



# Charoen Pokphand Foods Plc.

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## Monthly Newsletter

Volume 14 Issue 8 – August, 2014



- **CPF News** : The Extraordinary General Shareholders Meeting No.1/2014 of CPF
  - : CPF divests 25% of C.P.Pokphand to Itochu Group
  - : CPF plans aggressive Australia expansion
  - : CPF vows to rid supply chain of slave labour
- **Price Performances** : CPF

## The Extraordinary General Shareholders Meeting No. 1/2014 of CPF



Led by Mr. Adirek Sripratak Vice Chairman, President & CEO. Charoen Pokphand Foods Plc. held the Extraordinary General Shareholders' Meeting No. 1/2014 convened on July 10, 2014 at Panyapiwat Institute of Management, Chaeng Wattana Road.

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## **CPF divests 25% of CP Pokphand to Itochu Corp.**

*The Nation, July 25, 2014*

Charoen Pokphand Foods' board agreed that the company and CPF Investment (CPFI) – a wholly owned subsidiary of CPF – would sell 25 per cent of the ordinary shares of CP Pokphand (CPP) to Itochu Corp, according to a CPF filing to the Stock Exchange of Thailand yesterday

CPP is listed on the Hong Kong Stock Exchange, while Itochu is listed on the Tokyo Stock Exchange . CPF and CPFI will together sell 6,017,959,308 ordinary shares to Itochu at 1.10 Hong Kong dollars apiece, for a total consideration of HK\$6.61 billion (Bt27.16 billion).

The transaction is expected to be complete in September , after which CPP will remain a subsidiary of CPF .

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## **CPF plans aggressive Australia expansion**

*The Nation , July 23 ,2014*

Charoen Pokphand Foods is planning to roll out up to 500 quick-service Thai restaurants in Australia, a market it sees as ripe for a fast-food explosion, reports said Tuesday

The food arm of Thailand's largest agriculture –based company also plans to expand into the booming ready-to eat meals segment as its Australian investments grow to more than Aus\$200 million (US\$188 million) over the next five years.

“The best-practice model for restaurants and franchises globally is in Australia,” regional general manager Richard Lovell told The Australian newspaper ahead of opening the company's first restaurant in the country,

1000Wat , in Melbourne.

“Over the next four years our target is 300 to 500 stores with a modern Thai, fast-food, great value-for-money offering”

Australia has no shortage of fast-food restaurants, but few large-scale quick-service ones that can replicate the McDonald's brand. Lovell said the company , the leading agro-industrial and food conglomerate in the Asia-Pacific region , planned to open more stores in Melbourne this year before moving to other state capitals.

CP Foods said it wanted to boost its revenues from fast food from three per cent currently to 10 per cent within in a decade. “After 28 years 'experience in Thailand and following our expansion into markets like India , Vietnam , Cambodia and Myanmar, we want to grow our fast-food concept in Australia,” Lovell added.

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## CPF vows to rid supply chain of slave labour

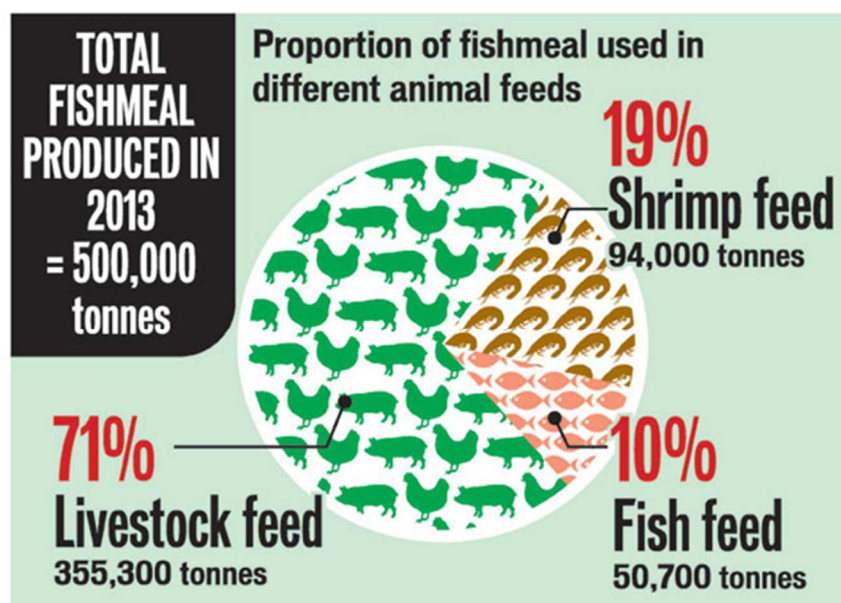
Bangkok Post , July 15, 2014

### All suppliers will be audited, inspected

Charoen Pokphand Foods Plc. (CPF) , the country's major food and shrimp exporter, is pushing its traceability system at full speed with the aim of ensuring its entire supply chain is slave-free while pledging to terminate the use of fishmeal as its feed ingredient by 2012

Last month's report by British newspaper The Guardian accusing CPF of buying fishmeal from suppliers who own or buy from vessels employing slave labour has prompted the giant shrimp exporter to act to defend its reputation.

Assistant vice-president Pitipong Dejarukul said the company is working closely with the Labour Protection and Welfare Department Fisheries Department, Marine Department and Department of Special Investigation (DSI) to solve problems.



Source: Thai Feed Mill Association

POSTgraphics

CPF has vowed to purchase only from suppliers who have passed auditing and inspection by the Labour Protection and Welfare Department for good labour practices, such suppliers need to but from slave-free fishing boats.

"We are moving to stop buying fishmeal from suppliers if we have any doubt at all that their raw materials have come from slave-free operation. Now we need to identify and separate good suppliers from unethical ones," Mr. Pitipong said

The Labour Protection and Welfare Department will inspect fishing boats to see if their crews have proper employment contracts, fair wages, reasonable working conditions and are properly treated. The Fisheries Department and the Marine Department also demand all fishing boats and their equipment be registered, which will help guard against human trafficking and forced labour .

CPF will rely on official documents including logbooks and a marine certification purchasing document to ensure traceability and transparency of its entire supply chain. Fishmeal producers will need to submit to CPF all official documents containing information of boats, number and names of fishing crews , date and fishing location and type he and quantity of fish caught. Fishing boats will prepare these documents for fishmeal producers. The documents will eventually be submitted to the Fisheries Department to ensure that all facts are valid and true.

" By doing this , at least we will know the exact names and number of crew when boats are out at sea and come back to shore. This can ensure there will be no disappearing of any crews in the sea," Mr. Pitipong said.

A monitoring system similar to GPS will be introduced to track the signals and location of boats.

CPF will also cooperate with the DSI. It will not purchase from any fishmeal suppliers purchasing from vessels having record with the DSI for misconduct and illegal practices. Mr. Pitipong said some boats under investigation for malpractice are still operational.

CPF has been paying an incentive to suppliers who can ensure good practices of vessels or sources of fish. Since the increase of its purchase price in April 2013, it has received more cooperation from suppliers and vessels.

“The percentage of traceability has now risen to 70% from only 4% in the past,” Mr. Pitipong said.

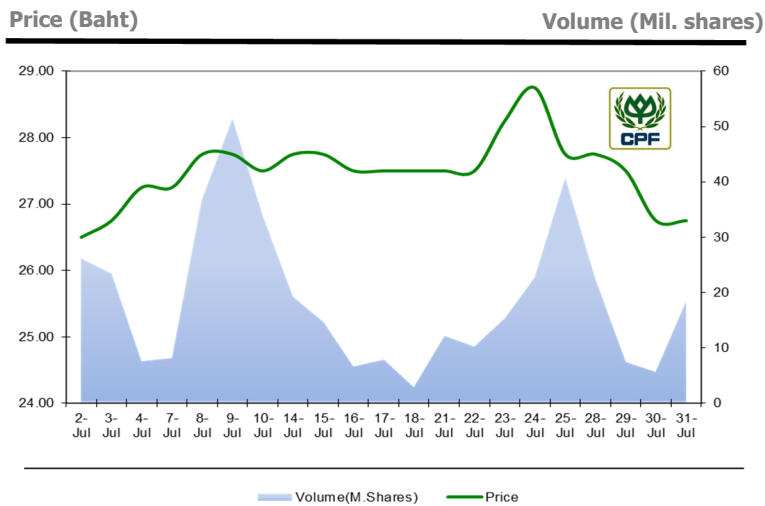
According to the Thai Feed Mill Association, there are 130 fishmeal plants but only 61 have received a good manufacturing practice certificate. CPF is buying from about 50 fishmeal plants. About 500,000 tonnes of fishmeal are produced each year. By-products of canned tuna, surimi, fish ball and such provide 60-70% of its raw materials, while the rest comes from trash fish that is not popular for consumption.

Mr. Pitipong said CPF is a big buyer of fishmeal but the volume is still less than half of what is available in the market. He said the company has attempted to increase ingredients from by-products and reduce the use of trash fish.

“By 2012, we plan to cut out trash fish altogether from our feed production and go for substitutes if we still can’t ensure the sustainability of the trash fish-catching process” he said.

Mr. Pitipong emphasised that the problem of human trafficking and slave labour need cooperation from all sides the government, business operators and consumers. “The consumer is another important voice pushing business operators to do the right things,” he said

## Price Performances: CPF



July 2014	
<b>Highest Price</b>	<b>30.25</b>
<b>Lowest Price</b>	<b>26.25</b>
<b>Closed Price</b>	<b>26.75</b>
<b>Average Volume/Day (Shares)</b>	<b>18,760,000</b>

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