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Hello to all our CP colleagues

C.P. Group has faced numerous challenges in a complex world and has weathered through many crises during the past 2 years, but we still manage to continue developing and delivering quality products and services. This can be attributed to the establishment and integration of ESG strategies as part of our business processes taking into account the impact on the environment, social and giving importance to corporate governance. All these have resulted in trust among consumers, increase in our competitiveness, and elevating the Group's sustainability.

In addition, ESG strategies also encourage our suppliers, who are an important element of our business, to follow the Group in develop their capabilities in embedding ESG into their business processes, therefore enabling us to grow together.

The Group regards responsible supply chain management as important and therefore encourages our suppliers to comply with the Group's Supplier Code of Conduct.

In this issue of CG Voices, we are honored by Mr. Prasit Boondoungprasert, Chief Executive Officer of Charoen Pokphand Foods Plc. (CPF) and Mr. Yuthasak Poomsurakul, Chief Executive Officer of CP All Plc. (CPALL), where both companies are committed to developing the capabilities of their third parties throughout the supply chain in conducting business with responsibility towards the environment, social and upholding corporate governance. The two executives will share with us their guidelines and practices in engaging with their suppliers to adhere to established guidelines as we steadily move forward in the new century. We are also honored to have our supplier shares his views on the benefits of complying with the Supplier Code of Conduct.

In the midst of a fiercely competitive business world, if we join hands and develop our capabilities together, this will lead to opportunities for the Group and our suppliers to enhance our collective competitiveness and build a robust sustainable business.

See you in the next issue.



Rongruja Saicheua
Editor

CPF and CPALL Strive to Level up Suppliers, Creating 'Sustainable Opportunities'

With global trade regulations and conditions becoming more intense and increasing day by day in line with sustainable development guidelines, this has resulted in the business sectors having to make changes in their operations to engage with all stakeholders with fairness and transparency.

This issue of CG Voices focuses on “suppliers” as stakeholders who are crucial in the production of goods and services to ensure quality, fairness, as well as embracing social and environmental responsibilities.

CPF Aims to Level up 'Suppliers' Towards a Sustainable Organization

Charoen Pokphand Foods Public Company Limited (CPF), a subsidiary company of Charoen Pokphand Group, operates a comprehensive agro-industrial and food business with investments in 17 countries and exports to more than 40 countries around the world. CPF has suppliers in its supply chain of more than 10,000 involving a variety of products such as raw materials for animal feed production, equipment and machinery, as well as energy, all of which comprise large and medium-sized companies in addition to SMEs.

Mr. Prasit Boondoungprasert, Chief Executives Officer of CPF Plc. said that the company adheres to the Three Benefits Principle of C.P. Group's Senior Chairman, Mr. Dhanin Chearavanont. Regardless of the country that the company operates in, the interests and benefits of that country must be considered first, then its people, and only then the company itself. CPF is therefore committed to conducting business with social and environmental responsibility. We also encourage suppliers to grow together with us in accordance with the “Sustainable Sourcing Policy and Supplier Guiding Principle” to ensure that business processes of the company and its suppliers are in compliance with laws and related regulations as well as meeting international standards. In doing so, it does not only enhance competitiveness, but also provides opportunities for suppliers to take part in taking care of society and the environment including important issues such as human rights, climate change, biodiversity protection, and no deforestation. All these constitute the policies we disseminate to our suppliers to follow as well.

“CPF encourages its suppliers to grow together by helping them with self-development and upgrading their capabilities to adapt with rapid changes in the global context. At the same time, suppliers must also have the determination and commitment to level up themselves continuously. CPF is ready to disseminate and share knowledge, experience and know-how so that we can all grow and move forward together.”



Mr. Prasit Boondoungprasert
Chief Executives Officer of CPF Plc.

During the crisis, the company also took care of its suppliers who are SMEs so that they can continue their business in a sustainable way. By helping suppliers during the COVID-19 pandemic, CPF was considered a leader in the Thai private sector in implementing the Faster Payment program whereby it reduced the credit term from 45-60 days to 30 days from the beginning of October 2020 right to the end of 2022. These assistance measures enabled more than 6,000 of CPF's SME partners to have better and faster cash flow management as well as increased financial liquidity to help maintain the business and employment throughout the pandemic.

The company also encourages businesses to announce their intentions to elevate their operations and as an organization certified by the Thai Private Sector Collective Action Against Corruption. This will lead to improved competitiveness and sustainable operations for suppliers.

Case Study: Project "CPF x BBL Side by Side Revolving Loan for Suppliers"

CPF supports suppliers' access to funding to create opportunities for them to grow together. This followed the success of the Faster Payment project which reduced the credit term to within 30 days, helping more than 6,000 SME suppliers to get paid for products faster, enabling them to have financial liquidity and keep the business going while mitigating the impact of the COVID-19 crisis. After the pandemic subsided, CPF cooperated with Bangkok Bank to implement the "CPF x BBL Side by Side Revolving Loan for Suppliers" project which supports more than 10,000 CPF suppliers to gain access to ultra-low interest funding sources. It supports suppliers especially SMEs with opportunities to grow steadily and equip them with the ability to compete and to become a large manufacturer in the future. This project is a collaboration through Bangkok Bank's revolving credit service for entrepreneurs in supply chains throughout various industries.



CPALL Jointly Creates and Shares Opportunities with 'Suppliers'

CPALL has more than 2,000 suppliers, including strategic ones covering large, medium and small enterprises. Mr. Yuthasak Poomsurakul, Chief Executive Officer of CP All Plc. said "Suppliers are the key to doing business. If there are no suppliers, we have no products and no sales. In the past, the company continuously supported and promoted the capabilities and development of suppliers by integrating social governance and environment responsibilities into the management process throughout the supply chain. This is because we believe that in doing so, it will lead the company to have a sustainable good corporate governance system."

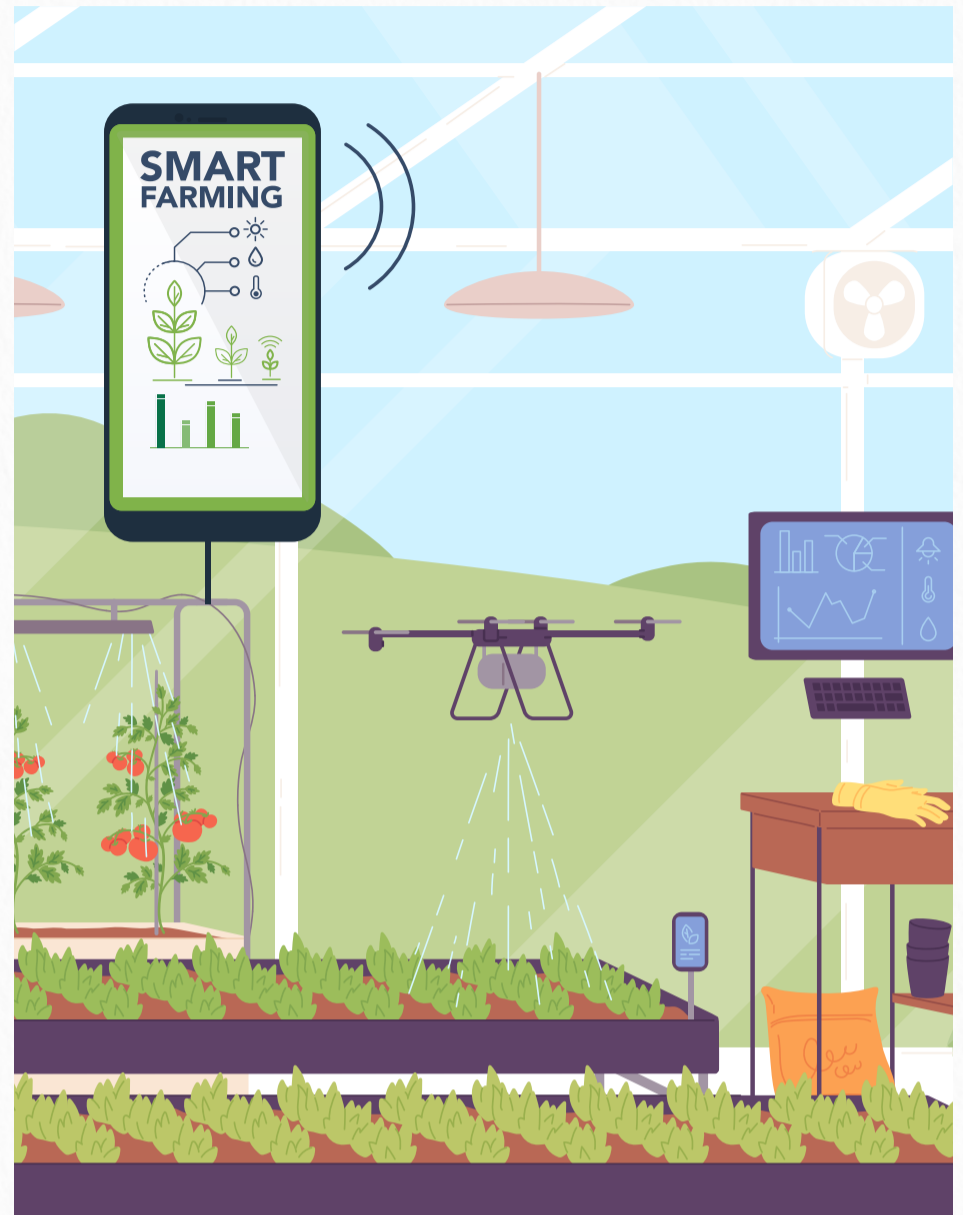
SME and small-scale farmers are groups that comprise small and medium enterprises encompassing more than 30,000 community enterprises and farmers in the ecosystem and value chain. CPALL places importance on sharing opportunities in various forms, such as supporting the sale of agricultural products through various channels like 7-11 stores and online channels. These endeavors help with income distribution to local areas more evenly as well as improving the quality of life through learning and experience, development of management skills, and agricultural technology progress to increase productivity and efficient management of arable land.



Mr. Yuthasak Poomsurakul
Chief Executive Officer of CP All Plc.

“We use innovations in postharvest technology that were very successful from the Golden Banana model. Subsequently, the results were expanded to include seasonal fresh vegetables and fruits, vegetables used in salads, cut fruits and ready-to-cook vegetables sold in approximately 100 7-11 stores nationwide under the “7-11 Alongside with Thai farmers Project.” The focus was on developing capabilities from upstream to downstream by driving factories to meet Good Manufacturing Practice (GMP) with the introduction of industrial agriculture innovations from both public and private sector networks which were developed and implemented in planting, production or processing, including joint development of packaging to increase product value to meet the needs of customers in a new way of life.”

As for guidelines in engaging suppliers, CPALL has continuously conducted surveys of its suppliers every year. The results are used to help improve work processes in accordance with their needs. The company consistently organizes activities with suppliers which involve company visits, joint development to create innovative products that meet the needs of consumers, consultations and promoting the development of entrepreneurial capabilities. We have established various channels to receive feedback from suppliers for further improvement, both opinions and complaints such as a direct phone line 02-826-7771, etc. In addition, CPALL regularly communicates news and useful information to suppliers so that they can improve their operations for mutual development and growth.



Case Study: From a Young Mechanic to a New Generation Millionaire Farmer

CPALL established a trial project to sell fresh vegetables in 7-11 stores to help small scale farmers. Mr. Manit Thippinthonng (Mr. Wit) aged 36 years, the owner of Suwan Earth Co., Ltd. joined the project in 2014, bringing fresh vegetables from his own garden, such as white cabbage, Chinese morning glory, and cauliflower to sell in 7-11 stores. The feedback has been good and successful. Fresh vegetables from Mr. Wit's garden are now available at more than 300 7-11 stores. During the COVID-19 outbreak, daily sales of fresh vegetables formerly were from 6,000-8,000 packs increased to 20,000 packs per day. 7-11 suggested making ready-to-cook vegetable sets, such as Tom Yum Set, Suki Set, Stir Fried Basil Set, Chili Paste Set to meet the needs of today's consumers which in turn can further stimulate vegetable sales for farmers as well.



Cargill Engages with Suppliers at All Levels, Aiming to Be The World's Most Sustainable Food Supply Chain

Today's business world is highly connected and interdependent comprising not just subsidiaries and joint venture partners, but also suppliers at all levels throughout the supply chain, both directly and indirectly. It is therefore imperative that companies need to have clear guidelines for governance to help manage risks and promote the success of the organization.

Most companies provide a Supplier Code of Conduct for their suppliers to follow. This is managed along with raising awareness and encouraging engagement so that the businesses can progress together steadily.

In this issue of CG Voices, we take you through the supply chain management of Cargill, a global giant founded more than 155 years ago and spanning a wide range of industries such as food, agriculture, and finance while employing more than 155,000 people worldwide spread across 70 countries. Their main business, palm oil, involves a large number of stakeholders ranging from smallholder palm farmers to large palm kernel oil refineries.

Cargill sources palm oil from more than 10 countries encompassing 17 palm oil refineries, 12 palm oil mills and 5 palm plantations, with most of its plantations shared with close to 24,000 smallholder farmers, who have plantations of 2 hectares each. The majority of the oil is sourced indirectly via traders and refiners on the open market consisting of 18 palm oil refineries, 12 palm oil mills and 9 palm plantations. More than 95% of the company's palm oil production comes from around 1,416 external palm oil mills owned by Cargill's suppliers.

Cargill set a goal of becoming the world's most sustainable food chain. Therefore, all suppliers in its supply chain are required to adhere to the company's NDPE policy (No Deforestation, No Peat, No Exploitation). This entails no deforestation, no use of peat and not taking advantage of people and the environment. Moreover, it requires the compliance with the company's Supplier Code of Conduct to reduce the impact of the company's business operations on the world.



Diversified Supplier Management Strategies

Cargill has designed a Supply Chain Mapping to create a detailed database, identified risk areas by using the Global Forest Watch Commodities (GFWC) palm risk assessment tool, and then listed high-priority palm oil mills as well as determined different strategies for managing direct and indirect suppliers. In the event it is necessary to purchase directly from refineries in high-risk areas, the company will pay a site visit to look for areas to improve efficiency as well as formulate a plan for continuous improvement in operations along with checking compliance with factory regulations.

With regard to palm oil mills located in low or medium risk areas, the company will provide training workshops on various related topics such as non-deforestation, health, safety and occupational health of workers to create a platform where insights can be shared. It also requires suppliers to perform a self-assessment, which Cargill will review and certify. The company also organizes activities to help develop specific capabilities, such as online training for refineries located in Latin America with a focus on reducing deforestation and the protection of human rights.





For palm oil mills which the company has no direct trade relationship, Cargill has accordingly made adjustments to align with its own suppliers by allowing suppliers and refineries who deal directly with Cargill to create their NDPE plan that covers their own suppliers in the next tier. This is supplemented by encouraging the organization of training across the supply chain network to stimulate and incentivize compliance with the NDPE policy.

As for smallholder palm farmer groups, Cargill promotes capacity building and responsible palm plantation development in order not to encroach on forests beyond the permitted area by providing business skills training in various areas such as good farming practices that do not impact the environment and society, palm plantation development, accessibility to production factors, and plant distribution. In addition, Cargill has implemented a program to promote smallholder palm farmers from around the world to receive Roundtable on Sustainable Palm Oil (RSPO) certification to help them achieve higher yields, better market access and increased income. There are 648 smallholder palm farmers who have received the RSPO certification and more than 4,000 are ready to participate in this initiative.

Developing Suppliers at All Levels to Grow Together in a Sustainable Way

For suppliers who are unable to comply with the NDPE policy, particularly in the fresh palm trader and smallholder palm farmer groups, Cargill continually provides training and support with various tools. However, if palm oil mills or farmers are still unable to comply with the NDPE policy, they are placed in the pending group via the grievances process which is both a transparent and clear procedure.

In addition, Cargill collaborates with large suppliers or other companies in the same business sector to encourage its suppliers and farmers in developing their capabilities to meet the company's NDPE policy, as well as working with experts and the government to educate suppliers on awareness of potential impacts resulting from business operations and palm plantations.

Cargill says that it connects more than 3 million smallholder palm farmers worldwide who depend on palm oil for their living with consumers who need it while focusing on quality and safe products that are traceable. In this respect, managing the supply chain to comply with its NDPE policy is an important factor in reducing risk and building trust for Cargill's businesses. It will help achieve the company's prime goal of becoming the most sustainable food supply chain in the world.



Source:

<https://www.cargill.com/sustainability/palm-oil/sustainable-palm-oil>

<https://www.cargill.com/sustainability/palm-oil/engagement>

<https://www.cargill.com/doc/1432076149492/palm-oil-policy-statement-pdf.pdf>

<https://www.cargill.com/story/helping-smallholder-farmers-improve-sustainability,-productivity>

<https://www.cargill.com/doc/1432217037477/cargills-2021-palm-oil-report-and-2025-2030-roadmap.pdf/>

<https://www.foodnavigator-asia.com/Article/2021/11/30/Sustainability-claims-Cargill-highlights-rising-importance-of-sustainable-palm-oil-on-the-back-of-Malaysian-investment#>

<https://www.environmentalleader.com/2020/11/cargill-shifts-nc-plant-to-provide-rspo-certified-palm-oil/>

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<https://www.foodnavigator.com/Article/2021/09/15/Traceability-a-key-enabler-of-trust-transparency-and-sustainability>

Beyond Compliance with C.P. Group's Business Standards for Suppliers, are Verification and Validation

Doing business with C.P. Group, a leading business with worldwide operations, is already a verification and validation in itself.

Mr. Anup Pidigacandy

Executive Director of Excel Industries (Thailand) Co., Ltd.

Business operations that meet international standards entail complying with laws and regulations as well as the Supplier Code of Conduct including practices related to suppliers in the supply chain. These are considered the basis of doing business mutually. In addition, assessments and audits must be accommodated, whether they are internal or external, or for comparisons with various standards that will certify products and services for quality. This will not only help elevate the business, but will also generate “business opportunities”.

Mr. Anup Pidigacandy, Executive Director of Excel Industries (Thailand) Co., Ltd., a supplier of Lotus the major retail business arm of C.P. Group, discussed business opportunities arising from being a supplier who participates in best practices and has been certified to international standards.

Excel Industries was established in 2014 as an SME and an original equipment manufacturer (OEM) for various brands according to specifications of the customer. Its business is the manufacturing and exporting of baby products such as baby bottles, nipples, training cups, etc. The company became one of Lotus Thailand's supplier networks in 2021.

Mr. Anup explained that becoming a Lotus supplier involves going through a rigorous and comprehensive evaluation process. There are many conditions relating to business practices, especially the issues of social and environmental responsibility. Despite “being a challenge, being able to comply was in itself a rewarding experience.” Excel Industries is not a big company. The manufacturing of children's products must focus on quality and safety. Moreover, it also necessitates compliance with laws, regulations, and international standards, including environmental practices such as Zero Waste policy, cost-effective use of plastic raw materials, and social practices such as respect for human rights. To this end, the company has signed a Memorandum of Understanding (MOU) with recruitment agencies to ensure fair labor recruitment.

Mr. Anup added that the company regularly attends online workshops organized by Lotus so that it can better understand and be aware of the guidelines. This also includes ongoing training for employees working in the packaging and production factories, all of which are in accordance with the standards of C.P. Group.



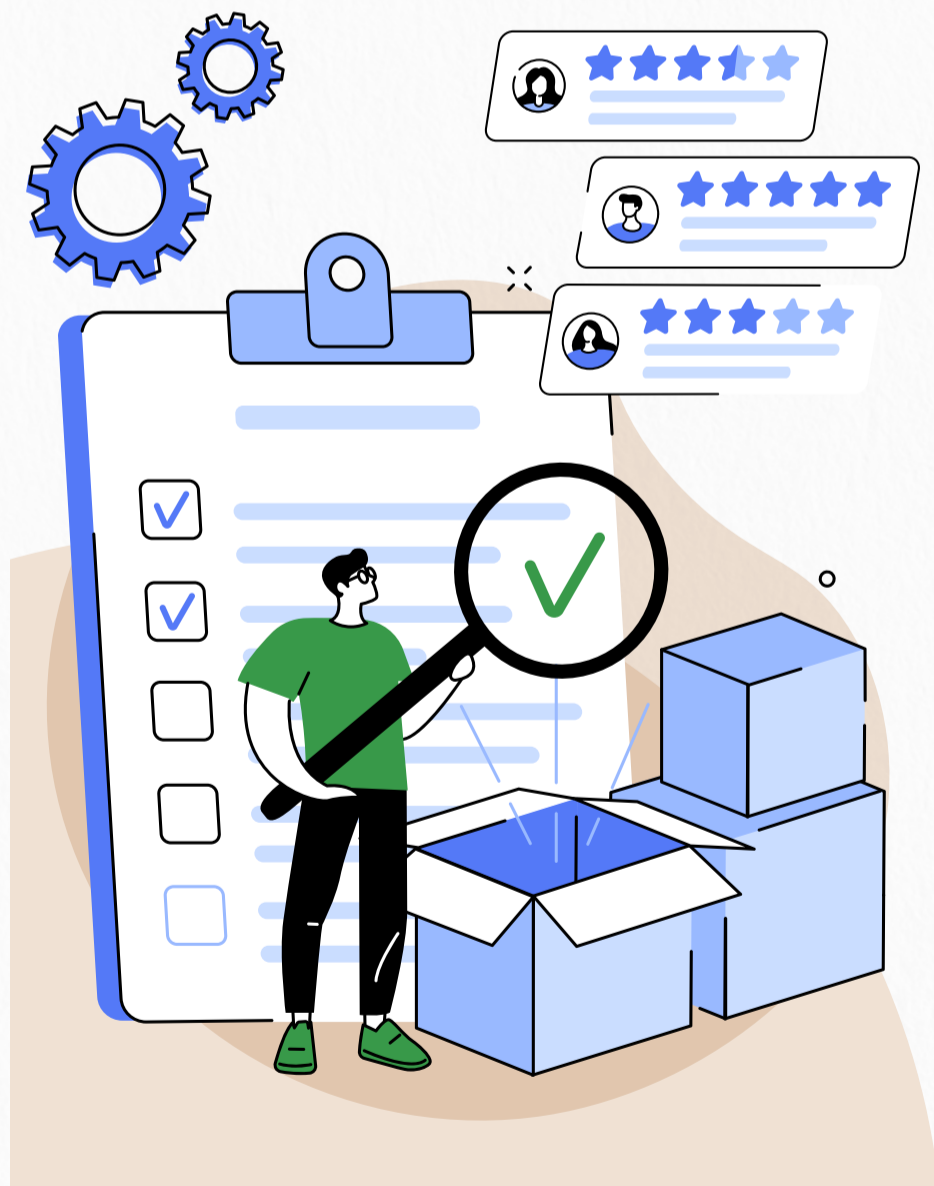
Mr. Anup Pidigacandy

Executive Director of Excel Industries (Thailand) Co., Ltd.

“C.P. Group has the highest standards among our business partners. Therefore, we need to conduct training in order to raise awareness among our employees so that they can comply with the standards set by C.P. Group. We are able to comply with all standards not only for the quality of the products delivered to consumers, but also for the safety of our own work environment.”

Mr. Anup said that the company's compliance with the Supplier Code of Conduct and related standards further elevates its own business standards, and consequently to adhere to other best practices is no longer a challenge.

More than meeting supplier business standards, is engaging with the nation's largest retail conglomerate. This leads to business growth and helps spur innovation, reduction in production costs, and development of new products, and making it possible to manufacture products that meet the needs of consumers. Moreover, it helps to improve product inspection standards such as the adoption of robotic testing systems and world-class testing standards, as well as being informed of new practices that have changed.



Mr. Anup said, “Our business processes are evaluated on a regular basis every three months, enabling the company to consistently deliver quality and safe products. Being part of C.P. Group’s business, a leading enterprise with a global network, is indeed a privilege for the company. When consumers find our products on sale in Lotus, this can be interpreted as a quality assurance, as well as a means of verification and validation for our products. It also helps open the possibility of other marketing channels for those traveling in Thailand – seeing our products may lead to further openings in other markets.”

Based on Excel Industries’ experience in doing business, Mr. Anup advises other SMEs to uphold three principles: innovation, quality and consistency. Businesses must not compromise on product quality. They must fully comply with laws and regulations as well as new ones as they come into effect. In doing so, this will result in an advantage over other companies that may not be able to do so.

Mr. Anup concluded that Excel Industries has also applied C.P. Group's business standards as well as the Code of Conduct for its suppliers so that they will all have the same level of business practices and standards both in terms of social and environmental responsibility. Moreover, they will be able to develop their businesses and grow together while being able to continuously deliver quality and safe products to consumers.

CPALL Participates in Human Rights Due Diligence Exchange



CP All PCL participated in the exchange of Human Rights Due Diligence as part of the Human Rights Project for Businesses in the Thai Capital Market (Phase 2) at the SEC Office. The event was held on July 26, 2022 with the aim to create knowledge, understanding and brainstorming on sustainability management including Human Rights Due Diligence: “HRDD”. Ms. Korrani Thanasoontornkit, Vice President of the Human Resources Function at CPALL was honored to be a speaker educating and raising awareness among the attendees on how to engage stakeholders on human rights throughout the supply chain.

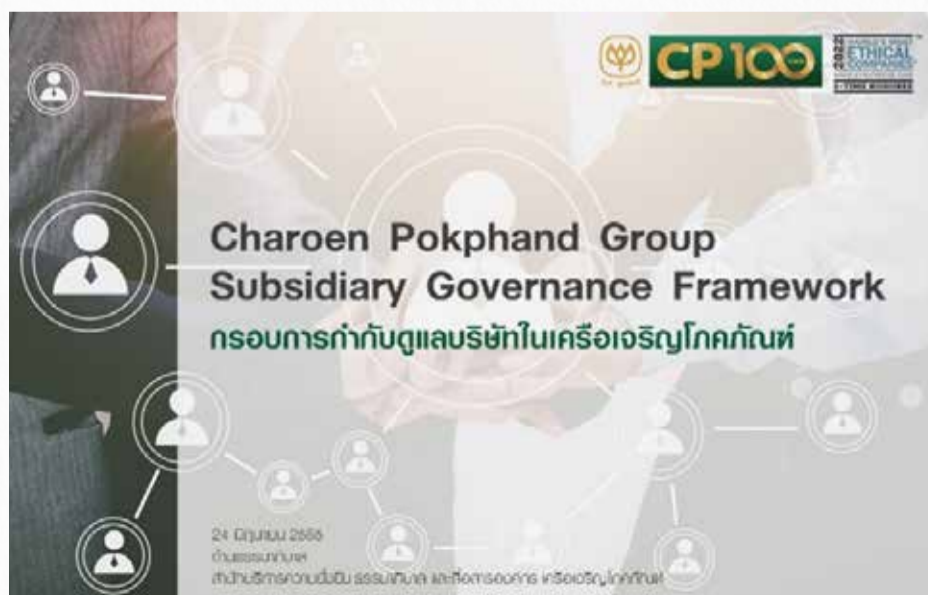
The Group Tutors Techniques on Investigating Facts

The Compliance Office of Charoen Pokphand Group organized a tutoring session on Advanced Investigations enabling employees who conduct factual investigations to carry out their duties accurately and fairly, as well as to effectively apply investigative techniques in their work. Moreover, the course helps to build confidence among employees and stakeholders regarding impartial and fair treatment. The event was held on August 10, 2022 with Mr. Worawit Premsoombat, Vice President of the Labor Relations Function from CPF (Thailand) Plc. as the instructor providing information and knowledge to 30 people from various business groups who perform investigative duties.



The Group Strengthens its CG Through Training on “Subsidiary Governance Framework”

Charoen Pokphand Group organized training on the topic “Subsidiary Governance Framework” to raise awareness and provide support to its subsidiaries in developing good corporate governance systems that are in line throughout the whole Group. The session was held on June 24, 2022 via ZOOM and broadcast in 3 languages: Thai, English and Chinese. It garnered much interest from participating business groups located in Thailand, China, Myanmar, Malaysia and Bangladesh, with a total of 350 participants.



CP Cultivates “Sustainability” Among Its Employees Worldwide

Charoen Pokphand Group conducted training on sustainability policy and guidelines to provide employees with knowledge and understanding of the essence of these written standards so that they can implement them correctly. In addition, the policy and guidelines were disseminated throughout the Group so that implementation and practice could be aligned. The training was held on August 16, 2022 with 302 employees from all business groups in Thailand, China, Myanmar, Malaysia, and Bangladesh.

การพัฒนาที่ยั่งยืน

คือ การพัฒนาที่ตอบสนองความต้องการของคนในรุ่นปัจจุบัน

โดยไม่ทำให้คนรุ่นต่อไปในอนาคตต้องลดทอนความสามารถในการตอบสนองความต้องการของตนเอง

ที่มา: Our Common Future, The Brundtland Report, 1987





All Business Groups Share Their Views on Draft Group Policies and Guidelines

Charoen Pokphand Group conducted a review of its risk management policy and guidelines in order to have risk management system that is reliable and able to control risk as well as comply with both domestic and international standards. A workshop was held on July 8, 2022 allowing representatives totaling 100 persons from all business groups to comment on the draft policy.

In addition, the Group conducted a review of its information security policy and guidelines which serve as a standard for keeping information and cyber security safe from all forms of cyber threats and in accordance with international standards. A meeting to gather views and opinions was held on July 14, 2022, with a total of 96 attendees from all business groups. The two events collected very useful advice and suggestions from the attendees resulting in the readiness of group companies to implement the policies further.





Do you know the answer ?

We would like to invite dear colleagues to join this game “Do you know the answer...?” which deals with the contents related to supply chain management in this issue of CG Voices. The first 100 lucky winners who to answer all questions correctly will receive a TrueMoney Wallet pen with a neck strap, complimented by TrueMoney Co., Ltd.

SCAN ME



1. Which of the following is not considered a third party of a company?

- A. Suppliers
- B. Business Partners
- C. Suppliers of suppliers
- D. Competitors
- E. None of the above

2. Which of the following is a supply chain management?

- A. Encouraging suppliers to comply with the Supplier Code of Conduct
- B. Continuous training to develop capabilities of suppliers and those in subsequent tiers
- C. Assessment and management of business risks of suppliers
- D. Following-up and regularly monitoring the operations of suppliers
- E. All of the above

3. Which of the following is not a guideline for supplier management?

- A. Suppliers shall provide the traceability to the origin of the product
- B. Suppliers shall operate their business that reduce the impact on society and the environment
- C. Suppliers shall procure of raw materials from sources that do not destroy environment
- D. Suppliers shall care, give back and helping society when a crisis occurs
- E. Suppliers shall deliver quality and safe raw materials, products or services

Here are the answers to the "Find Me If You Can" column in CG Voices Issue 9.

vertical

- 1. Impact
- 2. Compliance
- 3. Governance
- 4. Leader
- 5. Ethic

horizontal

- 1. Growth
- 2. Third Party
- 3. Embedding
- 4. Sustainability
- 5. Culture

