



## Corporate of Good Governance, Manage Transparently



### 2020 Goal

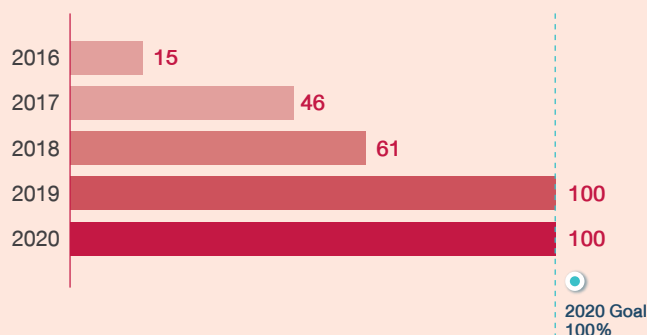


# 100%

of the Company discloses governance performance according to OECD (the Organization for Economic Co-operation and Development) framework and sustainability performance via the Company's report

### Performance Against Goal

Percentage of all company in business group has disclosed corporate governance and sustainability performances



### Key Performance in 2020



Assessed for Corporate Governance Report by Thai Institute of Directors (IOD) to be Excellent



## 100%

of Tier-1 Suppliers have been communicated the Business Ethics and Supplier Code of Conduct



## 100%

of Tier-1 Suppliers have provided a written acknowledgement of the code



## 100%

of employees at all levels have been trained and passed assessment tests on governance and anti-corruption

### Supporting the SDGs



**SDG16** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all
- 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

## Risks and Opportunities

CP ALL Plc. and its subsidiaries (“the Company”) recognizes the importance of corporate governance. The Company is confident that business operations in compliance with good governance guidelines enhance the Company’s competitive edge, as well as stable and sustainable growth. This reflects efficient organizational management, one which is ethical, fair, transparent, and traceable. Stakeholders’ trust is also boosted in the long run. Furthermore, appropriate management of risks toward the Company’s operation reinforces the Company’s stability, strengthening its sustainability. Therefore, in order to create sustainable value through corporate management system, the Company is determined to stipulate an effective corporate governance structure – under possible changes. Such structure ensures transparency and traceability, as well as compliance to the laws, regulations, rules and international standards. The Company also builds understanding and communication to employees, enabling further benefits for the Company’s business operations and society.

## Management Approach

The Company has set the Sustainability and Governance Committee to stipulate corporate governance policy, anti-corruption policy, business ethics and code of conduct. Furthermore, the charter of the Committee has specified duties and responsibilities that cover reviewing policies to ensure suitability to any changes, as well as alignment to corporate governance principles of government authority and international standards. In 2020, the Company has promoted understanding and knowledge of governance and anti-corruption principles for all levels of employees. This has always been the core principle of the Company’s business operations, to ensure all levels of employees are of good conscience and actively partake in the efforts against all forms of corruption. Building understanding and knowledge to all employees are leading to enable good and transparent operations. Additionally, there are also Governance Sub-Committee and Sustainable Development Sub-Committee, which serve as an important mechanism in driving the Company’s corporate governance policy, as follows.

### Progress in 2020



Developed the Business Ethics and Code of Conduct (revised version)



Organized training on personal data protection-related risks to employees at all levels, via E-Learning platform



Announced the Information Technology Security Policy

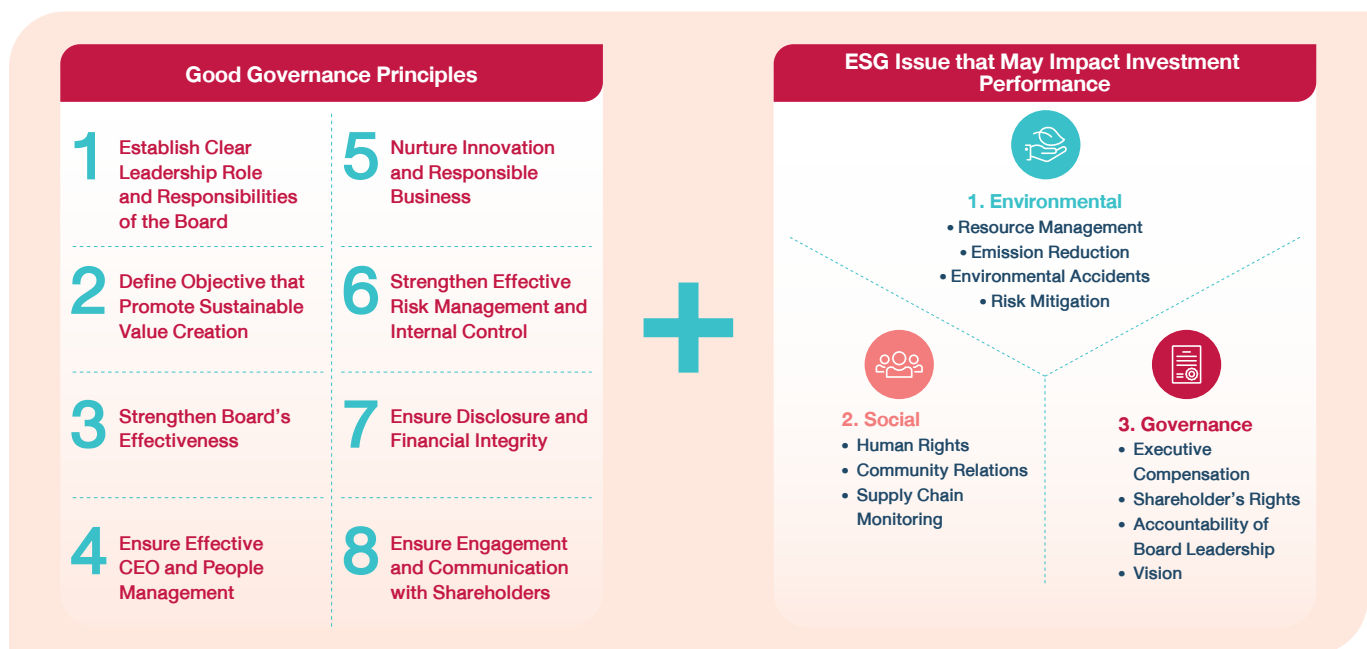


Conducted CG Self-Assessment for General Manager executive



## Guidance on Mitigating and Preventing the Risk of COVID-19

The Coronavirus disease (COVID-19) pandemic, since started in early 2019, has impacted all industries, well-being, and livelihoods of global citizens. The Executive's decision or issues for considerations are thus crucial, affecting the Company's operations under such circumstances. Furthermore, considerations must also be made to all stakeholder groups to ensure the Company's quick response with minimized impacts. The Company took action by establishing COVID-19 prevention measures at 7-Eleven. This includes 7 Delivery process to protect employees and customers alike from COVID. For employees, there are also work from home measures, flexible time measures, and welfare to support the employees and respective families affected by COVID-19.



## Corporate Governance Policy



## Corporate Governance Dashboard

### Training and Testing in Corporate Governance and Anti-Corruption Program



Management Level  
**2,142** Persons  
100%



Supervisor Level  
**6,052** Persons  
100%



Officer Level  
**70,030** Persons  
100%

### Tier-1 Suppliers' Participation



Trained  
**4,504** Persons  
100%



Provided written  
acknowledgement  
**4,504** Persons  
100%



Communicated  
**3,653** Persons  
100%

### Risk Management



of functions at risks of legal misconduct  
and corruption received risk assessment



of employee have been  
trained in personal data  
protection risk



of new projects  
conducted impact  
and risk assessment  
on personal data



of employees is aware  
the Company operates  
ethically and has positive  
feelings towards  
the Company



of functions at risks have  
risk management plans

### Black Swan Award



**1,849**  
Identified risks  
as submitted by  
employees



**5** Risks recognized for award comprises,  
• the capability in handling the new pandemic wave  
• personal data breaches  
• environmental issues  
• products and services  
• human rights and safety

### Personal Data Breaches



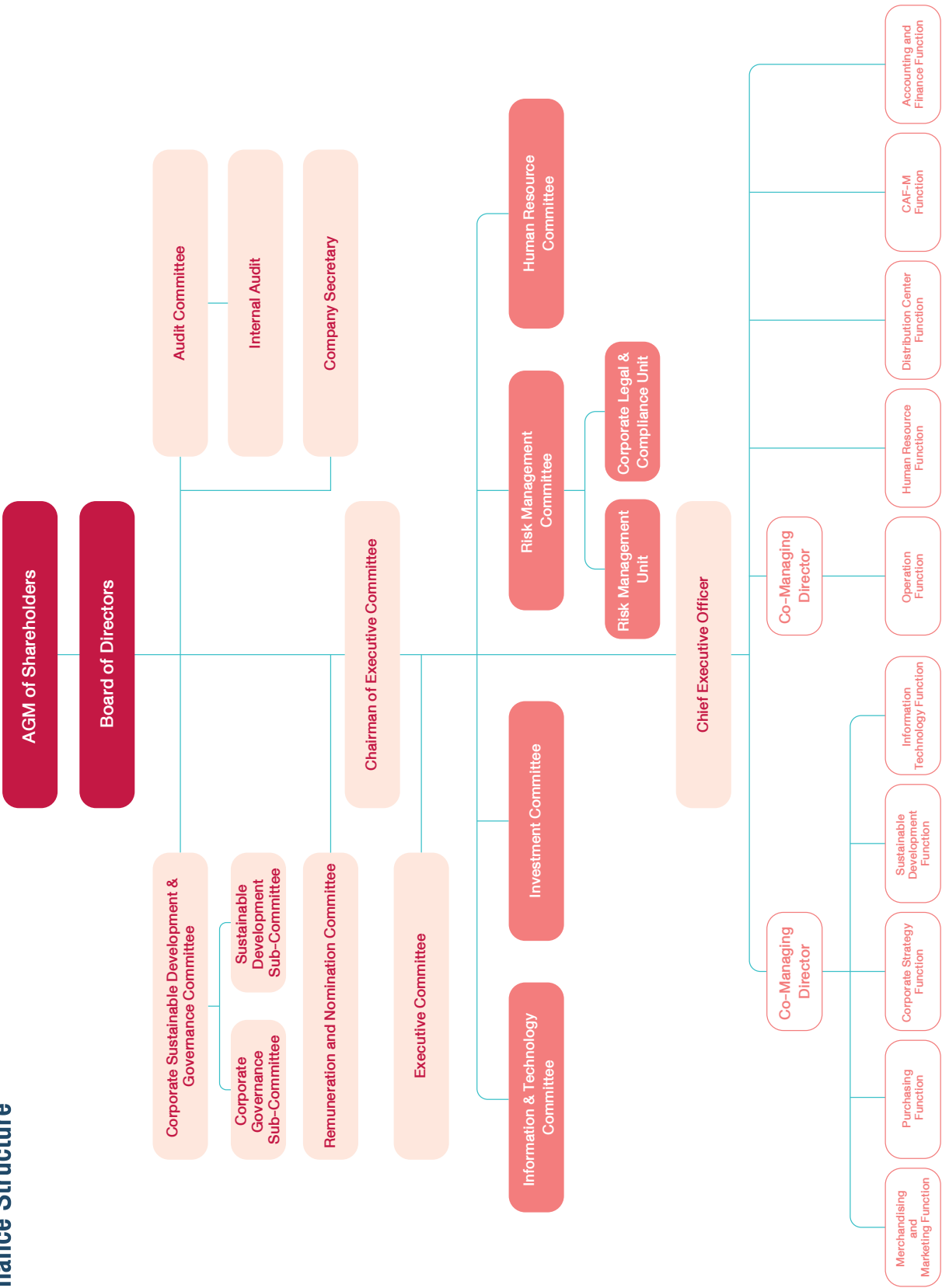
**0**  
Case

substantiated case of customer's  
personal data breaches




substantiated case of supplier's  
personal data breaches

case obtained from regulatory agencies

Corporate Governance Structure



The Company has set up independent sub-committees operating and serving under the Board of Directors. This comprises 1) Audit Committee 2) Corporate Sustainable Development and Governance Committee 3) Remuneration and Nomination Committee, which have duties and responsibilities as follows.

 <b>Audit Committee</b>	 <b>Sustainability and Corporate Governance Committee</b>	 <b>Remuneration and Nomination Committee</b>
<ul style="list-style-type: none"> <li>• Conduct financial audits.</li> <li>• Review the Company's performance to ensure alignment with policies, regulations, laws and requirements of governing authority.</li> <li>• Review internal control system and internal audits, as well as ensuring a stringent risk management system.</li> <li>• Consult with financial auditors for feedback regarding financial statement and internal control.</li> <li>• Consider lists which are relevant or pertain conflicts of interests, in compliance to the laws and Stock Exchange of Thailand's rules.</li> <li>• Report summary of operation performance and recommendations to the Board of Directors 4 times per year.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop policies on corporate governance, anti-corruption, sustainability, and relevant practices; including business ethics and code of conduct.</li> <li>• Review policies to ensure its relevance and consistency at least once annually.</li> <li>• Ensure the Board of Directors and employees' operation is according to relevant policies</li> <li>• Review and assess policy compliance performance of the Board of Directors and Management.</li> <li>• Report relevant performance and provide recommendations to the Board of Directors twice a year.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider criteria determining the Board's and high-level Management's remuneration and form of compensation; will be subsequently proposed to the Board of Directors for feedback. The Board of Directors is the approver for high-level Management's compensation; whereas the Board of Directors's compensation is proposed to Annual General Meeting for approval.</li> <li>• Assess high-level Management's remuneration to ensure alignment with operational performance.</li> <li>• Consider criteria and process in nominating appropriate individual to appoint as the Board of Directors member.</li> <li>• Select nominees for nomination process, that included those nominated by Minority Shareholders.</li> <li>• Provide feedback to the Board of Directors's meeting, prior to the Annual General Meeting for the Board of Directors appointment.</li> </ul>

### Business Ethics and Code of Conduct

The Company is cognizant of the importance of operating business ethically and has thus published Business Ethics and Code of Conduct (revised version) for Executives, employees, suppliers and contractors to adhere to. This serves as guideline for their duties and responsibilities, whilst maintaining honesty, virtue, and ethics to all stakeholder groups. The Conduct instills a stance against human rights violation, corruption, other conflicts of interests, money laundering, as well as any actions that may infringe others' rights.



**100%**

of the employees is aware  
of the Business Ethics  
and Code of Conduct,  
as communicated in  
various forms.



## Risk Management Committee

The Company has set up a Risk Management Committee, comprises of Risk Management Unit and Corporate Legal and Compliance Unit. The units serve as a mechanism facilitating the work. Risk Management Committee supports the Board of Directors in governing in adherence to good corporate governance principles. This ensures the Company's risk management is both effective and efficient in achieving business targets, with alignment to the Company's vision

and directions. Such risk management helps reduce impacts induced by uncertainties from both internal and external for the organization. Risk Management Committee is responsible in summarizing and reporting performance summary; subsequently presenting to the Audit Committee and the Board of Directors twice a year. This process enables reviews of the Company's effectiveness regarding the risk management process.

## Risk Management

Risk management serves as a mechanism in identifying likelihoods and potential issues that may affect business operations. Risk Management Unit is tasked with managing

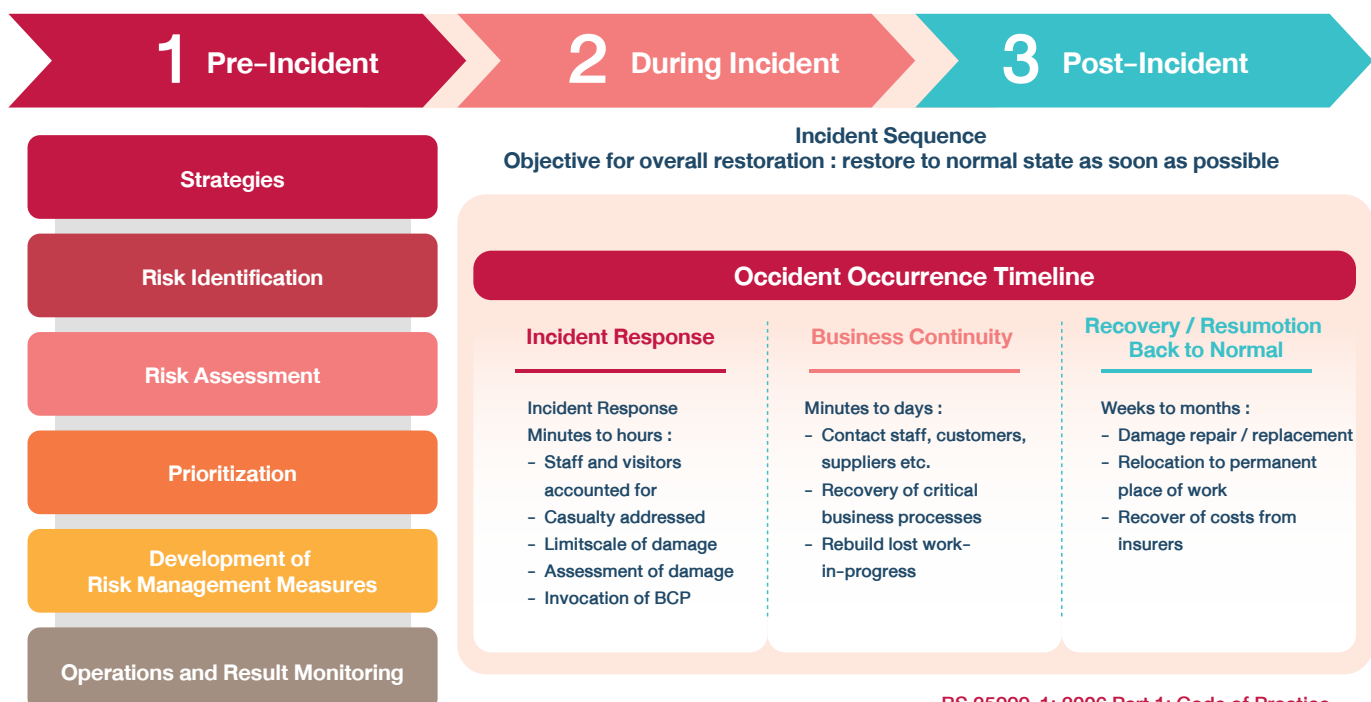
any risks effectively, ensuring the Company is able to achieve its goals – whilst creating values for all groups of stakeholders. This is according to the Company's Risk Management Policy.

## Legal Compliance

The Company respects and strictly adheres to the laws. Corporate Legal & Compliance Unit (L&C) is responsible for governing and ensuring all functions are in compliance with applicable laws. The unit also serves as the center in monitoring, consolidating new regulations from the government and inform employees. In 2020, L&C Unit has organized training to inform the Company's personnel regarding Thailand Personal Data Protection Act 2020. The training

communicates entitled benefits, raises awareness and ensures understanding of the need for compliance with to aforementioned laws. Furthermore, in 2020, there have been proclamations of over 970 rules and laws stipulated from governmental agencies, which are relevant to the Company. L&C Unit has communicated and emphasized to ensure relevant functions are in strict adherence to the rules and regulations declared by the government.

### Risk and Incident Management Framework for Sustainable Business Operations



The Company organizes the risk management structure focusing on potential business impacts into 3 groups, comprises.

- ① Operational risks
- ② Sustainable risks and non-financial risks, and
- ③ Emerging risks

The Company has conducted risk assessments annually. Representatives from different functions are nominated as Risk Champion, also received training, according to each quarter's risk mitigation measures. The internal control process, rigorously risk and performance monitoring are presented as follows.

Risk Assessment	Identify High-Risk Process	Set Up Risk Control Measures	Randomized Assessment of Control Measures by Auditors	Review Internal Process and Control of Risks Quarterly
<ul style="list-style-type: none"> <li>Conducted by risk champions</li> <li>Assessed risks include legal compliance, data security, cyber threat, human rights, corruption, randomized assessment by governmental agencies and consumers' complaints</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, 25 processes have been identified as high-risk processes from 254 processed conducted across marketing, production, procurement, and distribution</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, there are 10 control measures in total for 25 high-risk process</li> <li>There has been communication on risk control measures to relevant parties, along with risk champions</li> </ul>	<ul style="list-style-type: none"> <li>Auditors comprise of risk management function, corporate process simplification function, and audit function</li> </ul>	<ul style="list-style-type: none"> <li>Review by risk champions along with the process' function owners</li> </ul>

## Emerging Risks

The Company has reviewed issues and trends posing risks to business operations, as well as analyzing numerous changes that may become an issue or new risks, on a yearly basis. This enables the identification of measures and management approaches in response to said risks, ensuring prompt response to them. In 2020, 6 emerging risks with potential impacts to business have been identified, as follows.

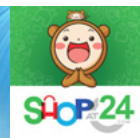


### Risks from Customers' Behavioral Changes Due to the New Normal

Following the COVID-19 pandemic, customers become more mindful regarding safety. This shifts customers' behavior according to new normal, including customers' buying habits favoring, even more, convenience and speediness amidst digital society. Such changes result in a decreased number of customers visiting the 7-Eleven stores.

### Management Approach

- Develop the forms, channels for customers' access to products and services via Online to Offline (O2O), for both 7-Eleven and online stores. There are various promotions allowing customers to make purchases through 7-Eleven across the country, and via online systems across all platforms. This provides greater ease to customers for every product and services purchases, across all communities.







### Risks of Pandemic Occurring More Frequently and Became a Norm

In recognition of the COVID-19 pandemic at present, scientists have reasons to believe that humans may have to continue co-existing with the virus. It is predicted that there are many virus strains capable of inducing other diseases. Notably, the spread of such communicable diseases may become more frequent and normalized in the future. This may affect business continuation and stimulate further customers' behavioral change towards new normal.

### Management Approach

Develop products and services continue to keep pace with changes as they happen. Such effort would ensure customers are able to access products and services convenient and safely, examples are as follows.

#### Vending Machine



#### Mobile Application Counter Service Pay



#### Product and Service Payment

- Allipay Union Pay
- Credit Card
- True Money Wallet



#### Product and Parcel Delivery

- SPEED-D
- On-demand Delivery



### Risks from Demographic Shift Towards Super-Aged Society

Globally, the world population's birth rate has a tendency to decrease, while the existing population has better life expectancy. This presents an important factor that can cause a shift in demographical structure, as also applicable to Thailand. The country is on track to fully become super-aged society within a few years. At the moment, elders have strong preference for the best, safest and most convenient options; inclusive of multiple technologies that further facilitate daily life routines.

### Management Approach

The products and services development served for elderly customer groups needed has implemented as follows.



#### Develop food and beverage products that promote health and Well-being.



#### Launch the Eat Well Corner

- A corner offering fresh vegetables, fruits, herbs and other healthy product; a one-stop service



- A corner offering common household medicines, as well as health and wellness product "eXta"



#### Accessibility channels for products and services





### Risks from Customers' Behavioural Shifts Follow Movements on Circular Economy

Plastic waste is one of the key environmental issues prioritized around the world. Customers have become even more aware regarding of the issues and started to switch their behavior to support the reduction of plastic packaging usage. There is now a preference to optimize resources for greater efficiency, whilst remaining environmentally friendly.

#### Management Approach

The Company adopted to address new customers' needs, which shifted

according to circular economy trends. There are strategies with the intent to reinforce sustainability for the environment, society and community, when it comes to product and service development throughout the supply chain. This includes fortification of waste management understanding. The efforts were executed through 7 GO Green Strategy, such as.

- Incentives encouraging customers to refuse plastic bags. For every refutation, a donation of the value of the plastic bag is made to "Thais together, Quitting plastic bags" project.
- Utilizing leftover materials and plastic bags for reuse, such as 7 Go Green Recycled Plastic Road Project, which uses plastic waste as materials to build roads. Parking spaces in front of 7-Eleven stores serve as pilot sites.



### Risks from Lack of New Skilled Workers Following Fast-Paced Digital Transformation

Presently, technology is advancing – resulting in business operations shifting forms towards digital systems in recognition of customers' behavior changes and preferences. Reinforcing necessary work skills for employees to ensure they are able to keep up helps increase competitive edge and create value-added to the Company.

#### Management Approach

Strategies and personnel training plans for new skills have been stipulated, as follows.



Adjust curriculum to address work-related technology skills



Develop specific vocational paths in alignment with business expansion, such as coffee experts, food management experts



Adjust the Company's structure to become leaner and more streamlined, by cutting down several steps. This enables quite changes and integrative cross-functional work.



Collaborate with the public sector to build 'Premium Graduates' in various fields, such as retail management, electrical technology, food and beverages.



### Risks from Deep Fakes News Risk

Advancement in new digital technology leads to the increasing number of fake contents, photographs, videos and texts; including dissemination of fake news. The Company thus needs to consider its presence and stance in the digital world regarding information or opinions shared, in order to maintain the Company's reputation and competitive edge.

### Management Approach

Adjust business form to facilitate digital society more effectively, such as.

- Integrating digital transformation and disruptive technology as part of the Company's short- and long-term strategy.
- Develop Customer Relation Management (CRM) system for communication with customers, as well as collecting feedback from and ensuring access to them closely and effectively. This includes self-promotion activities through online channels, phone application, such as 7-Eleven Thailand Facebook, Line, and Youtube.

### Black Swan Award

The Company started Black Swan Award to promote all personnel's participation, covered management to the officer, in identifying corporate risks. Such risks may obstruct the Company from achieving its goal or causing instability and insecurity to the Company. Activities are organized for management and officer to join in by submitting their perceived risks through different channels, such as Black Swan Online QR code. This was executed under the concept "To seek and address for prevention and handling of potential black swan risks." Risk issues recognized for awards are considered by executives, in order to develop appropriate measures. The measures will be developed and implemented effectively, according to the relevant 6 issues, as follows.

1

Continuous Business Operations

2

Work Process

3

Products and Services

4

Outsources Hiring

5

Corporate Sustainability

6

Activities Related to the Company's Subsidiaries

### Impacts and Benefits



There are **1,849** risks submitted by employees.

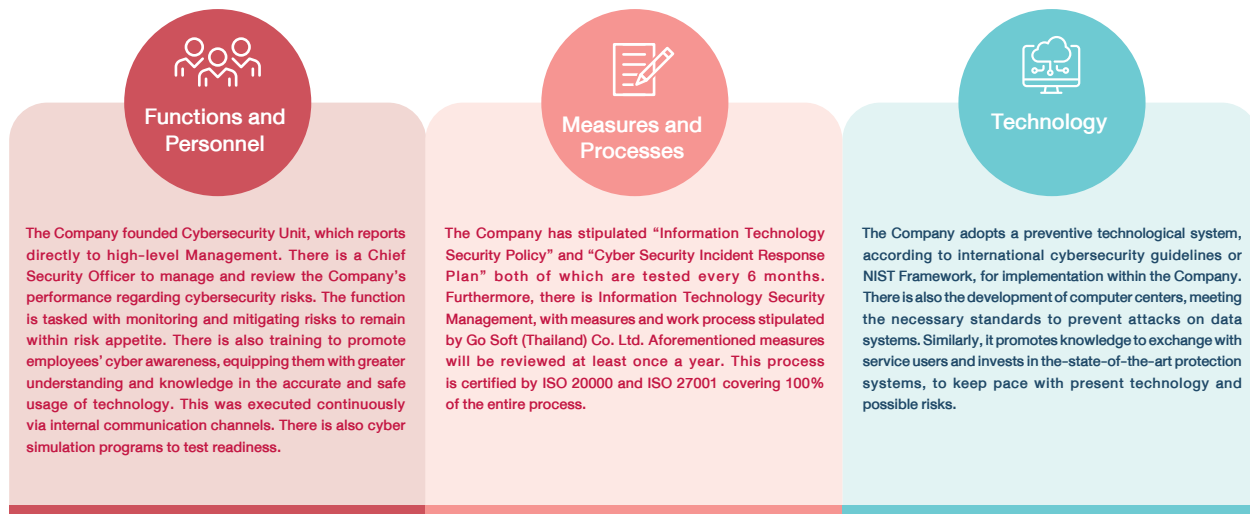
**5** risks recognized for awards comprises



- Personal data breaches
- Capacity in handling a new wave of pandemic
- Environmental issues
- Products and services
- Human right and safety

## Progress on Cybersecurity Management

One of the risks occurred from the change in business operating format, which is more reliance on a digital system, is the cybersecurity risks. This consists of various service provisions through online systems, which may result in greater cyber risks. Recently on an international scale, there has been an increase in data privacy violation cases, such as trade data theft and customers' personal data. Such incidents may affect the Company's image, reputation and trustworthiness. The Company thus established the Information Technology Security Management and the Cybersecurity Risk Management. This comprises 3 components, as follows.



## Personal Data Protection

The Company stipulated Personal Data Protection Policy, encompassing customers, employees, and suppliers in the most stringent manner in every step of the process. This includes customers buying the Company's service. Communication to data owners, or the customers, pertain to following information.

Notably, customers can also exercise their rights and make requests concerning collected data, as follows.

	<b>Objectives of the data collection</b>
	<b>Duration of the correction</b>
	<b>Types of personnel or functions that may disclose the information</b>
	<b>Contact information or channels of the Company</b>
	<b>Owner's right for personal data</b>
	<b>Inform impacts if one chooses not to provide one's personal data</b>

	<b>Opt-Out</b>
	<b>Access their own personal data</b>
	<b>Request for copies</b>
	<b>Object to the collection, usage or disclosure</b>
	<b>File complaints</b>
	<b>Request to transfer their own personal data to other data controllers</b>
	<b>Request to update data</b>
	<b>Request for data deletion, data destruction or a pause in usage</b>

There are also continuously reviews of policy compliance, as well as monitoring of potential grievances. In 2020, it appears there are no grievances regarding personal data breaches filed from the Company’s own personnel: employees; externally, there are suppliers. Two grievances have been filed from customers, although both are matter which the Company came to an understanding with the customers. However, to ensure the Company’s operations are in line with Personal Data Protection Act (PDPA), and boosts confidence of all stakeholder groups, the Company thus stipulate strategies and plans for data protection efforts. This is as follows.



Corporate Strategy

- Raise awareness, understanding and enhance knowledge of PDPA for employees in each level.
- Improve working process in accordance to PDPA.
- Reduce risks and damages that may occur from activities with personal data.

\*PDPA is Personal Data Protection Act, B.E. 2562 (2019)

Simultaneously, the Company aims for employees to aware the importance in operating business ethically, as well as understanding cybersecurity risks. This is achieved through support and trainings through the following projects.

Business Ethics and Code of Conduct Training

The Company has provided training on Business Ethics and Code of Conduct for executives and all levels of employees. The content is annexed into the On-boarding training for new employees, to ensure all employees are aware and understand the practice, in-line with corporate governance principle. Employees should also be able to practice good governance accurately, whilst remaining ethical. Furthermore, all employees trained must take CG Quiz to assess their understanding upon completion of training.



Impacts and Benefits

100%   
of employees have been trained

80%   
of activities with personal data  
complies with PDPA

100%   
of new activities conducted risk  
assessment regarding personal  
data protection

Impacts and Benefits

Employee training  
coverage  
100%

Number of participants completing  
the CG Quiz  
100%

New employees trained in  
On-boarding  
100%

## Cyber Resilience Preparation Project



### Risks of Cyber Threats

The Company recognizes the importance of protecting customers' data. Online transactions are exposed to the risks of cyber threats. In the previous year, the Company has reviewed and developed measures ensuring readiness against cyber threats. Efforts include putting in place a governance framework, management of human capital risk, process risks, as well as equipment or technological risks. To ensure minimization of impacts against customers and the overall system, the Company has developed Cyber Resilience Readiness Assessment Framework. In 2020, there are trainings and seminars organized to proactively raise Management and employees' awareness and understanding of cybersecurity. The Company also conducted phishing simulation tests to increase readiness in managing cybersecurity incidents.

#### Performance

Reviewed different function's process to manage cybersecurity threats. Develop a guideline for minimization of risk severity

**100%** of relevant Management received trainings and participated in the workshop.



### Cyber Threat Crisis Management

In 2020, the Company conducted a simulation, 'Cyber War Game,' for high-level Management to try their hands resolving possible cyber threats in the Company's system. Relevant high-level Management comprises CEO, CIO, CSO, CFO, COO, and those in communication and laws. This simulation is organized once a year.

#### Performance

- **100%** of high-level Management participated in the project
- Ensuring readiness to promptly address mentioned crisis
- Minimize damage and corporate negative image.

## CG Self-Assessment 2020

The Company recognizes the importance of leader in General Manager-level (equivalent) in corporate governance. Thus, the Company has developed a CG Self-Assessment to assess the level of compliance and governing in accordance to corporate governance principle. This includes utilizing the information as guideline for awareness of corporate governance's importance, as follows.

- **3 Assessment categories**
  - Practice according to corporate governance principle to lead by example for subordinates **100% (Excellent).**
  - Raise awareness for compliance to corporate governance principles within functions **89% (Very good).**
  - Govern and manage subordinates according to corporate governance principles **93% (Excellent).**
- **Overall research is 94% (excellent).**
- **There were 694 respondents to the survey.**

## Project to Communicate with and Raise Awareness of Employees According to Corporate Governance Principles

- **Corporate Governance Principles :** CP ALL Plc.'s Chief Executive Officer strongly prioritizes corporate governance, and has shared a mantra and respective meaning "Honest. Transparent. Fair. Considerate to community, society and the environment." The Company has communicated the principle to ensure employees are fully aware and hold as the guiding work principle. The principle has been communicated via various channels, such as campaigning troops, posters at 7-Eleven stores/offices, public relations through the Company's online channel.
- **Infographic :** The Company communicates corporate governance principles in the form of Infographic via various channels, both online and offline, to inform employees.
- **Training of corporate governance with MR.-MS. Good Governance :** The Company organized trainings in corporate governance principles for MR.-MS. Good Governance, with the topic of 'governance with the Company's new generation.' There are MR.-MS. Good Governance, which are representatives of their functions, totals to 93 participants.