



Anti-Bribery & Anti-Corruption

Policy and Guidelines

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Anti-Bribery & Anti-Corruption Policy and Guidelines

1. Intent of Policy & Guidelines

Charoen Pokphand Group (C.P. Group) has a strict zero-tolerance policy against fraudulent activity, bribery and corruption, whilst operating at all levels with honesty, transparency and upholding the highest global ethical standards of business conduct.

2. Objective of Policy & Guidelines

C.P. Group has communicated its policy throughout the organization and instilled within the corporate culture that all forms of corruption are prohibited and unacceptable. C.P. Group mandates that all personnel and subsidiaries, including directors, executives and employees, shall not accept any forms of corruption (whether directly or indirectly, for the benefits of themselves, families, friends or acquaintances) and adhere to this policy and applicable laws, as well as dealing with counterparties and government agencies in a transparent manner, in order to maintain C.P. Group's firm stance against corruption and all its forms.

3. Roles and Responsibilities

Directors, executives, employees, suppliers and other related parties who are acting on behalf of C.P. Group must comply with policies, local laws and regulations in each country where C.P. Group has business operations, including Thailand's Organic Act on Counter Corruption (1999)

All of C.P. Group's directors, executives, employees, suppliers, agents, consultants, contractors, and subcontractors must comply with the following matters with the highest level of responsibility:

3.1 Fraud

Directors, executives and employees are strictly prohibited from involvement in all forms of fraudulent activities, for example, misappropriation of assets, including both tangible items such as cash and goods, as well as intangible items such as time card manipulation,

fraudulent accounting, forging financial documents, conflict of interest, cronyism and nepotism, etc.

3.2 Bribery

C.P. Group personnel are prohibited from giving or offering bribes, kickbacks or similar payment or consideration of any kind, whether at home or abroad, to any person or entity (including but not limited to any customers or potential customers, state official, political party, candidate for political office or any intermediaries such as agents, attorneys or consultants) in order to:

- Influence acts or decisions of that person or entity;
- Obtain or retain business or a business advantage for, or direct business to, C.P. Group; and/or
- Secure any improper advantages for the offer or of the bribe and/or any entity that he/she represents

Furthermore, all personnel are also prohibited from accepting, soliciting, agree to receive bribes, kickbacks, influence payment, or any improper or unlawful inducement, benefit or advantage.

3.3 Facilitation Payment

C.P. Group prohibits the making of facilitating or expediting payments, both directly and indirectly, by its personnel or anyone working behalf of C.P. Group.

3.4 Giving or receiving benefits in relation to gifts

C.P. Group prohibits relatives of individuals from receiving or accepting gifts, hospitality or any other object of value to or from personnel, except in the case that the gifts are consistent of the following:

- 3.4.1 A result of a practice of giving and receiving gifts
- 3.4.2 Realistic and reasonable in all circumstances
- 3.4.3 Intended to develop and promote C.P. Group's reputation, demonstrate the better reputation of the product or establish more cordial relations with each other, which will offer the following benefits:
 - (1) Given or received with honest intentions
 - (2) Appropriate to the particular circumstance
 - (3) Impartial and reasonable

(4) Accepted under current laws and traditions

3.5 Entertainment expenses

Entertainment expenses are allowed, so long as the expenses are spent at a reasonable amount, do not impact future business decisions or cause a potential conflict of interest, both of which could damage C.P. Group's image and reputation. Allowed Entertainment expenses consists of the following:

- 3.5.1 Is not in the form of cash or cash equivalents
- 3.5.2 Expenses can be disclosed openly
- 3.5.3 Passed process of approval prior to receiving or giving benefits
- 3.5.4 Has proof of evidence in the form of the original receipt
- 3.5.5 Evidence of expenses are properly recorded and safely stored.

3.6 Travelling and hospitality expenses

As a common practice to facilitate business dealings, on occasion, C.P. Group may receive a request to host and welcome customers' employees or prospective customers. All business travels and hospitality expenses must be moderated, and with a clear purpose to facilitate business dealings and not including a third-party.

Hospitality expenses in the form of meals are acceptable, as long as they are conducted legitimately and comply with C.P. Group's policies. In the case where travelling and hospitality is required, consider the following:

- 3.6.1 The purpose of travel must be clearly defined and approved beforehand. Any such expense reimbursement must be held on the basis of good faith, with evidence of supporting documentation, and filed for future inspection.
- 3.6.2 A memorandum of understanding, or a contract between companies in C.P. Group and government agency is prepared or signed, with a state official or civil servant as a representative. The payment or reimbursement of expenses, including travel, entertainment and accommodation costs must be in accordance with applicable laws, and must be approved by the relevant officer or executive in advance.
- 3.6.3 Avoid cash payments, daily allowances, disbursement of funds or reimbursement of the cost of travel, accommodation and

other related costs. Expenses should be paid directly to the relevant government agency, hotel or shop instead of paying to the civil servant or state official.

3.7 Charitable donations and contributions

C.P. Group is committed to providing support, donations or other forms of assistance in order to promote the business and strengthen C.P. Group's reputation, while not resulting in improper business decisions. The principles are as follows:

- 3.7.1 If any director, executive, or employee wishes to make charitable donations or contributions on behalf of C.P. Group, they shall prepare a memorandum specifying the name of the organization or person receiving such donations or contributions, the purpose of the donation or contribution, and submit such memorandum together with supporting documents to their direct line supervisor for approval.
- 3.7.2 Donations or contributions shall be made to legal organizations, not to any individual, and shall not improperly affect business decisions.
- 3.7.3 Donations or contributions shall be authorized by the proper manager or executive under each company.

3.8 Related Persons acting on behalf of C.P. Group

Business dealings represented by related persons (such as an agent, advisor, etc.) acting on behalf of C.P. Group can sometimes be the source of corruption or fraud, which can potentially damage C.P. Group's reputation as anti-corruption laws in many countries do not discriminate between actions of the company and actions of the related person that is made on behalf of the company. In order to mitigate this risk, personnel are responsible for the following:

- 3.8.1 C.P. Group shall publicize, educate, and communicate with related persons hired to represent or to act on behalf of C.P. Group, so that such persons acknowledge and conform to C.P. Group's Anti-Corruption Policy.
- 3.8.2 Directors, executives, and employees of C.P. Group and its subsidiaries shall communicate and ensure that any individual or juristic person, whether in public or private sector, having

duties relating to C.P. Group, or may have influence that will affect C.P. Group acknowledges and conforms to C.P. Group's Anti-Corruption Policy. Group acknowledges and conforms to C.P. Group's Anti-Corruption Policy.

3.9 Political Contributions

C.P. Group realizes the participation in developing the country by supporting politically, which must be conducted transparently and verifiably. In order to avoid discrimination or appear to benefit unfavorably both to political parties and to C.P. Group, the principles are as follows:

- 3.9.1 C.P. Group shall remain politically neutral, and not favor any political group.
- 3.9.2 C.P. Group can provide support, whether in the form of money or assets to certain political parties but such actions need to be transparent and not for the purpose of attempting to influence the recipient into an improper exercise of functions, duties or judgment.
- 3.9.3 Directors, executives, and employees have freedom and rights to personally participate in political activities as provided under the Constitution, but shall not refer to C.P. Group's name and shall not use any property, equipment or device of C.P. Group to support such personal political involvement/activity.

4. Procedures and Practices

4.1 Corruption risk management

Corruption Risk Management is a type of anti-corruption risk assessment designed to ensure that any corruption risk is managed systematically. Management in all departments are required to work proactively to prevent corruption in their respective departments by completing the following:

- 4.1.1 C.P. Group conducts corruption risk assessment of business transactions, those of which may have processes or procedures which may fall within the scope of corruption. In addition, management shall assess and reviews C.P. Group's corruption risk involvement annually.

4.1.2 C.P. Group shall implement the corruption risk management policy by identifying activities and highlights situations that are highly susceptible to corruption that may occur from business operations. C.P. Group shall estimate the corruption risks that may occur and the corresponding potential impacts as well as regularly monitor and review the corruption risk management measures. Such corruption risk management policy shall be continually reviewed in order for C.P. Group to have an appropriate and effective corruption risk management measures to manage the corruption risks to be at an acceptable level.

4.2 Data Management and Internal Controls

4.2.1 C.P. Group must have data management procedures and records of disbursements, by complying with International Financial Reporting Standards (IFRS), in particular:

- (1) Preparing the data and reports in a timely, complete and accurate manner.
- (2) Personnel must provide necessary documents for approval in accordance with the rules and regulations before any payment or approval of payment is made.
- (3) Do not conceal or omit any accounting records, as well as recording fraudulent or forged information in C.P. Group's reports.

4.3 Assessment Procedures and Internal Controls System

C.P. Group will provide an assessment procedure and an internal control system to prevent corruption, to ensure that the prescribed corruption risk management policy has achieved its goals and effectively prevent corruption and to monitor and ensure that internal operations are in compliance with applicable rules and regulations. Such assessment procedure and internal control system shall apply to all business units in C.P. Group, which is related to the Anti-Corruption Policy.

4.3.1 C.P. Group will ensure that the assessment by the Governance Audit Office (Sustainability, Good Governance and Corporate Communication) is conducted regularly and annually.

4.3.2 C.P. Group will provide protection for any whistleblower and complainant, ensure fairness and protection of employees or any other persons to give evidence of corruption within C.P. Group, as well as the staff who is denying corruption allegations. These measures protect the whistleblower and/or whoever cooperates in reporting corruption, as defined in the Whistleblowing Policy and Practices.

5. Training

C.P. Group shall have a training curriculum with modern and relevant content for directors, executives, and personnel to gain knowledge and a better understanding of the importance of anti-corruption in order to achieve sustainable growth.

6. Related Policies

- 6.1 Procedures and Guidance on Gift, Entertainment and Hospitality
- 6.2 Code of Conduct for Supplier
- 6.3 Anti-Money Laundering Policy
- 6.4 Whistleblowing Policy and Procedures

7. Review of Policy

Good Governance, Compliance Audit, Internal Audit and Human Resources Department shall review this policy at least once a year.

Appendix: Definitions

1. Bribe

A bribe is an incentive, compensation or benefit offered, promised or granted to any person to convince or influence that person to act or make any decision in order to obtain a commercial contract, regulatory or personal benefit.

Bribes could be anything of value, including money, gifts, insider information, special help, hospitality or entertainment expense, hiring relatives, remuneration or reimbursement, charitable or social contributions etc. where bribes do not need to have much value.

Examples of bribes are as follows:

- Luxury goods, food, entertainment or travelling expenses, especially when these goods are disproportionate to actual expense or is in the appearance of business negotiations
- Using service, facilities or assets of C.P. Group without any compensation
- Cash payouts
- Providing benefits to relatives of customers or prospective customers, civil servants and state officials, for example, providing tuition fees, healthcare or medical treatment
- Subcontracting to people connected to individuals who are involved in the main contract
- Participation in a local company whose owners are relatives of a customer or prospective customer, civil servant or state official

2. Bribery

Bribery is an offer or promise to receive or give money or other benefits, both directly and indirectly, resulting in improper action (improper action includes breach of trust, acting dishonestly, or acting in an unfair and biased way).

Benefits can be an offer, receive or an inappropriate action that can be both direct and indirect (such as conducting business through an intermediary,

or supplier of goods and services). Inappropriate actions can include business

of C.P. Group (for example, action of an employee or third-party in C.P. Group's name) or involving a government agency.

Bribery is a crime under the jurisdiction of the court and the law. C.P. Group also prohibits bribery in all forms.

3. Corruption

Corruption covers a wide variety of misconduct for persons performing on duty, persons with authority or persons assigned with important responsibilities through illegal channels or means according to ethical standards, such as theft, fraud, embezzlement, misappropriation etc.

Corruption also covers the misuse of authority (whether it be that authority is acquired through tradition, education, election, marriage, appointment or any other method) for personal gain.

Corruption practices and misuse of authority can not only be perpetuated by civil servants or state officials, but also in the private sector as well, all for personal benefit.

4. Facilitation payment

Facilitation payments are small compensations awarded to civil servants or state officials in exchange for providing the payer with special benefits not awarded normally.

Normally, facilitation payments are made to help expedite the process, or ensure that the state official will perform for the payer or relaxing any incoming inspections. Facilitation payments are illegal in almost all countries, including Thailand.

5. Political support

Political support refers to sponsoring politicians or political parties, both monetary and non-monetary, as well as lending or donating equipment and services free of charge, or encouraging employees to participate in political activities on behalf of C.P. Group, all in order to gain a competitive advantage.

6. Civil servant or state official

Civil servant or state official, including employees of state enterprises or government agencies, or government representative or election candidate, political party member or international public organization (i.e. United Nations, World Bank) or any person acting on behalf of the groups mentioned above. Governments include state, local, regional and national governments, both with respect to legislative power, executive power, and judicial power.