



Companies Growing  
for Good

**SUSTAINABLE  
BUSINESS  
AT 'HEART'**

CHAROEN POKPHAND GROUP  
**CORPORATE  
GOVERNANCE  
REPORT  
2020**



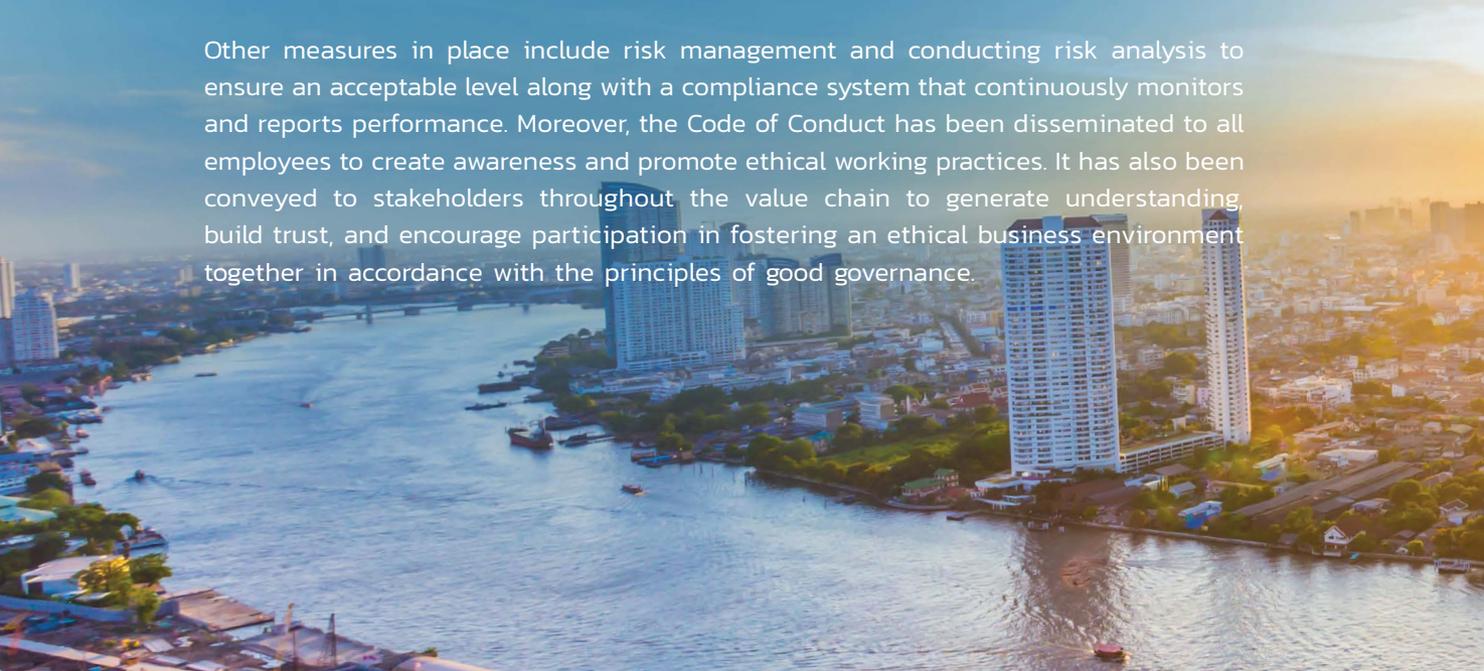
We conduct our businesses by  
**upholding to the principles  
of corporate governance.**

## **Good Corporate Governance... The Heart of Sustainable Growth.**

Charoen Pokphand Group is committed to conducting business with integrity and honesty in the interest of stakeholders as well as continuously developing products and services to meet the needs of consumers by applying technology and innovations. The Group adheres to business operations in accordance with good governance principles because it believes that this is the essence that helps increase competitiveness, leading the business to sustainable growth.

The Group promotes the creation of norms and organizational culture. We encourage and empower our employees to be a key force in driving corporate governance by putting it into practice and by laying out governance structures and processes. In parallel, we communicate with our group companies on a continuous basis in order to achieve uniformity in corporate governance across the entire group.

Other measures in place include risk management and conducting risk analysis to ensure an acceptable level along with a compliance system that continuously monitors and reports performance. Moreover, the Code of Conduct has been disseminated to all employees to create awareness and promote ethical working practices. It has also been conveyed to stakeholders throughout the value chain to generate understanding, build trust, and encourage participation in fostering an ethical business environment together in accordance with the principles of good governance.



## Objectives of the Report:



To provide stakeholders with an understanding of Charoen Pokphand Group's corporate governance



To report on the progress of operations under the integrated corporate governance, risk management and compliance framework



To disclose information on Charoen Pokphand Group's Corporate Governance Plan and its implementation



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Section

# 01

## Messages from Our Leaders





# Senior Chairman's Message

The occurrence of the COVID-19 pandemic that was detected in the beginning of the year 2020 has devastated economies, societies, and the livelihoods of people in most countries around the world. Even though the gravity of this pandemic continues to escalate rapidly, the C.P. Group has to a certain extent the ability to cope well with the circumstances, which is due largely to our compliance to the company's vision and core values. Importantly, our vision of giving prioritization to active cultivating our employees our core values of "accepting changes" and "be innovative" in preparing to detect, learn, and understand the situations make us capable of adapting ourselves quickly to any challenges faced by this ever fast changing world.

One of C.P. Group's critical challenges being faced with presently is to practice good corporate governance under this new normal ways of life that involves social distancing measures and online meetings. Under this situation we deem it's necessary to integrate and rethink our working processes to effectively manage our risks as well as introducing practical "new norma" policies to maintain the trust of all our stakeholders.

C.P. Group is determined to manage our organization based on good corporate governance, transparency, fairness, and responsibility to societies, communities, and the environment. We will continue to make every effort towards maintaining our standards to further our future sustainable growth.



**Mr. Dhanin Chearavanont**  
Senior Chairman, Charoen Pokphand Group



"C.P. Group is determined to manage our organization based on good corporate governance, transparency, fairness, and responsibility to societies, communities, and the environment. We will continue to make every effort towards maintaining our standards to further our future sustainable growth."

# Chairman's Message

The year 2020 has been nothing short of challenging. The COVID-19 pandemic created a crisis that seriously impacted the economies and societies globally while changing all facets of life, from working, learning, obtaining access to healthcare right down to how we live our daily lives. However, despite this crisis still looming over us, there is still opportunity. Charoen Pokphand Group remains determined to advance to Industry 4.0 and innovate products & services with new technology in parallel with assisting and developing our employees and our business partners worldwide based on our “Three-Benefit Principle” of benefiting the country, the people, and the company.

Throughout a century of our operations, C.P. Group has not only adhered to our six core values, but we also have always given importance to preparing ourselves to any incoming crisis. Our Board of Directors acknowledges risks associated with the rapid changes in all economic, social, and environmental dimensions. During the pandemic, we have closely monitored the situation worldwide to properly oversee and advise our management in reviewing our business direction and strategy to enhance our adaptability against this crisis occurring across all the countries where we have a presence.

Over the past year, the Board of Directors oversaw our management's development of our working processes through technology and innovation to further enhance our efficiency while maintaining our business continuity, enabling us to adapt well to new normal conditions. In addition, we have emphasized to our management the importance of continuing our business in line with our corporate governance principles, especially in risk management and compliance, to ensure the safety of our employees during the crisis and strengthen our internal working processes in our organization.

Furthermore, the Board of Directors supported knowledge development, reskilling and upskilling in line with the changing landscape and in support of future business growth once the crisis subsides. We also promoted our employees to work ethically and in strict compliance

with our rules, regulations, and policies. This is to further advocate for all C.P. Group employees to not only be talented, but ethical as well.

At C.P. Group, we value respect for human rights and fair treatment for all employees, inclusive of their safety and welfare. During the COVID-19 pandemic, we announced our policy to care for our employees and leave no one behind by not only committing to no layoffs but also announcing measures to support them, and in extension, their families that were affected by the pandemic. Additionally, we have set a policy to hire over 30,000 fresh graduates from Thailand and overseas to alleviate unemployment issues among new graduates to help the country and its economy during the COVID-19 crisis. As we understand well that this is a difficult time for our country and its people, we promise to do our part in giving back to the country.

I would like to thank all my colleagues around the world for their wholehearted commitment and dedication in overcoming this crisis together. The Board of Directors and I will continue to monitor the current situation carefully while assessing the risks. In addition, we will continue to promote C.P. Group to operate in line with corporate governance and the Code of Conduct on an ongoing basis while also disclosing information with transparency and treating our stakeholders fairly. This is so we can achieve sustainable growth in balance with our stakeholders across our value chain as part of our goal “to be the leading technology and innovative conglomerate, providing food for both the body and mind, that creates shared values and brings health and well-being for all.”



**Mr. Soopakij Chearavanont**  
Chairman of Charoen Pokphand Group



“The Board of Directors oversaw our management’s development of our working processes through technology and innovation to further enhance our efficiency while maintaining our business continuity, enabling us to adapt well to new normal conditions. In addition, we have emphasized to our management the importance of continuing our business in line with our corporate governance principles, especially in risk management and compliance, to ensure the safety of our employees during the crisis and strengthen our internal working processes in our organization”

# CEO's Message

Ever since our existence, Charoen Pokphand Group has always held onto our core values of integrity by conducting business in line with sound corporate governance principles and creating value for society and countries where we operate that led to our growth and recognition over the past century, which we can look back with pride.

Hence in all of our business practices, we remain committed to introducing innovations in response to our stakeholder needs for sustainable growth, resulting in the Group continuing to meet its strategic objectives despite the ongoing COVID-19 pandemic due to our commitment to corporate governance development as the key to our sustainable growth.

In 2020, C.P. Group elevated the efficiency of corporate governance even further by integrating corporate governance, risk management, and compliance that enables us to simplify our planning and information exchange process across various functions to meet our targets. We also have incorporated technologies like our in-house online video conference platform and other mobile applications in our internal communications, which simplify the process for our management in effectively monitoring and communicating the Group's overall corporate governance activities. In addition to our new online learning platform that enables employees to access learning content anytime and anywhere, these platforms ensure that we continue to operate in line with our corporate governance with confidence in this time of crisis.

C.P. Group has also continued our drive to maintain our ethics and compliance culture by engaging with our executives and staff to become more involved in encouraging behaviors that align with our ethical standards and our Code of Conduct. In addition, we also promoted awareness with stakeholders across our supply chains to ensure consistent practice and involvement in creating an ethical

business environment that meets our corporate governance principles, which will elevate overall competitiveness for sustainable growth in business.

Our long-standing commitment towards fostering an ethical corporate culture that meets the Group's corporate governance principles has resulted in C.P. Group being selected as "1 of 135 World's Most Ethical Companies" by the Ethisphere Institute. This international recognition truly reflects that our developments align with international standards, thanks to the support, dedication, and cooperation of our directors, management, and staff from C.P. Group, locally and overseas, for continuing to work with integrity while creating value for our stakeholders.

C.P. Group remains determined to maintain the high-quality standards that we have set in all of the Group's operations by following our corporate governance principles while ensuring that we strictly adhere to our ethical standards, risk management, legal and regulatory compliance both locally and overseas. This commitment will strengthen us as an organization in preparing for new challenges to create value for the society and the countries where we operate, as referenced by our "Three Benefits" principle that we have always upheld.



**Mr. Suphachai Chearavanont**  
Chief Executive Officer,  
Charoen Pokphand Group



"C.P. Group has also continued our drive to maintain our ethics and compliance culture by engaging with our executives and staff to become more involved in encouraging behaviors that align with our ethical standards and our Code of Conduct. In addition, we also promoted awareness with stakeholders across our supply chains to ensure consistent practice and involvement in creating an ethical business environment that meets our corporate governance principles, which will elevate overall competitiveness for sustainable growth in business."

Section

# 02

## Outstanding Achievements in 2020





# Outstanding Achievements in 2020

## Engagements for Building Corporate Culture



**72**  
**Employees from all business groups**  
 participated in the Corporate Governance Network as liaisons



**100%**  
**of all employees worldwide**  
 passed the Code of Conduct test



**More than 90%**  
**of all employees**  
 apply and practice the Code of Conduct as part of their work

## New Developments for Improvement



Initiated the iGRC pilot project for business groups in Thailand



Established policies and guidelines for personal data protection



Conducted a self-assessment on anti-corruption policies and guidelines



Conducted an online compliance maturity self-assessment



Revamped "CG Voices" The Corporate Governance Magazine

## Conducted Survey on Employees' Acknowledgement of Corporate Governance and Compliance with the Code of Conduct



Upheld the Code of Conduct as an integral part of their work



Perceived that compliance with the Code of Conduct enhances their reputation and image



Applied the Code of Conduct to their work



Applied the policies and guidelines properly



Perceived that the company's top management are good examples of ethical conduct.



Perceived that their supervisors are good examples of ethical conduct.



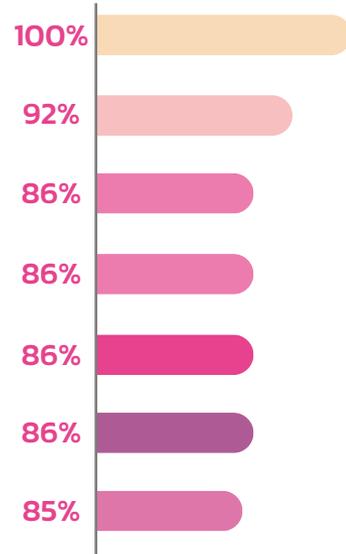
Understood the principles of the Code of Conduct



Perceived that their supervisors regularly communicate with employees to promote compliance with the Code of Conduct and its policies

## Conducted an Anti-Bribery and Anti-Corruption Self-Assessment for Business Groups

- Top executives have demonstrated leadership in complying with Policies and Guidelines.
- The company organizes orientation sessions to help new employees understand and comply with Policies and Guidelines.
- The company has announced for all local and overseas subsidiaries to comply with Policies and Guidelines.
- The company has adequate processes, internal controls, and reporting to support the Anti-Bribery and Anti-Corruption Policy and Guidelines.
- The company has adequate processes, internal controls, and reporting to support the Gifts and Benefits Policy and Guidelines.
- The company has assigned persons or functions with the authority and responsibility to oversee the compliance of Policies & Guidelines.
- The company has adequate communications and training processes for its directors, management and staff.



## New Communication Channels for Continuous Learning and Monitoring



**Micro E-Learning**

Developed Micro E-Learning platform for learning anytime and anywhere



**CG Dashboard**

Used technology to develop the CG Dashboard for monitoring executive performance




**CPG Connect Platform**

Added the CPG Connect Platform as extra communication, learning and whistleblowing channels

# Awards and Recognition

## Ethisphere Institute

-  Founded in 2006 and connects with various communities worldwide composed of industry experts on business ethics
-  The global leader in defining and advancing the standards of ethical business practices
-  Awards companies with ethical business standards in the “World’s Most Ethical Companies®” recognition program.

### Evaluation Criteria

- ✓ Corporate Governance
- ✓ Ethics and Compliance
- ✓ Culture of Ethics
- ✓ Environmental and Societal Impact
- ✓ Third-Party Management
- ✓ Ethical Leadership and Reputation



### Honorees

The full list of the 2021 World’s Most Ethical Companies can be found at

<https://worldsmoethicalcompanies.com/honorees>





## Charoen Pokphand Group One of the World's Most Ethical Companies in 2021

Ethisphere selected and announced Charoen Pokphand Group Co., Ltd. as one of the World's Most Ethical Companies in 2021.

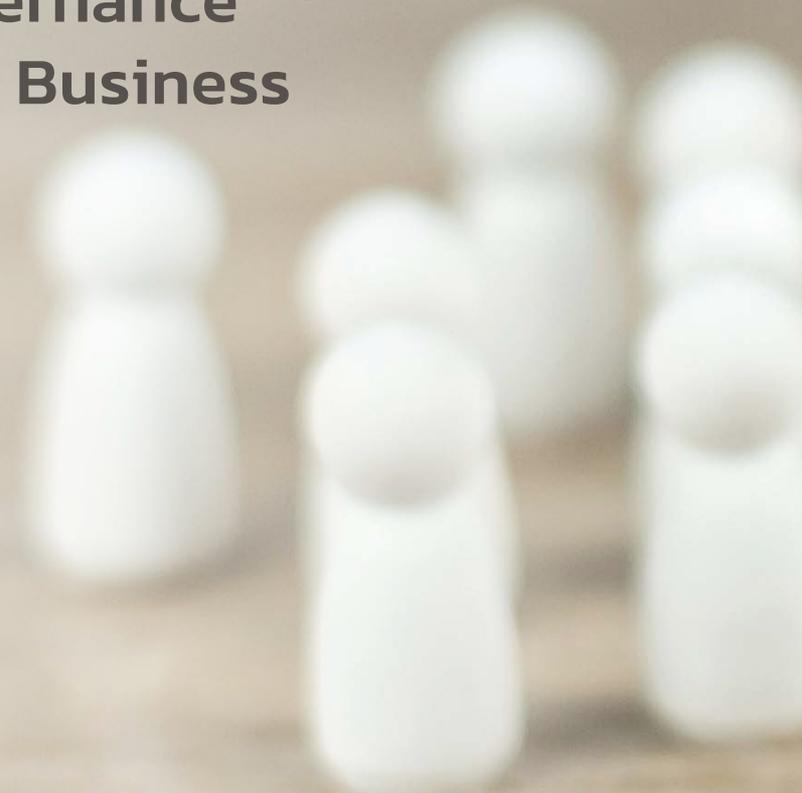
As the first time for the Group, this recognition honors organizations that adhere to business operations based on creating value and commitment to ethics and integrity in the organization.



Section

# 03

## **Corporate Governance - The Heart of Business Operations**







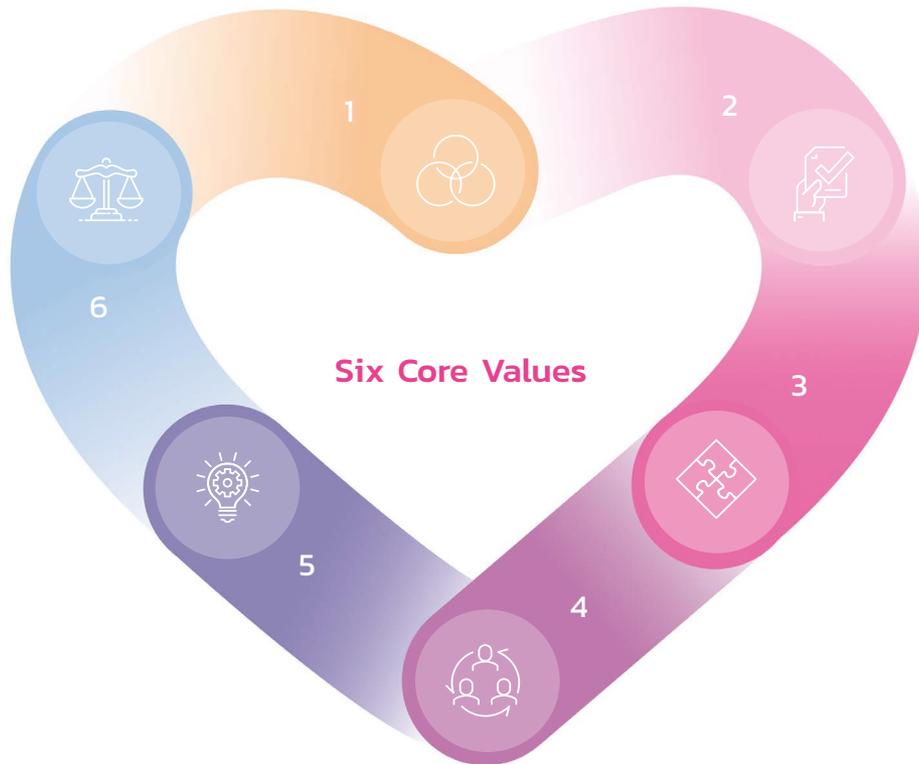
All employees have executives who serve as good role models. All these factors are the driving force for the organization's character and collective behavior. Moreover, they help employees to better understand and take into account the importance of business growth in tandem with society, community, and stakeholders.



Since its establishment, Charoen Pokphand Group has been committed to conducting business with integrity and honesty. Over the years, these have evolved into 6 core values which consist of: the Three-Benefit Principle (benefitting the country, the people and the company, respectively); Speed with Quality; Simplification; Accept Change; Innovate; and Integrity. These values have been embedded in and practiced by each and every one of our employees up to this very day.

The adherence to these core values provides a foundation or guideline for characteristics or qualities that meet the expectations the Group has of its employees along with executives who serve as good role models. All these factors are the driving force for the organization's character and collective behavior. Moreover, they help employees to better understand and take into account the importance of business growth in tandem with society, community, and stakeholders from all sectors by conducting business in accordance with good governance principles. This is the core that will enable C.P Group to achieve its long-term success goals.

The Group continuously enhances its corporate governance system to keep abreast of changes in the business environment. This is in line with the directives from the Board of Directors, Executive Board and the Corporate Governance Committee. The latter comprises high-caliber members with expertise from around the world encompassing Executive Directors from Charoen Pokphand Group and its listed companies, Independent Non-Executive Directors from listed companies and external independent governance experts who advise the Group and the Executive Board with guidelines on business practices with accountability and in accordance with international corporate governance practices.

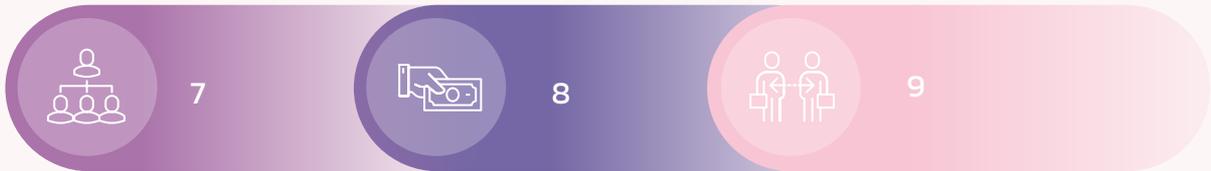


1. **Three Benefits:** Always consider the benefits of the country first, followed by its people and the company.
2. **Speed with Quality:** Think and act before others, while maintaining our quality standards according to the needs of our customers and consumers.
3. **Simplification:** Have a positive mindset by always look to streamline or break down complex and complicated processes.
4. **Accept Changes:** Be prepared to face volatile or changing circumstances at all times, and be able to adapt to work in diverse cultures.
5. **Innovation:** Always look to introduce new ideas or inventions and work processes that will benefit society as well as the organization.
6. **Integrity:** Uphold our integrity and ethical values with honesty towards our customers and the organization.

# Corporate Governance Principles

The Corporate Governance Committee plays an important role in developing the 11 Corporate Governance Principles that serve as the backbone for effective management in order to build confidence and trust among all stakeholders.





7  
We compose our Boards carefully to ensure that they have the knowledge and experience to make informed decisions.

8  
We take a rigorous and transparent approach to evaluating and incentivizing performance at all levels.

9  
We are committed to open, effective, and ongoing communications with all of our stakeholders.



10  
We are committed to the rights of minority shareholders.

11  
Integrity and honesty lie at the heart of who we are.



Charoen Pokphand Group strives to ensure our entrepreneurial spirit is always balanced by responsible risk management.



# Corporate Governance at Charoen Pokphand Group

Charoen Pokphand Group Co., Ltd. is a private company and the parent company of Charoen Pokphand Group. It operates as a holding company that holds shares in both listed and non-listed companies that form the Group, and its governance of these entities vary accordingly.

## Non-Listed Entities

As a major shareholder of these companies, Charoen Pokphand Group Co., Ltd. determines the strategic direction and corporate governance policy for non-listed companies. It also provides support and promotes the implementation and advancement of corporate governance standards and practices in non-listed companies to reach the levels of its listed companies and meet international standards, as well as ensuring uniformity in corporate governance across the Group.

## Publicly Listed Entities on the Stock Exchange of Thailand (SET)

Charoen Pokphand Co., Ltd.'s roles and responsibilities as well as its interactions with companies listed on the Stock Exchange of Thailand (SET) differ from those with its non-listed companies. Listed companies have their own Board of Directors as well as Corporate Governance Committee who are responsible for overseeing operations in accordance with the law, regulations, and corporate governance principles in compliance with criteria of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC). In this respect, Charoen Pokphand Group Co., Ltd., as the parent company, interacts with them through its representative directors who sit on the listed companies' Board of Directors for the proposal of guidelines and business directions which are in line with the Group. These are of course all subject to the approval from the Board of Directors of that particular listed company. Charoen Pokphand Co., Ltd. will not pursue any matter further if it is inconsistent with the structure of the listed company's corporate governance framework.

The Board of Directors and the Corporate Governance Committee of listed companies are empowered with the formulation of policies and guidelines as well as the corporate governance processes of the listed company itself which should also be consistent with the corporate governance policies and directions of the Group. In addition, they must ensure that there is a corporate governance structure and system that can be implemented appropriately, including principles, policies and guidelines that comply with laws and regulations of the Securities and Exchange Commission (SEC) of the country in which it operates.

## Strategic Investments

Charoen Pokphand Group Co., Ltd. invests with partners in various businesses, whereby the Group oversees business operations through its representatives who serve on the Board of Directors of these entities with whom the Company jointly discusses business issues. In the event where Charoen Pokphand Group Co., Ltd. is a minority shareholder, it will exercise its voting rights at the shareholders' meeting in accordance with the Group's business policy.



- |   |  |    |   |    |  |
|---|--|----|---|----|--|
| 1 | <i>Agro-Industry and Food Business Group</i>                           | 6  | <i>Pharmaceuticals Business Group</i>         | 11 | <i>E-Commerce and Digital Business Group</i> |
| 2 | <i>Feed Ingredients Trading Business Group</i>                         | 7  | <i>Automotive Business Group</i>              | 12 | <i>Telecommunications Business Group</i>     |
| 3 | <i>Crop Integration Business Group</i>                                 | 8  | <i>Packaging Business Group</i>               | 13 | <i>Finance and Banking Business Group</i>    |
| 4 | <i>Pet Food Business Group</i>   | 9  | <i>Retail and Distribution Business Group</i> | 14 | <i>Property Development Business Group</i>   |
| 5 | <i>Seed, Fertilizers, and Plant Protection Products Business Group</i> | 10 | <i>International Trading Business Group</i>   |    |  |

## Corporate Governance Vision and Strategy



Corporate governance has been designated as one of the 12 goals in the implementation of the Group's sustainability strategy and is the first goal of the Heart category.



In order to generate an organizational culture of conducting business in accordance with corporate governance principles, the Group has established the Corporate Governance Vision which serves as the direction for business operations. Moreover, corporate governance has been designated as one of the 12 goals in the implementation of the Group's sustainability strategy and is the first goal of the Heart category. C.P Group considers good corporate governance to be important in determining the direction of business operations which will result in a more efficient management system that adds value for stakeholders in the long run.

### Corporate Governance Vision

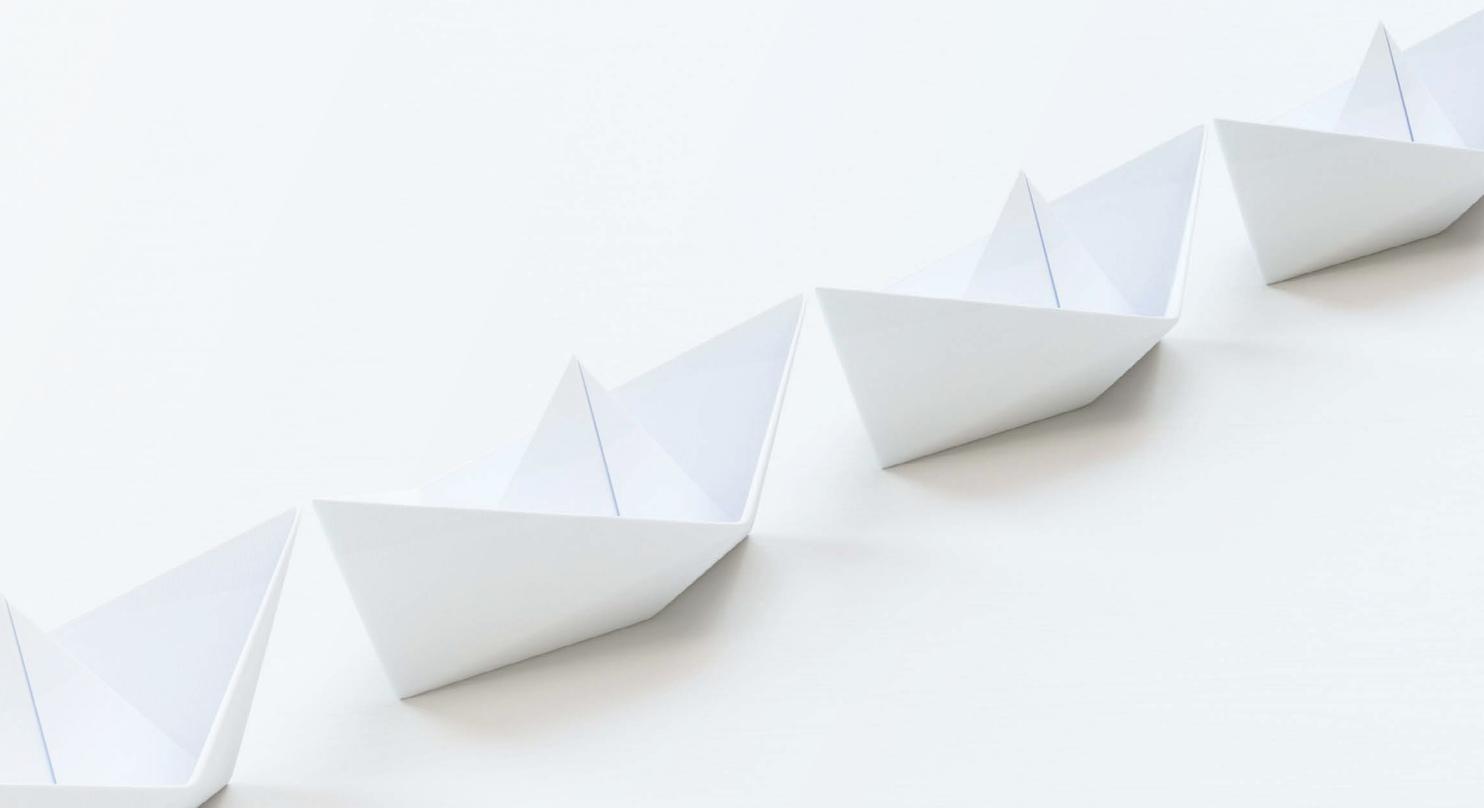
Build trust and deepen relationships with all stakeholders who interact with our business and society at large by applying our values of integrity and honesty in everything that we do, by committing to high standards of transparency and disclosure, and by seeking to always realize shared values with our stakeholders.

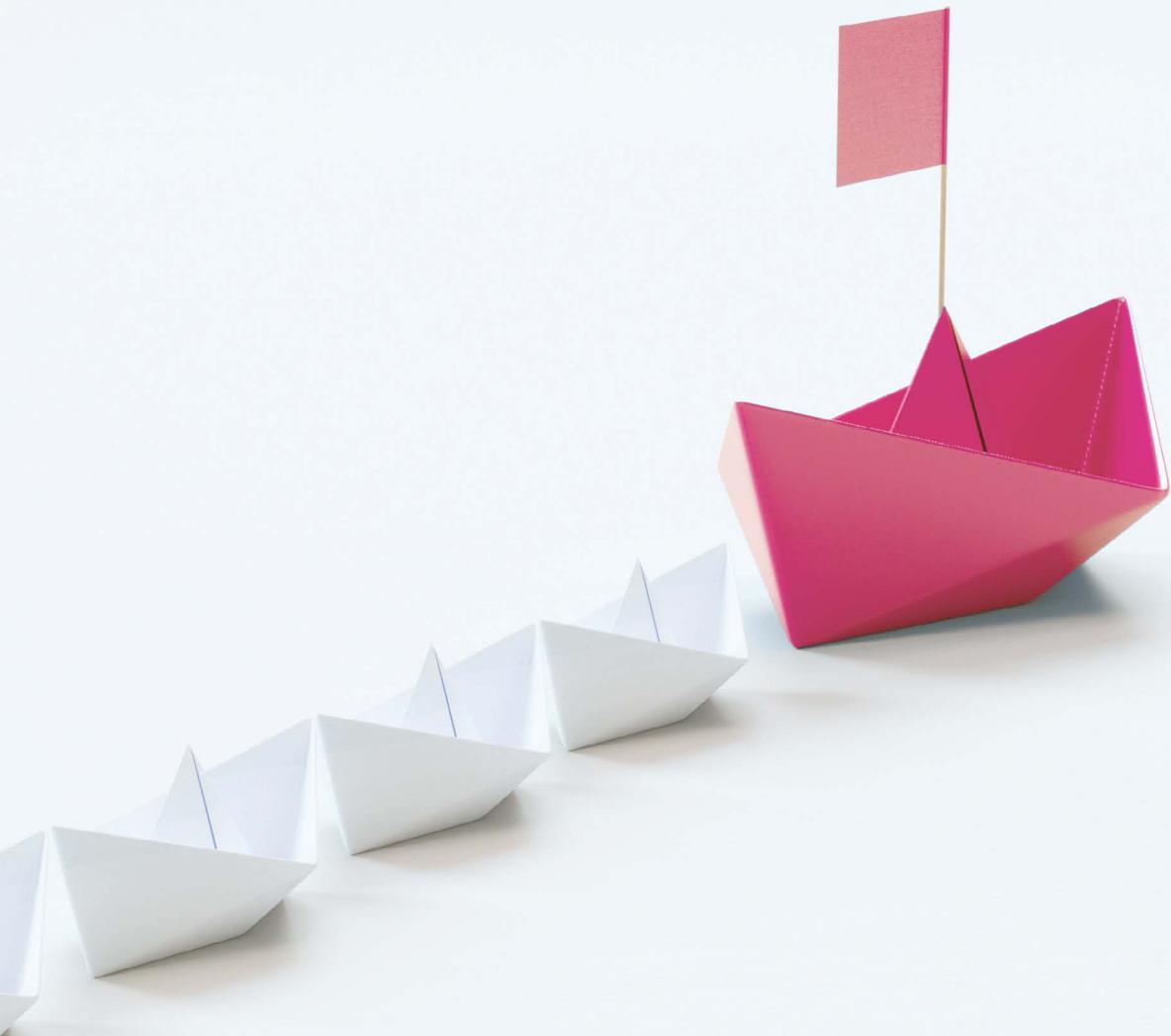


Section

# 04

## Corporate Governance Progress in 2020





Throughout 2020, Charoen Pokphand Group implemented a strategy to ensure that business operations were in line with the same corporate governance principles across the Group, creating value for all stakeholder groups and securing sustainable growth. The strategy comprised the following components:



**Integration of corporate governance, risk management, and compliance**



**Elevation of corporate governance standards**



**Creation of an ethics and compliance corporate culture**

The progress and success in operations are as follows:



## 4.1 Integration of Corporate Governance, Risk Management, and Compliance

C.P. Group is focused on driving the integration of corporate governance, risk management and compliance functions (Governance, Risk Management and Compliance - GRC). This is to ensure the efficiency of corporate governance within a framework of ethics and regulations that can help build trust and confidence with internal stakeholders, including directors, executives, and employees, as well as among external stakeholders. The framework for each component of GRC has been systematically defined to achieve effective operations.

**C.P. Group is focused on driving the integration of corporate governance, risk management and compliance functions (Governance, Risk Management and Compliance – GRC).**



## 4.1.1 Corporate Governance

The corporate governance structure comprises responsible persons at various levels along with a systematic process for reporting throughout the hierarchy right up to the highest level in charge. An efficient management process ensures that everything is aligned with corporate governance principles, policies, and the Code of Conduct. This creates competitiveness while taking into account all stakeholders, leading to sustainable growth.

### (1) Corporate Governance Structure

C.P. Group believes that in order to concretely implement corporate governance, a clear and well-defined corporate governance structure is necessary. The Corporate Governance Committee is a key player in defining this structure where Charoen Pokphand Group Co., Ltd.'s corporate governance structure and hierarchy can be outlined with the following levels:

#### Board of Directors and Executive Committee Levels

The Board of Directors is the forerunner in determining the overall efficient and effective operation of the management in line with the Group's vision and policies. In this connection, the Board has delegated the Executive Committee to oversee operations of the Group in accordance with the principles of corporate governance, as well as the policies and guidelines as prescribed by the Board of Directors. The Executive Committee is chaired by the Chief Executive Officer and members consists of Charoen Pokphand Group Co., Ltd.'s top executives as well as senior executives from group companies, both listed and non-listed.

The Executive Board regularly monitors the Group's performance through a systematic and layered reporting process that starts from working groups, work units, departments/offices and progressing right through to the steering committee who is in charge of reviewing the performance results. This multi-tier reporting process ensures that every corporate governance operation has a person in charge who is accountable for its implementation and performance reporting. Moreover, it helps to the drive corporate governance across the entire group to deliver concrete results.

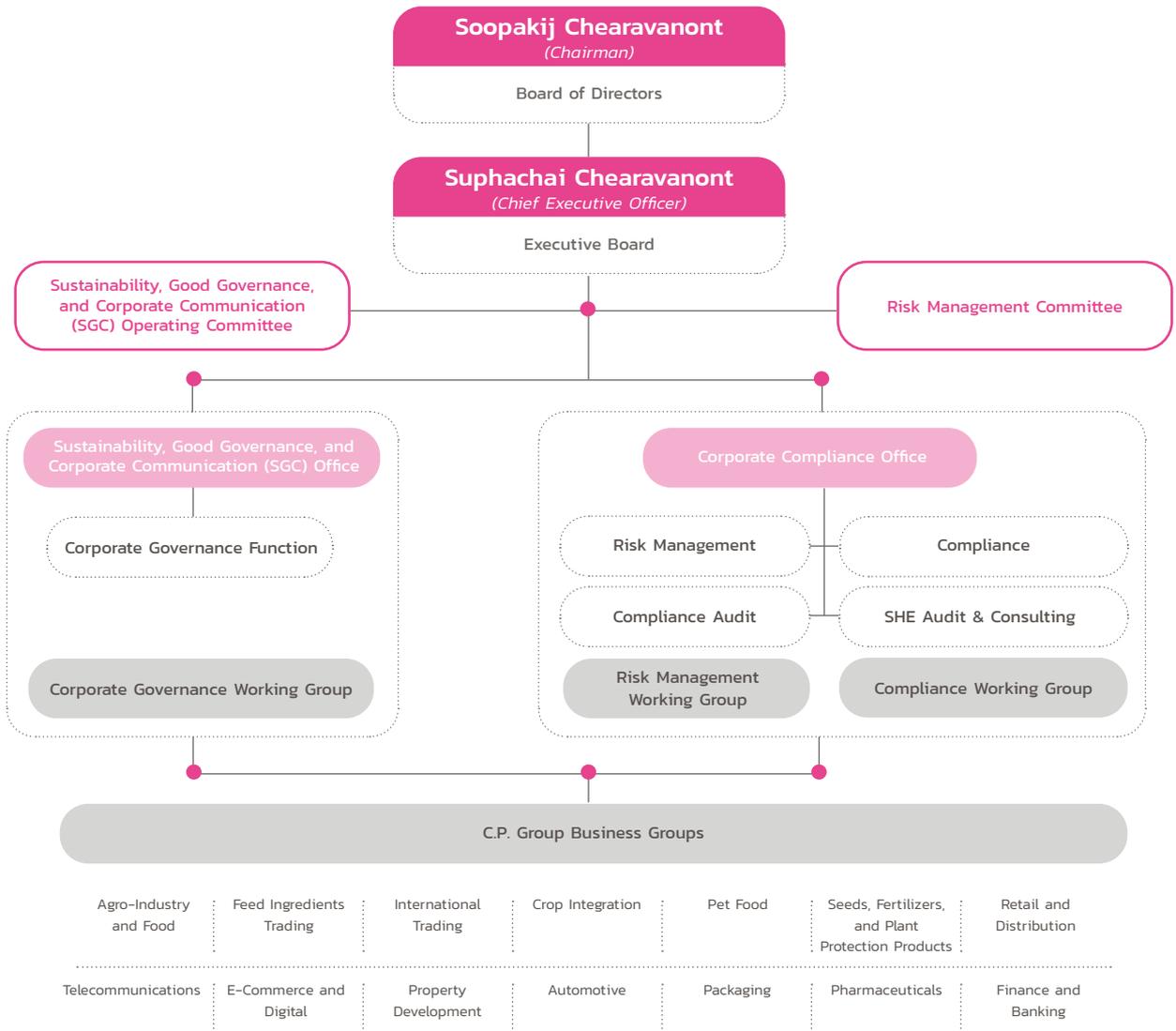
In 2020, the Executive Committee conducted a self-performance assessment under 4 criteria: structure and qualifications, roles and responsibilities, meetings, and self-development, with overall very good results.

Performance Evaluation Criteria of the Executive Committee



**Overall Average of Assessment Results:  
Very Good**

# Steering Committee Level



## Steering Committee Level

The steering committee that is responsible for verifying performance related to corporate governance, risk and compliance is the Sustainability, Good Governance, and Corporate Communication (SGC) Operating Committee. It consists of senior executives who are respectively in charge of sustainable development, corporate governance and communications. The committee's task is to set the Group's goals and KPIs for each business group, oversee the corporate governance structure and performance reporting, follow up on the establishment of communication channels as well as evaluate key issues relating to sustainability and corporate governance. The committee meets regularly every quarter to determine acceptable levels of sustainability and governance risks, as well as formulate guidelines for managing risks in collaboration with the Risk Management Committee. The latter comprises executives from listed and non-listed companies with expertise in risk management.

## Office and Department Levels

The work unit that oversees corporate governance at the group level is the Corporate Governance Department. It is under the Sustainability, Good Governance, and Corporate Communication (SGC) Office and reports directly to the Chief Sustainability Officer as well as to the Sustainability, Good Governance, and Corporate Communication (SGC) Operating Committee.

Risk management and compliance is under the Corporate Compliance Office which is responsible for ensuring that there are risk management and compliance functions in accordance with applicable laws, rules and regulations, and the Code of Conduct. It also oversees complaints, whistleblowing, and investigations, as well as Safety, Hygiene and Environment (SHE) audits.



The head of the Corporate Compliance Office reports risk management performance to the Risk Management Committee while compliance performance is reported to the Sustainability, Good Governance, and Corporate Communication (SGC) Operating Committee.

The performance of C.P. Group's corporate governance, risk management and compliance operations are reviewed by both the Risk Management Committee and the Sustainability, Good Governance, and Corporate Communication (SGC) Operating Committee before submission to the Executive Committee which convenes at least once per quarter.

## Operational Level

For corporate governance, risk management, and compliance functions to be aligned with the same standards, a Corporate Governance Working Group was set up comprising the Group's top corporate governance executives as project leaders, and members consisting of representatives from corporate governance functions of group companies. The working group oversees the improvement of the Group's various governance processes to comply with international standards while enabling management to be more efficient, transparent and auditable, taking into account all stakeholder groups. Meetings are held regularly every month, and in 2020 the number of members in the working group amounted to 72 persons covering all business groups. With this set up, corporate governance communication and functions within C.P. Group were greatly facilitated and progress could be tracked on a regular basis.



**72**  
**representatives**  
**from all business**  
**groups together**  
**form the Corporate**  
**Governance**  
**Working Group**

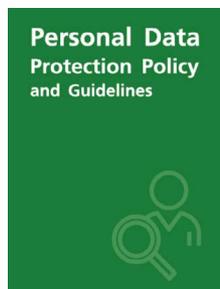
In addition to the above, both a Risk Management Working Group and a Compliance Working Group were also established with representatives from departments responsible for risk management and compliance respectively of group companies as members. Each working group reports operation performance to the department responsible for the particular function in Charoen Pokphand Group Co., Ltd.

## (2) Policies and Guidelines

To make sure that corporate governance in group companies functions in the same direction, C.P. Group continuously reviews and updates its policies and guidelines by studying corporate governance trends and standards, both domestic and international. It also makes comparative studies with corporate governance practices of other companies in the same industries. All these factors are used to define policies and practices that can be readily applied to a variety of businesses according to the context of the Group. As usual, these are reviewed and improved upon regularly.

In the past, policies and guidelines were reviewed at the group level covering important issues based on corporate governance principles such as conflicts of interest, anti-corruption, whistleblowing, human rights and labor practices, etc., This also included the launch of C.P. Group's Code of Conduct and the Supplier Code of Conduct, all of which are published on the Group's website at [www.cpgroupglobal.com](http://www.cpgroupglobal.com). Moreover, these important documents have been successfully disseminated to all group companies and suppliers to ensure correct practices in the same direction.

In 2020, Charoen Pokphand Group announced and published its Personal Data Protection Policy and Guidelines in readiness for the protection and management of personal data to support the enforcement of the Personal Data Protection Act B.E. 2562.



## 4.1.2 Risk Management

C.P. Group places importance on systematic risk management throughout the organization. This ensures that it is ready to deal with complex business environments which are constantly changing whereby from external factors such as changes in technology, economic, social, political, and environmental conditions, or from internal factors ranging from organizational strategy formulation and operations to resource management, all of which may affect the ability of the organization to achieve its goals.

In this connection, the Group has standards and guidelines for integrated risk management which take into account sustainable development factors (Sustainable Risk Context) covering both internal and external factors of the organization across all stakeholders groups that may be affected or affect the level of risk management within the Group.

C.P. Group places importance on systematic risk management, standards, and guidelines for integrated risk management.





**The Group places importance on systematic risk management throughout. There is an organization-wide risk management approach that complies with internationally accepted standards. All business groups can apply them to suit the nature of their business while maintaining the common objectives of risk management at an acceptable level and preserving the ability to achieve the overall collective objectives and goals of the organization.**

The Group's organization-wide risk management guidelines comply with internationally-accepted standards which all business groups can use as a guideline in adapting to suit the nature of their business and related risk issues. These include management policies where various businesses have their own different components but retain the common objectives of risk management at an acceptable level and at the same maintain the ability to achieve the overall objectives and goals of Charoen Pokphand Group. Risk management must integrate the organization's strategy in every work process which includes corporate projects and a risk management framework that provides a systematic management approach for all timely operational decisions consistent with the uncertainty and impact of the risks facing the organization.

During the past year, the Group has focused on managing and defining measures to respond to various important risks.



### Risks from the COVID-19 Pandemic

The COVID-19 outbreak caused economic uncertainty and disruption which also affected the safety of employees' health and lives, as well as business operations.

The Group therefore designated operational safety and hygiene measures including screening and surveillance and the implementation of the Business Continuity Management Plan that allows for flexible operating procedures such as work from home, etc.



### Cyber Attacks and Data Security

Today's business models and operations require the use of technology to increase operational efficiency. However, the use of this technology can pose risks in various forms of cyber threats, including information security, which can result in damage of the Group's financial, reputation, and credibility aspects.

C.P Group has made sure that its operations were in accordance with ISO27001 the international information security standard as well as the National Institute of Standards and Technology (NIST) standards. Moreover, it has initiated the digital transformation of the organization with the establishment of a Security Operating Center (SOC), raising cybersecurity awareness among employees and taking out cybercrime insurance.



### Food Safety and Product Reliability

Consumers select food products which are safe, of good quality and nutritional value as they place importance on health and wellbeing. Since food is the core business of C.P. Group, it is therefore focused on the implementation of food safety management measures. These include a Food Safety Policy set by high-level executives and numerous control measures in place that govern systems and processes right from the start beginning with research and development, raw materials, through to food production in compliance with multiple international standards, including GMP, Codex FAO/WHO,BRC, ISO22000, etc.



### **Corporate Reputation**

Consumers of today prefer to use social media for quick and easy access to information as well as interact with others in exchanging views and opinions. This however comes with the risk of being exposed to negative or inaccurate information that could mislead and affect an organization's trust and reputation.

Placing great importance on sustainable business operations, the Group appointed the corporate communications department at the group level to oversee the Group's communication activities and interactions, in addition to determining Group targets and operating in accordance with the sustainable development approach.



### **Accountability and Traceability in the Supply Chain**

Charoen Pokphand Groups' businesses involve a large number of suppliers across numerous industries. A problem or issue arising with any supplier can adversely affect the Group. To deal with this, it has published a Supplier Code of Conduct which has been disseminated to suppliers so that they are all aware and understand the Group's standpoint. Moreover, it has conducted training for suppliers as well as established a traceability system throughout the supply chain which includes evaluating the qualifications of the Group's main suppliers in accordance with C.P. Group's criteria.



### **Fraud and Corruption**

Fraud and corruption are both legal and Code of Conduct offenses which have an extremely negative impact on business operations. The Group is therefore committed to operating its businesses with transparency and accountability. These measures include an anti-corruption policy, assessments of potential risks from fraud and corruption, creating awareness through various public relations media and training employees, as well as providing channels for complaints and whistleblowing, and establishing a compliance audit system.



### **Safety and Environment**

Safety and environment are important issues that the Group pays attention to and are taken into account for business operations as a mark of social responsibility. Charoen Pokphand Group has published its Safety, Occupational Health, and Workplace Policy and Guidelines, and issued new operating standards, namely “C.P. SHE Standard and Life Saving Rules,” all of which can readily be applied across the Group. These guidelines can help reduce the rate of serious workplace accidents or injuries, and their implementation is also audited. Furthermore, the Group conducts training courses to create awareness, knowledge and understanding, including the building of safety awareness culture among all employees. For the environment, C.P. Group has set long-term conservation goals such as reducing greenhouse gas emissions as well as plans for water usage efficiency, etc.



### **Laws and Regulations**

C.P. Group conducts its businesses in adherence to laws and regulations. Since it operates businesses in many countries, failure to follow or prepare for changes in related laws and regulations can affect business operations, reputation, competitiveness, as well as the sustainable growth of the Group.

The Group therefore regularly monitors information concerning new laws and regulations, and organizes activities for employees and related parties to educate about changes or new regulations, as well as prepare for them.

### 4.1.3 Compliance

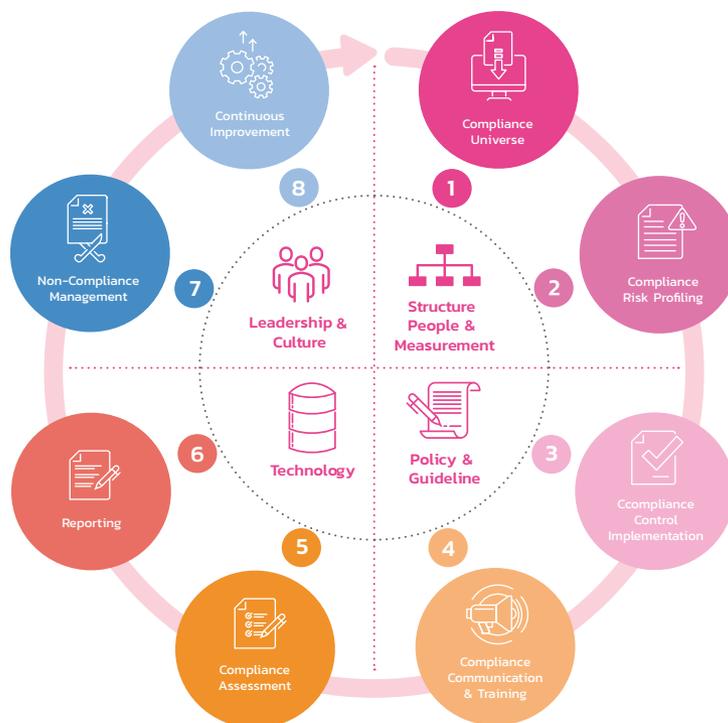
Charoen Pokphand Group has established a global compliance system to ensure that companies in the countries in which it operates or has investments comply with laws and regulations. This is one of the Group's sustainability strategies. Compliance guidelines have been set out according to Charoen Pokphand Group's Compliance Policy which is published in Thai, Chinese, and English and was disseminated to communicate the Group's directives in terms of compliance as well as set the work direction for all Group employees around the world. These measures have already been implemented in a concrete manner.

Moreover, in line with the Group's synergy strategy, experts, and related parties from a wide range of businesses around the world were sourced to study global guidelines and standards and create a Compliance Framework which features the storage of data in a central information system developed by both the Group's technology and information technology teams. This makes it possible to share knowledge on compliance linked to the Group's Ethic and Compliance Risk Management as well as the establishment of a Group compliance audit system with standards, leading to implementation in each business group

The Group has developed a compliance system which is one of its sustainability strategies. Compliance guidelines have been established in accordance with the Charoen Pokphand Group Compliance Policy, and were announced to communicate the Group's intent in terms of compliance and set the work direction for Group employees around the world. These measures have already been comprehensively put into practice.



## Compliance Framework



*The Compliance Framework consists of 4 main infrastructures:*

**1. Leadership and Culture:** Each step has been defined with a starting point where senior executives prioritize compliance and create an organization culture for employees and related parties such as suppliers to be a part of and be aware of the importance of compliance in every work process.

**2. Structure, People, and Measurement:** The reporting hierarchy is established along with the designation of responsible people as well as indicators to measure performance, all of which are compliance tools.

**3. Policies and Guidelines:** These are clear-cut and in written form so that they can be referenced.

**4. Technology:** Establishment of an information technology system that oversees and supports various compliance processes for efficiency, timeliness, accuracy, reliability, and security throughout the confidentiality hierarchy of information management as well as being standardized throughout the whole Group. Moreover, the system provides support for management and decision-making for sustainability while taking into account effectiveness in controls, rationality, protection, knowledge and integrity at all levels across the Group in line with its core values.

*From these 4 main infrastructures, C.P Group has created 8 compliance sub-processes that will lead to their comprehensive implementation in the workplace:*



### 1. Compliance Universe

Various rules and regulations are brought together along with information relating to compliance such as responsible work units, penalties, etc. These are all stored in a database that can be accessed by relevant personnel and updated periodically or when there is a major regulatory change. Access to the databases are by working groups involved in various areas which include occupational health and environment, human resources information, contract terms such as concessions, and contract farming contracts, etc.



### 2. Compliance Risk Profiling

This involves the assessment of both the likelihood and severity of impacts arising from employees not complying with various rules and regulations. The assessment is carried out at least once per year or when there is a significant change. This is to prioritize the type of compliance and is used to determine appropriate control measures.



### 3. Compliance Control Implementation

There are 3 types of measures: measures to prevent non-compliance; measures to detect non-compliance; and measures to discipline non-compliance, all of which are reviewed at least once per year or when there are significant changes.



### 4. Compliance Communication and Training

Communication channels are selected based on target audience, content and objectives as outlined in the communication and training plan. Channels for consultation are also provided in case there are any doubts. The questions asked are used to improve and further develop communication tools and tactics.



## 5. Compliance Assessment.

Assessments are carried out to detect non-compliance and correct them as quickly as possible, as well as manage and reduce the impact of such incidents to a minimum. These assessments are done in 2 ways: self-assessment by the individual and assessment conducted by the Group's compliance function. Information and results are collected at the Group level to be reviewed and analyzed for improvements including the preparation of common guidelines for usage across the Group. When non-compliance is detected, the issues are prioritized according to severity, the root causes are identified, and corrective measures are administered. There are also follow-ups on improvements which are used for further case studies.



## 6. Reporting

This is to keep executives and all those involved informed and updated. The frequency of reporting varies depending on the reported issue and the purpose of reporting



## 7. Non-Compliance Management

Charoen Pokphand Group has policies and guidelines regarding whistleblowing which cover the investigation process in order to provide channels for reporting grievances as well as for monitoring and disciplining non-compliance. They also include improvements to prevent recurrences while at the same time ensuring fairness to all parties in a systematic and transparent manner. These guidelines are of international standards and help build trust in the Group's whistleblowing system.



## 8. Continuous Improvement.

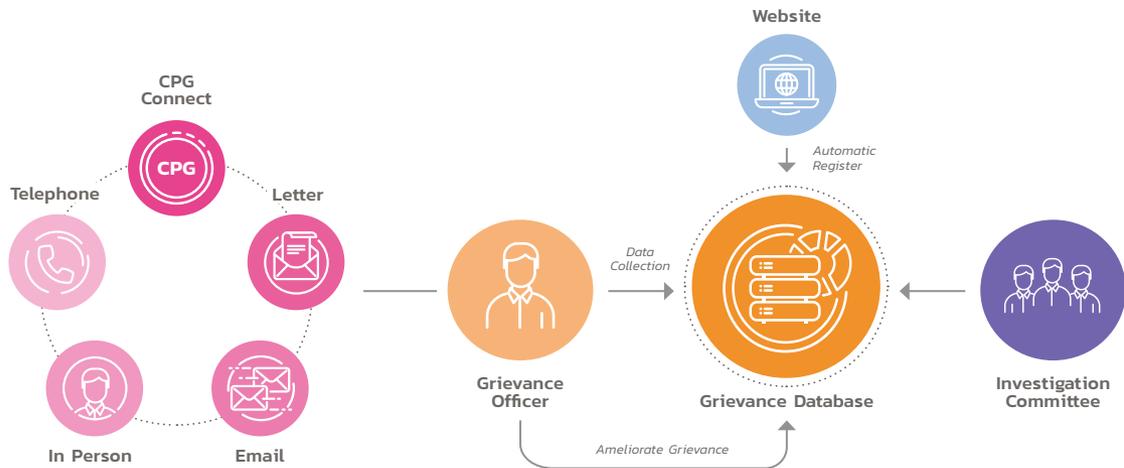
Senior management and responsible departments were tasked with the review of the compliance system during the past year concentrating on specific topics.

In 2020, C.P. Group focused on the development of its compliance processes to meet international standards so that its compliance is acknowledged and trusted by stakeholders on a global scale. These endeavors include the following:

- Using data from ethics and compliance risk assessments and from compliance surveys completed by employees in the Group to further develop training and communication programs
- Establishing criteria for the online Compliance Maturity Self-Assessment so that business groups can assess themselves to effectively improve related processes

As a part of compliance, the Group has set policies and guidelines as well as providing adequate channels for whistleblowing and grievances which can be accessed by all stakeholder groups. In this respect, there are altogether 6 channels which are: Charoen Pokphand Group website; telephone; email; post; CPG Connect application; and reporting in person. There are also examples of whistleblowing and complaints issues such as equal treatment, labor practices, environment, service, conflicts of interest, information security, etc.

In addition, the Group also outlined a process for receiving and processing grievances from stakeholders by defining the investigation procedure which comprises the appointment of a committee to investigate, follow-up, and resolve complaints, while at the same time protecting the rights of whistleblowers and related persons with effective fair protection from retaliation by use information management technology. There are well-defined access rights to the information and the system is reviewed annually. Summary reports are prepared for executives and related persons to keep them informed and used to track progress as well as for amendments and improvements.



In 2020, Charoen Pokphand Group organized a seminar on the development of systems for complaints and whistleblowing. The objectives were to promote knowledge to group companies in Thailand and China by raising awareness to drive implementation. As a result, group companies now have standards for receiving and handling grievances and whistleblowing that are aligned with the Group. The goal is to expand this throughout C.P. Group globally.

A network for receiving complaints and whistleblowing was also established enabling the Group to set up an investigation team consisting of representatives from Thailand and China to investigate complaints during the COVID-19 pandemic online which facilitated the sharing of information and know-how on handling procedures.



## 4.1.4 Integration of Corporate Governance, Risk Management, and Compliance

### (1) Integration of Corporate Governance, Risk Management, and Compliance at the Group Level

For corporate governance, risk management, and compliance to work effectively, Charoen Pokphand Group has integrated all these functions together and deems it an important strategy that will drive the organization towards integrated management with value. It will also enable the Group to have a consistent form of corporate governance throughout, an effective risk management, as well as a compliance system that can track and report. All these factors contribute towards the Group's effective operations and continuity amidst crises.

Implementation of the Group's integration strategy of corporate governance, risk management and compliance entails coordinating operations between various departments directly involved with corporate governance. These include the Corporate Governance Department of the Sustainability, Good Governance, and Corporate Communication (SGC) Office which oversees the corporate governance function, and the Corporate Compliance Office which is responsible for risk management and compliance which define work processes to drive operations in various areas to achieve concrete practices. Additional support is supplemented by other relevant departments, such as the Sustainability Development Department of the Sustainability, Good Governance, and Corporate Communication (SGC) Office, the Human Resources Office, the Communication & Public Trust, and the Global Partnership for Sustainability and Communications, etc. All departments work together to jointly formulate policies, strategies, goals as well as plans for communication covering implementation, monitoring, auditing and reporting results. The latter are shared for improvement of operations including the disclosure of information both internally and externally. These functions work together to ensure a uniform corporate governance system throughout the whole Group.

C.P. Group integrates corporate governance, risk management, and compliance. This important strategy will drive business operations efficiently and with continuity in the face of crises.



## (2) iGRC Pilot Project for Group Companies

The objective is to establish an Integrated Governance, Risk, and Compliance Management (iGRC) system for group companies.

In 2020 C.P. Group initiated iGRC for business groups in Thailand as a pilot project with selected target business groups. This covered the establishment of a corporate governance structure, policies, and good governance process for clarity and efficiency in operations. Moreover, it also included the development of a risk management and compliance system which was linked to a management control platform to create systematic internal reporting for use in decision-making by the management and related committees.

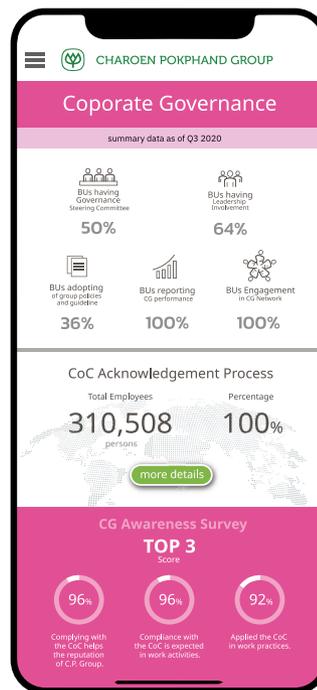
The implementation of this pilot project involved meetings with senior executives of the target business groups - Chia Tai, C.P. Intertrade Co., Ltd. (CPI), Charoen Pokphand Produce Co., Ltd. (CPP) and workshops with Charoen Pokphand Crop Integration Business (CPCROP). Charoen Pokphand Group Co., Ltd. also advised these target business groups on how to effectively implement the iGRC project which can subsequently be used as a model for further expansion.



## 4.2 Elevation of Corporate Governance Standards

In 2020 Charoen Pokphand Group aimed to align corporate governance across the group by encouraging group companies to formulate an annual corporate governance development plan as well as implement the Group’s corporate governance policy and guidelines. The strategies used to drive this were through communications and monitoring via the Corporate Governance Working Group which meets together every month. The meetings were centered on adjusting learning techniques and follow-up reports with the aid of technology in developing the CG Dashboard. The latter enabled executives to systematically track the progress of operations while being able to reach employees on a wider scale for continuous follow ups. All these factors helped to ensure smooth and uninterrupted operations as planned despite the COVID-19 pandemic.

Numerous activities were held to raise corporate governance standards and the major ones in 2020 included activities that extend from the previous year’s operations as well as new initiatives.



### 4.2.1 Code of Conduct

C.P. Group conducts its business by adhering to the core values of ethics, integrity, and honesty. In this respect, it has published and made available its Code of Conduct in 7 languages for executives and employees of group companies in Thailand and abroad to adhere to. The Group aims to create an organizational culture in conducting business with principles based on ethics and integrity. Therefore the goal is for all employees around the world to acknowledge and learn the Code of Conduct as well as pass the test. This was carried out by using a strategy to communicate through the Corporate Governance Working Group where various business groups were tasked with developing plans to achieve the goals and organize activities to provide knowledge in a variety of ways which can be widely accessed by all employees in the Group, both at locally and abroad. Moreover, the performance was monitored and a test was conducted to make sure that employees fully understood the Code of Conduct. In 2020, a total of 310,244 employees representing 100% of the Group’s workforce around the world successfully acknowledged and studied the Code of Conduct and passed the test.



Also in the same year, the performance results were used to make further adjustments and improvements as follows:

- Survey of Employees’ Acknowledgement of Corporate Governance and Compliance: This survey gauged the awareness of corporate governance and compliance among all group employees with 6,030 of 11,331 employees taking part, representing 56% of the total.

According to the survey results, almost 100% of employees who answered the survey acknowledged that compliance with the Code of Conduct was an integral part of their work and can also help boost the image of Charoen Pokphand Group. In addition, 92% applied the Code of Conduct in their work; 91% said they could properly implement policies, guidelines, rules, regulations, etc. while 88% found that senior management and supervisors exemplify ethical behavior, and 86% said they understood the principles of the Code of Code. Assessed issues that scored less than 80% will be used to develop next year’s action plan to strengthen corporate culture in Code of Conduct compliance.



### Survey Results of Employees’ Acknowledgement and Compliance with Charoen Pokphand Group’s Code of Conduct (CoC) and Corporate Governance Principles

Topic	Percentage of employees acknowledged
Employees uphold the Code of Conduct as an integral part of their work and implement it to promote reputation and image.	96
Employees perceive that compliance with the Code of Conduct enhances reputation and image.	96
Employees apply the Code of Conduct to their work.	92
Employees are able to properly implement policies, practices, rules, regulations, etc.	91
Employees perceive that the company’s top management are good examples of ethical conduct.	88
Employees perceive that their supervisors are good examples of ethical conduct.	88
Employees understand the principles of the Code of Conduct.	86
Employees perceive that their supervisors regularly communicate with them to promote compliance with the Code of Conduct and its policies.	85

- Code of Conduct Audit and Evaluation  
Following employee communication and testing of the Code of Conduct within Charoen Pokphand Group Co., Ltd., the parent company began reviewing and assessing Code of Conduct compliance in local group companies that are not listed on the Stock Exchange of Thailand (SET). This was conducted through audit and evaluation guidelines that are in accordance with the Compliance Management Framework principles. The performance results were consequently reported to the Group’s Executive Board, senior management, and related persons to update them on the level of efficiency and effectiveness of the Group’s compliance with the Code of Conduct. Moreover, the results from the audits were used to improve and further develop operations.

## 4.2.2 Anti-Bribery and Anti-Corruption

The Group is committed to preventing and combating all forms of corruption to create an organizational culture of transparent and corruption-free operations. C.P. Group has therefore published its Anti-corruption and Anti-Bribery Policy and Guidelines which have been applied and implemented by all throughout the Group.

In addition to the above, Charoen Pokphand Group has undertaken several important tasks to strengthen corporate culture in this area.

- Campaign seeking cooperation from group companies to refrain from accepting gifts: This is in reference to the announcement in 2016 to encourage all business groups to follow C.P. Group’s “Gifts and Benefits Policy and Guidelines” which adheres to the norm of doing business with transparency in accordance with the principles of good governance. In this respect, group companies were encouraged to convey good wishes in the form of electronic greetings instead of gifts because in addition to being convenient, fast, and economical, it also reduces the chance of hidden bribery, and henceforth preventing corruption. Moreover, this course of action will help build stakeholders’ confidence in the business operations of Charoen Pokphand Group. All these initiatives are in accordance with the Group’s 6th core value: Integrity.

- Participation with external organizations in the fight against corruption: Charoen Pokphand Group participates annually in National Anti-Corruption Day activities organized by the Anti-Corruption Organization of Thailand (ACT) in collaboration with the public and private sectors, civil society, and the media. In 2020, the Group participated in National Anti-Corruption Day activities which was held under the theme “Catching Scams Easily at Your Fingertips - Power of Data” to showcase the Group’s standpoint in doing business with transparency and its commitment to fight against all forms of corruption.





- **Anti-Bribery and Anti-Corruption Policy and Guidelines Self-assessment:** This initiative was directed at all non-listed business groups to conduct a self-assessment with respect to C.P. Group's Anti-Bribery and Anti-Corruption Policy and Guidelines using an assessment form that the Group has prepared for the first time. This self-assessment form was based on the assessment form of the Thai Private Sector Collective Action Against Corruption (CAC) which is an organization that sets standards against corruption for the Thai private sector. The aim was for group companies to use the results of the self-assessment to develop guidelines for further prevention against corruption.

The image shows a document titled "Self-Assessment Form" for "Anti-Bribery and Anti-Corruption Policy & Guidelines" by "Charoen Pokphand Group". At the top center is the C.P. Group logo. Below the title, there is a section for "Business Group" with a horizontal line for input. At the bottom, it states "Prepared by the Corporate Governance Department, Sustainability, Good Governance and Corporate Communications".

### 4.2.3 Personal Data Protection

Digital systems or online networks have become an intrinsic part of our daily lives by providing a variety of communication channels. However with the use of each channel, personal information such as first name, last name, email, telephone number, address or other personal information is collected. Sometimes such personal information can be used in ways that was not intended by the owner. As a result, the Personal Data Protection Act, B.E. 2562 has been issued. In this connection, C.P. Group is focused on the protection of personal data as well as setting standards for personal data management. As non-compliance will result in legal penalties, this is a risk that the Group considers extremely important and has therefore taken the following actions:

- Designated policies and guidelines for personal data protection to be used in the protection of personal information covering all employees, customers, suppliers, and business partners. This also included the prevention of possible damages caused by fraudulent exploitation or misuse of personal data.
- Organized seminars and workshops for group companies in Thailand.
- Hired consultants with experience in PDPA to prepare and implement action plans so that the Group is able to comply with the Personal Data Protection Act.



## 4.3 Creation of an Ethics and Compliance Corporate Culture

In order for the Groups' business operations to be sustainably in line with corporate governance and ethical standards, Charoen Pokphand Group places great emphasis on building a corporate culture of ethics and compliance. In this respect, various types of activities have been organized to reach out to and create engagement with employees across the Group.

### (1) Participation Activities with Top Management from Group Companies

- Interviews with executives of group companies on corporate governance operations

Success in driving corporate governance culture depends very much on “Tone at the Top.” Organization leaders or executives of group companies must support, participate, and serve as good role models. The Group has therefore conducted a series of interviews with group company executives on corporate governance in order to disseminate these to employees so that they can see management's focus on the importance of carrying out business operations and practices in accordance with corporate governance principles. Moreover, this will encourage involvement in promoting corporate governance throughout the organization.

*“CP Group's corporate governance is not just about policies and guidelines. It is something that must be practiced in reality. The important thing is to start with oneself, and this will eventually transform into a corporate culture which we can all together respect and adhere to within the organization.”*

**Mr. Noppadol Dej-Udom**

Chief Sustainability Officer, Charoen Pokphand Group



*"We must give our employees a sense of pride in belonging to an organization with good governance, and we must build trust among our partners to ensure sustainable business operations."*

**Mr. Manas Chiaravanond**

Chief Executive Officer, Chia Tai Company Limited



*"Corporate governance is the backbone of business growth. We must always do business with transparency as well as pay attention to our customers and employees. This will enable us to progress and advance our business."*

**Mr. Tanyapong Thamavaranukupt**

President, Ascend Money

*"It is important to do the right thing, and the organization will thrive."*

**Dr. Veera Veerakool**

Chief Executive Officer, Freewill Solutions



*"It is not always necessary for corporate governance to instruct employees directly as to what should be done or not done. I believe that whatever is beneficial to the organization, employees will always think, speak, and act accordingly. Most important, organization leaders must be open and ready to listen at all times."*

**Mr. Sumeth Pinyosnit**

Chief Executive Officer, Crop Integration Business (Maize)

## (2) Learning and Development Activities

A strong corporate culture is achieved through continuous development and advancement. Charoen Pokphand Group therefore places great emphasis on organizing learning and development activities for executives with a focus on the ability to transfer new knowledge in a broad and continuous way. In addition to classroom training, the Group also uses technology to support learning that can be easily accessed from anywhere, such as online training (Micro E-Learning), and learning through Mobile Application, etc. During the COVID-19 pandemic, the Group was able to carry out training activities uninterrupted and in accordance with the plan.

In 2020, the Group concentrated on promoting training for both senior and mid-level executives with regards to important international issues of interest to stakeholders, namely corporate governance, anti-corruption, human rights and labor practices, as well as cyber security. Training was conducted to include essential content that corresponded to the roles and responsibilities of each management level.



### Training courses for senior executives

- CG in Practice
- Dealing with Corruption & Fraud
- Human Rights & Labor Practices
- Cyber Strategic Governance
- Fair Trade Competition
- Anti-Corruption Measures



### Training courses for mid-level executives

- Financial Integrity and Fraud Prevention
- CG for Manager
- Human Rights & Labor Practices
- Policy Management Framework
- Cyber Security Controls Implementation

### Training courses for senior executives



CG in Practice



Dealing with Corruption & Fraud



Human Rights & Labor Practices



Cyber Strategic Governance



### Training courses for mid-level executives



CG for Manager



Financial Integrity and Fraud Prevention



Human Rights & Labor Practices



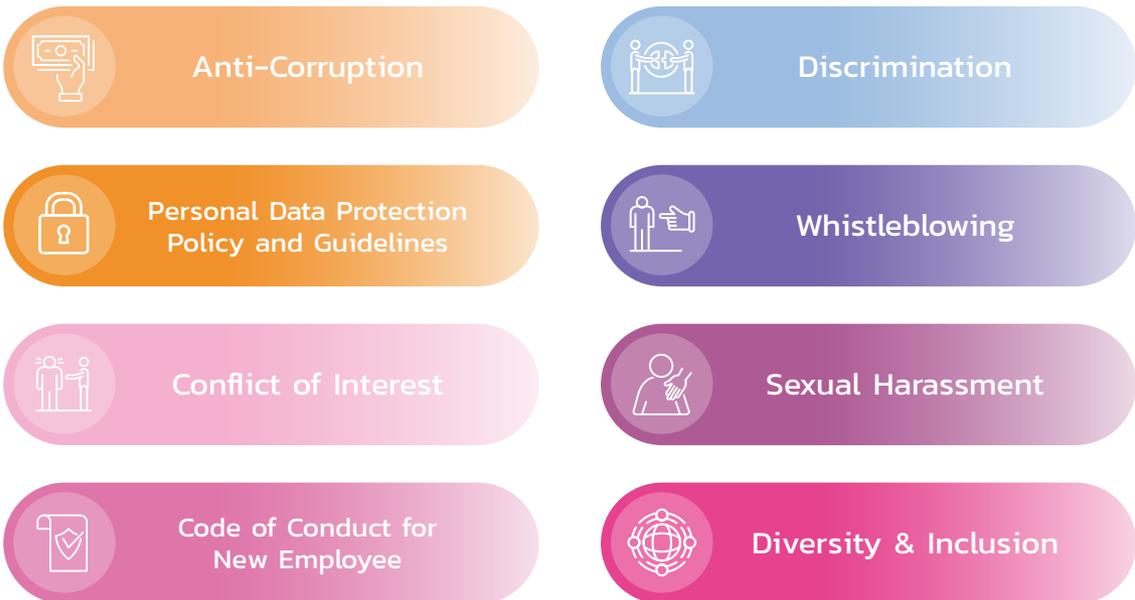
Risk Management Workshop



On top of this, additional training activities directly related to risk management and compliance included:

- Training courses on risk management and risk assessment activities covering the Group's ethics and compliance risks which was attended by 503 regional administrators from Thailand and the People's Republic of China.
- Seminar and dissemination of the policy on linking risk & compliance systems for 70 representatives from all business groups in Thailand and 106 representatives from the People's Republic of China.
- Symposium for compliance work units around the world to communicate and create understanding of the Compliance Management Ecosystem Framework and how it can be implemented within each business group.

**In 2020, the Group also added new learning formats such as Micro E-Learning and learning via Mobile Application for a variety of topics which included:**



Additionally, more local languages such as for Myanmar and Bangladesh were added to the Code of Conduct learning materials.

### (3) Motivational Activities

Corporate governance is one of the important key drivers for the Group to achieve its 2030 sustainability goals. Therefore, to thank and encourage employees who were a key force in helping to drive the Group's corporate governance, the "CG Network Recognition Awards" was held with the Group's Chairman Mr. Soopakij Chearavanont presiding over the event and presenting certificates of recognition to a total of 72 executives from mid-level and up of both publicly-listed and non-listed companies across all business groups.

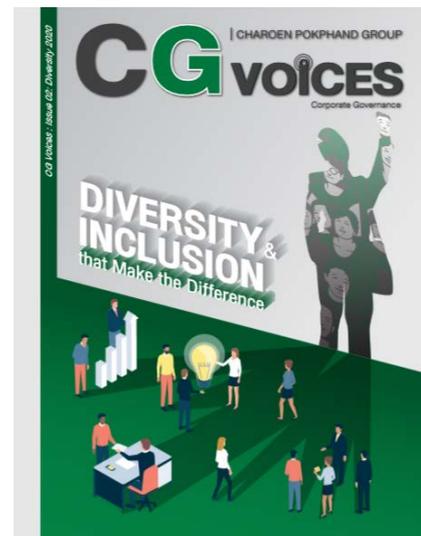


## (4) Communication Activities

Charoen Pokphand Group ensures that its employees regularly receive news and information on the Group’s corporate governance. For this important aspect of communication, the Group has developed various communication platforms and tools as follows:

- Increased communication channels through the CPG Connect Platform which allows communication within the organization at all times, reducing the use of third party applications. This platform keeps data communication within the organization and safeguards data.
- Changed the Charoen Pokphand Group Corporate Governance Newsletter format to a new and more appealing electronic format titled “CG Voices.” The newsletter is still a central communication tool with a broad reach to inform and educate employees on news and latest trends relating to corporate governance. It is published in Thai, English and Chinese.

In driving these 3 strategies, ethics and compliance functions have been aligned leading to an ethical corporate culture that can be showcased through good corporate citizenship, accountability, leadership, and credibility. All these have resulted in Charoen Pokphand Group Co., Ltd. being recognized as **one of 135 “World’s Most Ethical Companies” for 2021** as announced by The Ethisphere Institute, the global leader in setting and defining standards for ethical business practices.





Section

# 05

## Challenges and Next Steps for 2021







Charoen Pokphand Group remains committed and is dedicated to the promotion of corporate governance among all its business groups to be aligned in the same direction. This entails conducting business under ethical principles and complying with related laws and regulations, as well as assessing and analyzing new risks along with a systematic risk management

to reduce the likelihood or possible impacts to an acceptable level. It also includes improving compliance processes and elevating corporate governance standards of the Group to be more efficient as well as instilling ethical culture through continuous training and knowledge exchange seminars for employees and stakeholders throughout the value chain.

**In 2021, the key corporate governance issues found to be a challenge were as follows:**



### Corporate Governance Structures

Development and establishment of corporate governance structures for non-listed business groups within the Group to serve as the foundation in driving the integration of corporate governance, risk management, and compliance functions.



### Technology and Digital Platforms

Adoption of technology and digital platforms to support the development of corporate governance systems, as well as monitoring and reporting processes to ensure that the Group is kept informed of the progress of business groups' operations in a timely and consistent manner. The information received can thus be disseminated to achieve continuous learning.



### Self-Assessment

Development of a self-assessment survey relating to corporate governance, as well as ethics and compliance where the results obtained can be used in planning improvements for business operations to be more efficient. This also helps to create a corporate culture of ethics and compliance across the Group.



# Appendix

# Six Core Values



## 1. Three Benefits

C.P. Group has always operated our business by adhering to the “Three-Benefit Principle”. This states that our business should first benefit the countries where we operate; then the communities we engage with and lastly the company and employees. Since the founding days, this principle has guided our growth and ensured that our operations benefit the society as a whole.

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## 2. Speed with Quality

Modern businesses must be fast-moving, without compromising quality. They must be able to adapt to new circumstances, adopt the latest technologies, respond to both consumers’ changing tastes and preferences, and evolving regulations. As a result, C.P. Group places great importance on the efficiency and effectiveness of our business and employees.

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## 3. Simplification

C.P. Group invests in 21 countries and economies worldwide, operating through more than 200 subsidiaries and employing over 300,000 people. The Group is therefore committed to applying technology and innovation that simplifies its systems and operations while improving efficiency and effectiveness across the entire Group. Simplification is one of the key practices that has enhanced the Group’s success.



#### 4. Accept Changes

Global businesses face daily changing circumstances: from political, socio-economic, and environmental issues to consumers' needs and technological development. Our key strategy is to embrace changes. We encourage our employees to stay informed of new opportunities so that we could deliver more to our customers. This also helps us to manage the evolving circumstances across all of our markets.

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#### 5. Innovation

Innovation drives every aspect of our business from processes to products. Businesses must constantly innovate to keep pace with a rapidly changing world. We actively encourage our employees to be innovative. Our goal is to foster innovation across our business to deliver the best products and services to our customers.

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#### 6. Integrity

Since the very first day of C.P. Group, we have operated our business with integrity and transparency in every transaction – big or small. We firmly believe that any business focusing solely on self-enrichment and disregarding integrity will ultimately lose trust of its stakeholders and ability to operate in the long run.

# Corporate Governance Principles



## **1. Our strength lies in our ability to constantly evolve and adapt our businesses.**

The Group's focus on entrepreneurship allows us to recognize new opportunities, and to adapt our businesses to remain competitive in evolving markets.

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## **2. Our network of businesses creates synergies, which we maintain responsibly and in full compliance with all regulations.**

Our many interconnected businesses enable us to deliver higher quality and better service to our customers. Our Corporate Governance Principles ensure that we pursue any synergy in full compliance with all relevant laws and regulations.

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## **3. We strive to ensure our entrepreneurial spirit is always balanced by responsible risk management.**

Our entrepreneurial mindset has enabled us to grow into the multinational business that we are today. However, our risk strategy ensures that our entrepreneurship flourishes strictly in line with the long-term interests of the Group and its stakeholders.

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## **4. Our Boards provide leadership, set strategic objectives, and make decisions to build real value for the Group and all its stakeholders.**

Each board provides clear directions and defines sustainable processes to ensure we continue to grow as a robust and forward-looking business. Management is then empowered to implement this direction and measure success.



**5. Our Directors provide informed opinions and advice on governance to guide the Board. To execute their duties, they must be independent and steadfast.**

Each of our Directors deliver a unique contribution to the Board on which they serve. We expect all of our Directors to carry out their duties with independence and resolve.

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**6. Up-to-date information and research is vital for our Boards to make sound business decisions.**

All C.P. Group Boards and Directors must actively educate themselves on all aspects of the company, its industries and all relevant external developments so that they have the information they need to perform their duties.

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**7. We compose our Boards carefully to ensure that they have the knowledge and experience to make informed decisions.**

We strive to ensure that the composition of our Boards is well-balanced. We identify a suitable size and structure for each business and we seek to fill those positions with Directors who have diverse experience and skills.

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**8. We take a rigorous and transparent approach to evaluating and incentivizing performance at all levels.**

It is the responsibility of the Board to set, oversee and, for listed companies, disclose the remuneration framework. The Board must establish and enforce clear guidelines on Director and Management compensation, as well as benchmarks and performance assessments on individuals, committees and the Board as a whole. Listed companies are also advised to appoint external consultants to ensure transparency.



**9. We are committed to open, effective, and ongoing communications with all of our stakeholders.**

Good corporate governance goes beyond regulatory compliance. It requires respectful management of the relationships between the Group and its stakeholders. Whenever appropriate, we engage in robust dialogue with these groups. Assessing our effectiveness in maintaining this dialogue is a key element in the way we measure our success.

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**10. We are committed to the rights of minority shareholders.**

All our shareholders have the right to timely information about our business performance and the right to communicate with management. As a result, each Board must disclose clear and comprehensive financial reports and ensure that effective controls are in place to safeguard transparency and integrity in our reporting.

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**11. Integrity and honesty lie at the heart of who we are.**

We expect our Boards, management and staff to maintain high ethical standards at all times. We require them to treat our suppliers, our customers and the environment with respect and dignity, and to perform the necessary due diligence to ensure that our partners do the same.

# Corporate Governance Committee Membership (2016–2018)

## Executive Directors of C.P. Group and its Listed Companies:

1. *Dhanin Chearavanont, (Senior Chairman of Charoen Pokphand Group)*
  2. *Soopakij Chearavanont (Chairman of Charoen Pokphand Group)*
  3. *Suphachai Chearavanont (CEO of Charoen Pokphand Group)*
  4. *Dr. Ajva Taulananda (Vice Chairman of Charoen Pokphand Group; Vice Chairman of True Corporation Public Company Limited)*
  5. *Adirek Sripratak (Senior Vice Chairman of Charoen Pokphand Group Company Limited; Chairman of the Executive Committee, Charoen Pokphand Foods Public Company Limited; Director of CP ALL Public Company Limited and Siam Makro Public Company Limited)*
  6. *Tanin Buranamanit (Director of Charoen Pokphand Group Company Limited; CEO, CP ALL Public Company Limited)*
  7. *Umroong Sanphasitvong (Deputy Group CFO of Charoen Pokphand Group; Director of True Corporation Public Company Limited, CP ALL Public Company Limited, and Siam Makro Public Company Limited)*
  8. *Hans Werner Reich (Senior Advisor of Charoen Pokphand Group)*
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## Independent Non-Executive Directors of C.P. Group Listed Companies:

9. *Dr. Chaiyawat Wibulswasdi (Former Independent Director of Charoen Pokphand Foods Public Company Limited; Former Director of Siam Makro Public Company Limited)*
  10. *Dr. Kosol Petchsuwan (Former Independent Director of True Corporation Public Company Limited)*
  11. *Professor Prasobsook Boondech (Independent Director of CP ALL Public Company Limited; Independent Director of Siam Makro Public Company Limited )*
  12. *Dr. Kittipong Kittayarak (Independent Director of Charoen Pokphand Foods Public Company Limited; Independent Director of Siam Makro Public Company Limited; Independent Director of True Corporation Public Company Limited)*
  13. *Andrew Ma (Independent Director of C.P. Pokphand Company Limited)*
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## External Independent Members:

14. *Paron Israsena Na Ayudhaya (Former CEO of Siam Cement Group)*
15. *Professor Hiran Radeesri (Expert on Corporate Governance and Social Responsibility at the Stock Exchange of Thailand; Honorary Chairman of the Thai Institute of Directors)*
16. *David Gordon Eldon (Former Chairman of HSBC Asia Pacific)*
17. *Kath Cates (Former COO of Wholesale Banking at Standard Chartered; Global Head of Compliance at UBS)*
18. *George Hongchoy (CEO of Link Asset Management Limited)*

# Ethisphere's "World's Most Ethical Companies"

## About Ethisphere

The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. Ethisphere has deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character and measure and improve culture. Ethisphere honors superior achievement through its World's Most Ethical Companies recognition program and provides a community of industry experts with the Business Ethics Leadership Alliance (BELA). More information about Ethisphere can be found at: <https://ethisphere.com>.

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## Methodology and Scoring

Grounded in Ethisphere's proprietary Ethics Quotient®, the World's Most Ethical Companies assessment process includes more than 200 questions covering corporate governance, ethics and compliance, culture of ethics, environmental and societal impact, third-party management, ethical leadership and reputation.

The process serves as an operating framework to capture and codify the leading practices of organizations across industries and around the globe.

This year, the process was streamlined and question set expanded to gauge how applicants are adapting and responding to the global health pandemic, environmental, social, and governance factors, safety, equity, and inclusion and social justice.

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## Honorees

The full list of the 2021 World's Most Ethical Companies can be found at <https://worldsmoethicalcompanies.com/honorees>





ซีพี...เพื่อความยั่งยืน



CP for good deeds



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