

CHAROEN POKPHAND GROUP

# CORPORATE GOVERNANCE REPORT 2019



SUSTAINABLE BUSINESS  
AT **'HEART'**



CHAROEN POKPHAND GROUP  
**CORPORATE  
GOVERNANCE  
REPORT  
2019**



ซีพี...เพื่อความยั่งยืน

We conduct our business by upholding the principles of good governance.

## Good Corporate Governance: the Heart of Sustainable Growth

*For nearly a century, C.P. Group has come far from its humble beginnings as a seed trading store - 'Chia Tai Chung'. With its strong business roots firmly in our 11 corporate governance principles and six core values that enable us to conduct our business efficiently, establish a strong foundation for sustainable growth, and create value for all stakeholder groups, this resulted in our evolution into the leading global conglomerate that we have today. For C.P. Group to continue towards sustainable growth, good corporate governance remains the heart of how we conduct business.*

*In 2019, C.P. Group focused on further elevating our corporate governance by working on the following three pillars:*



### **Capacity Building**

Establish corporate governance structures and processes by taking into consideration the business context and the interests of each business group.



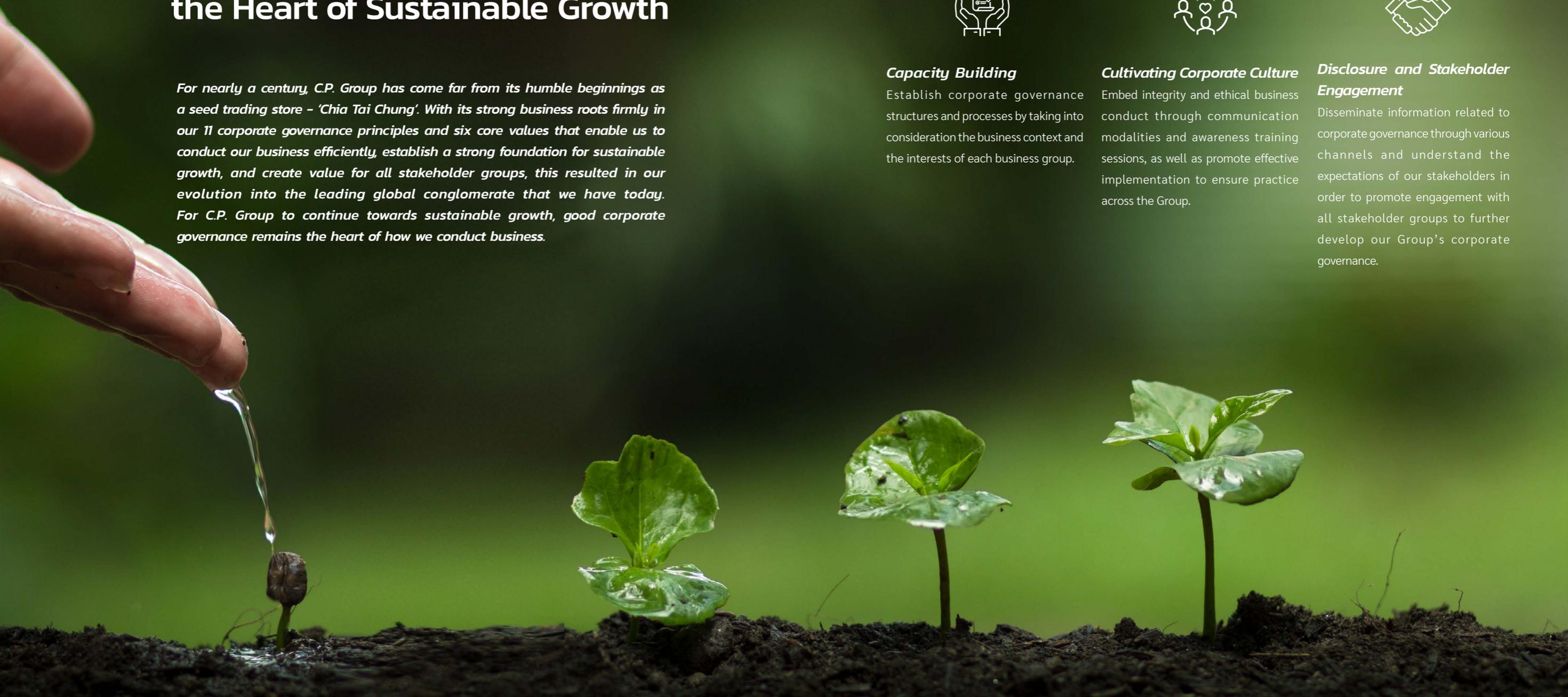
### **Cultivating Corporate Culture**

Embed integrity and ethical business conduct through communication modalities and awareness training sessions, as well as promote effective implementation to ensure practice across the Group.



### **Disclosure and Stakeholder Engagement**

Disseminate information related to corporate governance through various channels and understand the expectations of our stakeholders in order to promote engagement with all stakeholder groups to further develop our Group's corporate governance.



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## SENIOR CHAIRMAN'S MESSAGE

*"C.P. Group firmly believes that putting our ethical values into practice will pave the way to sustainable growth, success, and stability, which today we call this part of corporate governance."*



2019 has seen C.P. Group continue to go from strength to strength in all dimensions, starting from how we run our businesses to our corporate governance. Since our founding, C.P. Group has always taken integrity, one of our Six Core Values, to heart on how we operate. These cherished values passed down by our founders have not gone anywhere but inspired our employees to have integrity, honesty, gratitude, etc., while also ingrained and practiced in all that we do. We firmly believe that putting our ethical values into practice will pave the way to sustainable growth, success, and stability, which today we call this part of 'corporate governance.'

Throughout the years, C.P. Group has built up its reputation, from our humble beginnings as a small business to becoming a leading and reputable international conglomerate. These efforts could not have happened without our determination and dedication to manage our organization with the principles of corporate governance, fairness, and transparency whilst maintaining our accountability to society, communities, and the environment. All of this ensures our value and credibility as an organization in the eyes of our suppliers and consumers, along with the rest of our stakeholder groups. It is the duty of all of us to firmly uphold our standards of corporate governance, and only then will we ensure our sustainability for years to come.

**Dhanin Chearavanont**  
Senior Chairman of Charoen Pokphand Group





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# CHAIRMAN'S MESSAGE

The Charoen Pokphand Group's Board of Directors has always adhered to our Six Corporate Core Values and committed to create value that benefits the country, the people and our company. For nearly a century since our existence, we are always determined to do its business ethically and with good corporate governance. We firmly believe that we can lead Charoen Pokphand Group

*"We are always determined to do its business ethically and with good corporate governance. We firmly believe that we can lead Charoen Pokphand Group to achieve its business targets with stability and sustainability, wherever we have investments, by preserving the trust held by our shareholders and all stakeholders around the world."*



to achieve its business targets with stability and sustainability, wherever we have investments, by preserving the trust held by our shareholders and all stakeholders around the world.

In keeping with the current global rapid developments and challenges, including those of corporate governance, the Charoen Pokphand Group's Board of Directors has assigned our management team to study and establish new solutions to further our ethical standards, and promote an accountability and transparency in our operations. This will ensure that oversight in our operations remain aligned with good corporate governance and our business ethical principles, enabling us to continually raise our operational standards, while being able to effectively monitor and evaluate our operating results to achieve sustainable growth and increasing the confidence of all stakeholders, which are our communities and societies to governments and investors in all countries where we operate.

In 2019, to further strengthen corporate governance within C.P. Group, the Board of Directors has approved the following policies:

### Raising corporate governance standards across C.P. Group, including oversight of business partners throughout our supply chains

Charoen Pokphand Group Company Limited, as the holding company of C.P. Group, has determined a corporate governance system encompassing all business groups, with the aim to cultivate an ethical business culture and promote transparency and fairness across the Group. This will inspire accountability and integrity at work among our employees, and our business partners across our supply chains to facilitate the creation of shared values and ensure mutually sustainable growth.

### Human rights and labor practices

Charoen Pokphand Group has always regarded human resources as the 'Heart' in our growth as a business. With this in mind, the Board of Directors has paid close attention to the benefits for our employees and their families, workplace safety, and career development without discrimination of race, age, gender identity, skin color, language, and religion. We believe that respect for diversity will bring creativity and innovation which help further

elevate our business competitiveness and increase the triple bottom line for society, environment and business the long run.

I would like to thank all of our colleagues for their contribution through our business towards creating value for the benefit of the country, communities, and our organization. In order to keep up with the constantly changing global situation, the Board of Directors will regularly continue monitoring and assessing the areas of corporate governance. So, we can continue achieving our vision and strategy along with adhering to our corporate governance principles which brings about the sustainable economic, social and environmental growth. This will prepare us to the leading position in the global stage.

**Soopakij Chearavanont**  
Chairman of Charoen Pokphand Group





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# CEO'S MESSAGE

The year 2019 Charoen Pokphand Group continued our commitment to promote ethical business in line with our core values that we have upheld for nearly a century while also holding our corporate governance principles to heart as the cornerstone to how we operate. Following the guidelines set by our Board of Directors and the Corporate Governance Committee, this has led to advancements in our corporate governance with continued support from all business groups. As we continue to see the considerable

*“C.P. Group has established its corporate governance structure and policy management framework to ensure oversight of all Business Groups, as well as cultivating corporate culture by embedding integrity and ethical business conduct through communication modalities and training sessions to promote awareness in ethical conduct.”*



development of corporate governance as a priority, our management team has adhered to guidelines and policies outlined by our Board of Directors to further our corporate governance in the following 3 pillars:

**1. Capacity Building** by establishing the structures and processes in corporate governance, as well as best practices while taking into consideration the business context for each business group, in addition to reviewing and revising the Group's policies and guidelines to ensure they are up to date.

In 2019, C.P. Group has established its corporate governance structure and policy management framework to ensure systematic oversight in all business groups, as well as in ethical and compliance projects to support the Board of Directors' ethical priority from the very first day of our business. In addition to compliance, an essential tool to protect and prevent risks resulting from misconduct, we also adopted new best practices on diversity and inclusion, both integral to us as the heart of C.P. Group. By welcoming and treating all employees on the basis of fairness and equality, the Group can attract and retain good and talented employees while free from discrimination or exclusion on the basis of their appearance or identity but judging them by their skills and actions in line with international standards worldwide.

**2. Cultivating Corporate Culture** by embedding integrity and ethical business conduct through communication modalities, training sessions to promote awareness in ethical conduct and ensure they are practiced Group-wide.

A corporate culture of ethical business conduct is an important policy platform for management, delegated by our Board of Directors to ensure effective implementation, as well as for us to setting a good example for the Group. In 2019, C.P. Group has communicated the Code of Conduct to all directors, management and staff, domestically and internationally, in addition to assessing their understanding to ensure they are practiced across the organization. Furthermore, we have regularly hosted corporate governance training courses, especially in areas of business ethics, to ensure understanding and correct compliance.

**3. Disclosure and Stakeholder Engagement** by disseminating information related to corporate governance through various channels including reports, newsletters and Group website, in addition to understanding expectations from internal and external stakeholder groups.

C.P. Group's constant communication on its corporate governance-related developments via our various channels has led to our employees becoming more aware of the importance of corporate governance, as shown in our recent employee engagement survey in 2019, where 98 percent of all respondents see compliance with the C.P. Group Code of Conduct as a responsibility that all employees share that helps to promote a positive reputation for themselves and for the organization. We have also engaged with our suppliers across all our supply chains to do business in accordance with our Supplier Code of Conduct, so that they may improve their operations in line with our highest standards, as well as strengthening relationships with our partners and developing processes to promote further synergy between all parties.

All these advancements in corporate governance for 2019 could not be done without the support from our Senior Chairman, our Chairman, the Board of Directors, and last but not least, our management and staff, so I would like to thank everyone who was involved in this endeavor. We look forward to further developing our corporate governance to secure a strong and sustainable future of C.P. Group.

**Suphachai Chearavanont**  
CEO of Charoen Pokphand Group





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## Objectives of the Corporate Governance Report



To communicate our business conducts in accordance with C.P. Group's Corporate Governance Principles to all stakeholders



To report the implementation of the Corporate Governance Framework, internal controls and management effectiveness



To disclose the directions and goals of C.P. Group's future operations in the area of corporate governance



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Our Highlights  
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# Our Highlights in 2019

## Capacity Building

	Structure	Process
 <p><b>Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>• Development of Diversity and Inclusion Best Practices</li> <li>• Establishment of a steering committee to promote good corporate governance and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Dissemination of the C.P. Group Code of Conduct and the Corporate Governance Policy to all business groups</li> <li>• Development of corporate governance structures and the policy management framework</li> <li>• Integration of systematic Group-level reporting processes</li> </ul>
 <p><b>Risk Management</b></p>	<ul style="list-style-type: none"> <li>• Promotion of Risk Management Committee member diversity in knowledge, experience, and expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the integrated Governance, Risk and Compliance (GRC) project</li> <li>• Application of software in risk assessment</li> <li>• Introduction of the risk management dashboard</li> </ul>
 <p><b>Compliance</b></p>	<ul style="list-style-type: none"> <li>• Dissemination of C.P. Group's compliance Policy in all business groups</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of the compliance framework</li> <li>• Assessment of compliance performance</li> </ul>

## Cultivating Corporate Culture

 <p><b>Corporate Governance</b></p>	<p><b>100% of C.P. Group employees</b> completed the Code of Conduct training and test</p>	<p><b>100% of top executives</b> participated in the 'Dealing with Conflicts of Interest' training course</p>
 <p><b>Risk Management</b></p>	<p><b>Development of training programs for middle management and staff via the e-Learning system</b></p>	<p><b>Corporate governance roundtable sessions by top executives</b></p>
 <p><b>Compliance</b></p>	<p><b>833 top executives</b> participated in risk management workshops</p>	<p>Promotion of knowledge on compliance in</p> <p>  </p> <p><b>100% of business groups in Thailand participated in training courses on relevant laws and regulation</b></p> <p><b>100% of business group representatives engaged in internal controls and compliance training</b></p>





## Disclosure and Stakeholder Engagement

Increased disclosure channels for both internal and external stakeholders

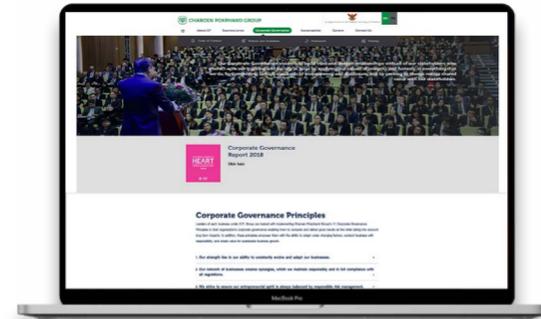
### CG Report

Published the first Corporate Governance Report in 2019



### Website

<https://www.cpgroupglobal.com/governance/en>



Scan to website

### CG Newsletter

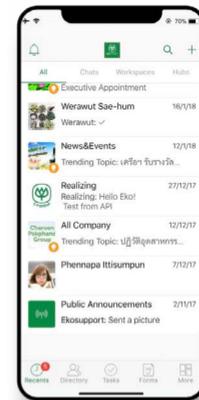
Published the first CG newsletter in 2019



### Poster

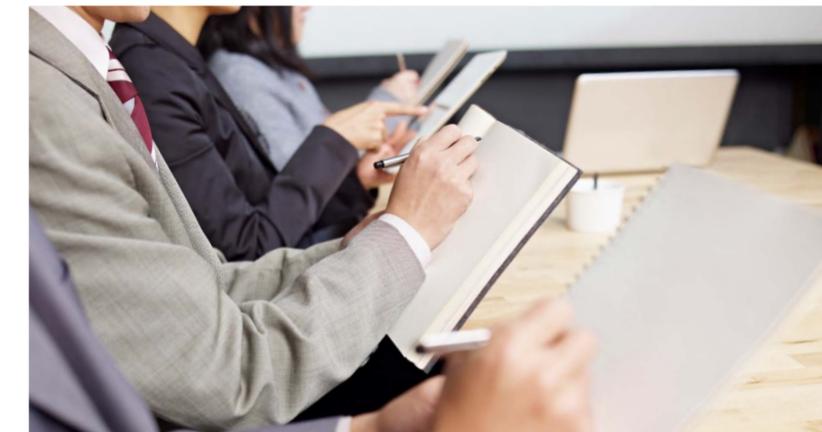
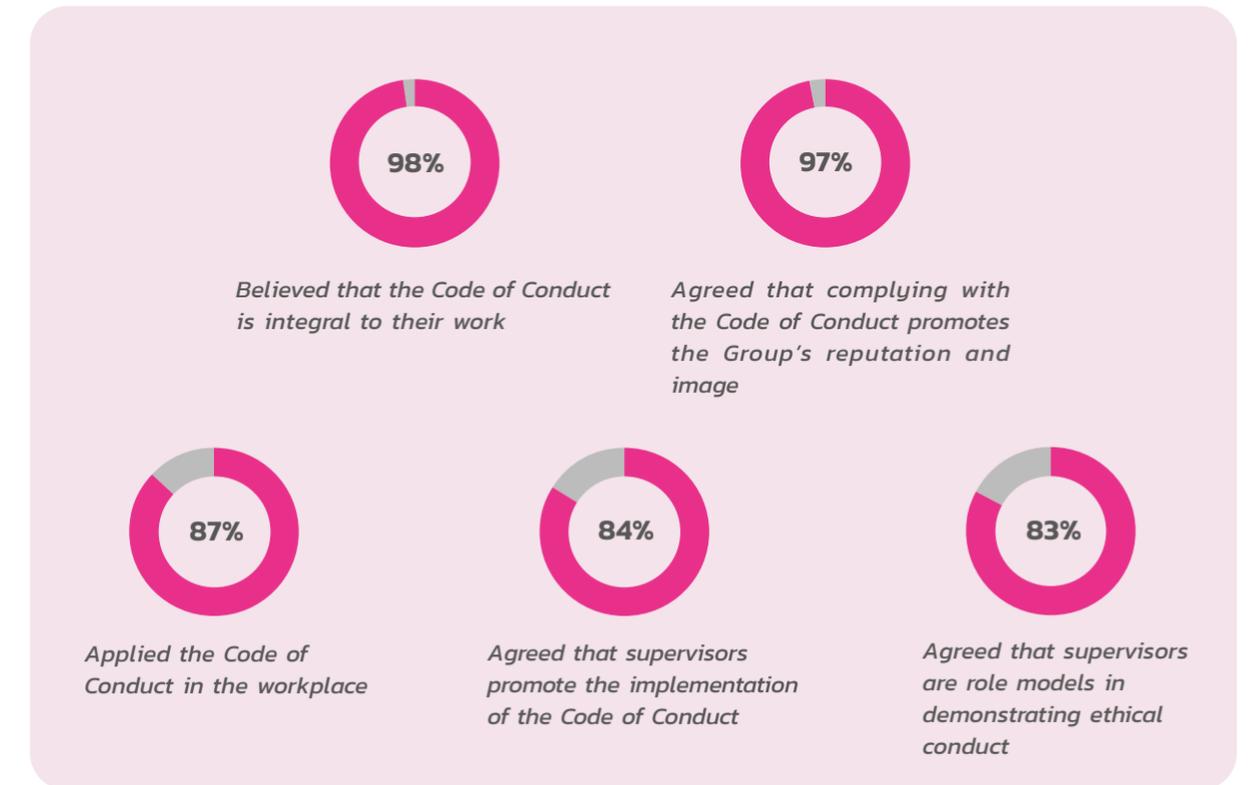


### Application Platform



CP Connect Application

Conducted an employee awareness survey on awareness and implementation of the Code of Conduct



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# 03

## Corporate Governance – Business Philosophy





## Corporate Governance: Business Philosophy



*Charoen Pokphand Group Co., Ltd. has conducted business with integrity ever since our founding and has evolved alongside our expanding business into a strong corporate culture of transparency, fairness and responsibility, which is based on our Corporate Governance Principles for the benefit of all stakeholders. We are confident that this will provide a platform for sustainable growth and success.*

### 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.

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## C.P. Group's Sustainability Strategy



C.P. Group operates our businesses in a sustainable manner through our C.P. Excellence Management Approach, along with the 'Three-Benefit Principle,' which aims to create benefits for the country, the people, and only then the company. We are committed to operating our businesses founded on good governance, social responsibility, and strict compliance with the rules, regulations, and standards of the countries in which we operate, and are in line with the UN's 17 Sustainable Development Goals.

### Three-Benefit Principle





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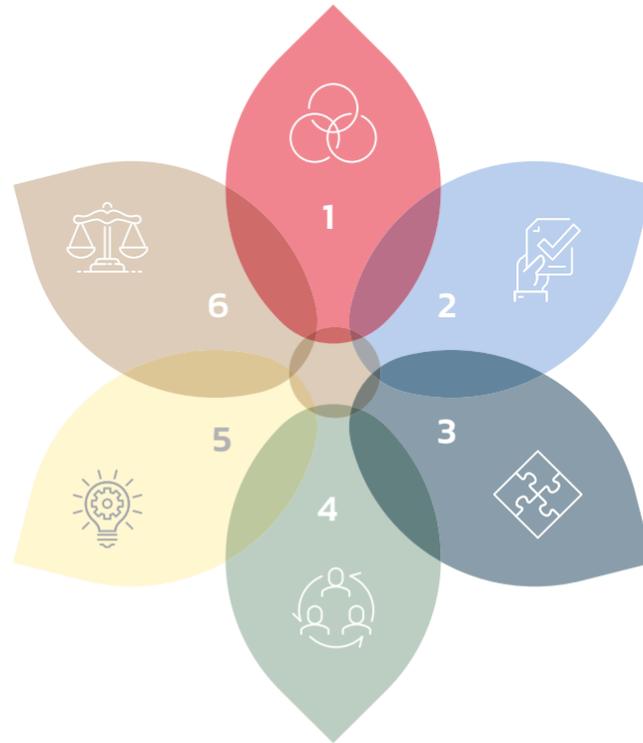
**Business Philosophy**

C.P. Group's Six Core Values, an intrinsic part of our business operation for nearly a century, consist of the Three-Benefit Principle (focus on the interests of the country, the people and the company, respectively), Speed with Quality, Simplification, Accept Changes, Innovation, and Integrity.

These values ensure that we understand and take into account the importance of building C.P. Group into an organization that can continue to evolve along with our societies, communities and our stakeholders.

To achieve our long-term targets, C.P. Group has established strategies and policies concerning compliance, risk management and internal controls while conducting business with responsibility and transparency.

This has resulted in C.P. Group placing an emphasis on further enhancing our corporate governance system.



**Six Core Values**

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.*





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In September 2016, the Charoen Pokphand Group Co., Ltd. Board of Directors established the Corporate Governance Committee as an advisory body to the company and the Executive Board on how the Group could conduct business responsibly aligning with international standards on corporate governance best practices. The Committee is comprised of members with expertise and experience from around the globe including Executive Board members from both C.P. Group and our listed companies, independent non-executive directors from our listed companies and external independent governance experts.

The Corporate Governance Committee plays an essential role in enhancing the Group's corporate governance. Throughout its tenure, the Committee has approved C.P. Group's 11 Corporate Governance Principles, which serve as guidelines for efficient management in order to build trust and confidence in our stakeholders across all sectors.

Additionally, the Corporate Governance Structure and the Corporate Governance Framework have been established to define rules, duties and responsibilities of board members and executives; compliance, risk management and internal controls; internal and external stakeholder engagement; and fostering an ethical culture which has been implemented consistently under the recommendations of the Corporate Governance Committee.

*"The Corporate Governance Committee has approved C.P. Group's 11 Corporate Governance Principles which serve as guidelines for efficient management in order to build trust and confidence in our stakeholders across all sectors."*



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



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



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



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



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



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



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



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



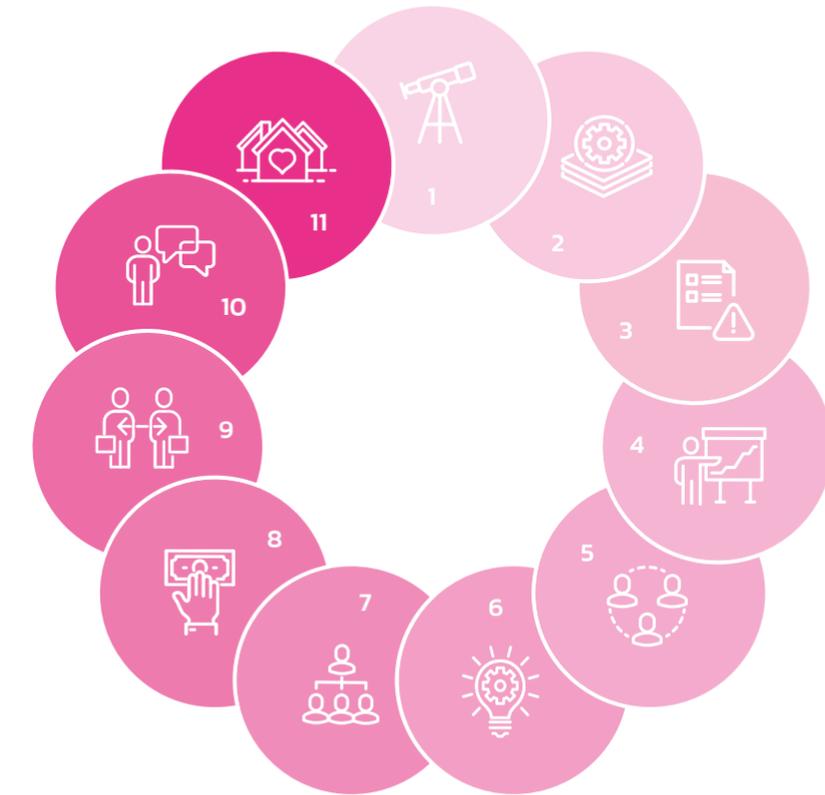
7. We compose our Boards carefully to ensure that they have the knowledge and experience to make informed decisions.



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



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





# Corporate Governance at Charoen Pokphand Group

C.P. Group is one of the world's leading conglomerates. We operate in 8 business lines, covering 13 business groups. Charoen Pokphand Group Co., Ltd. serves as the Group's parent company, and as a holding company, it holds shares of listed and non-listed subsidiaries in 21 countries around the world.

C.P. Group promotes all our business groups along with their employees to adhere to our Six Core Values and 11 Corporate Governance Principles. Due to the diversity of our business groups, comprising listed and non-listed entities as well as strategic investments, C.P. Group Co., Ltd.'s governance role in each business group differs as follows:

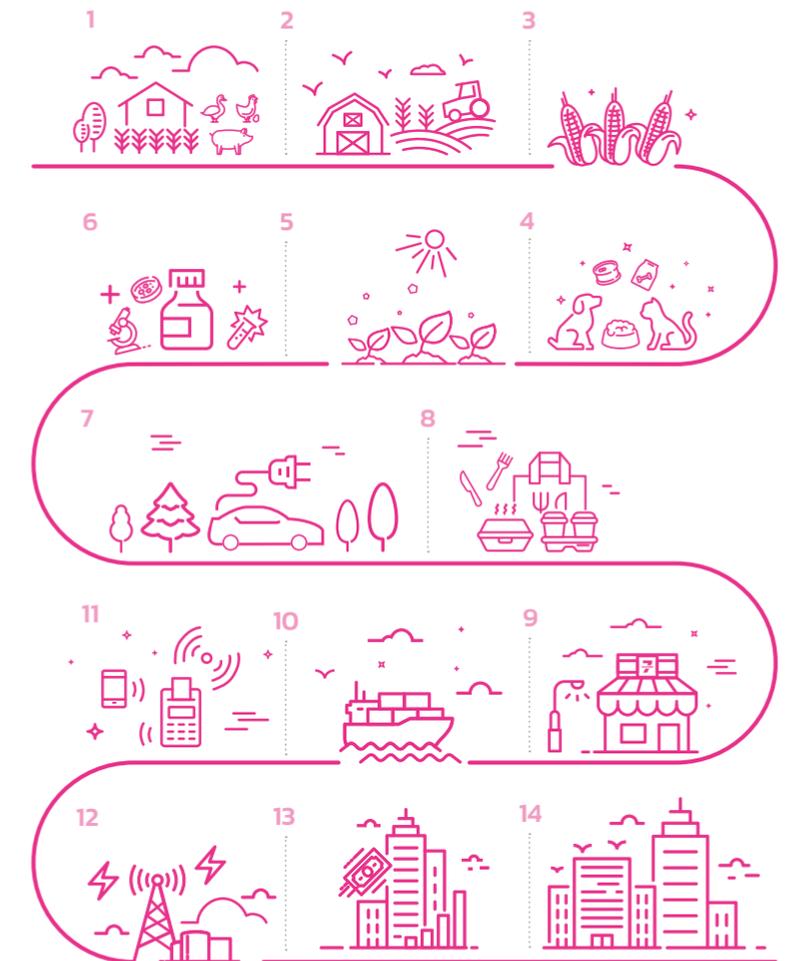
## Non-listed Entities

As a private company and the largest shareholder of companies in the Group, Charoen Pokphand Group Co., Ltd. works with its non-listed entities to set a strategic direction and expectation of good governance, encouraging deployment of corporate governance standards and practices, and providing support wherever appropriate to drive corporate governance in these non-listed companies towards the same standards as that of listed businesses and in the same direction across the Group.

*"Charoen Pokphand Group Company Limited, as the holding company of C.P. Group, has determined a corporate governance system encompassing all business groups, with the aim to cultivate an ethical business culture and promote transparency and fairness across the Group."*



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



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## Publicly Listed Entities

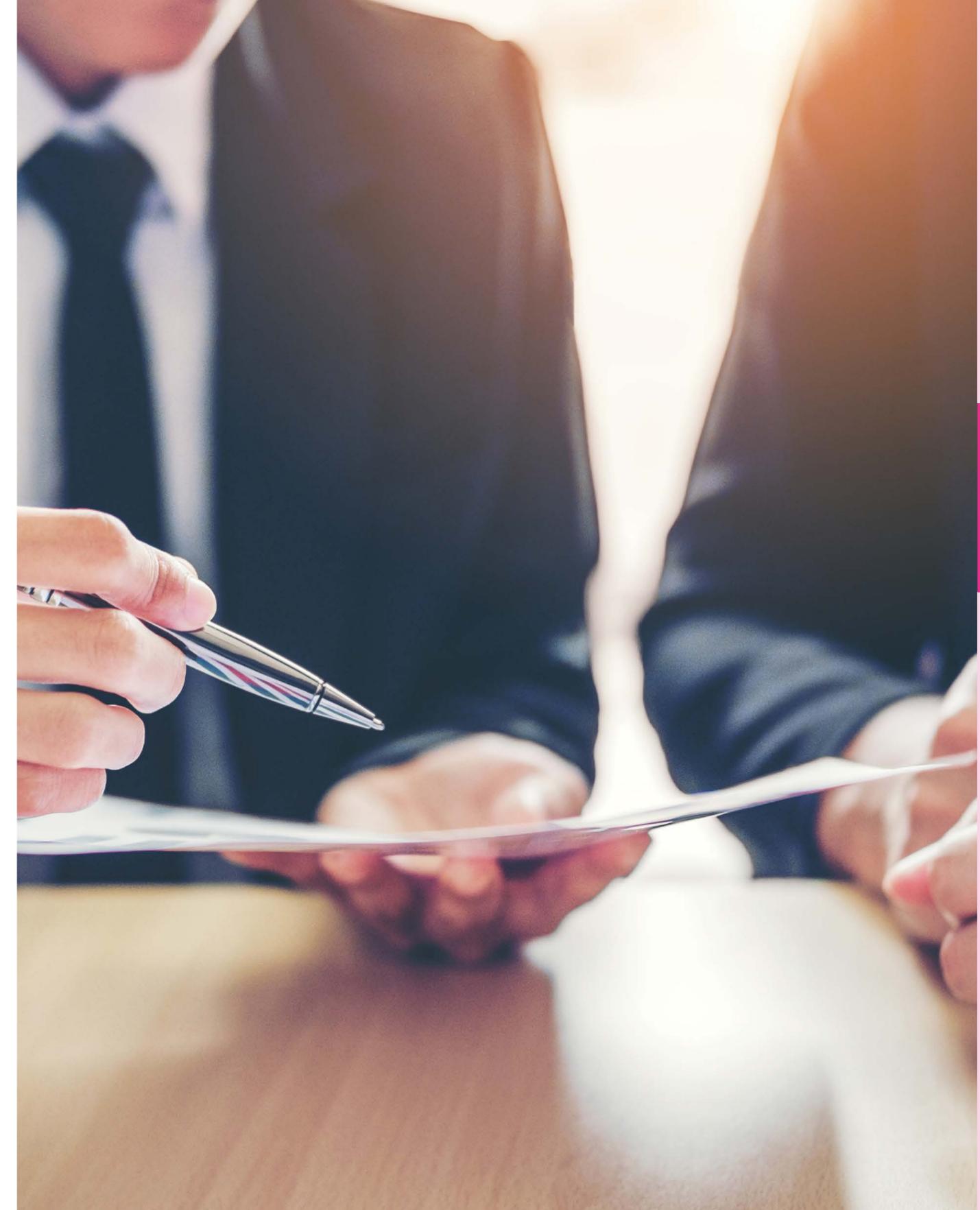
The roles and responsibilities of Charoen Pokphand Group Co., Ltd. in its listed companies are different. Due to the presence of their respective Board of Directors and Corporate Governance Committees who enforce compliance with rules, regulations and corporate governance principles, Charoen Pokphand Group Co., Ltd. as a parent company, provides recommendations through its Board representatives on how these companies can, upon their Board's approval, align their business direction with the Group. Charoen Pokphand Group Co., Ltd. will not circumvent these governance structures.

The Board of Directors and Corporate Governance Committees of these publicly listed companies have the full authority to oversee their corporate governance process and business conduct. In addition to ensuring that their corporate governance structure and system, such as principles, policies, and guidelines, rules of laws, and regulations required by the Security and Exchange Commission of the country they operate in, are being followed appropriately.

However, Charoen Pokphand Group Co., Ltd. retains its role in setting a clear vision and standard for corporate governance at the Group level which it expects its listed companies to acknowledge, and where possible, comply. The Group expects transparency in the corporate governance process of its listed companies. In the event that any issues occur that may impact the Group in a broad manner, whether financially or in terms of reputation, the Group will work closely with the listed company involved to find an appropriate solution. Charoen Pokphand Group Co., Ltd., as a parent company, will provide corporate governance support directly and indirectly with tools, guidelines, and research on global best practices to improve processes and standards to prepare these companies for any challenges they may face.

## Strategic Investments

Charoen Pokphand Group Co., Ltd. has taken strategic investments into a number of key partners and other businesses. We oversee corporate governance and discuss business issues with these companies through our Board representatives. In the case where we are a minority shareholder, the Group will exercise our voting rights in line with the Group's business policy during shareholder meetings.





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# Corporate Governance Structure

C.P. Group's corporate governance structure, including the duties and responsibilities of relevant parties are as follows:

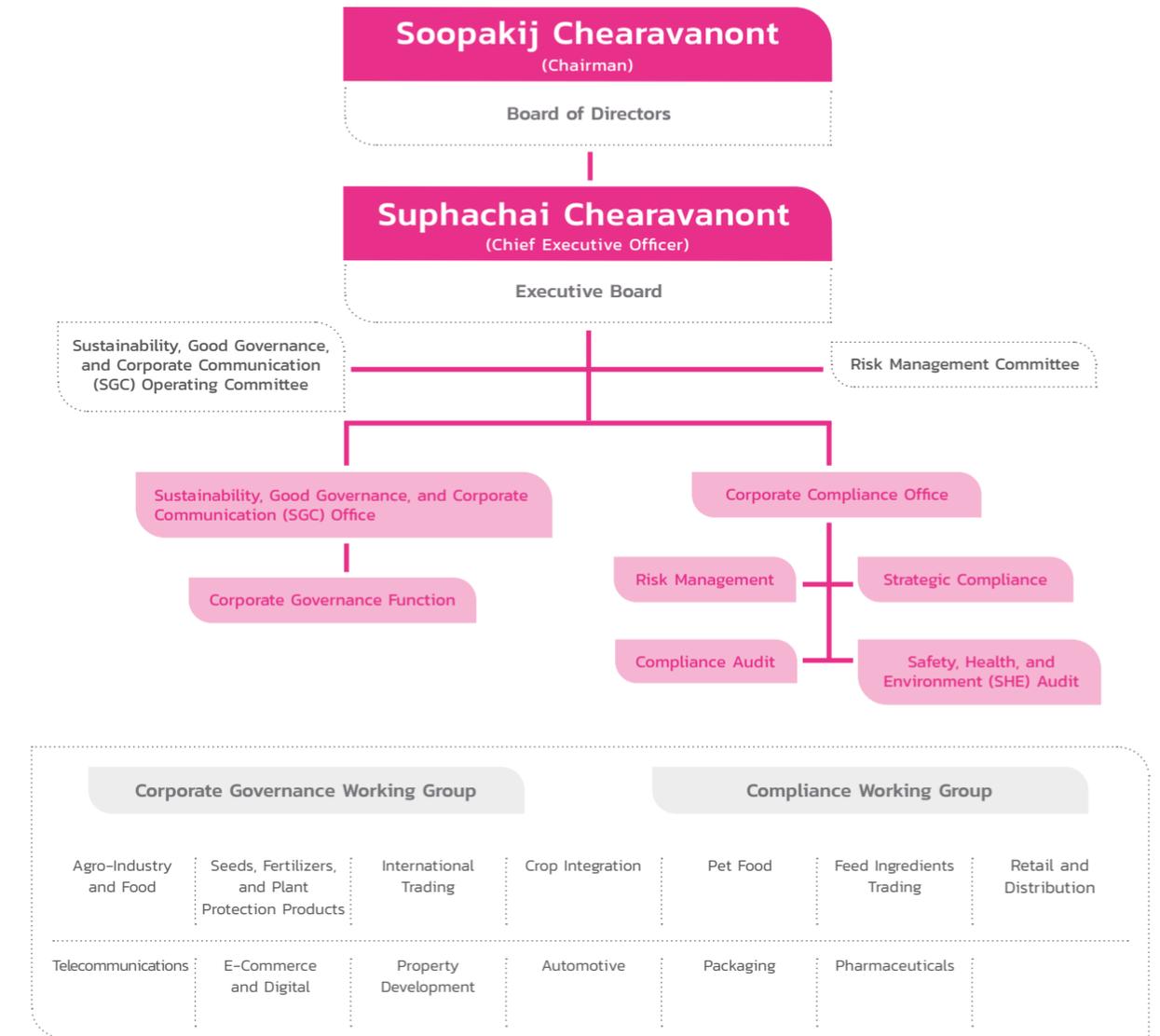
**The Executive Board** oversees the Group's corporate governance to ensure their alignment with Corporate Governance Principles and other policies and practices, as well as meet the directives assigned by the Board of Directors and the Corporate Governance Committee. The Executive Board, which meets on a quarterly basis, is chaired by C.P Group's CEO and comprises of top executives from Charoen Pokphand Group Co., Ltd. as well as our listed and non-listed companies.

For effective and concrete implementation of corporate governance across the Group, the Executive Board regularly monitors management's performance at all levels, including working groups, units, offices, and steering committees. This clear assessment hierarchy ensures that all corporate governance operations are properly supervised, executed and reported.

**The Sustainability, Good Governance, and Corporate Communication Operating Committee (SGC Operating Committee)** is composed of top executives from the fields of sustainable development, corporate governance and corporate communications. The Committee, which meets on a quarterly basis, defines sustainability goals at the Group level, determines key performance indicators for each business group, oversees the sustainability governance and reporting structures, monitors the establishment of communication channels, and assesses key issues on sustainability and risk management. The SGC Operating Committee works closely with the Risk Management Committee, which comprises of executives with expertise in risk management from our listed and non-listed companies, to determine acceptable sustainability risks and set up a uniform risk management approach across the Group.

**The Group-level Corporate Governance Function** deploys the implementation of corporate governance activities and systems, reporting directly to the Group's Chief Sustainability Officer.

**The Corporate Governance Working Group** is led by the Group's Head of Corporate Governance and consists of representatives from the fields of governance, risk, compliance and human resources from each business group. The Corporate Governance Working Group is in charge of aligning the Group's governance process with international standards, helping to achieve efficient, transparent, and accountable management while attaching importance to the interest of all stakeholders. The Working Group meets on a monthly basis.



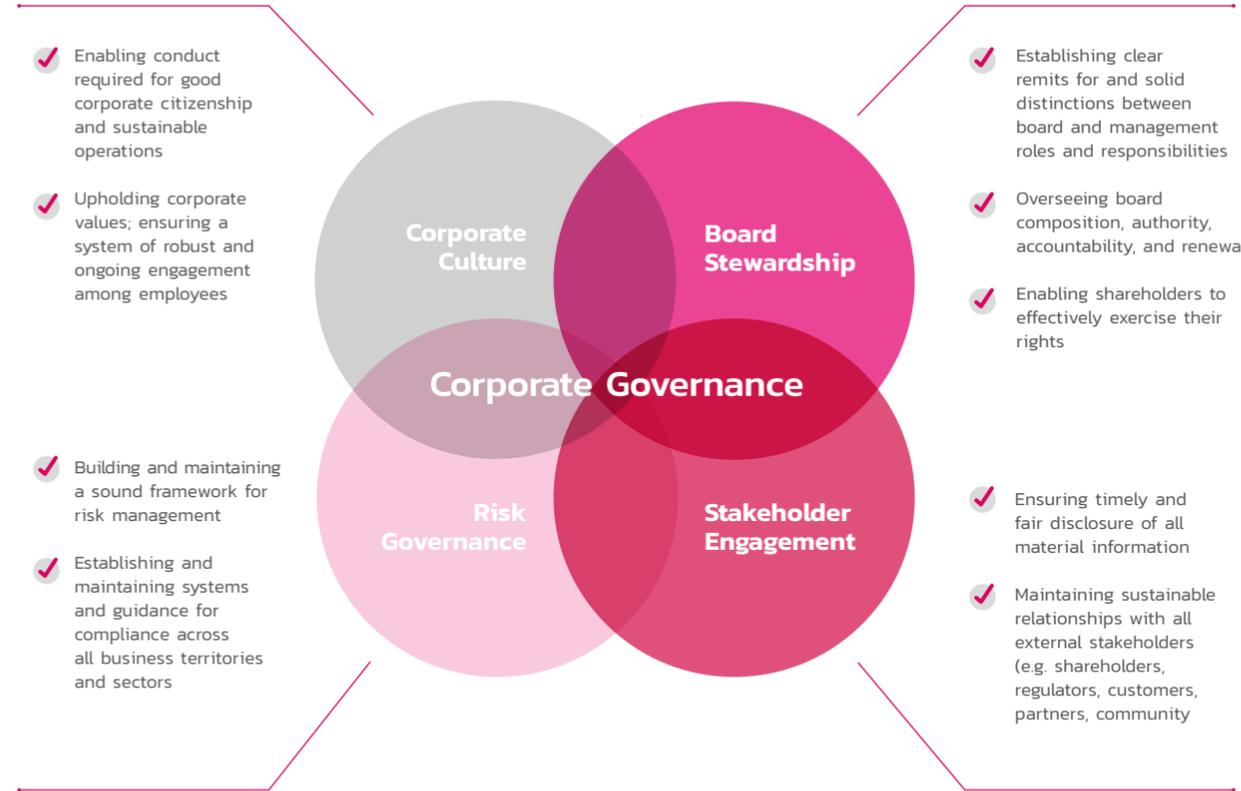
The Corporate Compliance Office plays an essential role in driving the implementation of corporate governance, and is responsible for ensuring that appropriate risk management is in place; overseeing compliance with relevant laws, rules, regulations, and the Code of Conduct; monitoring grievances and whistleblowing, including conducting investigations into the alleged issues; and carrying out occupational safety, health, and environment audits.

The Head of the Corporate Compliance Office reports risk management and compliance performance to the Risk Management Committee and the SGC Operating Committee, respectively. Subsequently, both Committees report these results to the Executive Board.

# Corporate Governance Framework

The C.P. Group's Corporate Governance Committee determined the Corporate Governance Framework by benchmarking on guidelines of international regulators and investors, and corporate governance practices of leading corporates, including C.P. Group's Corporate Governance Principles.

The Corporate Governance Framework outlines how our companies should review and assess current and future performance to improve our corporate governance. The Framework comprises of four themes, namely corporate culture, board stewardship, risk governance, and stakeholder engagement.



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*Based on our Corporate Governance Framework, our goals for 2019 was approved by the Executive Board that covers strategic directives assigned by the Board of Directors, including to elevate and oversee corporate governance standards throughout the Group and its supply chains; human rights and labor practices; and to deepen relationships with all stakeholders. Continuing the progress set by the Corporate Governance Roadmap in 2018, our goals consist of the following three pillars:*

1. *Capacity building*
2. *Cultivating corporate culture*
3. *Disclosure and stakeholder engagement*

*The progress and success of our initiatives are as follows:*



# Capacity Building

The capacity building of C.P. Group is carried out through policy, structural, and process development. In 2019, our capacity building was centered around three focus areas:

## 1. Capacity Building for Corporate Governance

Capacity building for corporate governance through policy development. The Group has benchmarked our internal operating process against that of other corporates in the same industry and international standards, in order to establish policies and guidelines that can be implemented to various businesses in C.P. Group's context. These policies and guidelines are constantly upgraded as our business continues to expand. Thus far, 12 policies and guidelines have been developed and communicated to both internal and external stakeholders via the Group's website ([www.cpgroupglobal.com](http://www.cpgroupglobal.com)) in the same manner as the Corporate Governance Principles and the Code of Conduct.



**Conflicts of Interest**  
Policy and Guidelines



**CP Group The Foreign Workers Recruitment**  
Policy and Guidelines



**Anti-Money Laundering**  
Policy and Guidelines



**Information Management**  
Policy and Guidelines



**Personal Data Protection**  
Policy and Guidelines



**Whistleblowing**  
Policy and Guidelines



**Human Rights and Labor Practices**  
Policy and Guidelines



**Supply Chain Management**  
Policy and Guidelines



**Sustainability**  
Policy and Guidelines



**Gifts and Benefits**  
Policy and Guidelines



**Safety, Occupational Health, and Workplace**  
Policy and Guidelines



**Anti-Bribery and Anti-Corruption**  
Policy and Guidelines



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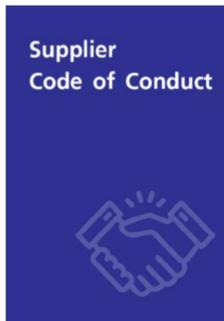
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Additionally, the Group has also developed its Supplier Code of Conduct, which is disseminated with implementation guidelines for the Group's business partners to ensure that the aforementioned Code is practiced correctly.

In 2019, the Executive Board highlighted the importance of human rights and the equal treatment of workers, who have become more expressive of their identities and expectations. As the world becomes more connected by technology, diversity and inclusion gradually becomes a subject of interest and is expected to be implemented by businesses across the globe. C.P. Group, therefore, regards this issue with great importance and has improved human resources management policies through feedback from a focus group on sexual orientation and gender identity, leading to clear directions for further improvement.



**The Diversity and Inclusion Best Practices** was also developed and enforced throughout the Group to create career advancement opportunities for all employees regardless of their differences, and to respect the value of diversity which can create new business prospects. We have shared the Diversity and Inclusion Best Practices to our subsidiaries to promote a corporate culture that respects diversity and inclusion.

**Capacity building for corporate governance through structural development.** In 2019, C.P. Group has encouraged our business groups to establish a governance and compliance steering committee in an effort to expand corporate governance implementation to companies within the Group. As a result, **7 out of 13 business groups established their governance and compliance committee in 2019.**



**7 / 13**  
business groups

established their governance and compliance committee

In addition, C.P. Group has designated operations that are in line with Corporate Governance Principles as key performance indicator of our sustainability strategy performance. In this regard, the **Corporate Governance Working Group** has been set up to specifically oversee corporate governance implementation. The Corporate Governance Working Group is led by the Head of Corporate Governance and comprises representatives from the fields of governance, risk, compliance, and human resources within the Group. The establishment

of the Corporate Governance Working Group contributes towards building the capacity of our workforce, and equipping them with the ability to work across business groups. This is also in alignment with the Diversity and Inclusion Best Practices as it permits the expression of opinions that can create new opportunities and helps to drive corporate governance implementation of all business groups in the same direction.

**Capacity building through governance processes,** C.P. Group has prioritized **the communication of the Code of Conduct and Group-level corporate governance policy to its business groups,** to be used as a framework for operating in the same direction across the Group under the principles of corporate governance.

Moreover, C.P. Group has developed its corporate governance structure to clearly determine roles and responsibilities to provide further transparency and verifiability to its operations. The Group has also developed its own **Policy Management Framework** to be used as a tool for the governance and management of policy documents in accordance with laws, rules, regulations, strategies, and work plans.

The reporting process is important in enabling the monitoring of progress and areas that require further development or improvement. The Group, therefore, has designated **corporate governance progress reporting from all business groups** to be reported at Group-level on a monthly basis, as well as reporting the Group's overall progress to the relevant committees.



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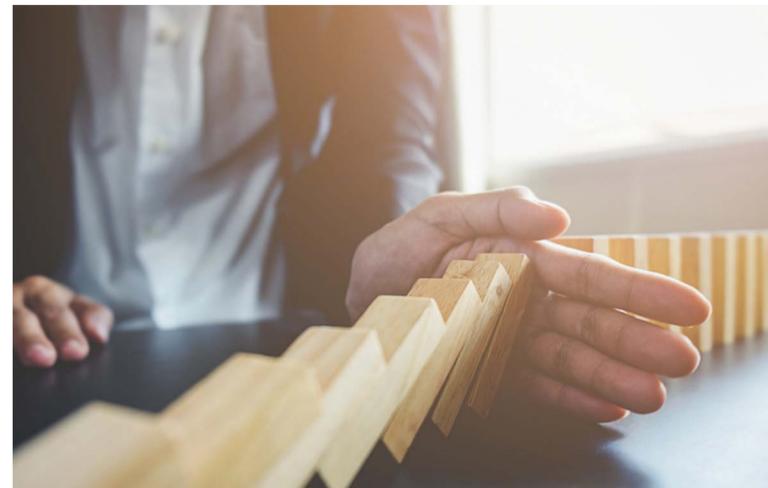
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## 2. Capacity Building for Risk Management

C.P. Group realizes that the business environment is complex and dynamic; it is constantly changing due to both external factors, such as technological changes, economic situations, society, politics, and environment; and internal factors, such as corporate strategy, and resource management. Recognizing that this complex nature may impact the ability to achieve our goals, the Group, therefore, places further emphasis on the implementation of systematic risk management and continuous improvement throughout the organization to ensure sustainable growth in a dynamic business environment.

**Capacity building for risk management through structural development.** In 2019, the Group **reviewed the qualifications of the members of the Risk Management Committee**, which supervises overall risk management, defines risk management approaches, executes policies, and follows up on performance outcomes. The review resulted in the recruitment of **additional Committee members with knowledge and expertise in corporate governance, financial strategy and public relations**, and, thus, equipping the Risk Management Committee with the ability to provide comprehensive recommendations on all aspects of risks.



*“C.P. Group places further emphasis on the implementation of systematic risk management and continuous improvement throughout the organization to ensure sustainable growth in a dynamic business environment.”*



Capacity building for risk management through process development is another significant task which was undertaken by the Group in 2019. Key process developments include:



**Establishment of Integrated Governance, Risk, and Compliance (GRC) projects**

to upgrade integrated risk management in all three areas using analytical data to plan operations and executive decision-making, which contributes towards the achievement of greater efficiency and effectiveness in management. Business groups under our non-listed companies will be encouraged to carry out GRC projects in the upcoming year.



**Development of risk assessment application software**

enables efficient risk management within the Group.

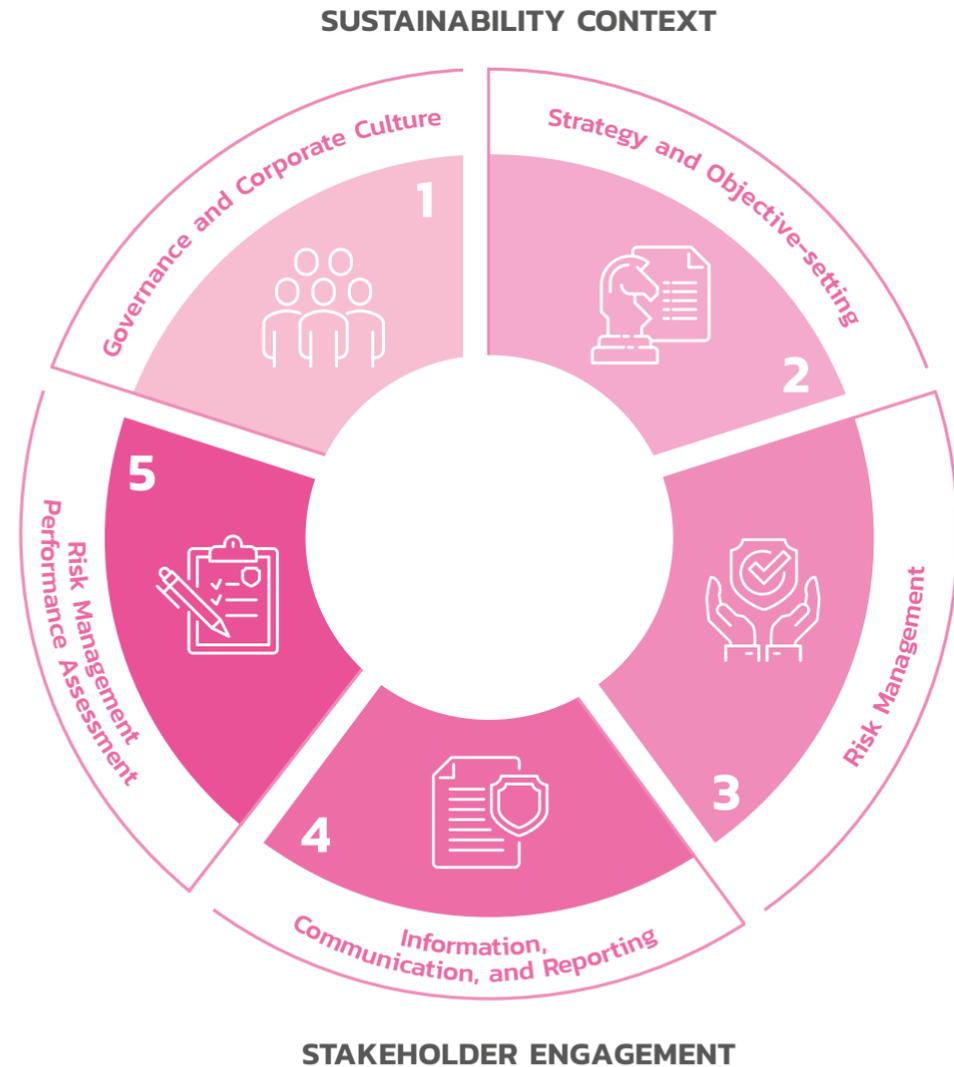


**Development of a management dashboard**

allows executives to view risk data, risk outlooks, and risk management effectiveness via mobile phone, while also linking to other systems, such as compliance governance, grievances and whistleblowing, etc.

The Risk Management Committee oversees compliance with the Group's risk management process, which consists of five phases in accordance with the COSO standard:

## Risk Management Model of Charoen Pokphand Group



### 1. Governance and Corporate Culture

Business groups/lines and functions determine their respective corporate governance structure, roles and responsibilities to appropriately suit the nature of their business, operations and corporate governance principles, including the establishment of risk management structure, roles and responsibilities, risk management system and risk management cooperation, and commitment throughout the organization.



### 2. Strategy and Objective-setting

The risk management function defines the corporate strategy by reflecting on relevant risk environment, scopes and categories, as well as defining an appropriate criteria and risk appetite. In order to align risk management and data communication towards the same direction, C.P. Group has classified risks that may concern our business groups into 8 categories, namely 1. Financial, 2. Corporate Image and Reputation, 3. Environmental, 4. Economic, 5. Social, 6. Operational, 7. Ethics and Compliance, and 8. Strategic.



### 3. Risk Management

The risk management function identifies risk events that may impact the organization, assesses and prioritizes the risks, sets up management strategies, and plans, executes, monitors and provides periodic reports. Top executives have the responsibility to ensure that the risk treatment plan has been set in line with the Group's objectives and goals, to maintain the risk appetite/tolerance at an acceptable level and to reassess the risk at least once a year. The central risk management function or person-in-charge will frequently update the risk database and registration to keep it current and accurate, as well as review risk control effectiveness to further enhance operations.



### 4. Information, Communication, and Reporting

The risk management function compiles and analyzes risk data for executive decision-making and collaborates with the Human Resources Office to determine the need for risk-based training, which can be conducted in conjunction with the annual human capital development plan.



### 5. Risk Management Performance Assessment

is a review of the overall effectiveness of risk management by following up with the person-in-charge of the risk management plan for monthly performance reports to obtain approval from those who carry out risk management. This practice aims to monitor progress and review the plan's effectiveness in case of possible changes to key factors or failure tendencies. The Risk Management Committee decided to review implementation of the plan at least once a year in order to evaluate the progress of the risk management plan and reassess the risk level which will be linked to the overall annual assessment.

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In 2019, C.P. Group carried out a risk assessment and identified the following issues as key risk factors:



**Food Safety and Product Reliability**

Consumers today are more concerned about health and opting for food products that are safe, nutritious, and of high quality. Food is C.P. Group's main business; thus, we have consistently invested our resources in research and development of new products, giving utmost priority to quality and safety. The Group has also set up a food safety management system, as well as a quality and safety control system which prioritizes the quality of raw material production.



**Animal Epidemics**

C.P. Group's business involves animal farming which faces frequent environmental changes leading to possible animal disease outbreaks, some of which are transmissible to humans. Animal epidemics may affect not only animal farming efficiency, but also the Group's performance and consumer trust.

Therefore, infection control measures and epidemic contingency plans have been established in coordination with relevant agencies.



**Corporate Reputation**

News and information can now be obtained easily and quickly. Preferring to communicate and exchange opinions through social media, consumers are vulnerable to negative or misleading information that may cause misunderstanding and affect the Group's credibility and reputation.

In this regard, C.P. Group places importance on conducting our business sustainably by setting out clear goals and following sustainable development principles. Additionally, we have established a Group-level communications function to oversee the communication management system.



**Cyber Attacks and Information Security**

Businesses currently rely on technology to increase their efficiency. However, the use of technology may leave companies exposed to information security risks and other cyber threats that may ultimately cause damage to the Group's business.

Therefore, C.P. Group has raised awareness among employees on cyber security, establishing the Security Operating Center, executing the Digital Transformation Project and adopting cybercrime insurance coverage.



**Accountability and Supply Chain Traceability**

C.P. Group conducts business with a large number of suppliers in various industries. Should conflicts arise with any of these partners, the Group may be impacted. Thus, the Group has developed and communicated the Supplier Code of Conduct to reach a mutual understanding with our suppliers. Additionally, a traceability system is in place throughout the supply chain, while key partners are assessed for appropriate qualifications in accordance with the Group's criteria.



**Fraud and Corruption**

Fraud and corruption are serious issues that can significantly impact business operations. Therefore, C.P. Group focuses on conducting business in a transparent and verifiable manner by establishing anti-corruption policies, assessing potential corruption risks, raising awareness through trainings and public relations, creating whistleblowing and grievance channels, and establishing a compliance audit system.



**Safety and Environment**

Safety and environment are issues of high priority for C.P. Group. They serve as the key factors in how we conduct our business, which demonstrates our commitment to social responsibility. The Group has, therefore, set up a policy on occupational health and workplace safety, as well as periodically auditing the implementation of said policy. Trainings have also been organized to create knowledge and understanding as well as to foster a culture of safety awareness among all employees. In terms of the environment, C.P. Group has defined long-term conservation goals, such as reducing greenhouse gas emissions, planning for efficient water consumption, etc.



**Laws and Regulations**

Fluctuating circumstances cause regulators to review and enact new laws and regulations which are more stringent, such as the Personal Data Protection Act B.E. 2562 (2019), the Trade Competition Act B.E. 2560 (2017), etc.

Therefore, C.P. Group constantly monitors these new laws and regulations, hosts activities to train employees and appropriate functions on changes to relevant laws and regulations or their promulgation to be ready for such changes.

### 3. Capacity Building for Compliance Governance

*“Since 2017, C.P. Group has integrated compliance guidelines while providing continuous updates, in addition to designating the development of a compliance management system as one of its sustainability strategies.”*



C.P. Group places great emphasis on conducting business in compliance with local and international laws, rules and regulations, which have become more stringent over time. As a result, the Group has raised the importance of ethical and compliance risk to the same level as strategic risks.

Since 2017, C.P. Group has integrated compliance guidelines while providing continuous updates in response to expectations and demands of stakeholders worldwide. In 2019, the Group has **strengthened its capacity for compliance through policy developments** and issued the **Compliance Policy in Thai, Chinese, and English**, for all companies under the Group to implement. The policy was enforced in order to reflect the intent of the Group to comply with regulations and provide operational guidelines to employees and stakeholders worldwide, which helps strengthen compliance with tangible progress.

In addition, the Group designated the development of a compliance management system as one of its sustainability strategies. Consequently, experts and stakeholders from various business groups around the world have been invited to study global guidelines and standards in order to develop C.P. Group’s **Compliance Framework**, which helps **strengthen compliance capabilities through process development**. The objective of the Compliance Framework is to create a sustainable compliance management system in response to the context of the Group. Moreover, the Group has compiled relevant laws and stored them in a central information system developed by the Group’s IT team in order to share knowledge on compliance, which is connected to the Group’s Ethic and Compliance Risk Management. The Group also set up a compliance audit system as a standard for each business group, which has been benchmarked against internationally recognized organizations, such as DJSI, OECG, ISO 19600, COSO, UNGC, the Stock Exchange of Thailand, Ethisphere, etc. Best practices on corporate governance from our global partners, such as Ping An and Allianz, also help create the synergy between the governance, risk management, and compliance bodies.

The Compliance Framework consists of four fundamental components, namely

**1. Leadership and Culture**

define that each process should initially start with top executives establishing tone at the top, and fostering a corporate culture of compliance engagement and awareness in employees and stakeholders, such as suppliers, throughout the entire process.

**2. Structure, People, and Measurement**

serve as tools for implementing and maintaining compliance.

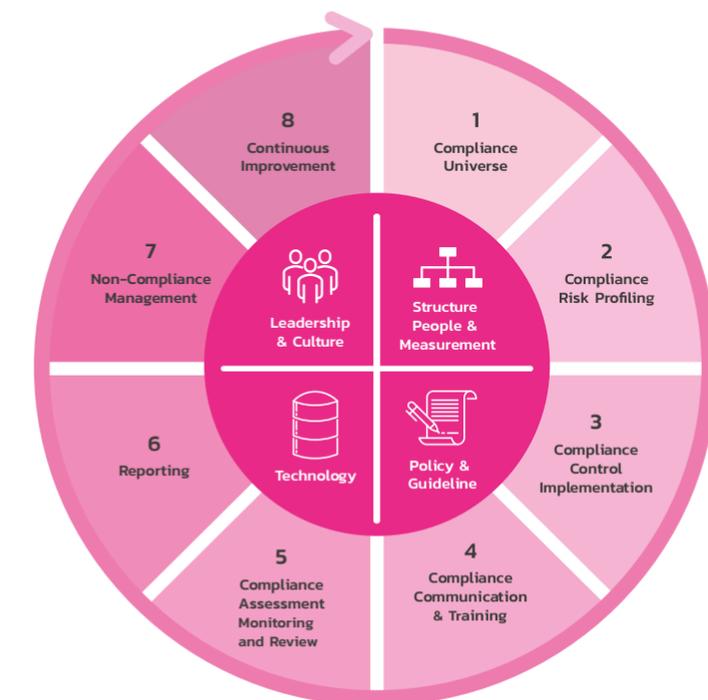
**3. Policy and Guideline**

serve as a clear and printed reference for implementation on a practical level.

**4. Technology**

is used to support the compliance framework by ensuring that it is efficient, timely, accurate, correct, reliable and meet the Group’s data confidentiality classifications, as well as ensuring that the same standards are met across the Group. Technology is also used to support governance and decision-making on sustainability by effectively taking into account moderation, rationality, immunity, knowledge and integrity at all levels according to the Group’s core values.

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From the four fundamental components, C.P. Group has developed eight compliance management sub-processes:



**1. Compliance Universe**

A collection of rules and supporting information, such as content, responsible function, penalties, etc., in a database accessible by relevant employees. The database is updated periodically, or when significant changes occur to important rules by the respective working group in relevant areas, such as occupational safety, health and environment, personal data, etc.



**2. Compliance Risk Profiling**

The assessment of both likelihood and severity of non-compliance. The assessment is carried out at least once a year, or when significant changes occur, in order to prioritize compliance and determine appropriate control measures.



**3. Compliance Control Implementation**

Three types of compliance control measures have been defined, namely non-compliance prevention measures, non-compliance detection measures, and non-compliance corrective measures. These measures are reviewed at least once a year or when significant changes occur.



**4. Compliance Communication and Training**

The appropriate type of communication is selected based on the target audience, content, and objectives according to the established communication and training plan. Additionally, consulting channels are provided for clarification of any queries. The issues in question will be used to further improve communications.



**5. Compliance Assessment, Monitoring and Review**

Compliance assessment, monitoring and review are conducted to enable prompt detection and correction of non-compliance, as well as efficient impact management and minimization. Compliance assessment can be carried out in two formats, namely self-assessment and audit by a governing unit. When non-compliance is detected, the responsible function will classify the priority level of the issue, identify the cause, and determine corrective measures, as well as follow up on corrections and keep its record as a case study.



**6. Reporting**

Compliance performance is reported to executives and relevant parties at varied frequencies depending on the issue at hand and the purpose of the report.



**7. Non-compliance Management**

C.P. Group has established a whistleblowing policy and guidelines to open channels for lodging complaints, which lead to non-compliance monitoring, correction and improvement in order to prevent recurrence.



**8. Continuous Improvement**

Top executives and relevant units take part in reviewing the compliance system's yearly performance according to specified topics.



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*Additionally, in 2019 C.P. Group also conducted the Compliance Performance Assessment in three areas:*

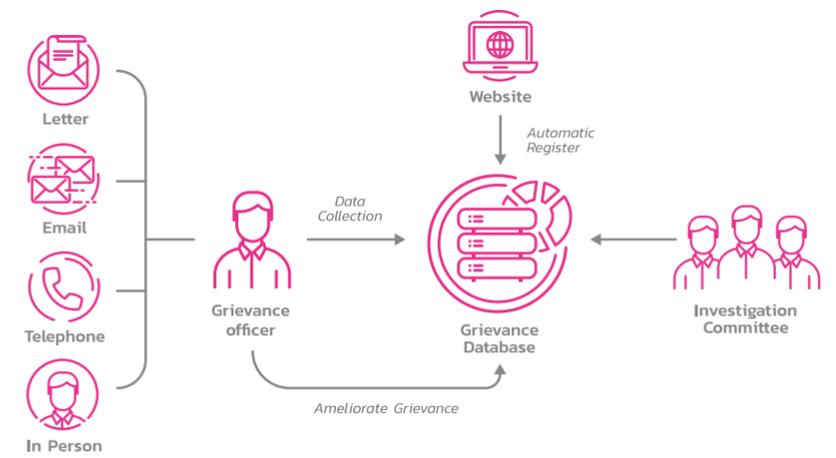
- 1) Assessment of compliance with the Conflict of Interest Policy and Guidelines by non-listed companies in Thailand.*
- 2) Assessment of compliance maturity, carried out on non-listed companies in Thailand and China.*
- 3) Assessment of compliance with the UN Global Compact framework, carried out on listed companies in Thailand, China, and Myanmar.*

Grievances and Whistleblowing as part of our compliance management, C.P Group places importance of raising ethical and behavioral standards within the organization while working to prevent and eliminate inappropriate behaviors that do not comply with the Group's core values by setting up grievance and whistleblowing channels for all stakeholders. In 2019, the number of grievance and whistleblowing channels was increased to five, namely the C.P. Group website, telephone, e-mail, post, and in person. Examples of grievances and complaints include issues on services, fair practices, labor practices, environment, conflict of interest, information security, etc.

Additionally, the Group has established the Whistleblowing Policy and Guidelines, in addition to processes for receiving and handling stakeholders' complaints by establishing an investigative procedure and a specific committee to investigate, verify, follow up and resolve the complaints in a fair and timely manner.

Moreover, the rights of the whistleblower and relevant parties are protected fairly from retaliation through the use of technology for information management which grants access rights only to a restricted group of employees. The list of employees who are given access to the system is reviewed once annually. A summary report is also prepared for executives and relevant parties, such as the Sustainability, Good Governance and Corporate Communication Office, C.P. Group, risk management function, the Human Resources Office, and audit functions, etc.

**Grievances and Whistleblowing System**





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# Cultivating Corporate Culture

C.P. Group recognizes that for employees to acknowledge and comply with the Group's expectations, it is essential for them to have an accurate and clear understanding of corporate governance. In order to build a culture of good corporate governance, risk management, and compliance throughout C.P. Group, different methods of training are conducted across Charoen Pokphand Group Co., Ltd. and C.P. Group companies, as well as building engagement through organizing various activities.

In 2019, C.P. Group organized several activities to build its corporate governance culture in three areas as follows:

## 1. Cultivating Good Corporate Governance Culture

### 1.1 Ethical Training

C.P. Group has always held ethics, integrity, and honesty in the highest regard when conducting business. In support of this, the Group has built its ethical corporate culture through providing Code of Conduct training in various methods to ensure that all C.P. Group employees have access to training, whether in Thailand or abroad. Employees undergoing training are also required to pass the accompanying test to ensure that understand the contents in the Code of Conduct. In 2019, **100 percent of employees from non-listed companies in Thailand and from all companies in China passed their Code of Conduct training and test, meeting C.P. Group's corporate governance goals.**

For non-listed companies, ethical training is provided to employees at all levels, from top executives to operational staff, in both classroom training and e-learning formats. Below are some training highlights in 2019:



**100% of employees**

*from non-listed companies in Thailand and from all companies in China passed their Code of Conduct training and test*



### Classroom Training

To ensure that all top executives in C.P. Group recognize the importance of the Code of Conduct, C.P. Group organized four training sessions on the topic of 'Dealing with Conflicts of Interest' for its top executives in 2019. C.P. Group believes that overall Code of Conduct compliance starts with top executives as role models of ethical conduct. Training contents comprised of Code of Conduct definitions, its importance, and how to deal with conflicts of interest. In all, 162 executives participated in the trainings.

C.P. Group has also provided additional classroom training sessions for employees who were unable to access its e-learning platform to ensure that Code of Conduct training is accessible by all employees. In 2019, a total of 5,482 employees attended these classroom training sessions.

### Online Training

C.P. Group has provided an e-learning training platform so that middle management and employees can have convenient access to training. In 2019, a total of 8,791 employees underwent and completed their training online.



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Furthermore, each business group conducted activities in order to build awareness and understanding, as well as to continually cultivate a culture of ethics. In 2019, these business groups conducted the following activities:

**Activities Organized by C.P. Group Companies in Thailand**



**The Crop Integration Business Group (CPCROP)**

conducted a training session titled 'Corporate Governance and Compliance' for managers at head of department-level and above, as well as conducting separate Code of Conduct training sessions for employees and business partners.



**C.P. Trading Group (CPTG)**

conducted training activities to instill ethics in its employees, which included contents from the Code of Conduct, C.P. Trading's strategies, risk management, sustainable management, and establishing sustainability goals.



**Ascend Group**

developed its own online e-Learning channel for its employees to gain access to training and test their knowledge on the Code of Conduct.



**CP LAND**

conducted training sessions on corporate governance in the workplace for departmental managers under the project to elevate corporate governance and business ethics standards and related procedures specifically for C.P. Land's property development business group.



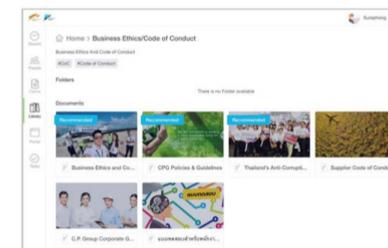
**CP Leadership Institute (CPLI)**

conducted additional Code of Conduct training sessions titled 'Employees in Harmony', tailored to highlight the Code of Conduct's third chapter about People to promote employees to treat their colleagues with respect and fairness.



**CP Packaging Business Group (CPPC)**

conducted its Code of Conduct training to cover new employees, while additionally covering topics such as conflicts of interest, ethical audits, and compliance audits for its manager-level employees and other relevant parties.



**Siam Land Flying Co., Ltd. (SLF)**

distributed the Code of Conduct, Policy and Guideline, the Supplier Code of Conduct and other manuals via the company's mobile phone application.



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## Training Conducted by International C.P. Group Companies



Business group in China



Business group in Myanmar



Business group in China

To establish unified business standards and grow sustainably, C.P. Group has been **advocating sustainable development, good corporate governance, the Code of Conduct, and responsible risk management amongst all business groups in China.** In total, 75,617 employees in China have undergone training. This training has also been **expanded to business groups in Myanmar.** C.P. Group's Code of Conduct has been translated into **4 languages, including Thai, English, Chinese, and Burmese.**

## 1.2 Roundtable Activity: 'Learning from our Leaders in Person'

C.P. Group recognizes that successfully developing good corporate governance culture depends on the 'tone at the top,' so top executives and managers of C.P. Group companies need to support, participate, and be good role models in training programs and the workplace.

C.P. Group conducted nine series of roundtables titled **'Learning from our Leaders in Person'** in 2019. In each roundtable, employees have the opportunity to hear from and discuss with top executives from Charoen Pokphand Group Co., Ltd. and subsidiaries

about their vision, opinions, and guidelines on setting a good example through engaging in practices that align with C.P. Group's values to cultivate a corporate governance culture. Such participation from top executives is important in fostering positive employee relationships, attitudes, and behaviors.



*"In each roundtable, employees have the opportunity to hear from and discuss with top executives from Charoen Pokphand Group Co., Ltd. and subsidiaries about their vision, opinions, and guidelines on setting a good example to cultivate a corporate governance culture."*





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1.3 Anti-Corruption Day Activities: 'United Against Corruption'

In its efforts to build a corporate governance culture, C.P. Group participated in activities for Anti-Corruption Day 2019, titled 'United Against Corruption.'

C.P. Group recognizes the importance of doing business with honesty, transparency, fairness, and corporate social and environmental responsibility. To show its commitment against all forms of corruption and advocacy of good corporate governance, C.P. Group established clear anti-corruption policies, guidelines, and measures that build business integrity, transparency, and traceability to strengthen credibility and trust amongst all of its stakeholders. Likewise, all C.P. Group companies are firm in its anti-corruption stance.

In 2019, Charoen Pokphand Group Co., Ltd and C.P. Group Companies participated in activities organized by the Anti-Corruption Organization of Thailand for Anti-Corruption Day 2019, titled 'United Against Corruption.' The event is intended as a platform for Thais from all sectors to join together as 'United Against Corruption', according to each individual's role and responsibility. Together, 'United Against Corruption' stands strong against national corruption and corruption-related practices in society. This anti-corruption network was strengthened after expanding to include citizen, public, and private sectors. The C.P. Group companies gave their full cooperation and demonstrated their sincere intentions by strictly complying with anti-corruption guidelines.



"Recognizing the importance of doing business with honesty, transparency, fairness, and corporate social and environmental responsibility, C.P. Group demonstrates its strong commitment against all forms of corruption."





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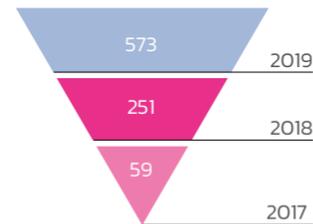
## 2. Building Risk Management Corporate Culture

C.P. Group focused on developing and educating its top executives on risk management, both in Thailand and internationally. In 2019, such training programs have expanded to include business groups in China and Myanmar.



**883 persons**

The cumulative number of top executives in Thailand and overseas that have participated in the ERM Executive Workshop.



*"Accurate and complete understanding is essential in order for employees to acknowledge and carry out the Group's expectations."*



## 3. Building Compliance Governance Culture

**Dissemination of knowledge on compliance in Thailand, China, Myanmar, and India**

for increased understanding of working in accordance with compliance principles.

**Conducted training on business rules and regulations**

to equip managers and employees from all business groups in Thailand with skills to operate according to compliance guidelines:

- Personal Data Protection Act (PDPA) Fundamentals
- Personal Data Protection Act (PDPA) Workshop
- Cyber Security Awareness
- Secure System Administration & Development



**Internal Control Systems and Compliance Training**

In 2019, training programs for managers and employees in all business groups in Thailand in charge of inspecting and supervising compliance with rules and regulations included:

- Compliance and Compliance Audit
- Ethical Audit
- Control Self-assessment



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# Disclosure and Stakeholder Engagement

*“Nearly 100% of employees that participated in the survey agreed that compliance with the Code of Conduct is a part of their work responsibilities and helps promote C.P. Group’s image.”*



C.P. Group recognizes the importance of business transparency and is resolute in building credibility amongst all of its stakeholders. To do this, C.P. Group practices responsible disclosure to both internal and external stakeholders.

With regards to **external stakeholders**, C.P. Group discloses information on its corporate website and issues a Corporate Governance Report and Sustainability Report annually.

In 2019, C.P. Group **developed the corporate governance section on its corporate website** to enable convenient access to its corporate governance information. For instance, this section included C.P. Group’s 11 Corporate Governance Principles; Corporate Governance Framework; Policy and Guideline; Code of Conduct; and Corporate Governance Report.

As for the disclosure of information to **internal stakeholders, or employees**, C.P. Group aims for consistent awareness and understanding of corporate governance by developing the following communication channels:



**1. CP Connect Platform**

is a platform that enables instant internal communication, increasing employees’ working capacity. This dedicated platform helps decrease external application use for better internal communications, while simultaneously supporting information security.



**2. The C.P. Group Corporate Governance Internal Newsletter**

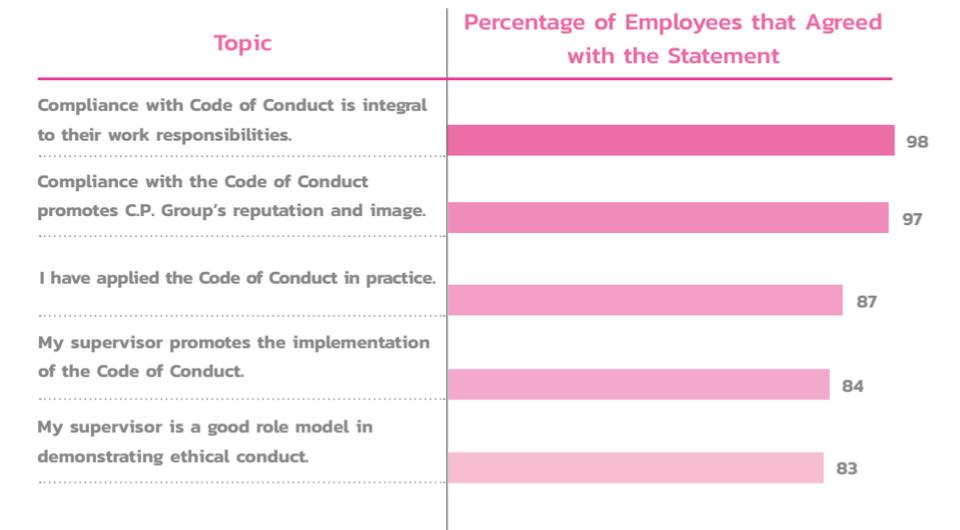
was first published in May 2019. Distributed quarterly, the newsletter is a medium that allows for the exchange of ideas and experiences about corporate governance and the Code of Conduct amongst various business groups, which helps instill ethics and a good corporate governance culture throughout the Group.

In addition to transparent disclosure, C.P. Group recognizes the importance of being aware of and understanding the needs of its stakeholders. Therefore, C.P. Group is vigilant in tracking awareness and compliance of the Code of Conduct amongst its non-listed C.P. Group companies by conducting an employee survey.

According to this survey, almost 100% of employees that participated in the survey agreed that compliance with the

Code of Conduct is a part of their work responsibilities and helps to promote C.P. Group’s image. In addition, 87% of employees agree that they used the Code of Conduct in work, 84% agreed that their supervisor encouraged compliance with the Code of Conduct, and 83% agreed that their supervisors were good role models of compliance with the Code of Conduct. Any topic in the survey that received lower than 80% were selected as areas of improvement for the next year to further strengthen good corporate governance culture and compliance.

**Employee Awareness Survey Results: Compliance with C.P. Group’s Code of Conduct (CoC) and Corporate Governance Principles**





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C.P. Group remains committed to building on our corporate governance successes in 2019. We are determined to continue engaging with our business groups to ensure Group-wide alignment in corporate governance, and we welcome feedback from all stakeholders to continue our development in corporate governance. Our corporate governance goals outlined for 2020 include the following areas:



Development of corporate governance structures for non-listed companies in C.P. Group



Enhancement of corporate governance systems, monitoring, and reporting to monitor up-to-date progress of C.P. Group companies



Promotion of corporate governance processes



Anti-corruption self-assessment of C.P. Group companies



Provision of localized translations on the Code of Conduct and training content



Updating corporate governance training and workshop development



Promotion of corporate governance network and employee engagement



Engagement with employees through surveys, activities, rewards, and increased channels for whistleblowing or submitting complaints



Ease of access to corporate governance information



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#### 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.

#### 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.

#### 3. Simplification

C.P. Group invests in 21 countries and economies worldwide, operating through more than 200 subsidiaries and employing over 300,000 persons. 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.

#### 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.

#### 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.

### 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.

### 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.

### 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.

### 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.

### 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.

### 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.

### 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, Charoen Pokphand Group)*
2. *Soopakij Chearavanont (Chairman, Charoen Pokphand Group)*
3. *Suphachai Chearavanont (CEO, Charoen Pokphand Group)*
4. *Dr. Ajva Taulananda (Vice Chairman, Charoen Pokphand Group; Vice Chairman, True Corporation Public Company Limited)*
5. *Adirek Sripratak (Vice Chairman, Charoen Pokphand Foods Public Company Limited; Director of CP ALL Public Company Limited, and Siam Makro Public Company Limited)*
6. *Tanin Buranamanit (CEO, CP ALL Public Company Limited)*
7. *Umroong Sanphasitvong (Deputy Group CFO, 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, Charoen Pokphand Group)*

### Independent Non-executive Directors of C.P. Group Listed Companies:

9. *Dr. Chaiyawat Wibulswasdi (Independent Director, Charoen Pokphand Foods Public Company Limited)*
10. *Dr. Kosol Petchsuwan (Independent Director, True Corporation Public Company Limited)*
11. *Professor Prasobsook Boondech (Independent Director, CP ALL Public Company Limited)*
12. *Andrew Ma (Independent Director, C.P. Pokphand Company Limited)*

### External Independent Members

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



ซีพี...เพื่อความยั่งยืน



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