



CPF Human Rights Due Diligence

2020

CPF Human Rights Due Diligence

With the recognition of the inherent dignity and equality of all human beings as the underlying principle of working and living together, CPF puts its greatest effort to ensure human rights issues are effectively managed. By doing so, CPF has exercised the Human Rights Due Diligence (HRDD) process since 2016 with a view to identifying human rights risks and impact and therefore prevent them throughout CPF's own operations, subsidiaries, joint-ventures, and value chain as well as new business relations (mergers and acquisitions), where both internal and external stakeholders are involved. The HRDD process includes 8 following steps.



1

Policy Commitment &

2

Embedding



หลักการ / PRINCIPLE

บริษัท เจริญโภคภัณฑ์อาหาร จำกัด (มหาชน) หรือซีพีเอฟ ตระหนักดีว่าบุคคลทุกคนต่างมีคุณค่าและศักดิ์ศรีในตนเองอย่างเท่าเทียมกัน จึงให้ความสำคัญต่อการเคารพสิทธิมนุษยชนอันเป็นคุณธรรมพื้นฐานของการทำงานและการอยู่ร่วมกัน โดยคำนึงมององค์กร หรือ CPF Way ได้กำหนดให้การมีคุณธรรมเป็นส่วนหนึ่งของพฤติกรรมอันพึงประสงค์ในองค์กร ทำให้มั่นใจได้ว่าวิถีการดำเนินงานของบริษัทและวิถีการปฏิบัติงานของพนักงานอยู่บนหลักการเคารพในเกียรติและศักดิ์ศรีซึ่งกันและกัน

บริษัทสนับสนุนและเคารพสิทธิมนุษยชนตามที่ระบุไว้ในปฏิญญาสากลว่าด้วยสิทธิมนุษยชน (Universal Declaration of Human Rights: UDHR) หลักการชี้แนะว่าด้วยธุรกิจและสิทธิมนุษยชนแห่งสหประชาชาติ (United Nations' Guiding Principles on Business and Human Rights (UNGPR) และปฏิญญาว่าด้วยหลักการและสิทธิขั้นพื้นฐานในการทำงานขององค์การแรงงานระหว่างประเทศ (The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work) โดยบริษัทวางกรอบในการปฏิบัติตามนโยบายฉบับนี้เป็นไปตามกฎหมายและหลักมาตรฐานสากลดังกล่าว อาทิ กระบวนการตรวจสอบประเมินสถานะด้านสิทธิมนุษยชนอย่างรอบด้าน การสนับสนุนส่งเสริมและคุ้มครองสิทธิมนุษยชน เป็นต้น

นโยบายฉบับนี้เป็นส่วนหนึ่งของความทุ่มเทและความพยายามในการดำเนินธุรกิจของบริษัทอย่างมีจริยธรรมและด้วยความรับผิดชอบอย่างต่อเนื่อง

Charoen Pokphand Foods Public Company Limited or "CPF" recognises that all human beings are valued and equal in dignity and rights. The Company, therefore, respects human rights as the fundamental virtue for working and living together. CPF's Core Values or CPF Way has integrity as part of desired behaviours in the organisation. This creates confidence that the way of doing business and employees' practices are based on the principle of reciprocal respect for an individual's honour and dignity.

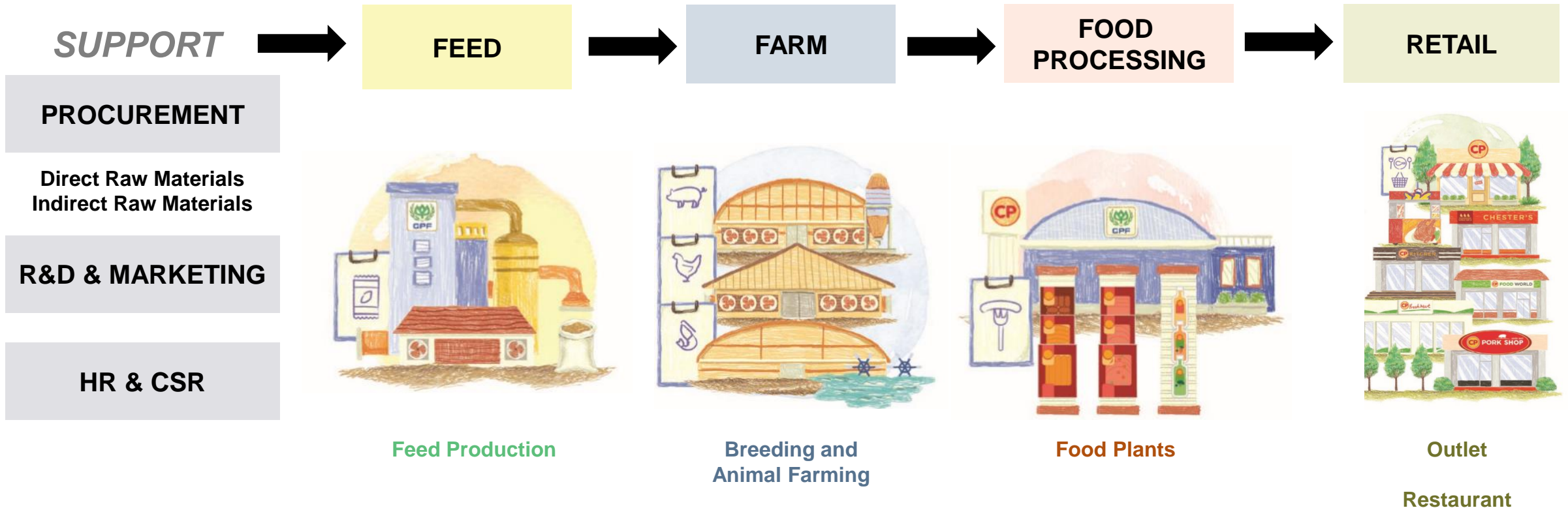
CPF upholds and respects human rights as reflected in the Universal Declaration of Human Rights (UDHR), the United Nations' Guiding Principles on Business and Human Rights (UNGPR) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The conceptual framework of the implementation of this Policy is structured by the aforementioned standards, for instance, in the Human Rights Due Diligence process, promoting and protecting human rights, including driving equality of and opportunity to people with different gender or disability, etc.

The Company's commitment to respecting human rights is derived from continuous efforts in running the business ethically and responsibly.

- CPF Human Rights Policy was prepared in accordance with international standards, which are the Universal Declaration of Human Rights (UDHR), the United Nations' Guiding Principles on Business and Human Rights (UNGPR) and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- The scope of the human rights policy refers to CPF's expectation on human rights compliance not only in their own operation but also subsidiaries, joint-ventures, suppliers and business partners. The policy extends its coverage of the Company's merger and acquisition programmes forthwith and the human rights aspects shall be one of the key elements in deliberation and resolution
- CPF's commitment to respect human rights also has been explicitly embedded through the key corporate policies such as Corporate Governance Policy, Code of Conduct, Corporate Social Responsibility Policy, Employment and Labor Management Policy, Diversity and Inclusion Policy, Safety, Health and Environment Policy, Sustainable Sourcing Policy and Supplier Guiding Principle

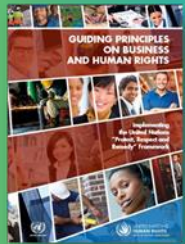
3 Human Rights Risk Assessment

As part of the human rights due diligence, in 2020 CPF has performed a human rights risk assessment in order to identify human rights risks and prevent human rights violations or other adverse impacts on human rights from occurring in its operations and value chain. The human rights risk assessment covered **100% of CPF operational sites including its subsidiaries and joint ventures with management control. The assessment also covered CPF's business activities, including supporting business activities such as procurement (i.e. suppliers) and human resources.**



Human Rights Risk Assessment Methodology

The conduct of the risk assessment and due diligence is guided by the UN Guiding Principles on Business and Human Rights (UNGPR) to assess actual and potential impacts.



RISK RANKING

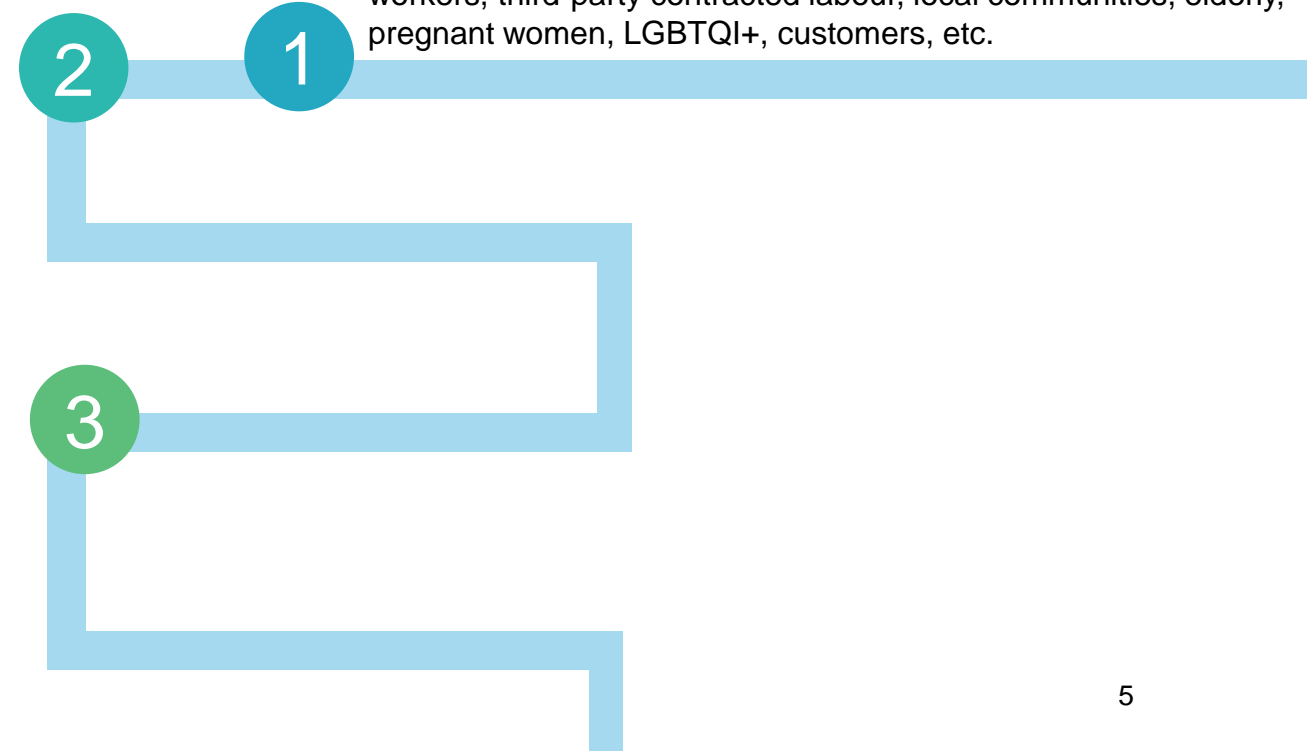
- Ranking inherent risks (risks without controls/ measures) of identified human rights issues.
- Ranking residual risks (risks with controls/ measures) for identified human rights issues which have high level of inherent risk

PRIORITIZATION OF HUMAN RIGHTS ISSUES

- Prioritizing residual human rights risks – very high and high risk level – for future actions to reduce the risk levels.

ISSUE IDENTIFICATION

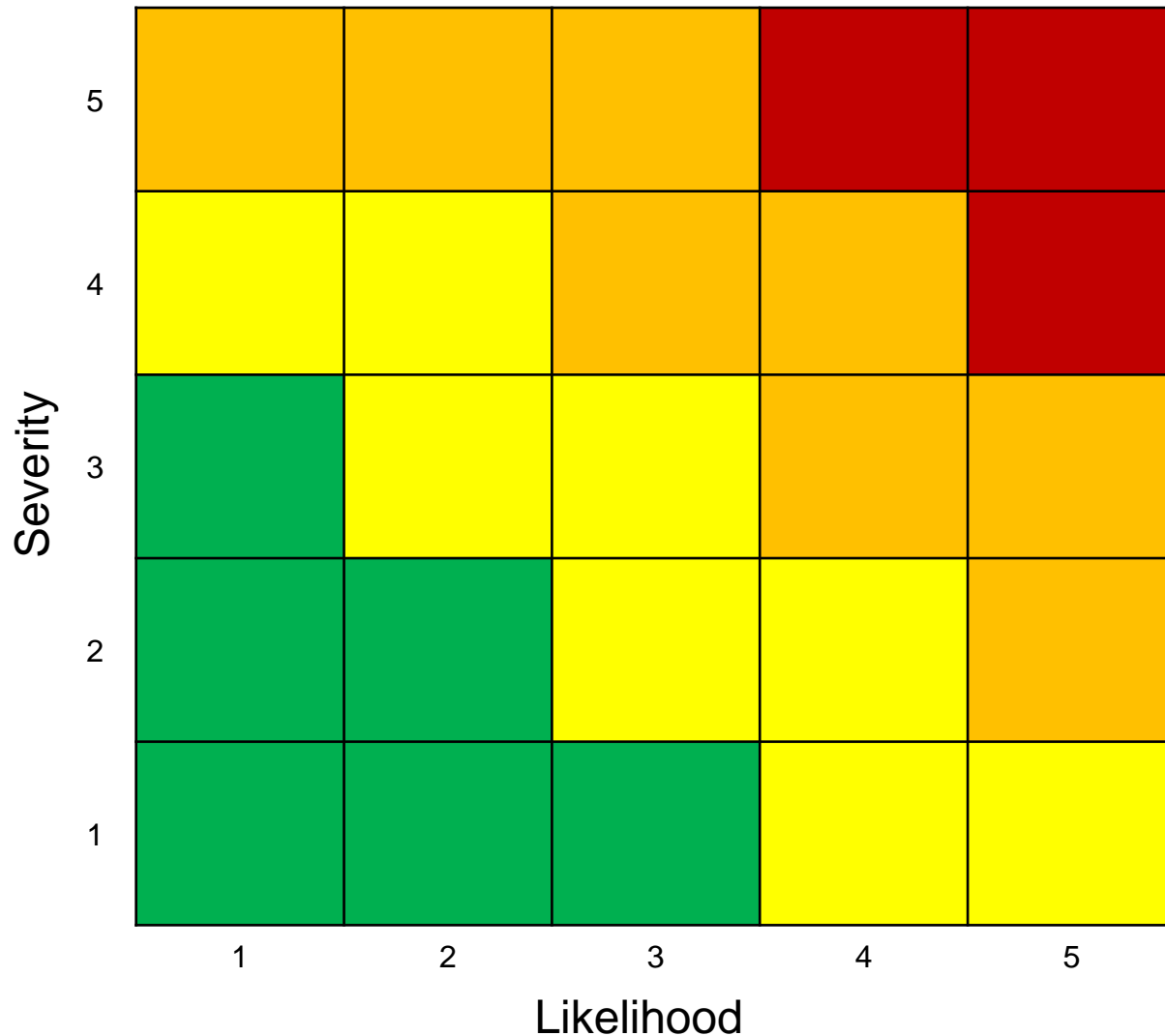
- Issues are identified through reviewing common human rights issues from peers and a media analysis. The actual and potential human rights issues cover forced labor, human trafficking, child labor, freedom of association, rights to collective bargaining, equal remuneration, and discrimination and harassment in any forms.
- Identification of affecting groups, including vulnerable groups, i.e. women, children, indigenous people, religious groups, migrant workers, third-party contracted labour, local communities, elderly, pregnant women, LGBTQI+, customers, etc.



Step 1: Human Rights Issue Identification



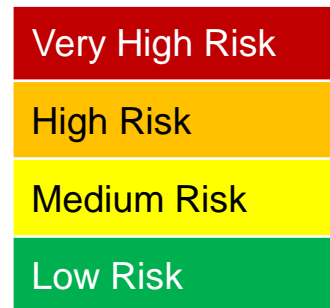
Step 2: Risks Ranking



CPF conducted the assessment of human rights risk by using a 5x5 matrix to determine the significance of the human rights, based on 2 dimensions: **severity and likelihood**.

The assessment takes into account vulnerable groups, specifically employees, children, indigenous people, migrant labour, third-party contracted labour, and local communities. Risks are assessed and categorized as one of four levels:

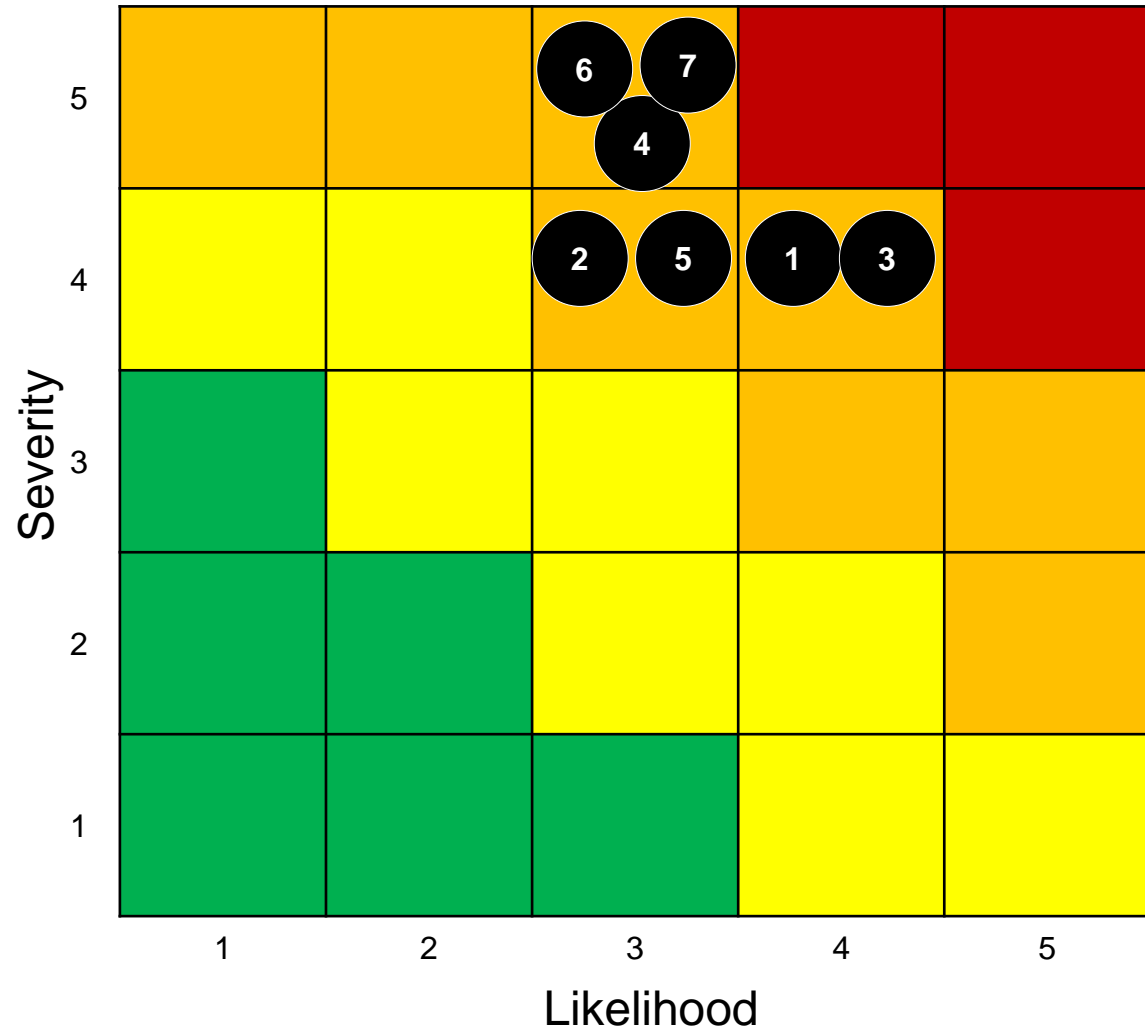
Legend



Remarks

Residual risks that are ranked as very high or high are considered key risks – i.e. salient issues – that require a re-evaluation of the effectiveness of existing controls and discussion of further controls to reduce risk levels.

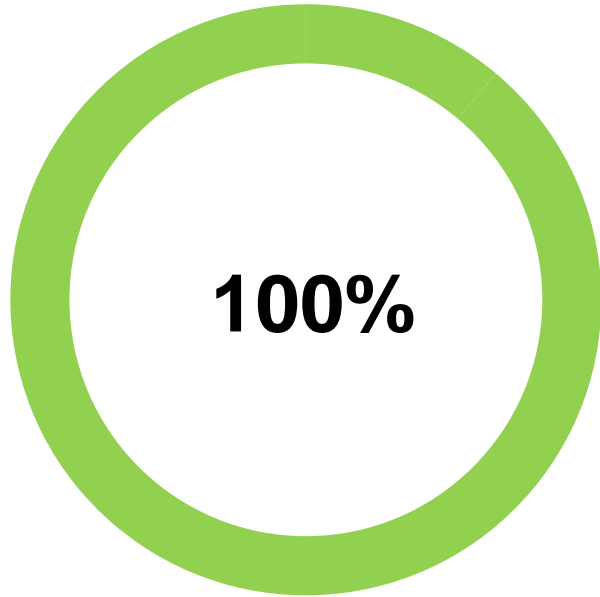
Step 3: Prioritization of Human Rights Issues



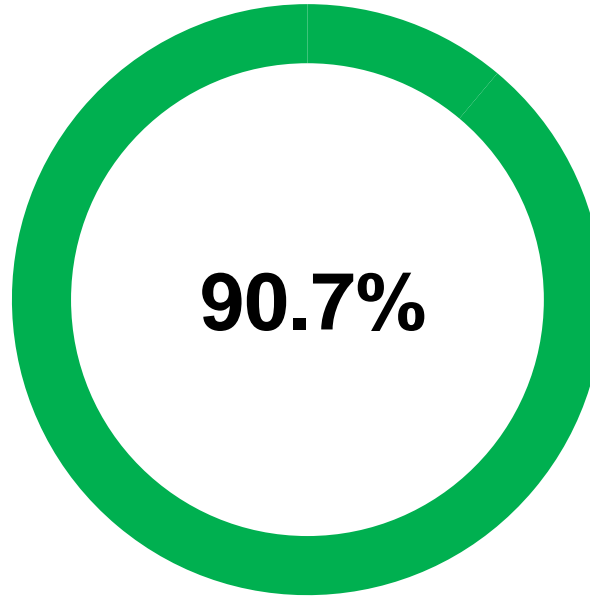
CPF prioritized its **human rights salient issues** which are the human rights issues at risk of the most severe negative impact through the company’s activities and business relationships. In 2020, **CPF has 7 following salient issues** as a result of risk assessment on its business activities throughout CPF’s own operation and its value chain.

1. Working conditions
2. Health and safety of employees
3. Community health and safety
4. Data privacy
5. Use of illegal labour (i.e. child labour, forced labour, and illegal migrant workers) in supply chain
6. Sub-contractors & suppliers’ health and safety in supply chain
7. Community safety & standard of living in supply chain

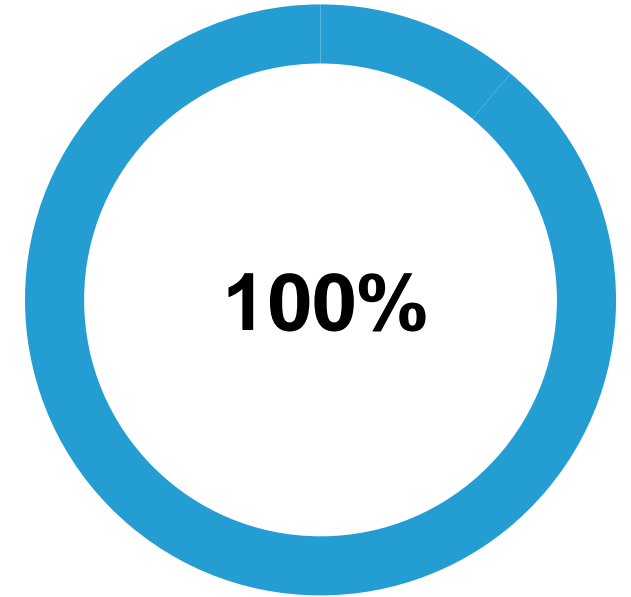
Result of 2020 CPF Human Rights Risk Assessment



100% of CPF operational sites in Thailand were assessed. CPF operation sites consist of subsidiaries and joint ventures that have controls on management and suppliers



- **90.7% of CPF operational sites are at human rights risks**
- **7 Identified human rights issues appears to have high risk.**



100% of CPF operational sites have mitigation measures and remediation process implemented

4

Integrating and Acting

Upon identification of high human rights risks (salient issues), CPF ensures effectiveness of its existing mitigation measures as well as develop additional actions to reduce the likelihood of the adverse human rights risk occurring or reduce severity of the risk or impact to the affected stakeholders and vulnerable groups.

2020 Human Rights Salient Issues

1. Working conditions
2. Health and safety of employees
3. Community health and safety
4. Data privacy
5. Use of illegal labour (i.e. child labour, forced labour and illegal migrant workers) in supply chain
6. Sub-contractors & suppliers' health and safety
7. Community safety & standard of living in supply chain

1. Working Conditions



Activities at risk

- Retail business

Description

- Forced overtime work

Right Holders

- Employees in CPF retail business



Mitigation Measures

- Employee manual
- Code of conduct
- Certification of BAP, GLP, and TLS 8001-2010
- Welfare committee
- RFID/ Hand Punch equipment that measures and monitors working hours of employees
- Grievance/ complaint channels for labour issues

2. Health and Safety of Employees

Activities at risks

- Farm production
- Food processing
- Retail business

Description

Farm Production

- Working in small/ confined spaces
- Falling in sewers
- Accidents from vehicles

Food Processing

- Working in cold temperatures

Retail

- Working in cold temperatures
- Stress
- Insufficient equipment and machines
- Insufficient workers

Right Holders

- Employees in farm production, food processing, and retail business

Existing Mitigation Measures

- Occupational health and safety policy
- Personal prevention equipment (PPE)
- Certification of OHSAS 18001 and CPF SHE&EN Standard
- Occupational health, safety and environment committee
- Grievance/ complaint channels for labour issues
- Safety training for all employees
- Speed controls
- Company-specific driver's test
- Addition of cover slabs and barriers around some sewers



3. Community Health and Safety

Activities at risks

- Farm Production
- Retail

Description

Farm Processing

- Road accidents from logistics activities
- Wastes and pollution – i.e. odor from animal wastes

Retail

- Road accidents from deliveries

Right Holders

- Surrounding communities of CPF's operational sites and retail stores



Existing Mitigation Measures

- Compliance with CPF's SHE Standard for vehicles
- Requiring employee drivers to pass the company's test
- Incident notification to supervisors and managers
- Certification BAP, CPF SHE&EN Standard, and ISO 14040, ISO 14044, and ISO 14046
- Grievance/ complaint mechanism for local communities
- Visiting community to listen people's opinions and concerns

4. Data Privacy



Activities at risks

- Marketing and R&D (CPF's operation)
- Procurement of equipment and services (Suppliers)

Description

Marketing

- Leakage of customers and consumers' personal information
- Collection of customers and consumers' information without their consents
- Lack of customers and consumers' acknowledgement on how their information will be used after collecting

R&D

- Leakage of customers and consumers' personal information used for researching

Suppliers

- Leakage of customers' personal information by suppliers during system installation & maintenance

Right Holders

- CPF customers
- CPF consumers
- CPF suppliers

Existing Mitigation Measures

- Grievance/ complaint channels for customers, consumers and suppliers
- Prompt actions based on customers and consumers' complaints
- Lawful contract and requirement to not disclose information of customers
- Use of external company for organization's digital system
- Separated data storages



5. Use of Illegal Labour in Supply Chain

Activities at risks

- Procurement of raw materials, equipment and services

Description

- Potential employment of child labour in non - tier 1 suppliers
- Potential employment of illegal migrant labour in raw material groups that have not been covered by CPF social audits
- Limited compliance of suppliers with labour laws and regulations resulting in poor labour practices, such as salary deduction, overtime work without adequate rest time, discriminatory treatment, etc.

Right Holders

- Suppliers and sub-contractors' workers

Existing Mitigation Measures

- Procurement policy
- Seafood Task Force
- The center for improving quality of fishermen's lives
- Grievance/ complaint channels



6. Contractors and Suppliers' Health and Safety

Activities at risks

- Procurement of raw materials

Description

- Farm safety practices that are not correctly performed by supplying farmers (e.g. not use of mask while spraying crop protection agent).
- Accidents that are occurred from unsafe working conditions

Right Holders

- Suppliers and sub-contractors' workers

Existing Mitigation Measures

- Employee manual
- Code of conduct
- Certification of TLS 8001-2010
- Welfare committee
- Grievance/ complaint channels



7. Community Safety & Standard of Living in Supply Chain

Activities at risks

- Procurement of raw materials

Description

- Emission of pollution
- Waste and hazardous waste disposal
- Accidents from transportation
- Disturbance from truck transportation
- Air pollution (PM 2.5) from agricultural farming
- Operational impacts towards lifestyle, occupations and access to public utilities of community members

Right Holders

- Surrounding communities of CPF's raw material supplier's operational sites

Existing Mitigation Measures

- Procurement policy
- Seafood Task Force
- The center for improving quality of fishermen's lives
- Grievance/ complaint channels



5

Tracking &

6

Communicating

CPF is committed to conduct regular review of human rights due diligence as it is an on-going process. Furthermore, the company monitors and evaluates its existing mitigation measures to ensure continual improvements through improving stakeholder-engagement strategies to address concerns raised through the grievance mechanism, revising the social and environmental management system, improving management plans to handle impacts and implementing corrective actions.

CPF publicly disclose its human rights performance on an annual basis through sustainability report, annual report, or the company's website.

Communication Channel

Charoen Pokphand Foods Public Company Limited
313 C.P. Tower, Silom Road, Bangrak, Bangkok 10500, Thailand
E-mail: iaoffice@cpf.co.th

www.cpfworldwide.com



Stakeholder Engagement

CPF believes that stakeholder engagement is a critical foundation to building and becoming a sustainable organization. This process will enable CPF to learn from its experience, the progress of its efforts, the potential human rights risks it faces, and how should the company mitigates its human rights risks and adverse impacts.

CPF continuously conducts an analysis and review to thoroughly identify stakeholders and emphasize on continuous engagement through a variety of activities and communication channels, such as meetings, open dialogues, survey, site visits, social media, phone, e-mail, etc. Detail of stakeholder engagement can be found at www.cpfworldwide.com/en/sustainability/stakeholder_engagement.

8

Remediation & Grievance Mechanisms

CPF is committed to conduct human rights risk assessment within an appropriate timeframe in conjunction with preparing risk prevention and mitigation measures, providing reasonable remedies in cases of violations, monitoring and reporting performance, as well as reviewing policy commitment to ensure maximum effectiveness in human rights management.

As there were no human rights complaints in 2020, there were **no remediation measures necessary and taken.**