



THAI UNION GROUP PUBLIC COMPANY LIMITED

Sustainability-Linked Financing Framework

July 2021

DISCLAIMER

This Sustainability-Linked Financing Framework (the “Framework”) is intended to provide non exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Thai Union Group Public Company Limited and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Thai Union Group Public Company Limited as to the fairness, accuracy, reasonableness, or completeness of such information.

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No representation is made as to the suitability of any Sustainability-Linked Financing to fulfil environmental and sustainability criteria required by prospective investors.

PURPOSE AND SUMMARY OF THIS DOCUMENT

The purpose of this document is to portray Thai Union's Sustainability-Linked Financing Framework.

This Framework has been developed to be aligned with the Sustainability-Linked Bonds Principles (SLBP) 2020 as administered by International Capital Market Association (ICMA)¹ and Sustainability-Linked Loan Principles² (SLLP) 2021 as published by the Loan Market Association (LMA).

The five core components of the SLBP are:

- 1) Selection of Key Performance Indicators (KPIs);
- 2) Calibration of Sustainability Performance Targets (SPTs);
- 3) Financial characteristics;
- 4) Reporting, and
- 5) Verification

This Framework covers Sustainability-Linked Bonds, Sustainability-Linked Loan, or any other debt instruments whose financial characteristics are linked with sustainability performance targets.

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

² https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf

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SECTION 1 THAI UNION AT A GLANCE

1.1 COMPANY OVERVIEW

Thai Union Group Public Company Limited and its subsidiaries (together called “Thai Union”) is a global seafood leader bringing high-quality, healthy, tasty and innovative seafood products to customers for more than 40 years. Thai Union is the world’s largest producer of shelf-stable tuna products with annual sales exceeding THB 133.3 billion (US\$ 4.1 billion) and a global workforce of over 44,000 people who are dedicated to pioneering sustainable, innovative seafood products.

Thai Union portfolio brands include global market leaders Chicken of the Sea, John West, Petit Navire, Parmentier, Mareblu, King Oscar, and Rügen Fisch, along with Thai-leading brands SEALECT, Fisho, Qfresh, Monori, Bellotta and Marvo.



1.2 SUSTAINABILITY AT THAI UNION

Sustainable development is essential to the future of Thai Union’s business and growth. It is fundamental to be a responsible corporate citizen for both Thai Union’s employees and global community. Being transparent, not only showcasing Thai Union’s achievements, but highlighting the areas that Thai Union has identified for improvement, is fundamental to Thai Union’s vision of being the world’s most trusted seafood leader.

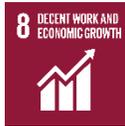
As a global seafood leader, Thai Union has a responsibility to set the standard for social, environmental and economic performance across operations and into Thai Union’s supply chains. Recognizing this responsibility to show leadership, Thai Union heeded the calls of stakeholders with SeaChange®, Thai Union’s sustainability strategy with measurable commitments to delivering real, lasting changes in the way Thai Union operates.

SeaChange® is an integrated plan of initiative, organized into four programs, to drive meaningful improvement across the entire global seafood industry.



Overarching Objectives



OUR PROGRAMS		ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOAL (UNSDG)
<p>Safe & Legal Labor</p> 	<p>Providing safe, legal and freely-chosen employment in our own facilities and in supply chains is critically important to Thai Union.</p>	<p>UNSDG 8: Decent work and economic growth</p> 
<p>Responsible Sourcing</p> 	<p>Traceability is the key to improving the transparency and operational practices of the entire seafood supply chain.</p>	<p>UNSDG 14: Life below water</p> 
<p>Responsible Operations</p> 	<p>The way we operate must be environmentally responsible and show a duty of care for our workers.</p>	<p>UNSDG 13: Climate action</p> 
<p>People & Communities</p> 	<p>At Thai Union, we take responsibility for improving the lives of those living and working in the regions in which we operate.</p>	<p>UNSDG 2: Zero hunger</p> 

OUR OPERATING PRINCIPLES		
GOOD GOVERNANCE	TRANSPARENCY	PARTNERSHIPS AND COLLABORATION
Robust leadership, policies and processes ensure our business is focused on delivering our sustainability objectives and is ethical across all our operations.	We will remain transparent in all Communications with stakeholders, customers and the industry, sharing our learnings and providing regular updates on our progress.	We have and will continue to actively seek out NGOs, governments and industry partners to work with us on initiatives designed to deliver against our overarching objectives. We will continue to share our findings so the entire industry can benefit from our experience and findings.

SeaChange® aims to drive a positive transformation throughout the global seafood industry. Thai Union is also committed to “Healthy Living, Healthy Oceans”, recognizing the role that the oceans and seafood play in combating ongoing challenges such as climate change, as well as providing healthy, nutritious diets for consumers. “Healthy Living, Healthy Oceans” will allow Thai Union to continue to evolve SeaChange®. While COVID-19 caused significant disruption to businesses around the world last year, including Thai Union, the Company maintained its focus on pursuing its sustainability goals and setting the standards for the rest of the industry to follow.

In 2020, Thai Union was proud to have been listed on the Dow Jones Sustainability Indices (DJSI) for the seventh consecutive year. With continuous year-on-year improvement and an increase in the Company’s overall score, Thai Union was ranked second in the world on the Food Products Industry Index. While COVID-19 had an impact on Thai Union’s operations, Thai Union continued to implement programs and policies to further progress on sustainable development. Thai Union also continued to work with the broader seafood industry and civil society, and where COVID-19 prevented the Company from meeting stakeholders face-to-face, Thai Union remained engaged by participating in a series of webinars and panels in markets around the world.

SeaChange® is a journey that covers every aspect of the seafood business, transparently. This ranges from how Thai Union looks after the oceans to how the Company manages its waste; from the responsibility the Company takes for its workers to building brighter futures for the communities around the Company’s key sites. **The backbone of Thai Union’s sustainability strategy is the ability to fully trace Thai Union’s seafood – from catch to consumption.** With full traceability in place, Thai Union will be able to identify, investigate and improve performance on key issues such as labor and responsible sourcing.

In addition, as a part of the continued commitment to transparency, Thai Union is taking part in the Ocean Disclosure Project, a global platform launched in 2015 by Sustainable Fisheries Partnership to allow seafood companies – including retailers, suppliers and fish feed manufacturers to publicly share the sourcing of their wild-caught seafood. In 2021, the Company published a full report under the Ocean Disclosure Project for the first time. As one of the world’s largest seafood companies, Thai Union recognized that the Company has both the responsibility and the capacity to be a leader for positive change. Thai Union understands how critical ocean-based solutions are to climate change and reducing global greenhouse gas emissions. The oceans are the foundation of Thai Union’s business and healthy oceans are critical for the future of the planet and in combating climate change.

From the first establishment of SeaChange® in 2016, this marked the completion of the first five years of SeaChange®. This has made Thai Union a better business, helped transform the entire seafood industry and contributed to broader societal change. The summary of the impact Thai Union had made can be explored in 2020 Sustainability Report. Thai Union looks forward to working with its stakeholders to advance the next five years of SeaChange®, in particular with the introduction of a new objective of “**Combating climate change and promoting healthy diets through sustainable seafood**”.

1.3 THAI UNION’S STRATEGY AND GOALS

Thai Union is committed to reducing GHG emissions associated with its production. This is done through improving Thai Union’s business response to climate change as well as energy efficiency, reducing Thai Union’s carbon footprint, creating innovative and sustainable packaging, using clean fuels and promoting renewable energy.

In 2016, Thai Union targeted to reduce its GHG emissions by 30% per ton of production by 2020 and conducted a global audit of Thai Union’s major sources of CO₂ emissions at group level to establish a group CO₂ baseline in 2016 for both Scope 1 and 2 levels.

In 2020, the world faced an unprecedented emergency of Covid-19 pandemic caused significant disruption to the world and Thai Union with no exception. Thai Union reduced GHG emission intensity by 28% compared to 2016 base year. GHG intensity in 2020 was at 0.63 TonCO₂e/TonFG which was considered as an extraordinary level compared to year 2016 - 2019. The Company had a significant increase in total production volume mainly from 2 businesses including tuna and petcare products, and packaging product since most people stock up food while tonnage from frozen and chilled seafood were reduced. Furthermore, overall GHG have decreased due to frozen and chilled seafood business provided higher intensity compared to ambient business (tuna and petcare).

Track Record: Reduction of the GHG emissions (scope 1 and scope 2)

Indicator	2016	2017	2018	2019	2020
Total Product Volume (Ton FG) (1)	685,987	700,856	690,219	714,498	777,712
Total GHG Emission (TonCO ₂ e) (2)	594,453	544,639	536,494	506,906	489,723
GHG Scope 1 (TonCO ₂ e)	422,695	366,642	369,540	337,052	311,221
GHG Scope 2 (TonCO ₂ e)	171,758	117,997	166,954	169,854	179,551
Intensity (2)/(1) (TonCO ₂ e/TonFG)	0.87	0.78	0.78	0.71	0.63
YoY Reduction (%)	-	-10%	0%	-9%	-11%

However, the calculation of Total GHG Emission will be changed in 2021 according to emission change as announced by Thailand Greenhouse Gas Management Organization (TGO) in March 2021³. The actual 2021 GHG Emission number using 2021 emission factor will be verified and reported in the Company's 2021 Sustainability Report expected to be issued in May 2022.

As shown below, the Company had made the best estimation on Adjusted GHG Emission number by using 2021 factor change. However, the final adjusted number for historical years will be recalculated again and will be shown as a part of the Company's 2021 Sustainability Report.

Estimation	2016	2017	2018	2019	2020
Adjusted Total GHG Emission (TonCO ₂ e)	627,717	568,990	571,367	535,822	497,992

As one of the world's largest canned tuna providers, in December 2016, as part of SeaChange® sustainability strategy, tuna commitment progress was first released in 2018. Thai Union made a commitment for "Thai Union's tuna to be sustainably sourced, with an aim to achieve a minimum of 75% of Thai Union's branded tuna products produced with raw material originating from fisheries that are either Marine Stewardship Council (MSC) certified or in a Fishery Improvement Program (FIP), by the end of 2020."

Thai Union recognized its responsibility to work to ensure that tuna stocks are healthy for generations to come. Providing nutritious seafood and playing our part in combating climate change through supporting dietary shifts, among other measures, is why Thai Union has made a commitment to Healthy Living, Healthy Oceans, of which the Company's Tuna Commitment is a crucial pillar.

In addition, Thai Union established 9 tuna FIPs, as well as participating in FIPs for species including sardine, mackerel, crab and others. FIPs deliver long-term sustainability, uniting seafood processors, fishing vessel operators, NGOs and governments to identify environmental challenges, develop detailed effective action plans and collaborate on implementation. Plans may include changes in fishery policy, implementing harvest controls or changing fishing practices, with the goal of MSC certification. The Company worked collaboratively with retailers and NGOs to ensure that FIPs are an effective way to increase the availability of responsibly sourced seafood, supporting the rapid expansion of FIPs around the world.

³ The adjusted total GHG emission numbers are adjusted according to emission factor change as announced by Thailand Greenhouse Gas Management Organization (TGO) in March 2021 (<http://thaicarbonlabel.tgo.or.th/index.php?lang=TH&mod=Y0hKdlpIVmpkSE5mWlcxcGMzTnBiMjQ9>). This leads GHG emission number to be higher by an average of 5% even though the Company uses the same operation. For instance, current factor for 2019-2020 performance include 2.450 kg CO₂ eq/kg of other bituminous coal and 1.828 kg CO₂ eq/kg of sub-bituminous coal while new factor as announced by include 3.9% increase for other bituminous and 39.24% increase for subbituminous. This adjusted numbers are prepared by TU without third party verification since the factors will be effective from 2021 calculation onwards.

Track Record: Percentage of tuna sourced from fisheries that meet the MSC standard or are in a FIP

MSC/FIPs	2017	2018	2019	2020
MSC	14.2%	7%	2%	3.2%
FIPs	2.3%	44%	77%	83.8%
Total*	16.5%	51%	79%	87.1%

* Total refers to tuna sourced from MSC fishery or FIP for Thai Union branded products

Moving forward, by 2022, Thai Union seeks to achieve at least 90% of tuna sourced from fisheries that meet the MSC standard or are in a FIP. Thai Union also aims at reaching 95% of Thai Union’s suppliers that use electronic monitoring and/or human observers.

In addition, with the Company’s responsible sourcing objective, in 2021 Thai Union announced a partnership with the global NGO, The Nature Conservancy. As part of that partnership, Thai Union committed to 100% monitoring at sea by electronic and/or human observers in the Company’s wild caught tuna supply chain by 2025 to ensure adequate science data collection and to monitor adherence to environmental and social sustainability measures.

1.4 THAI UNION’S SUSTAINABILITY COMMITTEE

The Sustainability Committee, co-chaired by the CEO and Group Director of Sustainability, brings together team members across functions and locations throughout the world. The Sustainability Committee meets twice per year. The subcommittees lead their work streams throughout the year, reporting on progress at the biannual Sustainability Committee.

Thai Union’s Sustainability Organization Structure



The Sustainability Committee has the following roles and responsibilities:

- Provide strategic guidance and direction on the overall sustainable development strategies and policies
- Review and assess the progresses on the implementation of sustainable development strategies and policies
- Appoint Sub-committees as considered appropriate, for implementation of sustainable development strategies and policies
- Review and approve KPIs and SPTs of sustainability-linked transactions

1.5 THAI UNION'S AWARDS AND RECOGNITION



Rated No. 2 Company in the World in the Food Products Industry Index of the Dow Jones Sustainability Indices (DJSI)

Thai Union achieved a 99th percentile ranking for total sustainability score while it received a 100th percentile score in Materiality, Risk and Crisis Management, Codes of Business Conduct, Supply Chain Management, Innovation Management, Health and Nutrition, Environmental Reporting, Water Related Risks, Social Reporting and Human Rights, driven by Thai Union's global sustainability strategy, SeaChange®. This marked the seventh consecutive year Thai Union has been named to the DJSI, after ranking number one in the Food Products Industry Index in 2018 and 2019.



Inclusion in the Thailand Sustainability Investment Index (THSI) by The Stock Exchange of Thailand (SET)

The Stock Exchange of Thailand (SET) presented Thai Union with the award in the category of Thai-listed companies with market capitalization of THB 30 billion - THB 100 billion in recognition of good corporate governance and ESG practices.



Inclusion in the FTSE4Good Emerging Index for the fifth consecutive year

The FTSE4Good Emerging Index, which is an extension of the FTSE4Good Index Series, helps investors integrate environmental, social and governance (ESG) factors into their investment decisions and serves as a framework for corporate engagement and stewardship. The indices are used as a basis for tracker funds, structured products and as a performance benchmark. The FTSE4Good Emerging Index was launched in December 2016 and covers more than 20 emerging nations.



SDG Impact Award at the Responsible Business Awards 2020

Thai Union was recognized for its global initiatives to deliver against the United Nations Sustainable Development Goals (UNSDGs). The Company received the SDG Impact Award for also setting industry-leading standards and implementing programs that are best aligned to impact the SDGs. The Responsible Business Awards celebrate leadership in sustainable business and recognize companies whose actions are having a positive impact on business, society and the environment.



Human Rights Award 2020 by the Rights and Liberties Protection Department of the Thai Ministry of Justice

Thai Union was recognized in the private sector category as a role model organization for its best practices on human rights to ensure protections for all workers across the Company and through its supply chains. Thai Union subsidiaries, Pakfood and Okeanos Food, received Honorable Mentions.



Marine Stewardship Council's (MSC) 2020 UK Canned Brand of the Year Award: JOHN WEST

Thai Union's JOHN WEST brand was named winner of the Marine Stewardship Council's (MSC) 2020 UK Canned Brand of the Year Award for the fourth consecutive year. The annual MSC awards celebrate those safeguarding seafood supplies for current and future generations.

1.6 RATIONALE FOR SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Thai Union has placed sustainability at the heart of its business and, with its global sustainability strategy.

In 2021, Thai Union launched its inaugural Sustainability-Linked Loan (SLL) in both Thailand and Japan. The SLL represents a milestone for Thai Union towards Blue Finance — financing related to projects that benefit oceans.

For the next phase, Thai Union established this Sustainability-Linked Financing Framework to reinforce Thai Union's commitment to driving meaningful change and continue to make a significant step forward for Blue Finance for both Thai Union and the industry as a whole, and to provide an opportunity for investors and other stakeholders to learn about how sustainable development seriously is a strategic opportunity for growth, rather than a threat or burden.

SECTION 2 SUSTAINABILITY-LINKED FINANCING FRAMEWORK

This Sustainability-Linked Financing Framework covers Sustainability-Linked Bonds, Sustainability-Linked Loan, or any other debt instruments whose financial characteristics are linked with sustainability performance targets.

This Framework has been formed in accordance with the five pillars of the Sustainability-Linked Bonds Principles (SLBP) 2020 as administered by the International Capital Market Association (ICMA) and Sustainability-Linked Loan Principles (SLLP) 2021 as published by Loan Market Association (LMA).

The five core components of the SLBP are:

- 1) Selection of Key Performance Indicators (KPIs);
- 2) Calibration of Sustainability Performance Targets (SPTs);
- 3) Financial characteristics;
- 4) Reporting, and
- 5) Verification

2.1 SELECTION OF THE KEY PERFORMANCE INDICATORS (KPIs)

KPI 1: Dow Jones Sustainability Index (DJSI) Emerging Markets and DJSI Food Products Industry Index Family

Rationale: The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. DJSI serves as benchmarks for investors who integrate sustainability considerations into their portfolios and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices. The DJSI applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA).⁴ To be in the DJSI and DJSI Food Products Industry Index

⁴ <https://www.spglobal.com/esg/performance/indices/djsi-index-family>

provides positive contributions that businesses will make to society. Only the top ranked companies within each industry are selected for inclusion in the Dow Jones Sustainability Index family.

In 2020, over 7,000 companies assessed in the 2020 CSA were considered for The Sustainability Yearbook. Only 631 companies with top scores made it into the Yearbook this year⁵.

Baseline: n/a

KPI 2: Carbon Intensity of Finished Goods

Rationale: Oceans are an ecosystem that cover 71% of the planet's surface and make up 95% of all the space available to life on the planet. At the same time, they also regulate the global climate system—absorbing 93% of the heat trapped by human-generated carbon dioxide emissions, and 25 – 30% of annual CO₂ emissions. Without the oceans as a buffer, these would remain in the atmosphere and increase global warming. But climate change has taken a huge toll on the world's oceans. As a result of increasing carbon emissions, oceans are becoming warmer and more acidic, with wide-reaching impacts. Climate change has an increasingly negative impact on Thai Union's oceans which, in turn, threatens the marine species on which the Company depends. Hence, reduction of GHG emission plays an even more important role in Thai Union sustainability strategy.

KPI 2 covers the emission intensity of scope 1 and 2 of Thai Union's manufacturing operations which account for 98% of scope 1 and scope 2 emission. The KPI is expressed in CO₂ equivalent per ton of Finished Goods.

Finished Goods (FG) represents our production volume.

Baseline: 2019 – actual GHG Intensity of 0.71

2019 is used as a baseline due to the following considerations:

- (i) Thailand Greenhouse Gas Management Organization (TGO) emission factor change⁶: This leads GHG emission number to be higher by an average of 5% even though the Company uses the same operation; and
- (ii) An extraordinary GHG emission level in 2020 compared to historical data due to Covid-19 pandemic as explained in session 1.3.

KPI 3: The percentage of tuna vessels outfitted with an electronic monitoring (EM) system and/or human observers on board

Rationale: As the largest processor of tuna in the world, Thai Union has a vested interest in ensuring that tuna stocks are sustainable, now and for future generations. Some of the threats to the sustainability of fish stocks in tuna fisheries come from Illegal, Unregulated and Unreported (IUU) fishing and overfishing. The industry is also challenged by transparency with what happens at sea, particularly with respect to the catch of non-target species (also known as bycatch) and endangered, threatened and protected (ETP) species, abandoned lost and discarded fishing gear (also known as ghost gear) and worker conditions and rights at

⁵ <https://www.spglobal.com/esg/csa/yearbook/methodology/index>

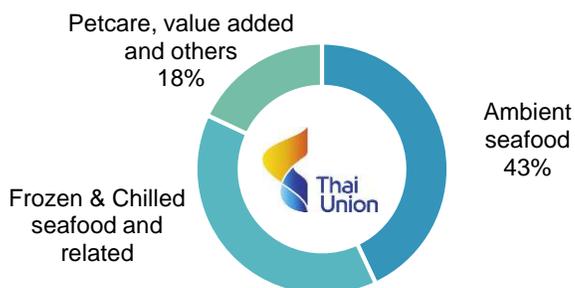
⁶ <http://thaicarbonlabel.tgo.or.th/index.php?lang=TH&mod=Y0hKdlplVmpkSE5mWlxcGMzTnBiMjQ9>

sea. Helen McLachlan, programme manager, fisheries, at WWF-UK, said that "effective monitoring" can "help minimise the needless death of millions of marine mammals, turtles, sharks and seabirds in fishing nets across our oceans every year"⁷. Therefore, Thai Union shows a commitment with new initiative to entail deploying electronic monitoring (EM)—including onboard video cameras, GPS, and sensors to automatically assess activities onboard—and/or employing human observers on all partner vessels. This will help shape the industry to be more sustainable by starting with transparency about Thai Union's operations. Through electronic monitoring, Thai Union could have eyes on every vessel, providing a helpful check on bad actors and providing validation and credibility for those who are working to provide a sustainable food option.

At present, tuna represents one of the most readily available sources of protein in a world where more than one billion people depend upon our oceans for nourishment or employment. As a result, worldwide demand for tuna continues to climb year after year with numerous concerns regarding the sustainability of the seafood industry surfacing. While suppliers work to meet this demand, it is imperative stakeholders in the industry do everything in its power to conserve fisheries for future generations.

It is no surprise that tuna features so widely in Thai Union's product range. In addition, at Thai Union, the 3 strategic business categories consist of 1) ambient seafood, 2) frozen & chilled seafood and related, and 3) petcare, value-added and others. Based on 1Q21 total sales, proportion for each category is shown below:

Thai Union's Strategic Business Categories



Tuna is the main raw material of Thai Union's ambient seafood and Petcare. Hence, tuna accounts for almost 50% of the Company's total sales and raw material cost which significantly links to Thai Union's Tuna Commitment.

Raw materials include species i.e., tuna, sardine, salmon, mackerel, herring, shrimp, lobster other seafood species.

In order to remain at the forefront of sustainability, Thai Union recognizes that the Company must be constantly innovating and further developing. Thai Union has the opportunity to influence global supply chains and the wider seafood industry through the scale of its commitments, particularly in key species such as tuna. Thai Union is committed to the use of Electronic Monitoring Systems and/or human observers

⁷ <https://news.sky.com/story/calls-for-cameras-on-fishing-boats-to-prevent-the-needless-death-of-millions-of-marine-animals-12135653>

on board tuna vessels in our supply chains to provide transparency at sea, and to ensure adequate science data collection and to monitor adherence to environmental and social sustainability measures⁸.

Baseline: 2020 – estimation of 75% on EM and/or human observers on board tuna vessels

2020 is used as a baseline due to the fact that SPT 3 is considered a new commitment and new initiative set by Thai Union. Therefore, there is no historical information related to electronic monitoring system implementation.

2.2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGET (SPTS)

SPT 1: To be included in the Dow Jones Sustainability Index (DJSI) Emerging Markets and ranked in the top 10 companies for the DJSI Food Products Industry Index.

Target observation date: year 2023 and 2026

SPT 1 reaffirms Thai Union’s Vision “to be the world’s most trusted seafood leader, caring for its resources to nurture generations to come”. Sustainability is at the heart of Thai Union’s business. Thai Union will continue to maintain its focus on being a global leader in the seafood industry.

Thai Union’s ongoing work on sustainability led to the company being listed on the Dow Jones Sustainability Indices for the seventh consecutive year in 2020, and ranked number two in the world on the DJSI Food Products Industry Index. Thai Union has been in the top 10 for the past 4 years, after only debuting on the DJSI in 2014.

With respect to the DJSI, Thai Union achieved a 99th percentile ranking for total sustainability score and received a 100th percentile score in 10 areas including Materiality, Risk and Crisis Management, Code of Business Conduct, Supply Chain Management, Innovation Management, Health and Nutrition, Environmental Reporting, Water Related Risks, Social Reporting and Human Rights. Being included in the DJSI seven years in a row and placing the high score in Thai Union’s business category is a great achievement. In 2020, Thai Union was one of only five companies to receive a Gold Class distinction in the food industry following the S&P’s Global Corporate Sustainability Assessments of more than 7,000 companies from 61 industries around the world.

SPT 2: Reduction of Thai Union’s scope 1 and 2 manufacturing operations’ emission intensity by 4% annually to meet 2023 and 2026 targets

Based on the target observation period (2019 as baseline year – 2028), carbon intensity is targeted to be 0.64 TonCO₂e /TonFG and 0.56 TonCO₂e /TonFG in 2023 and 2026, respectively.

Target observation date: year 2023 and 2026

	2019	2023	2026
Carbon Intensity (scope 1 & scope 2)	0.71	0.64	0.56

SPT 2 will support the Company in meeting Thai Union’s goal to reduce GHG emission. The carbon intensity numbers shown are based on the assumptions that i) total product volume will annually increase 1.50%, ii)

⁸ <https://www.nature.org/en-us/what-we-do/our-insights/perspectives/shedding-light-sea-save/>

the estimated impact from the changed 2021 emission factor to be effective to 2021 emission calculation onward, and iii) Thai Union’s absolute GHG emission to be reduced by 2.6% annually which is in line with Science-Based Target Setting Manual (well-below 2°C global warming scenario).

Note that Thai Union is in the process to develop a Science Based Target (SBT) which will include estimates for scope 3 greenhouse gas emissions. This work contributes to Thai Union’s Climate Risk Strategy. Total product volume and the SBT will consequently lead to Thai Union’s target to reduce GHG intensity by 4% annually.

SPT 3: Monitoring at sea by electronic and/or human observers in Thai Union wild caught tuna supply chain to increase by 5% annually to meet 2023 and 2026 targets

SPT 3 is in alignment with Thai Union’s 2025 target to reach 100% of Thai Union’s tuna suppliers that use EM system and/or human observers on board vessels.

Target observation date: year 2023 and 2026

	2020	2023	2026
% of tuna vessels with Electronic Monitoring system and/or human observers	Estimation of 75%	90%	100%

Strategy to achieve SPTs

Sustainable development is essential to the future of Thai Union’s business and our growth; it is fundamental to be a responsible corporate citizen and it is how Thai Union will achieve its vision of being the world’s most trusted seafood leader.

SPT 1: Thai Union continues to focus on the SeaChange® journey. While COVID-19 had an impact on Thai Union’s operations, the Company continued to implement programs and policies to further progress on sustainable development to drive not only Thai Union’s business but across global industry.

SPT 2: Thai Union is committed to protecting the environment. Environmental initiatives in 2020 placed a strong focus on reducing energy consumption, operational efficiency as well as increasing consumption of renewable energy. Key initiatives included:

- Increasing the energy efficiency of steam production in the end-to-end process, starting from sourcing high-quality coal and using big bags to reducing moisture, improving the Company’s steam pipeline by installing an insulator and reducing the pipe size, using RO water, PRV to reduce steam pressure and utilizing steam usage in steam cookers and retorts.
- Reducing electricity consumption in Thai Union’s refrigeration systems by improving energy management in cold storage, installing inverter compressor fans, providing an anti-room and high-speed shutter doors. In 2020, Thai Union joined EP100, a Climate Group Initiative, which supported the Company’s refrigerant management audit and recommendations.
- Promoting renewable energy such as biomass boilers which use wood chips as fuel for steam production to replace bunker oil at Songkla Canning and electricity generated from biogas from the wastewater treatment plant at Thai Union Frozen and Thai Union Manufacturing. Thai Union have also continued the Sun Seeker Project to install solar rooftops in its factories.

SPT 3: In order to reach 100% monitoring at sea by electronic and/or human observers in Thai Union wild caught tuna supply chain, Thai Union is committed to sourcing transparency in its supply chains as follows:

- **Partner with The Nature Conservancy (TNC)** in a pioneering commitment to 100% electronic monitoring of tuna supply chain by 2025.
- **Joined Ocean Disclosure Project, an initiative launched by Sustainable Fisheries Partnership in 2015**, which encourages seafood companies to disclose seafood sourcing data. In 2021, Thai Union published a full report under the Ocean Disclosure Project for the first time.
- **Reaffirms Thai Union’s commitment** as part of global sustainability strategy, SeaChange®, to increased transparency throughout seafood industry.
- **Thai Union’s sustainability efforts continue to be recognized** by leading institutions around the world: FinanceAsia’s 21st Best Companies in Asia Poll for “Most Committed to Environmental Stewardship” in Thailand, which surveys over 200 portfolio managers and buy-side analysts.

2.3 FINANCIAL CHARACTERISTICS

The proceeds of Thai Union’s Sustainability-Linked Financing will be used for general corporate purposes.

The financial characteristics of any security issued under this Framework will be specified in its corresponding security documentation i.e. Terms & Conditions of the Sustainability-Linked Bond or the facility agreement of the Sustainability-Linked Loan.

For any securities issued under this Framework, after completion of testing period, the adjustment of step-up and/or step-down coupon will be made in the next coupon payment until the next testing period and coupon adjustment cycle. The Trigger Event will result in a coupon step-up and/or step-down, applying to the relevant securities from the indicative coupon on the issue date.

The Trigger Event is the result of an observation as to whether, or not, each of the three KPIs individually has achieved their respective SPTs. A step-up and/or step-down of the coupon shall be triggered if:

- A KPI has or has not achieved the SPT on the target observation date; or
- The verification (as per the verification section of this Framework) of the SPTs has not been provided and made publicly available within the relevant reporting period required under the terms of the financing document.

The KPIs are assigned the following relative weight of the aggregate coupon step-up and/or step-down multiplied by the step-up and/or step-down margin of up to 10 bps, as specified in the security documentation issued under this Framework:

KPI	Relative weight of each KPI to the aggregate coupon step-up and/or step-down margin of up to 10 bps
KPI 1	20%
KPI 2	40%
KPI 3	40%

The step-up and/or step-down of the coupons can consequently be -0.10%, -0.06%, -0.02%, +0.02%, +0.06% or +0.10% as specified in the security documentation issued under this Framework.

Scenario	Calculation	Step-up and/or Step-down rate
3 SPTs met	-0.02% - 0.04% -0.04%	-0.10%
SPT 2&3 met	+0.02% - 0.04% -0.04%	-0.06%
SPT 1&2 met	-0.02% - 0.04% +0.04%	-0.02%
SPT 1&3 met	-0.02% + 0.04% -0.04%	-0.02%
SPT 1 met	-0.02% + 0.04% +0.04%	+0.06%
SPT 2 met	+0.02% - 0.04% +0.04%	+0.02%
SPT 3 met	+0.02% + 0.04% -0.04%	+0.02%
No SPT met	+0.02% + 0.04% +0.04%	+0.10%

Fallback mechanisms

The KPIs and SPTs set out in this framework will remain applicable throughout the tenor of any security issued under the Framework. A “Sustainability Review Event” will occur if any SPT is no longer an appropriate sustainability performance target for the purpose of sustainability interest rate adjustment under terms and conditions of any security issued under Thai Union’s Sustainability-linked Financing Framework including (but not limited to), a case where any SPT cannot be calculated or observed in a satisfactory manner taking into consideration potential exceptional events (such as significant change in perimeters through material merger and acquisition activities) or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the KPIs, the restatement of the SPTs and/or pro-forma adjustments of baselines or KPI scope.

In making such determination and amendments, Thai Union will act in good faith and reasonably, have regard to the Group’s business and the then current market standards, the performance against the SPTs, the status or availability of any relevant external organisation or body and best industry practice for sustainability objectives, and provide evidence to stakeholders that the relevant SPT or KPI is considered no longer an appropriate sustainability performance target.

If a Sustainability Review Event occurs in respect of any SPT, Thai Union may do the following actions:

- (i) Make amendments to the relevant SPT and the methodology for the SPT’s assessment or any other necessary amendment, or if the Sustainability Review Event occurred as a result of any KPI becoming in appropriate for the purpose of sustainability interest rate adjustment, make amendments to the applicable scope or perimeter of that KPI or terminate or replace the relevant KPI or any other necessary amendment; and
- (ii) If the amendments referred to in (i) above are made, procure that an updated Sustainability Opinion is published by the External Review Provider which confirms (among other things) such amendments provided that such Sustainability Opinion will not be required in connection with SPT 1 or any amendment relating thereto.

For the avoidance of doubt, such amendments shall not take effect until the updated Sustainability Opinion has been published as specified above. After the aforesaid amendments have taken effect, the Issuer shall,

as soon as practicable, inform the Bondholders in writing of the same and deliver copies of the amendments and the updated Sustainability Opinion to the Bondholders.

After the occurrence of the Sustainability Review Event, if no amendment is effective and reflected in the Sustainability Compliance Certificate to be delivered to the Bondholders within the relevant Submission Period, it shall be deemed that such relevant SPT is not achieved and the Interest Rate shall be increased in accordance with relevant terms and conditions.

For the avoidance of doubt, if such Submission Period referred to above is the first Submission Period, Thai Union will still be able to procure that the relevant amendments take effect and are reflected in the Sustainability Compliance Certificate to be delivered within the second Submission Period.

2.4 REPORTING

Thai Union will disclose the progress on the KPIs and SPTs at least once a year, in Thai Union's Annual Sustainability Report or as a separate document whichever is more suitable considering the timeline and administrative arrangement.

In addition, in order to provide investors and other stakeholders with adequate information about Thai Union's sustainability strategy in general, the progress made on the KPIs, and the achievement or not of the SPTs set out in this Framework and in security specific documentation, Thai Union will provide relevant reporting.

The reporting shall be made publicly available on an annual basis in a Sustainability-Linked Financing Progress Report. The Progress Report shall be published on Thai Union's website no later than 5 months after each calendar year-end.

Information may also include when feasible and possible:

- Qualitative or quantitative explanation of the contribution of the main factors behind the development of the performance on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement; and
- Any re-assessments of KPIs and/or restatement of the SPT and/or adjustments of baselines or KPI scope.

2.5 VERIFICATION

In order to provide transparency to investors and other stakeholders and in alignment with the SLLP and SLBP, Thai Union will ensure an external and independent verification by one or more qualified external reviewer(s) with relevant expertise as outlined below:

1) Review of the Framework

Thai Union's Sustainability-Linked Financing Framework has been reviewed by Sustainalytics who provided a Second Party Opinion (SPO), confirming the alignment with the Sustainability-Linked Bond Principles (SLBP) administered by the International Capital Market Association (ICMA) and Sustainability Linked Loan Principles (SLLP) as published by the Loan Market Association (LMA).

Thai Union will disclose both Framework and Second Party Opinion report on Thai Union's website.

2) Review of KPI against SPT

Thai Union will seek external verification on the performance against KPI 2 and KPI 3 by qualified external reviewers with relevant expertise at least once a year. The external reviewer could be an auditor or

environmental consultant, depending on the nature of the KPI and SPT selected. Note that at present, KPI 1 can be checked via <https://www.spglobal.com/esg/csa/yearbook/ranking/>. KPI 2 is verified by Lloyds' Register Quality Assurance Ltd. KPI 3 is verified by The Nature Conservancy.

Thai Union will disclose the verification report on Thai Union's website.

SECTION 3 AMENDMENTS TO THIS FRAMEWORK

Thai Union will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Thai Union will also review this Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPT's calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subjected to the prior approval of a Second Party Opinion provider. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on Thai Union's website and will replace this Framework.