Sustainable Procurement Policy and Guidelines

Leadership Development Charoen Pokphand Group Co., Ltd.

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Sustainable Procurement Policy and Guidelines

Leadership Development Charoen Pokphand Group Co., Ltd.

1. Intent

Leadership Development Charoen Pokphand Group Co., Ltd. realizes that sustainable procurement is an important process in assisting product and service quality improvements as well as managing costs and utilization of resources in the production, delivery, consumption, and waste disposal processes throughout the product life cycle. In order to ensure that processes are efficient, cost-effective, and increase brand value, in addition to demonstrating accountability to stakeholders throughout the supply chain. The Leadership Development Charoen Pokphand Group Co., Ltd. is therefore committed to procure products sustainably and manage its supply chain in compliance with national and international laws, regulations, and applicable standards, including the United Nations' Sustainable Development Goals (SDGs), Leadership Development Charoen Pokphand Group Co., Ltd. Corporate Governance Principles, and the Code of Conduct. Leadership Development Charoen Pokphand Group Co., Ltd. is also holding accountable to accuracy, transparency, and auditability by considering environmental, social, and governance (ESG) impacts, promoting fair competition in procurement, in order to enhance the company's and suppliers' capacity to compete, resulting in increased suppliers' capabilities and efficiency, leading to sustainable mutual growth.

2. Scope

This Sustainable Procurement Policy and Guidelines apply to Charoen Pokphand Group (hereafter "the Group"), which includes Charoen Pokphand Group Co., Ltd., and all of its subsidiary companies that Charoen Pokphand Group Co., Ltd. has management control. The term "company" hereafter refers to any such company individually that has adopted this Sustainable Procurement Policy and Guidelines. This document shall be reviewed at least once a year or as conditions require.

3. Objective

To provide directors, management, and staff with guidelines on sustainable procurement and responsible supply chain management, including to promote supplier engagement and compliance with sustainable procurement practices and Supplier Code of Conduct of the company.

4. Roles and Responsibilities

4.1 Board of Directors

4.1.1 Consider and approve the Sustainable Procurement Policy and Guidelines.

4.1.2 Oversee business operations and their compliance with related laws, rules, regulations, policies and guidelines to ensure the proper implementation and execution of this Policy and Guidelines.

4.2 Management

4.2.1 Establish objectives, goals, and key performance indicators of sustainable procurement practices.

4.2.2 Establish guidelines, standards and procedures according to the business context that are consistent with the Sustainable Procurement Policy and Guidelines.

4.2.3 Determine the corporate structure and responsible persons with appropriate roles and responsibilities.

4.2.4 Establish a supplier selection criteria to ensure that there is a transparent pre-qualification process and that suppliers operate in accordance with the Supplier Code of Conduct and the Sustainable Development Goals.

4.2.5 Promote and support business operations in compliance with Group policies and guidelines, including applicable laws, rules, regulations and standards.

4.2.6 Assess and manage risks related to sustainable procurement throughout the supply chain in order to establish internal controls and operate in accordance with policies and guidelines.

4.2.7 Communicate this Policy and Guidelines to promote awareness for managers and staff at all levels.

4.2.8 Establish whistleblowing and grievance channels to report sustainable procurement violations, including whistleblower and complainant protection measures.

4.2.9 Monitor, manage, and support compliance with laws, policies and guidelines, requirements, and standards.

4.2.10 Consider the disclosure of sustainable procurement progress reports.

4.3 Responsible Department/Persons

4.3.1 Assess and manage product and service sourcing risks and supply chain management risks.

4.3.2 Establish an efficient sustainable procurement management plan throughout the supply chain in alignment with policies, guidelines, and strategies of the company.

4.3.3 Establish criteria and procedures for selecting suppliers in accordance with corporate governance principles, Code of Conduct, and Sustainable Development Goals of the company.

4.3.4 Establish efficient internal control and audit systems of the procurement process.

4.3.5 Assess sustainable procurement performance that includes the selection criteria and process, and contract management on a regular basis.

4.3.6 Build awareness and provide advice on sustainable procurement to employees and stakeholders throughout the supply chain.

4.3.7 Prepare a sustainable procurement performance report.

4.4 Staff

4.4.1 Read, understand, and comply with applicable laws, rules, regulations, standards, policies and guidelines.

4.4.2 File complaints or blow the whistle related to any actual or potential misconduct on this Policy and Guidelines.

5. Guidelines

5.1 Procure products and services by considering their value for money, efficiency and effectiveness in terms of quality, safety, and price.

5.2 Promote and support the procurement of products and services with integrity, transparency, and fairness in compliance with laws, regulations, standards, corporate governance principles and the Code of Conduct as well as considering impacts of environmental, social, and governance, labor practice issues, workplace health and safety issues.

5.3 Promote and support the procurement of environmentally-friendly products and services, including to support suppliers in environmental management, the development of technology innovations to conserve energy, reduce pollution, greenhouse gas emissions, and the development of an efficient waste management system.

5.4 Promote and support the procurement of products and services from local and domestic suppliers within the country of operations to stimulate economic growth, job creation, and income generation for local communities.

5.5 Select suppliers through a transparent, fair, auditable process and consider the performance of suppliers with environmental, social, and governance potential.

5.6 Develop supplier classification and conduct risk assessment of suppliers' performance with potential impact on the environment, social, and governance, as well as establish mitigation measures to reduce potential impacts across the supply chain.

5.7 Treat all suppliers equally without discrimination by respecting human rights, not infringing intellectual property rights, protecting confidential information and personal data, as well as preventing corruption.

5.8 Communicate the details of the Terms of Reference (TOR), terms and conditions to reach a mutual understanding with suppliers in the contract regarding completeness, correctness, fairness, and transparency.

5.9 Promote suppliers to implement sustainable procurement and supply chain management with their suppliers.

5.10 Foster collaboration and promote capacity building for suppliers to compete and develop products and services that is responsible to the environment, social and governance.

5.11 Engage and build good relationships with suppliers in accordance with the sustainability approaches of the company.

5.12 Monitor and audit the sustainability performance of suppliers in order of importance and risk level to ensure that products and services are delivered in accordance with the terms and conditions of the contract and Supplier Code of Conduct.

5.13 Communicate and build awareness on sustainable procurement to staff, suppliers, business partners, consumers, and stakeholders on a regular basis.

5.14 Disclose information and sustainable procurement performance to stakeholders in the Sustainability Report or other reports annually.

6. Training

The Company shall communicate and cascade the Sustainable Procurement Policy and Guidelines through training programs, conferences, and other appropriate channels to its directors, management, staff and external stakeholders including suppliers, business partners and the general public throughout the supply chain. The effectiveness of training shall be evaluated after each session.

7. Whistleblowing

File complaints or blow the whistle related to this Policy and Guidelines according to the Whistleblowing Policy and Guidelines. All whistleblowers or reporters shall be protected from retaliation regarding their employment status, with their information to be kept confidential both during and after the investigation processes.

8. Policy Guidance

If in doubt that the action may violate this Sustainable Procurement Policy and Guidelines, employees can seek guidance from their supervisor, responsible procurement department or persons, the Compliance Department or Legal Department before carrying out any decision or action.

9. Penalties

All employees must fully cooperate with internal and external authorities in the event of an investigation. Any direct and indirect violations or failure to comply with this Policy and Guidelines by management and staff will be subject to disciplinary action in accordance with Company's regulations.

10. Related Laws, Regulations, and Policies

10.1 Relevant procurement laws

10.2 Nation Procurement Manual

10.3 OECD Principles for Integrity in Public Procurement

10.4 Procurement guidelines by the Asian Development Bank

10.5 ISO 20400: Sustainable Procurement

10.6 The Ecovadis Sustainability Assessment

11. Appendix

The following appendix are attached to this Policy and Guidelines:

11.1 Appendix A: Definitions

Appendix A

Definitions

1. **Sustainable Procurement**

   The organization's procurement process and procedures for products and services that consider environment, social, and governance factors together with factors related to price, product quality, and delivery of goods and services which not only achieves value for money, but the procurement also benefits society and the economy while reducing negative environmental impacts.

2. **Suppliers**

   Distributors, contractors, service providers, rental or hire purchase providers contracted to provide products or services to the company.

3. **Supply Chain Management**

   Systematic approaches for building supplier engagement in strengthening their capacity for mutual sustainable growth. It includes supplier selection; risk assessment and supplier classification; supplier performance evaluation; relationship building and supplier development as well as promoting supplier engagement for sustainable development covering environment, social, and governance dimensions across the supply chain.

4. **Supplier Classification**

   Identifying suppliers in order of importance to the organization's business operations for developing an appropriate engagement program. Examples of supplier classification includes:

   1) Suppliers that purchase or sell at a high value
   2) Suppliers that provide products/services essential to production
   3) Suppliers that provide non-substitutable products/services or that only a few other suppliers can provide
   4) Suppliers that are in strategic partnerships