

HUMAN RIGHTS AND LABOR PRACTICES GUIDELINES



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HUMAN RIGHTS AND LABOR PRACTICES PRINCIPLES

- **“Employees / People”** includes employees and all related personnel, who are directly and indirectly involved with C.P. Group, are human being and must be treated equally. All Business Units must conduct the business with due care and promote human rights protection. Human rights violation might pose impact to C.P. Group’s businesses.
- C.P. Group does not only firmly believe that human rights violation can be prevented, but a stringent human rights management could lead to sustainable development. To attain such believes, all Business Units must cautiously and continuously consider, review, and monitor human rights management in accordance with C.P. Group’s Human Rights Due Diligence processes, which was developed based on UN Guiding Principles on Business and Human Rights.
- All employees of C.P. Group must act and provide cooperation in accordance with C.P. Group Human Rights and Labor Practices Policy and Guidelines.
- In the case where Business Unit found that there was human rights violation, Business Unit must immediately execute mitigation actions, develop prevention and remediation measures. All actions and measures must be equally implemented for all parties.
- Business Units must ensure that whistleblowing channels are in place and accessible by all whistleblowers, also the whistleblowing processes must be transparent. In addition, Business Units must have protective measures for whistleblowers and investigation participants.



HUMAN RIGHTS AND LABOR PRACTICES MANAGEMENT

Charoen Pokphand Group is committed to conduct its businesses in accordance with international Human Rights Principles, such as United Nations Universal Declaration of Human Rights (“UNDHR”), the Ten Principles of the UN Global Compact (“UN Global Compact”), UN Guiding Principles on Business and Human Rights (“UNGPs”), the International Labor Organization’s (“ILO”) Declaration on the Principles and Fundamental Rights at Work. The main human rights principles are:



PROTECTION

Protecting the rights of all people



RESPECT

Respecting human rights is a responsibility of public organizations



REMEDICATION

Executing effective remediation plan for those affected

HUMAN RIGHTS MANAGEMENT

To drive a continuous and sustainable human rights management within C.P. Group, following key factors must be taken into consideration



- Leaderships’ commitment and engagement in supporting human rights implementation;
- Involvement from all levels of employee;
- Commitment to conduct business in ethical manner and in compliance with Universal Declaration
- Implementation of systems and processes to create effective and continuous human rights management
- Integration of human rights management into business activities



LABOR PRACTICES POLICY AND GUIDELINES

Charoen Pokphand Group (C.P. Group) announced its first Human Rights and Labor Practices Policy in 2017. The 2017’s version encouraged all Business Units under C.P. Group to conduct their business in compliance with principles set forth within the Human Rights and Labor Practices Policy, international guidelines and framework related to human rights: The United Nations Universal Declaration of Human Rights (UNDHR) and The International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and other applicable human rights laws and regulations.

As human rights topic has been gaining attention over the past years, C.P. Group announced the Human Rights and Labor Practices Policy and Guidelines in 2018 to ensure that all factors related to human rights management are taken into consideration when conducting the business.

This policy and guidelines is applicable to all Business Units and suppliers, contractors, business partners. Contents presented in the policy and guidelines consist of scope, roles and responsibilities, human rights guidelines, and whistleblowing process.

For detail of the Human Rights and Labor Practices Policy and Guidelines can be found in this URL:

<https://www.cpgroupglobal.com/pdf/CPGCG-07HUMAN-EN-20180907-X.pdf>



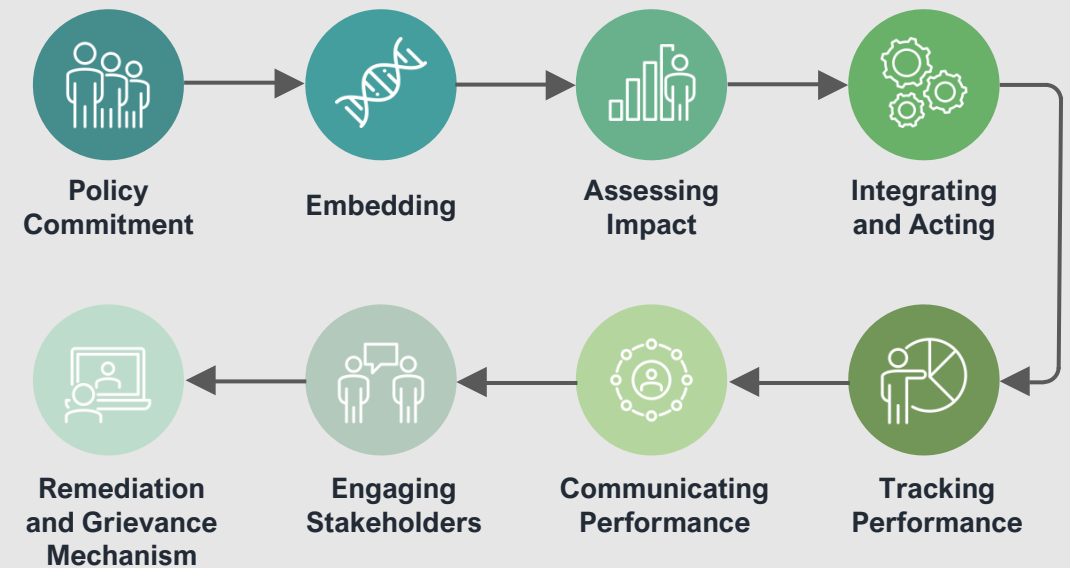
HUMAN RIGHTS DUE DILLIGENCE

Human Rights Due Diligence: HRDD

is an important systematic process, which C.P. Group has been implemented to manage our human rights and labor practices processes. This is to create compliance with UN Guiding Principles on Business and Human Rights (UNGPs). Charoen Pokphand Group Human Rights Due Diligence consists of eight components:



HUMAN RIGHTS AND LABOR PRACTICES TASKS



POLICY COMMITMENT

It is the commitment to illustrate our responsibility and intention to integrate human rights and labor practices into business operations. The commitment is being demonstrated to public via Charoen Pokphand Group's Human Rights and Labor Practices Policy and Guidelines

Highest level executives and management levels are required to take full accountability in this commitment, which can be done through engagement and illustration of leadership in human rights implementation, most importantly, the establishment of human rights policy. All human rights-related aspects must be taken into consideration during policy development to clearly demonstrate C.P. Group's genuine commitment. Policy to be publicly disclosed should contain following characteristics:



- Compliance with International Principles**
 Business Units must commit to conduct businesses in compliance with international human rights principles, such as UDHR, Declaration on the Principles and Fundamental Rights at Work, etc.
- Identification of salient Issues**
 Business Units must identify human rights salient issues, which have been systematically evaluated by human rights experts.
- Involvement of Stakeholders**
 Stakeholders, both internal and external stakeholders, must be included in the policy development processes.
- Development of Policy**
 Developed policy must received an approval from highest level executive of each Business Unit.
- Communication to Stakeholders**
 The policy must be communicated to all stakeholders, both internally and externally.
- Revision of Policy**
 The policy must be reviewed according to the changes in business context, target, and human rights impacts.
- Development of Incentive Mechanisms**
 Incentive mechanism and liability must be established to raise employees' awareness regarding human rights issues.

Important Processes

- Seek for highest level executive's recognition and commitment in human rights implementation.
- Appoint human rights working group of each Business Unit to support the human rights implementation
- Review human rights risks and impact of each Business Unit and consolidate such information into policy development (if possible).
- Establish human rights management structure and policy in accordance with UNPGs and UN Reporting Framework: UNRF.
- Draft the policy content in conformity with the identified human rights risk and business context. The policy must demonstrate business' intention to follow international principles on human rights. In the event where Business Unit does not want to announce its own human rights policy, Business Unit can adopt C.P. Group's Human Rights Policy (2017).
- Propose the policy to highest level executive for approval and signature.
- Communicate the policy to both internal and external stakeholders, this should also include those who might or might not be affected by human rights violation. Business Units must take recipients' capability, language and communication channels into consideration when planning the communication.
- Executives at all levels of each Business Unit must clearly show leadership in respecting human rights.
- Collaboration from all departments must be in place to translate the policy into actual performances.

Expected Deliverables

- Official announcement of the human rights policy to the public. The policy must show Business Units' commitment toward conducting business with respect to human rights principles.**
- Executives' leadership in human rights implementation.**
- Dissemination of the policy into actual performances and integration into business activities. (Please check KPI related to human rights topic in 2030 Sustainability Goals).**

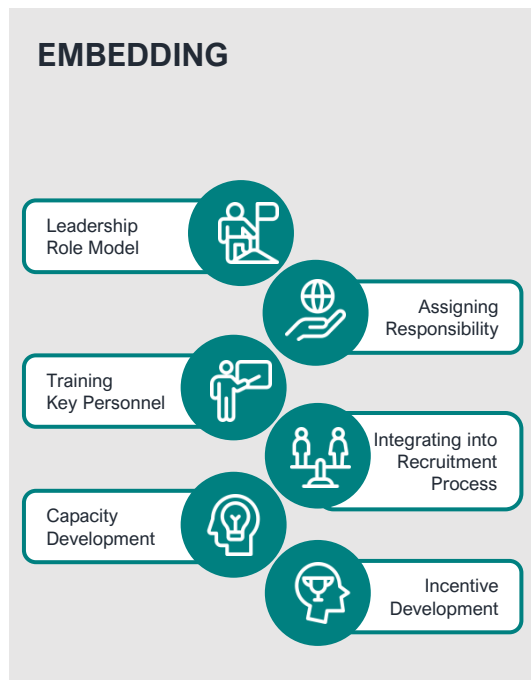


EMBEDDING

To effectively integrate human rights topic as part of business operations, rights holder must be identified. The identification of rights holder can be completed through several processes, including revision of stakeholder groups, and consolidation of reliable information through engagement with managements, such as interview.

The results can be used to identify stakeholder groups or rights holder, which might be or might not be affected by human rights violation. Then, engagement plan can be established for rights holders and other groups who might be affected.

To embed the human rights topic effectively and sustainably into business operation, as well as attain the targets, Business Units must take following factors into consideration:



- Leadership Role Model**
 All management levels must lead the implementation and become role model for others.
- Appointment of Responsible Person**
 Highest level of executive of each Business Unit must officially assign personnel who will have responsibility and authority to tangibly manage the human rights topics.
- Integrating into recruitment process**
 Human rights issues must be integrated into employee recruitment and existing processes, to instill human rights awareness within the C.P. Group.
- Awareness Building**
 Business Units must have systems and processes to build awareness regarding human rights for all levels of employee and management. Additionally, specific trainings on human rights-related issues must be provided to employees, whose roles are involving with rights holder, such as human resources department, procurement department, working groups with responsibility related to human rights topics, etc.
- Development of Incentive Mechanisms**
 To further embed human rights issues into business operations, different forms of incentive must be provided to all levels of employee.

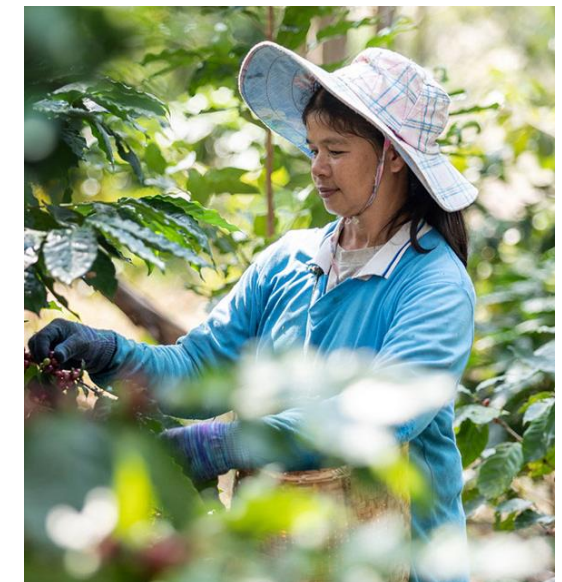
Important Processes

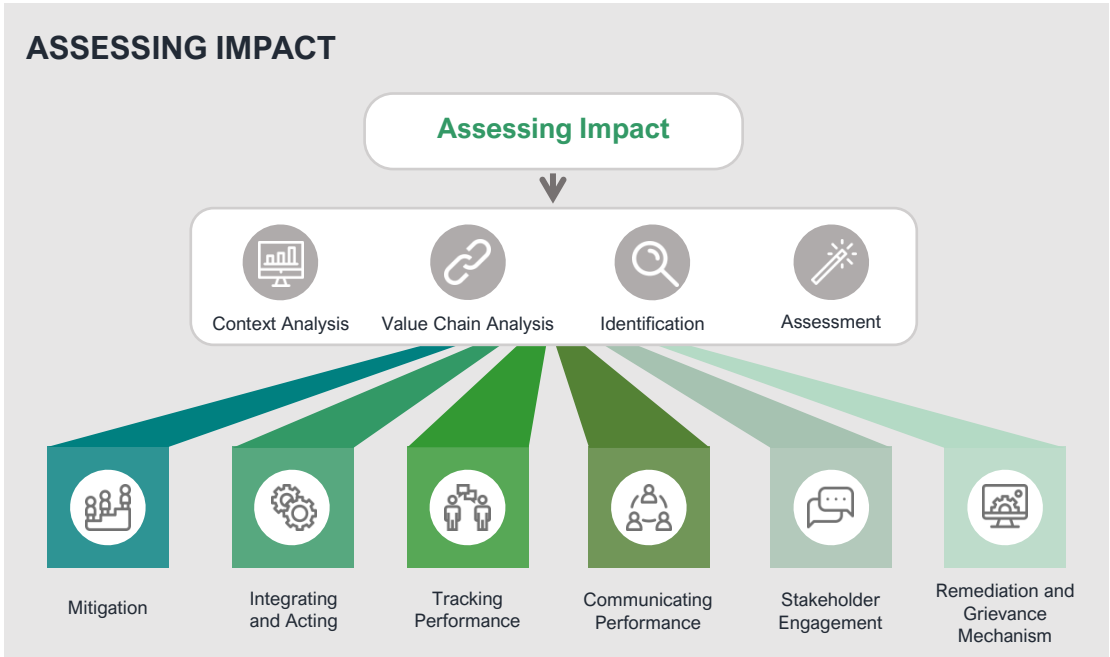
- Business Units must recognize internal issues that might lead to human rights violation. Issues that can be seen prominently, such as unfair treatment, and labor practices must be immediately identified and managed.
- Business Units must identify human rights issues and find the root cause of violation. Majority, the cause of human rights violation is the lack of awareness in such issue.
- Human rights awareness courses must be in place, and they must be offered to related employees through various channels and methods.
- For other employees, at all levels, Business Units must provide them with fundamental courses on human rights to create organization-wide understanding on human rights and prevent any form of human rights violation. Example of fundamental human rights courses include, rights of all human being, rights at work, etc.
- For employees who worked in departments with specific human rights violation issues, Business Units must discover good practices and promote them within the departments, as well as build awareness on such specific issues. For instance, procurement department is involving with wide range of contacts with various suppliers. Along the procurement processes, employees might come across several human rights violation issues, such as forced labor, and child labor. To manage these issues appropriately or prevent them from occurring, the department should have "Sustainable Procurement Guidelines".
- For managements or working groups with responsibility related to human rights management, Business Units must provide them with advance knowledge on HRDD implementation.

- Business Units must keep record of trainings, such as courses taken, and conduct post-training evaluation. This information can be used to evaluate and further improve the awareness building plans.

Expected Deliverables

- Official announcement of the human rights policy to the public. The policy must show Business Units' commitment toward conducting business with respect to human rights principles.**
- Executives' leadership in human rights implementation.**
- Dissemination of the policy into actual performances and integration into business activities. (Please check KPI related to human rights topic in 2030 Sustainability Goals).**





One of the significant factors in human rights implementation is the human rights issues identification and Human Rights Impact Assessment or HRIA. For HRIA, Business Units must consider both impact level and likelihood of human rights risks.

Moreover, when assessing the human rights impact, Business Units must take all business' activities, both directly and indirectly, into consideration. This includes business relationship with suppliers, products, services, and related activities along value chain. Business Units must ensure that following actions are performed during HRIA:

- **Customization of HRIA Processes**
For Business Units that operate in high sensitivity area, specific HRIA evaluation criteria must be utilized. The criteria will particularly consider contexts surrounding the operations, such as law enforcement, cultural, life insecurity situation, etc.
- **Identification of Human Rights Impact**
Business Units must identify its own human rights risks and impacts at least once every three years.
- **Evaluation of Human Rights Impact**
human rights impact must be evaluated and prioritize the risks according to the principles of UNGPs.
- **Compliance with International Human Rights Guidelines**
Business Units must ensure compliance with international human rights laws, regulations, and guidelines.

- **Synchronization of HRIA**
HRIA evaluation results must be synchronized between departments to find the mitigation and prevention measures.
- **Evaluation on Regular Basis**
HRIA must be evaluated regularly, and periodic review must be appropriately set.
- **Analysis of In-depth Information**
For the case of sensitive and complex human rights risks were identified, Business Units must conduct in-depth studies to obtain accurate evaluation result and mitigation measures.



Important Processes

- Business Units must have working teams to perform the HRIA processes. Members of working team should include employees from departments that are prone to human rights risk impact, such as human resources, procurement, production, operation, environmental, safety and project management departments.
- Business Units must identify human rights issues according to HRIA processes:
 - Business Unit context analysis
 - Value chain context analysis
 - Analysis of business characteristic and risks from the same or similar industries
 - Mobilization of opinions from working teams to identify human rights issues
- Business Units must conduct HRIA based on acquired information. Working team must provide opinion for every identified issue by employing likelihood and impact level metrics.

Likelihood of the Risks

Likelihood	Score
Occur regularly, both in the past and present (risks are identified every quarter or every month)	5
Occur regularly, both in the past and present (risks are identified every year)	4
Occur regularly, both in the past and present (risks are identified every 2-3 years)	3
Occurred in the past and has not yet been identified in the past 3-5 years.	2
Never occur in the past, and is unlikely to occur in the future	1

ASSESSING IMPACT



IMPACT LEVEL OF THE RISKS

Scale of Impacts	Size of Affected Group	Those Affected can't be Remediated	Score
Causing fatality, lifelong disability, or long-term impact on health or property of those affected	More than 200 people, or creating impact to the public-wide	Could not be returned or restored back to normal stage	5
Causing injury, impacting health, causing temporary disability (loss of workday), and losing asset or property	More than 100 people or impact at the community level	Able to return or restore back to the normal state, but - require excessive resources and timeframe - assistant or support from social is not available	4
Causing injury, impacting health, causing temporary disability (no workday loss) and/or losing asset or property	10-100 people and majority are primary group of stakeholders	Able to return or restore back to the normal state, but - require excessive resources and medium timeframe - assistant or support from social is not available	3
Causing injury, which require first aid care (no workday loss), little property loss or affecting daily life	10-25 people and mostly are secondary group of stakeholders	Able to return or restore back to the normal state, but - require limited resources and little timeframe	2
Causing minor loss of property or annoyance	Lower than 10 people and mostly are secondary group of stakeholders	Able to immediately return or restore back to normal stage	1

Important Processes

- When evaluating human rights risk impact, Business Units must take existing measures (if any) into consideration before assessing the new impact level. After measures have been implemented and human rights risks still present, these called residual risks.
- Business Units must develop mitigation plan, improvement plan, and remedy for human rights issues with high risk and impact level. Implementation must be executed immediately and according to plans.

Expected Deliverables

- Record of Human Rights Impact Assessment of each Business Unit. The record must consist of followings:**
 - Who is the rights holder?
 - What is the impact? And how does it cause an impact?
 - Identification of evidence, event, etc. of such impact
 - Does business activities are the root cause of the impact?
 - Human Rights Risk Assessment matrix



INTEGRATING AND ACTING



Business Units must implement corrective actions and prevention measures for the identified human rights risks. To create effective management results, Business Units must incorporate such actions and measures as part of business operations.

Therefore, strategies, working plans, implementation processes must be integrated to fashion a continuous and effective human rights management. Accordingly, Business Units must take following factors into consideration during the integrating and acting process:

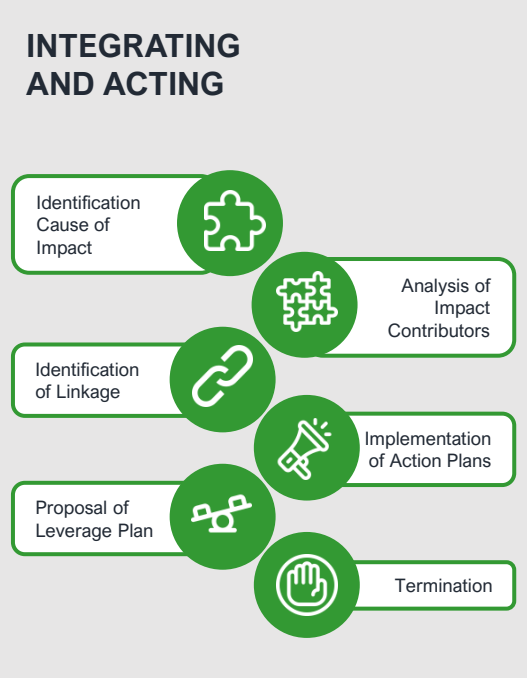
- **Identification Cause of Human Rights Impact**
Business Units must cautiously consider and specifically focus on business context, to produce tangible corrective action plans and preventive measures.
- **Analysis of Impact**
Business Units must analyze the level and occurring pattern of each impact to define corrective action plans at functional or department level, such as guidelines, regulation etc.
- **Identification of Linkage and Level of Influence**
To resolve human rights issues that are related to business activities, for example business operation is the cause of such issue, business operation is contributing to the occurrence, or there is a linkage between business operation and the issues, Business Units must consider influence level that Business Units might have over such issues. Then appropriate mitigation measure can be developed.
- **Implementation of Action Plans**
Business Units must concretely execute corrective action plans, preventive measures, and remediation measures.

Important Processes

- Business Units must have clear corrective action, and mitigation plan for human rights impact in place. The plans must specifically identify responsible person and their roles.
- Business Units must analyze and improve the working plans on regular basis to effectively reduce impact level of such risk.
- Appropriate tools must be used to manage the cause of human rights risk. When selecting the tools, Business Units must take following actions into consideration: Business Units' bargaining power with suppliers that presented with human rights risks, endorsed KPIs, training or awareness building structure, etc.
- Monitoring and assessment of the management plans must be conducted regularly to create continuous improvement mechanism.

Expected Deliverables

- Processes or guidelines for implementation of corrective action and implementation plans.
- Summary of the implementation. The summary must illustrate the efficiency of the plans and how can it be further improved.



TRACKING PERFORMANCE



It is necessary to monitor the effectiveness of corrective action measures, mitigation mechanisms, and other related actions. Business Units must establish suitable Key Performance Indicators for both qualitative and quantitative dimensions. To show concrete proof of a successful implementation, Business Units must perform following actions:

- **Development of KPIs**
Business Units must develop specific KPIs for monitoring purpose.
- **HRDD Tracking**
Monitoring scope must at least cover suppliers and those who have activities related to Business Units.
- **Performance Tracking**
Audit must be performed on regular basis to ensure the quality of monitoring process
- **Analysis and Improvement**
Business Units must analyze all the results, to further improve effectiveness of HRDD processes.

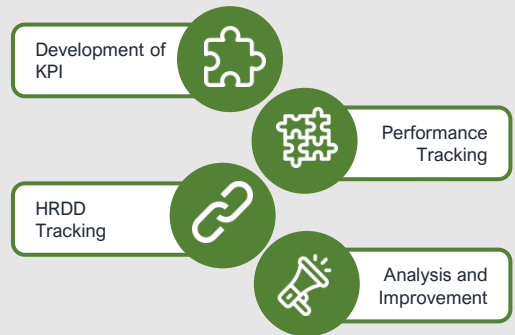
Important Processes

- Business Units must establish KPIs for monitoring purpose. More detail can be found in C.P. Group 2030 Goals: Human Rights and Labor Practices.
- Monitor the work according to the established working plans. Regularly analyze the results to be prepared of the unexpected difficulty or understand opportunity to further improvement.

Expected Deliverables

- Report against the KPIs and C.P. Group 2030 Goal: Human Rights and Labor Practices.

TRACKING PERFORMANCE



COMMUNICATING PERFORMANCE



Communication is an important step for human rights implementation.

The result of impact assessment must be communicated clearly and transparently to the public, and measures taken to manage those impacts. Official communication must be made with affected groups. For other stakeholder groups or public, communication can be made in the form of report with following content: result of HRIA and human rights salient issues.

These communication formats will fashion effective and positive engagement. Following methods must be taken into consideration by Business Units:



- **Communication with all Stakeholders**
Business Units must communicate with all stakeholder groups, regardless of whether they are being impacted or not, as well as level of impact. Especially, the groups that received direct impact or likely to be exposed to human rights violations.
- **Establishment of Human Rights Report**
Business Units must develop human rights report in accordance with UN Guiding Principles Reporting Framework, as well as other international reporting frameworks, such as GRI, etc. The report is acting as a mechanism to generate understanding and build awareness for all stakeholder groups.
- **Validation of Reporting Content**
In the case where Business Units will produce official human rights reports, the report must consist of following content to demonstrate a quality and effectiveness of human rights management: human rights governing structure, special programs that have been employed to mitigate the impacts, stakeholder opinions toward Business Units' implementation plans, quantitative data such as statistical data, and strategic activities, etc.

Important Processes

- Business Units must consolidate all information, both KPIs and results from implementation actions, and periodically communicate to stakeholders.
- Business Units must establish communication plans, if possible, the communication plan should be stakeholder specific. For instance, general stakeholders, impacted stakeholders, internal departments, managements, and governing body. The communication plan must clearly specify the audiences, communication methods, and details of the communication. Moreover, Business Units must refer to international reporting frameworks when developing the reports, such as GRI, UNRF, etc.
- Business Units must evaluate the communication plan, to fashion a continuous improvement.

Expected Deliverables

- **Stakeholder communication plans, at least communication plan for internal department, and impacted stakeholders must be available.**
- **Results of communication actions, as well as evaluation results that illustrate the effectiveness of the communication plans and actions.**



ENGAGING STAKEHOLDERS



Stakeholder engagement process is a process that enabled Business Unit to create positive relation and understand stakeholders, including those that are being impacted by human rights violations, human rights specialists, NGOs, etc.

The main objectives of the stakeholder engagement process are to understand stakeholders’ perceptions towards human rights management at Business Units level and obtain additional human right violation issues that might not have been included in the HRIA process.

Business Units must take following actions into consideration during stakeholder engagement process:

- **Understanding Benefits of Stakeholder Engagement**
Business Units must understand the benefits of the stakeholder engagement and cooperatively conduct the engagement processes.
- **Understanding Stakeholder Engagement Processes**
Business Units must clearly understand the stakeholder engagement processes.
- **Inclusiveness of Stakeholder**
Business Units must ensure that all stakeholder groups are included in the processes.
- **Support Ethical Engagement Process**
For key stakeholder groups, Business Units must conduct the engagement process in ethical and timely manner.
- **Performing Engagement Regularly**
Business Units must cautiously perform the engagement processes and ensure that evaluation is being conduct regularly to produce trust and cooperation from all stakeholder groups.

Important Processes

- Business Units must understand and analyze all human rights violation issues of each stakeholder group, especially those that are prone to human rights violation.
- Business Units must establish stakeholder specific engagement plan (new engagement plan can be integrated into existing plan).
- Business Units must analyze the implementation result of the stakeholder engagement plans for continuous improvement.

Expected Deliverables

- **Specific stakeholder engagement plan. Unique plan must be developed for those who are being impacted.**
- **Summarize report of stakeholder engagement.**



REMEDATION AND GRIEVANCE MACHANISM



REMEDATION AND GRIEVANCE MACHANISM

- Legitimate
- Predictable
- Transparent
- Dialogue and engagement
- Accessible
- Equitable
- Rights - Compatible

Utilization of Effective Criteria



Expansion on Scope

Utilization of Grievance Mechanism



Performance Improvement

Understanding Remediation



Remediation process is another important process, because an

appropriate remediation action will produce beneficial outcomes for both business and those who have been impacted.

Remediation process is significantly importance to Business Units, which human rights issues violation have been identified and the impacts are inevitable. Additionally, such Business Units must establish effective grievance mechanisms for receiving complaints from those who will be impacted by human rights violation. Remediation plans must also be developed to mitigate impacts for those stakeholders. Remediation plans must be appropriate and sufficient to the situation and stakeholder. Key factors that Business Units must take into consideration are:

• Understanding of Remediation Process

Business Units must have clear understanding regarding remediation process.

• Revision of Grievance Mechanism

Business Unit must revise existing grievance mechanism process and modify as appropriate.

• Expansion to External Stakeholders

Expand the coverage of all processes to include external stakeholders.

• Improvement Process

Continuous revision and improvement processes must be in place

• Establishment of Protective Measures

Business Units must have protective measures for whistleblowers.

• Compliance with UNGPs Criteria

Following criteria issues by UNGPs must be taken into consideration: Legitimation, Accessibility, Predictable, Equitable, Transparency, Right-compatibility, Dialogue and Engagement.

Important Processes

- Business Units must have appropriate grievance mechanisms for each stakeholder group. The grievance mechanisms must take UNGPs' criteria into consideration to create trust and accessibility of each stakeholder group.
- Business Units must have clear escalation processes for each issues and must be able to clearly provide response back to those who is impacted.
- Business Units must analyze concerns received via available grievance mechanisms and evaluate the effectiveness of the mechanisms.
- Business Units must have systematic response plan and guideline for remediation process.
- create continuous improvement mechanism

Expected Deliverables

- **Develop grievance mechanism analysis report on annual basis. The content must be able to clarify detail of human rights violation and impacted group.**
- **Provide appropriate communication methods, such as reporting, and website, regarding progress of the reporting concerns.**





REFERENCES

United Nation Guiding Principles on Business and Human Rights: UNGPs
https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf

Universal Declaration of Human Rights: UDHR
<https://www.un.org/en/about-us/universal-declaration-of-human-rights>

Declaration on the Principles and Fundamental Rights at Work
<https://www.ilo.org/declaration/lang--en/index.htm>



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