



Charoen Pokphand Foods Public Company Limited

Annual Review
2019



PUT
OUR
HEART
INTO FOOD



“The Company” in this Annual Review refers to **Charoen Pokphand Foods Public Company Limited (“CPF”)** and its subsidiaries.

Further information of the Company could be found in the **Annual Registration Statement 2019 (Form 56-1)** and the **Annual Report 2019 (Form 56-2)** posted on www.sec.or.th and www.cpfworldwide.com

The Sustainability Report 2019 posted on www.cpfworldwide.com

Contents

02

Message from the Executives

Business Overview

08

Our Purpose

09

Business Structure

10

CPF Worldwide

12

Business at a Glance

14

Nature of Business

20

Innovation for Sustainable Development

Our Performance

32

2019 Financial Highlights

34

Key Achievements in 2019

36

Pride in 2019

Management and Corporate Governance

39

Shareholders

40

Management Structure

44

Corporate Governance

48

Corporate Social Responsibility

52

Employee Engagement

56

Risk Management

58

Contact Us

Message from Executives

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



Thailand's Private Sector Collective
Action Coalition Against Corruption



Corporate Governance by
the Thai Institute of Directors

Chareon Pokphand Foods Public Company Limited (CPF) and subsidiary or “the Company” operates agro-industrial and food business in 17 countries around the world with its vision to be the “**Kitchen of the World**”. The Company strives to deliver top-quality products and services while maintaining the balance in economic, social, and environmental aspects for all stakeholders. We adhere to the **Three-Benefit philosophy** by sustainably contribute to the benefit of the nation, the people, and the organization. The Company is a firm supporter of the UN Sustainability Development Goals and good corporate governance principles.

The year 2019 recorded waves of challenges as a result of uncertainties in global finance and economies, US-China trade war, swine disease incidence, climate change effects, and shifting demands of consumers due to technological advances and greater health concerns of both human and environment. However, the Company continued its steady pace and **furthered its growth from 2018** as it ended the year with the net profit of 18,456 million baht, or 19% increase from 2018 while its total sales was 532,573 million baht,

67% was attributable to overseas business, 27% was from Thailand domestic sales, and 6% was generated from Thailand export sales.

The Board of Directors resolved to propose to the 2020 Annual General Meeting of Shareholders for the approval of 2019 dividend payment at the rate of 0.70 baht per share, comprising the interim dividend of 0.30 baht per share paid on 12 September 2019, and the annual dividend to be paid on 19 May 2020 totaling 0.40 baht.

The Company has been recognized by national and international leading organizations on sustainability. We have been listed consecutively on the **Dow Jones Sustainability Emerging Markets Index as well as FTSE4Good Emerging Index Series**. The Company took pride in being recognized in the “Thailand Sustainability Investment 2019” and being the awardee of various other national and international sustainability awards. The Company was assessed with the “Excellent” recognition level on corporate governance by the Institute of Directors.

The Company sets a clear path on ensuring progress amid drastic

changes from disruptive technology that often reshape the market and value of current products. We are determined to transform and prepare for existing and future changes to stay on course of being the Kitchen of the World in a sustainable manner. Our foundation consisted of three core strategies i.e. **Value Creation** driven by innovation of products, manufacturing processes, operating processes, and business models to best respond to consumer demands and to optimize its resources; **Digital Transformation** integrated to enhance operating efficiency and; **Sustainability** rooted to create shared value hand-in-hand with healthy economic returns in alignment with our mission to grow with “**sustainable growth, excellence, and solid foundation**”.

On behalf of the Board of Directors, executives, and employees, we would like to express gratitude toward all stakeholders for their long-established trust in CPF. The Company shall continue to engage in the business to strengthen food security while achieving the equilibrium in terms of economy, society, and the environment so as to sustain its position of “Kitchen of the World”.



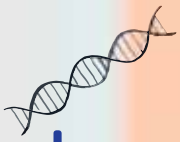
Mr. Soopakij Chearavanont
Chairman of the Board
of Directors

Mr. Prasit Boondoungprasert
Chief Executive Office



*We put our "heart" into every last detail
to guarantee the quality of our food products.*





Innovation

We put our “heart” into innovation and integrate technology throughout the processes to develop top-quality food that fit the demand of consumers in all segments.





People

We put our “heart” into serving needs that are #goodforthebody and #goodforthemind to everyone, with an ultimate goal to uplift the quality of life.

Planet



*We put our "heart" into caring for all lives on earth,
with an aim for sustainability of our planet.*



Our Purpose

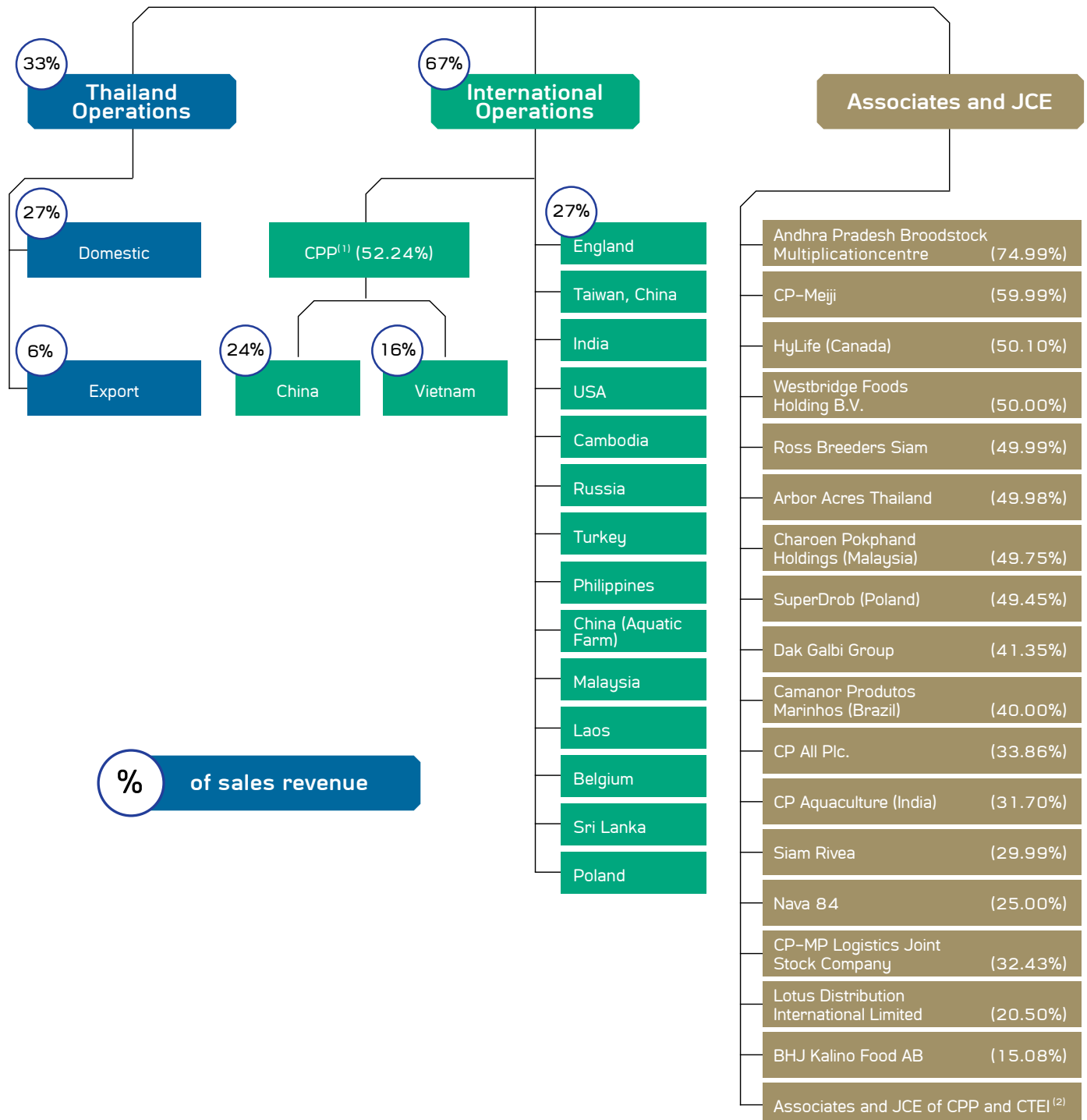
Vision: Kitchen of the World

Mission

The Company operates vertically integrated agro-industrial and food businesses to offer top-quality products in terms of nutrition, taste, food safety, and traceability. The Company is determined to build business growth in strategic locations with the focus to maintain world-class, modern production process as well as efficient and eco-friendly consumption of natural resources in order to enhance its competencies and competitive edge on an international level. We take into account the interests of all stakeholders to ensure sustainable growth, while being able to continuously generate appropriate returns to shareholders.



Business Structure



Note: (% of) represent percent holding by CPF both direct and indirect

⁽¹⁾ C.P. Pokphand Co., Ltd. (CPP) is a listed company in the Stock Exchange of Hong Kong (HKSE:43)

⁽²⁾ Associates and JCE, See Notes to financial statements Number 14 and 15






CPF Worldwide








Operate in 17 countries,
Export to more than 30
countries across 5
continents.

Production Bases in 17 Countries






Asia

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
Thailand	•	•	•	•	•
China	•		•	•	•
Taiwan	•	•	•		•
Vietnam	•	•	•	•	•
India	•		•	•	•
Cambodia	•	•	•		•
Philippines	•	•	•	•	
Malaysia	•	•		•	•
Laos	•	•	•		•
Sri Lanka				•	•


Europe

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
England					•
Russia	•	•	•		
Turkey	•		•		•
Belgium					•
Poland			•		•

North America

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
USA				•	•
Canada	•	•			•

South America

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
Brazil				•	

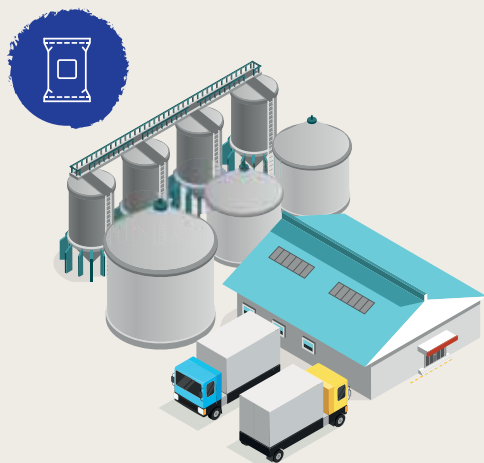
Business at a Glance

The Company operates vertically integrated agro-industrial and food businesses, comprising 3 businesses as follows: 1) feed business i.e. production and distribution of animal feed; 2) farm and processing business i.e. animal breeding, farming and primary meat processing; and 3) food business i.e. production of semi-cooked and cooked meat products as well as ready-to-eat meals, and food distribution channels, including restaurants. The Company operates its business based on the good corporate governance foundation and takes into account the economic, social, and environmental balance of all stakeholders.

Business Categories

Feed Business

Animal feed production and distribution



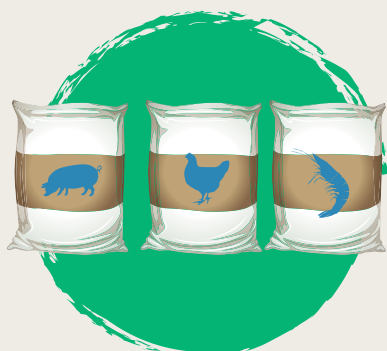
Farm and Processing Business

Breeding, animal farming, and primary processing



Product Categories

Animal feed



Breeds and primary processed meat



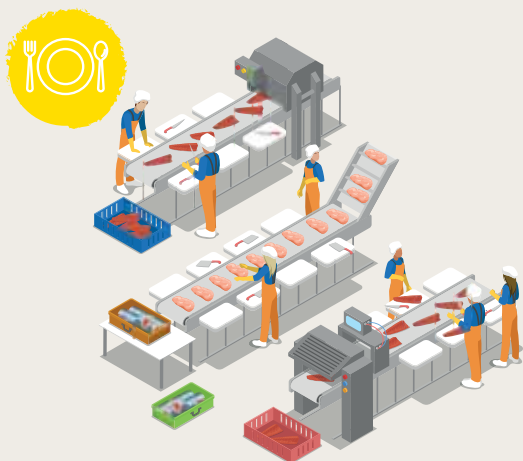
The 2 business scopes as follows:

• Thailand operations

focus on vertically-integrated agro-industrial and food businesses for domestic distribution and export of meat, processed meat, and ready-to-eat products to 30 countries in 5 continents around the world. Products include livestock and aquatic animals such as swine, broiler, layer, duck, shrimp, and fish.

Food Business

Production of semi-cooked and cooked meat and ready to eat meals



Semi-cooked and cooked meat and ready to eat meals



• International operations

focus on agro-industrial and food businesses outside Thailand, namely China, Vietnam, United Kingdom, India, United States of America, Cambodia, Russia, Turkey, the Philippines, Malaysia, Laos PDR, Belgium, Sri Lanka, Poland, Brazil, and Canada.

Distribution Channel

Wholesaler, retailer, restaurant, and food outlet



Nature of Business



Feed Business

Main products are **swine feed, chicken feed, duck feed, shrimp feed, and fish feed** in various formats, including feeds concentrate, powdered feeds, and tablets.

The Company has continuously developed the production process to deliver top quality feed. From the start, we select **locations and layout of production facilities** by taking into consideration the environmental impact such as air, odor, and other pollutions. Moreover, the **feed formula** is carefully selected to provide the right nutrition for each age and each breed of animals. Our **raw materials** are procured from suppliers proven with accountability and traceability. Advanced technology is utilized to **control production and logistics** for enhanced efficiency. More importantly, we ensure optimal utilization of natural resources to maintain the balance between economic gain and eco-friendliness.

Eco-friendly swine feed and pullet feed

The Company sees significance in sustainable development, which led to its invention of "eco-friendly swine feed and pullet feed". The Company applied biotechnology to reduce the use of protein and amino acid, resulting in decreased nitrogen level in animal excrement, therefore minimizing related impact on the environment.

Research on enzyme for enhanced feed formula

The Company conducted research on the use of enzyme in feed formula to catalyze digestion and enhance nutrient absorption of animals.

- The formula enabled less use of feed while nutrition provided was sufficient for animals, which represented optimal use of animal feed.
- Animal excrement was reduced, leading to less waste.

✓ Reduce amount of Nitrogen

✓ Reduce greenhouse gas



Farm and Processing Business

The Company engages in animal farming with its main animals being swine, broiler, layer, duck, shrimp, and fish. The business consists of 3 key parts i.e. **1) animal breeds; 2) live animals; and 3) products from live animals and primary processed meat.**

The farming and processing business commences from **farm location**, risk management related to basic farming infrastructure, and impact on the environment and community. The distance between the feed mills, farms, and slaughtering houses are also taken into account to ensure logistic efficiency and product quality. **Biosecurity** is established for disease prevention and modern farming technique has been adopted to turn existing to “**green farm**” with optimal utilization of resources, effective management of waste, and management of workplace environment in accordance with the biodiversity principle.

The Company also places importance on research and development of **breeding improvement based on natural genetic traits** to produce stronger and disease-free breeds with efficient growth rate in a shorter period, high feed conversion ratio, and higher survival rate.

The Company has developed the **farming system with adherence to animal welfare** while maintaining farming efficiency ratios. No hormone was applied to accelerate growth; and farming techniques were developed based on thorough understanding of each animal behavior. In addition, biotechnology was utilized in the analysis and improvement of feeding and farming methods to fit the nature of each breed so as to ensure their freedom to express natural behavior. Protection and treatment were provided for sick or injured animals; and responsible use of antibiotic.



Five Freedoms

The Company ensures that the **processing operation** delivers food products that are safe and responsible use of antibiotic in compliance with animal welfare principle and standards, which ensure proper handling of animals. The **Five Freedoms principle** are applied to animal farming, transport, and slaughtering. The Company distributes its meat products, processed through cutting, trimming, and packaging, at modern trade, supermarkets, and retail stores in various areas wet market dealers so as to deliver hygienic, safe, and fresh products to consumers.



Key Success Factors for Farm Business

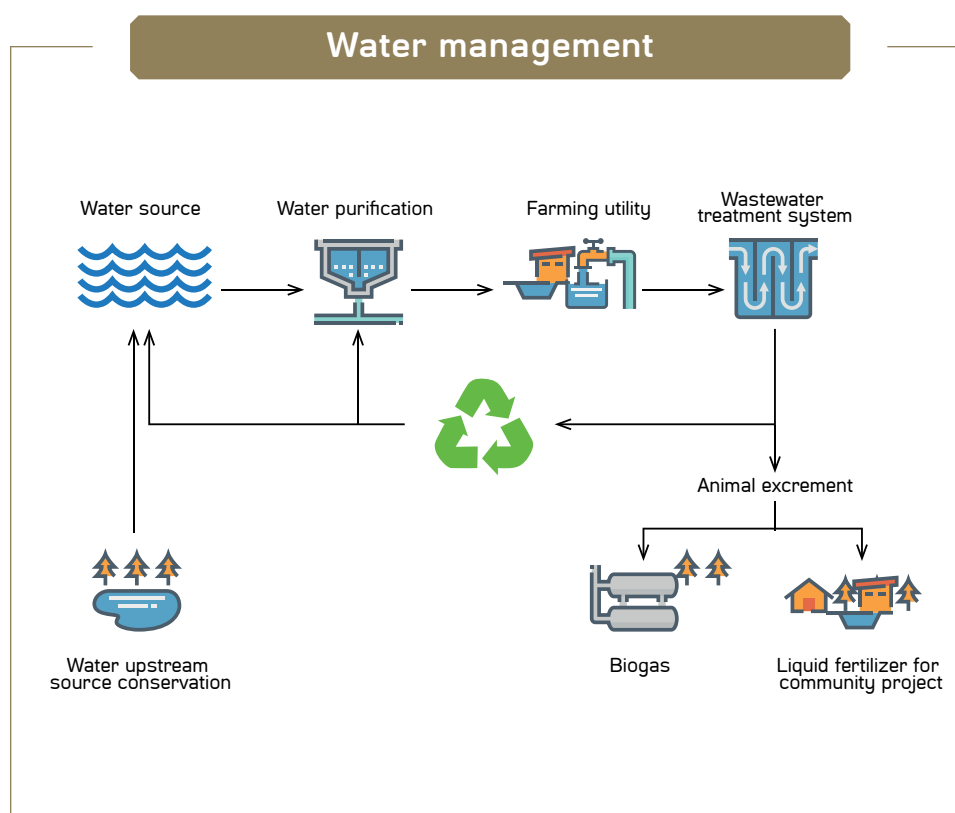


“Biosecurity system is the disease transmission prevention system, which is well recognized on an international level. Various requirements include closed-system houses, procure raw material from safe sources, control of logistic fleet movement (disinfection system at entry and exit points), separate point of delivery from farming zone, etc. The Company also educated contract farmers to guarantee the safety of meat products served to consumers.”



Sustainable water management

Water is limited and the Company thus operates with an aim to optimize water consumption by minimizing water utilization and release of wastewater by means of wastewater treatment for recycled use as utility water in the farm. Moreover, the Company extended its scope of water management to include conservation of upstream source areas in various projects, one of which was the “CPF Rak Ni-Ves Project” at Pasak watershed, Khao Phraya Doen Tong, Lopburi province, Thailand.





Food Business

The Company puts our heart into each and every process of food production. Our **research and development of food products** aims to leverage on innovation technology and biotechnology to stay ahead of changing trends and lifestyles of consumers at all ages. The Company ensures quality **raw material selection**, **world-class standard** food production, and **eco-friendly packaging** in our production, and delivers our food products to consumers through distribution channels under CP and customers' brands.



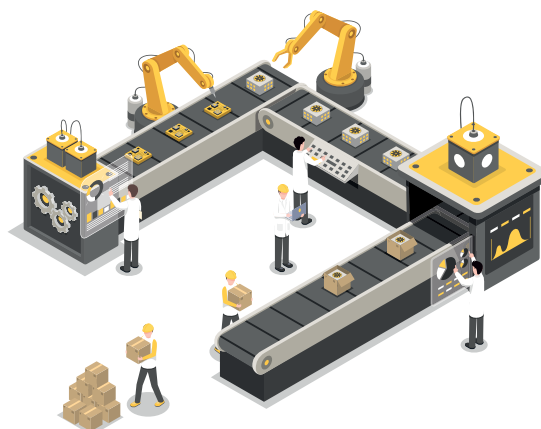
CPF Food Research and Development Center

The Company is one of the leading food producers in Thailand and the world with the vision to be “the Kitchen of the World”. To realize our vision, the Company is determined to research and develop food products that nourish both the body and the mind of people at all ages. Young scientists are welcome at CPF Food R&D Center for further R&D synergy and collaboration on healthy food, patient food, or food for specific group of consumers, while maintaining the balance of nature and the sustainability of the world. Moreover, cooperation has been made with public agencies and leading universities to extend the benefit of such research to the society and consumers at large.



All points of production were connected to enhance alignment, efficiency, and timeliness

Production facilities are connected through the network of sensors attached to machinery. The applicable software collects data on a database retrievable for analysis and for the factory manager to track performance and enhance efficiency of quality control.



“Quality and safety” throughout production process is the key to good health

Being vertically-integrated business empowers the Company to systematically control and audit the quality throughout its production process. Beside stringent compliance with laws, rules, regulations, and international requirements of the countries in which we have invested, third-party international standards and certification required by customers were adopted by the Company’s feed, farm, and food businesses in each particular country.

Quality/Food Safety Standards

- GAP/GMP
- HACCP
- ISO 9001
- ISO/IEC 17025
- ISO 22000
- Halal
- BRC
- IFS
- QS Quality Scheme for Food
- Safe Quality Food (SQF)
- FAMI-QS

Social Standards

Labor and Occupational Safety

- Good Labor Practice (GLP)
- TLS 8001-2010
- OHSAS 18001/ISO 45001
- CPF SHE&En Standard

Animal Welfare

- Genesis Standards, the United Kingdom
- Agricultural Labeling Ordinance (ALO), Switzerland

Environmental Standards

- ISO 14001
- ISO 14040
- ISO 14044
- ISO 14046
- ISO 14067
- ISO 50001
- AEMAS

Other Standards

- CEN/TS 16555
- ISO/IEC 27001

Sustainability Standards

- IFFO RS CoC
- BAP
- Code of Conduct (CoC) Department of Fisheries
- Sustainable Forestry Initiative (SFI)
- Global G.A.P.

Remark: Policies and guidelines of the Company are in compliance with the above standards. In this regard, operations in each country shall consider applying for independent third-party standards as they see fit, provided that such application is in compliance with requirement of the Company and customers as well as national laws in each particular jurisdiction.

Innovation for sustainable development



Innovation is the core engine for the Company to sustain its leadership. Thus, the Company is motivated to maximize its potential through full-scale research and development for feed, farm, and food businesses. Innovation of products, processes, and business models have been achieved to differentiate our business, to add value to consumers, and contribute to social and environmental sustainability.

The Company finds it essential to learn, exchange, and broaden our perspective for new third-party technology and innovations through investment and synergy with our national and international partners. Together, with partner, the Company can deliver greater progress for the agro-industrial and food businesses; and remain as the “Kitchen of the World”.



Innovative organization



The Company encourage employees to express innovative ideas and initiatives. Furthermore, the CPF CEO Award, an annual event of the Company, opens up a stage for the entire organization to submit their best ideas and innovations. In parallel, the Company focuses on developing employees in all functions to be innovators in line with the TRIZ guideline, which puts emphasis on creative problem-solving. We also adopt the CEN 16555 standard, which enables us to master systematic innovative creations under limited resources.



Accounting and finance innovation

The Company has operation in 17 countries around the world. Accounting and finance works are therefore founded according to different locations of these operations. Due to similar nature of accounting and finance processes; however, scattered accounting and finance function may result in discrepancy and non-conformity to the standard. The Company thus began its accounting and finance innovation since the year 2013 until now where new technology has been applied to various operating and data processing workflows. Robot accountants were also introduced to enhance operating efficiency and minimize human errors. Meanwhile, existing employees were enabled to add more value to their profession, resulting in enhanced employee engagement and sustainable growth of the organization.

"Robot accountant" innovation

In 2018, the Company introduced the robotic process automation (RPA), the latest accounting and finance innovation to enhance efficiency and minimize errors of data collection, to handle routine works. The first routine work chosen was audit of transactions, goods and services procurement, and credit ledger recording. Subsequently, RPA was assigned to proceed the entire workflow of 130 functions of Share Services Center (SSC). Over 32 robots (BOT) worked at the actual sites 24 hours a day. Beside using RPA for accounting and finance works, the training program of RPA was arranged for users of other functions to learn how to assign BOT to replace human in data collection.

Touchless ecosystem progress

In 2019, the accounting and finance function engage blockchain technology and it was developing new technology that would function together with Internet of Things (IoT) to enhance correctness of operations as well as to enable preventive instead of detective maintenance. This innovation completely replaced human involvement, which both streamlined the process and effectively minimized fraud cases.



New CP FreshMart ... for changing lifestyle of consumers



CP FreshMart underwent a major revamp of its store decoration and business model to capture the changing demand of consumers in Thailand. The strength of CP FreshMart lies in its sales of the fresh food with top quality. CP FreshMart now expands its product variety in various categories, including fresh products, processed products, fruit, and vegetable.

Beside our improvement to stay ahead of the shifting trend in lifestyle of customers, CP FreshMart has ventured into delivery service, both direct delivery from factories to B2B customers and delivery from factories to our hubs or CP FreshMart nationwide for B2C





delivery (last mile delivery). Customers are provided with total convenience as they can place orders online via CP FreshMart website and CP FreshMart application on mobile devices. CP FreshMart has launched its latest operating platform to enhance information management in the supply chain, logistics, and marketing.

To broaden its access to targeted customers, CP FreshMart synergized with its business alliances, especially renowned real estate developers, to embed CP FreshMart application into the application of various residential projects of the alliances. This provides further convenience for their residents to place online orders and enjoy having food and other products delivered at their doorsteps, whether they live in housing or condominium projects.



Innovation with great care

Care for animals

Livestock Disease Diagnosis Center

The Livestock Disease Diagnosis Center is responsible for diagnosis of livestock in Thailand and overseas. Its core function is to diagnose diseases from symptoms caused by infectious and non-infectious diseases of farm animals by means of pathology, detection of immunity against major diseases, and examination of virus and bacteria which cause health problem and impact on production process. International examination techniques as well as advanced technology and equipment are opted for the center's operations, enabling efficient identification of the root cause and solution, including prevention of recurrence.



Strength improvement for farm animals

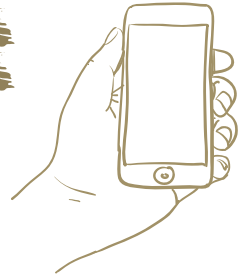
The Company signed an agreement with UMITRON, a Japanese aquaculture start-up, to digitize the shrimp farming industry in Thailand. The initiative formed part of the Open Innovation project, which was a collaboration between the Thai and Japanese governments to conduct business matching between Thai and Japanese start-ups. Its goal was to develop digital innovation and advanced technology that elevate the industrial standard of Thailand.



The core competency of UMITRON is advanced digital technology adapted to create sustainable aquaculture of sea fish. The technology shall be applied to vannamei shrimp farming of the Company for sustainable farming and optimal production efficiency to minimize environmental impact.

Automatic farming control via mobile application, accessible anywhere and anytime without the need to be in the farm

The Smart i Farm assists farmers to stay updated with all parameters in and outside the animal house. The application has alert feature and allows farmers to remotely control equipment in the shrimp tanks via application without having to access the farm. This minimizes infection exposure from people as disease carriers. Furthermore, the automation helps farmers to detect any abnormalities and solve the problems promptly.



Cage-free eggs

Layers are allowed to roam freely in the closed-system houses, protected with 100% disease control measure. They are treated in compliance with animal welfare and the Five Freedom principle. The layers live in proper, comfortable, and sanitary condition, with adequate feed and water; at the same time, they are allowed to express natural behavior. As a result, the layers are healthy and they do not need any antibiotics. Our eggs therefore are of premium quality as they are fresh, safe, and antibiotics-free.

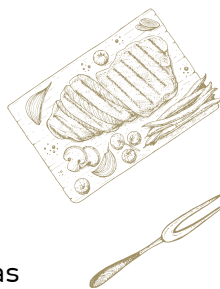


Care for humans

CP KUROBUTA HAM & PICNIC

Tenderness of CP KUROBUTA ham and picnic was uplifted by the following 3 innovative techniques.

- ✓ Genetic technology to control tenderness and juiciness
- ✓ Brining technique to stimulate enzyme for enhancing tenderness
- ✓ Aging technique in 0-2 degree Celsius to increase tenderness



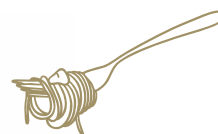
Plant-based Protein

For consumers seeking for alternative protein, the Company carefully chose plants with high protein yield equivalent to meat i.e. soybean, pea, and wheat, as well as eggs, and cholesterol-free fat i.e. canola oil and rice bran oil, for its development of plant-based products created with advanced technique and processes. Our innovation offers products with sensory characteristics similar to meat.

- ✓ High protein equivalent to meat
- ✓ High fibre from plant
- ✓ 0% Cholesterol

Veg It Up!

The Company launched a plant-based, meat-substitute brand to expand our vegetarian food portfolio, especially Smart Meal series from Thailand, to Scandinavian markets.



This product place is available in Scandinavia region



This product place is available in the United States of America

Boston Market – Carvers Cuts and Bowls

The Boston Market brand offers high-protein, ready-to-eat meals, with primary focus being protein volume and quality. Carver's Cuts is proudly presented by Boston Market as a premium, value-for-money meals with a large proportion of meat equal to restaurant's serving size. The product was packaged in transparent tray and vacuum-sealed for freshness and visibility. In 2019, Boston Market launched new products called Boston Market Bowls, which was also a high-protein meal presented in trendy and contemporary packages.

Atkins – cauliflower-based healthy meals

Atkins offers alternative frozen ready-to-eat meals for those seeking food that helps them cutting back on the carbs or those on ketogenic diet meal plans. Cauliflower is used to substitute carbohydrates, which fits the lifestyle of health lovers and new generations.



This product place is available in the United States of America

Mini water chestnut sausage

Mini water chestnut sausage was the new product developed as per an order from sukiyaki restaurant business in China. Water chestnut has crispy texture, which is very popular among Chinese consumers.



This product place is available in China

Ready-to-eat tender chicken breast in black pepper

This chilled product offers ready-to-eat, premium quality tender chicken breast, with less fat and low calories.



This product place is available in Taiwan, China



This product place is available in Russia



Chicken in marinated spice

"Lomonosovskie Produkti"

Ready-to-cook marinated chicken made of fresh chicken and seasoned with natural spice.

- ✓ Chilled chicken breast
- ✓ Low fat
- ✓ No preservatives
- ✓ No MSGs



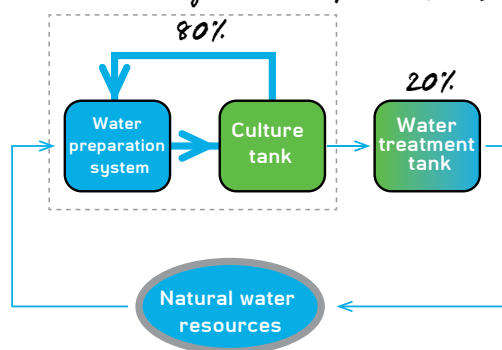
Care for the environment

Reconditioning Culture System (RCS)

The Company placed significance on sustainable water management and therefore, developed the Reconditioning Culture System (RCS) to recycle the utilized water for utility purposes in the farm. This system enabled simple management, required low investment, and could be modified for normal aquaculture farms.



Reconditioning Culture System (RCS)



✓ Over 80 percent of utilized water can be recycled and used in the farm.

80%

✓ Less water released from farms and natural water consumption reduced to 20 percent.

20%

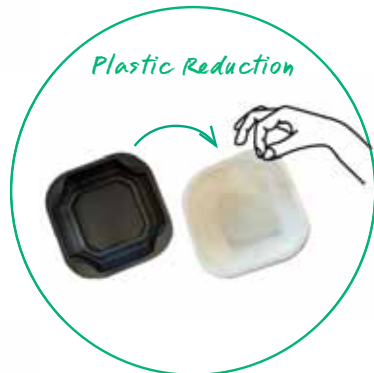
Packaging Innovation

PURE brand uses packaging made of disposable pine pulp fibre

- ✓ Plastic use was reduced by 85 percent.
- ✓ Film is separable and easy to recycle.



Plastic Reduction



CP brand paper egg tray



- ✓ Packaging is made from recycled paper pulp.
- ✓ Biodegradable
- ✓ Eco-friendly
- ✓ Recyclable



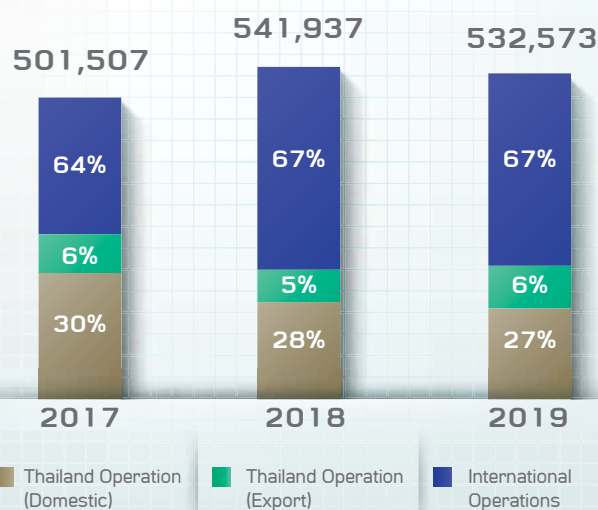
Healthy living starts from eating right.



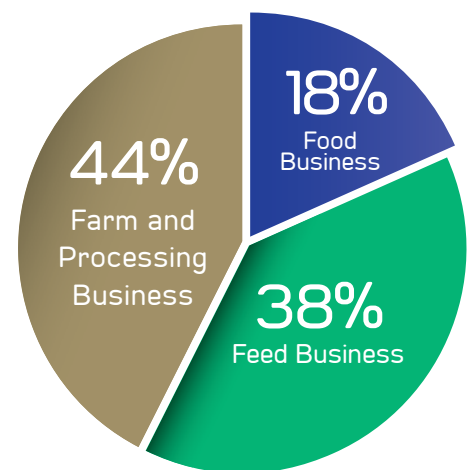
2019 Financial Highlights

Sales Revenue by Operation

Unit : Million Baht

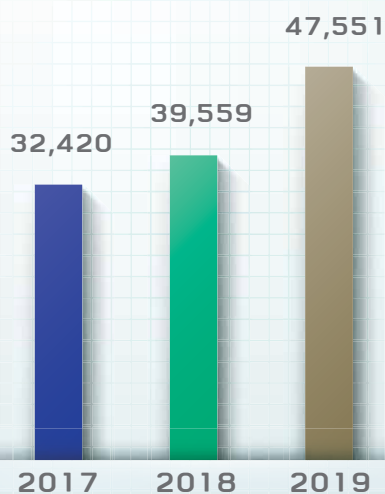


Sales Revenue by Business



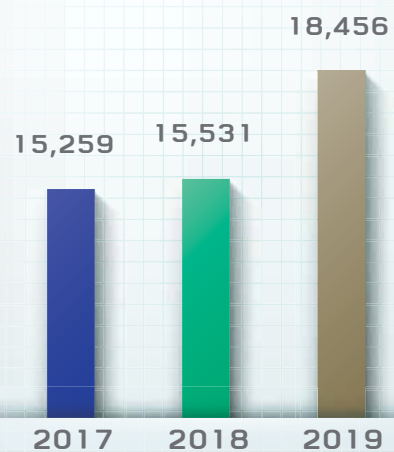
Earnings Before Interest, Tax, Depreciation, Amortization (EBITDA)⁽¹⁾

Unit : Million Baht



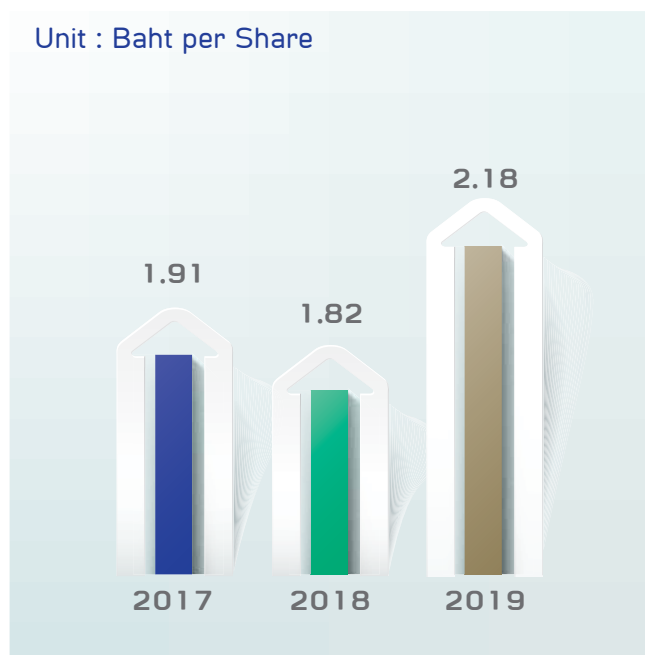
Net Profit⁽²⁾

Unit : Million Baht



Earnings per Share

Unit : Baht per Share



Net Profit Margin⁽³⁾



Return on Equity⁽⁴⁾



Dividend per Share

Unit : Baht per Share



⁽¹⁾ EBITDA = Revenue from Sales of Goods – Cost of Sales Goods + Net other Income – Selling & Administrative Expense + Gain (Loss) From Foreign Exchange + Depreciation & Amortization + Depreciation of Biological Asset

⁽²⁾ Net Profit = Profit Attributable to Equity Holders of the Company

⁽³⁾ Net Profit Margin = Net Profit/Revenues from Sales of Goods

⁽⁴⁾ Return on Equity = Profit Attributable to Equity Holders of the Company/Average Shareholders' Equity Attributable to Equity Holders of the Company

Key Achievement in 2019

Canada

Investment in integrated swine business in Canada

The Company acquired 50.10 percent of total shares of HyLife Group Holdings Ltd. ("HyLife"), which is the joint venture of the Company and Itochu corporation. HyLife engages in the integrated swine business, ranging from feed production, swine farming, and distribution of pork products. With premium quality products, HyLife currently exports chilled pork products from Canada to Japan, one of the most premium markets.



The United States of America

CPF commenced its shrimp farming operation in the USA

A new subsidiary was established under the name Homegrown Shrimp (USA) LLC., with registered capital of 6.6 million US dollars; the subsidiary is wholly-owned by CPF.



Vietnam 

Investment in restaurant business in Vietnam

The Company acquired investment of AHM Lifestyles – Creative Hospitality Co., Ltd. (“AHM”) at 70 percent of AHM’s registered capital. AHM engages in the restaurant business of Vietnam and its positioning to fit the lifestyle of new-generation.



Sri Lanka 

Investment in shrimp business in Sri Lanka

Capital increase was made in Lotus Aquaculture Lanka (Private) Ltd. (“Lotus Aquaculture”) at 75 percent of registered capital. Lotus Aquaculture engages in shrimp hatchery, farm, and cold storage in Sri Lanka.

Poland 

Establishment of new subsidiary to invest in pet food business in Poland

PetRepublic Ltd. (“PetRepublic”) was established in Poland to engage in production and distribution of pet food.



Pride in 2019



4 awards from “Asia Excellence Awards 2019” by Corporate Governance Asia—a leading financial magazine.

Asia’s Best CEO

Conferred to Mr. Dhanin Chearavanont, Chairman of Charoen Pokphand Foods PCL. (in position until 24 April 2019). The award recognized his role in driving business progress, sustainable growth, and adherence to corporate governance principle; in bringing about sustainability to the organization, community, and the environment; and in gaining trust from national and international stakeholders.

Asia’s Best CFO

Conferred to Mr. Paisan Chirakitcharern, Chief Financial Officer. The award recognized the Chief Financial Officer who demonstrated high competence in financial management and investment, and who brought forth value addition and optimal benefit to the organization while balancing returns to all stakeholders.



Best Investor Relations Company

The award recognized a company that set high standards on information disclosure, transparency, and fair information dissemination to ensure the right understanding and to sustain sound relationship with all stakeholders.

Best Investor Relations Professional

The award was conferred to Mrs. Kobboon Srichai, the Company Secretary and Senior Vice President Investor Relations and Capital Market. The award recognized the outstanding performance on information disclosure with adherence to transparency and fair data dissemination to ensure the right understanding and to sustain sound relationship with all stakeholders.



“Highly Commended in Sustainability Award” as one of sustainability companies at SET Sustainability Awards 2019 by the Stock Exchange of Thailand

The award recognized the Company for its outstanding performance in sustainable development with exemplary balance between financial performance, responsibility toward stakeholders, sound management in economic, social, and environmental aspects as well as corporate governance. The Company has been selected as one of sustainability companies in Thailand Sustainability Investment Index (THSI) for the 4th consecutive year.



“Excellent” CG Scoring rated by the Institute of Directors for the 4th consecutive year

The award recognized CPF business operation which ensured adherence to corporate governance. The rating “Excellent” corporate governance from the Institute of Directors given in 2019.



Leadership Excellence Award: Thailand Corporate Excellence Awards 2019 organized by the Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University

The award recognized the Company’s outstanding management and leadership development, especially its succession planning for sustainable growth and development.



“Quality Persons of the Year 2019” Award by the Foundation of Science and Technology Council of Thailand (FSTT)

The award was conferred to Mr. Sooksunt Jiumjaiswanglerg, Vice Chairman of Charoen Pokphand Foods PCL. (CPF) due to his outstanding performance and contribution to the society.



“Youth Service” Medal of Honor by the Ho Chi Minh Communist Youth Union

Mr. Montri Suwanposri, President of C.P. Vietnam Corporation, received the medal of honor for his continuous contribution to Vietnamese youth to be good and talented citizens. C.P. Vietnam was the first and only foreign private company granted with ordinary membership of Vietnam Youth Union.



Most Outstanding Company in Thailand – Agriculture Sector award by Asiamoney-Asia’s leading financial and investment magazine

The award was based on survey result of more than 800 fund managers, buy-side analysts, ratings agencies, and bankers. The criteria were overall performance, financials, management team, IR activities, and CSR initiatives.

Prime Minister’s Export Award 2019 (PM Export Award 2019) by the Department of International Trade Promotion, Ministry of Commerce

The Company won the Best Exporter Award, which was the highest level of recognition for Thai exporters with proven success in development and marketing of Thai products that were well recognized in the global market.

Vietnam National Quality Award and Asia-Pacific Excellence awards By the Ministry of Science and Technology, Vietnam

CP Vietnam’s swine business was the first company in the swine industry to receive the award, which was the highest level of legal recognition for product quality.



7 Total Productive Maintenance: (TPM Awards)



The awards were granted in recognition of the achievement of CP and C.P. Vietnam in plant maintenance and “preventive” approaches, resulting in higher productivity, cost effectiveness, and the benefits of the society, environment, and community.

Superior Taste Awards by Taste Institute, A global leader in taste evaluation and certification

Massaman Thai Chicken Curry with Jasmine Rice; and Red Thai Chicken Curry with Jasmine Rice, produced by Top foods, a subsidiary of CP Foods in Belgium, won the Superior Taste Award with two stars and one star, respectively. Also, the Shrimp Wonton Noodle with Choy Sum, a product of Thailand, received one-star certificate.

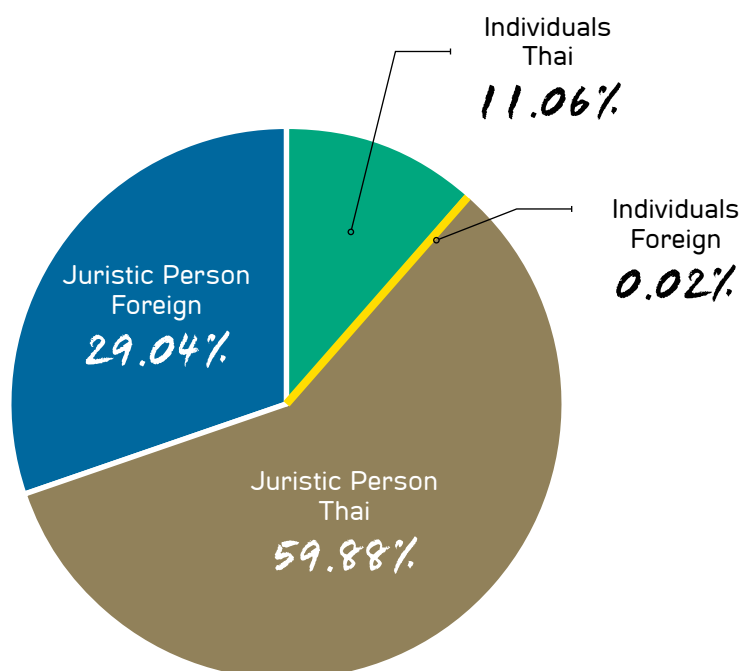
The 37th Mercurys Award in 2019 by Panel of International Food Catering Experts

Tops Foods won the most prestigious travel catering award worldwide in the economy class meals category with their innovative Vegan Lasagne.

Shareholders Structure

As of 9 March 2020

- Issued and Paid-up Share as of 9 March 2020;
8,611,242,385
- Number of Shareholders;
46,548



Top 10 Major Shareholders

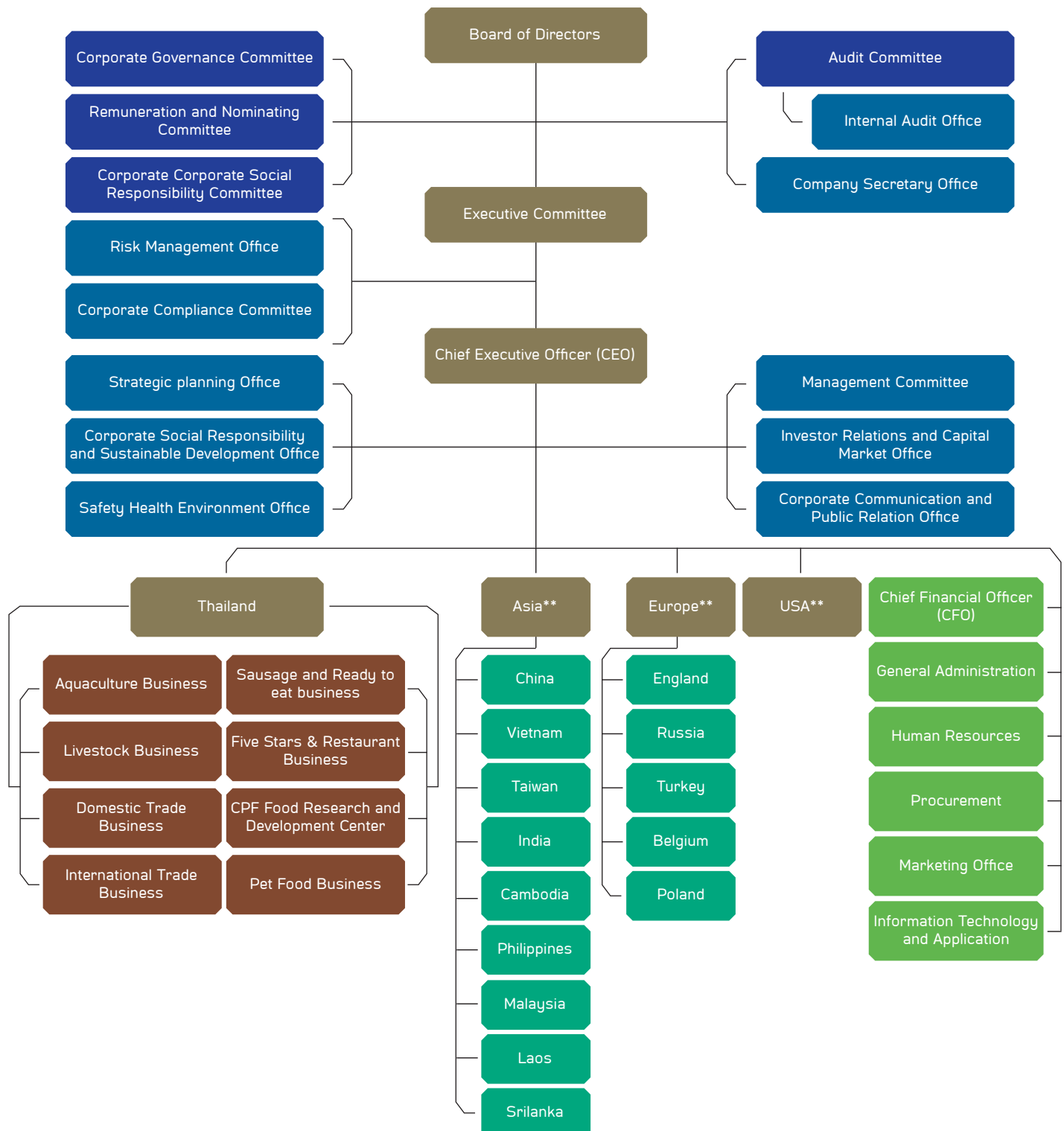
Name	Amount	Percentage
1. CPG Group ⁽¹⁾ comprises	4,596,760,804	53.38%
2. Thai NVDR Co.,Ltd.	824,682,010	9.58%
3. GIC PRIVATE LIMITED	308,208,340	3.58%
4. Social Security Office	214,634,500	2.49%
5. STATE STREET EUROPE LIMITED	199,408,696	2.32%
6. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	134,634,552	1.56%
7. Mr. Prinya Tieanworn	56,121,400	0.65%
8. BNY MELLON NOMINEES LIMITED	40,954,217	0.48%
9. MORGAN STANLEY & CO. INTERNATIONAL PLC	30,160,200	0.35%
10. CACEIS BANK, LUXEMBOURG BRANCH	29,445,777	0.34%

CPG Group is not a shareholder of shareholder No.2-6 and shareholder No.8-10

Note ⁽¹⁾ CPG Group is a reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2535 (as amended)

Management Structure

As of 31 December 2019



Note: **Country or territory in which the Company has operating subsidiary

Board of Directors

As of 31 December 2019

The Company's Board of Directors consisted of the following 15 directors:



1. Mr. Soopakij Chearavanont
Chairman⁽¹⁾

2. Mr. Chingchai Lohawatanakul
Vice Chairman⁽¹⁾

3. Mr. Adirek Sripratak
Vice Chairman⁽¹⁾

4. Mr. Phongthep Chiaravanont
Vice Chairman⁽¹⁾

5. Mr. Suphachai Chearavanont
Vice Chairman⁽¹⁾

6. Mr. Rungson Sriworasat
Director⁽²⁾

7. Professor Dr. Pongsak Angkasith
Director⁽²⁾

8. Pol. Gen. Phatcharavat Wongsuwan
Director⁽²⁾

9. Mrs. Vatchari Vimooktayan
Director⁽²⁾

10. Mr. Vinai Vittavasgarnvej
Director⁽²⁾

11. Mr. Pong Visedpaitoon
Director⁽¹⁾

12. Mrs. Arunee Watcharananan
Director⁽¹⁾

13. Mr. Sooksunt Jiumjaiswanglerg
Director⁽¹⁾

14. Mr. Sukhawat Dansermasuk
Director⁽¹⁾

15. Mr. Prasit Boondoungprasert
Director⁽¹⁾

Note: ⁽¹⁾ Authorized directors whereby any two of the authorized directors shall sign on behalf of the Company with the Company's seal affixed

⁽²⁾ Independent Director

Executives

(As 1 March 2020)



1. Mr. Prasit Boondoungprasert
Chief Executive Officer (CEO)



2. Mr. Siripong Aroonratana
Chief Operating Officer –
Livestock Business
Chief Operating Officer –
Sausage and Ready-to-eat
Business and
Acting Executive Vice
President – Chicken Business



**3. Dr. Sujint Thammasart,
D.V.M.**
Chief Operating Officer –
Aquaculture Business



**4. Mr. Sathit
Sangkanarubordee**
Chief Operating Officer –
Five Star and Restaurant
Business



5. Mr. Paisan Chirakitcharern
Chief Financial Officer

6. Mr. Rewat Hathaisattayapong
Executive Vice President –
Livestock Feed Business

7. Mr. Somporn Jermpong
Executive Vice President –
Pig Business

8. Mr. Narerk Mangkeo
Executive Vice President –
Instant Food Business

9. Mr. Sujarit Mayalarp
Executive Vice President –
Domestic Trade Business

10. Mr. Anat Julintron
Executive Vice President –
International Trade Business

11. Mr. Somkid Wannalukkhee
Senior Vice President –
Egg Business

12. Mr. Tanapol Sagulwiwat
Senior Vice President –
Duck Business

13. Dr. Ming Dang Chen
Executive Vice President –
Aquatic Research and
Development

14. Mr. Pairoj Apiruknosit
Executive Vice President –
Aqua Integrated Business
Thailand Area

15. Mr. Premsak Wanuchsoontorn
Executive Vice President –
Shrimp Hatchery Business

16. Mr. Robins McIntosh
Executive Vice President –
Aquatic Breeding Business

17. Mr. Voravit Janthanakul

Executive Vice President –
General Administration Unit

18. Mr. Praderm Chotisuparach

Executive Vice President –
Information Technology and
Application Unit

19. Dr. Sommai Tachasirinugune

Executive Vice President –
Research and Development
Unit and Acting Executive Vice
President – Quality Assurance Unit

20. Mr. Virote Kumpeera

Executive Vice President –
Agro-Industry Technology
and Innovation Unit

21. Mr. Anurat Suthamnirun

Executive Vice President –
Food Processing Technology
and Engineering Unit

22. Mr. Nattawat Chunhawuttiyanon

Executive Vice President –
Investment and Business
Development Unit

23. Mr. Viboon Supakarapongkul

Executive Vice President –
Procurement Unit

24. Mr. Parisotat Punnabhum

Executive Vice President –
Human Resource Unit

Executives International Operations

1. Mr. Bai Shanlin

China

2. Mr. Montri Suwanposri

Vietnam

3. Mr. Jim MiddletonUnited
Kingdom**4. Mr. Thong Chotirat**

Taiwan

5. Mr. Tep Tepsatit

India

6. Mr. Wichit Kongkheaw

India

7. Mr. Thomas SmithUnited
States**8. Mr. Preeda Chunwong**

Cambodia

9. Mr. Thomas Norgaard

Russia

10. Mr. Buree Srina

Russia

11. Mr. Paradon Jinkunthong

Turkey

12. Mr. Sakol Cheevakoset

Philippines

13. Mr. Udomsak Aksornphakdee

Philippines

14. Mr. Santipharp Seesuanphip

Malaysia

15. Mr. Wirat Phothiphan

Malaysia

16. Mr. Thamnong Pholthongmak

Lao

17. Mr. Michael Tops

Belgium

18. Mr. Habeeb Mohamed Ziauddin

Sri Lanka

19. Mr. Cesar Lipka

Poland

Corporate Governance



The Company has laid foundation for good corporate governance for the start and it included determination of clear management structure; a search of highly experienced Directors who are visionary and with firm understanding of business; establishment of clear scope of responsibility of committees as well as policies and guideline for shareholders and stakeholders; disclosure of information in a correct, transparent, and timely manner, and cascading of policies and guidelines to executives and employees for acknowledgement and adherence.

Corporate governance structure

As of 31 December 2019, the **Board of Directors**, representing shareholders, **consisted of 15 Directors, 5 of which were Independent Directors**. Subcommittees were established by the Board of Directors to oversee major aspects of operation while supporting functions were assigned accordingly to perform corporate governance tasks as described below.

The Board of Directors governs business in compliance with laws, goals, requirements, and resolutions of the Meeting of Shareholders; and oversight the management to achieve goals in line with annual strategies and business plans approved by the Board of Directors, while balancing benefits of the Company and all stakeholders.

A total of 7 meetings of the Board of Directors were held in 2019



- ✓ February
- ✓ March
- ✓ May
- ✓ June
- ✓ August
- ✓ November
- ✓ December

The Roles and Responsibilities of the Board of Directors



To consider and
approve the Company's
Objectives



To conduct a review
for business
operations



To monitor, assess and
disclosure the results of the
implementation

The Remuneration and Nominating Committee identifies persons qualified for Director position and proposes the matter to the Board of Directors for approval, or for further proposal to the following Meeting of Shareholders. In this regard, shareholders are provided with an opportunity to nominate qualified persons for Director position based on related criteria.

Subcommittees were appointed by the Board of Directors, namely **the Audit Committee, Remuneration and Nominating Committee, Corporate Governance Committee, Corporate Social Responsibility and Sustainable Development Committee.**

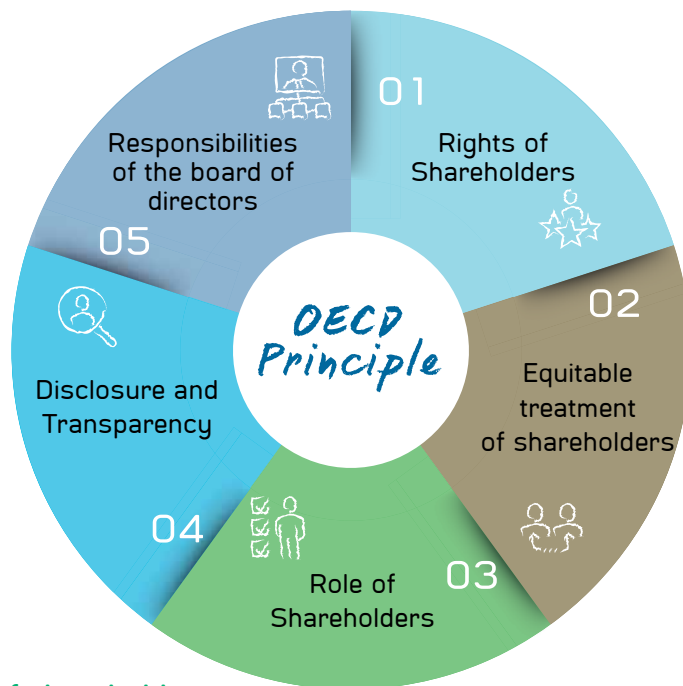
In addition, the **Executive Committee** was also appointed, comprising senior executives of core business functions and supporting functions to assist the Board of Directors in ensuring that the business is managed in alignment with policies and business goals in an effective and efficient manner.

The Corporate Governance Committee has duty to define the scope and policy relevant to corporate governance, to propose corporate governance guidelines as well as recommendation to the Board of Directors, to review corporate governance compliance of Directors and senior executives, to review corporate governance guideline by benchmarking against international practice, and to propose to the Board of Directors any modification for enhanced effectiveness and efficiency.

Corporate governance policies

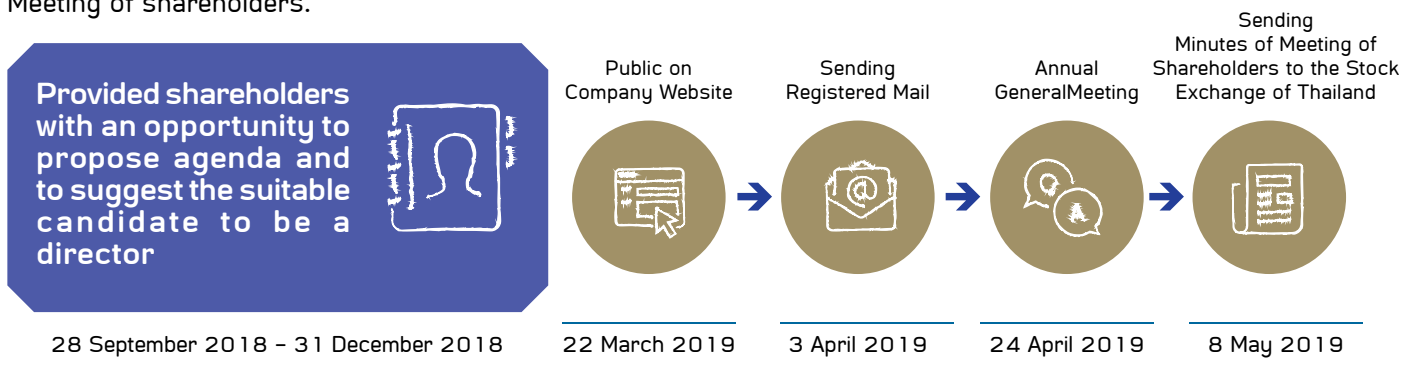
The Company believes that good corporate governance is a vital element for sustainable development of the Company and shall be sustained hand-in-hand with its business growth to ensure sound financial performance in a long run along with creation of sustainable value for the business. By attaining this, the Company shall continue to meet expectations of business sector, shareholders, stakeholders, and the society at large. The Company therefore determined the corporate governance policy and incorporated it as a part of mission of the Board of Directors, management, and employees to ensure their acknowledgement and adherence. A minimum of one evaluation of compliance with related policies and regulation shall be conducted on an annual basis; the result thereof will be reported to the Board of Directors.

The 5 OECD Principles for corporate governance



Annual general meeting of shareholders

The Company organizes the Annual General Meeting of shareholders in every April. The Company distributed related documents and information to shareholders via the Company's website for the 2019 Annual General Meeting of shareholders.



Major activities of the Investor Relations Office in 2019



Analyst and Investor meetings 4 times



Company Visit and Conference Call 37 times



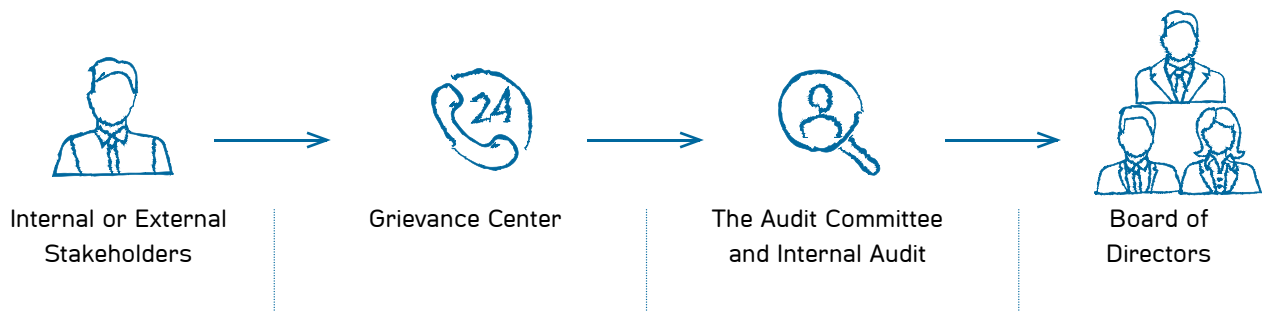
Participation in Conference and Roadshow 22 times

Anti-Corruption

The Company ensures that its employees shall not tolerate corruption by raising awareness of employees in all levels via policies and guidelines in various formats and distribution channels. The Company has provided the anti-corruption policy with translations in 12 languages to enable communication in all countries where its investments are located. Moreover, the Company has opened various communications channels, namely mails, telephone calls, facsimiles, electronic mails, and the Company's website, for employees, stakeholders, or third parties to report any lead or complaint about violation against the laws, code of conduct, or any right; or an act of corruption. Whistleblowers shall be under protection of the Company and details of complaints will be kept confidential and undisclosed to irrelevant parties, unless required by the laws. Fair treatment and protection will be ensured for employees who refuse to take any action deemed to be crime of corruption. In this regard, risk management procedure of the Company also included corruption risk assessment. In addition, the Company has also determined its risk management process which included corruption risks.



Whistleblowing Procedure



"The Company was certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC), reflecting the determined stand point of the Company to apply the anti-corruption policy for actual practice throughout the organization since 2017."



Corporate governance of subsidiaries and associated companies

The Company has policy to appoint representative as Executive Director in subsidiaries to oversee their operations to ensure alignment with the Company's policy in an effective and efficient manner. In a case where a company, whose shares are held by the Company, organizes the meeting of shareholders, the Board of Directors of the Company shall make voting decision of each agenda and shall appoint proxy to attend such meeting.

Corporate Social Responsibility



United Nations
Global Compact

Be a participant in the United Nations
Global Compact

Supporting 11 out of 17 goals of the
Sustainable Development Goals (SDGs), in
line with the Company's core competencies
and potential for sustainable development.



Sustainability Framework

The Company places significance on corporate governance for sustainability and incorporates Corporate Social Responsibility (CSR) and sustainable development operations as one of its business strategies. To ensure compatibility with the current context in 2019, the Company reviewed and revised the Sustainability Strategy, which was under the **3 core pillars**--“**Food Security, Self-Sufficient Society, and Balance of Nature**”, based on the **foundation of corporate governance for sustainability and respect for human right and labour practice**. The Company aims to achieve appropriate returns to shareholders, health of consumers, and stability as well as happiness of employees, business partners, and community. In parallel, we strive to conserve natural resource and the environment, which is the capital for social and economic growth in the present and future.

The Company progresses its CSR implementation in accordance with the **UN Global Compact** in respect of human right, labor practice, environment, and anti-corruption. Furthermore, the **Sustainable Development Goals (SDGs)** was integrated, whereby we supported 11 out of 17 goals, which are in line with our core competencies and potential for sustainable development.

In addition, the Company participated in the following international alliance networks.

- **The Seafood Task Force:** The Company supports sustainability of seafood supply chain through development of efficient fishing vessel surveillance system to prevent illegal, unreported and unregulated (IUU) fishing, which played in an important role in consideration of European Union to announce lifting of a yellow card for fishery industry of Thailand.



- **Global Dialogue on Seafood Traceability:** The Company participates in the program to determine the guideline on traceability of seafood throughout the seafood supply chain.
- **Food Reform for Sustainability and Health (FReSH):** The Company joins the program to reform for sustainable and healthy supply chain of food production.

Respect for human right

The Company sees significance in respect for human right. It therefore has determined the **policy on human right and labour practice and management** as its operating framework in alignment with requirements of the International Labor Organization (ILO), UN Global Compact, UN Guiding Principles on Business and Human Rights (UNGP), and **Statement on Slavery and Human Trafficking**. This practice reflected its standpoint against modern slavery and human trafficking of any kind. In addition, the Company adheres to respect for human right in its supply chain in accordance with the **policy on sustainable procurement and compliance guideline for business partners**.



Food security

Rising world population triggers a surging food demand around the globe. Food innovation is therefore an essential enabler of the food industry to advance their capacity at the same pace. In addition, farming in alignment with the animal welfare is a key success factor for product quality and food safety. All our efforts aim to secure food access and knowledge for consumers for the purpose of sustainable consumption as well as eradication for hunger and malnutrition for the society at large.

• Food innovation

The CPF Food Research and Development Center was established to create innovations and **co-product innovations** and to deliver food of happiness in response to consumer demands. It aims to optimize the use of natural resources in line with the **Circular Economy** principle while minimizing food loss in the production process.



• Animal welfare

The Company focuses on development and advancement of its animal welfare practice in accordance with the “Five Freedom” principle; at the same time, establishes the culture of care for animal welfare among its people, which is applicable to the Company’s and contract farmers’ farms. The **animal welfare policy** was announced; the **Animal Welfare & Antimicrobial Committee** was appointed; and the **Global Vision on Antimicrobials Use in Animals** was signed off. Furthermore, the manual and standards on works related to animal welfare were launched, which was applicable to management of its broiler, layer, duck, swine, and aquaculture farms throughout Thailand so as to protect these animals from physical suffering, torment, injury, and to encourage them to express their natural behavior.



• Access to food and knowledge for responsible consumption

The Company accentuates quality assurance and standardization of production process in order to ensure quality and safety in accordance with the international standards. The Company aims to gain confidence from consumers on food quality and safety as well as traceability throughout its value chain. Additionally, we provided access for a total of 291,000 children and youth to learn about food production and/or to practice the skill of right nutrition and consumption as well as food safety in the Eggs for School Lunch Project and CPF Food for Body, Heart, and Future of Children Project.



Self-sufficiency society

The Company participates in and contributes to management of various issues in and outside its industry, which are considered to be major support for food security and environmental balance. For the said reasons, the Company stresses on taking care of its employees to make CPF a home of happiness in the heart of employees, together with taking care of business partners to enjoy mutual growth, and taking care of the community to enhance the quality of life of farmers and the community.



• Taking care of business partners

The Company shares the guideline for doing business with responsibility through communications and training programs about sustainable procurement and practice guideline for business partners. Also, the environment, social, and governance: supplier sustainability self-assessment was integrated in the initial sustainability assessment for business partners.

• Taking care of community

Bearing in mind that stable career and income would improve the livelihood of community and ensure the nation’s economic stability as well as food security, CPF puts emphasis on continuous promotion of careers that yield stable income for farmers and SMEs businesses following the strategy of “4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)”.

Sustainability of land, water, and forest



The Company is well aware that natural resources are limited; thus, strives to operate its business in a manner that minimizes impact on the environment and preserves the natural resources in every touchpoint throughout its value chain. The Company is driven to “develop packaging for sustainable development”; “minimize impact on the environment”, while “protecting biodiversity” in order to create balance for development and sustainable future.

- **Sustainable packaging**

Food packaging is a crucial process to maintain the quality of food and to ensure food safety for consumers. The Company is determined to help solving the global problem of plastic waste and to enable resource optimization; therefore, synergizing with producers of raw materials and packaging developers to research and design packaging innovation. Its primary objectives are to secure food quality and safety, and to use of plastic alternatives or plastic made from alternative and/or replaceable materials that enabled the package to be reusable.

- **Minimal impact toward the environment**

The Company utilizes renewable energy throughout its production process. For example, biomass replaced coals in steamers while wastewater and manure were treated for production of biogas that fuels power generation utilized in the farm. In addition, liquid fertilizer was shared with surrounding communities; solar PV was installed in the solar rooftop initiative for power generation within the farm. The Company manages food loss and waste under the **Circular Economy concept** where waste was recycled for other purposes such as liquid fertilizer, soil improvement material, and animal feed while certain waste can be utilized to generate electricity.



- **Biodiversity**

Knowing that a business which preserves the environment and biodiversity plays an important role in securing the balance and sustainability of the ecosystem, the Company underlines its key decisions. To name a few, **its location of business shall not be in the natural resource and environmental conservation zones; agricultural raw material sources shall not be in preservation areas or those without ownership title deeds; and fishmeal shall not be procured from sources that incur risk of species extinction.** The Company procures main raw materials such as fishmeal or corn for animal feed solely from traceable sources to promote sustainable natural resources.



Remark: The sustainable strategy was reviewed and the 2019 sustainability performance was elaborated in details in the 2019 sustainability report.

Employee Engagement

Development and care for our people



People is solid foundation and key driver for sustainable growth of an organization. The Company focuses on human resources management based on the principle of **fair treatment**, **respect for human right**, **development of skills**, **promotion of life-long learning** to ensure **readiness for changes**, and **support for career advance** in the working environment that **encourages psychological safety and employee engagement**. The main goal is to encourage the work life balance while maximizing the potential of CPF people following the “People Excel-Business Exceeds” vision.

Becoming the employer of choice for good and talented people

Promoting CPF value and culture

The Company strongly encourages its employees to live by honesty, integrity, and ethics, to contribute to benefits of the society at large in accordance with the **three benefits to sustainability**, to adhere to **CPF WAY**, and to work with determination in line with **CPF Code of Conduct**. Furthermore, the Company promotes employee engagement through various activities that lead to desirable behavior at workplace. We aim to develop all of employees to be good and talented; and to advance in their career along with our growth.



Fair remuneration management

The Company's remuneration policy ensures fair and competitive compensation, fringe benefits, and welfare for its employees; such compensation is based on its short-term and long-term financial performance, job description, and employee performance. The Company also considers the level of rational compensation that its employees could provide for themselves and family, and could take pride in their earned "Living Wage".

Talent management

In order to maintain and attract high-potential talents, the Company has clearly defined the **Talent Management Framework** and the **Succession Management Framework** with the focus on talent management where talents are assigned with tasks that allow them to shine and advance in their career as future leaders.

Progressing leadership and professional development

Potential and career advance development

The Company understands that "career path" is critical for it serves as beacon for an employee. The Company therefore places significance on continuous development of their abilities, skills, and professionalism.

Based on the concept that each individual has his/her own strength and competency to be recognized and developed, the competency-based method was opted as core people development methodology of the Company where its core value, leadership, management, professionalism, and digital literacy and expertise were integrated in over 5,000 training programs that promote life-long learning. Furthermore, coaching program and skill development organized by learning centers of each business unit serve as connecting points of knowledge and skill transfer from one generation of specialists to the next in a standardized manner.



CPF is determined to build new generations of professionals in line with growth strategy of the business. “Building people” is therefore a vital issue for the Company, leading to its synergy with the Faculty of Agro-Industry (AGI) of Panyapiwat Institute of Management (PIM) to design a curriculum where over 100 specialists of CPF were assigned to lecture in different courses with a goal of sharing first-hand experience with students. Furthermore, the Company granted scholarship to students in Thailand and overseas; and students from all 17 countries in which CPF invested were selected as scholarship grantees to further their education in Thailand. Additionally, they were provided with an internship to work at existing farms and processing facilities of CPF.



Charoen Pokphand Foods Public Company Limited together with the Faculty of Agro-Industry, Panyapiwat Institute of Management (PIM) organized its 5th CP Scholarship Day in 2019 to award 44 scholarships to undergraduate students for the 2019 academic year with an aim to build qualified people and elevate the agro-industry and food business to sustain its competency and leadership an international level.

Building CPF to be “home of happiness”

Respect for human right

The Company believes that employees who see the value of their works and responsibility will also respect difference of others, which would lead to value addition for the business and the society alike. The Company therefore ensures equal treatment for all and to encourage its people to think outside the box and to respect differences of others.

The Company ensures fair and equal treatment for all in compliance with its **human right policy and hiring; and labor management policy** in alignment with the United Nations **Universal Declaration of Human Rights (UDHR)** and **International Labor Organization (ILO)**

Thailand’s operation appointed the Thai Labour Standard Promotion Committee to support works related to Thai Labour Standard: TLS 8001-2010 in order to ensure its sound labour management system in line with international practice. The Company also synergized with the Labour Protection Network (LPN) and signed the memorandum of understanding to establish the Labour Voices Hotline by LPN in order to enhance employee engagement, especially in voicing their opinions, suggestions, and file any complaint via an objective network, which will lead to better livelihood of employees.



"CPF was the first organization in Thailand poultry industry to be granted TLS certification by the Ministry of Labour, which reflected the sound labour management system on par with international standard. The Company aims to improve the livelihood of labours and to build sustainable development of business."

Enhancement of employee engagement

CPF people are cared for since their first day of work. The orientation program is provided to new hires to welcome them in a friendly work ambience, making it easier for them to adjust to new peers and CPF Way culture. Employees are encouraged to sustain health and hygiene in work and in life. Annual physical checkup is provided in different locations for total convenience of employees. The Company arranges for internal activities to engage its people and assists their family by granting scholarship to employees and their offspring with excellent academic performance. Sick employees are taken care in a form of financial aid and appropriate medical treatment with the goal to help them achieving the work-life balance.

Biodiversity management

The Company determines the policy and guideline on biodiversity management, namely **biodiversity and tolerance policy as well as anti-harassment and double-standard treatment** to protect employees and shield them from double-standard treatment, which will be beneficial for both the business and employees.

The Company concurrently organizes activities or facilitates foreign labours in various aspects. For instance, the Company communicates with them about major policies in their local language and interpreters are provided for foreign workers at their workplace. Foreign workers are encouraged to join the Welfare Committee at their workplace as well.

Our care for work safety and hygiene

The Company sees significance in providing safe workplace environment for employees at all of its facilities with an aim to achieve zero accidents.

The Company arranged for a training session to distribute knowledge and create understanding in health hygiene and livelihood of employees during their commencement date and on a regular basis. Series of activities were introduced to employees for them to obtain work/life balance; and the safety, health, environment, and energy vision, mission, and policy were announced as the guideline for the entire organization.



Risk Management

In the context of economic, social, or environmental changes and intense business competition, the Company stresses on risk management to ensure business continuity, to achieve business targets, and to adjust and prepare for disruptive changes in all forms.

Risk management culture

The Company has continuously built risk management culture where the internal procedures were reshaped, awareness was raised, and risk management was applied to its operations.

The Company carried out the following activities to establish the risk management culture.

- Risk management was determined as one of key strategies of all functions and adherence shall be ensured.
- The risk management policy was announced and cascaded down to all employees of the organization.
- The risk management framework was made; and the risk management was integrated to the internal operating processes of the organization so as to raise awareness of uncertainty reflected in risk management and to encourage that risk management be incorporated in the operations to ensure readiness for any future events
- Risk Management Subcommittee was appointed; and the Risk Management Department was established with clear roles and responsibility of committee members and executives of each level, starting from the Board of Directors, the Executive Committee, the Management Committee, the Risk Management Subcommittee, the Risk Management Department, the Internal Audit Department, and employees of all levels.
- Risk appetite levels were determined.
- Training was provided by internal and external parties to ensure understanding of executives about risk and assessment, which had impact on business targets or operating strategies.
- Key Risk Indicators (KRIs) were determined and served as alert signals for future risks.



CPF risk management framework

The Company has developed an integrated, enterprise-wide risk management system in compliance with COSO (The Committee of Sponsoring Organizations of the Treadway Commission), including risk management and culture, determination of strategies and objectives, identification of risk factors and relevancy to business strategies and goals, risk assessment, management, monitoring as well as review of risk level due to significant changes of current scenarios, risk reporting, and systematic and continuous communication. This aims to minimize impact and likelihood of occurrence in the business, with risk appetite as the basic foundation for risk management.



The Risk Management Subcommittee is in charge of oversight and collaboration with all related functions in the capacity of risk owners to identify, assess, and determine the guideline for risk management. The Company has determined that a minimum of one risk assessment shall be conducted on an annual basis; and the result thereof shall be proposed to the Executive Committee and the Audit Committee, respectively. In addition, the Risk Management Subcommittee is responsible for monitoring risk and progress of actions to be taken following relevant measures. A meeting shall be held on a quarterly basis at the minimum.

Key risks

- Emerging risks
- ESG risks
- Strategic risks
- Operational risks
- Volatility of financial market
- Legal risks and Trade Barriers
- Corporate Image and reputation risks
- Risk on having any shareholder holding shares more than 25 percent of all issued and paid-up shares.



Remark: Details of the risk management culture, risk management framework, key risks, and other possible risks, which are of less significance, but recognized and monitored by the Company, are available in the 2019 annual report.

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*We put our "heart" into food always...
to put a smile on all face everyday.*



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