Contractors	Case	0	0	0	0	0	0	0	0
			0		0		0		0	

- Remarks:
- The Company adjusted disclosure of data due to data discrepancy.
  - Contractor covers regular contractor, contractors entering the area, transportation suppliers, security officers and housewives.
  - Absentee Rate (AR) = Total number of actual absentee days lost from occupational injuries or diseases, but not leave with permission, over the reporting period x 100 / Total days worked (over one year)
  - Lost-Time Injuries Frequency Rate (LTIFR) = Total number of lost time injuries (cases) over the reporting period x 1,000,000 hours worked / Total hours worked (over the reporting period)
  - Occupational Illness Frequency Rate (OIFR) = Total number of occupational diseases (cases) over the reporting period x 1,000,000 hours worked / Total hours worked (over the reporting period)



## Energy

GRI Standard	Performance	Unit	2017	2018	2019	2020
302-1 (E)	Total energy consumption within <sup>1</sup> the organization	GJ	1,254,548.66	1,331,506.27	1,405,725.92	1,420,985.62
	Total non-renewable energy consumption	GJ	3,591.01	36,365.39	37,251.58	34,634.86 <sup>2</sup>
	- Diesel	GJ	3,591.01	24,519.85 <sup>3</sup>	23,948.63	23,332.52
	- Gasoline	GJ	n/a	11,845.54	12,510.95	10,869.17
302-1 (B)	Total renewable energy	GJ	60.73	54.36	10,094.12	63,859.30
	- Solar cell	GJ	60.73	54.36	10,094.12	63,574.70
	- Solar thermal	GJ	n/a	n/a	n/a	284.6 <sup>5</sup>
302-1 (C)	Total electricity purchased	GJ	1,250,896.92	1,295,086.52	1,358,380.22	1,322,491.46
302-3 (A)	Energy Intensity	GJ per million THB of revenue	6.72	6.90	6.67	6.50

- Remarks:
- n/a means not available.
  - Energy consumption (Joules) is calculated by multiplying the volume of fuel with a conversion factor, based on the type of fuel used (Reference: The Department of Alternative Energy Development and Efficiency).
  - Total energy consumption within the organization covers total non-renewable energy consumption, total renewable energy and total electricity purchased.
  - Data does not cover electricity purchased.
  - In 2018, scope of data was expanded to cover diesel.
  - In 2019, scope of data was expanded to cover LPG used in Distribution Center, Samut Songkhram province.
  - In 2020, scope of data was expanded to cover solar thermal.



## Greenhouse Gas Emissions

GRI Standard	Performance	Unit	2017	2018	2019	2020
305 (A)	Total GHG emissions (Scope 1 and 2)	Tonnes CO <sub>2</sub> e	247,483.96	259,623.22	262,875.49	233,476.01
305-1 (A)	Direct (Scope 1) GHG emissions <sup>1</sup>	Tonnes CO <sub>2</sub> e	52,290.98	50,214.93	43,232.95	49,833.38
305-2 (A)	Energy indirect (Scope 2) GHG emissions <sup>2</sup>	Tonnes CO <sub>2</sub> e	195,192.98	209,408.29	219,642.54	183,642.63
305-3 (A)	Other indirect (Scope 3) GHG emissions	Tonnes CO <sub>2</sub> e	n/a	n/a	n/a	57,540.03 <sup>3</sup>
305-4 (A)	GHG emissions intensity <sup>4</sup>	Tonnes CO <sub>2</sub> e million THB of revenue	1.33	1.35	1.25	1.07

- Remarks:
- n/a means not available.
  - Scope 1 is direct greenhouse gas emissions.
  - Scope 2 is indirect greenhouse gas emissions from energy consumption.
  - Scope 3 is indirect greenhouse gas emissions from others.
  - Scope 3 covers greenhouse gas emissions from product transportation and distribution (upstream level) and business travel.
  - The greenhouse gas emissions above include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, CFCs, HFCs and PFCs — calculated and converted to the equivalent amount of carbon dioxide with similar global warming potentials (GWP) as defined by the IPCC (Intergovernmental Panel on Climate Change). The Emission Factor is based on data from Thailand Greenhouse Gas Management Organisation (Public Organisation) and the Energy Policy and Planning Office, the Ministry of Energy.
  - Scope of data covers refrigerants and fuel for business operation.
  - Scope of data covers electricity purchased from external electricity producers.
  - In 2020, scope of data was expanded to Distribution Center.
  - GHG emissions intensity covers direct and indirect GHG emissions (Scope 1 and 2).



## Water

GRI Standard	Performance	Unit	2017	2018	2019	2020
303-3 (A)	Total water consumption <sup>1</sup>	1,000 m <sup>3</sup> (1 Million Liters)	408.14	446.29	473.56	483.43
	Total water withdrawal	1,000 m <sup>3</sup> (1 Million Liters)	2,040.72	2,231.47 <sup>2</sup>	2,367.79	2,417.17
	- Surface water	1,000 m <sup>3</sup> (1 Million Liters)	n/a	n/a	0	0
	- Groundwater	1,000 m <sup>3</sup> (1 Million Liters)	n/a	73.20 <sup>3</sup>	84.64	76.53
	- Municipal water supplies	1,000 m <sup>3</sup> (1 Million Liters)	2,040.72	2,158.27 <sup>2</sup>	2,283.15	2,340.64
	303-3 (C)	Freshwater with Total Dissolved Solids below 1,000 mg/L	1,000 m <sup>3</sup> (1 Million Liters)	2,040.72	2,231.47 <sup>2</sup>	2,367.79
303-3 (B)	Total water withdrawal from water stress areas <sup>4</sup>	1,000 m <sup>3</sup> (1 Million Liters)	n/a	n/a	1,204.01	1,087.09
	- Surface water	1,000 m <sup>3</sup> (1 Million Liters)	0.00	0.00	0.00	0.00
	- Groundwater	1,000 m <sup>3</sup> THB of revenue	0.00	0.00	0.00	0.00
	- Municipal water supplies	1,000 m <sup>3</sup> (1 Million Liters)	n/a	n/a	1,204.01	1,087.09
-	Water consumption intensity	1,000 m <sup>3</sup> per million THB of revenue	10.93	11.19	11.24	11.05

Remarks: • n/a means not available.

- Total water consumption is the difference of total water withdrawal and water discharge.
- Data was revised to reflect more accurate information.
- In 2018, scope of date was expanded to cover ground water.
- Data refers to Aqueduct Water Risk Atlas that was aligned with GRI.



## Effluent

GRI Standard	Performance	Unit	2017	2018	2019	2020
303-4 (A)	Total water discharge <sup>1</sup>	1,000 m <sup>3</sup> THB of revenue	1,632.58	1,785.18	1,894.23	1,933.73
	- Surface water	1,000 m <sup>3</sup> THB of revenue	1,632.58	1,785.18	1,894.23	1,933.73
	- Groundwater	1,000 m <sup>3</sup> THB of revenue	0.00	0.00	0.00	0.00

Remark: 1. Water discharge was calculated from 80% of total water withdrawal.



## Waste

GRI Standard	Performance	Unit	2017	2018	2019	2020
306-2	Total waste from operations	Tonne	18,299.67	62,397.58	91,391.23	61,628.42
	Total hazardous waste disposal	Tonne	n/a	n/a	n/a	n/a
	Total non-hazardous waste disposal	Tonne	18,299.67	62,327.58	91,391.23	61,628.42
	- Reuse	Tonne	0	0	0	0
	- Recycling	Tonne	n/a	42,033.21 <sup>1</sup>	70,175.21	40,258.00
	- Composting	Tonne	45.61	86.59	118.20	53.39
	- Recovery, including energy recovery	Tonne	0.00	0.00	0.00	0.00
	- Incineration (Mass burn)	Tonne	0.00	0.00	0.00	0.00
	- Landfill	Tonne	18,254.06	20,207.78	21,097.82	21,317.46 <sup>2</sup>
	Total waste that has been utilized <sup>3</sup>	Tonne	45.61	42,119.80	70,293.41	40,311.39
Ratio of waste that has been utilized per total waste from operations	Percent	n/a	68	77	65	

Remarks: • n/a means not available.

- In 2018, scope of date was expanded to recycling.
- In 2020, waste to landfill data was measured by weighting method.
- Total waste that has been utilized covers reuse, recycling and composting.

# GRI Content Index and UNGC Principles



## GRI Content Index Core Standards

GRI Standard	Description	Sustainability Report (page / URL) and Remarks (omission / comment)	External Assurance
<b>GRI 102: General Disclosures</b>			
<b>Organizational Profile</b>			
102-1	Name of the Organization	14	-
102-2	Activities, brands, products and services	14-15	-
102-3	Location of Headquarters	15	-
102-4	Location of operations	15	-
102-5	Ownership and legal form	Refer to Annual Report 2020 (Capital Structure and Management Structure)	-
102-6	Markets served	10, 15	-
102-7	Scale of the organization	15	-
102-8	Information on employees and other workers	10, 82-83	-
102-9	Supply Chain	16-17	-
102-10	Significant changes to the organization and its supply chain	There is no significant change in the organization and its supply chain in 2020.	-
102-11	Precautionary Principles or approach	20-21, 33	-
102-12	External initiatives	22-25, 31, 52-57	-
102-13	Membership of associations	31	-
<b>Strategy</b>			
102-14	Statement from senior decision-maker	8-9	-
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards and norms of behavior	14, 20-21	-
<b>Governance</b>			
102-18	Governance Structure	30-33	-
102-30	Effectiveness of risk management processes	Refer to Annual Report 2020 (Risk Factors and Risk Management)	-
102-32	Highest Governance Body's Role in Sustainability Reporting	26, 31	-

GRI Standard	Description	Sustainability Report (page / URL) and Remarks (omission / comment)	External Assurance
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	22	-
102-41	Collective bargaining agreements	72	-
102-42	Identifying and selecting stakeholders	22	-
102-43	Approach to stakeholder engagement	23-25	-
102-44	Key topics and concerns raised	23-25	-
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	Refer to Annual Report 2020 (Revenue Structure)	-
102-46	Defining report content and topic boundaries	27	-
102-47	List of material topics	26-27	-
102-48	Restatements of information	84, 86	-
102-49	Changes in reporting	26-27	-
102-50	Reporting period	81	-
102-51	Date of most recent report	81	-
102-52	Reporting cycle	81	-
102-53	Contact point for questions regarding the report	81	-
102-54	Claims of reporting in accordance with the GRI Standards	81	-
102-55	GRI content Index	88-93	-
102-56	External Assurance	95-96	-
<b>GRI 201: Economic Performance</b>			
103-1	Explanation of the material topic and its boundary	14-15, 66, Refer to Annual Report 2020 (Nature of Business)	-
103-2	The management approach and its components	14-15, 66, 75-77, Refer to Annual Report 2020 (Nature of Business)	-
103-3	Evaluation of the management approach	14-15, 66, 75-77, Refer to Annual Report 2020 (Nature of Business)	-
201-1	Direct Economic value generated and distributed	14-15, 66, 75-77, Refer to Annual Report 2020 (Nature of Business)	-
<b>GRI 203: Indirect Economic Impacts</b>			
103-1	Explanation of the material topic and its boundary	58-65	-
103-2	The management approach and its components	58-65	-
103-3	Evaluation of the management approach	58-65	-
203-2	Significant indirect economic impacts	58-65	-

GRI Standard	Description	Sustainability Report (page / URL) and Remarks (omission / comment)	External Assurance
<b>GRI 204: Procurement Practices</b>			
103-1	Explanation of the material topic and its boundary	40-45	-
103-2	The management approach and its components	40-45	-
103-3	Evaluation of the management approach	40-45	-
204-1	Proportion of spending on local suppliers	55	-
<b>GRI 205: Anti-corruption</b>			
103-1	Explanation of the material topic and its boundary	30-32	-
103-2	The management approach and its components	30-32	-
103-3	Evaluation of the management approach	30-32	-
205-1	Operations assessed for risks related to corruption	32-33	-
205-2	Communication and training about anti-corruption policies and procedures	32	-
205-3	Confirmed incidents of corruption and actions taken	32	-
<b>GRI 301: Materials</b>			
103-1	Explanation of the material topic and its boundary	46-51	-
103-2	The management approach and its components	46-51	-
103-3	Evaluation of the management approach	46-51	-
302-1	Recycled input materials used	51	-
<b>GRI 302: Energy</b>			
103-1	Explanation of the material topic and its boundary	46-49	-
103-2	The management approach and its components	46-49	-
103-3	Evaluation of the management approach	46-49	-
302-1	Energy consumption within the organization	85	Yes
302-3	Energy intensity	48, 85	Yes
302-4	Reduction of energy consumption	47-48	-
<b>GRI 303: Water and Effluents (2018 Edition)</b>			
103-1	Explanation of the material topic and its boundary	46-47, 50	-
103-2	The management approach and its components	46-47, 50	-
103-3	Evaluation of the management approach	46-47, 50	-
303-1	Interactions with water as a shared resource	50	-
303-3	Water withdrawal	86	Yes
303-4	Water discharge	86	Yes
303-5	Water consumption	86	Yes

GRI Standard	Description	Sustainability Report (page / URL) and Remarks (omission / comment)	External Assurance
<b>GRI 305: Emissions</b>			
103-1	Explanation of the material topic and its boundary	46-49	-
103-2	The management approach and its components	46-49	-
103-3	Evaluation of the management approach	46-49	-
305-1	Direct (Scope 1) GHG emissions	47-48, 85	Yes
305-2	Energy indirect (Scope 2) GHG emissions	47-48, 85	Yes
305-3	Other indirect (Scope 3) GHG emissions	47-48, 85	Yes
305-4	GHG Emissions intensity	48, 85	Yes
305-5	Reduction of GHG emissions	47	-
<b>GRI 306: Waste (2020 Edition)</b>			
103-1	Explanation of the material topic and its boundary	46, 51	-
103-2	The management approach and its components	46, 51	-
103-3	Evaluation of the management approach	46, 51	-
306-1	Water discharge by quality and destination	46, 50, 86	-
306-2	Waste by type and disposal methods	46, 51, 87 Reason for omission: corporate hazardous waste data is not available. The Company will disclose the hazardous waste data in the report FY 2023.	Yes
<b>GRI 308: Supplier Environmental Assessment</b>			
103-1	Explanation of the material topic and its boundary	40-45	-
103-2	The management approach and its components	40-45	-
103-3	Evaluation of the management approach	40-45	-
308-1	New suppliers that were screened using environmental criteria	41-42	-
<b>GRI 401: Employment</b>			
103-1	Explanation of the material topic and its boundary	66-77	-
103-2	The management approach and its components	66-75	-
103-3	Evaluation of the management approach	66-77	-
401-1	New employee hires and employee turnover	82-83	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66-75	-

GRI Standard	Description	Sustainability Report (page / URL) and Remarks (omission / comment)	External Assurance
<b>GRI 403: Occupational Health and Safety (2018 Edition)</b>			
103-1	Explanation of the material topic and its boundary	66-67, 73-74	-
103-2	The management approach and its components	66-67, 73-74	-
103-3	Evaluation of the management approach	66-67, 73-74	-
403-1	Occupational health and safety management systems	73-74	-
403-2	Hazard identification, risk assessments, and incident investigation	73-74	-
403-3	Occupational health services	73-74	-
403-4	Worker participation, consultation and communication on occupational health and safety	72-74	-
403-5	Worker training on occupational health and safety	72-74	-
403-6	Promotion of worker health	72-74	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73-74	-
403-9	Work-related injuries	84	Yes
403-10	Work-related ill health	84	Yes
<b>GRI 404: Training and Education</b>			
103-1	Explanation of the material topic and its boundary	66-75	-
103-2	The management approach and its components	66-75	-
103-3	Evaluation of the management approach	66-75	-
404-1	Average hours of training per year per employee	83	-
404-2	Programs for upgrading employee skills and transition assistance programs	68-70	-
404-3	Percentage of employees receiving regular performance and career development reviews	71	-
<b>GRI 405: Diversity and Equal Opportunity</b>			
103-1	Explanation of the material topic and its boundary	66-75	-
103-2	The management approach and its components	66-75	-
103-3	Evaluation of the management approach	66-75	-
405-1	Diversity of Governance bodies and employees	72, 82-83	-

GRI Standard	Description	Sustainability Report (page / URL) and Remarks (omission / comment)	External Assurance
<b>GRI 412: Human Rights Assessment</b>			
103-1	Explanation of the material topic and its boundary	66-75	-
103-2	The management approach and its components	66-75	-
103-3	Evaluation of the management approach	66-75	-
412-1	Operations that have been subject to human rights reviews or impact assessments	71-72	-
<b>GRI 413: Local Communities</b>			
103-1	Explanation of the material topic and its boundary	52-57	-
103-2	The management approach and its components	52-57	-
103-3	Evaluation of the management approach	52-57	-
413-1	Operations with local community engagement, impact assessments and development programs	52-57	-
<b>GRI 414: Supplier Social Assessment</b>			
103-1	Explanation of the material topic and its boundary	40-45	-
103-2	The management approach and its components	40-45	-
103-3	Evaluation of the management approach	40-45	-
414-1	New suppliers that were screened using social criteria	42	-
<b>GRI 417: Marketing and Labeling</b>			
103-1	Explanation of the material topic and its boundary	34-39	-
103-2	The management approach and its components	34-39	-
103-3	Evaluation of the management approach	34-39	-
417-1	Requirements for product and service information and labeling	39, 51, 87	-
<b>Food Processing Sector (2014 Edition)</b>			
103-1	Explanation of the material topic and its boundary	34-39	-
103-2	The management approach and its components	34-39	-
103-3	Evaluation of the management approach	34-39	-
G4-FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	36	-

Remark: Annual Report 2020 can be found in the website: ([https://www.siammakro.co.th/investor\\_annual2563.php](https://www.siammakro.co.th/investor_annual2563.php))





## The Ten Principles of the United Nations Global Compact

Principles	Description	Page
1	Businesses should support and respect the protection of internationally proclaimed human rights	71-72
2	Businesses should make sure that they are not complicit in human rights abuses	71-72
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	22-25, 71-72
4	Businesses should uphold the elimination of all forms of forced and compulsory labour	71-72
5	Businesses should uphold the effective abolition of child labour	71-72
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	71-72
7	Businesses should support a precautionary approach to environmental challenges	20-21, 33, 40-41, 46-47, 49-51
8	Businesses should undertake initiatives to promote greater environmental responsibility	40-43, 45-51
9	Businesses should encourage the development and diffusion of environmentally friendly technologies	40-43, 45-51
10	Businesses should work against corruption in all its forms, including extortion and bribery.	22-25, 30-32



## LR Independent Assurance Statement Relating to SIAM MAKRO Public Company Limited's Sustainability Report for the calendar year 2020

This Assurance Statement has been prepared for SIAM MAKRO Public Company Limited (SIAM MAKRO) in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance Ltd. (LR) was commissioned by SIAM MAKRO Public Company Limited (SIAM MAKRO) to provide independent assurance on its Sustainability Report 2020 "the report" against the assurance criteria below to a moderate level of assurance and at the materiality of the professional judgement of the verifier, using AccountAbility's AA1000AS v3<sup>1</sup>, where the scope was a Type 2 engagement.

Our assurance engagement covered SIAM MAKRO's subsidiaries in Thailand only, and specifically the following requirements:

- Evaluating SIAM MAKRO's adherence to AA1000 AccountAbility Principles (2018) of Inclusivity, Materiality, Responsiveness and Impact.
- Confirming that the report is in accordance with:
  - GRI Standards (2016) and core option
- Evaluating the reliability of data and information for only the selected indicators listed below:
  - *Environmental:*  
GRI 302-1 Energy consumption within the organization, GRI 302-3 Energy intensity, GRI 303-3 to 5 Water withdrawal, discharge and consumption (2018 edition), GRI 305-1 Direct (scope 1) GHG emissions, GRI 305-2 Energy indirect (scope 2) GHG emissions, GRI 305-3 Other indirect (Scope 3) GHG emissions (Upstream transport and distribution and business travel only), GRI 305-4 GHG emissions intensity, (GRI 306- 3 to 5) Waste generated/diverted form disposal and direct to disposal (2020 edition)
  - *Social:*  
GRI 403-9 to 10 Work-related injuries and ill health (2018 edition).

Our assurance engagement excluded the data and information of SIAM MAKRO's subsidiaries within Thailand where it has no operational control, all operations and activities outside of Thailand and suppliers and any third-parties mentioned in the report.

LR's responsibility is only to SIAM MAKRO. LR disclaims any liability or responsibility to others as explained in the end footnote. SIAM MAKRO's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of SIAM MAKRO.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that SIAM MAKRO has not, in all material respects:

- Met the requirements above
- Disclosed reliable performance data and information as no errors or omissions were detected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a moderate level of assurance engagement is less than for a high level of assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

### LR's approach

LR's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing SIAM MAKRO's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this by interviewing SIAM MAKRO's management who engage directly with stakeholder groups as well as reviewing documents and associated records.

<sup>1</sup> GHG quantification is subject to inherent uncertainty



- Reviewing SIAM MAKRO's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by SIAM MAKRO and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether SIAM MAKRO makes informed business decisions that may create opportunities which contribute towards sustainable development.
- Auditing SIAM MAKRO's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling process, and systems, including those for internal verification. We also spoke with key people in various departments responsible for compiling the data and drafting the report.
- Visiting SIAM MAKRO's operations as business representative (Siam Makro – Chaengwattana and Mahachai Distribution centre) to sample performance data and information for the selected specific standard disclosures to confirm its reliability.

### Observations

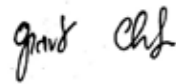
Further observations and findings, made during the assurance engagement, are:

- Stakeholder inclusivity: We are not aware of any key stakeholder groups that have been excluded from SIAM MAKRO's stakeholder engagement process. SIAM MAKRO has addressed the key stakeholder group's opinion regarding their impacts.
- Materiality: We are not aware of any material issues concerning SIAM MAKRO's sustainability performance that have been excluded from the report. SIAM MAKRO has processes for identifying and determining material issues based on a set of unbiased criteria and qualitative impact valuation.
- Responsiveness: SIAM MAKRO has addressed the concerns of stakeholders in relation to GHG emissions and food waste. However, we believe that future reports should;
  - disclose environment statistic for Hazardous waste disposal.
  - discuss further how SIAM MAKRO has used renewal fuels i.e. for business travelling and transportation mode
- Reliability: Data management systems are considered to be well defined, but the implementation of these systems varies across SIAM MAKRO's operational facilities. SIAM MAKRO should consider interim verification to further improve the reliability and timeliness of its disclosed data and information.
- Impact: SIAM MAKRO has initial performing impacts measurement and valuation of climate change related. However, SIAM MAKRO should further address quantitative impacts regard stakeholder groups as well as materiality in the future reports.

### LR's standards, competence and independence

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only works undertaken by LR for SIAM MAKRO and as such does not compromise our independence or impartiality.



Opart Charuratana  
LR Lead Verifier

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LRQA reference: BGK00000569



Dated: 12 March 2021

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