



UN Global Compact Communication of Progress

Reporting period: 7 April 2021 – 6 April 2022



Introduction

Lotus's is an omni-channel retailer in Thailand, with a commitment to providing great quality products at affordable prices, while doing good things for our customers, colleagues, and communities. We serve customers through our network of more than 2,300 stores nationwide and online platforms, with more than 10.8 transactions made per week. We strive to cater to the ever-changing lifestyles of our customers, with a goal to deliver convenience and a delightful shopping experience anywhere anytime.

Lotus's strictly adheres to the "3 Benefits" value of CP Group, prioritizing the benefits of the country in which we operate and its people, over the benefits of the company. Sustainability, good governance, transparency, and compliance underpin the way we operate our business. Our sustainability framework is also in line with the Ten Principles of the UN Global Compact, the United Nations Sustainable Development Goals (UN SDGs), the UN Guiding Principles on Business and Human Rights (UNGP), and International labour organisation (ILO). In addition, Lotus's policies also comply with local laws and regulations, especially on governance, society, environment, labour rights promotion, and ethical business practices.

Lotus's

A Little Delight Every Day



To our stakeholders

Lotus's Thailand reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe the actions we have taken to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Sompong Rungnirattisai
Chief Executive Officer
Lotus's Thailand

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: make sure that they are not complicit in human rights abuses.

Lotus's operates an omni-channel retail business within the Charoen Pokphand Group. We are strongly committed to respecting human rights of all stakeholders throughout our value chain: our colleagues, workers in our supply chain, community members, customers and vulnerable groups of people.

We embed Lotus's Human Rights Due Diligence into our business operations; it is a part of Lotus's sustainability strategy. In 2021, we adopted our Human Rights and Labour Practice Policy and procedures, which adhere to the principles of the Universal Declaration of Human Rights, the International Labour organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on business and Human Rights, and the United Nations Global Compact.





Human Rights

Measurable Outcomes

We strive to ensure that our human rights commitment brings positive outcomes. A number of key activities have been conducted/implemented:

- Lotus's developed a Supplier Code of Conduct on responsible sourcing, focusing supplier's responsibility to respect and protect human rights and labour rights of their employees as well as other key stakeholders.
- The Risk and Compliance is the highest governance body, mandated to set corporate human rights related policies, strategy and direction. The Natural Work Team on Sustainability has been established to implement, monitor and report all human rights related activities.
- We have conducted our first human rights impact assessment which potential negative human right risks and impacts are identified. We are in the process of assessing salient human rights issues and developing mitigation measures with concerned agencies/units.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: the elimination of all forms of forced and compulsory labour.

Principle 5: the effective abolition of child labour.

Principle 6: the elimination of discrimination in respect of employment and occupation.

Lotus's is committed to creating decent working conditions in its own operation and throughout the value chain. We respect fundamental labour rights and have zero tolerance towards child labour, forced labour, victims of trafficking and modern slavery. We promote freedom of association and the rights of collective bargaining and eliminate all forms of discrimination at work.

We strive to create a work environment in which all colleagues are valued and respected. We promote diversity and inclusion, safety, and actively eliminate harassment and violence in all forms. In addition, no worker should be borne by recruitment costs and fees. We aim to mutually work with all suppliers to enhance good labour practices throughout our value chain.

Labour

Measurable Outcomes

- Lotus's successfully adopted the Anti Violence, Harassment and Discrimination at Work Policy.
- Lotus's Responsible Recruitment Policy works towards the employer pay policy.
- Health and Safety Governance is a body that steers corporate policies, strategy and directions on prevention and protection of OSH rights
- As part of the supplier's recruitment and selection process, all suppliers are assessed against our labour practices criteria. Corrective and mitigation measures are developed in consultation and agreement with suppliers and Lotus's. We continue to work with target suppliers to enhance labour practices in line with Lotus's Human Rights and labour Practices Policy and Supplier Code of Conduct.
- We promote the freedom of association and rights to collective bargaining. Currently, all Lotus's colleagues, regardless of their nationalities, are entitled to elect their own choosing representatives to sit in the Welfare Committees.
- Lotus's announced the Overtime Authorization and Payment Order as a tool to mitigate OT related risks.
- We have been working closely with the Ministry of labour to promote a flexible workforce and inclusive workplace for senior workers. As a result , the Ministry of labour adopted its Announcement concerning the Promotion of the employment of Senior Workers on hourly wage basis. This also replicated our success in policy advocacy on the promotion and employment of youth employment – part time student workers in our previous collaboration with the Government
- Our Protector Line, a toll-free grievance channel, has proactively addressed complaints in transparent, timely and confidential manners. All colleagues and other stakeholders are encouraged to report with the full whistle blower protection. In 2021, the Protector Line successfully investigated and closed all human rights and labour practice related complaints filed.
- We provided safety trainings to all colleagues on average 5 hours per year (total of 288,914 hours trained in 2021). We also provided trainings to 18,621 contractors, including our contracted drivers and 34,095 mall tenants nationwide



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Lotus's is aware of the impact of our business operations on the surrounding environment, both at the community and national level. We place the highest value on running our business with environmental responsibility, and our main goal is to become a carbon-neutral organisation within 2030.

We are currently in the process of setting environmental goals for the business, which will include a roadmap for greenhouse reduction and the transition to sustainable resources. Once completed, operational guidelines appropriate to the context of Thailand will be set, contributing to the change in sustainable development at organisational and national levels.

Environment

Measurable Outcome

- Lotus's committed to adopting 100% sustainable packaging by 2030 by using 5R principle; Redesign, Remove, Reuse, and Retrieve & Recycle/Repurpose.
 - Redesign: All polystyrene foam food and meat containers have been switched to thermoform to reduce plastic usage and increase recyclability. On average, thermoform meat trays help to reduce plastic waste by 400 tonnes per year.
 - Remove: Achieved 100% progress within fresh food and groceries non-food categories in the year 2022, against our goal to exit all hard-to-recycle materials in Own Brand Packaging by 2025.
 - Reuse: Introduced Bag for Life to provide reusable and recyclable shopping bags. Bag for Life can be purchased at every Lotus's store, and customers can exchange their bags when worn out for a new one, free of charge.
 - Retrieve: We have worked with a variety of partners, we are committed to making waste segregation and recycling as convenient and easy as possible for our customers.
 - Recycle: Reverse Vending Machines are installed at 27 Lotus's stores to retrieve plastic bottles for recycling. In 2021, 826,715 bottles of plastic bottles have been collected.
 - Repurpose: Lotus's worked together with SCG Packaging to collect paper boxes from own operations and customer donations and turned into paper beds for Covid-19 field hospitals. 50 tonnes of paper boxes were collected for 3,500 beds,
- Lotus's committed to send Zero Food Waste to landfill by 2030. Through the Target, Measure, and Act framework, Lotus's approaches food waste prevention and reduction end-to-end.
 - In 2021, Lotus's produced 8,518 tonnes of food waste, 0.8% decrease from previous years
 - 81 tonnes of edible surplus were donated to charities, underprivileged people, etc.
 - 3.5 tonnes of inedible surplus were turned into fertilizer through composting
- Lotus's committed to becoming a Carbon-neutral organisation by 2030 and becoming Net-Zero by 2050.
 - PV solar rooftops are installed at 175 Lotus's stores and 6 distribution centers, generating electricity with a capacity of 73.1 MW/year, equivalent to 49.3 tons CO2 of GSG emissions.
 - Lotus's is the first retailer in Thailand to adopt a fully electric delivery fleet for bakery delivery. The switch to electric vehicles reduces 24.7 tons of CO2 emissions per electric vehicle each year.

The image shows two Lotus's employees, a woman and a man, both wearing white face masks and white shirts. They are sitting at a desk, looking at a laptop. The woman is on the left, and the man is on the right. They are both wearing blue lanyards with the Lotus's logo. In the background, there is a large screen displaying the Lotus's logo and the tagline 'A Little Delight Every Day'. The logo is in a bright blue color, and the tagline is in a smaller, lighter blue font. The background also features vertical wooden slats.

A Little Delight Every Day

Anti Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Lotus's is committed to zero tolerance against any form of corruption. Our anti-bribery programme has been designed based on our Risk, Controls and Assurance (RCA) framework. While risk assessment helps us understand our risks, tailored control measures are put in place to manage the unique challenges. Finally, monitoring and review mechanisms are adopted to ensure the effectiveness of the programme. The programme is reported to the Compliance, Risk, and Sustainability committee, comprises CEO and Functional directors, regularly.

Anti Corruption

Measurable Outcome

Throughout the year, we identify risks, impose control measures, and assure that our programme is carried out effectively, briefly given as follow:

- Monitor emerging anti-bribery trends and developments and conduct risk assessment in consultation with business/operation teams. This serves as a useful starting point for further risk mitigation.
- Report the programme to the Compliance, Risk, and Sustainability Committee to assess whether improvements are needed. Moreover, we have maintained an up – to – date responsible and accountable persons to ensure governance of the programme.
- Update policies and guidelines to reflect the fast-changing business activities and the legislation, including communicate them to keep awareness of our colleagues. We also make sure that all colleagues at risk pass the anti-corruption training.
- Procedures and guidelines are in place as supplement of the programme, for example Gift Register, where valuable gift and entertainment are properly assessed and monitored. Furthermore, our responsibility is extended to our supplier, as third parties must undergo due diligence by using our external platform allowing us to know enough about a supplier before beginning of business relationship.
- Any committing of corruption must be investigated, and appropriate sanction taken. Whistleblowing mechanism is in place in systematic and aware by our colleagues.
- Additionally, we have our programme certified by an external entity, the Collective Action against Corruption (CAC), as well as persuades our trading partners to join this initiative. In 2021, we received CAC Change Agent Award for inviting 42 suppliers to join CAC.

Lotus's

