



Charoen Pokphand Foods Public Company Limited

# FOODS TO ENRICH LIFE

» Annual Review 2014



# I

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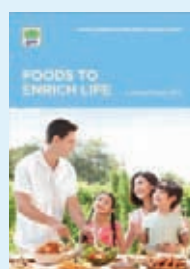
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Note :

"The Company" or "CPF" in this annual review refer to Charoen Pokphand Foods Public Company Limited and its subsidiaries.



Investors may see more information of the Company in Annual Report 2014 and Annual Registration Statements 2014 (Form 56-1) posted on [www.sec.or.th](http://www.sec.or.th) or [www.cpfworldwide.co.th](http://www.cpfworldwide.co.th)



I  
FOODS TO  
ENRICH LIFE



# MESSAGE TO SHAREHOLDERS



In 2014, Charoen Pokphand Food PCL. and its subsidiaries (CPF) continued to run its operations to the best of its capability despite facing challenges from the oversupply of meat in the market or the carry over of the shrimp epidemic from 2013 which adversely impacted the Thai shrimp industry in 2013, but the situation is improving. The challenges have served to improve the Company's awareness and gain experience in handling difficult situations. Continuous effort has been put forth to find means to prevent and put in place processes and procedures to handle various potential problems.

Experts have been tapped to undertake research and development to improve products, services and work processes to enhance overall value to customers while diversifying its business risks through identifying and analyzing new opportunities to sustainably grow its revenue and profitability.

From the above measures taken to improve its operations, CPF believes that improved returns to shareholders can be sustained. In 2014, CPF's total sales revenue reached THB 426,039 million with a net profit earned of THB 10,562 million reflecting a 9 and 49% growth over 2013, respectively. It is the resolution of the Company's Board of Directors to propose to the 2015 Annual General Meeting of Shareholders (AGM) for a dividend payout of THB 0.75 per share which was paid as an interim dividend payment of THB 0.30 and a second dividend payment of THB 0.45.

With a culture emphasizing good corporate governance and transparency, CPF has earned the trust of investors and the investment community as reflected in the awards received by CPF in the category of Outstanding CFO in the Agribusiness Sector at the 2014 IAA Awards for Listed Companies by the Analysts Association. The Best Structured Equity Deal given at the IFA Awards 2014 for the issue of CPF's Exchangeable Bond further reflects the Company's creativity the interest in investing in the Company's financial instruments. The award is also a reflection of the effectiveness and efficiency in the area of financial management.

CPF today has expanded its global reach investing in countries with the highest rate of economic development and growth to synergize and integrate global demand. The expansion in reach lends to the

## +9%

In 2014, CPF's total sales revenue reached THB 426,039 million reflecting a 9% growth over 2013.

Company's growth strategy growing the Company's top line revenue at least 10% in 2015. A greater proportion of the investment budget in 2014 was in the area of ready to eat foods for which the Company believes will be an important business segment going forward. To this end, an investment was made into Tops Foods NV of Belgium, a leading company in production of ready-to-eat meals using the latest technology of microwave sterilization. Another investment was made into BHJ Kalino Food AB, a leading distributor of chilled and frozen meat and ready-to-eat foods in Sweden. Investments were also made into Hefei Chia Tai Co., Ltd. and Kaifeng Chia Tai Co., Ltd., producers and distributors of animal feed in China. In 2015, CPF is planning to increase its investment in C.P. Cambodia (CPC) from 25% to 100% as growth is expected to be strong along with its potential for generating healthy returns. CPC's revenue totaled THB 8,309 million while earning a net profit of THB 740 million. This round of investment in CPC will propel CPF to be the leader in the agribusiness industry in IndoChina where the rate of economic growth and consumption is expected to be among the highest. Approval for further investment in CPC will be made at the upcoming AGM.





CPF believes that developing a strong solid base “food security” that emphasizes unparalleled quality and safety will lead to sustainable growth for the Company. Great emphasis and care have been placed on the details employing international best practice and standards at every stage throughout the Company’s supply chain. Consumers can trust and have confidence that the food consumed is fresh, hygienic and safe. CPF also places great emphasis on training and developing its human talent of every level to enhance efficiency at every point of operations. Human rights is very well observed internally and externally. A key philosophy of CPF is also to have a “society that is self-sufficient” with healthy surrounding on the basis of “land, water, forest being intact.” The Company also believes in managing and conserving natural resources in its production process while also conserving and restoring natural resources in and outside the Company. The conservation effort is to ensure health and sustainability of nature and thus the sustainability of the agribusiness industry over the long-term.

On behalf of the Board of Directors, Management and employees at CPF, we would like to thank our shareholders, customers, all relevant parties and local and foreign financial institutions in the ongoing trust bestowed upon CPF. As the leading regional agro-industrial and food conglomerate, CPF is inherently conscious of its role, duty and responsibility in providing an appropriate return to its shareholders and stakeholders. The Company is focused on ensuring healthy growth and is ready to be at the forefront of global integrated agro-industrial and food industry.

(Mr. Dhanin Chearavanont)  
Chairman of  
the Board of Directors

(Mr. Adirek Sripratak)  
President and  
Chief Executive Officer

## OUR PASSION



### VISION

“ Kitchen of the World ”

Creating quality and delightful dishes for every consumer

### MISSION

“ CPF engages in **vertically integrated** agro-industrial and food businesses and commits to **providing products and services** that are of **high quality**, nutritious, tasty, safe and **traceable** for a better quality life of consumers around the globe. At the same time, CPF is dedicated to operate the business with strict adherence to **corporate social responsibility and environment conservation** as a means of achieving **sustainable growth** leading to the continuous and **appropriate return to our shareholders.** ”

Value addition through  
our CP brand



Ranked

1,414<sup>th</sup>

among 2,000 World's  
Biggest Public Companies by  
The Forbes  
Global 2000

Operate and  
invest in

14 countries

Export to  
approximately

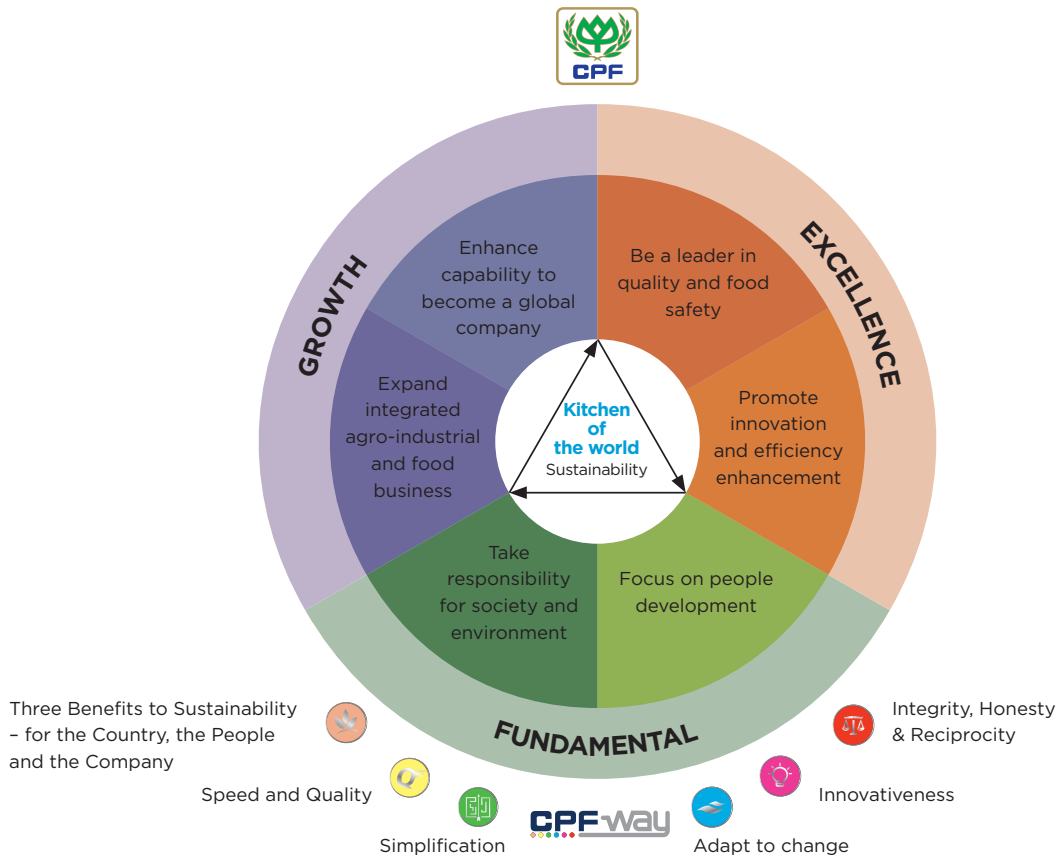
40 countries  
in 5 continents



- One of the world's leading animal feed manufacturers
- One of the world's leading listed swine producers
- One of the world's leading listed integrated shrimp business companies



## CORPORATE STRATEGIC DIRECTIONS FOR SUSTAINABLE GROWTH



### Preserving environment and ensuring resource efficiency

- Integrated management of energy, water and waste by the 4Rs principle (Reduce, Reuse, Recycle and Replenish)
- Product life cycle management

### Promoting win-win partnership and supporting quality of life in communities

- The sustainable sourcing policy and supplier guiding principles
- Encourage a career development in surrounding communities

### Fair labor practices and human rights

- Leadership and managerial skills development
- Reinforcing Dynamic Culture
- Human right policy and International Labor Organization (ILO) Declaration of Fundamental Principles and Rights at Work



### Good Corporate Governance

- Risk management system
- Corporate governance policy

### Enhancing food quality and safety throughout the chain

- Quality assurance system
- Food quality and safety management system by international standards
- Provide accurate and clear nutrition information and promote health and nutrition awareness

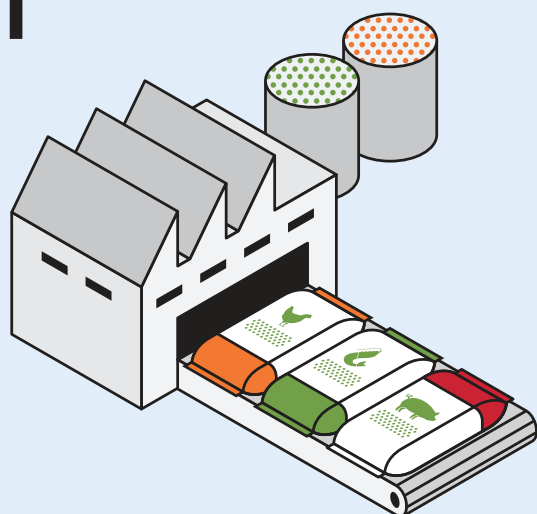
## OPERATIONS IN BRIEF

### I

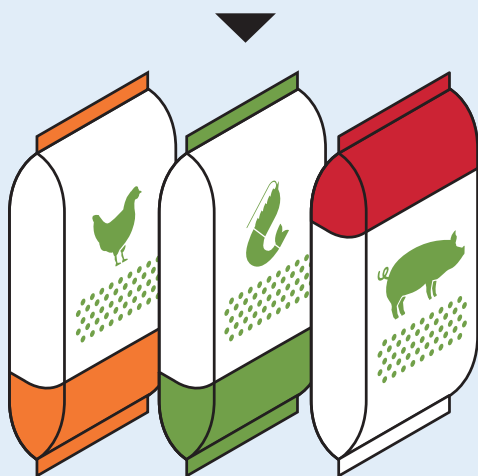
CPF operates integrated agro-industrial and food business including livestock and aquaculture: swine, broilers, layers, duck, shrimp and fish. The businesses are categorized into 4 main areas.

# 1

## FEED



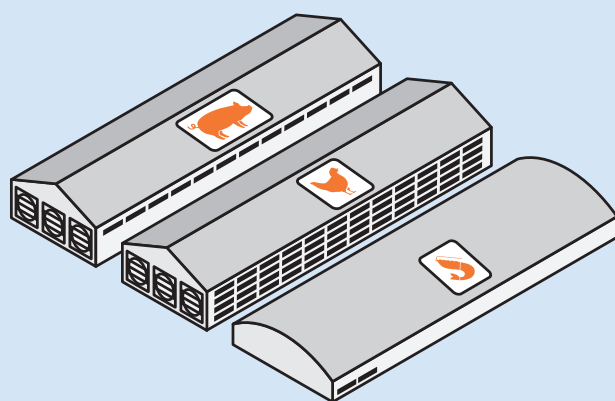
Feed Manufacturing



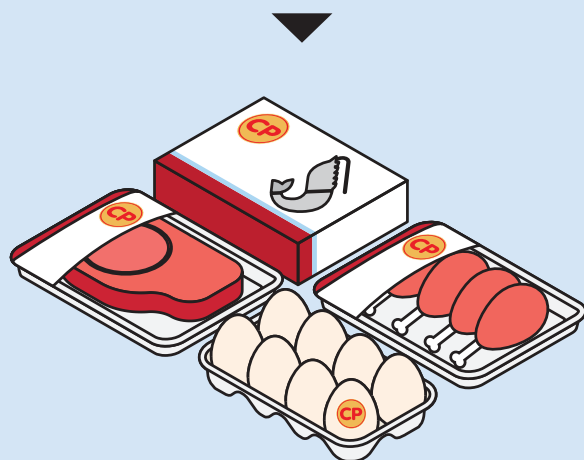
Animal Feed

# 2

## FARM



Breeding and Animal Farming

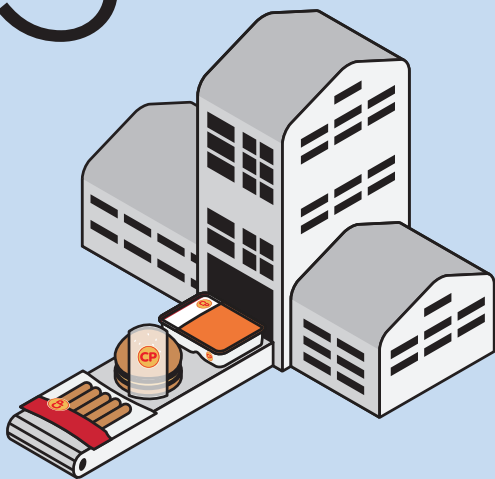


Fresh & Uncooked Meat



CPF's food production process involves advanced technology, safe and chemical-free production, high standards of hygiene while being environmentally friendly. The processes are systematically traceable throughout the supply chain to build trust in every bite for you and your loved ones.

# 3 FOOD

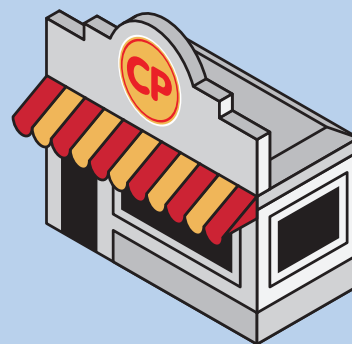


Production of Processed and Ready-to-eat Food

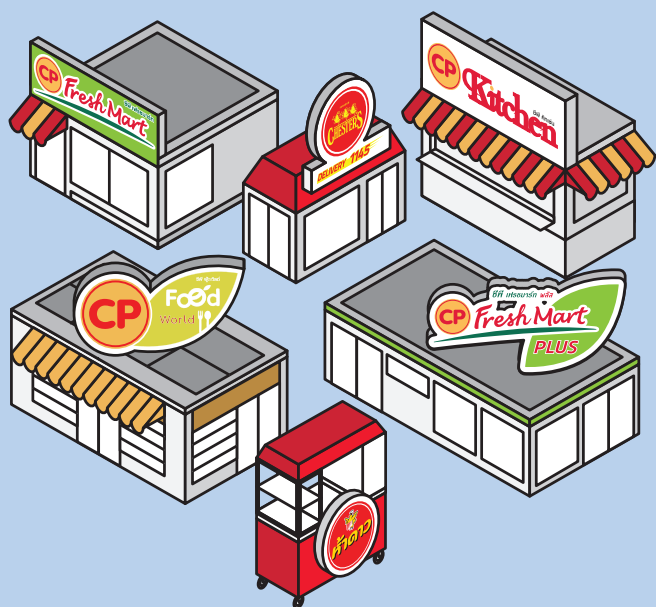


Cooked & Ready-to-Eat Meal

# 4 RETAIL & FOOD OUTLETS



Distribution Channels

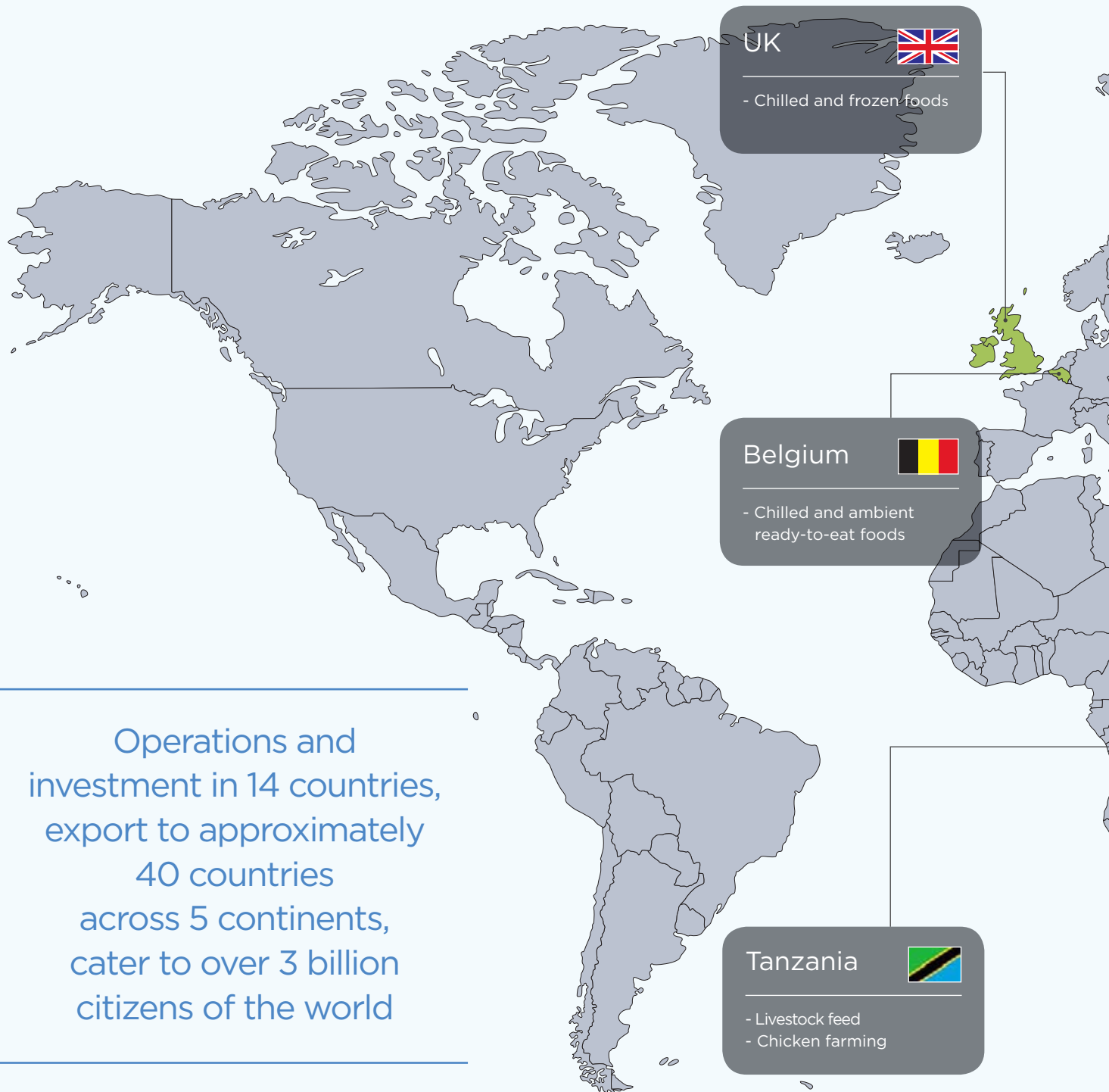


Food Retail Outlets, Restaurant & Food Courts

## CPF...KITCHEN OF THE WORLD



CPF leverages its expertise in agro-industrial and food and expands businesses in the countries with growth opportunities to strengthen food security for the benefits of the country, the people and the Company.



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Operations and investment in 14 countries, export to approximately 40 countries across 5 continents, cater to over 3 billion citizens of the world

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## OPERATING RESULTS FOR 2014



CPF's operating results for 2014 saw a 9% growth in its sales revenue to THB 426,039 million earning a net profit of THB 10,562 million or a 49% increase over the previous year.

For the most part the improved performance is a reflection of normalization of livestock business in Vietnam and Thailand from meat oversupply situation which had been continued since at the end of 2012 to 2013. Whereas, the aquatic business in Thailand and abroad is still recovering from the Early Mortality Syndrome (EMS) and therefore the full recovery has yet to be reflected in the Company's operating performance.

### Sales Revenue

426,039  
THB million

Increased from 2013

+9%



+7%  
THAILAND  
OPERATIONS

Mostly from the recovering meat prices



+11%  
INTERNATIONAL  
OPERATIONS

The increase in sales reflects higher meat prices especially in Vietnam where excess supply had depressed prices in the past 2 years.

### Net Profit

10,562  
THB million

Increased from 2013

+49%

Mostly from gross profit improvement from livestock and aquatic businesses in Thailand and abroad

### Earnings per Share

1.43 THB

### Dividend Payment

0.75

THB per share

50% increased over 2013

### Net Profit Margin improved from 1.7% in 2013 to

2.4%

### Return on Equity improved from 5.6% in 2013 to

7.2%

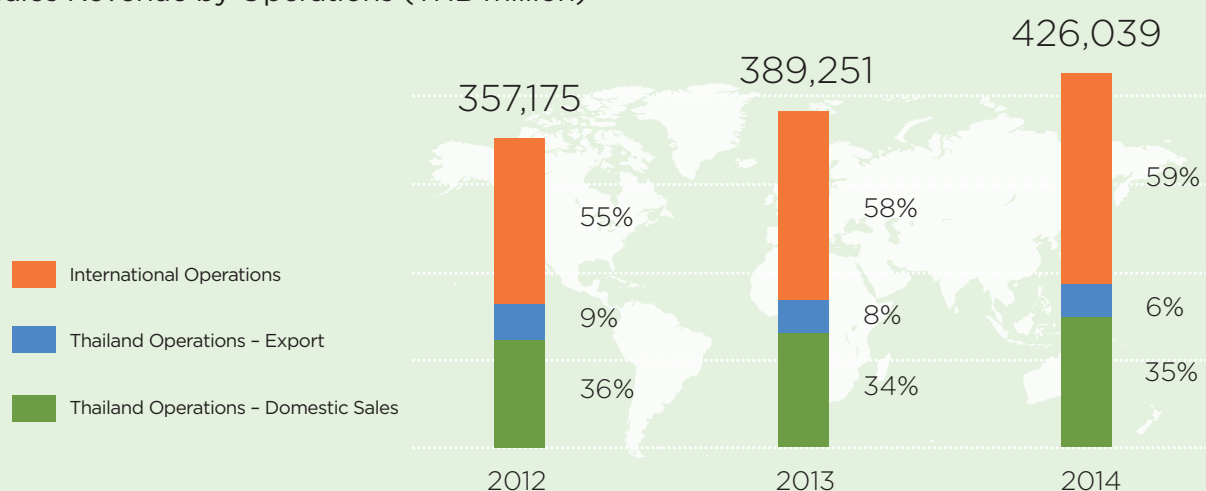
### Net Debt to Equity Ratio

declined from 1.29 times as of 31 December 2013 to

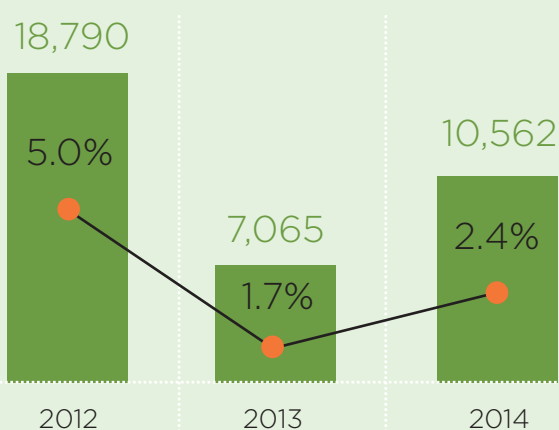
0.99 Times as of 31 December 2014

# FINANCIAL HIGHLIGHTS

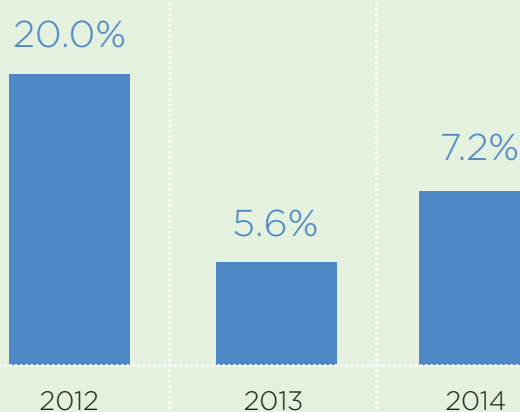
Sales Revenue by Operations (THB million)



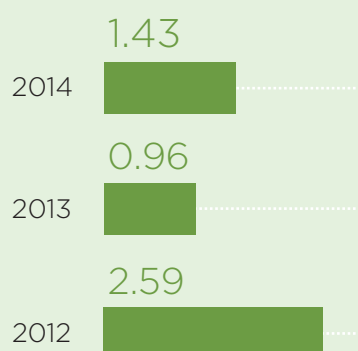
Net Profit (THB million) and Net Profit Margin (%)



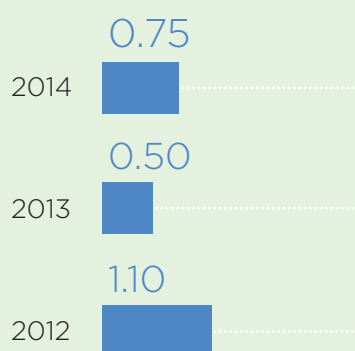
Return on Equity (%)



Earnings per Share (THB)

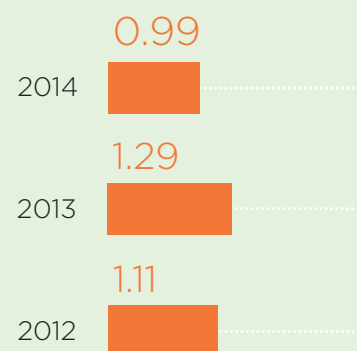


Dividend per Share (THB)



Net Debt to Equity (Times)

As of 31 December



## MILESTONES



In 2014, CPF's key strategic initiatives including:

1. **Growing internationally** emphasizing markets with high growth opportunities encompassing growth through strategic acquisitions of companies with strong foothold and potential
2. **Enhancing integrated food business** by growing value added products and expanding distribution capability both domestically and abroad
3. **Improving profitability** through improved financial control and management

Growth has been guided by **sustainability goals aiming to achieve balanced development for the business, the society and the environment**. CPF's practice has firmly adhered to our three-benefit philosophy, that is, CPF must simultaneously serve the benefits of the country, the people, and that of the Company.

CPF's major developments in 2014 are as follows:

### 1. Acquisitions



Belgium



Acquired ordinary shares of Tops Foods NV (Tops Foods)

**80.02%**  
of Tops Foods' total issued and paid-up shares

Tops Foods, incorporated in Belgium, engages in production and distribution of chilled and ambient ready-to-eat foods using microwave system production technology, enabling CPF to expand its production base of ready-to-eat food into European continent for distribution in neighboring countries.



China



Acquired the entire investment in Hefei Chia Tai Co. Ltd. (HCT) and Kaifeng Chia Tai Co. Ltd. (KAIFENG)

HCT and Kaifeng, incorporated in China, engage in production and distribution of animal feeds, allowing CPF to increase its animal feed production capacity and further reinforce CPF's leading position in animal feed industry in China.







Sweden

### Acquired ordinary shares of BHJ Kalino Food AB (BHJ)

**29.00%**  
of BHJ's total issued  
and paid-up shares



BHJ, incorporated in Sweden, engages in trading of chilled and frozen meat and food products in Sweden.

Being the shareholder of BHJ would strengthen CPF's relationship with local potential business partner as well as enhance its sales volume in Sweden.

## 2. Divestment



### Disposal of investment in ordinary shares of C.P. Pokphand Co., Ltd. (CPP) to ITOCHU Corporation (ITOCHU)

**25.00%**  
of CPP's total ordinary shares

Selling of investment in ordinary shares of CPP to ITOCHU will create business alliance between CPP and ITOCHU group which is a listed company in Tokyo Stock Exchange and a Conglomerate with food product distribution businesses in many countries as well as Family Mart business in China, Japan and Korea.

## 3. Finance

### Issued and offered Exchangeable Bonds

Amount	Coupon rate	Tenor
<b>290.4</b> million USD	<b>0.5%</b> per annum	<b>5</b> Years

Due in 2019, offered to sell to investors outside Thailand and listed on Singapore Exchange Securities.

## AWARDS AND RECOGNITIONS

With the Company's strategic direction to become the world's leading agro-industrial and food conglomerate, CPF highly places an emphasis on developing its production process and business operations based on good corporate governance.

In 2014, CPF had received awards and recognitions locally and internationally from many reputable organizations as follows:



Thailand Quality Class  
Awards 2013

Best CFO Awards – “IAA Award  
for Listed Companies 2014”

Thailand's Top Corporate Brand  
Values Award 2014



↑ Best CFO Awards – “IAA Award for Listed Companies 2014”



↑ Thailand Quality Class Awards 2013

## Thailand Operations

### Awards for Corporate Excellence

- Thailand's Top Corporate Brand Values Award 2014 in Agro-industrial and Food Sector, presented by Chulalongkorn University, for four consecutive years
- Best CFO Awards – “IAA Award for Listed Companies 2014”, presented by Investment Analysts Association, for two consecutive years
- The Best Structured Equity Deal Global and Regional Awards – “IFR Awards 2014”, presented by International Financing Review and “IFR Asia Awards 2014”, presented by Thomson Reuters
- Thailand Corporate Excellence Award 2013 in “Corporate Improvement Excellence” category, presented by the Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University
- 2014 Thailand Animal Feed Company of the Year – “Frost & Sullivan Thailand Best Practices Award”, presented by Frost & Sullivan Company Limited
- Two awards of Thailand Quality Class 2013, presented by Thailand Productivity Institute, for five consecutive years

- JerHigh pet food won Prime Minister's Business Enterprise Award: PM Award 2014 - “Best Thai Brand”, presented by the Department of International Trade Promotion, Ministry of Commerce.
- The Public's Favorite Stock Award 2014 in Agro-industry and Food Business, presented by Stock News Daily and The Stock Exchange of Thailand



↑ Thailand's Top Corporate Brand Values Award 2014



## Congratulate 2014 CDP Award Recipients



Best Year on Year Score Change for Hong Kong and South East Asia Award - "Carbon Disclosure Project (CDP)"



Prime Minister's Business Enterprise Award : PM Award 2014 - "Best Thai Brand", JerHigh pet food

### Awards for Corporate Social Responsibility

- Best Year on Year Score Change for Hong Kong and South East Asia Award, presented by Carbon Disclosure Project (CDP), reflecting CPF's outstanding improvement in its effort to manage greenhouse gas emissions
- CPF's Frozen Hot and Spicy Chicken Strips received a product carbon footprint from Korea Environment Industry and Technology Institute, entitled CPF as the first Thai company to receive a product carbon footprint of the Republic of Korea.
- Thailand Energy Awards 2014, presented by Department of Alternative Energy Development and Efficiency, Ministry of Energy; two awards in Renewable Energy (Biofuel) categories and one award in Energy Conservative category
- Twenty-seven CSR-DIW Continuous Awards - "CSR-DIW: Corporate Social Responsibility, Department of Industrial Works", presented by Ministry of Industry, for six consecutive years

- Gold standard of ASEAN Energy Management Scheme (AEMAS) for CPF's processing plant in Chachoengsao, presented by International Copper Association, entitled CPF as the first company of Food Industry in Thailand and the first of the 10 member countries of ASEAN Economic Community (AEC) to receive the AEMAS
- Best Corporate Social Responsibility - "SET Awards 2014", presented by The Stock Exchange of Thailand
- CSR Recognition Award 2014 - General category, presented by the Stock Exchange of Thailand
- Outstanding Sustainability Report Award 2014, presented by CSR Club and Thai Listed Companies Association in collaboration with Securities and Exchange Commission (SEC) and Thaipat Institute, for two consecutive years
- Rural Lives Development Foundation in support of CP Group and CPF received the trophy for the organization that provides funding for elementary schools' lunch program for its continuous support on the raise chicken eggs for student lunch project since 1989.





↑ CSR-DIW Continuous Awards 2014



↑ 2014 Thailand Animal Feed Company of the Year – “Frost & Sullivan Thailand Best Practices Award”

- Ninety-six National Awards of Excellence received in Safety, Occupational Health, and Workplace Environment as well as Safety Officer Awards from “Zero Accident Campaign”, presented by Department of Labour Protection and Welfare, Labour Ministry, for fourteen consecutive years.

## International Operations

### Vietnam

- C.P. Vietnam Corporation received “ASEAN Golden Medal Awards” and “ASEAN Outstanding Business Certificates”, presented by the Industry and Trade Information Centre under the Ministry of Industry and Trade of Vietnam, for the recognition of its commitment to the ongoing development of the brand and outstanding business management and operations contributing to a healthy business environment, and enhancing sustainable economic development of Vietnam.
- C.P. Vietnam Corporation's livestock feed factory in Binh Duong Province won Vietnam National Quality Award (VNQA) from the Government of the Socialist Republic of Vietnam.



↑ Vietnam National Quality Award (VNQA)





A person wearing a light-colored polo shirt is standing in a kitchen, holding a blue-handled knife. In the foreground, there is a pile of fresh vegetables including carrots, onions, and tomatoes. In the background, a microwave is visible on a countertop. The overall scene is bright and clean, emphasizing food preparation.

## QUALITY TOGETHER WITH FOOD VARIETY AND FLAVOR



CPF is committed to research and development of food products with quality in every step, starting from selection of raw materials, processing under modern and traceable technologies, and understanding the local taste and culture. These certify satisfaction guaranteed of consumers in every corner of the world.

## RESEARCH & DEVELOPMENT AND INNOVATION CREATION



The Company is determined to serve the needs of consumers worldwide by offering quality products that are high in nutrition, tasty, safe, and completely traceable. Sources of raw materials are examined by the Company's R&D team of experts in animal feeds, breeding and farming, and food processing. Modern technologies are employed in the production processes that meet international standards. The Company has carried out R&D activities and innovate products that differentiate and added value to the products, safeguard the environment, natural resources, and social responsible, leading to the sustainable agricultural and food business.

The Company has adopted the 4Rs principle in production, administration and resources management as well as air and water quality and waste management in an effort to mitigate problems of adverse environmental impact and climate change.

- ✓ Reduce
- ✓ Reuse
- ✓ Recycle
- ✓ Replenish

Innovations in the Company's operations according to the 4Rs principle are as follows:





## Energy conservation at Pad-Riew Pork Processing Plant, Chachoengsao Province

- ✓ Certified by the ASEAN Energy Management Accreditation Scheme (AEMAS) for Gold Standard level, being the first industrial facility in Thailand and in the ASEAN Economic Community
- ✓ Adopted ISO 50001: 2011
- ✓ Applied ASEAN Energy Management System

Realizing that the key to the success in energy conservation is the people's awareness, the plant launched a campaign that involved employees of all levels in formulating 'Motivation Plan' in which they were asked to think of a way to improve their working process. Small improvement plans have gradually developed into great innovations or major projects for energy conservation.

For more than 10 years that the Company has been actively minimized emissions by running bio-gas projects and managing waste in farming on a daily basis.

Bio-gas system is an animals' waste management system that can reduce odors, sources of diseases and minimize adverse impacts on the community and the environment. The produced gas can be used to generate electricity for internal use in the farm. The Company has transferred bio-gas technology to the farmers who participate in the Company's contract farming projects so that the farmers can take part in the reduction of global warming while reducing their operational costs.

Since 2008, CPF has been certified by the Federation of Thai Industries as a pioneer in Gas-Engine Co-Generation (Co-Gen) technology as the Company was the first in the industry to employ the technology

The Co-Gen is one of the successful energy efficiency improvement projects that can utilize the resources in the most efficient way by using natural gas to generate electricity and reducing the need for fossil energy, thus help mitigate global warming. Furthermore, the heat arising from cooling the generators can generate steam that can be used in the production process.



## CPF'S INNOVATIONS



CPF has continuously promoted innovations within the organization by encouraging the development of innovative products and methods for product development, services and production processes including innovations leading towards the Company's vision of becoming "Kitchen of the World".

### CPF CEO AWARDS

CPF's innovation policy has been implemented through the annual CPF CEO Awards Competitions.

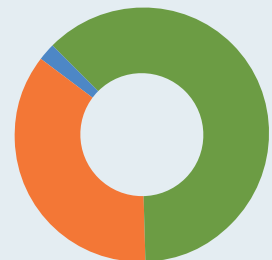
Number of innovations entered into CPF CEO Awards in 2014

**3,323** Innovations

Innovation category  
**68** innovations

Improvement category  
**1,193** innovations

Internal correction category  
**2,062** innovations



## Innovations in Food Production ... Foods to Enrich Life

CPF strives to create innovations in food processing business in order to satisfy the customers with excellence in quality, efficiency and sustainable growth. CPF continually create new menus in response to the changes in customers' behaviors, such as, steamed egg, soft boiled egg, omega egg tofu with veggie, chick fingers, and ready-to-eat healthy meal "CP Balance".





## Ready-to-eat Healthy Meal “CP BALANCE”

An innovation in health foods under the concept “**Lo in what is not, Hi in what is yes**” that is low in cholesterol and saturated fat but high in nutrients and dietary fiber **offers a wider choice for health-conscious consumers wishing to control their calories intake**. It is also low in sodium thus help prevent hypertension. There are four dishes to choose from which are: “Hot and Sour Soup with Pangasius Hypophthalmus with Brown Rice”, “Savoury Stir Fried Pangasius Hypophthalmus Fish and Thai Spicy Herbal Sauce with Brown Rice”, “Spicy Whole Wheat Spaghetti” and “Savoury Boiled Brown Rice”.



## CP Chick Fingers “On-the-Go High Protein Snacks”

This innovation in **protein snacks** that is **tasty, high-protein, low-carb**, highly portable and easy to eat is an answer to the needs of people with rushing lifestyle.

## CP Steamed Egg Cup and Soft Boiled Egg

Eggs are rich in nutrients, a good source of protein, and suitable for people of all ages. They taste good and are cheap. CPF has created a variety of ready-to-eat egg dishes for the convenience of today’s consumers whose rushing lifestyle leaves little time for cooking.

## CP Omega Egg Tofu with Veggie

An innovation in egg tofu products that is rich in proteins, vitamins, minerals and omega 3. It offers a great option for mothers whose child dislikes vegetables.



## CPF PRODUCT SUSTAINABILITY



CPF has undertaken the “CPF Product Sustainability Project” in order to put in place sustainable production and product development practices that consider the entire life cycle of each product, as well as to bring its supply chain to an internationally-recognized standard of sustainability performance. This project is one of the many initiatives that CPF has implemented to fulfill its missions to deliver products and services that are of high quality, safe, traceable, and socially- and environmentally-responsible.

### 1. Green Value Chain

Recognizing the challenges on the social, economic, and environmental fronts, as well as the Company’s objective of becoming a world-class food producer, CPF has continually improved its production processes to be more efficient, with lower consumption of resources and smaller environmental impacts.

Under the “CPF Product Sustainability Project”, a 4-year plan covering 2011-2014, the Company is concentrating in 3 areas: Green Products, Green Logistics, and Green Value Chain, incorporating the entire supply chain from feed production, farming, meat processing, further production, up to delivery to consumers. Through this project, the Company’s chicken operations received third-party certification according to the “ProSustain” standard, by DNV-GL, an internationally-recognized certification body, in 2013. The certification covers fresh chicken for Thai market and cooked chicken meat for the European market. As a result, CPF became the first chicken producer in the world, as well as the first food producer in Asia-Pacific, to receive this certification, reflecting its capability to design, develop, and manufacture products that incorporate sustainability principles into every step along the supply chain. Following international standards ISO14040 and ISO14044, CPF adopted the Product Life Cycle Assessment Approach to analyze the following 4 dimensions: product quality and food safety, economic impacts, environmental impacts, and social impacts associated with the products, with the goal of becoming the leader in the sustainable food production industry, contributing to the development of green economy.

The first chicken producer in the world, as well as the first food producer in Asia-Pacific,

to receive

**ProSustain standard**

by Det Norske Veritas (DNV-GL)



an internationally-recognized certification body, in 2013.





Over the past 3 years, eco-efficiency analyses of the Company's performance have shown significant improvement in environment and social impacts associated with the productions of the relevant products, averaging at 7% reduction in adverse impacts. On the environmental

front, improvements were made in reduction of energy consumption, reduction of natural resource consumption, land use efficiency, and reduction of emissions, while on the social front, significant improvement were observed for toxic release potential, accidents and work-related illnesses.



## 2. Greenhouse Gas Management

Climate change is a complex problem with diverse and far-reaching impacts, ranging from adverse effects on the natural systems to social crises such as poverty, economic development, and population growth.

Starting in 2008, CPF has been developing carbon footprints for its products. In addition, CPF has initiated its Carbon Footprint for Organization Project in 2013, as part of its effort to manage greenhouse gas emissions and reduce its environmental impacts, which would help it to adapt to climate-related factors.

### “BEST YEAR ON YEAR SCORE CHANGE FOR HONG KONG AND SOUTH EAST ASIA”

a regional award reflecting CPF's outstanding improvement in its effort to manage greenhouse gas emissions, from the Carbon Disclosure Project (CDP)



### “THE CARBON NEUTRAL MAN PROJECT”

A voluntary individual level carbon footprint and offset program.

Since its inception in 2013, a pilot group of executives and employees have joined the program and offset a total

# 293

tons CO<sub>2</sub>- equivalent of emissions generate in their daily lives.

These employees set a good example, promoting the development of a low-carbon society.

CPF was the first Thai company to receive a product carbon footprint from the Republic of Korea, under the collaborative program between Korea Environment Industry and Technology Institute (KEITI) and Thailand Greenhouse Gas Management Organization (Public Organization) (TGO) – a project aimed at developing capacity and acceptance of green products in both countries.



Carbon footprint of

# 145

 products

have been registered with the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO)



CPF is planning to continue expanding its product carbon footprint to cover more products, as well as complete its 3-year greenhouse gas inventory (2014-2016).







### 3. Water Footprint Project

As a leader in the food and agriculture industry, CPF is acutely aware of the impact of climate change on the water cycle, with severe droughts occurring in many parts of the world, leading to water shortages and water scarcity in the near future.

CPF aims to enhance water efficiency in all of its operations to promote sustainable business development. In 2013, CPF has participated in the pilot project “Water Footprint for Agricultural and Food Products” with the support from the National Bureau of Agricultural Commodity and Food Standards (ACFS), to develop best practices for efficient utilization of water resources and alleviate future water crises. CPF submitted 3 products into the project, including roasted chicken strip, CP-brand shrimp wonton, and CP-brand fresh eggs. In 2014, it added more shrimp products from Ranot Seafood Processing Plant.

PARTICIPATED IN  
THE PILOT PROJECT  
“WATER FOOTPRINT  
FOR AGRICULTURAL AND  
FOOD PRODUCTS”  
IN 2013



SUPPORTED BY THE NATIONAL BUREAU  
OF AGRICULTURAL COMMODITY AND FOOD  
STANDARDS (ACFS)

CPF submitted 3 products  
into the project, including  
**ROASTED CHICKEN STRIP,  
CP-BRAND SHRIMP WONTON,  
AND CP-BRAND FRESH EGGS.**

## FEED BUSINESS



More than 36 years that CPF has produced and distributed quality animal feed products. The Company's experts on animal nutrition have developed animal feeds that meet the nutrient requirements of each type of animals at each stage of their development. CPF's major products for livestock include swine feed, chicken feed and duck feed while its major aquatic products include shrimp feed and fish feed.

### Livestock feed product brands

CP, Hyprovite, Hi-Gro, Star Feed, Novo, Safe Feed, Erawan, Hogtonal, C.F, Anvipro, and Hilac

### Aquatic feed product brands

CP, Star Feed, Novo, Erawan, Marine, Hi-Grade, Turbo, Blanca, Stargate, Safe Fo, and Safe Fish







The Company places great emphasis on the importance of research and development in formulating feed formulas so that they contain nutrient values

suitable for the type, breed, and age of the animals and the environment in which they live. Additionally, the Company put emphasis on creating innovations in production technology that can increase quality and efficiency starting from the selection and quality inspection of raw materials, the control over each step of the production process by using modern technology, and the testing of the products' quality by quality control department before distributing the products to the customers.

The Company is well aware that the customers' success in animals rearing is the key to animal feed business's sustainability.

CPF has placed great importance on technical services from selecting the animal feed and breed that are suitable for the environment and advising on animal rearing techniques and appropriate farm management. These full services offering helps supporting customers rear strong, healthy animals with high feed conversion ratio.

The Company operates a central raw materials procurement unit based in Thailand, the center of raw material data and pricing trends.

CPF takes into consideration sources and quality of raw materials, alignment of Company's and suppliers' policy on human rights and social and environmental responsibility when making procurement decision. The Company researches and develops raw materials substitution with same quality of feed products, especially alternative protein sources from soybean and other type of grains in place of fishmeal to reduce the long-term environmental impact to the sea.

CPF's animal feed mills located throughout Thailand, serving animal farms in all regions.

The products are sold both directly to large commercial farms and distributed through appointed agents located across the country. In each region, the Company has the technical service solutions team who offers technical assistance and advices to the customers.



## FARM BUSINESS



CPF operates commercial animal breeding and animal farming businesses that cover five major animals, namely swine, chicken, duck, shrimp and fish.

For the fresh meat production, pork, chicken, duck, egg, shrimp and fish is produced from high quality and hygienic farms that do not use growth stimulating substances or antibiotics, prohibited by laws. CPF's production processes involve advanced technology and internationally certified standards; therefore, our fresh meat is safe for consumers.

### The Company places great importance on R&D of natural genetic selection.

Breeds from CPF are healthy, sturdy and suitable for the farming conditions in each locality. The examples of breeding technology that improves the quality of the products include:

- ✓ Tubtim Tilapia Fish, which is meaty, has good flavor with no smell of clay
- ✓ White Vannamei shrimp, which are highly immune and grow fast
- ✓ Kurobuta pork, which is tender and flavorful

### The Company employs modern technologies and information system in managing livestock farms.

The computerized control system is used in monitoring the animals' well-being, which can help prevent contagion as well as diseases caused by animals and other carriers from outside. Animal housings are temperature and environmental controlled to fit the animals' nature. As the animals live comfortably, they are subject to less stress, grow fast and healthy.

- ✓ The system allows an animal expert to take care of 150,000 fowls per animal housing
- ✓ The use of closed with evaporative cooling system technology

### CPF is the first company outside European Union to be certified under

- ✓ The Red Tractor Assurance (RTA) from United Kingdom

### CPF is the first producer in Thailand to be certified by

- ✓ Agri-Food and Veterinary Authority of Singapore (AVA), and has received permissions to export fresh chicken products to Singapore since 2013.





The innovation that is being used in the only closed-environment shrimp farming in Thailand at Roiphet integrated shrimp farm, Trat province

is the product of CPF R&D effort that took more than ten years to perfect this high-tech closed-environment farming system. The entire farming process employs technologies that help increase the productivity and facilitate year long production. The water recycling system saves water and effectively prevents epidemics leading to sustainable farming that is environmentally friendly.

The Company's aquaculture farming system employs a water balancing system that uses environmentally friendly microbes

no chemicals are applied and a waste water treatment system that returns treated water to the pond instead of using more water from outside the system. The method reduces risk of contamination and negative impact to the environment.

- ✓ Probiotic Farming
- ✓ Waste Water Treatment System

The Company has set up animal husbandry and farm management systems in accordance with international standards

which cover diseases prevention methods that are environmentally friendly, and the arrangement of the animals' living environments that are comfortable and hygienic. Complying with these standard resulting in healthy animals, good quality and safe products that are free from any harmful residues.

- ✓ Animal Welfare Standard
- ✓ Best Practice on Biosecurity





## FOOD BUSINESS



Integrated operating platform for all animal types starting from feed, animal farming, and food businesses, the Company is able to control and inspect the quality of raw materials for the entire food chain in a systematic manner.

The raw materials used in producing animal feeds and consumer foods must pass chemical and micro-biological tests

performed by experts in science laboratories equipped with modern instruments. Product packages are certified for their safety and suitability for different types of food in accordance with Thailand and international food regulations. CPF food products are, therefore, of high quality, fresh, clean, chemical-free, contains important nutrients, environmentally friendly and are completely traceable.





### CPF places great emphasis on the “food quality and safety”.

CPF food products are produced with modern machinery and technology with efficiency that meets international standards. The Company applies international management and standard systems in order to satisfy the needs of specific groups of customers. These systems cover food safety and inspection as well as the community and the environment issues include:

- ✓ Quality Management System ISO 9001
- ✓ Good Manufacturing Practice (GMP)
- ✓ Hazard Analysis and Critical Control Points (HACCP)
- ✓ International Featured Standard (IFS)
- ✓ Best Agriculture Practices (BAP)

Today, CPF food products, with their great variety, have become favorite menus of people around the world and can very well compete in the world market.



# FOODS TO ENRICH LIFE

Satisfied every taste of both local and international customers with quality and variety products.

## Fresh Food Products

### Chicken & Marinated Fresh Chicken



### Pork & Marinated Fresh Pork



### Fish



### Duck





Egg





OUR BUSINESS

Cooked Food Products

Ready Meal & Light Meal



Side Dish





Cooked Food Products & Processed Food Products

Chicken  
Appetizer



Gyoza &  
Wonton  
Appetizer



Bakery



OUR BUSINESS



Processed  
Egg



Sausage,  
Ham & Bacon





## Oversea Markets





## RETAIL AND FOOD OUTLETS



Aiming to make the products more conveniently accessible, the Company operates retail and food outlets. There are six retail and food outlets format where products are channeled as follows:



### Five Star Business

There are 6 types of Five Star kiosk, the roasted chicken kiosk, the fried chicken kiosk, the Hainan chicken rice kiosk, the noodle soup with shrimp wonton kiosk, the ready-meal kiosk and the sausage kiosk.

With more than 25 years of experience, Five Star has gained expertise in job creation and advised people who are interested to become a small entrepreneur with five star. The Company has not stopped developing new products and services including advertising media to promote sales.

Five Star has also expanded its business to other countries including Vietnam, India and Laos operating by a franchise system. At every step of the production process, the products are inspected to control the quality and improve the product standard to ensure that the consumers have access to safe, clean and hygienic food at affordable prices.





## Chester's

With the passion and commitment to offer creative and quality food to the consumers, Chester's has become Thailand's international fast food business that delights consumers with its signature chicken menu and a variety of tasty dishes that are rich with nutrient values.







## CP Fresh Mart

The stores sell fresh farm produce, dry food, ready-to-eat meals and refreshments that are of the Company's standard under the brands CP and CP Fresh Mart. The Company is determined to become the "Community Refrigerator close to home" - a nearby food store where consumers can conveniently buy fresh, clean and safe quality food products any time.

Besides making quality food products readily accessible, the "Community Refrigerator" business also offers members of the community the opportunity to start a business with a rather small investment, make additional income and have better quality of life.



## CP Fresh Mart Plus

CP Fresh Mart Plus is a new format of retail business that is called "Super Convenience Store". CP Fresh Mart Plus provides a retail space for selling food and consumer products, and is equipped with dine-in areas.







## CP Kitchen

CP Kitchen is a fast serve restaurant, operated under the concept of “Fresh, Full, and Fair Price”.



## CP Food World

CP Food World is a food court business which provides customers with great diversity as it brings together a large number of restaurants both owned by the Company and by other business establishments.



## RISK FACTORS



CPF constantly monitors developments in the global situations and their associated risk factors which may have caused CPF's operations to deviate from its goals and objectives.

Recognizing the risks, CPF undertakes assessment to understand long-term and short-term effects for the benefit of effective risk management.

Key risks identified include the following:

### 1. Strategic Risks

#### 1.1 Change in Consumer Behavior

Consumers have increasingly placed greater values on convenience, health, freshness and cleanness, safety, as well as environmentally-friendliness when it comes to making decisions about food products. In addition, they are concerned about whether the raw materials come from sustainable sources that comply with legal requirements. In response to such concerns, CPF must carefully examine all of its operations, starting at the product development phase, all the way to procurement of raw materials, production, and delivery.

#### 1.2 Climate Variability

The variability of climate conditions directly impact agricultural productivity, as they affect harvesting and cultivating schedule, as well as quality and quantity of agricultural output. This leads to fluctuation in quality and price of raw materials used in animal feed production, animal husbandry, and food processing.

#### 1.3 Overseas Investment and Operations

Part of the Company's strategies for growing its businesses sustainably is to expand its investments to countries with high growth potential, via acquisition, joint-ventures, or direct investment. Such expansion naturally brings with it risks associated with uncontrollable factors which may have caused the performance of its international operations to deviate from its goals, such as political situation, legal requirements, trade policy, economic and labor market conditions, languages and cultural differences, as well as currency exchange rate fluctuations.

### 2. Operational Risks

#### 2.1 Product Quality and Safety

Throughout the supply chain, ineffective quality control measures at any point can adversely affect the quality of the products when they are delivered to the end consumers. This can lead to customer complaints, demand for compensation, lawsuits, product recalls, and damage to the Company's reputation.





## 2.2 Animal-Diseases Outbreaks

The Company faces risks from animal diseases, both recurring and emerging ones, in Thailand and overseas. Outbreaks of diseases affect the efficiency of the farming operations and significantly impact the Company's operating results. An example of a recent disease outbreak is the Early Mortality Syndrome (EMS) in shrimp, which first appeared in Thailand at the end of 2012.

## 2.3 Efficiency of Supply Chain Management

The Company needs to manage all stages of its supply chain, from feed manufacturing, farming and aquaculture, food production, to retail and outlet businesses. Decision making on sales forecast, production planning, procurement, production, inventory control, and delivery of products to end consumers or next business units, must be integrated throughout the chain. Without efficient collaboration and close coordination from all the business units involved, production costs would increase and quality of products may be affected.

## 2.4 Volatility of Commodity Prices

### • Price Volatility of Raw Materials used in Feed Production

Quantity and availability of agricultural commodities are influenced by climate change, increasing demand, as well as speculation in the forward market, all of which can affect prices, which in turn raise production costs for the Company.

### • Volatility of Price on Live Animals and Processed Meat

Prices of the Company's farm products, including live animals, processed meat and eggs, depend on demand and supply at any particular time, which reflects current market conditions and forecast of product availability confidence. The farming industry has seen significant expansion over recent years, and if such expansion does not match the growth in consumption, it would result in greater volatility of prices.

## 2.5 Ability to Recruit and Retain Knowledgeable and Capable Staff

The Company's business operations in each area depend greatly on employees with skills and expertise. Without the ability to recruit and retain such human resources, as well as develop them to grow together with the Company, it would not be able to achieve its business goals.





### 3. Financial and Financial Reporting Risks

#### 3.1 Foreign Exchange Volatility

The Company's financial transactions are executed in both local and foreign currencies. It receives foreign currencies from exporting of goods and remittance of profits from overseas investments, while it pays out foreign currencies for import of raw materials, machines and equipment, as well as investment in foreign countries. The Company's consolidated financial reports are based on Thai Baht, so all transactions in foreign currencies must be converted back to Baht. Therefore the Company's financial performance is subject to fluctuation in exchange rates over any period of time.

#### 3.2 Interest Rate Volatility

The Company makes financing decisions based on current and forecast factors in the financial and capital markets. Borrowing at floating interest rates may cause the Company faces the interest rate volatility risk.





## 4. Compliance Risks

The Company must comply with laws, regulations, and business rules applicable to each of its products and business units. As it exports products to foreign countries and makes overseas investment, it must ensure that it can meet requirements set by relevant laws in those countries, as well as international trade regulations. The Company may face trade barrier measures enacted by its trading partners, as well as new regulations set up by countries with large market power, which may be in the form of tariff or non-tariff barriers. In addition, the European Union has ended the tariff privileges under the Generalized System of Preferences (GSP) effective January 2015, as Thailand has been categorized as a country with medium-high income for 3 consecutive years by the World Bank. Without the GSP privileges, products from Thailand face the normal import duties as set by the World Trade Organization, affecting the Company's competitiveness in the European markets.

## 5. Corporate Image and Reputational Risks

Dissemination of content with misinformation through multiple channels can damage the Company's brand and corporate image and reputation. As the Company operates an integrated agricultural and food business, society may view the scope of its operations as a monopoly. Moreover, as the leading feed manufacturer, the Company has been linked, along with the rest of Thailand's seafood industries, to human trafficking in the fishing industry. Such issues can adversely impact the Company's credibility and consumer confidence.

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See more details in Annual Report 2014

## INDUSTRY OVERVIEW



### Shrimp

#### 2014 Global Shrimp Production

**2.2** **25%**  
million tons growth over 2013

Due to higher production in Vietnam, India and Indonesia

2015 Global Shrimp Production is expected to be higher than 2014

#### 2014 Thailand Shrimp Production

**0.23** **8%**  
million tons drop from 2013

Farmers' concern over EMS disease since late 2012 ; reduced production in although high demand from overseas market for top-quality shrimp from Thailand.

**Shrimp price remains high.**

#### 2015 Thailand Shrimp Production is expected to be

**0.3** **30%**  
million tons growth over 2014

due to :  
- Measures on disease control  
- Continual strengthening of farmers' confidence  
- High price of shrimp

### Broilers

#### 2014 Global Chicken Production

**86** **1.7%**  
million tons growth over 2013

The U.S. is the largest producer with a production volume of 17.3 million tons, followed by China 13 million tons, Brazil 12.7 million tons, and the EU 10 million tons.

#### 2015 Global Chicken Production is expected to be

**87.4** **2%**  
million tons growth over 2014

Higher demand in Middle Eastern and Southern African countries

#### 2014 Thailand Chicken Production

**1.7** **9.6%**  
million tons growth over 2013

1.1 million tons for domestic consumption and 0.6 million tons for export. Increasing demand and export growth triggered higher production.

#### 2015 Thailand Chicken Production is expected to grow over 2014

**3%**





## Swine

### 2014 Global Swine Production

110.6

million tons

1.6%

growth over 2013

Higher production by major producers: China, EU, Brazil, Russia, Canada and Vietnam. The U.S., the third largest producer, faced a 2% drop in production after it was hit by Porcine Epidemic Diarrhea (PED).

### 2015 Global Swine Production is expected to be

111.8

million tons

1%

growth over 2014

due to:

- Higher production by major producers: China, USA, Brazil, Russia, Vietnam, Canada and the Philippines
- Slight production decline in the EU resulting from animal welfare policy

### 2014 Thailand Swine Production

12.8

million tons

1.9%

drop from 2013

Hit by diseases from heat and unstable weather.

### 2015 Thailand Swine Production is expected to be

13.1

million tons

2%

growth over 2014

due to:

- Increasing production owing to higher price in 2014
- Higher exports of cut pork and processed pork owing to declining price in 2015
- Opening of new market, e.g. Russia



#### Sources :

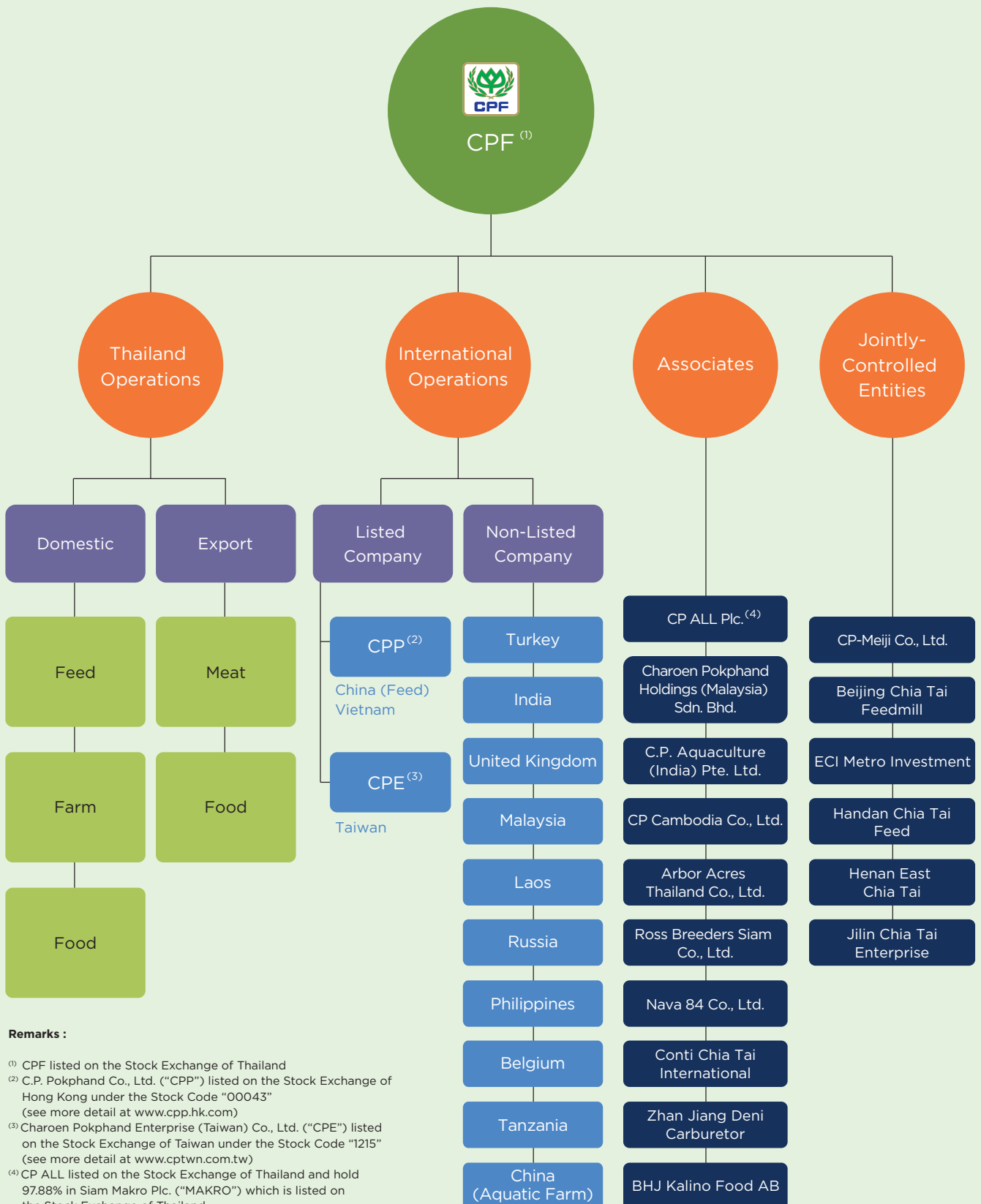
- Bureau of Agricultural Economic Research
- Center for Agricultural Information, Office of Agricultural Economics
- Thai Broilers Processing Exporters Association
- National Bureau of Agricultural Commodity and Food Standards
- United States Department of Agriculture: USDA
- Thai Shrimp Association

See more details in Annual Report 2014

# CPF OPERATIONS



As of 31 December 2014



# MANAGEMENT STRUCTURE

As of 25 February 2015





## MANAGEMENT



CPF's Board of Directors consists of qualified persons with diverse qualifications, capabilities, experience, specialized skills, leadership, vision and independence in making decision for the best interest of the Company and shareholders.

### Board of Directors



As of 25 February 2015, CPF's Board of Directors consisted of the following 15 directors:

- |   |   |  |
|---|---|--|
| 1. Mr. Dhanin Chearavanont<br>Chairman              | 6. Mr. Adirek Sripratak<br>Vice Chairman                                | 11. Mr. Phongthep Chiaravanont<br>Director |
| 2. Mr. Prasert Poongkumarn<br>Vice Chairman         | 7. Professor Dr. Athasit Vejajiva<br>Director <sup>(1)</sup>            | 12. Dr. Veeravat Kanchanadul<br>Director   |
| 3. Mr. Min Tianworn<br>Vice Chairman                | 8. Emeritus Professor<br>Supapun Ruttanaporn<br>Director <sup>(1)</sup> | 13. Mr. Pong Visedpaitoon<br>Director      |
| 4. Mr. Chingchai Lohawatanakul<br>Vice Chairman     | 9. Dr. Cha yawat Wibulswasdi<br>Director <sup>(1)</sup>                 | 14. Mr. Sunthorn Arunanondchai<br>Director |
| 5. Mr. Arsa Sarasin<br>Vice Chairman <sup>(1)</sup> | 10. Professor Dr. Pongsak Angkasith<br>Director <sup>(1)</sup>          | 15. Mrs. Arunee Watcharananan<br>Director  |

<sup>(1)</sup> Independent Director

## Executives and Company Secretary



- |   |  |  |
|---|--|--|
| 1. Mr. Adirek Sripratak<br>President,<br>Chief Executive Officer (CEO)<br>and Acting Chief Operating<br>Officer - Food Business | 6. Mr. Paisan Chirakitcharern<br>Chief Financial Officer   | 11. Mr. Somkuan Choowatanapakorn<br>Executive Vice President -<br>Swine Breeding and Farming<br>Research and Development Unit                        |
| 2. Mr. Pong Visedpaitoon<br>Chief Operating Officer -<br>Aquaculture Business   | 7. Mr. Rewat Hathaisattayapong<br>Executive Vice President -<br>Livestock Feed Unit                                  | 12. Mr. Vitit Pootanasap<br>Executive Vice President -<br>Aquatic Feed Unit  |
| 3. Mr. Teerasak Urunanon<br>Chief Operating Officer -<br>Livestock Business   | 8. Mr. Virote Kumpeera<br>Executive Vice President -<br>Livestock Feed Production<br>and Construction Unit           | 13. DVM Sujint Thammasart<br>Executive Vice President -<br>Aquatic Farming Unit and Aquatic<br>Breeding and Farming Research<br>and Development Unit |
| 4. Mr. Virachai Ratanabanchuen<br>Chief Operating Officer -<br>Domestic Trading   | 9. Mr. Songsak Futrakul<br>Executive Vice President -<br>Livestock Farming Unit                                      | 14. Mr. Siripong Aroonratana<br>Executive Vice President -<br>Poultry Food Processing Unit   |
| 5. Mr. Pisit Ohmpornnuwat<br>Chief Operating Officer -<br>Overseas Trading  | 10. Mr. Prajit Udnoon<br>Executive Vice President -<br>Poultry Breeding and Farming<br>Research and Development Unit |  |

## MANAGEMENT TOWARDS SUSTAINABILITY



15. Mr. Prapoj Choakpichitchai  
Executive Vice President -  
Swine Food Processing Unit  
and Egg Processing Unit

16. Mr. Sukhawat Dansermasuk  
Executive Vice President -  
Aquatic Food Processing Unit  
and Food Research and  
Development Unit

17. Mr. Narerk Mangkeo  
Executive Vice President -  
Ready Meal Unit

18. Dr. Sommai Tachasirinugune  
Executive Vice President -  
Food Quality Assurance Unit

19. Mr. Prasit Boondoungprasert  
Executive Vice President -  
Domestic Trading Unit, Retail  
Trading Unit and Overseas  
Trading Unit

20. Mr. Sathit Sangkanarubordee  
Executive Vice President -  
Five Star and Restaurant  
Business Unit

21. Mr. Vittavat Tantivess  
Executive Vice President -  
Marketing Unit

22. Mr. Viboon Supakarapongkul  
Executive Vice President -  
Overseas Trading -  
Fish Product Unit

23. Mr. Somchai Triamchaipisut  
Executive Vice President -  
Overseas Trading -  
Shrimp Product Unit

24. Mr. Voravit Janthanakul  
Executive Vice President -  
General Administration Unit

25. Mr. Praderm Chotsuparach  
Executive Vice President -  
Information Technology and  
Application Unit

26. Mr. Sumeth Vongbunyong  
Executive Vice President -  
Human Resource Unit

27. Ms. Patchara Chartbunchachai  
Executive Director and  
Company Secretary



## Top Executives - International Operations



- |   |  |
|---|--|
| 1. Mr. Thong Chotirat<br>Taiwan             | 8. Mr. Nutthakrit Sivasri<br>Russia          |
| 2. Mr. Bai Shanlin<br>China                 | 9. Mr. Sakol Cheevakoset<br>Laos/Philippines |
| 3. Mr. Sooksunt Jiumjaiswanglerg<br>Vietnam | 10. Mr. Wichit Konkeaw<br>India              |
| 4. Mr. Suphat Sritanatorn<br>Turkey         | 11. Mr. Mark Cheadle<br>United Kingdom       |
| 5. Mr. Pinij Kungvankij<br>Philippines      | 12. Mr. Michael Tops<br>Belgium              |
| 6. Mr. Sompop Mongkolpitaksuk<br>Malaysia   | 13. Mr. Anek Boonnoon<br>Tanzania/India      |
| 7. Mr. Yip Kam Toh<br>Malaysia              |  |

## DEVELOPING AND FOSTERING PERSONEL



Employees are the foundation and the keys to gain competitive advantages and sustainable growth of the Company. Therefore, it is important to develop and retain “talented and great people” by strengthening relationship between employees and the Company while promoting safety and happiness in the workplace, based on a fair treat to all employees along with a true understanding in diversity and respect for differences among employees.

### Personel

as of 31 December 2014

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Total Employees &  
Workers

107,562 Persons

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This performance assessment system is used across the organization and offers opportunities for employees to do self-assessment before the official review with managers in setting Individual Development Plan (IDP).

Many opportunities for personal development are widely opened to employees to help foster them to be talented and great leaders, in consistence with the Company’s core value “CPF Way”.

### Developing and Fostering Personel

#### 1. Gearing towards “Corporate for Talented and Great People”

The Company aims to be an employee’s preferred-choice in any related industries, welcoming vocational and managerial employees who are qualified and culturally fit to the organization, while providing job opportunities with career path to the locals in any countries it operates. Realizing considerably that compensation and benefit packages are ones of the key factors to attract and maintain talented and great people, the Company adheres to equality as a guideline to remuneration management.

#### 2. Stepping to “Corporate with Leaders and Professionals”

The Company places high importance in developing skills and leadership in its employees at all levels. The Target Setting in performance assessment system allows employees to set clear work goals that are in line with strategic directions of the Company. This ensures that the target will be achieved and support the business overview.

##### Individual Development Plan (IDP)

The 4 competency-based development aspects include the followings:

- Leadership / managerial skills development
- Functional / technical skills development
- Computer training
- Language development

Furthermore, the Company puts continuous effort to develop

##### The Leadership Program and the Global Executives Development Program

that allow managers to effectively apply knowledge and experiences into real practice. In 2014, over 1,700 employees were participated in these programs.

Additionally, the Company applies 4 steps in managing talented and high-potential employees which are

1. Identifying
2. Developing
3. Mobilizing
4. Rewarding



### 3. Promoting CPF “Home of Happiness”

Equality and happiness are foundations of the Company’s Way of Business Conduct where employees embrace differences, respect each other, and promote safety and hygiene in workplace.

#### 3.1 Building Bonds between Employees and Company

Employees are encouraged to be passionately committed to working with the Company in a desired atmosphere while living the Company’s core values, which are all communicated through two-way communication channels e.g. CPF Intranet / CEO website / CEO Town Hall. Visions, policies, updated corporate news and employees’ suggestions, even petitions to CEO, are exchanged in these channels. In 2014, CPF Employee Engagement smartphone application has been launched as a new communication tool to urge more employee interactions.

#### 3.2 Human Rights Protection and Labor Quality of Life

The Company is committed to treat all stakeholders with equality under Thai Labor Standard (TSL.8001-2010) and Good Labor Practices (GLP).

In 2014, Human Right policy has been fully applied across the company as a standard for all employees and vendors in accordance with United Nations Universal Declaration of Human Rights (UNDHR) and International Labor Organization (ILO) Declaration of Fundamental Principles and Rights at Work. Employees, who wish to form or take part as a member in Labor Union, as well as engaging in any legally protected negotiations, are allowed to do so.

#### 3.3 Reinforcing Dynamic Culture

Policies on employment and human resources management, including dynamic management and acceptance in differences, are not in favour of any particular individuals or treating employees unfairly due to prejudice against nationality, racism, skin colors, origins, religions, social classes, genders, ages, physical challenges, political viewpoint, and marital status.

#### 3.4 Ensuring Safety and Hygiene in Workplace

It is of great importance to ensure the safe working environment for all employees in all areas e.g. farms, production plants, management offices, supporting units of production and working space in retail units). The ultimate goals are to minimize accidents to zero by involving and continuously training employees at all levels, while promoting happiness in the workplace through work-life balance activities.

#### 3.5 Promoting Labor Practices in Supply Chain

The Company puts great importance to human rights protection in the workplace as well as throughout the supply chain. In 2014, the Company has advocated “the sustainable sourcing policies and supplier guiding principle” which was developed in reference with Environment, Social and Governance regulations (ESG). The Company is planning to deliver this set of policies and practices to business partners or suppliers in an attempt to build awareness and understanding towards the Company’s expectation in fair and equitable treats to employees in 2015.



## CORPORATE SOCIAL RESPONSIBILITY

### I

One of the Company's strategies for sustainable business practice is Corporate Social Responsibility (CSR), which has been executed under the guideline of 3 major pillars: food security, self-sufficiency society and balance of nature. The Company adheres to the principles of good corporate governance, fairness in human resources development, and human rights protection. The goals are to generate satisfactory returns to shareholders, hygienic products for consumers, stability and well-being of employees, business partners and communities while conserving natural resources and environment – the fundamental of economic and social development.

E

ENVIRONMENT

S

SOCIAL



### Food Security

As a leader in integrated agricultural and food business, CPF is aware of its role and responsibility in creating food security to provide consumers with quality food products that are sufficient, safe and nutritious through research, innovations and human resources development.

#### Enhancing food quality and safety throughout the chain

The Company focuses on the quality and safety of food throughout production processes starting from raw materials selection, research and development, production of animal feed, farming, food processing, packaging and delivery to consumers. The Company emphasizes research and development activities to add value, while strictly adhering to regulations, internationally-recognized standards and quality assurance system including the communication of product's ingredients and nutrition facts through product labels.

#### Improving food access

To enhance access to safe and quality food, the Company provides over 100 categories of products at extra discount to more than 2 million people in 17 provinces via the "Caravan Sales" campaign in conjunction with "Raising Layer for Student's Lunch" project since 1989. Up until 2014, more than 460 schools have signed up and participated in the project, supporting over 140,000 students across Thailand.

## Self Sufficient Society

CPF collaborates with business partners in enhancing quality of life in various communities, both in surrounding communities and remote areas, with the goal of self-sufficiency among community members.

### Promoting win-win partnership

Stressing the significance of promoting sustainable supply chain, the Company provides consultations, academic service, knowledge, technology and training based on international standards of production and food safety to business partners in animal feed, farming and food.

In 2014, the Company continues to work on sustainable sourcing of fishmeal project through the CPF Fish Fight Ten-Point Plan focusing on the environmental aspects of inappropriate fishing. The Company also put forward a Fishery Improvement Project (FIP) for the Gulf of Thailand and the Andaman Sea in collaboration with government agencies, SPF and WWF through the Thai Sustainable Fisheries Roundtable (TSFR).

After achieving the CPF Fish Fight Ten-Point Plan, the Company will begin “the 5R Improvement Plan” in 2015 to enhance sustainable shrimp production throughout the chain. Currently, the Company owns and operates the world only International Fishmeal and Fish Oil Organization's Responsible Supply Chain of Custody certified shrimp feed mill (IFFO RS CoC), from tuna by-product.



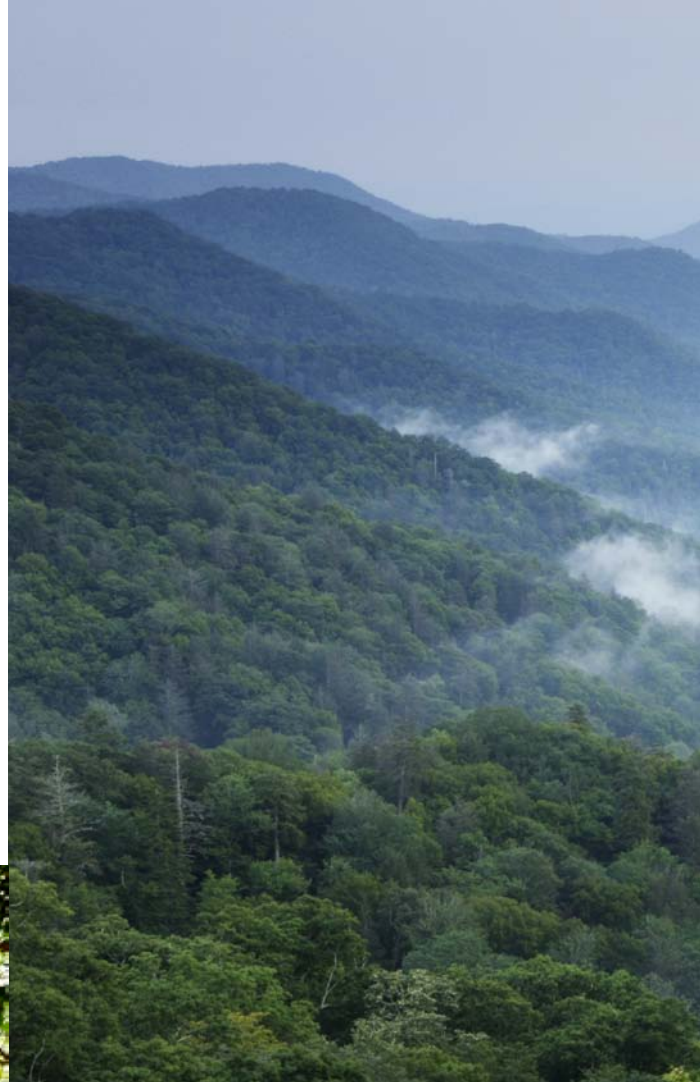


## MANAGEMENT TOWARDS SUSTAINABILITY

The sustainable sourcing policy and supplier guiding principles were developed, based on environmental, social and governance (ESG) factors. The policy and principles cover 4 major categories on sustainable operations:

1. Product and Service: Emphasis on quality and food safety
2. People: Fair labor practices and human rights
3. Process: Awareness on environmental management and efficient use of resources
4. Performance: Good corporate governance

The Company plans to communicate the policy and principles to the business partners and conduct pre-assessment in 2015.



### Supporting quality of life in communities

The Company promotes economic and social development in communities surrounding its facilities by encouraging community members to jointly initiate activities and improve their respective areas for well-being.

More than 300 projects were implemented in 2014, pertaining to the development of members' careers, income, education, tradition, culture, sports, health and public utilities. Development was also made through projects for the Nongwha agricultural village, Kamphangphet agricultural village and Santirat agricultural village. The Company collaborates with the Rural Lives Development Foundation, under the sponsorship of the CP Group, to develop the career and boost the income of more than 5,000 farmers and their families. The career development projects generated an annual economic value of more than THB 1,930 million.





## Balance of Nature

CPF takes a variety of mitigation and adaptation approaches to ensure environmental sustainability and that the Company's business is going to be least affected in the near and far future.

### Promoting resource efficiency

Our effort in promoting resource efficiency to reduce environmental footprints is exhibited through 2 key approaches: process improvement and sustainable product development. We operate responsibly in ways that minimize environmental impacts through integrated management of energy, water, waste and air in which the 4Rs principle (Reduce, Reuse, Recycle and Replenish) is applied.

### Conservation of biodiversity

Fully aware of nature and biodiversity conservation in parallel with business operations, the Company takes many approaches to safeguard environmental resources. For example, location of facilities must not overlap with conservation areas and all environmental law and regulation and standards must be complied. Assessments on environmental impacts from the Company's operations are regularly conducted to ensure that the ecological system and natural resources are not affected. The Company encourages employees and communities to become part of volunteer network in conserving and



restoring green areas and forest stock within and nearby the Company's boundaries as well as the Nation's strategic areas.

Launching the "Rak Nives or Ecological Conservation Project" in 2014, the Company cooperated with the Faculty of Environment, Kasetsart University, in operating 4 pilot projects: animal feed factory, swine farm, chicken farm and food processing factory. The Company's commitment on mangrove conservation and reforestation was pursued in the 5-year mangrove strategic plan (2014-2018) through the inception of "Grow-Share-Protect" mangrove forestation project. The Project was initiated to preserve and restore 2,000 rai of mangrove in 5 key strategic areas Chumphon, Rayong, Samut Sakhon, Surat Thani and Phang-nga.

Results of the Company's CSR to Sustainability activities for 2014 are exhibited in the 2014 Sustainability Report.

## CORPORATE GOVERNANCE



The directors and management are confident that good corporate governance is a significant factor in promoting our sustainable economic growth and preserving society and the environment. Therefore, the implementation of the principles and guidelines established in this Restated Corporate Governance Policy is one of the missions of the Company's and its subsidiaries' boards of directors, executives, and employees.





## Corporate Governance Policy

CPF's Corporate Governance Policy consists of five chapters:

### 1. Rights of Shareholders

The Board of Directors recognizes the rights of shareholders as provided by laws, and support the exercise of their rights in a manner not inconsistent with the provisions of the laws. The Board of Directors will not do anything which violates or deprives shareholders of their rights.

### 2. Equitable Treatment of Shareholders

To ensure that all shareholders are treated equally and fairly based on their fundamental rights, the Company must have measures to prevent misuse of insider information for the interests of oneself or other persons, or disclosure of information to persons associated with directors or executives to the detriment of shareholders as a whole. The shareholders meeting process must also support equal treatment of all shareholders.

### 3. Roles toward Stakeholders

In operating its businesses, the Company has several groups of stakeholders, namely shareholders, employees, customers, business partners, trade competitors, creditors, community, and society. All groups of stakeholders must be fairly served by the Company according to their statutory rights and agreements with the Company. Should there be any damage, the Company will provide proper indemnification to all parties concerned.

### 4. Disclosure of Information and Transparency

The Company's important information, both financial or non-financial, must be fully disclosed in a transparent, timely and equitable manner through easily accessible channels, and must be credible, non-misleading, and sufficient for investors' decisions. The disclosure with such information must not be in violation with the regulations regarding the disclosure of information as prescribed by the regulatory authorities. Important information also includes reports on the performance of duties by the Board of Directors and committees, the corporate governance policy, and reports on compliance with various policies.

### 5. Responsibilities of the Board of Directors

The Board of Directors has an important role in supervising the Company's businesses. To ensure efficiency, the Board's structure, as well as its authorities, duties and responsibilities must be appropriate and clearly defined. Individuals who are to be appointed the Company's directors must be honest in their duties, have vision, ability and experience and be able devote their time to fully perform their duties for the Company. These individuals must also be independent in their decision making for the best interests of the Company and shareholders as a whole.

The Board of Directors consists of directors who possess different qualifications in terms of skills, experiences, special expertise that benefits the Company, and gender. As of 25 February 2015, the Company's Board of Directors comprised five independent directors, five executive directors and five non-executive directors. The Board of Directors has the duty to supervise the management to operate the business in accordance with the objectives, strategies and the operational plan approved by the Board of Directors, in the best interests of the Company and all stakeholders.





## Protection of the Use of Insider Information

CPF has a policy on the use of insider information. One of the main purposes of this policy is to prevent misuse of insider information for undue benefits, with an aim to ensure transparency. This policy prevents misuse of the Company's undisclosed insider information by its directors, executives, and employees, and also applies to the sale and purchase of securities issued by the Company.

## Administration of Subsidiaries and Associates

CPF has a policy to appoint the representatives to be the authorized director of each subsidiary in order to effectively and efficiently manage the operations according to the Company's policy. In case the company with shares held by CPF arrange its shareholders' meeting, CPF's Boards of Directors will carefully consider the agenda of such shareholders' meeting and make the vote, including appoint proxy to attend the meeting.

## Anti-Corruption Policy

In 2013, CPF signed the Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC) to collaborate with Government, private sectors, and regulators to foster cleaner business practices. In November 2014, the Board of Directors approved the anti-corruption policy which has become a framework for the Company's business operations and sustainable development.



## Code of Conduct

CPF Code of Conduct is a fundamental principle for all CPF directors and employees. It embodies the Company's values, ethics, and accountability towards stakeholders, with an aim to establish standards in the performance of duties by the directors and employees on the basis of integrity, honesty, and fairness, to ensure the success of business operations and good corporate governance. The Code of Conduct contains guidelines on equitability and respect of individual rights and freedoms, safety and occupational health, conflict of interest, use of insider information, prohibition from paying or receiving bribes, protection and promotion of human rights, as well as fair labor practices. In addition, the Company established reporting channels for the violation of such laws and ethics.

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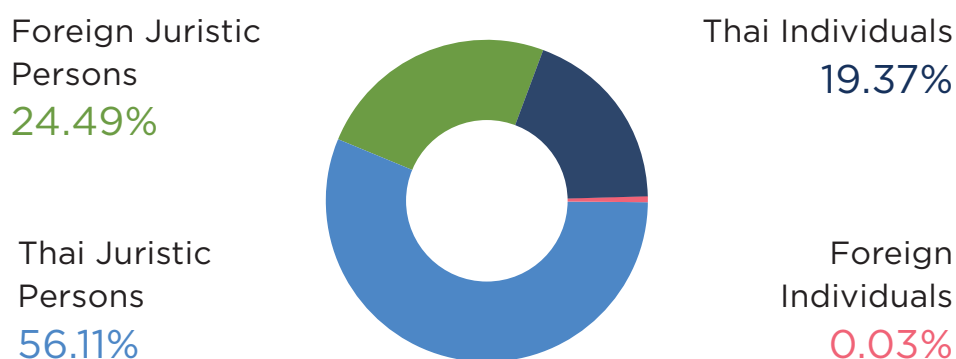
See more details in Annual Report 2014



## SHAREHOLDERS



As of the latest closing date of shareholder register book at 29 August 2014



### FOREIGN HOLDING LIMIT

There were 24.52% of CPF's issued shares held by foreign investors.

### TOP TEN MAJOR SHAREHOLDERS

(as of the latest closing date of shareholder register book at 29 August 2014)

	Names	No. of Shares	% Shareholding
1.	CPG GROUP	3,384,866,001	43.72%
2.	THAI NVDR CO., LTD.	562,517,091	7.26%
3.	UBS AG LONDON BRANCH	182,933,267	2.36%
4.	SOCIAL SECURITY OFFICE (2 CASES)	133,887,900	1.73%
5.	STATE STREET BANK EUROPE LTD.	132,580,839	1.71%
6.	BNY MELLON NOMINEES LTD.	121,746,159	1.57%
7.	HSBC (SINGAPORE) NOMINEES PTE LTD.	96,574,848	1.25%
8.	MS. WALAIORN JIRAPHUMMIN	91,000,000	1.18%
9.	CHASE NOMINEES LIMITED 1	87,764,710	1.13%
10.	THE BANK OF NEW YORK (NOMINEES) LTD.	86,158,115	1.11%



## DIVIDEND POLICY



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CPF has a policy to pay dividends to shareholders twice a year. The first dividend payment is paid as an interim dividend, with the second dividend payment being paid as an annual dividend.

The total dividend paid each year will be approximately 50% of net income, after the deduction of income taxes and the legal reserve (based on separate financial statements).

The annual and interim dividend payments may be subject to change, depending on such variables as the Company's operations results, its financial position, future projects and prevailing economic conditions at the time.

Additionally, CPF has a duty to comply with the terms and conditions of its debentures, which prohibit CPF from paying cash dividends to shareholders in the event of CPF being unable to service interest payments on, or any other amounts owing to, the debenture holders.

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For subsidiaries that are listed on foreign stock exchanges, the dividend payment will be depend upon the Board of Directors' meeting or Shareholders' meeting resolution (as the case may be). For subsidiaries that are non-listed companies, the dividend payment will depend upon such issues as their future investment plans, their financial structure and liquidity.

In the fiscal year ended 31 December 2014, CPF's dividend income from subsidiaries totaled THB 13,990 million, of which THB 553 million was from subsidiary that are listed on foreign stock exchange and THB 12,837 million was from subsidiaries that are non-listed company.

## REFERENCES



## Share Registrar

Thailand Securities Depository Co., Ltd.  
 62 The Stock Exchange of Thailand Building,  
 Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand.  
 Telephone number: (662) 229-2800  
 Facsimile number: (662) 359-1259

## Bond Registrar and Bondholders' Representative

Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2009 Series 3 due 2015

Bond Registrar and Bondholders' Representative	Securities Services Department, Kasikornbank Plc. Head Office Building, Phahonyothin, 11 <sup>th</sup> Floor 400/22 Phahonyothin Road, Phayathai, Bangkok 10400, Thailand. Telephone number: (662) 470-1982      Facsimile number: (662) 470-1998
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Unsecured Debentures of Charoen Pokphand Foods Plc.#2/2009 due 2015,  
 #1/2010 due 2015, #1/2012 due 2016 and #1/2013 due 2018

Bond Registrar	Registrar 1, Markets Operations Division, Siam Commercial Bank Plc. Building 2, 3 <sup>rd</sup> Floor, 1060 Phetburi, Ratchatawee, Bangkok 10400, Thailand Telephone number: (662) 256-2323-6      Facsimile number: (662) 256-2406
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Unsecured Debentures of Charoen Pokphand Foods Plc.#2/2010 Series 2 due 2017

Bond Registrar	Agent and Securities Services Dept. TMB Bank Plc. 3000 Head Office Building, 5A Floor Phahonyothin Rd., Chompol, Chatuchak, Bangkok 10900, Thailand Telephone number: (662) 229-1321      Facsimile number: (662) 242-3270
Bondholders' Representative	Agent and Securities Services Dept., Bank of Ayudhya Plc. 1222 Rama 3 Rd., Bangpongpan, Yannawa, Bangkok 10120, Thailand Telephone number: (662) 296-4782      Facsimile number: (662) 683-1298

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Unsecured Debentures of Charoen Pokphand Foods Plc.#1/2011 Series 1 due 2018, Series 2 due 2021, Series 3 due 2041 with debentureholders' early redemption right, and #2/2011 due 2041 with debentureholders' early redemption right

Bond Registrar                      Securities Service Department, Bangkok Bank Plc.  
and Bondholders'                333 Silom Road, Bangrak, Bangkok 15000, Thailand.  
Representative                   Telephone number: (662) 230-1477-8    Facsimile number: (662) 626-4545-6

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Unsecured Debentures of Charoen Pokphand Foods Plc.#2/2012 Series 1 due 2019, Series 2 due 2022 and Series 3 due 2032

Bond Registrar                      Agent and Securities Services Dept. TMB Bank Plc.  
and Bondholders'                3000 Head Office Building, 5A Floor  
Representative                   Phahonyothin Rd., Chompol, Chatuchak, Bangkok 10900, Thailand  
Telephone number: (662) 229-1321    Facsimile number: (662) 242-3270

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Unsecured Debentures of Charoen Pokphand Foods Plc.#2/2013 Series 1 due 2017, Series 2 due 2019 and Series 3 due 2021

Bond Registrar                      Agent and Securities Services Dept. TMB Bank Plc.  
3000 Head Office Building, 5A Floor  
Phahonyothin Rd., Chompol, Chatuchak, Bangkok 10900, Thailand  
Telephone number: (662) 229-1321    Facsimile number: (662) 242-3270

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## American Depositary Receipts Registrar

The Bank of New York Mellon Corporation, BNY Mellon Shareowner Services  
PO Box 358516, Pittsburgh, PA 15252-8516, USA  
Telephone number: 1-201-680-6825  
Website:                              www.bnymellon.com/shareowner  
E-mail address:                    shrrelations@bnymellon.com

## Auditors

1. Mrs. Munchupa Singsuksawat	C.P.A. (Thailand)	Registration No. 6112
2. Mr. Charoen Phosamritlert	C.P.A. (Thailand)	Registration No. 4068
3. Mr. Veerachai Ratanajaratkul	C.P.A. (Thailand)	Registration No. 4323

KPMG Phoomchai Audit Ltd.  
Empire Tower, 50<sup>th</sup>-51<sup>st</sup> Floor  
1 South Sathorn Road, Sathorn, Bangkok 10120, Thailand  
Telephone number: (662) 677-2000  
Facsimile number: (662) 677-2232



# SUBSIDIARIES AND ASSOCIATES



## Subsidiaries

As of 31 December 2014,

There were 219 subsidiaries in which CPF directly or indirectly holds more than 50% of their paid-up capital and companies that CPF has control.

Subsidiaries of and related to Thailand operations were 76 subsidiaries

Subsidiaries of International operations were 143 subsidiaries

## Associates

As of 31 December 2014,

There were 10 companies in which CPF directly or indirectly holds more than 20.00% to 50.00% of their paid-up capital.

## Jointly-controlled entities

As of 31 December 2014, There were 6 companies in which CPF is jointly-controlled.

## Companies in which CPF holds more than 10.00% but less than 20.00%

As of 31 December 2014, there was 1 company in which CPF directly and indirectly holds more than 10.00% but less than 20.00% of its paid-up capital.

See more details in Annual Report 2014

# CONTACT US



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## Head Office

313 C.P. Tower, Silom Road,  
Silom, Bangrak, Bangkok 10500, Thailand

📞 (662) 625-8000 📠 (662) 638-2139

🌐 [www.cpfworldwide.com](http://www.cpfworldwide.com)

🌐 [www.cpbrandsite.com](http://www.cpbrandsite.com)

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## Corporate Secretary Office

313 C.P. Tower, 15<sup>th</sup> Floor, Silom Road,  
Silom, Bangrak, Bangkok 10500, Thailand

📞 (662) 625-8352, (662) 625-8354

📠 (662) 638-2139

✉️ [csoffice@cpf.co.th](mailto:csoffice@cpf.co.th)

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## Investor Relations Office

313 C.P. Tower, 26<sup>th</sup> Floor, Silom Road,  
Silom, Bangrak, Bangkok 10500, Thailand

📞 (662) 625-8322, (662) 625-8356

📠 (662) 638-2942

✉️ [iroffice@cpf.co.th](mailto:iroffice@cpf.co.th)

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## Recruitment and Selection Center

1 C.P. Tower 2, 18<sup>th</sup> Floor, Ratchadapisek Road,  
Dindaeng, Bangkok 10400, Thailand

📞 (662) 641-0400 📠 (662) 641-0100

✉️ [job@cpf.co.th](mailto:job@cpf.co.th)

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## CPF Consumer Center

📞 (662) 800-8000

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## CP Fresh Mart Delivery

📞 1788

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