

**BJC**

Berli Jucker Public Company Limited

บริษัท เบอร์ลี่ ยุคเกอร์ จำกัด (มหาชน)

Water Relate Risk Report	Support answer: 2.5 Water
	Topic: Exposure of Suppliers to Water Risks
	Report Year: 2023

BJC utilize the Aqueduct Water Risks Atlas tool, developed by the World Resource Institute (WRI) to identify and evaluate current water risks in all operations throughout Thailand, all Critical tier 1 supplier, and critical agricultural commodities.

Own Operation:

BJC assess own operation site’s location in water stress area by the Aqueduct Water Risks Atlas tool. The result as below.

Water stress Level	% Operation site
Extremely High	46
High	31
Medium - High	8
Low - Medium	2
Low	13

Note: Coverage is big format of Big C and all factory in Thailand

In additional, BJC also conducts water risk assessments in enterprise risk management process which operates on a regular basis to manage risks appropriately and timely manner.

Mitigation Plan

BJC regularly monitors, evaluates and manages water usage in its business operations, especially operations sites located in water stress areas to ensure efficient use of water, have enough water for use and doesn’t affect communities and environment. BJC focuses on economical use of water and try to increase the proportion of recycled water for maximum efficiency. In additional, BJC fucus to wastewater treatment in order to avoid negative impacts on the community and the environment.

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Examples of Operation site activities in water stress areas:

- BJC is trying to increase the proportion of water reuse of production process.
- TBC improve production process for reduce water use and increase water recycle.
- In additional, TBC encourage water awareness activity with employee.
- TMG is already working on using ozone in coolant treatment in the cooling tower.
- CPC implemented new technology and engineering approach such as the installed Disc Filter to maximize recovery of freshwater whilst minimizing the cumulation of wastewater from operations

Total supplier

BJC use the Aqueduct Water Risks Atlas tool to assess water risk by supplier's location. The result as below.

Water Risk Level	% Total supplier
Extremely High	30
High	64
Medium - High	1
Low - Medium	2
Low	3

The assessment of total suppliers 3% are located in the low water risk area, 2% are located in the low-medium water risk area, while 1% of our suppliers are located in the Medium-High water risk area, 64% of our suppliers are located in the high water risk area and 30% of our suppliers are located in the Extremely high water risk area.

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Critical supplier

BJC use the Aqueduct Water Risks Atlas tool to assess water risk by supplier’s location. The result as below.

Water Risk Level	% Critical supplier
Extremely High	13
High	56
Medium - High	6
Low - Medium	9
Low	16

The assessment demonstrates that the majority of our critical tier-1 suppliers (16%) are located in the low water risk area, while 9% of our critical tier-1 suppliers are located in the low-medium water risk area, 6% are located in the medium-high water risk area, and 56% of our critical tier-1 suppliers are located in the high-water risk area and 13% of our critical tier-1 suppliers are located in the Extremely high water risk area. We consider critical suppliers located in high water risk area to have water-related risks and prepare mitigation plans.

In additional, BJC assesses supplier water risks in the supplier risk assessment process. Including on site audit at supplier site to ensure properly water management.

Agricultural commodities

Agricultural raw materials are the main used in snacks production. In 2023, BJC assess water risk at sourcing locations of key agricultural commodities such as Palm oil, Cacao and Sugar, which is the main raw materials in the production process through the analysis from the Aqueduct Water Risk Atla tool.

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However, BJC did not obtain any of its agricultural raw materials from other sources (no percentage).

Aggregated water risk assessment results of sourcing location of Plam oil, Sugar and Cacao as below

Raw Material	Sourcing Province	Water source	Water Risk Level
Palm oil	Chumphon	Peninsula Malaysia	Medium-High
	Krabi	Peninsula Malaysia	Medium-High
	Surat Thani	Peninsula Malaysia	Low-Medium
	Chon Buri	Gulf of Thailand Coast	Extremely High
	Prachuap Khiri Khan	Peninsula Malaysia	Medium-High
	Trang	Peninsula Malaysia	Medium-High
	Trat	Gulf of Thailand Coast	Medium-High

Sugar	Chaiyaphum	Mekong river	High
	Lopburi	Chao Phraya river	High
	Nakhon Sawan	Chao Phraya river	High
	Phetchabun	Chao Phraya river	High
	Sukhothai	Chao Phraya river	High

Cacao	Malaysia	Peninsula Malaysia	Low - Medium
	Singapore	Peninsula Malaysia	Low

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Agricultural commodities	% of total agricultural commodity sourced from areas with water stress
Palm oil	Less than 1%
Sugar	Less than 1%
Cacao	0%
% of cost goods purchased in last FY	0.6

Mitigation Plan

To remediate the issue of water risk, BJC encourage our critical tier-1 suppliers who located in high water risk area to improve water management process for reduce, reuse and recycle water in their process. In additional, BJC has action with critical supplier in high water risk area for minimize risk as detailed below.

	Measures
Risks related to the quantity and quality of water	To minimize risks related to the quantity and quality of water, BJC conducts on-site Factory Audit annually, on all critical tier-1 suppliers, to evaluate suppliers' wastewater treatment system along with the water quality discharged to minimize risks related to the quantity and quality of water. In the case that water quality does not meet requirements, a corrective action plan must be defined and then be completed. Furthermore, BJC continued to implemented various water management programs with our supplier to assess BJC's exposure to water related risks, whilst identifying potential opportunities, in order to actively manage and optimized water resource utility

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	throughout the value chain. From the BJC's perspective, water and wastewater management is one of the priority topics we assess through the new suppliers' selection process.
Risks related to regulatory changes or changes in pricing structures	BJC assigned the Legal Department to regularly monitor the relevant regulatory changes of business in order to minimize risks related to regulatory changes or changes in pricing structures. In the case of any changes in which the potential affects to the business or our suppliers, the Legal Department will inform the relevant departments (i.e. Procurement Department, and Quality Assurance Department. Whereupon the two departments will collaborate intimately with our critical tier-1 suppliers in order to determine and implement appropriate measures to perform.
	Measures
Risks related to stakeholder conflicts	To minimize risks related to stakeholder conflict, BJC continues to communicate with all stakeholders and regularly monitors our supplier's grievance records and logs, which a part of the factory audit, and routinely engages with stakeholders through various channels, to ensure that the potential conflicts with stakeholders (e.g., local communities) are mitigated. However, suppose risk related to stakeholder conflict is addressed. In that case, the Procurement Department and the Quality Assurance Department will work

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intimately with our critical tier-1 suppliers to ensure the risk will be mitigated cohesively. If conflicts between suppliers in water-stressed areas and stakeholders occur, we will initiate appropriate measures to solve those conflicts that may affect the company's business operations and maintain relationship with relevant stakeholder.

Index – Example of water risk atlas

