

#### 7.1.4 Human Rights Pledge

The company strongly believes in equal opportunities for all regardless of gender, age, ethnicity, religion and physical attributes. The company is committed to providing equal recruitment and career advancement opportunities for persons with physical disabilities.

The Persons with Disabilities Committee was founded in 2013 in compliance with the Persons with Disabilities Empowerment Act B.E. 2550 on the ratio of employees with disabilities, the Promotion and Development of Quality of Life for Disabled Persons Act B.E. 2554 on the contribution of funds by employers to the Promotion and Development of Quality of Life for Disabled Persons Fund, and the Department of Empowerment of Persons with Disabilities B.E. 2552 regulations on enfranchisement and providing aid to persons with disabilities and caretakers. Until the present the committee has conducted work on setting policies and guidelines to supporting persons with disabilities, such as launching initiatives to hire persons with disabilities, providing benefits for hired persons with disabilities, and managing related funds.

In 2016, of a total of 57,008 employees, 594 are persons with disabilities, accounting for THB 46,018,500 in paid compensation, which is above the legal requirement. The number has increased from 518 employees in 2014 and 539 employees in 2015, or by 14.67 and 10.20 percent respectively. Employees with disabilities are assigned appropriate tasks, such as:

1. Promoting Catalog on Shelf products
2. Work-from home data-entry
3. Providing reports on 7-11 store visits using forms provided by the company
4. Audit paper work from business partners in 7-11 stores and reporting via email to

Corporate Asset and Facilities Management (CAF-M)

The company is committed to ensuring continued support for persons with disabilities and promoting equal opportunities for all.

### 7.2.2 Developing Human Capital

The company recognizes human resources as one of the main factors that drive success and support future business growth and is fully committed to enhancing employee quality of life and providing regular training. The company has in place the following policies and procedures to ensure quality throughout the process of recruitment, development and retention:

#### 7.2.2.1 Workforce Planning (Recruitment Process)

Workforce Scenario Planning takes into consideration both short-term and long-term workforce requirements, ensuring sufficient flexibility to cope with changing business situations as well as the employee turnover rate. The plan is implemented in accordance to the company's strategic goals and departmental needs.

Workforce Planning, conducted monthly and quarterly for both office positions (Head Office staff) and operations positions (store and distribution center staff), sets planned headcounts according to the company's strategic challenges, directions, goals, expansion plans, as well as departmental needs, based on annual manpower surveys, and is reviewed by the Central Human Resources Committee and approved by management.

The company takes a proactive approach to recruitment, aiming to cover "every channel, every opportunity, and every situation", to fulfill workforce requirements. The company recruits permanent staff, operations staff, and student trainees, through a wide variety to channels, including online media, nation-wide in-store applications, employee-get-employee programs, recruitment by local human resources units, as well as through labor fairs, recruitment networks and on-location interviews in residential communities.

Apart from these, the company has implemented extra recruitment measures for high-risk and remote areas by providing employees with transport and accommodation, as well as offering attractive compensation and benefits. A monthly review of recruitment success and the effectiveness of each channel is conducted through a review of fulfillment rates, allowing for timely adjustments to suit departmental needs and changing business situations.

Well-defined workforce planning and an efficient recruitment process leads to efficient human resources management, which provides the company a competitive edge.

In 2016 the company employs 55,710 staff members, which is a 11 percent increase from the previous year. The headcount details are as follows:

Table 1 Employee Headcount

Employees	2014		2015		2016*	
	Male	Female	Male	Female	Male	Female
<b>Employees by contract type</b>						
Permanent employees	12,493	27,230	13,282	29,811	14,621	34,603
Daily employees	814	407	803	407	771	405
Part Time Special**	1,442	3,924	1,561	4,239	1,549	3,761
<b>Employees by job level</b>						
Senior Management	493	443	506	461	479	487
Middle Management	2,151	5,019	2,298	5,405	2,390	5,772
Operations ระดับปฏิบัติการ	12,105	26,099	12,842	28,591	14,072	32,510
<b>Employees by age range</b>						
Age < 30	12,546	27,945	13,102	30,016	10,457	24,969
Age 30-50	2,057	3,534	2,388	4,343	6,344	13,691
Age > 50	146	82	156	98	140	109
<b>Total Employees</b>	<b>14,749</b>	<b>31,561</b>	<b>15,646</b>	<b>34,457</b>	<b>16,941</b>	<b>38,769</b>
	<b>46,310</b>		<b>50,103</b>		<b>55,710</b>	

\*\* Part Time Special employees indicate store staff working three shifts who are not ready for a permanent contract

The above data can be broken down to show the ratio between new recruits and departed employees.

Table 2 New recruits and departures

Employees	2014		2015		2016	
	New recruits	Departures	New recruits	Departures	New recruits	Departures
<b>Employees by gender</b>						
Male	12,317	8,457	13,602	8,946	14,327	9,358
Percentage	26.60	18.26	27.15	17.86	25.72	16.80
Female	28,366	18,066	32,987	20,025	35,505	20,552
Percentage	61.25	39.01	65.84	39.97	63.73	36.89
<b>Employees by age range</b>						
Below 30	36,307	23,003	41,977	25,213	44,317	25,874
Percentage	78.40	49.67	83.78	50.32	79.55	46.44
Between 30-50	4,371	3,514	4,608	3,756	5,510	4,030
Percentage	9.44	7.59	9.20	7.50	9.89	7.23
Above 50	5	6	4	2	5	6
Percentage	0.01	0.01	0.01	0.01	0.01	0.01
<b>Employees by area</b>						
Bangkok and municipals	18,898	12,896	18,732	13,031	19,716	13,239
Percentage	40.81	27.85	37.39	26.01	35.39	23.76
Upcountry	21,785	13,627	27,857	15,940	30,116	16,671
Percentage	47.04	29.43	55.60	31.81	54.06	29.92
<b>Total employees</b>	<b>40,683</b>	<b>26,523</b>	<b>46,589</b>	<b>28,971</b>	<b>49,832</b>	<b>29,910</b>
<b>New recruits vs. departures (ratio)</b>	<b>1.53</b>	<b>1.00</b>	<b>1.61</b>	<b>1.00</b>	<b>1.67</b>	<b>1.00</b>

#### 7.2.2.2 Developing human capital

The company strongly believes in the importance of a quality workforce and invests in providing training for employees to develop work-related skills as well as strong work ethics. The company's "harmony" culture is promoted through training courses that cover concepts such as good governance, business ethics, and codes of conduct for work, alongside training for functional competencies as defined in the annual training and development plan. All

employees from all departments and job levels have access to training, which include the following areas:

1. Training Courses by Job Nature

1.1 Store Operations: training courses on store standards, such as store employee standards, store assistant manager standards, store manager standards, regional assistant manager standards, and regional manager standards

1.2 Office Operations: training courses to develop leadership skills for employees, such as basic organization knowledge, communication and 'Service Excellent' coordination skills, concepts related to work quality improvement, mindfulness and self-development, and basic preparation for leadership

1.3 Distribution Operations: training courses to develop efficient warehouse management, such as basic warehouse knowledge, increasing productivity basics, warehouse knowledge for managers, On The Job Training skills, and Unit Manager standards

2. Training Courses by Job Groups include specific knowledge and skills for each area of work. Development and Quality Assurance groups receive training on creativity and innovation, and nutrition tables and calculations. Accounting groups receive specific training on accounting practices. Store construction groups receive training on design, construction and inspection standards.

In 2016, the company conducted 210 training courses, on topics covering organization development, business development, vocational skills and management skills, for a total of 96,363 office, distribution center and operations employees.

**Table 3 Average training hours**

After receiving training, employees are assessed every quarter through regular performance reviews and personal development plans, which gives them access to feedback on their performance and plans for their career advancement.

The company has a 100% rate of post-training assessments for all employees.

Training hours by job level	2014		2015		2016	
	Male	Female	Male	Female	Male	Female
Operations staff (average hours per employee per year)	18.6	17.3	29.3	29.3	46.21	44.93
Middle Management (average hours per employee per year)	20.9	15.9	46.3	46.5	76.70	74.29
Senior Management (average hours per employee per year)	10.1	10.5	54.9	46.4	92.79	81.67
Average training hour (hour per employee per year)	18.66	17.27	29.95	29.54	47.28	45.37

### 7.2.2.3 Employee Retention (Retention Process)

The company has in place policies for career advancement, employee welfare and benefits, communication channels improvements and complaints. The In-house Welfare Committee is tasked with managing welfare, work environments and employee relations. Employees can engage in basic democracy, which allows involvement from all employees regardless of gender, age or position. The company aims to promote a healthy working atmosphere, improve work life balance, as well as fulfill the needs of employees, in order to increase employee satisfaction and efficiency. The policies in place are:

#### 1. Opportunities and Career Advancement

The company supports internal promotion in order to retain skilled and high-potential employees. Successors are chosen from employees identified as Talents, who possess appropriate qualities in three main aspects, including 1) Ethics, such as in strong adherence to proper business ethics, 2) Leadership, such as team-building and innovative thinking, and 3) Management skills. Talents are given clear development paths to leadership positions, such as the Senior Leadership Program (SLP), Leadership Development Program (LDP) for senior management, Sapphire Leadership for management levels, and Zircon Leadership for supervisory levels.

#### 2. Employee Welfare and Benefits

All employees are provided with benefits according to their job level. Job performance is evaluated every quarter for both management and operations staff and is taken into consideration for salary increments and bonuses.

The company has many incentive schemes. The Golden Ant award is given to Ant Mission groups with outstanding performance. The Process Excellence Award is given to units that are successful in simplifying their work process. The Seven Diamond Program awards employees who show dedication to their work with recognition certificates. There are also financial incentives for 7-11 store managers whose store passed quality inspection at the 'excellent' level.

Employees are encouraged to invest in the company through the Employee Joint Investment Program (EJIP), which helps promote engagement and loyalty.

The company offers the following benefits for employees, which include benefits according to the law such as annual leave days and other additional benefits:

**Table 4 Employee Benefits**

Benefits by Type	Permanent Staff	Daily Staff
<b>Medical Benefits</b>		
Medical expenses (employee)	√	√
Medical expenses (family members)	√	√
In-Patient and Meals (employee)	√	√
In-Patient and Meals (family members)	√	√
Get-Well Basket	√	√
<b>Financial Benefits</b>		
Emergency Loan	√	-
Housing Loan	√	-
Rent Allowance	√	-
Upcountry Office Allowance	√	-
Foreign Travel Allowance	√	√
• Travel in Bangkok and municipalities	√	-
• Other work travel (transport, accommodation, allowances)	√	√
<b>Life Security Benefits</b>		
Financial aid in case of death or death of family member	√	√
Financial aid for accident and life insurance		
• Accident	√	√
• Non-accident	√	-
Maternity leave	√	-
Financial aid in case of work-related death or disability	√	√
Disaster compensation	√	√
Employee Joint Investment Program (EJIP)	√	-
Providence Fund	√	-
Social Security	√	√
Compensation Fund	√	√

The company offers the following additional benefits to help promote life security and work-life balance, focusing on near-retirement employees, employees working in high-risk areas and 7-Eleven operations staff.

- Employee Franchisee Program encourages existing and retired employees to own their own business by providing interest-free loans. In 2016 there are 984 business-owning employees, owning a total of 1,146 stores.
- Free transport and travel allowances for employees working in high-risk and remote areas, such as the provinces along the Southern border, and locations on islands and mountains.
- Legal aid for employees helps provide operations staff and their family members with legal advice and support during court processes. In 2016, the company provided legal aid to 83 employees and 13 employee family members in a total of 96 legal cases, of which 70 cases have been resolved and 26 cases are in progress.
- Maternity Leave. The Return to Work Rate after maternity leave for female employees is 82.86%, up 0.05% from the previous year. The Retention Rate after returning to work is at 99.42%. Male employees are not entitled to this benefit.

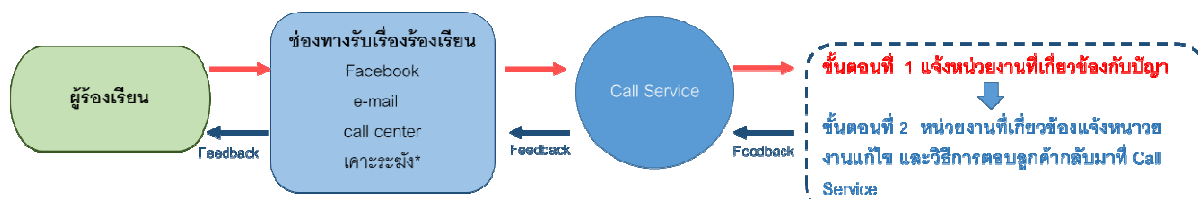
**Table 5 Maternity Leave**

Case	2014		2015		2016	
	Male	Female	Male	Female	Male	Female
Employees entitled to maternity leave	0	31,561	0	34,457	0	38,769
Maternity leave used	0	2,282	0	1,828	0	2,086
Employees who return to work after maternity leave	0	1,985	0	1,514	0	1,819
Employees who return to work after maternity leave and continue to stay with the company for at least 1 year	0	1,952	0	1,495	0	1,812
Return to work Rate (percentage)	0	86.98	0	82.82	0	87.20
Retention Rate (percentage)	0	98.34	0	98.45	0	99.62



#### 7.2.2.4 Developing channels and systems for employee complaints and grievances

The company has developed effective channels to handle employee complaints and grievances, which include Facebook, email, Call Center and 'Bell-Ringing'



\*Bell-Ringing is a 24-hour telephone hotline dedicated to employee complaints and grievances

Figure 1 Employee complaints system

### 7.2.3 Safety, Health and Environment Standards

The company has implemented measures to improve work safety in office areas, distribution centers and 7-Eleven stores, ensuring a good working environment and raising the employees' quality of life as well as productivity. To this aim the company has appointed a committee to establish and review policies and strategies, as well as inspect and follow-up of Safety, Health and Environment work in designated work divisions and staff, to ensure compliance to the law and international standards. The following health, safety and work environment policies are in place:

#### 7.2.3.1 Safety, Health and Environment Structure

The Safety, Health and Environment Committee appointed by the company consists of representation from the employer (middle and senior management) as well as representation from employees (operations staff), who work together to set working policies. The responsibilities for each party are as follows:

Table 6 Work Structure for Safety, Health and Environment

Committee	Responsibilities	Employee involvement by job level	
		Employer representatives (percentage)	Employee representatives (percentage)
Safety, Health and Environment Policy Committee	<ul style="list-style-type: none"> <li>• Set and review policies and strategies related to Safety, Health and Environment for Sales &amp; Marketing business groups</li> <li>• Promote and support policy compliance from Sales &amp; Marketing business groups</li> <li>• Review and follow-up on implementation results and report to senior management</li> </ul>	100	0
Safety, Health and Environment Subcommittee	<ul style="list-style-type: none"> <li>• Set and review Safety, Health and Environment policies</li> <li>• Define plans, working goals, and measures for the implementation of policies</li> <li>• Provide supervision and support divisions to comply with policies</li> </ul>	100	0
Safety, Health and Environment Committee	<ul style="list-style-type: none"> <li>• Enforce Safety, Health and Environment policies in areas of responsibility, including offices, distribution centers and operations premises</li> </ul>	50	50

#### 7.2.3.2 Safety, Health and Environment Measures

The Safety, Health and Environment Committee uses international SHE (Safety, Health and Environment) policies and practices to develop guidelines for safety, health and environment that suit the company's operating needs and business situation. Figure X shows the HSE workflow:



Figure 2 Safety, Health and Environment (SHE) workflow



### 1. Compliance to the Safety, Health and Environment (SHE) standards

The company complies with numerous international standards, such as OHSAS 18001 for health and safety, ISO 14001 for the environment and ISO 50001 for energy management. These policies are also adapted and included in the company's Good Logistics Practices (GLPs) to improve work safety in distribution centers. Reports are submitted to the SHE committee every month and quarter for regular monitoring and improvements.

The company also takes into consideration SHE standards in designing work processes, equipment and constructions to ensure the highest safety standards for employees by:

- Providing safety handbooks listing regulations and guidelines for safe designs, purchasing, installing equipment and security systems, to comply with standards issued by The Engineering Institute of Thailand.
- Installing protective bollards in front of stores to prevent collisions from vehicles and improving safety for employees and customers. In 2016 a total of 783 stores had protective bollards installed.



Figure 3 Protective bollard innovation

- Distribution center design that complies with SHE standards, such as wastewater treatment systems, with risk analysis conducted by experienced engineers.

In 2016, the company has reviewed accident statistics as part of an effort to improve on future safety.

**Table 7** Number and rate of work-related accidents in 2016

Accident Details	Male	Female
Number of accidents (persons)	58	33
Number of lost-worktime accidents (persons)	27	14
Frequency of accidents *	0.2195	0.1214
Accident seriousness rate *	0.2479	0.2092

NB\* per 200,000 manhours

#### Disease prevention

The company conducts a risk analysis of work-related diseases for all job fields in order to provide preventive measures and put in place policies to counter risks, as well as provide employees with behavioral guidelines and treatment methods as part of human resources work to improve work satisfaction.

**Table 8** Types of work-related diseases and preventive measures

Type of Employees	Type of Disease	Treatment
Office staff	Office Syndrome	<ul style="list-style-type: none"> <li>• The 12-Week Exercise for Health project</li> <li>• Ergonomics knowledge and awareness, aiming to reduce risks related to posture and repeated tasks</li> <li>• Analyses of working environment to identify and eliminate risk factors before injury</li> </ul>
Store staff	<ul style="list-style-type: none"> <li>• Respiratory and nervous system diseases (flu, headaches)</li> <li>• Physical, bone and muscles diseases (pain)</li> </ul>	<ul style="list-style-type: none"> <li>• Health campaigns for preventive action and treatments through internal communication, weekly meetings and monthly store records</li> </ul>
Distribution center staff	<ul style="list-style-type: none"> <li>• Respiratory and nervous system diseases (flu, headaches)</li> <li>• Physical, bone and muscles diseases (pain)</li> </ul>	<ul style="list-style-type: none"> <li>• The 1000ATTENDANCE Project, including internal broadcast campaigns, Health Promotion Care campaign, Traimitr project, pre-work exercises and Health Monitoring campaigns</li> <li>• Campaigns to raise health awareness</li> </ul>

The company utilizes proactive measures to prevent illnesses and injuries for distribution center staff. In 2016, seven distribution centers were selected as Work Life Balance DCs to pilot health-related programs, including health activities, quit smoking programs, weight loss programs, training for new mothers. Post-evaluation reported a 96.33 satisfaction rate among employees.

#### 7.2.3.3 Safety, Health and Environment goals

KPI	Target (Year) (Percentage)		
	2016	2017	2018
<b>Safety &amp; Occupational Goals</b>			
Fatal accidents	0	0	0
Injury Frequency Rate (IFR)	A 50% reduction within 3 years		
Injury Severity Rate (ISR)	A 50% reduction within 3 years		
Workplace environment compliance to the law	100	100	100
<b>Environmental Goals</b>			
Emission rate compliance to the law and related regulations	100	100	100

**Table 9** Future goals for Safety, Health and Environment

In addition to the above Safety, Health and Environment goals, in 2016, the company implemented Behavior Based Safety policies and training to reduce risky behaviors which may result in workplace injuries, such as defensive driving behaviors. The target goal is 100% of employees. Long-term follow-up is planned to assess training effectiveness.

### 7.3 The environmental action : Living Together

CP ALL aims to become the leader in retail business with a real and solid eco-conscience. In 2001 the company defined “7 go Green” as the strategy to becoming environmentally friendly and sustainable in every business endeavor, leading to the sustainable and efficient usage of natural resources, minimized environmental impact and the implementation of environmental development programs.

The “7 go Green” strategy is driven by CP ALL’s “Green Philosophy” which is at the heart of the company’s environmental efforts. Programs initiatives are implemented at 7-Eleven stores nationwide. Through continuous operation and communication, the company strives to maintain a good relationship with local communities in four areas as shown below.



Figure 1 “7 go green” strategy

### 7.3.1 Green Stores

Many projects have been implemented in order for 7-Eleven to become an environmental friendly network of stores.

#### 7.3.1.1 Energy-efficient prototype store

CP ALL enjoys continuous yearly growth, leading to an inevitable increase in energy consumption. Therefore an energy-efficient prototype store was designed according to the *Thai's Rating of Energy and Environmental Sustainability (TREES)* standards which are guidelines for constructing a "green" building. The 7-Eleven at Tara Square serves as the prototype for energy-efficient stores in seven areas.

1. Encouraging employees to use public transport and planting one tree per 100 square meters of open space.
2. Installing water-conserving toilets in public and staff restrooms to minimize impact on natural water resources.
3. Installing energy-efficient materials and equipment.
  - Insulation Pair Glass - double glazing window comprises two panes of glass, separated by a cavity which is filled with inert gas – is 28% better in preventing heat transfer than normal glass windows.
  - Aerated concrete walls prevent heat transfer and reduce the use of electricity by 30%.
  - Insulation ceiling controls in-store temperature and reduces the use of electricity by 25%.
  - Installing LED bulbs reduces the use of electricity by 30%.
  - Poly crystalline solar cell panels can generate 13,750 Kwh of electricity per year.
  - Solar heaters in water heating units reduce the use of 1,095 Kwh of electricity per year.
  - Inverter type air conditioning system reduces the use of electricity by 30%.
  - Natural light from skylight is equivalent to 20 fluorescent bulbs.



4. Construction waste management reduces the amount of construction waste which has a direct impact to the environment. For example, waste sorting at the construction site and the store, and selling recyclables to recycling facilities.

5. Promoting a better in-store environment, such as ventilation and lighting systems for a better atmosphere for customers and employees.

6. Pollution prevention measures within the 7-Eleven construction site. From the start towards the completion of the store construction, barriers are set up to reduce dust and noise pollution to the surrounding community.

7. Energy and environmentally-related innovations for a better quality of life such as Eco Open Space which can serve as recreational areas.

#### 7.3.1.2 LED bulbs

CP ALL is committed to reducing energy consumption and has established concrete measures to fulfil its promise. Newly constructed and renovated 7-Eleven stores nationwide are using energy-saving LED bulbs instead of normal light bulbs.

In 2016, 7-Eleven replaces in-store bulbs with LED bulbs in three areas.

1. Replacing cold storage unit bulbs with LED bulbs reduces the use of electricity by 2.88 kWh per branch per month or 9.5 Baht per branch per month.

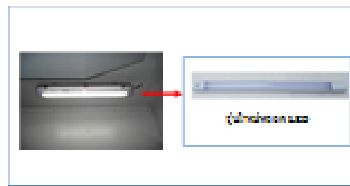


Figure 2 Cold storage units LED bulb installation

2. Replacing bulbs on cold storage unit doors with LED bulbs, reduces the use of electricity by 264.96 kWh per branch per month or 863 Baht per branch per month (7.63 million units).



Figure 3 Cold storage unit doors LED bulb installation

3. Replacing electronic ballasts with LED ballasts, reduces the use of electricity by 831.6 kWh per branch per month or 2,844.28 Baht per branch per month (21.82 million units).



Figure 4 LED ballasts

As of today 5,317 7-Eleven branches have undergone these replacements, reducing energy consumption by 29.52 kWh per year

#### 7.3.1.3 Centralized compressor for open showcase units

Initially, open showcase units in the stores use separate digital scroll compressors, which are connected to multiple condensing units. By installing a centralized digital scroll compressor system, which is a network of compressors connected to a single condensing unit, the electricity used can be reduced significantly.



Figure 5 Centralized compressor for open showcase units

#### 7.3.1.4 Inverter air conditioning system

As a part of CP ALL's energy saving efforts, the company plans to replace existing air conditioners in 7-Eleven stores with inverter air conditioners, reducing energy consumption and reducing the use of greenhouse gases such as CFC.

Table 1 Decrease in energy consumption by project, 2016

Project	(kWh) Decrease in energy consumption(kWh)	Percentage decrease	Number of completed stores
LED bulbs	29,524,063.00	59	5,317
Centralized compressor for open showcase units	2,747,266.92	8	1,057
Inverter air conditioning system	14,595,877.64	34	1,537

#### 7.3.1.5 Solar Rooftop

From the successful installation of the solar rooftop at the energy-saving prototype store at 7-Eleven Tara Square, the company continued to install solar rooftops at five more locations namely Tara Pattanakarn, Khlong Lam Chiak 13, Nawamin 111, Lad Pla Kao 63, and Seri Thai 41

Table 2 Solar cell energy output, 20156

Branch	Solar rooftop installation		Store electricity requirement (kWh / month)	Percentage of solar output compared to store electricity requirement
	Capacity (kKp)	Actual output (kWh / month)		
Tara Square	10.00	1,200.00	29,368.50	4.09
Tara Pattanakarn	20.00	2,100.00	15,152.00	13.86

Table 3 Solar cell energy output, 2016

Branch	Solar rooftop installation		Store electricity requirement (kWh / month)	Percentage of solar output compared to store electricity requirement
	Capacity (kKp)	Actual output (kWh / month)		
Khlong Lam Chiak	10.20	1,224.00	17,337.75	7.06
Nawamin 111	20.40	2,448.00	15,010.50	16.31
Lad Pla Kao 63	23.99	2,878.20	21,198.92	13.58
Seri Thai 41	20.40	2,448.00	13,588.00	18.02

Table 4 CP ALL's energy consumption and greenhouse gas emission from 2012-2016

Year	Branches (not including sub areas)	Energy consumption (units)	Scope 2 greenhouse gas emission (KgCO <sub>2</sub> eq)
2012	6,304	993,335,629.69	605,239,399.18
2013	6,841	1,061,967,548.97	647,056,827.59
2014	7,486	1,174,473,255.79	715,606,554.75
2015	8,165	1,273,316,288.51	775,831,614.59
2016	8,850	1,462,370,953	886,016,876.66

#### 7.3.1.6 Microbial powder in grease traps

By installing grease traps, 7-Eleven minimizes the amount of harmful substances entering the wastewater disposal system. However, the grease removal process causes discomfort to employees, due to the hazardous nature of the task.

Through adding microbial powder to the grease trap by a specially-designed automatic fermentation container and dispenser, the frequency of emptying grease traps can be reduced from eight times per month to once every two months, significantly increasing employee's health and welfare.

### 7.3.2 Green Logistics

CP ALL realizes the importance of an environmentally friendly logistics management and has implemented various projects and prototypes in selected distribution centers.

#### 7.3.2.1 Heat exchange water boiler

In order to reduce energy consumption, the company has successfully put in place a heat exchange system which transfers heat from refrigerant to water. The water heated by the system can be used to effectively clean product crates, saving 824,116 kWh of electricity, 3.2 million baht and 412 tons of carbon emission per year.

This project is further explored and developed into a prototype water recycling system at Suvarnabhumi Distribution Center (CDC). Waste water is treated by passing through a 0.05 micron ultra filter and an ultraviolet germicidal irradiation, eliminating impurities and microorganisms. The treated water has the same purity as tap water and can be reused, saving 8 cubic meters of water per day.

#### 7.3.2.2 Energy-saving bulbs

In addition to 7-Eleven stores, product distribution centers are also undergoing bulbs replacement.

1. Replacing high pressure sodium bulbs with T8 and T5 fluorescent bulbs, saving 322,917 kWh of electricity per month, which translates to 15.5 million baht and 1,938 tons of carbon emission per year.

2. In place of fluorescent bulbs, the Chonburi Distribution Center (RDC) has adopted Smart LEDs which are more responsive in brightness control, saving 318,000 kWh (85%) per year, which translates to 1.2 million baht and 159 tons of carbon emission per year.

#### 7.3.2.3 Reducing pollution from product delivery

The company has a high regard for stakeholder health and wellbeing which can be affected by vehicle exhaust emissions. A prototype project has been developed at Mahachai Distribution Center (DC) and its network of stores to reduce emissions. The efforts include turning off ignition while loading and unloading, and conducting a comprehensive vehicle emissions testing, resulting in the center receiving zero complaints on emission and pollution.

### 7.3.3 Green Packaging

#### 7.3.3.1 Environmentally Friendly Packaging

In terms of packaging, CP ALL is committed to moving towards using environmentally friendly packaging. The effort comprises of a short-term, mid-term and long-term plan.

##### Short-term plan

1. **Reduce:** reducing or cancelling the use of packaging that is harmful to human health and the environment.

2. **Reuse:** encouraging the reuse of packaging materials such as reusable ice boxes for frozen products instead of plastic bags.

3. **Recycle:** converting waste materials into new materials and objects, especially plastic which are not biodegradable.

##### Medium-term plan

4. **Biodegradable:** using biodegradable materials in packaging, such as using biodegradable plastic, to minimize environmental impact

##### Long-term plan

5. **Renewable Resources:** researching and exploring the possibility of bioplastics from renewable sources, which can replace traditional plastics from petroleum. Research and development in bioplastics such as Bio PE and Bio PP is beneficial to the agricultural and industrial sector, as well as reduce the use of fossil fuels.

2016 the company has successfully implemented three “reduce” projects.

- Since August 2016, the company used OPP (Oriented polypropylene) shrink sleeves to replace PVC (Polyvinyl chloride) shrink sleeves for 350ml, 500ml and 1,500ml 7-Select drinking water bottles.
- Since August 2016, bio-friendly renewable materials are used instead of PVC for newly developed products.
- Since December 2015, the company started to replace existing paper cups with a newer model which uses less paper, with an aim to completely replace all paper cups by April 2017.

Table 5 Paper cup usage in 2016

Size	GSM.	Cups produced (including 5% scrap) (pieces)	Cup usage per month (pieces)	Cup usage per month (tons)	Decrease in paper used per month (tons)	Decrease in paper used per month (percentage)	Decrease in paper used per year (tons)
10 oz.	190	155,790.59	1,200,000.00	7.70	0.64	8	7.67
	210	143,857.70	1,200,000.00	8.34			
12 oz.	190	136,998.46	1,800,000.00	13.14	1.09	8	13.08
	210	126,504.96	1,800,000.00	14.23			
16 oz.	230	101,010.10	3,500,000.00	34.65	3.50	9	42.00
	250	91,743.12	3,500,000.00	38.15			
22 oz.	250	71,942.45	3,100,000.00	43.09	4.65	10	55.80
	280	64,935.06	3,100,000.00	47.74			

The goal of the company is to use more renewable and biodegradable products.

Strategies and plans are being drafted to ensure that the goal is met in the near future.

### 7.3.4 Campaign against use of plastic bags

#### 7.3.4.1 Reduce plastic waste with “Think Bags” project

It has been on the national agenda to raise awareness of the importance of using our resources efficiently, reducing plastic waste, and lessen the impact we make on the environment. CP ALL has been proactive in delivering consumer awareness campaigns and urging consumers to “Reconsider

plastic bags” and “Say no to plastic bags”. The main target audiences of the campaigns are children and youths who can still be persuaded to change their behaviours, and are able to shape the society in the future.

The project has been running since 2012 and now in its fifth phase.

Table 6 The five phases of the “Think Bags” project

Phase	Project details
1	“Think Bags: reduce reuse recycle” online youth video contest encouraging creativity, practicality and an eco-friendly mindset.
2	Encouraging 7-Eleven customers to say no to plastic bags for small item purchases and putting multiple items in one bag in various areas namely Bangkok, Chiang Mai, Phuket, Pattaya and Nakhon Ratchasima.
3	A series of “Bag Family” music videos shown through various media in Bangkok and in 7-Eleven stores to showcase the danger of plastic waste and discourage the use of plastic bags. Extended media reach to the youth to heighten awareness.
4	Train cashiers to double-check with the customer whether they would like a plastic bag for small item purchases. Reiterate message in store manager trainings, district manager meetings, banners and road shows at various locations.
5	Implement “say no to plastic bags” campaigns aimed at store staff, employees, and distribution centers through fun and interactive activities.

The company wishes that through continuous adaptations and implementation, the project can help shape a new social norm. Starting with children and youths, the company hopes to escalate awareness building to the network of affiliated schools, the public and private sector and the civil society. These target institutions include the Department of Environmental Quality Promotion (DEQP), Office of the Basic Education Commission (OBEC), and the Green World Foundation.

In 2016, in association with Mahidol University, CP ALL developed a project, “Campus says no to plastic bags” aimed at students to reduce the use and encourage the reuse of plastic bags in participating 7-Eleven stores, saving 539,800 bags in total. The company also worked in collaboration with “Youth for Next Step”, a community of young change-makers, who has won awards such as “National Outstanding Youth Group” and the TAYO ASEAN Award: The Ten Accomplished Youth Organizations in Vietnam, 2013.

CP ALL has worked closely with company-initiated youth group: “Thai Youths reduce plastic bags” from 33 schools in 17 areas, to build eco-awareness in more than 50 schools and reaching 60,854 students.

Further efforts towards sustainability include campaigning against the use of plastic bags through online channels, social media and websites to strengthen public awareness and create action.

### **7.1.2 Anti-Corruption**

The company fully recognizes the harm from corruption on the sustainability of the company and its detrimental effects on the long-term development of the nation. The company officially pledged to join the Collective Action Coalition (CAC) on 20 August 2014, and submitted self-evaluation to the CAC committee as part of the membership certification process on 9 December 2016. Anti-corruption policies and guidelines have been issued for all employees and stakeholders.

#### **7.1.2.1 Anti-Corruption Policies**

1. The company is strictly against all kinds of corruption, whether direct or indirect, and campaigns to build an anti-corruption culture and mindset for employees in all job levels.

2. Company employees must not be involved in any form of corruption, whether direct or indirect. All employees must not offer, promise, demand or accept any form of bribes or engage in behavior that can be interpreted as such, whether for the benefit of themselves, the company or other related parties, such as family members or associates, whether in dealing with institutions within the public or private sector. All employees must comply to relevant laws, especially those related to corruption, both in Thailand and other countries where the company operates.

3. All company employees must show a dedication to anti-corruption efforts and engage in building awareness and a culture that values honesty and transparency.

4. The management is responsible for implementing the following anti-corruption measures:

4.1 Conduct corruption risk analysis and ensure corruption-risk awareness in the design of internal systems, especially in marketing and sales, purchasing and contracts, human resources, record-keeping, expense claims with high risk of corruption (such as donation, entertainment and gift claims), and transactions that involve government institutions.

4.2 Provide written anti-corruption guidelines and rules for management and operation staff to raise awareness of operational corruption risks and provide information related to anti-corruption measures to the public.

4.3 Conduct regular communication activities to communicate the company's anti-corruption policy as well as related guidelines to company employees and the public.



4.4 Conduct internal audits to ensure that anti-corruption guidelines are being followed and provide regular report to related committees, and immediately escalate emergency corruption-related findings to senior management and the Board of Directors.

4.5 Establish safe communication channels for whistleblowers to report and solicit advice about corruption-related issues.

5. Employees have a responsibility to report corruption-related issues that have come into their awareness through the provided channels. The company ensures full protection for employees making such reports.

6. The company will provide protection for employees who refuse to engage in corruption even when this results in loss of business opportunities for the company. Such employees will not face demotion, corrective action or any negative consequences.

#### 7.1.2.2 Anti-Corruption Guidelines

The company has established several anti-corruption guidelines for employees, including:

- General anti-corruption guidelines, detailing the company's anti-corruption policy and communication efforts to inform employees and the public
- Guidelines on donations and sponsorships, detailing guidelines on giving to charity and giving out sponsorship to ensure maximum transparency and avoid conflict of interest.
- Guidelines on gifts, detailing guidelines on the receiving or giving of gifts and entertainment, list of prohibited gifts, which includes cash or gifts that are equivalent to cash, such as cheques, gift certificates, gold, and real estate. Gifts worth more than THB 3,000 must be declared and HR Governance is responsible for providing quarterly reports to the Governance Committee to ensure tracability and transparency.

The company expects compliance to the above guidelines from employees of all levels, including the Board of Directors, management and operations staff, as well as from related business partners. The company implements measures to audit and respond to corruption cases and will not neglect to address any action that may lead to corruption, even when there are business benefits to be gained.

#### 7.1.2.3 Corruption Risk Analysis

An annual corruption risk analysis is conducted by 100% of work units to review corruption risks and effects on the company operations. The company also provides guidelines on purchasing and guidelines for auction committees in selecting contractors.

#### 7.1.2.4 Anti-corruption communication and awareness-building

The company regularly communicates its anti-corruption policy and guidelines to raise employee awareness of corruption issues through the following means:

1. Provide a written anti-corruption communication plan, which includes both internal and external communication.
2. Plan communication channels, such as internal newsletter, posters, pamphlets, or by providing training for employees and related external parties.
3. Plan the frequency in which to use each communication channel.
4. Plan anti-corruption content to be communicated to include policy, guidelines and related regulations, as well as the company's expectations on compliance, pledge to protect whistleblowers and employees who refuse to engage in corruption activities, as well as punishment for those who fail to comply.
5. Carry out the approved annual plan.

The Center of Development and the Office of Communication and Public Relations conduct annual training and communication activities for employees of all levels.

In 2016 the company provided anti-corruption training to a total of 49,273 employees to raise awareness of related issues. The first batch of trainees includes a total of 126 employees, ranging from operation staff to senior management, as detailed in the following table:



Table 1 Anti-corruption training for CP ALL employees

Courses	Operations Staff		Middle Management		Senior Management	
	Participants (persons)	Percentage	Participants (persons)	Percentage	Participants (persons)	Percentage
Business ethics and guidelines (office staff only)	-	-	47	100%	-	-
Human resources and work ethics for supervisors (office staff only)	338	100%	-	-	-	-
Leadership role and ethical behaviors (office staff only)	77	100%	5	100%	-	-
Good Corporate Governance & CSR (office staff only)	-	-	140	100%	-	-
Good governance and business ethics (store and distribution center staff only)	255	100%	-	-	-	-
Anti-corruption measures	-	-	51	70%	73	82%
Implementing anti-corruption in the organization	2	100%	43	100%	9	100%
Business ethics and anti-corruption	263	100%	41	100%	7	100%
Guidelines for anti-corruption	87	100%	19	100%	4	100%

Anti-corruption policies and guidelines are also available to the public via the company website. Other anti-corruption efforts include sending out information emails to employees and affiliated companies and displaying information posters in all work areas, including offices, stores and distribution centers. The company expects all employees to comply with these guidelines.

#### 7.1.2.5 Efforts to fight supply-chain corruption

The company highly values its business partners, who are an integral part in quality assurance for customers. The company has policy to create a sustainable supply chain, and sets guidelines for suppliers to follow to promote long-term partnership and mutual growth.

Supplier guidelines include quality standards for products, which must be traceable to a production and delivery process that meets quality and safety standards and is compliant to international laws on human rights and labor, and to local and national environment regulations. Suppliers must declare acceptance demonstrate strict adherence to these guidelines.

In purchasing, the company sets standard regulations and guidelines which are communicated to all suppliers, which forbid company personnel to act on behalf of the company without approval, or from receiving any gifts and benefits from suppliers which could be interpreted as bribery. The company asks all business partners to adhere to anti-corruption guidelines, which include suppliers, contractors and other parties with business transactions with the company.

The company provides guidelines on dealing with potential conflict of interest in product selection, which is announced in the Corporate Governance notice. Management and all employees involved must conduct the selection process with transparency.

Guidelines are communicated to business partners. Related departments that are involved in cases that may lead conflict of interest, such as issues of gifts, favouritism, personal relationships between company personnel and external parties, must report and and propose corrective measures to the management.

#### 7.1.2.6 Anti-Corruption Whistleblowing

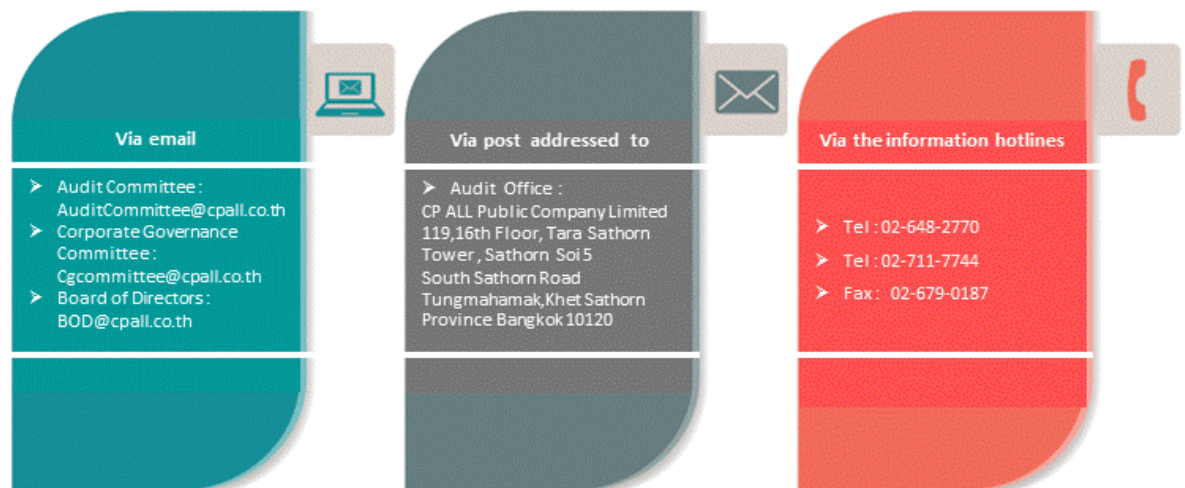


Figure 1 Channels for anit-corruption whistleblowers

Upon receiving a lead, the audit office will conduct a preliminary audit. If the lead is

found to be substantial, an investigation committee will be formed to gather facts and propose corrective measures for involved parties. All anti-corruption cases are escalated to the Anti-Corruption Subcommittee, who is then responsible for submitting quarterly reports to the Corporate Governance Committee.

In order to eliminate risks of similar future scenarios, the company takes severe measures against corruption offenses. In cases that involve unlawful activities, the company will seek appropriate legal action against all involved parties. An investigation committee together with heads of the departments involved must propose a solution and timeframe and submit to management for review.