



CP FOODS SUSTAINABILITY NEWSLETTER



TRACEABILITY AND DEFORESTATION ISSUE

Volume 5, November 2024



Management Message

We are thrilled to announce a significant advancement in our commitment to sustainability and supply chain transparency. Bangkok Produce Merchandising Public Co., Ltd. (BKP), Feed Ingredient Trading Business Unit of CP Foods, has built Traceability Operation Room at CP Tower 1 on Silom Road. This state-of-the-art facility underpinned by satellite and GPS technologies will revolutionize how we monitor and detect the burning areas throughout corn supply chain for animal feed in Thailand and neighboring countries, reinforcing CP Foods' dedication to sustainability and environmental stewardship.

The team who works in this Traceability Operation Room will detect burned areas mapping using robust data collection with satellite imagery and GPS tools. This made transparent the process of traceable corn sourcing from deforestation-free plantation areas and field burning to our facility.

Thiti Lujintanon,
Chief Executive Officer
Feed Ingredients Trading Business Group
Charoen Pokphand Group



Why corn and soybean are important ingredients for animal feeds?

CP Foods is committed to achieving net-zero emissions, targeting to 42% reduction within 2030 and 90% reduction within 2050 of all 3 scopes of greenhouse gases. Respectively. Additionally, we aim for a 30.3% and 72% reduction in Scope 1 and Scope 3 FLAG emissions by these years. To minimize environmental footprint, corn and soybean are crucial to our sustainable strategy, serving as key ingredients in animal feed. We protect biodiversity and ensure zero deforestation by 2025 for corn, soy, palm oil, and cassava. By prioritizing sustainable sourcing, CP Foods advances our environmental goals and reinforces the commitment to a sustainable future.



Understanding EUDR:

The European Union Deforestation Regulation (EUDR) aims to prevent EU consumption from driving global deforestation. It requires companies to ensure that commodities like soy, beef, palm oil, and timber imported into the EU are sustainably sourced, with strict due diligence and traceability.

Key components of the EUDR include:

- **Due Diligence Obligations:** Companies must conduct thorough assessments to ensure that their supply chains do not contribute to deforestation. This involves verifying the origin of raw materials and ensuring compliance with sustainability standards.
- **Traceability Requirements:** Enhanced tracking systems are mandated to monitor the journey of products from their source to the EU market. This transparency is crucial for identifying and mitigating deforestation risks.
- **Compliance and Enforcement:** The regulation enforces strict penalties for non-compliance, including hefty fines and potential temporary bans from the EU market. This ensures that companies adhere to the established environmental standards.



CP Food's commitment in Deforestation: Making traceable and transparent corn supply chain

Innovations that advance our sustainable and transparent process of sourcing

At a Glance

- **New Traceability Operation Room:** Bangkok Produce Merchandising PLC, a subsidiary company of CP Foods launches monitoring facility to ensure responsible corn farming practices, emphasizing proper stubble management and zero burning to reduce PM2.5 emissions.
- **Hotspots Monitoring from Satellite:** Enhances corn supply chain transparency by a real-time satellite hotspot monitoring to identify stubble burning in registered corn plantations.
- **Blockchain Database:** Enhance supply chain transparency by employing blockchain technology on traceability database
- **Growing Sustainable Network:** Over 50,000 farmers and 600 traders across 44 provinces in Thailand are registered in BKP's database, covering 2 million rai (a Thai unit of area), in BKP's database.



Our Commitment in Deforestation

Traceability and monitoring programs are complying with a zero-burning policy and the reduction of zero emission goal in 2030.

- **Promoting Non-Burning Farming Practices:**

By closely monitoring farming activities, we assist farmers in adopting methods that avoid burning fields after harvest. This reduces harmful air pollutants and supports efforts to combat PM2.5 dust problem.

- **Increasing Supply Chain Transparency:**

Real-time data and blockchain technology ensure the company sourcing deforestation-free corn and zero-burning.

- **Improving Risk Management:** Near real-time detection and Hotspots monitor gives near real-time detection and prompt action to warn farmers in adhering good agricultural practices as well as stubble management.

- **Supporting Community and Environmental Health:**

Promoting farming practices to improves air quality and environmental health, benefiting communities across Thailand.



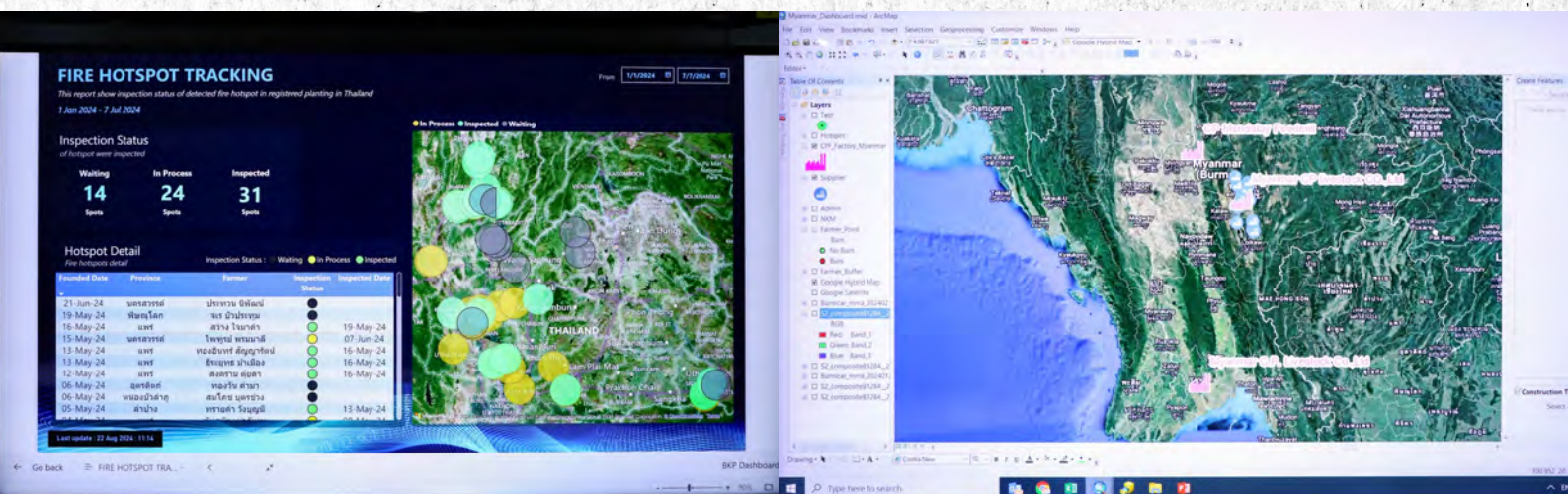
Methodology and innovative tools in Traceability Operation Room

- **Satellite –base insights:** Across registered plantations, our geoinformatics team has been developing systems for detecting burned area using robust data collection from sentinel-2 satellite images, integrated with Hotspot Monitoring from Suomi NPP, NOAA20 and NOAA21 satellite images, based on NASA FIRMS (Fire Information for Resource Management System)
- **Monitoring system:** We have also invested in expanding and improving a monitoring system. This process utilizes GIS analysis, change detection, pixel-based image analysis from satellite images, combined with Hotspot Monitoring automate system to track or verify in corn planting on each of the properties monitored throughout our supply chain
- **Act on Instances of Suspected Crop Fire :** When the system detects burning in corn plantations, an alert is on the dashboard system, and notifications are sent to traders and farmers involved, providing support and advice for new line of supply chains and non-burning cultivation.
- **Blockchain Transparency:** Digitally integrated supply chain enables transfer of grain traceability data, involving information from the field to the CPF's final facilities with an additional layer of reliability and transparency that blockchain technology offers.



Intelligence Dashboard: Reflecting Real-time Data & Up-to-Date Insights

- Hotspot monitoring in Thailand and neighboring Countries: Dashboard visualize detected burning areas in the region including Myanmar, Vietnam and Laos.
- Calculated indicators for trends assessment: Power BI –interactive dashboards revolutionized how we visualize and interpret daily, monthly, yearly and year to date vs prior year data, making it easier to identify and predict crop burning trends.





At CP Foods, we are committed to sourcing traceable and certified sustainable corn. Even though we do not own plantations

- **Enhancing Supply Chain Integrity:** Ensure all sourced corn is grown responsibly, free from deforestation and burning adhering the CP Group's policy "No purchasing and importing corn from deforestation and stubble burning areas"
- **Reducing Environmental Impact:** Support our goal to cut greenhouse gas emissions from the corn supply chain by 25% by 2030 compared to 2020 levels.
- **Regulatory Compliance:** Position us ahead of upcoming regulations, such as future EU deforestation free regulation (EUDR), enhancing global competitiveness.

Growing our Sustainable Network

- **Farmers:** An annual registration from farmers is mandate through corn traceability solution. This ensure the accurate and updated data collection covering 2 million rai across 44 provinces in Thailand.
- **Collectors and Suppliers:** Partner with local collectors to share traceability data, enabling monitoring of farmers in their network to reduce stubble burning and achieve zero-burn practices.

Soybean Traceability



CP Foods collaborates with global partners like Bunge and Louis Dreyfus Company (LDC) in connecting soy traceability systems to source deforestation-free soy products from Brazil.

BKP has successfully tested a blockchain-based traceability platform for sustainable soy in line with the European Union's Deforestation Regulation or EUDR.

The collaboration with Bunge has achieved shipments totaling 360,000 metric tons of deforestation-free soybean meal from Brazil to Thailand in 2024.

This allows CP Foods to trace the soybeans from their farm origin through processing and transportation to the final destination.

These products meet strict socio-environmental standards, including zero deforestation since 2020, aligning with CP Foods' goal of achieving 100% deforestation-free supply chains by 2025. The blockchain platform provides customers with detailed information on carbon footprints and regenerative farming practices.

This collaboration with Bunge and LDC demonstrates a shared commitment to sustainability and innovation, enhancing end-to-end traceability and boosting consumer confidence in sustainable soy products.

Other Updates



Showcasing Sustainable Innovations at SX 2024

Innovative sustainability solutions were presented at Asia's largest sustainability event, Sustainability Expo 2024 (SX 2024). Our CEO attended the opening ceremony and welcomed distinguished guests, including government officials and industry leaders. The exhibit highlighted the latest advancements in sustainable innovation, demonstrating our commitment to the "Sustainovation" concept.



Award-Winning Recycled Egg Tray Promotes Sustainability

Our 100% recycled plastic egg tray, made with 55% post-consumer material, won top honors at the Thailand Plastics Awards 2024. By reducing plastic waste and cutting carbon emissions by up to 29%, we're advancing eco-friendly innovation and supporting a circular economy.



Advancing Supplier Efficiency for Sustainable Growth

CP Foods is strengthening our suppliers through the "PARTNER TO GROW" project, focusing on cost optimization and sustainability to align with evolving customer interests and market trends. By enhancing operations and resource utilization, we aim to meet customer demands effectively while preparing for future challenges. We will host Partner Day 2024 to recognize outstanding partners and share objectives like achieving Net-Zero emissions by 2050.



'Waste No More' Project Wins First Prize at CPF Sustainability in Action Awards 2024

We are proud to announce that our "Waste No More" project from the Swine Business has won first prize at the CPF Sustainability in Action Awards 2024. This internal award recognizes outstanding sustainability initiatives within CP Foods. The project focuses on transforming waste from our swine production processes into valuable resources, following the "Waste to Value" principle. By converting waste into "Good Ash, Good Water, Good Gas, and Good Sludge," we reduce energy consumption, lower costs, and support farmers and local communities. This achievement reflects our commitment to sustainability and making a positive impact on society and the environment. Congratulations to everyone involved!



Participating in International Coastal Cleanup Day

On International Coastal Cleanup Day, we expanded our beach cleanup initiative across seven coastal provinces in Thailand and included efforts in Vietnam. Participants, including employees and affiliates, collaborated with local authorities to clean mangrove forests, collecting 4.5 tons of waste.

They also engaged in ecological restoration by planting native mangrove species. The collected waste will be sustainably managed, with parts recycled or upcycled into new products like decorative garden tiles and plant pots, supporting circular economy principles. This initiative demonstrates our ongoing commitment to environmental stewardship and community engagement in preserving oceans and coastlines.



SEE YOU
NEXT ISSUE



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