

Charoen Pokphand Foods Public Company Limited



MEMBER OF

**Dow Jones
Sustainability Indices**

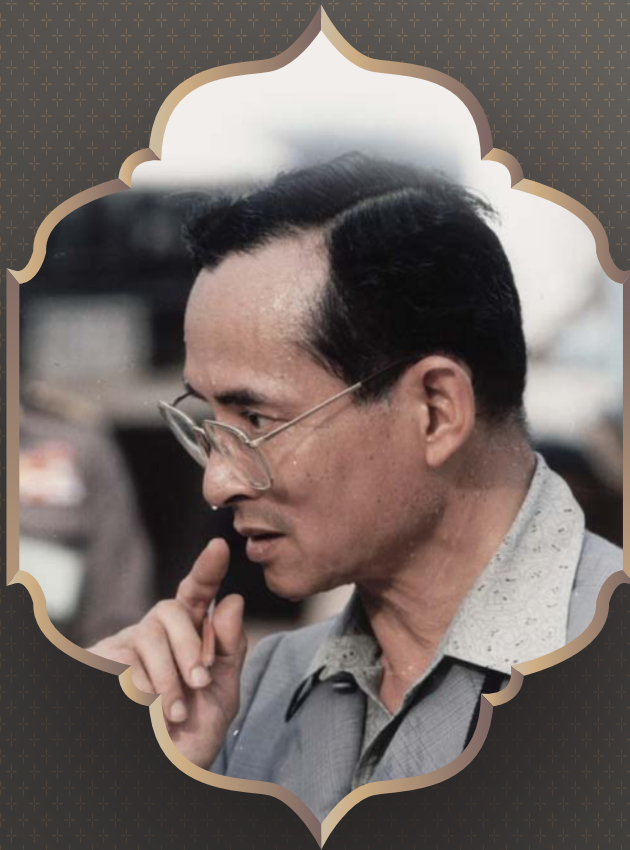
In Collaboration with RobecoSAM

Annual Review 2016



**Every Mouthful
is Meaningful**

For a Sustainable Life Chain



In Memoriam of His Majesty
King Bhumibol Adulyadej



1927 - 2016



Executives and employees of
Charoen Pokphand Foods Public Company Limited

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“The Company” or “CPF” in this Annual Review refer to Charoen Pokphand Foods Public Company Limited and its subsidiaries.

Investors may look for further information of the Company from the Annual Report 2016, the Sustainability Report 2016, and Annual Registration Statement 2016 (Form 56-1) posted on www.sec.or.th or www.cpfworldwide.com





Message to Shareholders



Best Innovative Company Award in SET Award 2016



“Excellent” Corporate Rating by the Thai Institute of Directors Association

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Economic uncertainties, rapid change in social behaviors, technological advancement, transformation to the digital economy, climate change and limitations of resources, as well as entry into the business environment of Thailand 4.0 have been challenges to the business.

As challenges and changes are unavoidable, Charoen Pokphand Foods Public Company Limited (CPF) has given the importance to the organizational development under 3 principles for sustainability (1) the business should have profitable growth (2) the business should take care of the environment and (3) the business should return to the society under the concept “Unite Each Other for a Sustainable Future”. The Company has applied 3 main strategic directions to balance **“Profitable Growth”**, which emphasizes the business expansion and creation of growth capabilities to international level, **“Aiming for Excellence”**, which has given the importance to the quality enhancement and creation of innovation throughout the value chain, and **“Sustainable Platform”**, which emphasizes personnel development and corporate social and environment responsibilities. All these have been laying under the good governance foundation and the **“3 Benefits to Sustainability Philosophy (Benefit to the Nation, to the People and to the Company)”**. The business is managed in strategic locations under the comprehensive risk management framework, according to the principle of “Sufficiency Economy” of His Majesty King Bhumibol Adulyadej, the 9th Reign of the Chakri Dynasty.

In 2016, the Company has been proud of its continuous development and successes, **by being able to achieve business growth target and fulfill commitments to create sustainable long term collaborative value with all stakeholders**. The Company has been enhancing its operational efficiency and carefully and continuously expands its investments through merger and acquisition. The acquisition of Bellisio Parent LLC, one of the leading companies in the “single serve” food market in USA, is considered as the entry into the largest food market

in the world with the high growth potential. Besides, operating result has been growing as targeted, with the total sales revenue of Baht 464,465 million and the net profits of Baht 14,703 million. The Board of Directors has passed its resolution to propose to the shareholders’ Annual General Meeting of 2017, for shareholders’ consideration and approval of 2016 dividend payment at 0.95 Baht per share (interim dividend paid to shareholders at 0.50 Baht per share and the annual dividend payable on 24 May 2017 at 0.45 Baht per share).

CPF’s revenues from sales for the year 2016 was Baht 464,465 million, increased by 10% from previous year. The increase of sales was from Thailand and international operations with 7% and 12% growth, respectively. The Company’s net profit for the year 2016 was Baht 14,703 million, increased by 33% from previous year. This increase was from the livestock business operation in Thailand which returned to normal situation, the continuous recovery of shrimp business in Thailand after having encountered the Early Mortality Syndrome (EMS), and the contribution from newly acquired subsidiaries in Russia and Cambodia, as well as an efficient expense management.

The Company, as the leading Thai multinational company, has been well aware of the role of responsible business operation under the vision of “Kitchen of the World” and **the compliance with the United Nations Global Compact and the commitment to support the sustainable development goals (SDGs)** of the world. The Company has prescribed **“Sustainability Goals in 2020” under 3 main pillars of “Food Security, Self-Sufficient Society and Balance of Nature”** for its Thailand operation to drive and measure sustainability performance. In 2016, the overall operating results on social responsibilities to sustainability have satisfactorily met the goals in terms of cooperation with the business partners in sourcing of main agricultural raw materials such as fishmeal, corn, soybean from responsible sources, and providing opportunities to farmers and small entrepreneurs to become business owners through the “Occupation and Quality of Life Promotion Project”, such as CP Pork Shop, 5-Star business, project of promotion of animal farming

to small farmers, etc. The Company also commits to the creation of innovation and continuous implementation of efficiency improvement project, which resulted in the significant reduction of energy use, water use and quantity of wastes.

As a result, from the propelling of organization on the basis of sustainable development and good governance, in 2016, **CPF has been selected as member of Dow Jones Sustainability Indices (DJSI), in the category of emerging markets for 2 consecutive years**, and has been assessed for the **governance of Thailand's listed companies in 2016 at "Excellent" level by the Thai Institute of Directors**, including the **SET Awards 2016 under category of "the Innovative Company"** by the Stock Exchange of Thailand, in addition to the awards on labor, safety and social responsibility at national and international levels.

From now on, the Company shall use its best efforts to **uplift its competitiveness** for the goal of continuous growth, **development of effective risk management system** to cope with the complicated challenges, creative adaptation **of technologies** to increase efficiency, **creation of innovation** in accordance with the changing social behaviors, as well as **enhancement of personnel capabilities** in accordance with the directions of business expansion.

Finally, on behalf of the Board of Directors, executives and all employees, we would like to thank all shareholders, customers, communities, business partners, private organizations, public sector and all related parties for their participation and support of the Company's operation so that it has added economic value, benefited to society and maintained balances of nature. The Company commits to conduct businesses under good governance and balance of the society and the environment, to become a sustainable organization and to stand side by side with Thailand and Thai people as "Kitchen of the World" going forward.




Mr. Dhanin Chearavanont
Chairman of
the Board of Directors

Mr. Adirek Sripratak
President and
Chief Executive Officer

Because this mouthful is . . .

Thoughtful





CPF has placed importance in building business in strategic locations, and paid its attention to all production processes by developing and controlling the quality of products throughout the supply chain, and by providing the quality assurance system starting from raw materials to the sales points and to the hand of consumers. CPF develops the sourcing processes of quality raw materials, so that the products shall be at their highest standard and can be traced back throughout the processes.

Production of Animal Feed

CPF has selected and inspected the quality of raw materials before they shall be taken into the modern production processes with proper feed formula for the growth of each type of animals in all age groups.



Animal Farming

CPF has developed and improved animal breeds by natural genetic selection. The Company uses modern farm management technologies and bio-security management system, so as to deliver farming effectiveness while conforming to animal welfare standards.



Food Processing

CPF has conducted researches and development of food innovation that has met the changing demands and lifestyles of consumers, with innovative production technologies that creates safe and nutritional food products and can be traced back throughout the production chain.



Because this mouthful is . . .

the Future



With the vision to become “Kitchen of the World”, CPF has given the importance in creating sustainable business growth, with the status as a leader in using modern production process to deliver products according to the demand of customers and consumers worldwide, while taking into account the satisfaction of all stakeholders.

Profitable Growth

- Expand integrated agro-industrial and food businesses
- Expand its operations in potential areas or market
- Acquire and jointly-invest in related businesses
- Expand distribution channels
- Build growth capabilities to a global scale



Aiming for Excellence

- Be a leader of the quality and safe food production processes
- Innovation to enhance efficiency
- Enhance work process to meet an international standards



Building Sustainable Platform

- Apply good corporate governance principle
- Comprehensive risk management
- Focus on people development with same values, and employees' engagement
- Pay attention to all-round social and environment



Because this mouthful is . . .
Responsibility





CPF has operated its businesses with awareness of its all-round social responsibilities on the basis of maintaining the balance of economic growth, together with social and environmental goals.

Food Security

CPF has given the importance to the promotion of food safety and health of consumers, and has aimed to uplifting the quality and safety throughout the production processes, together with supporting food access.



Self-Sufficient Society

CPF has promoted and developed strong societies with its objectives to develop its business partners to grow with the company simultaneously and sustainably. The Company aims to build careers and improve incomes, which will lead to self-sufficiency and uplifting the quality of life of communities.



Balance of Nature

CPF has promoted the conservation of natural resources and the environment with the aims of jointly mitigating the environmental impacts and protecting the biodiversity.



Our Passion

Vision

Kitchen of the World

1

One of the leading animal feed manufacturers in the world

One of the leading listed swine producers in the world

One of the leading listed shrimp integrated business

**Export Products to more than
30 countries in 5 continents**

**Operate and Invest
in 16 countries**



Ranked

1,295

Among 2,000 World's
Leading Company by

The Forbes Global 2000

Mission

CPF operates integrated agro-industrial and food businesses, with its objectives to offer products of high quality in terms of nutritional value, taste, safety and traceability. CPF strives to operate businesses that are in strategic locations, focus on modern production process, conform with international standards, efficiently use natural resources, and operate in an environmental friendly manner, in order to compete in the front line of the food industry. CPF takes into account the interests of all stakeholders to ensure sustainable growth, while being able to continuously generate appropriate return to shareholders.



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**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

**Member of Dow Jones Sustainability Indices
for the 2016 DJSI Emerging Markets Index
for the FOA Food Products Industry for
two consecutive years.**



**United Nations
Global Compact**

Member of United Nations Global Compact



**CPF has been evaluated by
CDP (Carbon Disclosure Project) in 2016**

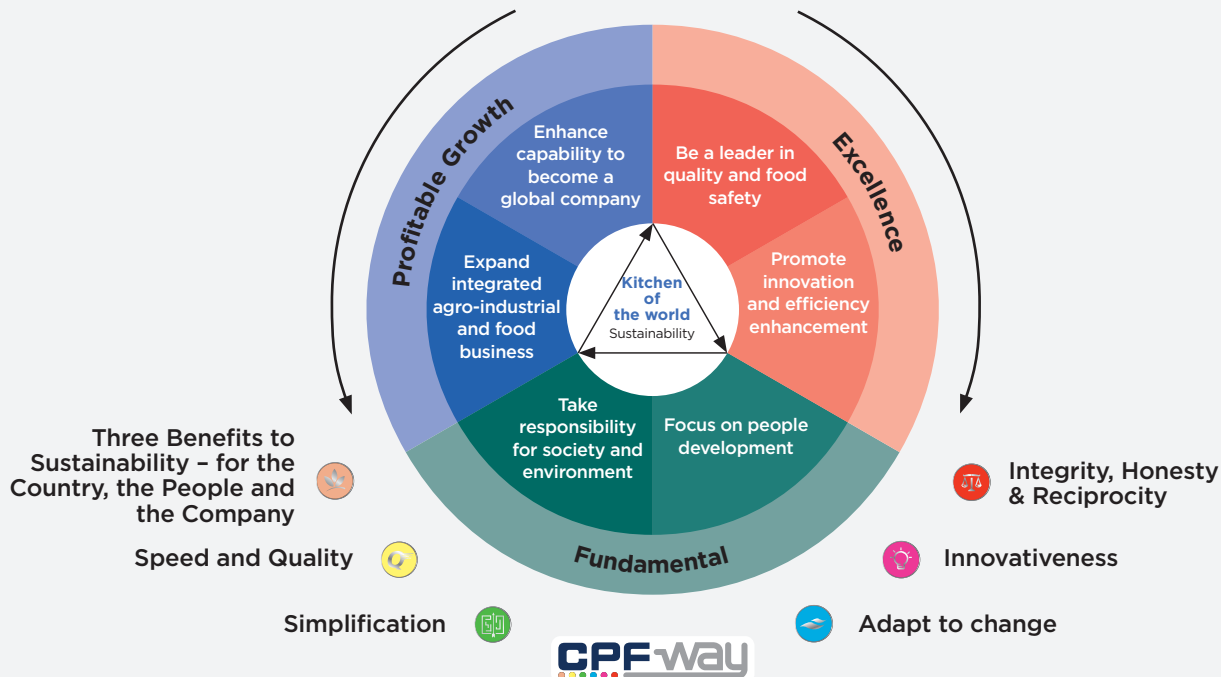
Categorized into a group of companies that demonstrate their environmental and climate change management performance at B level, which is higher than industry average

More information about CDP at <https://www.cdp.net/>

Corporate Strategic Directions for Sustainable Growth



Corporate Governance



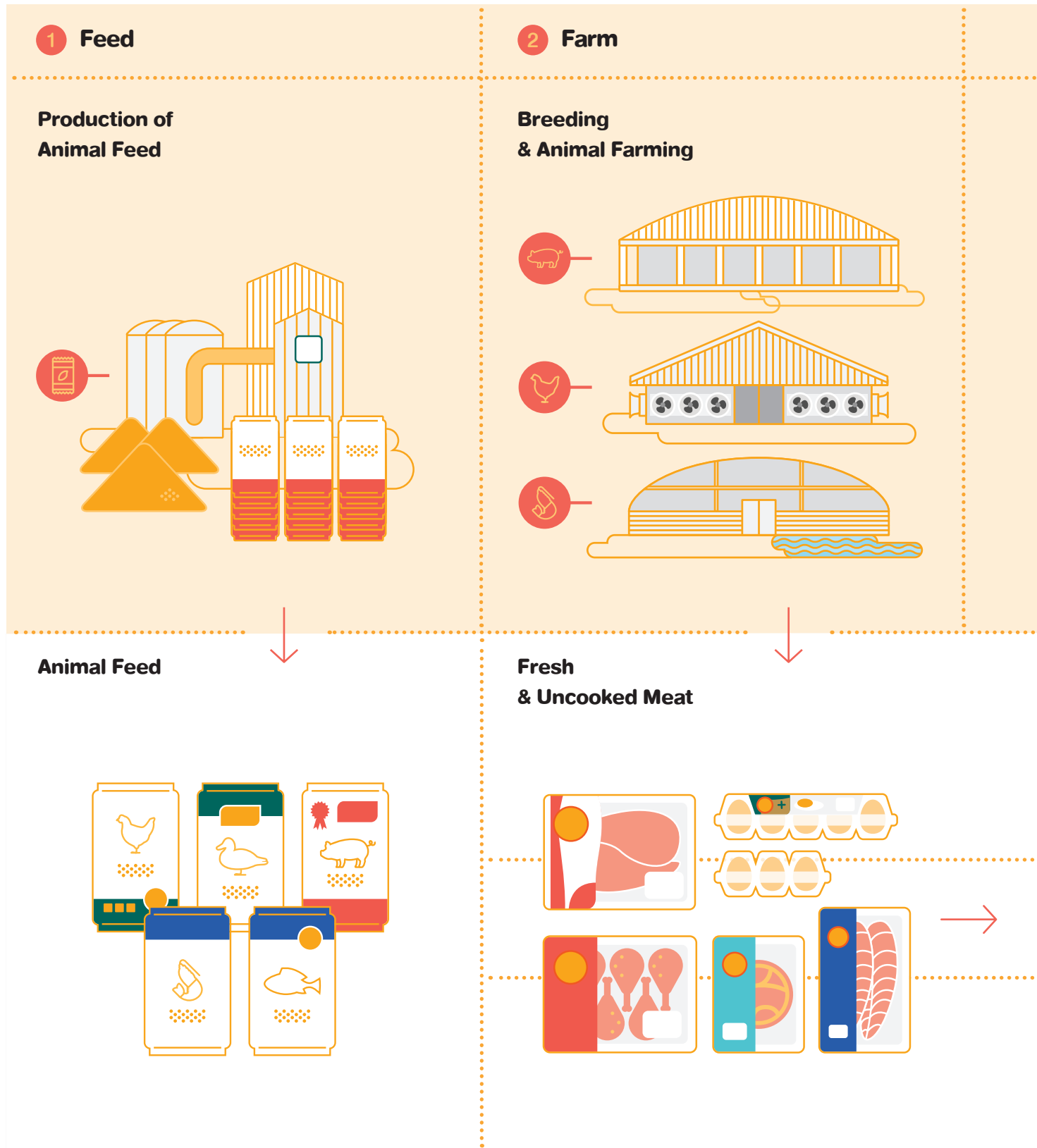
Supporting the nine UN's SDGs which align with the Company's ability and potential to support sustainable and inclusive development



Operations in Brief

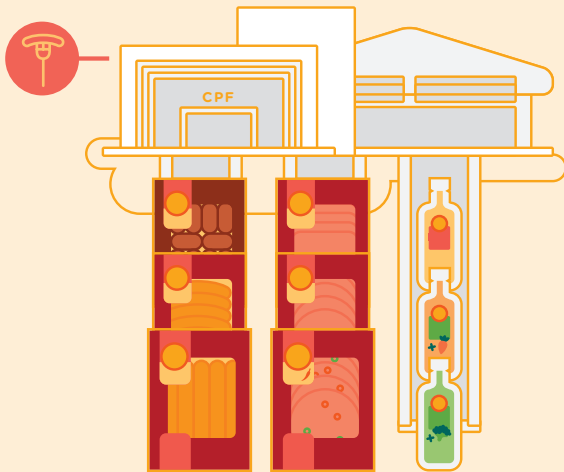
CPF operates integrated agro-industrial and food business, including livestock and aquaculture such as swine, broiler, layer, duck, shrimp and fish. The businesses are categorized into 3 categories, namely Feed, Farm and Food. The Company also operates retail and food outlets.

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 whole food chain to build trust in every bite for you and your loved ones.

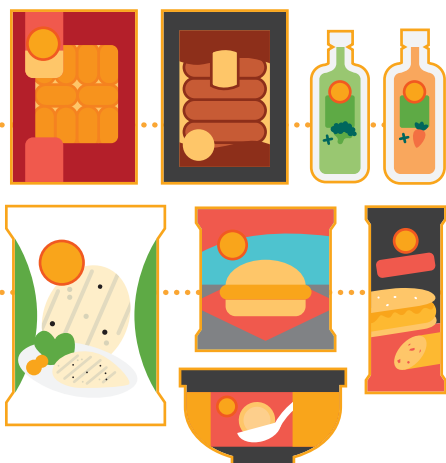


3 Food

Production of Processed & Ready-to-eat Food



Cooked & Ready-to-eat Meal



Retail & Food Outlets

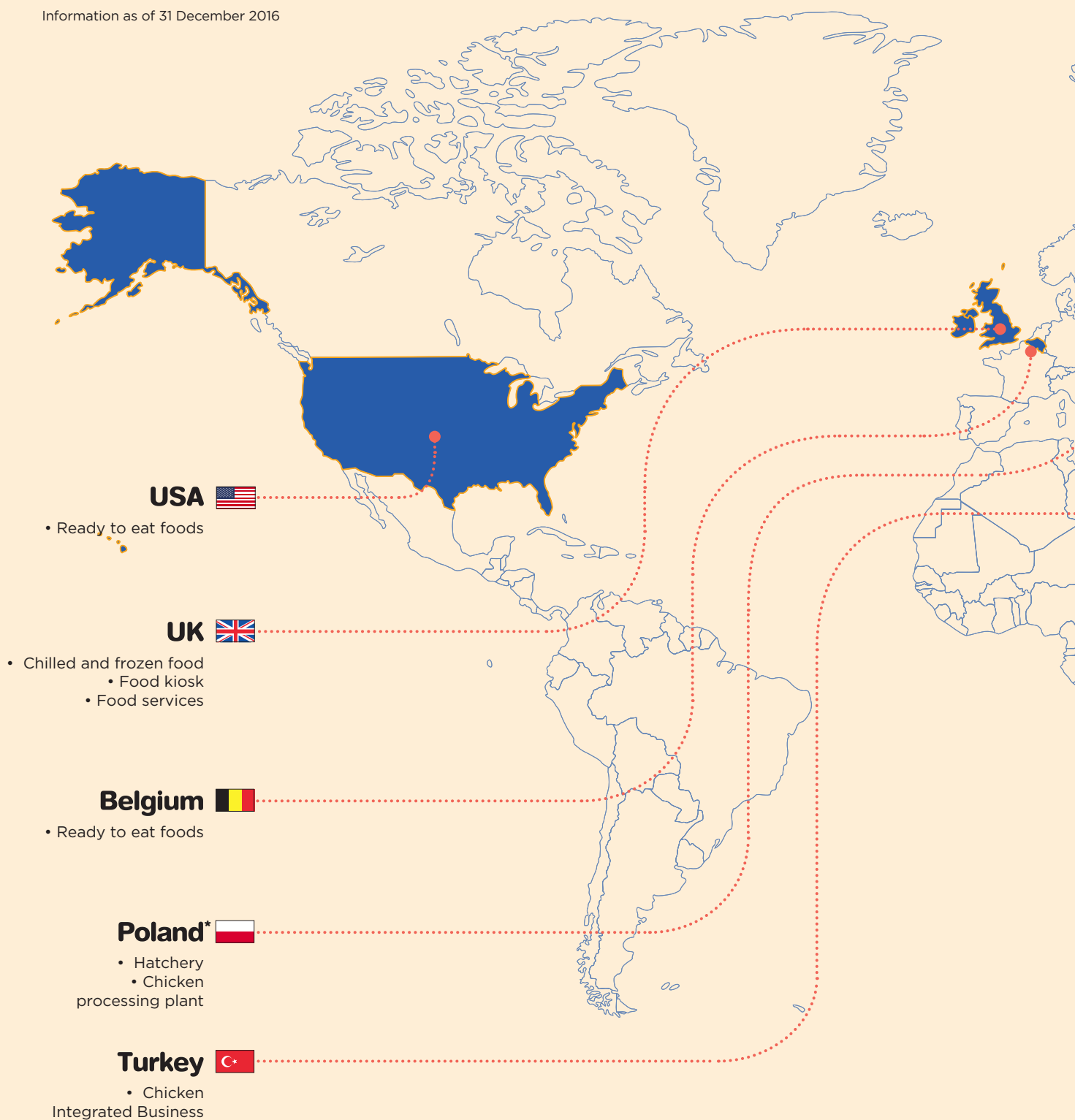
Distribution Channels (Food Retail Outlets, Restaurant & Food Courts)



CPF... Kitchen of the World

Information as of 31 December 2016

CPF invests in many countries to strengthen food security. CPF's operation covers 16 countries and exports to more than 30 countries in 5 continents worldwide.



* The transaction will be completed in the first quarter of 2017

Russia

- Livestock Feed
- Swine Farming
- Chicken Integrated Business



Laos

- Livestock Integrated Businesses



China

- Livestock and Aquaculture Feed
- Aquaculture Farming
- Ready to eat foods



Taiwan

- Livestock Integrated Businesses



Philippines

- Livestock and Aquaculture Feed and Farming



Thailand

- Livestock and Aquaculture Integrated Businesses



India

- Chicken Integrated Business
- Aquaculture Feed



Srilanka

- Ready to eat foods



Malaysia

- Livestock and Aquaculture Integrated Businesses



Cambodia

- Livestock Integrated Businesses



Vietnam

- Livestock and Aquaculture Integrated Businesses

Operating Results of 2016

Sale Revenue

464,465

Million Baht

Increased from 2015

+10%

For the year 2016, CPF's revenues from sales was Baht 464,465 million, increased by 10% from previous year. The increase of sales was from Thailand and international operations with 7% and 12% growth, respectively. The Company's net profit was Baht 14,703 million, increased by 33% from previous year. This increase was from the livestock business operation in Thailand which returned to normal situation, the continuous recovery of shrimp business in Thailand after having encountered the Early Mortality Syndrome (EMS), and the contribution from newly acquired subsidiaries in Russia and Cambodia, as well as an efficient expense management.



+7%

Thailand Operation



+12%

International Operations

Net Profit

14,703

Million Baht

Increased from 2015

+33%

Net Profit Margin ⁽¹⁾

Increased from 2.5% in 2015 to

3.1%

Dividend

0.95

Baht per Share

Return on Equity ⁽²⁾

Increased from 6.5% in 2015 to

8.0%

EBITDA

42,659

Million Baht

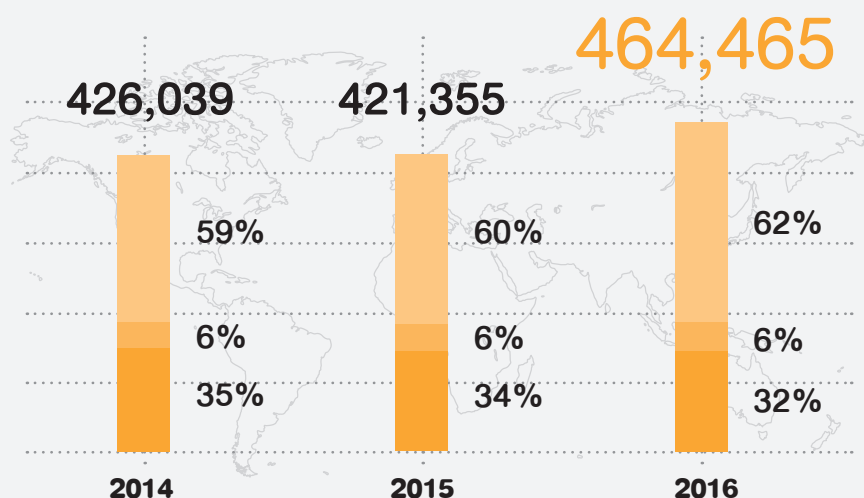
EBITDA Margin

Increased from 6.3% in 2015 to

9.2%

Sales Revenue by Operations (Million Baht)

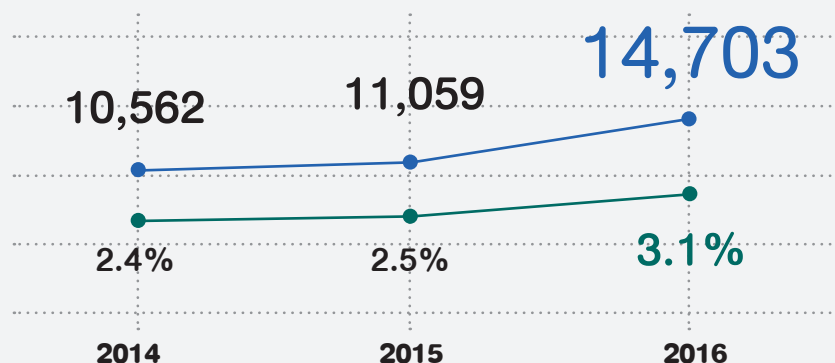
- International Operations
- Thailand Operations - Export
- Thailand Operations - Domestic Sales



Financial Highlights

As of 31 December 2016

Net Profit (Million Baht) and Net Profit Margin ⁽¹⁾



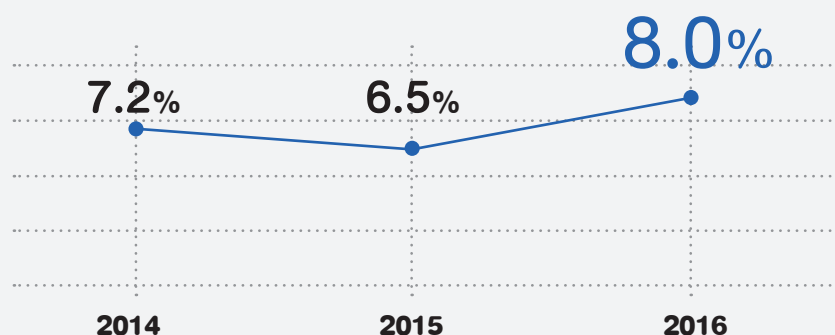
Earning per Share (Baht)

2016
1.99

2015
1.50

2014
1.43

Return on Equity ⁽²⁾



Dividend per Share (Baht)

2016
0.95

2015
0.75

2014
0.75

⁽¹⁾ Net Profit Margin equals to Net Profit/Total Revenue

⁽²⁾ Return on Equity equals to Net Profit/Average Total Equity

Key Development

In 2016, the CPF's major investments are as follow:



1 Announced to acquire **100%** of total paid-up shares of **Hubei Chia Tai Co., Ltd. (Hubei).**

Hubei engages in the manufacturing and sale of animal feed, breeder animals and processed food products in China.

2 Announced to subscribe to new ordinary shares of **Banner Infant Dairy Products Co., Ltd. (Banner),** equivalent to **30%**

of total paid-up shares after capital increase. Banner manufactures and sells formulated infant milk powder in China.

3 Announced to subscribe to new ordinary shares of **Qingdao Yi Bang Bio-Engineering Co., Ltd. (Qingdao Yi Bang),** equivalent to

12%

of total paid-up shares after capital increase. Qingdao Yi Bang manufactures and sells animal vaccine in China.





4

Announced to acquire 80%

of total paid-up shares of

Norfolk Foods (Private) Limited (Norfolk).

Norfolk, incorporated in Sri Lanka, engages in manufacturing and distribution of ready-to-eat food products such as samosa, processed chicken, and meat stuffed with cheese and sausages under Crescent trademark. Products are distributed through local distributors, hotels, restaurants and retail shops in Sri Lanka.

The acquisition enables CPF to enter into food business with high potential growth, and establish export base to neighboring countries.

5

Announced to acquire 60% of total paid-up shares of the Foodfellas Limited (Foodfellas).

Foodfellas, incorporated in England, engages in food service business by importing and distributing of raw material and food products such as beef, lamb, sausages, bread, bakery, potatoes and avocado from around the world to more than 160 customers. Major customers are branded restaurants with more than 15,000 outlets in England.

The acquisition enables CPF to quickly and effectively expand food service business in England, and establish operation base to expand business to other European countries.



6 **Announced to acquire
70%**

of total paid-up shares of

**Fujian Sumpo Foods
Holding Co., Ltd.
(Fujian Sumpo).**

Fujian Sumpo engages in the manufacturing and sales of animal feed, farming and trading of poultry as well as processing and trading of chicken meat products in China.



7 **Announced to acquire
100%**

of total paid-up shares of

**Bellisio Parent, LLC
(Bellisio).**



the beautiful foods company™

Bellisio engages in the manufacturing and sale of single serve frozen entrée in the United States and Canada, under well-known brands such as Michelina's, Boston Market, Chilli's, and Atkins. The acquisition enables CPF to enter into the world largest food market and increase distribution channels of CPF in North America through Bellisio's nationwide distribution network.



8 Announced to subscribe
to new ordinary shares of
Ningxia Xiao Ming Animal Husbandry Co., Ltd. (Ningxia Xiao Ming),

equivalent to

16.54%

of total paid-up shares after capital increase. Ningxia Xiao Ming engages in the manufacturing and sale of day-old-layer in China.

9 Announced to acquire
100%
of total paid-up shares of
COFCO Meat (Suqian) Co., Ltd. (COFCO Meat).

COFCO Meat engages in the manufacturing and sale of chicken products in China.



10 Announced to subscribe
to new ordinary shares
and acquire shares of
SuperDrob Zakłady Drobiarsko - Mięsne S.A. (SuperDrob).

equivalent to

33%

of total paid-up shares
after capital increase.



SuperDrob engages in the agro-industry and food business, with main products such as fresh poultry, processed pre-seasoned and flavored poultry, as well as sausages and ham under its own brand. The investment with SuperDrob enable CPF to expand production base to support European markets.



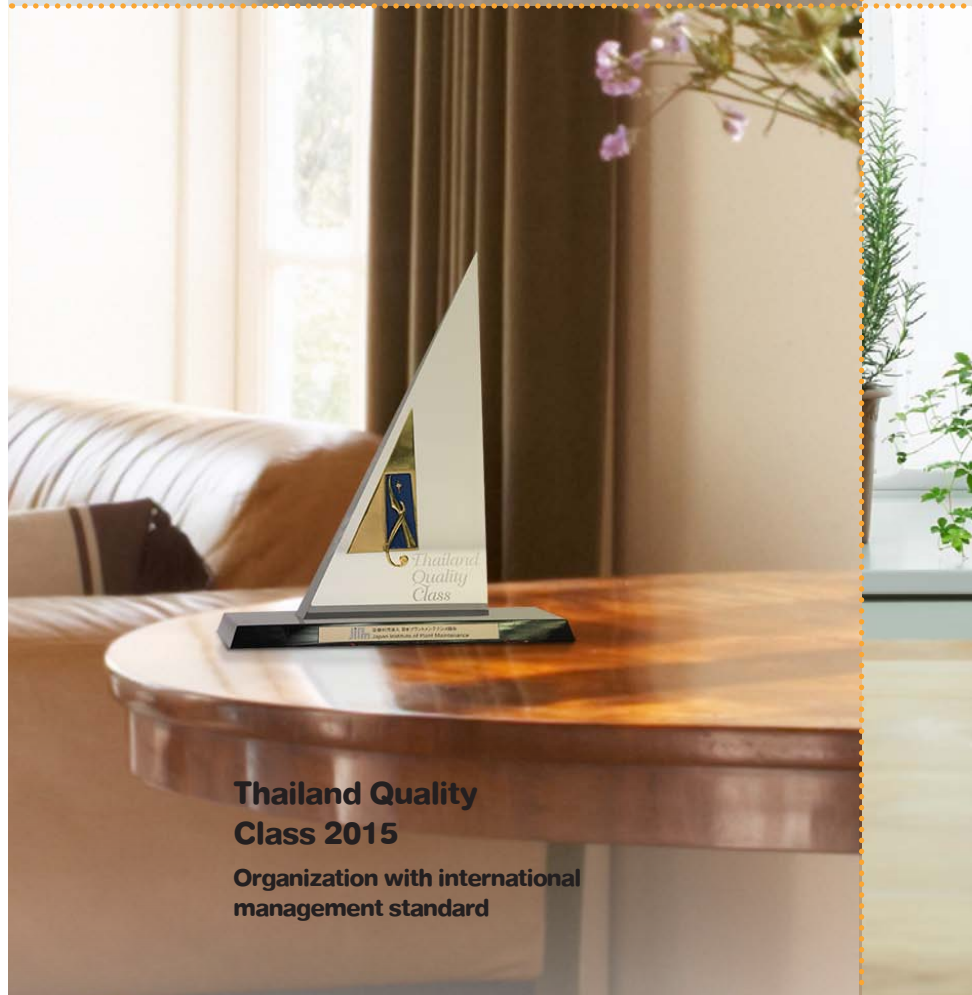
Awards and Recognitions

In 2016, CPF has been recognized for its operational excellence and Corporate Social Responsibilities from Thailand and International reputable organizations as follow:



Total Productive Maintenance Excellence Award 2015, Category A

Factories that success in using the management and control system to increase the overall productivity



Thailand Quality Class 2015

Organization with international management standard



**Best Innovative
Company Awards**
Excellent Company in
innovation category



**Thailand Corporate
Excellence Awards 2016**
In leadership category



Asean Energy Awards 2016
For the development of alternative
energy and energy conservation in
the group of ASEAN entrepreneurs



**The 17th Royal
Thepthong Award**
Organization operating activities
in favor of the Nation

Thailand Operation

Awards for Corporate Excellence

- The Stock Exchange of Thailand has conferred the “Best Innovative Company Awards” in SET Awards 2016 from the product “Tender Chicken Breast”, which is one of the popular menus in Japan and in several countries, including Thailand;
- CPF has been selected as a member of Dow Jones Sustainability Indices (DJSI); Category: Emerging Markets for the year 2016 in the sector of food industry for 2 consecutive years;
- Japan Institute of Plant Maintenance (JIPM) has conferred the “Total Productive Maintenance Excellence Award 2015, Category A, to CPF animal feed manufacturing plants, totally 7 plants, which have been successful in using the management and control system to increase the overall productivity of the organization; and in 2016, CPF has been conferred with the award of success as the plants which have the work systems as per the concept of prevention, which results in the increase of production capacity and reduction of costs, and benefits to the society, environment and communities;
- The Ministry of Industry has conferred the award of “Thailand Quality Class (TQC)” of the year 2015 for CPF Swine Business Line, which was the first animal farm business in Thailand that was conferred with this award and showed that CPF is an organization with international management standard;
- CPF has been conferred with the “Certificate of Compartment System Standard Accreditation” by the Department of Livestock Development as Thailand’s first operator of breeder farms and hatchery that has been successful in the risk assessment and prevention system of bird flu at the highest level throughout the production chain for over 10 consecutive years;



Thailand Quality Class (TQC) of the year 2015



Best Innovative Company Awards in SET Awards 2016



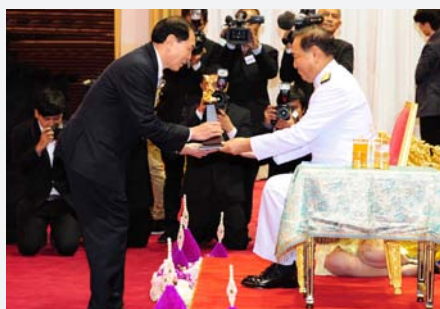
Total Productive Maintenance Excellence Award 2015, Category A, from Japan Institute of Plant Maintenance (JIPM)



Certificate of Compartment System Standard Accreditation by the Department of Livestock Development

Awards for Corporate Social Responsibility

- The Royal Thepthong Award in the category of “Outstanding Organization” in the 17th Royal Thepthong Award Presentation (as an organization operating activities in favor of the Nation);
- 28 Workplaces of CPF received the CSR-DIW Award 2016 in the category of CSR-DIW Continuous Award, for the 7th consecutive year, organized by the Department of Industrial Works, Ministry of Industry;
- BanPhru Aquatic Feed Manufacturing Plant has been conferred with the ASEAN-OSHNET Awards 2016 in Vietnam; and CPF was regarded as Thailand’s first organization that has been conferred with the Award;
- ASEAN Energy Awards 2016 in honor and encouragement of development of alternative energy and energy conservation in the group of ASEAN entrepreneurs;
- Plaque Award as an organization effectively operating a project of production of biodiesel from the used vegetable oil as alternative fuel Project under Thailand Voluntary Emission Reduction Program (T-VER);
- Recognition Awards have been conferred to CPF workplaces, including 111 farms and food processing plants of broiler chicken business group and aquatic animal business farms, as the workplaces which have been models with social responsibilities and labour management in accordance with the Good Labour Practices (GLP), from the Department of Labour Protection and Welfare;



The Royal Thepthong Award as an organization operating activities in favor of the Nation



ASEAN Energy Awards 2016

Awards for International Operations

C.P. Vietnam Corporation Co., Ltd.

- VNR500-Top 500 Awards, as the largest organization in Vietnam, conferred by Vietnam Report Co., Ltd., in cooperation with VietnamNet newspapers, selected and ranked by using main criteria such as gross sales, profits, numbers of employees, assets, etc;
- “Top 50” Awards, as a sustainable developer of green economy, conferred by the Vietnam Association of Environmental Economics;
- “Vietstock 2016” Awards, as the entrepreneur with tremendous progress of business operation and participation in the development of livestock industry of Vietnam such as animal husbandry, production of animal feeds and aquaculture, by the Department of Livestock Development of Vietnam;



VNR500-Top 500 Awards by Vietnam Report Co., Ltd., in cooperation with VietnamNet newspapers

CPF Innovation

In addition to the creation of motivation and job development atmospheres, the Company has promoted the creation of network cooperation both within and outside the organization to create the “Innovation Organizational Culture”, which shall increase the value of innovation and generate energy in continuous creation of innovation throughout the supply chains and shall bring about integration from all sectors and shall lead to sustainable growth.

The Company received the “Best Innovative Company Award” in SET Awards 2016, organized by the Stock Exchange of Thailand; and 4 workplaces of the Company in Thailand were accredited under **CEN/TS 16555 or Innovation Management Standard by MASCI of Japan.**

The Company had some innovation performances and products, as follows:

Create Value, Do New Things

“Innovation” is one of the corporate values that the Company has encouraged its personnel at all levels to participate in creating the working culture for increase of productivity, efficiency, values, business models and working processes, including addition of commercial value to the business.

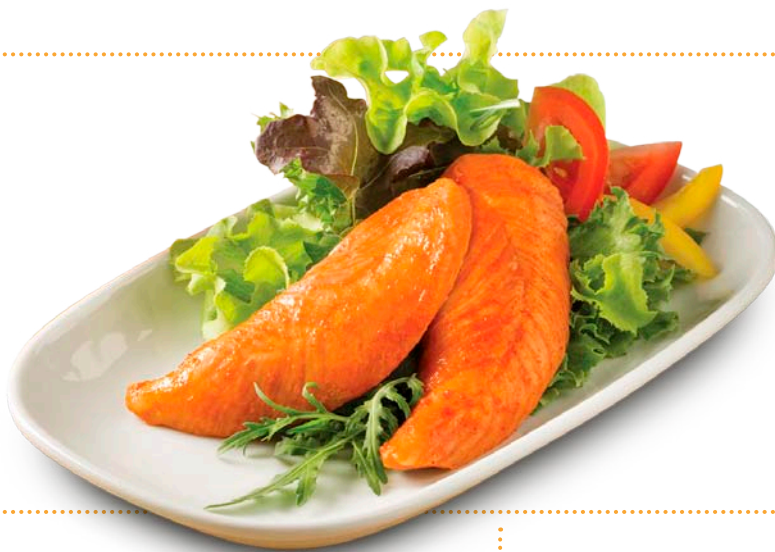


“Smart i Farm” System

Is the farm management and control system on smart device that can control the equipment, collect data, alert and analyze the data of animal farming through the main control panel or through Smart Device (mobile telephones, tablets) on application at anywhere and anytime without necessarily entering the animal farming areas.

Water Treatment System in animal farm

The system was further developed from the cover lagoon system, by combining the wastewater treatment system with microbes and oxygen before water can be reused in farms without releasing to outside (zero discharge).



Tender Chicken Fillets Hot Chilli Flavored

The chicken fillets has passed the tumbling processes with special techniques for tenderness and juiciness, flavored with hot chilli. The product has low fat, high protein, and rich in nutrient for consumers.

Ready-to-eat Boiled and Peeled Eggs and Soft-Boiled Eggs in Chinese Five Spices Sauce

To respond to the changing lifestyles of urban and rush societies, the Company has created innovation products of "CP Boiled and Peeled Eggs" with unique bouncy egg white and creamy egg yolk, which is convenient and tasty. The products are further developed to "CP Soft-Boiled Eggs in Chinese Five Spices Sauce", a new menu especially for egg lovers.



EatingWell™ Creamy Pesto Chicken

EatingWell™ Creamy Pesto Chicken is an innovative frozen food product sold in the United States of America. The product is made from antibiotic-free chicken, pasta made with 9 different types of grains, and vegetables rich in nutritional value. Fresh-Seal™ packaging technology is used so that consumers can see through packages while freshness and taste of the products can be maintained.

Environmental Management

The Company has undertaken the “CPF Product Sustainability Project” in order to put in place the production process and the development of sustainable products throughout the product life cycle and the supply chain to an international level.

Since 2013
CPF Chicken Product

The World's First Certified Sustainable Chicken Product*

The Result of Commitment
to Become “Kitchen of the World”

* Certified by DNV-GL
One of the World Leading
Certification Bodies



Wastewater Treatment System in Animal Farms (Thailand 4.0)

CPF has its policy of environmental-friendly business operation and reduction of impacts on the surrounding communities, as well as support of the worthiest use of natural resources, particularly the water resources which are crucial to the animal farming. Therefore, the Company has developed the wastewater treatment system from the existing Cover Lagoon system by adopting the water treatment system in heavy industries, which have used a lot of water such as bleaching and dyeing industry, paper industry, food and beverage industry and slaughterhouses, with animal farms to improve the quality of wastewater from farms to have better chemical properties than the standard under the Enhancement and Conservation of National Environmental Quality Act B.E.2535



Animal Feed Innovation and Research Center, Chonburi Province, Thailand

Wastewater from the animal farming shall be treated by the cover lagoon system for organic degradation; whereas, the fermentation process shall generate biogases which can be used for electricity generation for use in the farms. Then, water from the first treatment shall be automatically pass to the second treatment system, including aeration and microbes-filled system, water filtration and sedimentation system before the good quality water will be stored and ready to be reused within farms with zero discharge to outside

environment. Meanwhile, sediments from the treatment process can be used as fertilizer for growing of trees.

The wastewater treatment system in animal husbandry farms (Thailand 4.0) shall be regarded as effective management of energy and the environment; as a result, the Company's farms can be sustainably existed with communities and the society.



CPF'S PRODUCT SUSTAINABILITY

CPF has initiated the CPF's Product Sustainability Project since 2011 with product design and development and production control throughout the supply chains according to the guidelines for sustainable management by giving the importance on 4 dimensions, including economic, environmental, social aspects, and food safety and quality, for development of CPF's Product Sustainability. CPF's chicken products have been certified under ProSustain® Standard since 2013, which was regarded as the world's first sustainable chicken products, covering over 700 items of chicken products; and CPF's chicken products have been certified for 3 consecutive years by DNV-GL, one of the world leading certification bodies.

Regarding continuous development of CPF's Product Sustainability to mitigate the environmental and social impacts, CPF has taken actions covering the processes of selection of raw materials, production of animal feeds, animal farming, food processing, transportation, distribution of goods, consumption, and disposal of package scrap by using the Product Life Cycle Assessment under ISO14040 and ISO14044 and applying the Eco-Efficiency Analysis, which is the evaluation of production cost efficiency and environmental impact, by the methodology accredited by NSF of the United States of America.

In 2017, CPF has its plan of "CPF's Product Sustainability", covering other products; as a result, CPF has continuously delivered products with less use of resources and reduction of pollution to become the leader of sustainable production, leading to the change of consumption patterns which will bring sustainability to the mankind in the future.







CPF's value chain traceability

Sustainable consumption and production (SCP) of food, as per guidelines of United Nations Environment Programme (UNEP) and sustainable development goals (SDGs), requires the use of technology and innovation for adequate production of food for the increasing world population (under the conditions of limited resources) and transparent traceability of products which can show the real value and lead to the green economy.

Therefore, CPF has developed **the whole chain online traceability system** for efficiency enhancement, strengthening of quality and safety of food, environment and society, and for transparent creation of sustainable products.

"Whole Chain Online Traceability System" means the automatic traceability of food to the sources of raw materials, including animal farms, hatchery, breeder farms, animal feeds and raw materials for production of animal feeds. CPF has used the data recorded in the database of the computer system during the real-time production for accuracy and without errors.

This traceability has been certified from DNV-GL according to ProSustain® standard for sustainable products.

CPF aims to use the "Whole Chain Online Traceability System" to benefit its consumers and the society; As a result, CPF has better decision-making and can solve the problems promptly and effectively.



Greenhouse Gas Management

CPF has focused on product carbon footprint for sustainable reduction of greenhouse gas emission.

CPF has been aware of the value and importance of natural resources and the environment by managing to reduce the greenhouse gas emission resulting in the global warming in accordance with the sustainable development goals (SDGs) of United Nations which are the directions of global sustainable development. The Company has initiated the "Carbon Footprint Project" for the first time in Asia since 2008 and has its pilot project of production of chicken for distribution to the United Kingdom; moreover, CPF has aimed at creating and handing over the product value which has met the customers' requirements.

At present, CPF has registered products carbon footprint labels with Thailand Greenhouse Gas Management Organization (TGO), totally 148 items, covering products of chicken, shrimps, pork, milk and animal feeds, and has its outstanding performance, as follows:

"CP Shrimp Wonton Product"

is Thailand's first shrimp product that received "Global Warming Reduction Label".

This is a result from CPF's development of production technology to the Continuous Production System, leading to the reduction of energy usage and effective use of resources.

Therefore, 1 cup of CP shrimp wontons (net weight of 145 grams) helps reduce carbon emission by

23%



“Chicken Product”,
which is CPF’s main export business

CPF has received “Carbon Footprint Label” or “Global Warming Reduction Labels”, for 3 items, including day-old-chick, live chicken and fresh chicken,

which shows the production process with low carbon dioxide emission throughout the food chain.

As a result, one kilogram of CPF fresh chicken has carbon footprint emission of

2.29

kilograms of carbon dioxide equivalent, which is

50%

less than the carbon footprint emission in Thailand chicken industry

In 2016, CPF had its incomes from Green Products, which are products with “Carbon Footprint Label”, “Global Warming Reduction Label” and sustainable food products,

amounted to more than

34,100

million Baht

or equal to

19%

of the incomes from Thailand Operations.

CPF, as a producer of “low-carbon products”, has supported the policies of the public sector to promote the green economy, and has registered “Carbon Footprint Label” and “Global Warming Reduction Label” as “Environmental-friendly Products” with the Ministry of Natural Resources and Environment to promote green procurement. CPF has still been committed to creating green products for reduction of greenhouse gas emission throughout the value chain in accordance with the policies of the public sector which promoted all sectors for management and reduction of greenhouse gas emission.

Feed Business

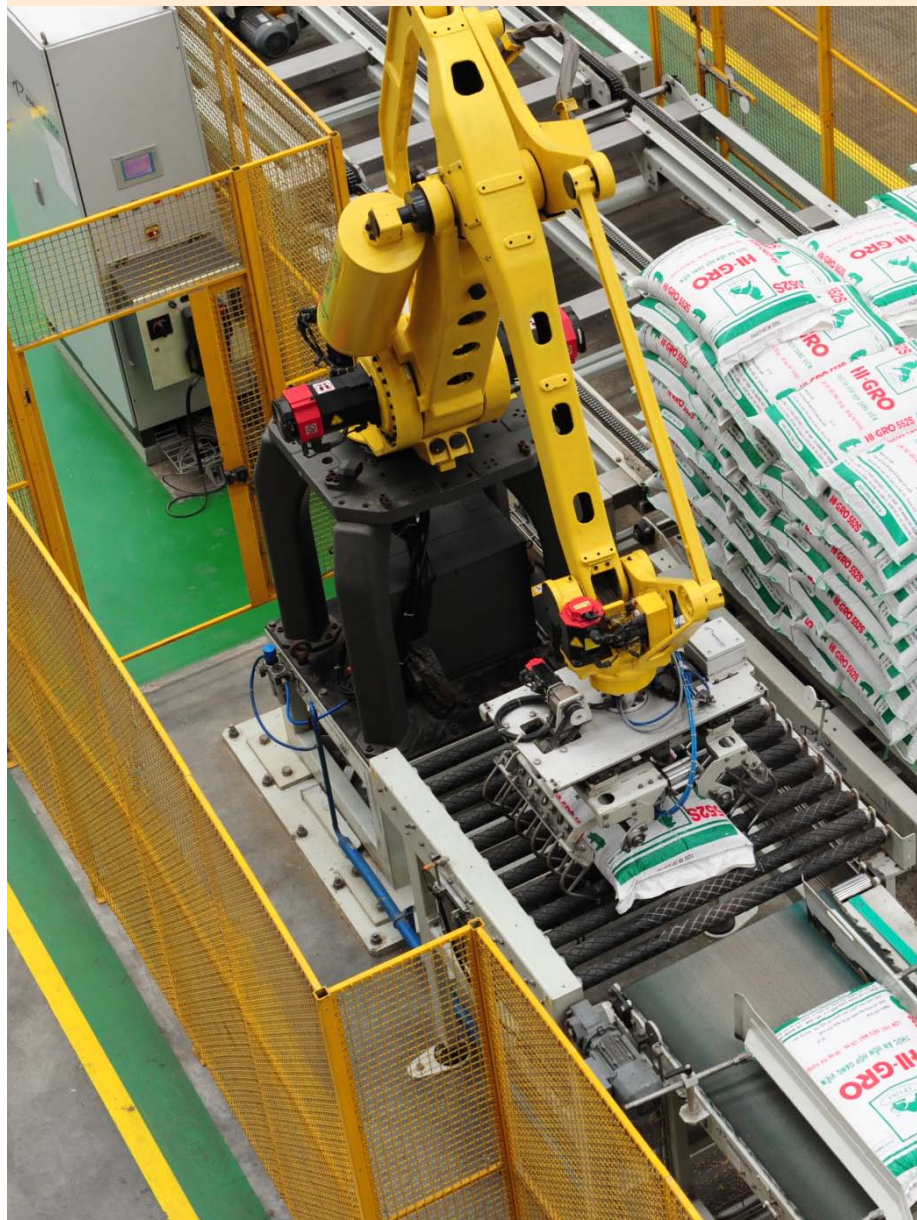
Since 1978, CPF is a manufacturer and distributor of quality animal feed products which meet nutrient requirements of animals of each type and each stage of their development.

CPF offers a variety of feed products. Major livestock feed products include swine feed, chicken feed and duck feed, while its major aquatic feed products include shrimp feed and fish feed.



CPF is well aware that the customers' success in animals farming is the key to animal feed business's collaborative 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 farming techniques and appropriate farm management. These full services offering helps supporting customers rear strong, healthy animals with good feed conversion ratio.





The Company places great importance in research and development

The Company places great importance on creating innovations in production technology that can improve quality and efficiency.

The Company operates a central raw materials procurement department based in Thailand

Purchasing of raw material takes into consideration quality and source of raw material which must be responsible sources in terms of environment and labor. For its Thailand operation, all corn used in its feed production process come from traceable origin, and all fishmeal used in its feed production process come from by-product from fish processing plants certified with IFFO Responsible Supply Chain of Custody (IFFO RS CoC).

CPF 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 long term environmental impact.



CPF's feedmills locate in animal farming area.

The products are sold directly to large commercial farms and distributed through agents. In each area, CPF 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, including preliminary processed meat products such as pork, chicken, duck, egg, shrimp and fish, which are produced from high quality and hygienic farms that do not use growth hormone or antibiotics prohibited by laws. CPF's production processes involve advanced technology and internationally certified standards; therefore, our fresh meat is safe for consumption for domestic customers and exports.

CPF chicken product is certified as the World first sustainable chicken product

CPF is the first in Asia to initiate carbon footprint project



The Company employs modern technologies and information system in managing livestock farms. The computerized control system is used in monitoring the animals' well-being throughout the husbandry period.

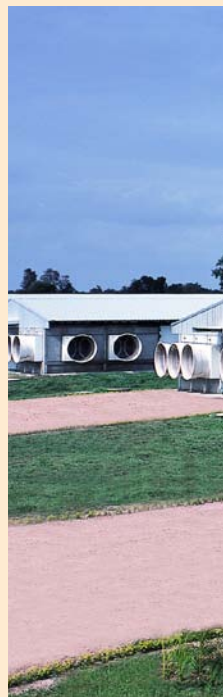
Animal housings are temperature and environmental controlled to fit the animals' nature. As the animals live comfortably, they are subject to less stress, grow fast and healthy.

- ✓ The system allows an animal farmer to take care of 150,000 fowls per animal housing
- ✓ The use of Evaporative Cooling System technology
- ✓ Biosecurity is employed to prevent contagion, disease outbreak, and carriers from outside

The Company places great importance on R&D of animal breed by 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 pig, which has tender and flavorful meat
- ✓ Pig breeder, which yield high number of piglets with high meat quality according to market's demand





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

CPF dedicated more than 10 years of research to develop this high-tech closed-environment shrimp farming system. Roiphet farm 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 aquatic farm employs a system that creates balance in the ponds by using environmentally friendly microbes

No chemicals are applied. Water treatment system cycles the treated water back to the ponds instead of using 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.

- ✓ Biogas and waste water treatment and recycling system
- ✓ Animal Welfare Standard
- ✓ Best Practice on Biosecurity
- ✓ QS Quality Scheme for Food by SGS from Germany
- ✓ Global GAP Certification



Food Business

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

- Research and Development of Food Products that satisfy the needs of consumers in each region
- Innovation of healthy Food Product to consumers of all ages
- Research and development of packaging for the convenience of consumers while taking care of the environment. CPF is the first Company in Thailand to use “Green Packaging”, which is made of Poly Lactic Acid (PLA), to package fresh food products such as chicken meat and pork. PLA is biodegradable, natural substance from plant. The use of Green Packaging offers alternative for customers with environmental awareness to purchase products that are invented towards sustainability.
- Development of sales channel and trade channel according to consumer’s behavior in each region in order to serve all target group of customers.
- Develop brands to be widely accepted as brand of quality and safety

The raw materials used in food production must pass chemical and micro-biological tests at the Company’s laboratories

Performed by experts equipped with modern equipments. 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 high quality, fresh, clean, and 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 community, environment, food safety, and inspection.

- ✓ **Global Standard for Food Safety: BRC (The British Retail Consortium)**
- ✓ **Halal Certification**
- ✓ **Genesis GAP**
- ✓ **ALO (Agricultural Labeling Ordinance) Switzerland**
- ✓ **Quality Management System: ISO 9001**
- ✓ **Good Manufacturing Practice: GMP**
- ✓ **Hazard Analysis and Critical Control Points: HACCP**





Fresh foods & Marinated Fresh Foods

Chicken / Marinated Fresh Chicken



Pork / Marinated Fresh Pork



CP-Kurobuta Pork Fat



Fish / Marinated Fresh Fish



Duck



Egg



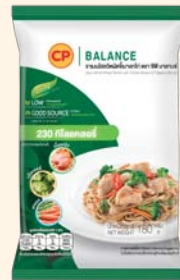


Cooked food products

Festive Products



Ready-to-eat Healthy Meal “CP Balance”



Ready Meal & Light Meal





Cooked food products & processed food products

Chicken Appetizer



Gyoza & Wonton Appetizer



Premium Sausage & Ham (Bucher Brand)



Sausage, Ham & Bacon



Processed Egg



Bakery



Products for Oversea markets



Retail and Food Outlets

Aiming to make the products more conveniently accessible, the Company operates retail and food outlets, and promotes career opportunity for society, by developing sales points as follow:



Five Star Business

With more than 30 years of experience, Five Star is job creation project to promote quality products for consumer to access clean, safe and hygienic foods with affordable price.

There are 6 types of Five Star kiosk, the roasted chicken kiosk, the fried chicken kiosk, the Hainan chicken rice kiosk, the noodle kiosk, the ready-meal kiosk and the sausage kiosk. Five Star Business has been expanded to overseas such as Vietnam, India, Laos and Cambodia with total of more than 6,000 outlets. Five Star business operates as job creation format, where the interested individuals will invest and manage their own sales outlets and the amount of product sold daily, and the Company will control from production process to sales outlets in every step.



Roasted Chicken Kiosk



Fried Chicken Kiosk



Hainan Chicken Rice Kiosk



Noodle Kiosk



Chester's

With the passion and commitment to offer quality food to the consumers, Chester's is recognized for its signature grilled chicken menu and variety of tasty dishes that are rich with nutrient. As of 31 December 2016, there are 198 Chester's restaurants in Thailand.



Domestic Retail Business

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 owned by the Company and by other parties.

CP Food World has standard for cleanliness of utensils, sanitation of service-providing employees. There are 6 CP Food World in Thailand such as Siriraj Hospital, Chulalongkorn Hospital, Panyapiwat Institutes of Management, Thammasat University - Rangsit Campus, the Government Complex - Chaeng Watthana, and Fortune Town shopping center.

In addition, CP Food World offer catering services and Food Service for Patients.



CP Kitchen



CP Kitchen is a fast serve restaurant, operated under the concept of 'Fresh, full, and fair price'.

CP Freshmart



Retail stores that focus on cooking ingredients, fresh food products, cooked and ready-to-eat foods and dry foods, under the standard of CP Brand, CP Freshmart Brand, and other leading brands

Overseas Retail Business



CP SEF and
CP SEF Express

CP SEF is retail business selling the Company's products such as chicken, eggs, and processed products in Turkey.

CP SEF Express is a quick service restaurant in Turkey



CHOZEN NOODLE

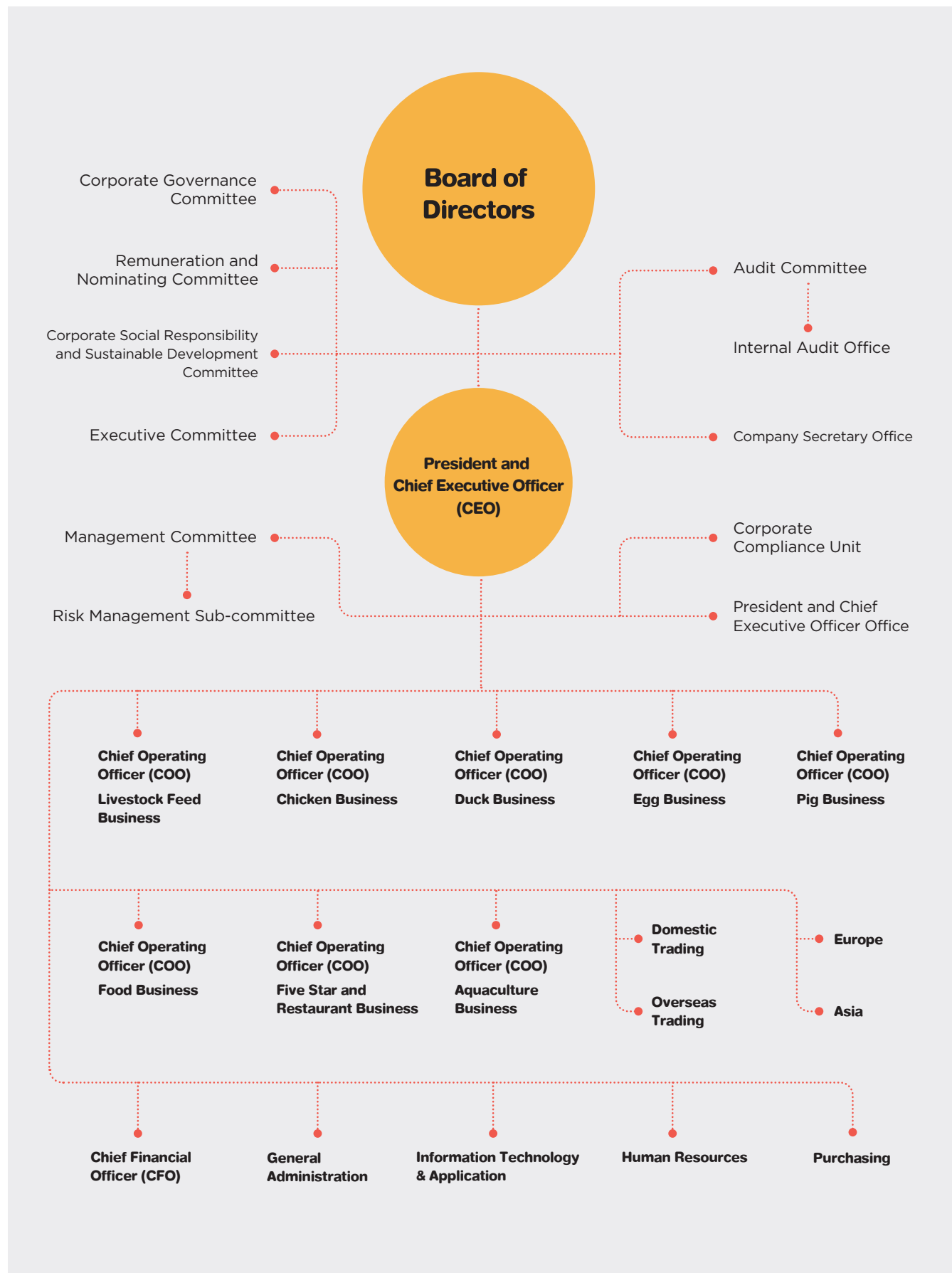
CHOZEN NOODLE

Restaurant business in the format of food kiosks in the United Kingdom.



Management Structure

As of 31 December 2016



Management

Board of Directors

As of 31 December 2016

CPF's Board of Directors consisted of the following 15 directors:

- 1 **Mr. Dhanin Chearavanont**
Chairman
- 2 **Mr. Prasert Poongkumarn**
Vice Chairman
- 3 **Mr. Min Tieworn**
Vice Chairman
- 4 **Mr. Chingchai Lohawatanakul**
Vice Chairman
- 5 **Mr. Adirek Sripratak**
Vice Chairman
- 6 **Dr. Chaiyawat Wibulswasdi**
Director ⁽¹⁾
- 7 **Emeritus Professor Supapun Ruttanaporn**
Director ⁽¹⁾
- 8 **Professor Dr. Pongsak Angkasith**
Director ⁽¹⁾
- 9 **Mr. Rungson Sriworasat**
Director ⁽¹⁾
- 10 **Pol. Gen. Phatcharavat Wongsuwan**
Director ⁽¹⁾
- 11 **Mr. Phongthep Chiaravanont**
Director
- 12 **Dr. Veeravat Kanchanadul**
Director
- 13 **Mr. Pong Visedpaitoon**
Director
- 14 **Mr. Sunthorn Arunanondchai**
Director
- 15 **Mrs. Arunee Watcharananan**
Director

⁽¹⁾ Independent Director



Executives and Company Secretary

As of 31 December 2016

- 1 Mr. Adirek Sripatak⁽²⁾**
President and Chief Executive Officer (CEO)
- 2 Mr. Teerasak Urunanon**
Chief Operating Officer - Livestock Feed Business
- 3 Mr. Virachai Ratanabanchuen**
Chief Operating Officer - Chicken Business
- 4 Mr. Pisit Ohmpornnuwat**
Chief Operating Officer - Duck Business
- 5 Mr. Sompop Mongkolpitaksuk**
Chief Operating Officer - Egg Business
- 6 Mr. Somkuan Choowatanapakorn**
Chief Operating Officer - Pig Business
- 7 Mr. Sukhawat Dansermasuk⁽³⁾**
Chief Operating Officer - Food Business
- 8 Mr. Sathit Sangkanarubordee**
Chief Operating Officer - Five Star and Restaurant Business
- 9 DVM Sujint Thammasart**
Chief Operating Officer - Aquaculture Business
- 10 Mr. Paisan Chirakitcharern**
Chief Financial Officer



- 11 Mr. Vitit Pootanasap**
Executive Vice President - Aquatic Feed Unit
- 12 Mr. Rewat Hathaisattayapong**
Executive Vice President - Livestock Feed Business (Northeastern, Central and Eastern Region and Cattle Feed)
- 13 Mr. Virote Kumpeera**
Executive Vice President - Livestock Feed Business (Northern, Western and Southern Region)

- 14 Mr. Prajit Udnoon**
Executive Vice President - Poultry Breeding and Farming Research and Development Unit
- 15 Mr. Prasit Chalongchaichan**
Executive Vice President - Chicken Integration Business (Saraburi, Northern and Central Region)
- 16 Mr. Suchat Sitthichai**
Executive Vice President - Chicken Integration Business (Bangna, Western and Southern Region)

- 17 Mr. Siripong Aroonratana**
Executive Vice President - Chicken Integration Business (Northeastern Region)
- 18 Mr. Prasit Boondoungprasert**
Executive Vice President - Chicken Integration Business (Bangkok, Minburi and Eastern Region)
- 19 Mr. Prapoj Choakpichitchai**
Executive Vice President - Pig Business (Eastern Region, Bangkok Metropolitan and Phra Nakhon Sale Regions, Processing)

⁽²⁾ Being appointed as Chairman of the Executive Committee, effective on 1 March 2017 onwards, by the resolution of the Board of Director date 24 February 2017

⁽³⁾ Being appointed as Chief Executive Officer - Food Business and Co-President, effective on 1 March 2017 onwards, by the resolution of the Board of Director date 24 February 2017

20 Songsak Futrakul
Executive Vice President
- Pig Business (Northern,
Western, and Southern Regions)

21 Mr. Narek Mangkeo
Executive Vice President -
Agri-Food Business

22 Mr. Viboon Supakrapongkul
Executive Vice President -
Aquatic Food Domestic
Trading Unit

23 Mr. Somchai Triamchaipisut
Executive Vice President -
Aquatic Food Processing Business

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

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

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

27 Mr. Anurat Suthamnirun
Executive Vice President -
Food Processing Technology
and Engineering Unit

28 Mr. Vittavat Tantivess
Executive Vice President -
Marketing Unit

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

30 Ms. Patchara Chartbunchachai
Executive Director and
Company Secretary

Top Executives – International Operations

1 Mr. Bai Shanlin
China

2 Mr. Michael Tops
Belgium

3 Mr. Uthai Tantipimolphun
Cambodia / Laos

4 Mr. Wichit Kongkheaw
India

5 Mr. Santi Pongchaisopon
India

6 Mr. Sompop Mongkolpitaksuk
Malaysia

7 Mr. Yip Kam Toh
Malaysia

8 Mr. Sakol Cheevakoset
Philippines

9 Mr. Soontorn Tuntanatewin
Philippines

10 Mr. Cesar Lipka
Poland

11 Mr. Nutthakrit Sivasri
Russia

12 Mr. Habeeb Mohamed Ziauddin
Sri Lanka

13 Mr. Thong Chotirat
Taiwan

14 Mr. Sompop Mongkolpitaksuk
Turkey

15 Mr. Mark Cheadle
United Kingdom

16 Mr. Joel Conner
United States

17 Mr. Sooksunt Jiumjaiswanglerg ⁽⁴⁾
Vietnam



⁽⁴⁾ Being appointed as Chief Executive Officer - Agro Industrial Business and Co-President, effective on 1 March 2017 onwards, by the resolution of the Board of Director date 24 February 2017

Corporate Social and Environmental Responsibility



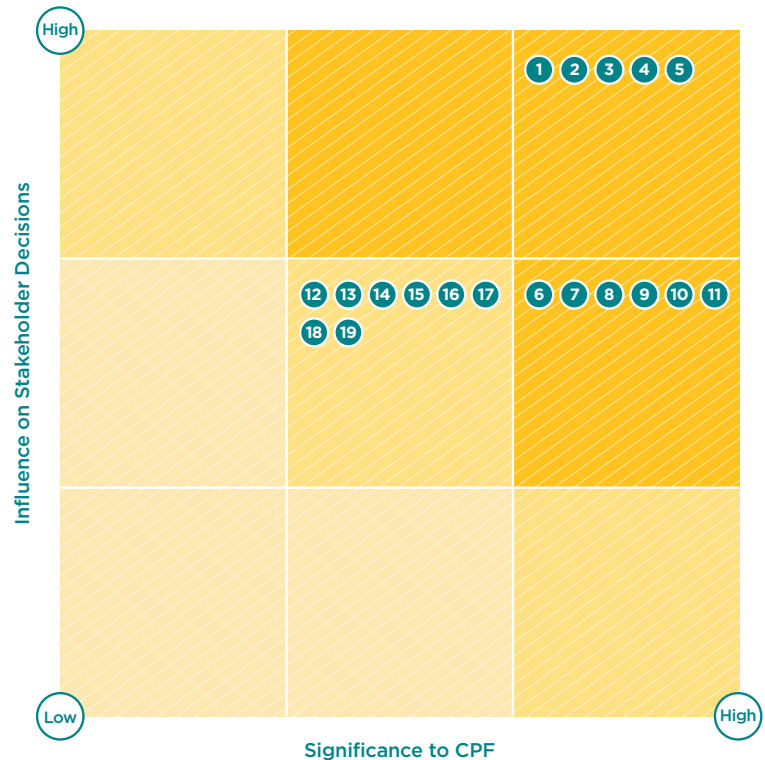
E ENVIRONMENT



S SOCIAL

The Company prescribes its Corporate Social Responsibility (CSR) as one of the main strategies for sustainable business operations. The strategic directions for corporate social responsibility towards sustainability are under the **“3 pillars: “Food Security”, “Self-Sufficiency Society”, and “Balance of Nature” with the foundation of good corporate governance and fair people development based on respect for human rights.** This ensures that the Company delivers appropriate benefits to shareholders, health and safety to consumers, as well as security and livelihood to our people, business partners, and communities while also conserving natural resources that are the sources of the current and future socio-economic development.

For efficient and effective sustainability management, the Company annually review and assess material aspects of corporate social responsibility towards sustainability covering significant opportunities and risks in economic, environmental and social dimensions, abided by the four principles of Global Reporting Initiatives (GRI): Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness. In 2016, the Company summarized the result of materiality assessment based on influence on stakeholder decisions and impact on business, as follows:



High Material Issues:
The content covers at least the management approach and performance



Medium Material Issues :
The content covers at least the management approach



Low Material Issues :
Not reported

1. Food Quality and Safety
2. Governance and Business Ethics
3. Human Rights
4. Health and Nutrition
5. Climate Change
6. Reputation and Public Trust
7. Labor Practices
8. Supply Chain Management
9. Social Impact on Community
10. Water Management
11. Innovation Management
12. Occupational Health and Safety
13. Human Capital Development
14. Energy Management
15. Biodiversity
16. Waste Management
17. Product Labeling
18. Packaging
19. Animal Welfare

The above-mentioned integrated view on expectation of stakeholders and the Company helped enhance the confidence in pursuing strategic directions under the three pillars “Food Security, Self-Sufficient Society and Balance of Nature”, which are within the scope of our corporate social responsibility towards long-term sustainability of the Company. It shall be implemented together with continuous review and improvement of management approaches in order to achieve the Company’s goals, meet stakeholders’ expectation, as well as address challenges at present and in the future.

In addition,

as the Company became signatory to the UN Global Compact in 2015,

its strategic directions for corporate social responsibility towards sustainability also follow UN Global Compact's principles covering human rights, labor, environment and anti-corruption. It also supports the Sustainable Development Goals (SDGs), the 15-year international development agenda for 2015 – 2030,

which comprise a set of 17 aspirational goals. The Company focuses on nine goals, which align with the Company's capability and potential to support sustainable and inclusive development.



Food Security

Food security is at the top of the agenda under the global public attention. Global and regional strategic plans are set to address this challenge. As the leading agro-industrial and food conglomerate, the Company recognizes its role in enhancing food security. The Company aims to “Enhance Quality and Food Safety throughout the Chain” and to “Improve Food Access” for health and safety of the consumers as well as for relieving hunger and malnutrition in the wider society.

Enhancing food quality and safety throughout the value chains

The Company has given highest importance to food quality and safety throughout the value chains, from raw material selection, research and development, animal feed production, farming, food processing to packaging and delivering to our consumers.

In 2016, the Company proceeded with “CPF Value Chain Traceability” project, the development of online traceability system within two minutes, with the aim to cover all product groups within 2017. The Company also continued with its “CPF Food Standard” project to standardize systems on food quality and safety throughout its value chains, to be piloted in poultry business in 2017. The Company unceasingly provides choices for consumers through its provision of more than 1,000 fresh, processed, ready-to-eat as well as healthy and nutritious products.





Self-sufficient Society

Improving food access

The quality of population, which would drive the country towards the future, always starts from the quality of life of children and youth at present. Recognizing this, the Company is committed to improving food access among children and youth with the aim to address malnutrition and support proper child development. This was done through

The “Raising Layer for Student’s Lunch Project”

which improved access to protein sources among the youth in remote areas,

“CPF Growing Happiness, Growing Futures Project”

which improved nutrition of students around our factories and farms, and

“Open the World of Learning Project”

which enhanced knowledge and understanding of children and youth nationwide on the production of quality, safe and nutritious food through experience in the Company’s food processing facilities.

One of the key success factors for businesses is to recognize their role in tackling social and environmental issues. The Company has thus been dedicated to continually mitigating negative impacts while fostering positive influence on the communities. It aimed to “Develop Win-Win Partnership” with our business partners and “Support Community Livelihood” through the leverage of our expertise, the engagement of stakeholder groups and the collaboration with other partners. The work will help prepare its business partners and communities for today’s and tomorrow’s challenges.



Supporting community livelihood

Recognizing that business simply cannot succeed in societies that fail and healthy community brings about healthy business, the Company has a strong commitment to support employment and promote quality of life of smallholder farmers and small entrepreneurs as well as communities surrounding the Company's operations, adhering to the "4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)" framework.

In 2016, the Company supported employment and promoted quality of life of more than 23,000 smallholder farmers and small entrepreneurs as well as people in communities surrounding the operations; through its contract farming scheme, Five Star Business, CP Porkshop Business, programs to improve the quality of life of communities surrounding the operations, and programs to support smallholder farmers.

Over the past year, the Company's contract farming scheme, which has benefited more than 5,000 smallholder farmers, attracted the attention of Food and Agriculture Organization of the United Nations (FAO). The Organization conducted a study visit and used the Company's contractual agreement as the exercise of participants in its regional training workshop on "Planning and Implementing Contract Farming Operations" after the Company improved its contracts to benefit farmers, the Company, and consumers using the guideline from UNIDROIT who is the most well-known independent intergovernmental organization on private law. The contract was also available for the public to comment. Two organizations commented, namely FAO and the Faculty of Law, Chulalongkorn University. At the same time, the Company also established CPF's Contract Farming Complaint Center since September 2015 to increase communication channels for information exchange and express opinion from farmers which would be used form an improvement plan for long term mutual growth.

Moreover, with its commitment to improve the quality of life of people in the society, in 2016 the Company initiated the CP Porkshop project with the aim to create employment for small entrepreneurs and to enhance the safety standard of fresh pork in communities. The project was collaborated by government agencies in improving butchery system, temperature control for transportation and at selling points, and traceability throughout the value chain. The project already attracted 1,556 small entrepreneurs

Promoting win-win partnership

The Company believes that in order to create growth, drive excellence, and build a solid foundation to achieve the "Kitchen of the World" vision, it needs to be socially and environmentally responsible throughout the process including the way our business partners conduct their business.

In 2016, the Company expanded the dissemination of the Sustainable Sourcing Policy and Supplier Guiding Principle to more than 7,100 business partners in 13 raw material groups while 97 percent of critical suppliers had already acknowledged the policy. Simultaneously, the Company encouraged the critical suppliers to conduct self-assessment on environmental, social, and governance (ESG) and also started the independent supplier audit of high risk critical suppliers.

In addition, the Company has put its utmost effort in sourcing responsibly with the aim to purchase agricultural raw materials namely, fishmeal, corn for animal feed, soybean, palm oil, and cassava from responsible sources by 2020.

Since 2015, the Company has purchased in Thailand only fishmeal made from fish by-product that is traceable and sourced from processing plants certified under the IFFO Responsible Sourcing (IFFO RS) standard, which is currently the best international standard for sustainable fishmeal and fish oil production.

In 2016, CPF was the first company in Thailand that sources corn for animal feed from legal sources under in-house developed traceability system for corn, helping to address natural resource and environmental challenges including forest encroachment, haze and management of agricultural waste in the highlands. The traceability system underwent the participation from various stakeholder groups including business partners, farmers, academia, the government and civil society. The Company also organized workshops for all corn business partners.

The Company also collaborated with AG Processing Inc. or AGP, the leading soybean business in the US, in the "Collaboration to Develop Sustainable Soybean Sourcing System" project.



Balance of Nature

Protecting environmental quality and keeping the ecosystem in balance are the responsibilities of all parties in the society for their tremendous importance in maintaining food security and promoting wellbeing of the society. As the leading agro-industrial and food conglomerate, the Company continues to embed environmental sustainability in its business activities through the consideration of environmental impacts and the support on conservation activities with the aims to “Reduce Environmental Footprints” and to “Protect Biodiversity.”



Reducing Environmental Footprints

The Company acknowledges that environmental challenges, climate change in particular, can have impacts on business continuity. Hence, the Company continues to improve, adapt, and develop its management approach in process and product so as to reduce environmental impacts from business activities.

Protecting biodiversity

Operating business with the consideration of the environment and biodiversity is critical for sustaining the balance of ecosystem. Therefore, the Company has carefully chosen sites that are not located in conservation areas according to laws and regulations, standards, and ministerial regulations, and assesses the impacts from business activities on a regular basis. Its effort is to promote stability of ecosystem and resource base which are essential capital for sustainable economic and social development.



In 2016,

Grow-Share-Protect Mangrove Forestation Project

For three consecutive years. In collaboration with Department of Marine and Coastal Resources, Biodiversity-Based Economy Development Office (Public Organization) and civil society groups, the project focuses on conserving and restoring mangrove forests as well as increasing biodiversity in five strategic areas, namely Chumphon, Rayong, Samut Sakhon, Songkla, and Phang Nga province.

The Rak Ni-Ves Project at Pasak Watershed – Khao Phya Doen Tong

In collaboration with Royal Forest Department, Thailand Greenhouse Gas Management Organization (Public Organization), Biodiversity-Based Economy Development Office (Public Organization) and civil society groups.

Results of “Corporate Social Responsibility towards Sustainability in 2016” are exhibited in the 2016 Sustainability Report.



Corporate Governance



G Corporate Governance

Good corporate governance is a one of the significant factors for sustainability. The Company set its mission to promote good corporate governance culture together with building economic growth of the Company while preserving society and environment.

In 2016 CPF Corporate Governance was evaluated at “Excellent” level, by the Thai Institute of Directors Association. (IOD)

In addition to the “Corporate Governance Policies” disclosed to directors, executives, and employee to be aware and bring into practices in every level of the Company, the Company established Corporate Compliance Office in order to ensure that all business activities of the Company are in compliance with relevant laws and regulations.

“Code of Conduct” which contain fundamental principles relating to duties of directors and employees, values, and responsibilities to all stakeholders are established as a practices guideline for all level of the Company.



Corporate Governance Policies

CPF's Corporate Governance Policy consists of five chapters:

1 Rights of Shareholders

The Board of Director supports shareholders to exercise their rights in a manner not inconsistent with the law, and will not do anything which violates or deprives shareholders of their rights.

2 Equitable Treatment to Shareholders

All shareholders must be equally and fairly treated according to their fundamental rights. The Company has measure to prevent unfair conducts relating to buying and selling of securities, including the measure in prevention of the use of insider information for the interest of oneself or others. The shareholder meeting process must also support the equal treatment of all shareholders.



3 Roles toward Stakeholders

All stakeholder groups, namely shareholders, employees, customers, suppliers, competitors, creditors, and community and society, must be fairly served by the Company according to their rights and agreements with the company.

4 Disclosure of Information and Transparency

The Company's important information, both financial and 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 of such information must not be in violation with the regulations regarding the disclosure of information as prescribed by the regulatory authorities.

5 Responsibilities of the Board of Directors

The Company nominates directors under appropriate structure. Individuals who are to be appointed at the Company's directors must be honest in their duties, have vision, ability and experience and be able to 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, experience, special expertise that benefits the Company, and gender. As of 1 February 2017, the Company's Board of Directors comprised 5 independent directors, 5 executive directors, and 5 non-executive directors.



Administration of Subsidiaries and Associates

CPF appoints the representatives to be the authorized directors of each subsidiary in order to efficiently and effectively manage the operations according to the Company's policy, as well as to monitor operating performance by having at least 3 work plan meetings per year, in addition to monthly performance reporting system.



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.



Anti-Corruption Policy

The Company's Anti-Corruption Policy has been set an operating framework; whereby the Human Resource Department is responsible for disseminating and creating awareness to directors, executives, and employees, as well as to encourage enterprise-wide practices of such policy. The Company signed the Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC), which is a project established by the collaboration of 8 leading enterprises in Thai private sectors, in order to promote anti-corruption culture in Thailand.

People Development & Fostering

The Company has realized that “employees” are important resources in driving businesses to the goals and leading organizations towards sustainability. Therefore, the Company has developed the human resources management work on the basis of fair treatment to personnel and respect of human rights by enhancing opportunities of job advancement and participatory work environment, developing skills, and promoting learnings throughout the period of work to obtain “talented and good personnel” adhering to the corporate values of “CPF Way”. The Company creates bonds between employees and the organization together with the enhancement of work safety and happiness to create good balance of working life and personal life of employees under the vision “People Excel-Business Exceeds”.



Personnel (Person)

120,433

Total Employees and Workers
As of 31 December 2016



Gearing towards “Company of choice for talented and great people”.

With the vision “**People Excel-Business Exceeds**”, the Company has given the importance to management processes of human resources at all levels starting from attraction, retention, motivation and development so that employees at all levels and fields of careers will have excellent knowledge, abilities and expertise to be world class leaders. The Company develops team with diversity, realizes value of people, and supports career advancement. Local employees in each countries in which the Company’s investment are located are given opportunities to advance their career to become the Company’s next leaders.

With its awareness of importance of respect of human rights, the Company has issued its human rights policy and employment and labour management policy as guidelines of management in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and the International Labour Organization (ILO) in order to promote participatory corporate culture and respect of creative differences of individuals, enhancement of workplace safety and happiness and supervision of fair remunerations together with appropriate promotion of career advancement in order to promote CPF as the “Employer of Choice”.



Gearing towards “Corporate with leaders and professionals”

The Company has operated on the principles of competency-based personnel development with an emphasis on development of leadership skills, management, professionalism, and corporate values, which is in line with roles and responsibilities for all staff levels of all business units.





Promoting CPF as “Home of Happiness”

The Company strives to operate businesses on the basis to respect of human rights by bringing standards and procedures to support the treatment of labour according to international standards. The workplace environment is designed to ensure safety and hygiene for all employees, in order to promote CPF as “Home of Happiness”, emphasizing:

• Respect of Human Rights and Labors’ Quality of Life

The Company strives to operate of the principles of respect of human rights with standards and procedures to encourage labor treatment by international standards. In 2016, the Company applies an on-going internal audit and nominates the committee to support and promote the Thai Labor Standards system, TLS8001-2010. The committee has a role to define strategy, supports and promotes the Thai Labor Standards system in the organization to ensure that the Company carries out an outstanding labor management system to meet international standards.

• Promoting Labor Practices in Supply Chain

CPF places importance in respect for human rights not only in the workplace but also for labor in the supply chain. The Company delivers its “Sustainable Sourcing Policies and Supplier Guiding Principle” to business partners and suppliers, in an attempt to create understanding and raise awareness in the guidelines. The policies have been employed with critical supplier groups and will continue to expand to other sets of business partners.

• Reinforcing Cultural Diversity

The Company maintains various regulations and guidelines to promote diversity in the organization, including policies in recruitment and labor management, policies in diversity management and diversity acceptance, and policies to enforce anti-discrimination practices and manage violations. CPF strives to treat employees equally without abusing the rights to which employees are entitled, without prejudice against nationality, race, skin color, origin, religion, social class, gender, age, physical challenges or disabilities, political viewpoint, or marital status.

• Caring for Workplace Safety and Hygiene

The Company places great importance to the safe environment in the workplace for all employees in all areas. The goal is to reduce accidents to zero through the involvement of employees and continuous trainings on safety and hygiene. The training on occupational health and safety is conducted for new employees on their first day of work.





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