

Sustainable Products Program

Central Retail Corporation Public Company Limited (CRC) promotes sustainable products through its CRC Care Philosophy and ReNEW environmental strategy, with the Hug the Earth project serving as a key platform to increase the availability, visibility, and commercial uptake of environmentally preferable products across CRC's retail and wholesale ecosystem. The program is supported by supplier engagement, responsible-sourcing capacity building, sustainable finance mechanisms, customer promotion, and lower-impact retail and logistics infrastructure

This document outlines a set of practices designed to strengthen sustainability across the value chain, with particular emphasis on product eligibility criteria, which currently draw on recognized environmental certifications and labels.

Overview

CRC seeks to increase the availability, visibility, and commercial uptake of products with improved environmental attributes across its retail and wholesale ecosystem. In collaboration with the Thai Chamber of Commerce, the Hug the Earth campaign serves as the principal customer-facing platform for these efforts and supports CRC's broader ReNEW environmental strategy.

The campaign brings participating products, suppliers, and brands together across CRC's stores and platforms. It helps customers identify environmentally preferable choices and encourages suppliers to expand their relevant product offerings. In 2025, Hug the Earth involved more than 108 partners and brands and 8,712 environmentally preferable product items offered through more than 3,000 Central Retail stores and platforms.

The program is supported by commercial activation, customer incentives, supplier collaboration, employee capability building, and investment in enabling infrastructure, including lower-carbon logistics, renewable energy, packaging improvements, and green retail formats.

Remark: In 2025, CRC own-branded product portfolio contains less than 10% apparel, footwear, textile or plastic products.



Sustainable Product Identification, Classification, and Verification

Products included in the Hug the Earth campaign are identified based on relevant environmental attributes, including recognized certifications and labels where applicable. The Hug the Earth symbol helps customers recognize participating products across CRC's channels.



CRC has established an approach for identifying and categorizing eco-friendly products to support responsible sourcing and expand sustainable product choices. Eco-friendly products are classified into six categories based on their environmental and product attributes: (1) Health and Safety Products, (2) Products Using Sustainable Resources, (3) Energy-Efficient Products, (4) Products Made from Recycled or Biodegradable Materials, (5) Products That Reduce Overall Environmental Impact, and (6) Products with Emission Data and Carbon Footprint Reduction.

Each category is supported by relevant environmental certifications or labels, including recognized schemes related to organic production, sustainable forestry, energy efficiency, recycled and biodegradable materials, environmental production standards, and carbon footprint reduction. Through the Hug the Earth project, CRC, together with the Thai Chamber of Commerce and public and private sector partners, selects and consolidates products carrying environmental or eco-friendly labels from business partners under a unified Hug the Earth symbol.

These certifications and labels provide independently established or recognized product-level evidence supporting environmental attributes such as sustainable resource use, energy efficiency, recycled or biodegradable materials, environmental production standards, and carbon footprint or greenhouse gas emission reduction.

Sustainable Product Portfolio Growth and Target

CRC seeks to progressively increase the availability, visibility, and variety of sustainable products offered across its retail and wholesale ecosystem. In 2026, CRC aims to increase the number of sustainable-product SKUs participating in the Hug the Earth campaign by 10% compared with the 2025 baseline. Progress will be monitored by comparing the number of qualifying Hug the Earth SKUs recorded in 2026 with the corresponding 2025 baseline. The target supports the continued expansion of sustainable choices while encouraging suppliers and brands to increase their environmentally preferable product offerings.

Investment and Resources Supporting Sustainable Products

CRC recognizes that sustainable-product growth requires investment not only in the products themselves but also in the logistics, packaging, innovation, marketing, and retail infrastructure through which products are sourced, transported, handled, displayed, and sold. Accordingly, CRC has established a Sustainable Finance Framework that classifies expenditures under potentially eligible project categories. CRC also collaborates with suppliers, brands, business partners, and institutions to expand its range of green products and improve product and packaging performance.





Sustainable Transportation and Logistics Investment

In 2025, CRC utilized 50 electric trucks serving the distribution centers of Central Department Store, Tops, and Thaiwatsadu, together with 94 electric motorcycles and electric tricycles used to distribute products from GO Wholesale centers to customers. CRC allocated approximately THB 49 million to electric-truck operations in 2025. This measurable expenditure demonstrates CRC's financial commitment to lower-carbon product distribution infrastructure. The deployment of these vehicles is estimated to reduce diesel consumption by approximately 1.02 million liters and greenhouse gas emissions by approximately 2,706 tCO₂e annually.

Sustainable Packaging and Distribution Innovation

The Thaiwatsadu Distribution Center under CRC collaborated with a partner to develop reusable mesh covers and additional roll cages for product protection, thereby reducing reliance on single-use stretch film and pallets. In 2025, the initiative reduced stretch-film consumption by approximately 12 tonnes and generated estimated annual transportation cost savings of THB 7.73 million. The Central Marketing Group's distribution center also replaced plastic bubble wrap with perforated paper, reducing plastic packaging consumption by approximately 3.48 tonnes in 2025.



Research and Development of Sustainable Packaging

Tops under CRC, GRACZ Public Company Limited, and Kasetsart University's Institute of Agricultural Product and Processing Innovation jointly developed biodegradable active packaging made from agricultural by-products. The solution combines biodegradable materials with food-preservation functionality to extend product shelf life and reduce food loss and plastic waste.

The project is currently in the market-testing phase and is being expanded to additional vegetable and fruit products. A five-year ex-ante economic evaluation for 2027–2031 indicates a Benefit-Cost Ratio of 1.55, Net Present Value of more than THB 3.5 million, and Internal Rate of Return of 14%, demonstrating the potential for the innovation to deliver economic, social, and environmental value.



Employee Training and Capacity Building

In 2025, CRC partnered with PwC Thailand to conduct a Responsible Sourcing Capacity Building Program focused on Purchased Goods and Services under Scope 3, Category 1. More than 50 participants took part, including representatives from CRC's Environment Committee, Supply Chain Committee, Procurement team, and Merchandise team.

The program covered climate change, sustainability regulations and international standards, greenhouse gas accounting, supplier environmental data, and methodologies for calculating impacts associated with purchased goods and services. Practical workshops strengthened participants' capacity to collect and manage supplier information. The program strengthened the capabilities of the procurement and merchandise functions to collect, assess, and manage sustainability-related supplier information and to integrate environmental considerations into sourcing and merchandise decisions. CRC is also developing additional training on climate change, resource efficiency, and responsible sourcing.



Customer Engagement, Commercial Promotion, and Sales Incentives

Hug the Earth combines sustainable-product identification with campaign marketing and customer incentives, including additional The 1 loyalty points, to help customers recognize participating products and encourage them to consider and purchase eligible products. CRC has incorporated the campaign's performance into the KPI frameworks of relevant business units and departments, including the marketing and sales teams responsible for campaign execution and sustainable-product sales. This embeds the campaign within CRC's commercial performance-management framework and provides a direct organizational incentive for relevant business units and teams to support its continued growth.

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Raw Material Assessment and Prioritization in Fashion Business Unit

Central Retail Corporation (CRC) conducted an assessment of raw materials used in own-branded products under the Fashion Business Unit to identify priority raw materials for sustainable sourcing. This assessment considered the volume of material usage, associated environmental and social risks, and opportunities for transitioning to more sustainable alternatives.

Raw Material Type	Raw Material Description	Volume (Metric Tons)		Volume (Metric Tons)	Certified by Third-Party Standards		Raw Materials from Recycled Sources
		FY 2024	FY 2025		FY 2024	FY 2025	
Natural	Cotton (Woven & T-shirt)	140	150	58%	0%	10%	0%
Natural	Linen	12	12	5%	0%	0%	0%
Semi-Synthetic	Rayon	30	25	10%	0%	0%	0%
Synthetic	Polyester	60	70	27%	0%	0%	0%

Cotton remained CRC's priority raw material in 2025, representing approximately 58% of total textile material usage. Cotton usage increased from 140 metric tons in 2024 to 150 metric tons in 2025, while the share certified by third-party environmental or social standards increased from 0% to 10%.

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Forest of Color: Weaving Tradition into Sustainable Futures in Ban Kutjik

Ban Kutjik is a small community in Sakon Nakhon Province that mainly grows water-intensive agricultural crops in an area with low water availability. Cotton and indigo, despite needing less water, were grown at a very small scale to be woven into fabrics for use within households and in traditional ceremonies.

Viewing this practice as an opportunity, Central Retail encourages Ban Kutjik to transition away from water-intensive agricultural practices to cotton and indigo cultivation to reduce negative environmental impacts from less water use. In addition, CRC encouraged the production and sales of handcrafted indigo-dyed fashion items to create income, improved social well-being, and local employment as positive social impacts for the community.

Like many small-scale community enterprises, Ban Kutjik faces challenges in accessing the market, and in building business capabilities, which also threaten environmental and social benefits that can potentially be gained. In addition, scaling-up of production can risk overharvest of natural resources and damage to local ecosystem.





CRC in collaboration with Kasetsart University, Chalermphrakiat Sakon Nakhon Campus started the “Forest of Color” initiative, creating a large natural area dedicated to help Ban Kutjik to sustainably grow organic cotton and dye plants as raw materials for their fashion products. The initiative reduces water consumption and negative impact on biodiversity.

CRC and Kasetsart University also researched and propagated over 20 plant species to be used as natural dyes in addition to indigo. Leaves and bark that are not used are then converted into organic fertilizer, to reduce waste generation and reduce costs for the community.

CRC also partnered with Ban Kutjik to strengthen weaving and natural dyeing practices through the Indigo and Natural Dye Weaving Learning Center. CRC’s supports include upgrading dyeing facilities, building showrooms and community stores, providing training for the community to improve quality and durability of the fashion products, as well as developing branding and retail channels. Moreover, the initiative help to promote eco/cultural tourism that generate income, social well-being and local employment for Ban Kutjik.



The transformation in Ban Kutjik has been both measurable and inspiring. Household income has risen more than tenfold, from THB 350,000 in 2020 to THB 3.6 million in 2024. Membership in the community enterprise has doubled, reflecting growing community engagement and local employment. Tourism has flourished, attracting over 3,000 visitors annually and generating THB 6.8 million in new revenue streams. Today, Ban Kutjik's sustainably produced fashion products are featured in leading retail platforms under CRC, such as Good Goods, Central Department Store and MUJI, and have gained national recognition at events like the Songkran Market at Central Chidlom.



In 2025, the Ban Kutjik community generated approximately THB 8 million in community income. The community enterprise comprised 60 members, while approximately 4,500 visitors were recorded in 2025, reflecting continued economic activity and interest in the community's local textile heritage and sustainably produced fashion products.



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