

## Sustainability Report

**Chotiwat Manufacturing Public Company Limited** is considered one of the manufacturers and exporters of high-quality and trustworthy seafood products. Throughout our business operation, the Company has realized and emphasized operating business with sustainable growth by simultaneously creating balance while adhering to Environmental, Social and Governance (ESG) principle. In addition, the Company has stressed on sustainable development goals (SDGs), set forth by the United Nations while responding to creating balance between profits and returns on investment for every stakeholder group, fostering the organization's sustainable growth strategy whereby ESG has been specified as part of CMC's steady foundation to achieve its continued growth. In 2022, the Company appointed the Environmental, Social and Governance Committee ("ESG Committee") to be responsible for determining policies and announced 6 sustainable development goals (SDGs) for the years 2023-2027. Such SDGs have encompassed ESG as well as responded to key issues of all stakeholders, future trends, and business directions to achieve our sustainability at an international level.

**Health, Safety Workplace and Well-Being:** The Company has consistently emphasized on health, safety workplace and well-being of all employees as well as realized the importance of employees by treating them well while allocating adequate resources and ensuring safety workplace environment. This in turn, will lead the Company to become the model company in health, safety workplace and well-being at a national level.

**Human Resource Sustainable Development:** The Company has fostered equal learning opportunity to encourage students to learn and work for the Company. Besides, the Company has promoted and strengthened human resources efficiency to ensure that the employees can perform their duty effectively, possess skills which correspond to constant changes, promote teamwork to become the organizational culture as well as build attachment with the organization to ensure that the personnel will possess both ability and morality while being responsible for the entire organization.

**Human Rights:** The Company shall treat every personnel equally and fairly while adhering to human rights principles and acting against child labor, forced labor and labor oppression. The Company was being granted with TLS8001 and was awarded the highest award for achievement in maintaining the standards of Thai labor for 15 consecutive years, including SEDEX Members Ethical Trade Audit (SMETA).

**Climate Action:** The Company shall collaboratively conserve the environment, energy, and natural resources, minimize greenhouse gas emission whereby the Company had started its carbon footprint by employing 2021 as the base year and was ultimately certified with the Carbon Footprint for Organization (CFO).

**Seafood Sustainability:** The Company shall provide key raw materials by being responsible for the supply chain management which was certified by the Marine Stewardship Council (MSC). The Company has been a member of the International Seafood Sustainability Foundation (ISSF) and the Marin Trust.

**Good Governance:** For good and long-term business performance, the Company has strived to manufacture good quality and safe products for consumers, creating innovation and value for sustainable business and lawfully conducting the business with ethics, transparency, and anti-corruptions.



## Sustainability Management Policies and Goals

The Company has set its sustainability development policies and goals (SDGs) as well as ensured their compliance with the organization's established operation plans and strategies. Such policies and goals shall be under the management and supervision of the ESG Committee which in turn shall report the result to the Company's Board of Directors. Moreover, the Company has determined the monitoring and review of the performance indicator and SDGs according to the sustainable development goals.

## Environment

### SDGs 13: Climate Action



- The Company has realized the importance of climate change and strived to consistently improve the processes to cope with constant climate changes. In addition, the Company has recognized the significance of pollution prevention, efficient use of resources, energy conservation according to international principles, handling of greenhouse gas emission to minimize environmental impact, environmental protection, and biodiversity.

- The Company shall organize an inspection and report of greenhouse gas emission of the carbon footprint of organization for the base year to acknowledge the hotspot as well as manage credible and certified information to be employed as guidelines on the management of the minimization of greenhouse gas emission, coupled with energy and environmental conservation within the organization.
- The Company shall conform to relevant laws and regulations as well as act responsibly toward the society, collaborate, assist, support, and volunteer for activities beneficial for the community and society at large with the aim to promote economic strength, including social and cultural restoration.

#### SDGs 14: Seafood Sustainability



- The Company shall support fishery guidelines and practices with responsibility to preserve the abundance of marine resources, maintain the ecosystem of the ocean, coastal lifestyle, and sustainable fishery, including natural resources conservation and biodiversity with the aim to ensure the balance of the ecosystem.

### Social

#### SDGs3: Safety Workplace and Well-Being



- The Company shall promote welfare and environment which take into consideration safety workplace.
- The Company shall provide suitable welfare for all employees and treat them with honesty by listening to their opinions and suggestions in a reasonable manner.
- The Company shall improve the organization and human resources by emphasizing on efficient work procedures, clearly specifying the employees' roles and responsibilities as well as determining appropriate compensation, providing career advancement, and enhancing their work capability.

#### SDGs4: Human Resource Sustainable Development



- The Company shall realize that human resources are the most important factor for business operation to generate value and returns on investment for the business since the Company's operations in various fields require skills and abilities, including physical and mental dedication to achieve the established goals.

- The Company shall promote personnel development of every level by encouraging the employees to constantly develop their knowledge, ability, capability, positive attitude, morality and ethics, and teamwork. Besides, the Company has constantly supported the organizational and human resources development by stressing on efficient work procedures, clear specification of the employees’ roles and duties, suitable compensation, assessment system development and enhancement of work capability of all employees.

### SDGs 8: Human Rights



- The Company shall promote and encourage the compliance of basic human rights and equality principle without non-discrimination of nationality, skin color, gender, language, religion and political belief or any other beliefs, race or social background, assets, birth origin or status. In addition, the Company must regularly check and prevent its business from getting involved with any violations against human rights and freedom, whether directly or indirectly: for example, the Company must not support any forced labor or child labor.
- The Company shall respect and treat stakeholder fairly on the basis of human dignity as well as promote the compliance with human rights’ regulations within the Company, treat every employee equally in terms of employment, encourage the employees to have freedom in socializing and open to any negotiations to ensure that the employees will be socially protected and properly treated according to the human rights principles, accepted at an international level. However, business responsibility in human rights also encompasses the Company’s subsidiaries, associated companies, joint ventures and business partners.

## Governance

### SDGs16: Corporate Governance



- The Company shall strive to operate its business with honesty, truthfulness, and responsibility toward society in a legal and ethical sense as well as endeavor to make good deeds to any individuals, communities, societies, and the environment. Moreover, the Company shall operate its business under a standardized operation system and efficient control by employing their knowledge and ability to the fullest and with

caution, adequate information, and referable evidence. Besides, the Company shall strictly act in accordance with relevant laws and regulations as well as cooperate with government officials.

- The Company had announced the intention to join the Thai Private Sector Collective Action Against Corruption (CAC-Thailand) and strongly adhere to good corporate governance guidelines and principles set forth by the Office of the Securities and Exchange Commission as well as recognize the importance of business operation and development according to good corporate governance principle.
- The Company shall promote the employees and personnel to realize the significance of conducting business fairly and in line with the Company’s established laws and business codes of conduct, while encouraging the subsidiaries and associated companies to accept and apply business operation policies fairly in the same manner.
- The Company shall act strictly in accordance with the anti-corruption policy and the Company’s code of conduct. The Company must not get involved with any frauds or corruptive behaviors, whether directly or indirectly, as well as establish the internal control system to prevent fraud and corruption in accordance with the regulations and specifications stipulated by the Company.
- The Company shall realize the importance of innovative management and personnel advancement by enabling the personnel to consistently collaborate in product innovations and procedures, knowledge management development as well as support the personnel to employ data and information technology to improve their operation, encourage an exchange of learning and further new idea to become the innovation which ultimately benefits the customers, society, and the environment.

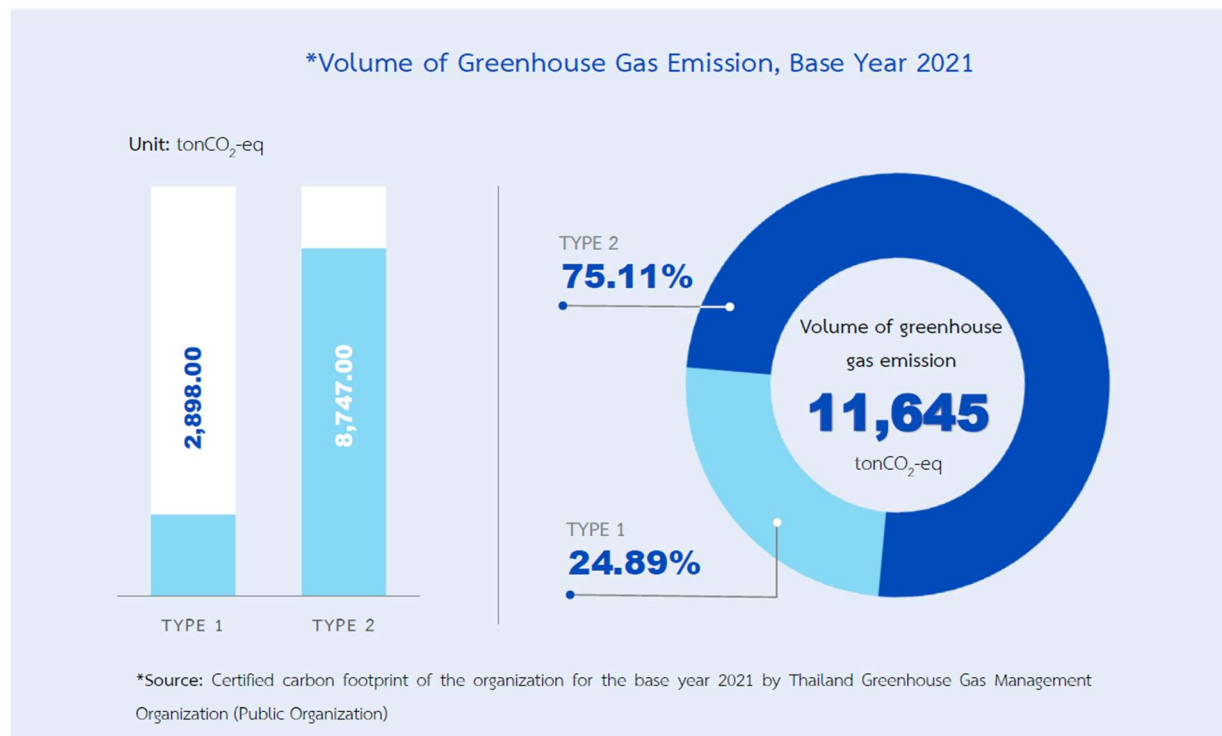


## Environmental Performance

- Carbon Footprint for Organization (CFO)

The key meeting agenda at the 26<sup>th</sup> Conference of the Parties (COP26), held in Glasgow, the United Kingdom during 31 October-12 November 2021, is to minimize the volume of greenhouse gas emission into the world’s atmosphere at the COP26 forum. Thailand has shown a strong intention to collaboratively solve such problem with the global community as well as elevate the level of global warming problem in response with any upcoming changes with which the Company may be encountered. Consequently, the Company requested for the CFO certification from Thailand Greenhouse Gas Management Organization (Public Organization) to become one of the certified licensors on 26 July 2022, whereby the information derived from the 2021 base year information reported that the volume of greenhouse gas emission from business operation of the organization in the 2021 base year was equivalent to 11,645 tons of CO<sub>2</sub>-eq or equals to 24.89 percent and an indirect greenhouse gas emission from energy consumption and type2 at 8,747 tons of Co<sub>2</sub>-eq or equivalent to approximately 75.11 percent.

The business operation according to sustainable industrial development guidelines has set the objectives of environmental operation with the aim to increase production efficiency, waste reduction and re-use while simultaneously preventing environmental pollution whereby the report will be done according to the international standards.



- **Energy Management Development Project**

The Company has emphasized a suitable energy management system, coupled with energy conservation. Therefore, the Company has constantly promoted and encouraged energy consumption with highest efficiency in which the Company has stressed on the use of renewable energy which helps minimize environmental impact. The Company started the solar roof installation in 2019, with a total of 2 megawatts, enabling the Company to reduce the electricity consumption in 2020 to 4,190.17 megawatts per year. In addition, the Company expanded another solar cell installation area of 1 megawatt in 2021 enabling the Company to reduce the electricity consumption 4,063.10 megawatts per year. Including the 3 megawatts where solar cells were installed from 2019-2022, the Company was able to reduce the electricity a total of 8,137 megawatts. Until present, the Company can reduce the greenhouse gas emission to 3,222.57 tonCO<sub>2</sub>-eq or equivalent to 96,184.04 trees being planted, enabling the minimization of greenhouse gas emission into the atmosphere.



CO<sub>2</sub> Emission Saved

**3,222.57** TonCO<sub>2</sub>-eq



Equivalent Trees Planted

**96,184.04** ต้น (ต้นไม้)

- **Water Treatment and Waste Management System**

The Company has an efficient wastewater treatment system by employing state-of-the-art technology called Anaerobic Fixed Films. Such technology relies on microbial anaerobic wastewater treatment system to save energy and be able to maintain the greenhouse gas of approximately 34,728.69 kgCH<sub>4</sub>-eq. Besides, biogas produced from organic substance decomposition in the wastewater to warm water prior to forwarding them to the boiler with the aim to conserve energy in producing vapor for energy management.

Nonetheless, for waste management, the Company has emphasized waste management under 3R principle which consists of reduce, reuse, and recycle with the purpose to employ limited resources to their fullest efficiency. Therefore, the Company has built, developed, and promoted waste separation to ensure systematic waste and garbage management more appropriately and correctly while being in line with relevant laws.

- **Public Interest Activities for the Conservation of Coastal Resources**

The Company assigned the representatives on behalf of the employees, called “Volunteered Innovator” to be responsible for environmental activities; for example, clean up garbage at Samila Beach, Songkhla Province, Thailand. Such activity helps the employees to recognize the importance of the environment, waste separation to use these renewable resources more efficiently, minimization of plastic. Garbage which in turn, will create system sustainability. Apart from environmental conservation, such activities help foster the employees’ pride as well.



- **Maintain Marine Sustainability Standards**

The Company has cared for and realized the importance of proactive operation to cope with newly emerging issues and current issues amidst changing business environments. Thus, supply chain management is considered a key factor in procuring raw materials with responsibility and under sustainability principle. This is to prevent an Illegal, Unreported and Unregulated Fishing (IUU Fishing). The Company has strongly supported responsible fishery guidelines to maintain the abundance of sea resources. Such guidelines are in line with the Company’s seafood sustainability policy which emphasizes compliance with the International Seafood Sustainability Foundation (ISSF). This foundation has constantly supported fishery management by adhering to scientific advancement principle through research and analysis, performed by the experts and directly conducted to promote guidelines on sustainable fishery throughout the supply chain, made certain to conform to fishery guidelines and fostered sea resources conservation. This can also be achieved by procuring tuna responsibly whereby such tuna must come from the fishing boats that help conserve sea resources. Moreover, the Company has promoted the vendors and boat owners to register their boats with the Proactive Vessel Register (PVR) to show their involvement with the sustainability principle.

The Company was also certified with the Marine Stewardship Council (MSC) in purchasing raw materials from fishery which is acceptable and traceable throughout the supply chain to every fishing spot and in every manufacturing process, starting from the origin to the ending point where fish will be packed and sent to the consumers at the end point. Besides, the Company must act in accordance with the Dolphin Safe regulations, Shark Finning Policy as well as being certified with the Marin Trust standards for its fish oil products. These standards are in line with the standards set forth by Food and Agriculture Organization of the United Nations (FAO), enabling the Company’s steamed fish soluble to be acceptable and required by animal feeds’ manufacturers while responding to the customers’ needs.



## Social Performance

- **Personnel Well-Being**

Personnel health and safety are deemed key factors in any operations and product manufacturing. The Company has administered the security system to be in line with laws relating to safety and labor laws, supervised the well-being of all labors, including safety management according to the specification of Thai labor standards (Mor Ror Tor 8001). The Company's work safety had passed the standards set forth by SEDEX Members Ethical Trade Audit (SMETA) and the Company has taken good care of all employees while consistently ensuring safety workplace and good hygiene; therefore, the Company established the Safety Committee with the initiative to elevate the assessment, minimize and control risks as well as prepared standards and practices which are specifically suitable for the monitoring in such area.

Besides, the Company has provided suitable welfare for the employees and treats them with honesty by attentively listening to their opinions and suggestions. Thus, the Company has prepared an annual satisfaction survey and paid them with appropriate compensation, both in the form of salary and/or bonus, which are also in line with their potential. Furthermore, the Company shall foster stability in profession, including career advancement in a fair manner. The Company shall also provide various types of welfares for the employees as set forth by relevant laws as well as encourage every employee to attend different activities to build happiness in the workplace such as religious activities, offering food to monks on the new year occasion, making merit on the Buddhist Lent Day, build temple, join Songkran festival, Thai food festival, sport day activities, flea market activities to generate income for the employees, including other social club activities etc. In addition, the Company also provides employees with good welfare such as employees' resident and shuttle bus, free food, and activities to strengthen attachment with the organization, giving gold to the employees who have worked for the Company for 10, 20 and 30 years respectively with the aim to foster encouragement and attachment with the employees and organization.

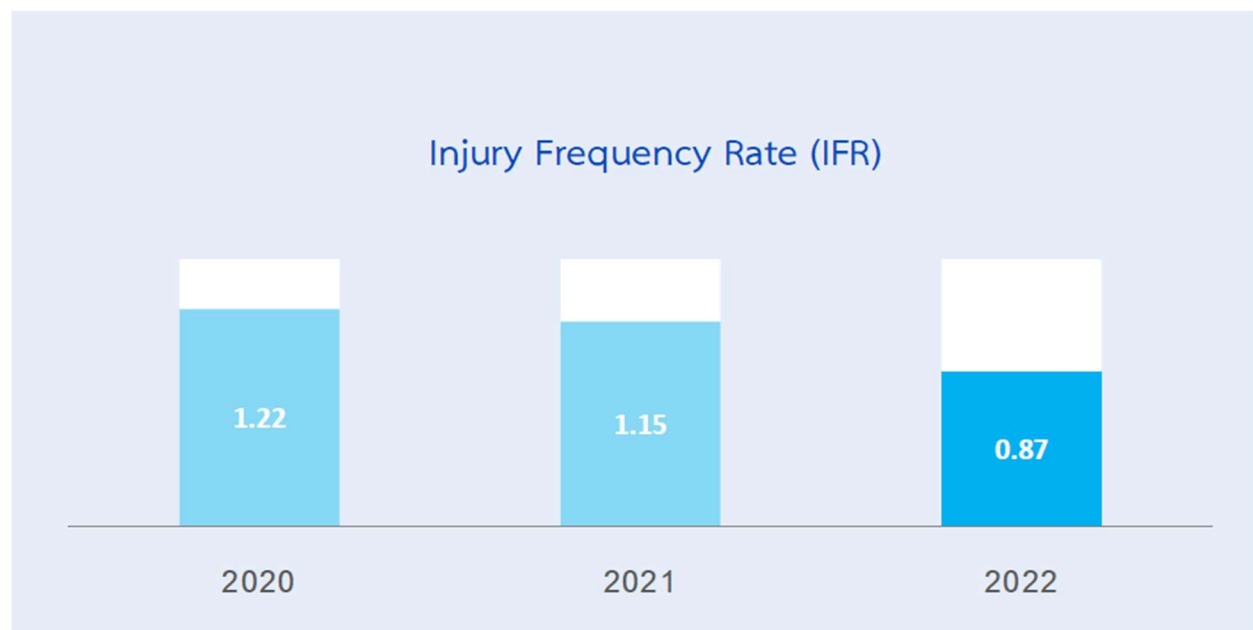
- **Employee Safety Within the Company**

The Company has established a safety culture, promoted the employees to be aware of and adjust their work behavior to minimize accidents in every form. In addition, the supervisor shall be assigned as a safety leader who takes good care of all employees; thus, the number of accidents has continually declined. Besides, the Company has provided guidelines to prevent workplace accident, including an accurate use of chemicals, hearing conservation training, fire alarm and automatic fire extinguishing system at the warehouse, Safety Talk activity and daily KYT activity to ensure the employees' awareness. Moreover, the Company should provide training on fire evacuation and safety checking of all emergency equipment so that the employees will be well-prepared and be aware of the assembly point. In addition, the Company also provides health assessment based on the risk factor of employees to ensure his/her safety whereby the service team from the hospital is ready to offer their annual service.

In 2022, the Company was certified with the excellent establishment in safety, occupational health, and workplace environment at a national level. Such certification was granted by the Department of Labour Protection and Welfare, Ministry of Labour and it also reflects the Company’s management which strongly emphasizes safety and occupational health in the business operation.



For IFR statistics in 2022, the frequency of work-related accident and sickness declined to 24.35 percent in which such number was calculated from a total of 200,000 working hours. Besides, there was no report of any accidents that lead to death or injury of the employees and contractors.



- **Human Resource Sustainable Development**

The Company acknowledges that human resources are the most significant factor for successful business operation to generate value and returns on investment for the business. The Company also has the policy to promote personnel development of every level and has encouraged every employee to improve their knowledge, ability, potential while possessing a positive attitude, morality and ethics, and teamwork. In addition, the Company has supported teamwork, organization, and human resources development by stressing on efficient work procedures, clear specification of employees’ roles and duties, including suitable compensation, development of the assessment system and work competency. In 2022, the Company started the Work Integrated Learning (WiL) project by signing MOU to organize a vocational education at a vocational certificate level in fish processing, fish industry, bilateral system, Tinsulanonda Fisheries College as well as support educational expenditures, work compensation and offer the opportunity to the students to study and work to earn their own income while promoting equality of education. At present, there are 40 employees joining the WiL project. The Company has aimed to build a future for these laborers while simultaneously drive equal educational opportunity for sustainable growth of the country.

- **Human Rights**

The Company has set the policy on human rights and social responsibility. In addition, the Company has consistently act in accordance with basic human rights and equality principle, labor law and customers' specifications concerning social ethics, respected and treated every stakeholder group fairly based on human dignity as well as promoted the compliance with human right specifications within the Company.



Furthermore, the Company has encouraged all employees to comply with the human rights principle according to Thai labor standards (Mor Ror Tor 8001). As a result, in 2022, the Company was granted the highest honorable award, held by the Department of Labour Protection and Welfare for the Company that has maintained Thai labor standards for 15 consecutive years.

The Company is also a member of the Supplier Ethical Data Exchange (SEDEX) and successfully passed the SEDEX Members Ethical Trade Audit (SMETA). In addition, the Company has adhered to lawful labor employment by establishing a clear policy not to employ child labor or children under 18 and must not support any forced labor. The Company also respects the employees' rights, provides them with fair and equal treatment, regardless of their diversity in nationality or social background which may lead to discrimination. The Company must not support physical penalty or verbal abuse and shall provide them with safety workplace, hygienic environment, a preventive system for work-related accident or injury to minimize health and safety-related risks. Besides, the Company has strived to develop products under obtainable benefits according to the country's established laws regarding labor standards, including labor employment based on wages. Thai laws have specified to provide welfare in response with adequate work, offer workers' shelters, food, and welfare in an equal manner. In addition, the Company has applied Good Labor Practices (GLP) in Thailand's seafood industry, create workplace happiness which in turn, helps foster positive impact to both employees and organization.

## Corporate Governance Performance

- **The Company announced the intention to join Thai Private Sector Collective Action Against Corruption (CAC-Thailand)**

The Company has operated the business with honesty, truthfulness and equality while being responsible for society, both in terms of law and code of conduct. The internal control system is in line with the Enterprise Risk Management principle and the standards set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

In 2022, the Company also announced the intention to join the Thai Private Sector Collective Action Against Corruption (CAC-Thailand) and operated its business by adhering to good corporate governance principle stipulated by the Office of the Securities and Exchange Commission as well as realize the importance of business operation and the development of good corporate governance principle.



The Company’s Board of Directors, executives and employees of every level shall strictly conform to the anti-corruption policy, determine the anti-corruption policy and emphasize on transparency whereby the Board of Directors, executives and employees of all levels of the Company and subsidiaries must act in accordance with the anti-corruption policy, including any other practices or measures established by the Company as well as comply with other laws relating to the anti-corruption policy. Besides, the Company’s Board of Directors, executives and employees must not get themselves involved with any corruptive behaviors, whether directly or indirectly, and must specify the complaint channel to directly report any fraudulent or corruptive behaviors to the Chairman of the Audit and Risk Management Committee, determine the Company’s code of conduct to be employed as business operation framework for every director, executive, employee and other related parties for their acknowledgement and practice. This is to ensure that they will perform their respective duty with an awareness which adheres to honesty, morality, ethical conduct while maintaining the Company’s reputation and acting appropriately in accordance with professional business conduct as well as being responsible for the economy and society at large, inspecting and managing risks to ensure credibility in the operation procedures.

- **Innovation Culture**

The Company has emphasized innovation management to consistently promote personnel involvement in product innovation and procedure. Besides, the Company had developed knowledge management system, encouraged the use of information and information technology to improve its operation, fostered exchange of learning and furthered idea to become innovation which in turn, will benefit the customers, society, and environment. The Company has generated value to the business to ensure the Company’s competitiveness and business growth, promoting and building an innovation culture to foster involvement and innovative idea at an individual, group and organization level by employing systematic learning format and knowledge management. Furthermore, the Company has pushed forward new initiatives and work improvement, organized a meeting forum to exchange ideas and improved work format via CMC Innovation Award activity. Such activity has been held continually since 2017 or 6 consecutive years. In 2022, there were over 360 innovative works which the employees had submitted. Examples of product innovations which can successfully develop the

recipe and manufacturing processes are “Low Sodium Low Sugar” Takrai Dipping Sauce which was granted with the silver award at the CMC Innovation Award 2022. Besides, the Company had registered the license of its “Knife” and “Removable and Washable Scale” with the Department of Intellectual Property. In addition, such activities help promote competitiveness to generate value for the customers as well as improve the organization with sustainable innovation.



*Takrai Dipping Sauce (Low Sodium Low Sugar)*

The CMC Innovation Award activities had resulted in 2 innovative works which had been registered with the patent and petty patent as follows:

1. The innovative work called “Knife” was registered with its design patent from the Department of Intellectual Property. The Company submitted the patent request since 12 June 2020 and was granted

with the patent starting from 23 August 2022 to 11 August 2030. Moreover, the Company received the petty patent in invention from the Department of Intellectual Property. The Company submitted the patent request on 12 June 2020 and was granted such patent starting from 29 July 2021 to 11 June 2026. Such innovative work also received the golden award at the 2018 CMC Innovation Award.

2. The innovative work called “Removable and Washable Scale” was granted with the petty patent in invention from the Department of Intellectual Property. The Company submitted the patent request on 11 August 2020 and was granted with the patent starting from 7 November 2022 to 10 August 2026. Such work was granted the silver award at the CMC Innovation Award 2019.

## CSR Activities

The Company has consistently helped the community and society and promoted such a policy. Apart from the donations in the form of money and necessary items, the Company has organized activities to foster personnel involvement to promote good bonding with the community. During the past years, the Company has arranged various public interest projects, including other social and environmental activities.

- **Employment of the Disabled Project**

The Company has donated money to hire the disabled to work for the community and public interest; for example, subdistrict health promoting hospitals, schools, foster centers in Songkhla province. The Company has continued these projects for 12 consecutive years.

- **Money donation project for the Songklanagarind Hospital Foundation**

The Company was granted with the recognition plaque from the Songklanagarind Hospital Foundation on the occasion that the Company donated money to the foundation, the Faculty of Medicine, Songklanagarind University Hat Yai campus.



- Project to offer robes to Buddhist priests, together with the Buddhist Ecclesiastical Official Monk and Hat Yai Hospital Foundation

In addition, in 2022, the Company was the host in organizing an offering of robes to Buddhist priests with the Buddhist Ecclesiastical Official Monk, Songkhla province and Hat Yai Hospital Foundation. The Company donated 1 million baht for the funding of sick priests, cancer patients in the South, including medical equipment funding.

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