

C.P. GROUP Climate-Related Risks and Adaptation Plan

Risk Type	Climate-Related Risks	Adaptation Plan and Actions*
Transition Risks	Policy and Legal	
	<ul style="list-style-type: none"> • Increased operating costs from mandatory climate change regulations • Asset impairment, early retirement of existing assets due to policy changes • Increased costs, reduced demand for products and services resulting from fines and judgments • Emerging concern about liabilities 	<ul style="list-style-type: none"> • To minimize the impact from emerging regulation risks which include the risk from policies and regulations change, C.P. Group need to follow national and international laws and regulations continuously and closely, set and apply internal carbon pricing and platform. • Increase climate-related and low carbon certification and verification to ensure that our operations are complied with those changes. • Timeframe = 5-10 years
	Technology	
	<ul style="list-style-type: none"> • Cost to transition to lower emission technologies • Unsuccessful investment in new technologies • New technologies that disrupt markets • Increased cost for developing lower emission technologies • Decreased revenues • Increased energy consumptions costs due to greater electrification 	<ul style="list-style-type: none"> • Shift from the energy and electricity consumption towards low emission energy and renewable resources, and we plan to increase the renewable energy consumption to 75% by 2030. • Develop new products such as renewable energy and renewable electricity which not only used for emission reduction in the direct operations, but also increase our revenues through access to new and emerging markets. • Timeframe = 5-10 years
	Market	
<ul style="list-style-type: none"> • Uncertainty on market trend • Increased demand for energy efficient, lower-carbon products and services which might need more verification and third-party certification. • Reduced demand for certain products and services due to shift in customers preferences • Increased production costs due to changing input prices (such as energy, raw materials) 	<ul style="list-style-type: none"> • Implement more environmental, low-carbon and sustainable labels and certifications, replacing old equipment and investing in high-technology and low-carbon emission machinery, increasing R&D budget for low-carbon, environmentally-friendly and sustainable products and services. • Support stakeholders to mitigate and reduce GHG emission • Promote sustainability logistics (such as Electric Vehicles, Fuel Switch e.g.) • Promote regenerative agriculture and Nature-Based Solution projects (Reducing Emissions from Livestock, Good Fertilization Practice, e.g.) • Timeframe = 5-10 years 	
Reputation		
<ul style="list-style-type: none"> • Growing expectation from stakeholders on climate responsibility and awareness on climate issues. • Reduced revenues, reputation and brand value if fail to meet stakeholders and consumers need 	<ul style="list-style-type: none"> • Reduce GHG emission from operations, products and services • Increase awareness and capacity building along value chain • Promote sustainable forestation and reforestation (Sustainable Forestation , Zero Deforestation e.g.) • Timeframe = 5-10 years 	

* Adaptation Plan and Actions to be completed by 2030

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Risk Type	Climate-Related Risks	Adaptation Plan and Actions*
Physical Risks	Acute	
	<ul style="list-style-type: none"> Increased severity and frequency of extreme weather events such as floods, droughts, cyclones, higher temperatures, change in precipitation Increased raw material costs Increased operating costs Decreased revenues and asset values Direct damage to assets and property, infrastructure malfunction Indirect impacts from supply chain disruption 	<ul style="list-style-type: none"> Improve infrastructure to cope with events that might occurred from climate change Develop near-term and mid-term disaster and risk management plans Support and engage with stakeholders to develop adaptation action plans along value chain Timeframe = 3-5 years
	Chronic	
	<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns Higher frequency of severe weather events Increasing extreme temperature, hot days, sea level rise, coastal erosion, water scarcity, drought, floods, Increased business interruption and damage across operations and supply chains Increased operating costs and Increased insurance claims Decreased revenues due to reduced production capacity and disrupted supply chain of raw materials and reduces asset values Reduced agricultural productivity and availability and quality of raw materials. 	<ul style="list-style-type: none"> Develop long-term disaster and risk management plans Improve infrastructure to cope with events that might occurred from climate change Explore new sources of renewable energy and sustainable raw materials Invest in technology and innovation to cope with raw material productivity and availability issues Increase awareness and capacity building along value chain Timeframe = 10 years



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