



Every Mouthful is Meaningful
Annual Review 2017



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

Further information of the Company could be found in the Annual Report 2017, the Sustainability Report 2017, and Annual Registration Statement 2017 (Form 56-1) posted on www.sec.or.th and www.cpfworldwide.com





Message from Executives



Mr. Sooksunt Jiumjaiswanglerg
Chief Executive Officer
Agro Industrial Business
and Co-President

Mr. Dhanin Chearavanont
Chairman
of the Board of Directors

Mr. Sukhawat Dansermsuk
Chief Executive Officer
Food Business
and Co-President

The Company places utmost importance to be “Innovative Organization” to drive business according to the strategic direction of “Sustainable Growth, Aiming for Excellence, and Building Solid Foundation”

MEMBER OF
Dow Jones
Sustainability Indices
 In Collaboration with RobecoSAM



Member of FTSE4Good Emerging Index
 by FTSE Russell



“Excellent” rating on
 Corporate Governance
 by the Thai Institute of Directors Association

The dynamic of global economy and geosocial to the transformation to “New Normal” has been a challenging time for the Company to adapt to the rapid and complex changes of surrounding and competitive landscape.

We observe the shift of world economy from developed countries (G7) to emerging countries (E7), the change of population structure towards aging society, the proliferation of digital technology, climate change, and the change in consumption behavior and consumers’ lifestyle. Hence, in order to drive business according to the strategy of **“Sustainable Growth, Aiming for Excellence, and Building Solid Foundation”**, the Company places utmost importance to be **“Innovative Organization”** in process, product and service, organizational management, and business platform that is readily adaptable to technology and changing trends. At the same time, the Company prioritizes its business expansion to be in line with rising opportunities, human resource development and retention to support growth, and **social investment that focuses on creating shared value.**

Revenues from Sales

501,507

Million Baht

Increased from 2016 by

8%

In 2017, the Company successfully delivered business growth as planned, with revenues from sales of 501,507 million Baht, increased by 8% from 2016, and net profit of 15,259 million Baht. The improvement in performance was mainly attributed to overseas business expansion according to the expansion strategy to potential countries. However, the consumption demand in Asia did not meet the Company's expectation, which resulted in the oversupply of swine and the declining swine price particularly in Vietnam, Thailand and Cambodia. As a result, the profitability of farm business was lower than previous year.

The Board of Directors has passed its resolution to propose to the shareholders' Annual General Meeting of 2018, for shareholders' approval of 2017 dividend payment at 0.75 Baht per share (interim dividend already paid to shareholders at 0.50 Baht per share and annual dividend to be paid on 23 May 2018 at 0.25 Baht per share).

The Company operates its business on the principle of **Corporate Social Responsibility towards Sustainability under 3 pillars - "Food Security, Self-Sufficient Society and Balance of Nature"**, which supports UN Global Compact's principle and Sustainable Development Goals (SDGs). In 2017, the Company determined to uplift food quality and safety, resulting in the Company's broiler production being certified with food quality and safety standard (QS Standard) from Germany. The Company is the only company outside of the European Union to earn this stringent standard. At the same time, the Company has expanded its **Supply Chain Sustainability** to overseas operations such as Vietnam, India, the Philippines, **supported job creation with stable income to farmers and small entrepreneurs, and promoted innovations to maximize resources efficiency as well as mitigate environmental impacts.**



191st of 2000 World's Best Employers
by Forbes Global 2000, Year 2017



Member of Thailand's Private Sector
Collective Action Coalition Against
Corruption (CAC)

In addition, with determination to **promote animal welfare**, the Company announced its global vision for antimicrobial use and animal welfare policy, together with setting long term target for the expansion of breeder sow husbandry from individual crate to group gestation pen to cover Thailand operation by 2020 and to cover overseas operations by 2028. The Company will also develop layer chicken husbandry in Thailand operation towards Cage-Free, so that swine and layer chicken are free to move and better express their natural behavior. Poultry Welfare Officers in layer chicken business will be trained for operations in all countries by 2020, while all broiler chicken husbandry in Thailand has adopted international standard on animal welfare since year 2000.

As a result of driving business with principle of sustainable development under **good corporate governance**, in 2017, the Company have been a member of DJSI Emerging Markets for three consecutive years, and a member in FTSE4Good Emerging Index for the first year. The Company retained the Excellent rating for Corporate Governance from Thai Institute of Directors Association, and was ranked 191st Best Employer of 2,000 companies Worldwide by Forbes magazine.

We were accepted to be a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). In addition, we received CDP Hong Kong and South East Asia Awards 2017 in the category of Best Performance across programs from the excellent evaluation results from CDP Climate, CDP Water, and CDP Forest, in addition to the recognitions for labor, safety, and social responsibility at national and international level.

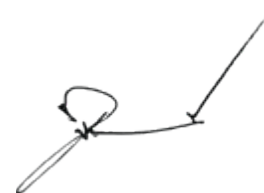
Finally, on behalf of the Board of Directors, executives, and all employees, we would like to thank you to shareholders, communities, business partners, suppliers, farmers, financial supporters, private organizations, government sectors, and all relevant stakeholders for your participation and support of the Company sustainable growth, so that it has continuously added economic value, benefited to society, and maintained balance of nature. The Company commits to conduct businesses under good corporate governance and balance of society and environment, to become a sustainable organization, standing side by side with the Country and people as "**Kitchen of the World**" going forward.



Mr. Sooksunt Jiumjaiswanglerg
Chief Executive Officer
Agro Industrial Business
and Co-President



Mr. Dhanin Chearavanont
Chairman
of the Board of Directors



Mr. Sukhawat Dansermasuk
Chief Executive Officer
Food Business
and Co-President



*Every Mouthful is
Meaningful*

The Company has operated its business on the basis of balancing the growth of operating results and the goal of social responsibilities and environmental protection. Every mouthful of food has not only filled up your stomach with quality food from the production process which has met the safety standard and reduced the environmental impacts, but has also inspired and fulfilled the great meanings of lives.



Good for our Earth

The Company has taken care of all steps of production throughout the supply chain by using **modern production technology and biosecurity system**, concerning for animal well-being under the principle of **animal welfare**, reducing the environmental impacts, and taking care of **biodiversity** in workplaces and nearby communities to make the **World** a better place for everyone.



Good for Society

The Company has been **responsible to all stakeholders**, taken care of human rights, created employee engagement, and operated its businesses fairly, been responsible for its debt burdens and tax payment, promoted and developed surrounding communities for all aspects, and created proper economic returns to shareholders on the basis of management under **good corporate governance**. Thus, every mouthful that made you well-being shall be part of improvement for a **stronger society**.



*Good for
You and Your
Loved Ones*

The Company dedicates and cares for happiness of customers in quality products from **integrated production process** by selecting raw materials to be brought into its modern production process with mixtures under the principle of **nutrition and health and traceability** throughout the production chain. CPF creates its **innovation of health products** for “**you and your loved ones**” so that every mouthful of everyone would be more meaningful.

Corporate Value Chain

The Company realizes the importance of conducting its businesses with care and responsibilities towards all stakeholders along corporate value chain, in order to strive to become “**Kitchen of the World**” in a sustainable manner.

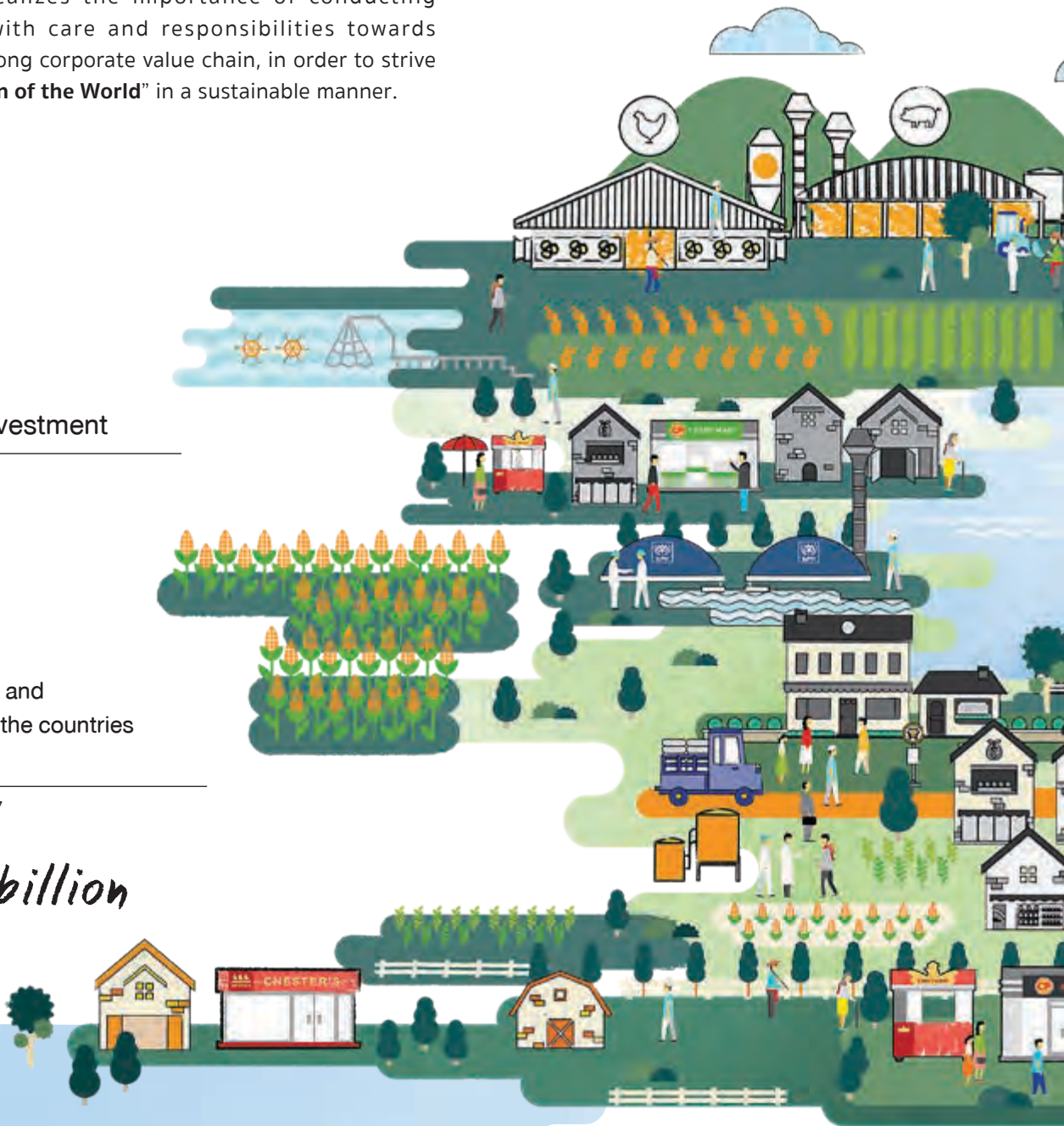
Countries of Investment

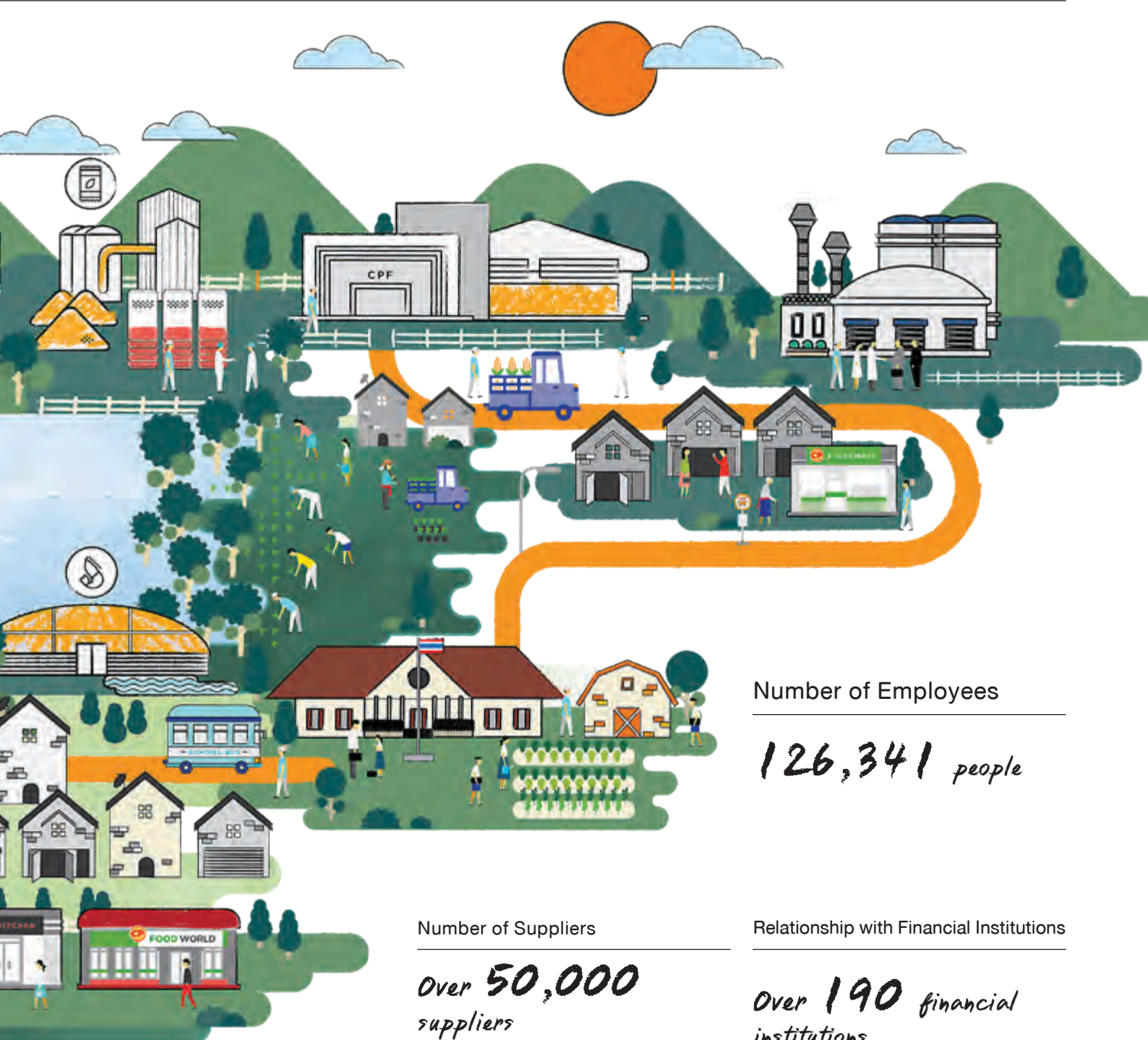
16
Countries

Business Partners and
Customer base in the countries
of investment

As of 31 December 2017

Over 3.7 billion
people





Number of Employees

126,341 people

Number of Suppliers

Over 50,000 suppliers

Relationship with Financial Institutions

Over 190 financial institutions

Number of Shareholders

57,048

Number of Bondholders

Over 9,000

As of 30 August 2017

Passion

Vision

Kitchen of the World

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

Rank Number **1,149**
of 2,000 World's
Leading Companies



A member of the Stock
Exchange of Thailand

SET50

in Agro & Food
Industry sector



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

Member of DJSI Emerging Markets,
for the Year 2017,
the FAO Food Products Industry

Rank Number **191**
of 2,000 World's
Best Employers

By Forbes Global 2000,
Year 2017

Debenture listed

27 Debenture listed in Thailand

1 Exchangeable bond listed in
Singapore

1 Debenture listed in China



Member of FTSE4 Good Emerging Index
by FTSE Russell
since June 2017



2017 Environmental Sustainability assessment result

CDP Climate as Management (B)

CDP Water as Leadership (A-)

CDP Forest as Management (B)



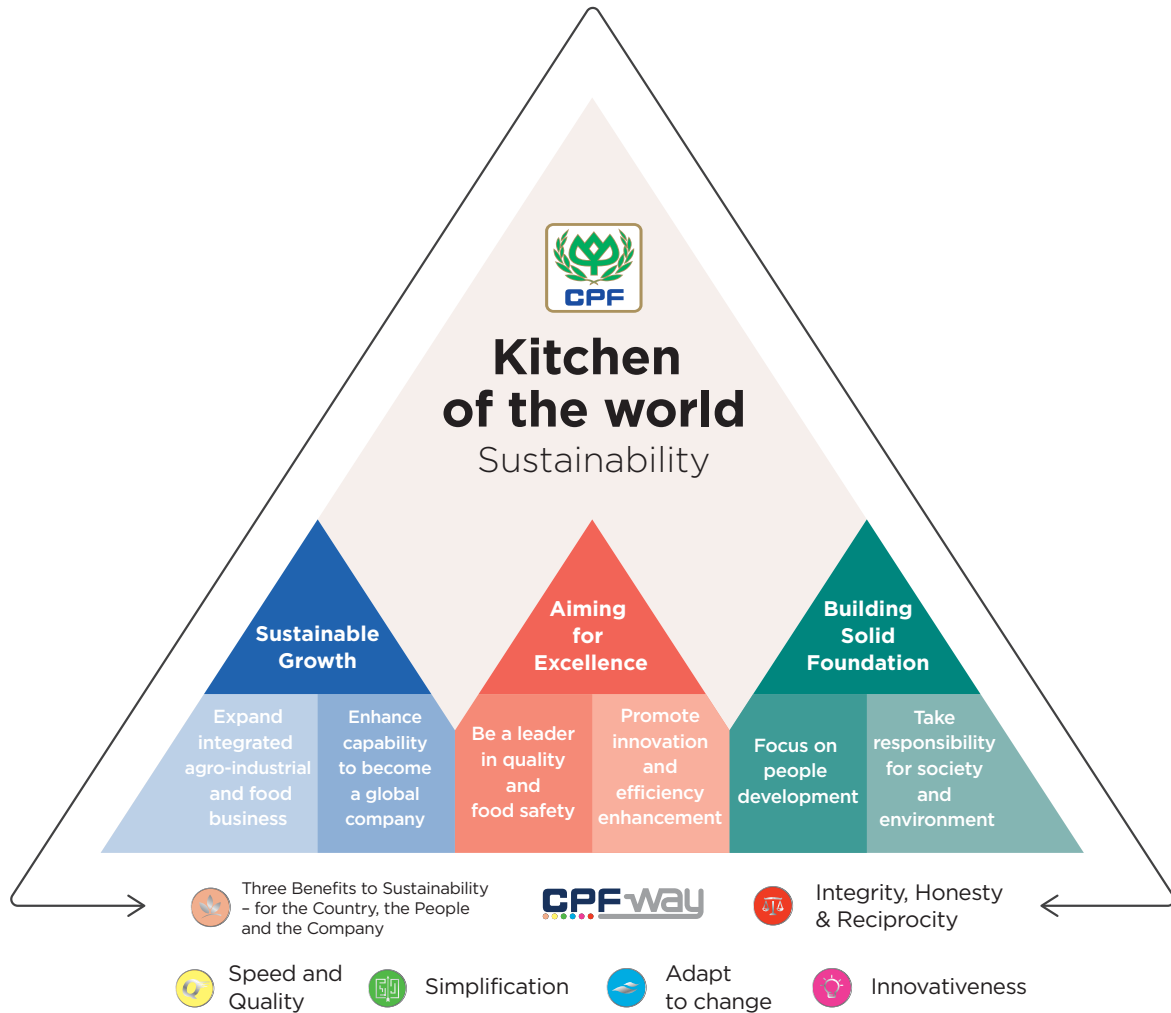
Member of Thailand's Private Sector
Collective Action Coalition
Against Corruption (CAC)



"Excellent"

Corporate Governance Rating
by the Thai Institute of Directors Association

Strategic Direction for Sustainable Growth



United Nations
Global Compact

Member of United Nations
Global Compact

Support 10 Goals of
United Nation’s Sustainable
Development which align
with the Company’s capabilities



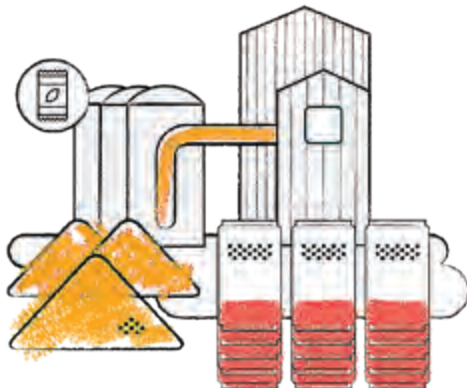
Business Model

The Company has been developed **integrated agro-industrial and food business in Thailand**, including **swine, broiler, layer, duck, shrimp and fish**. The businesses are classified into 3 categories, namely **Feed, Farm and Food**. The Company also operates food retail outlets.

The Integrated food process involves advanced production technology, qualified international standard chemical-free production, safe with hygiene, while being environmentally friendly, and systematically traceable throughout the whole food chain.

Feed Business

Feed Manufacturing and Distribution

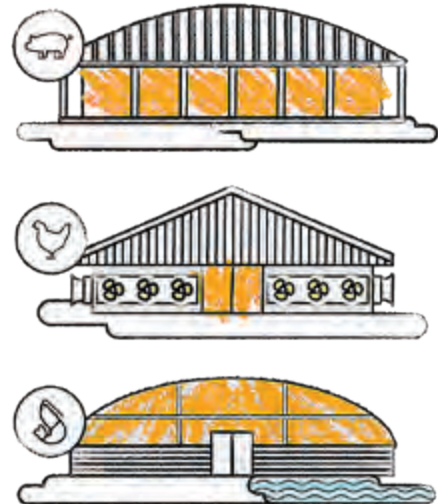


Feed Products

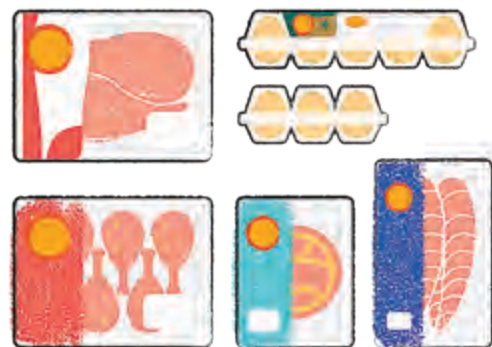


Farm Business

Breeding & Animal Farming

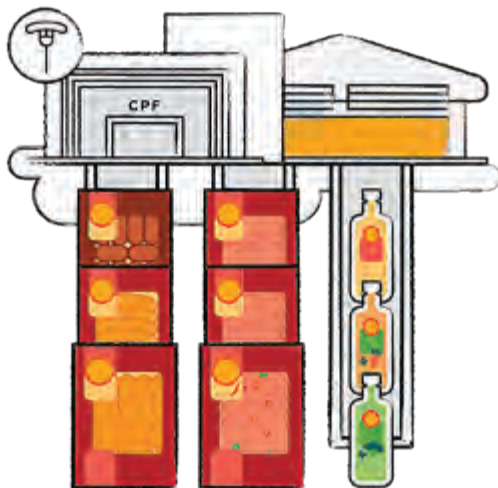


Primary Processed Products



Food Business

Production of Processed & Ready Meal



Cooked and Ready Meal Products



Food Retail Outlets

Expansion of Distribution Channels



Geographical Footprint

As of 31 December 2017

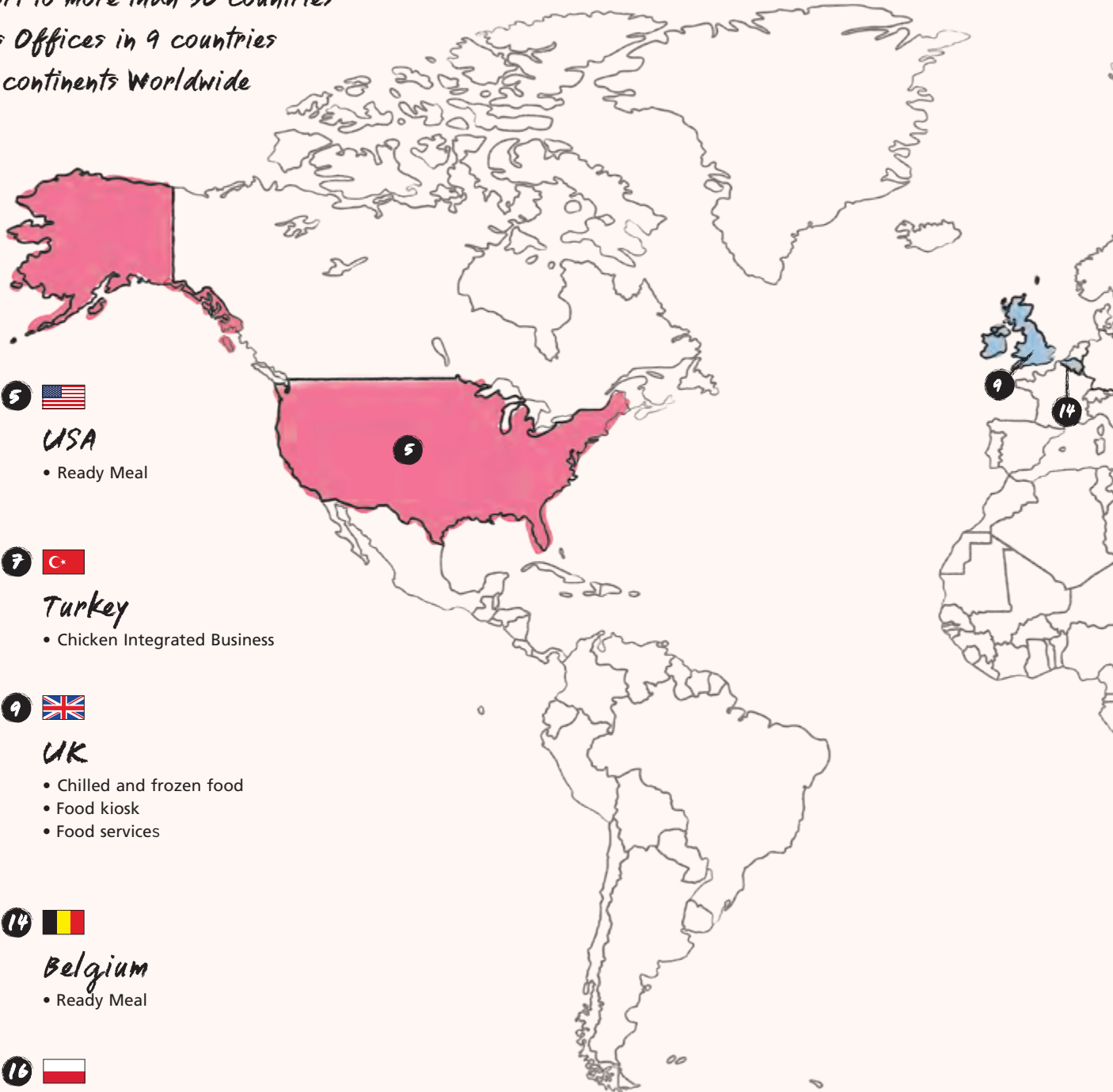
CPF expands its business to other countries. The business in each country depends on opportunity and potential of industry at the time in which the Company invested.

Cover 16 countries

Export to more than 30 countries

Sales Offices in 9 countries

In 5 continents Worldwide



USA

- Ready Meal



Turkey

- Chicken Integrated Business



UK

- Chilled and frozen food
- Food kiosk
- Food services



Belgium

- Ready Meal



Poland

- Hatchery
- Chicken processing plant

Remark : 1. Please refer to page 48 for Business Description in Brief
2. Countries are ranked by Revenues



Taiwan

- Livestock Integrated Businesses



Russia

- Livestock Feed
- Swine Farming
- Chicken Integrated Business



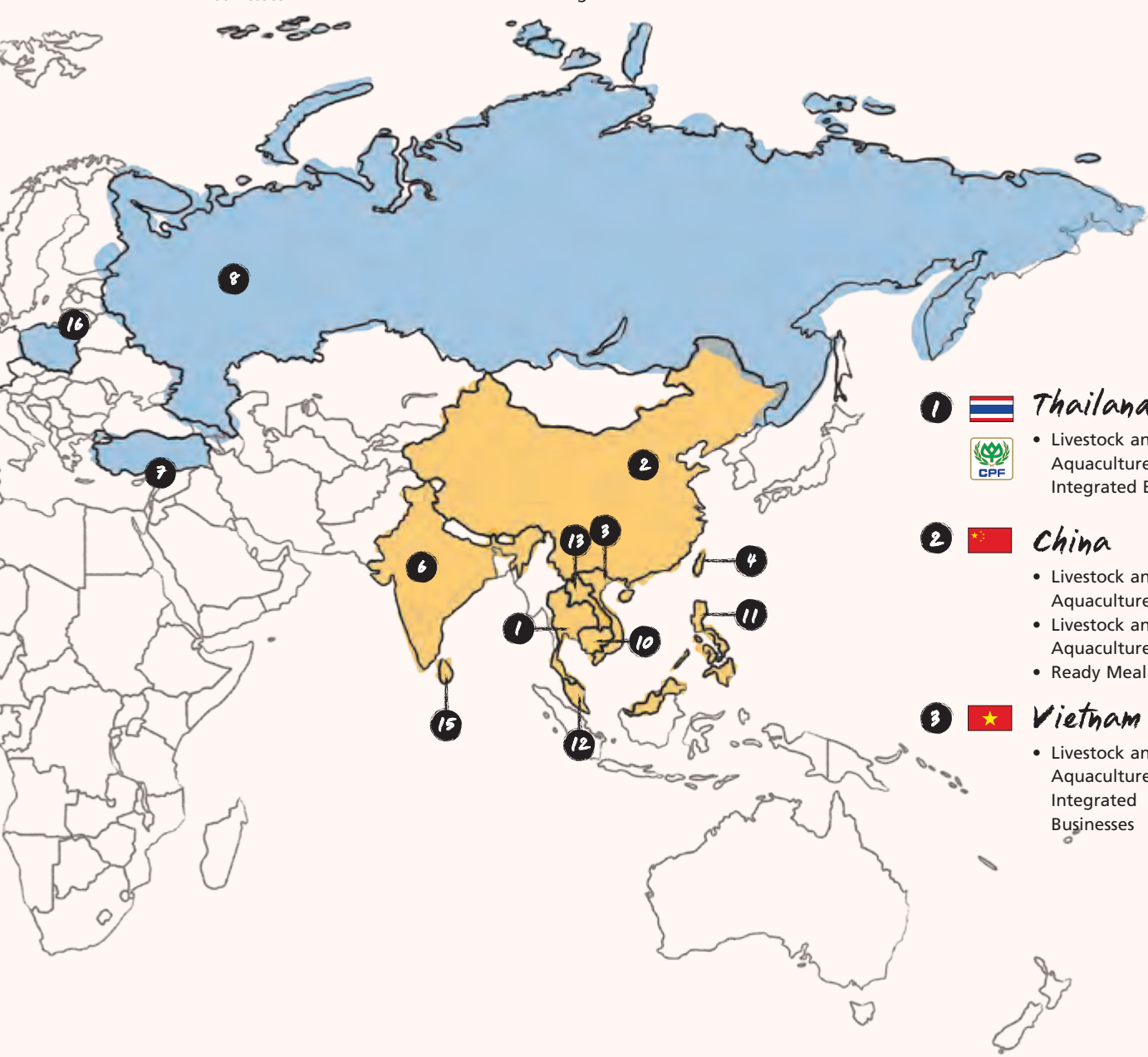
Philippines

- Livestock and Aquaculture Feed and Farming



Laos

- Livestock Integrated Businesses



Thailand



- Livestock and Aquaculture Integrated Businesses



China

- Livestock and Aquaculture Feed
- Livestock and Aquaculture Farming
- Ready Meal



Vietnam

- Livestock and Aquaculture Integrated Businesses



India

- Chicken Integrated Business
- Aquaculture Feed



Cambodia

- Livestock Integrated Businesses



Malaysia

- Livestock and Aquaculture Integrated Businesses



Sri Lanka

- Ready Meal

2017 Results Highlights

Revenues from Sales

501,507

Million Baht

Increased from 2016

8%



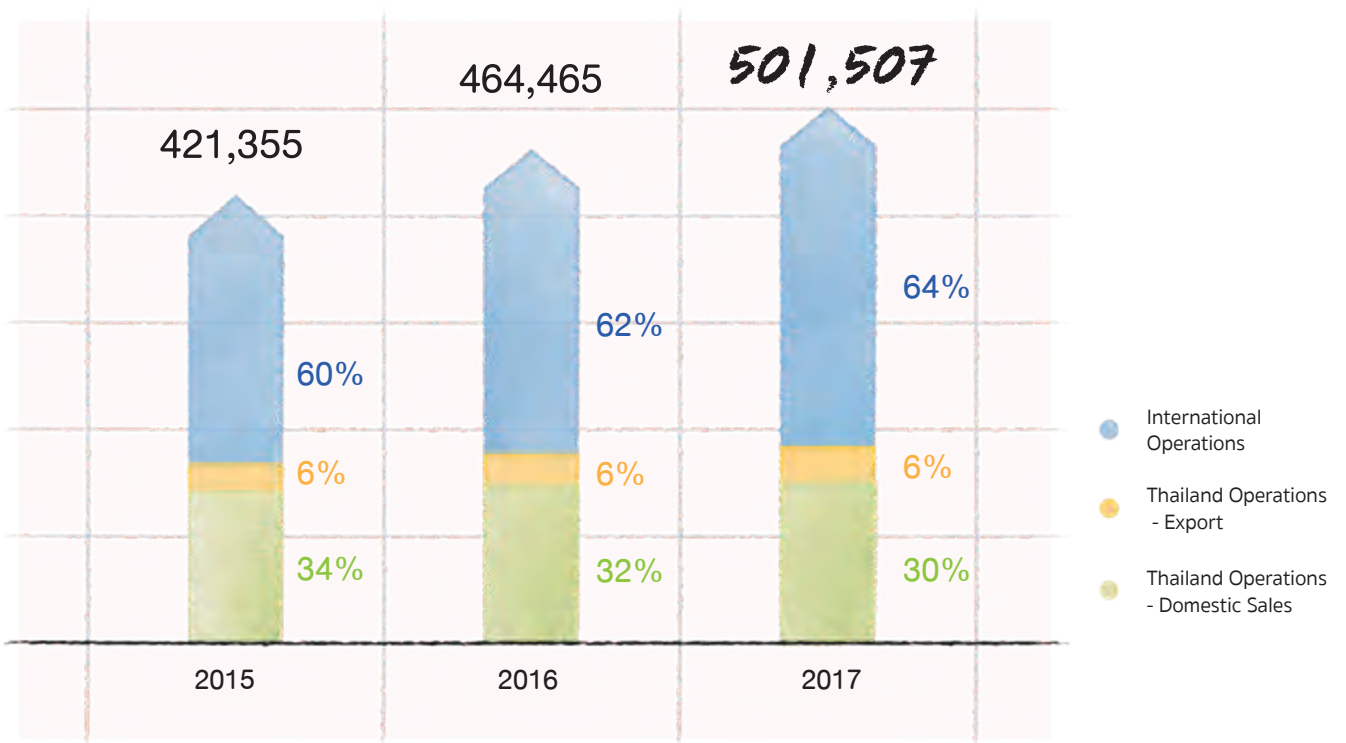
Revenues from Sales of Thailand Operations Decreased from 2016

0.1%

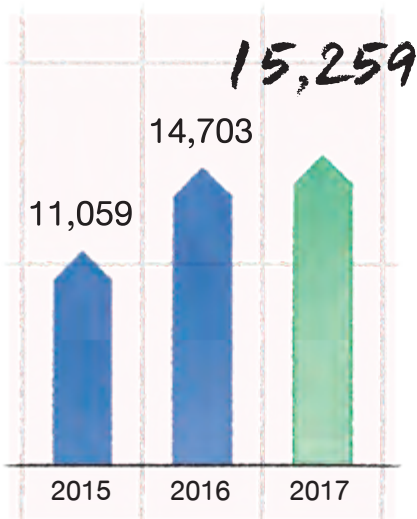
Revenues from Sales of International Operations Increased from 2016

13%

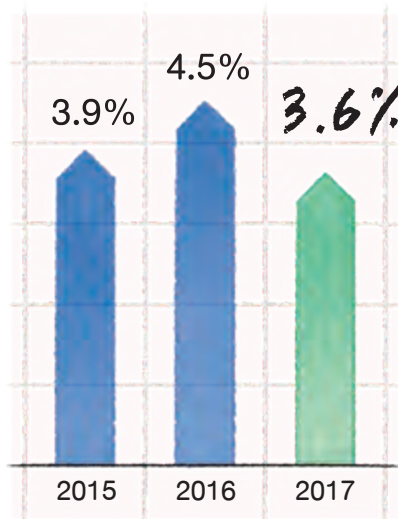
Revenues from Sales by Operations (Million Baht)



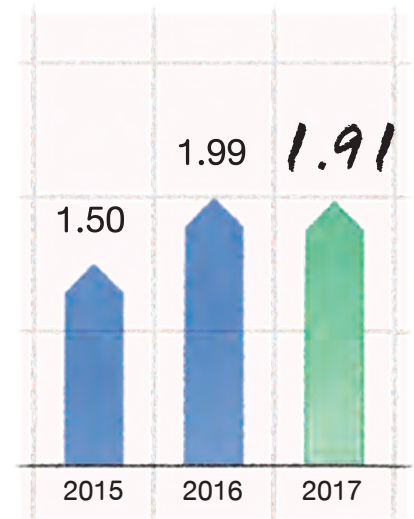
Net Profit (Million Baht) ⁽¹⁾



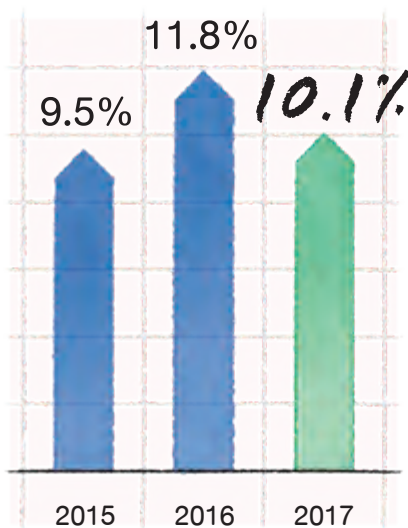
Net Profit Margin ⁽²⁾



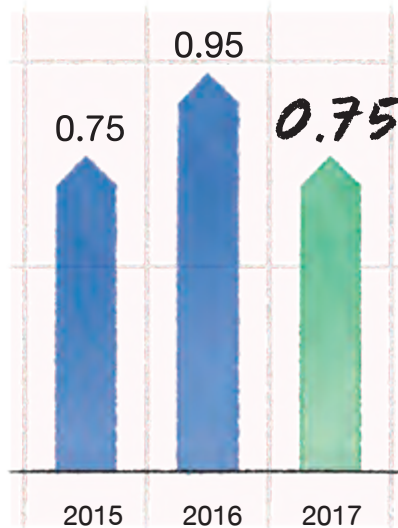
Earnings Per Share (Baht)



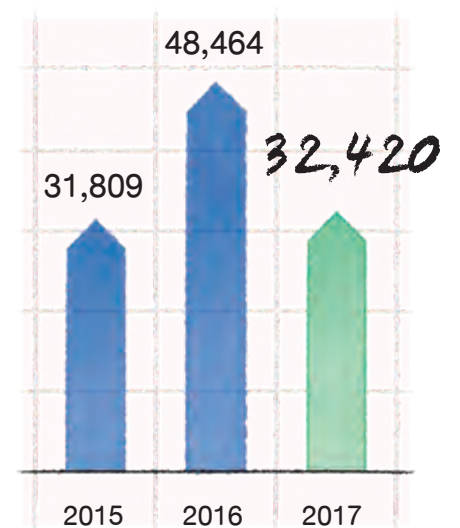
Return on Equity ⁽³⁾



Dividend per Share (Baht per Share)



Earnings Before Interest, Tax, Depreciation, Amortization (Million Baht) ⁽⁴⁾



⁽¹⁾ Net Profit = Profit Attributable to Equity Holders of the Company

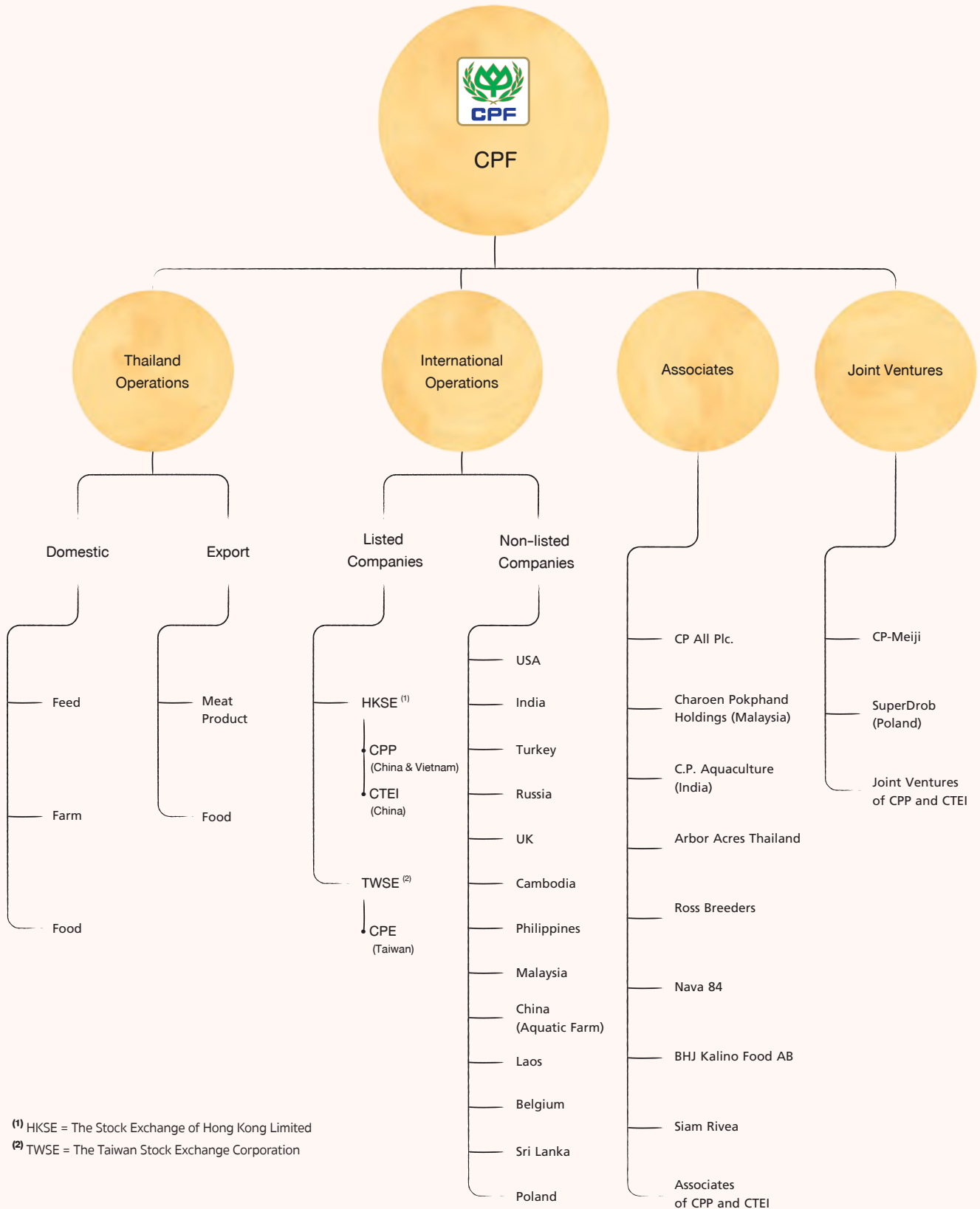
⁽²⁾ Net Profit Margin = $\frac{\text{Total Profit}}{\text{Revenues from Sales of Goods}}$

⁽³⁾ Return on Equity = $\frac{\text{Profit Attributable to Equity Holders of the Company}}{\text{Average Shareholders' Equity Attributable to Equity Holders of the Company}}$

⁽⁴⁾ EBITDA = Revenues from Sales of Goods - Cost of Sales of Goods + Net other Income - Selling & Administrative Expense + Gain (Loss) from Foreign Exchange + Depreciation & Amortization + Depreciation of Biological Asset

Operating Structure

As of December 31, 2017



(1) HKSE = The Stock Exchange of Hong Kong Limited

(2) TWSE = The Taiwan Stock Exchange Corporation

Shareholders

Ordinary Shares

Issued and Paid-up shares

8,611,242,385

As of 31 December 2017

Number of Shareholders

57,048

As of 30 August 2017



Top ten major shareholders

As of 30 August, 2017

	Number of Shares	
1. CPG Group ⁽¹⁾	4,601,817,904	53.44%
2. Thai NVDR Co., Ltd.	538,521,154	6.25%
3. Social Security Office	260,696,800	3.03%
4. GIC PRIVATE LIMITED	246,179,458	2.86%
5. Mr. Prinya Tieworn	90,000,000	1.05%
6. CHASE NOMINEES LTD.	88,800,870	1.03%
7. STATE STREET BANK EUROPE LIMITED	75,339,161	0.87%
8. HSBC (SINGAPORE) NOMINEES PTE LTD	73,629,800	0.86%
9. Ms. Walaiporn Jiraphummin	65,000,000	0.75%
10. THE BANK OF NEW YORK (NOMINEES) LIMITED	44,039,493	0.51%

Shareholders Structure

As of 30 August 2017



Individuals
Thai

18.03%



Individuals
Foreign

0.04%



Juristic Persons
Thai

62.18%



Juristic Persons
Foreign

19.75%

American Depository Receipts

US Stock Exchange:

Over the Counter (OTC)

DR Underlying Share Ratio:

1 DR : 4 Ordinary Shares

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

E-mail:

shrrelations@bnymellon.com

Website:

www.bnymellon.com/shareowner

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

Key Development of 2017

In April 2017

Announced to acquire

100%

of total issued and
paid-up shares of

Westbridge Food Group Limited

Incorporated in England, Westbridge Food Group Limited engages in the sales of meat and ready meal products to customers which are retails, food services and food manufacturers in the United Kingdom and countries in the European Union.

The investment in Westbridge will allow CPF Group to expand its network and distribution channels, food services and food manufacturers in the United Kingdom and the European Union.

<http://www.westbridgefoods.com>

In June 2017

Announced to acquire

95%

of total issued and
paid-up shares of

Paulsen Food GmbH

Incorporated in Germany, Paulsen Food GmbH engages in the sales of meat to customers which are food services and food manufacturers in Germany and countries in the European Union.

The investment in Paulsen Food will allow CPF Group to enhance its import quota licenses for poultry meats and other poultry products to the European Union. Furthermore, CPF Group will obtain network and channels for food services and food manufacturers in Germany and the European Union.

<http://www.paulsen-food.com>





The issuance of Subordinated Perpetual Debentures

In March 2017, CPF issued
Subordinated Perpetual Debentures value of
15,000 Million Baht.

Capital Increase

CPF is approved by its shareholders in
the Extraordinary General Shareholders' Meeting
held on 27 June 2017 to increase its capital through
the allocation of new share to existing
shareholders at the ratio of

**5 existing ordinary shares to 1 newly
issued ordinary share at the offering
price of 25.00 Baht per share**

The proceeds from the capital increase

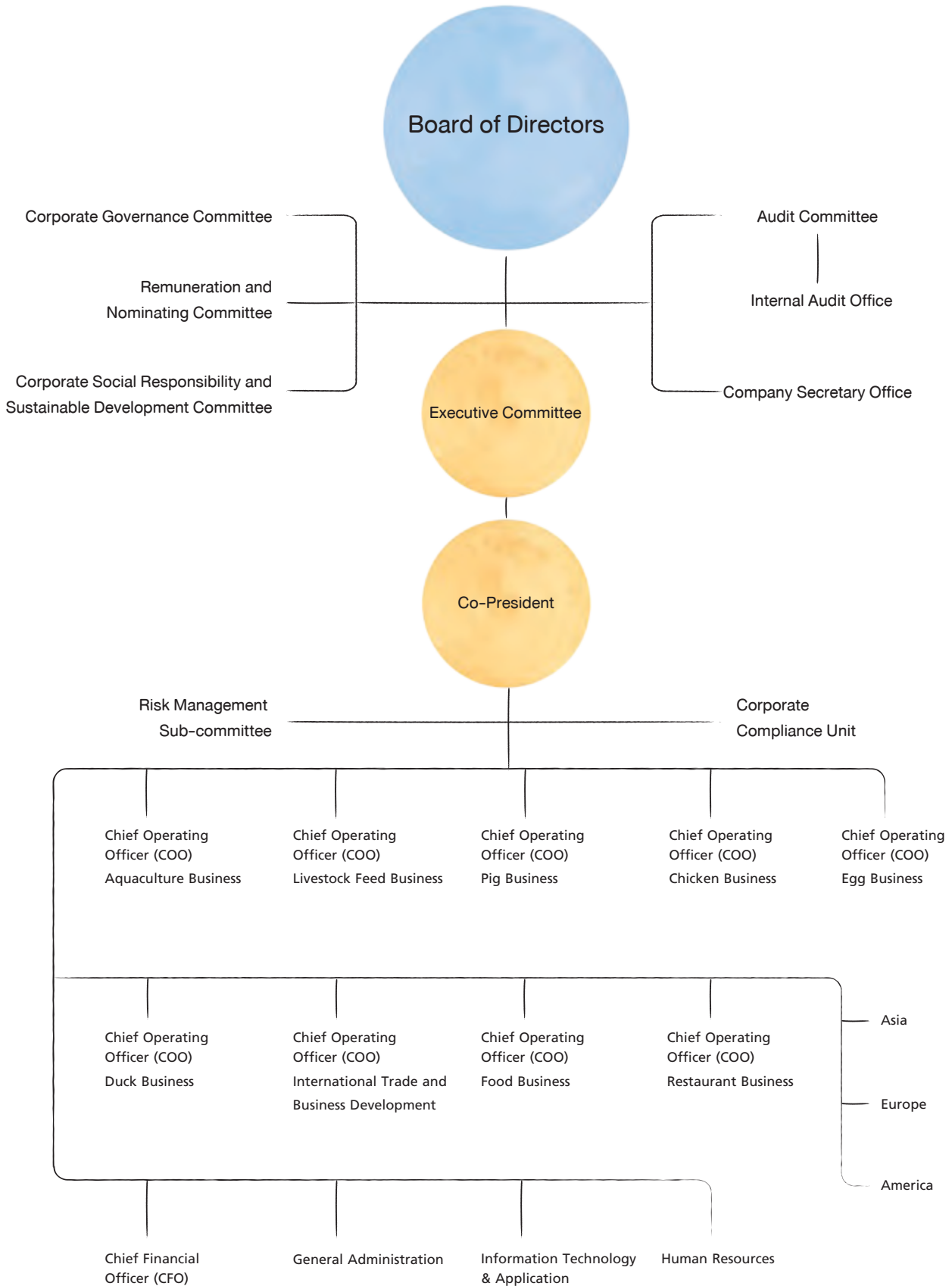
amounted to 21,707 Million Baht

As of 4 August 2017, The Company has
its paid-up capital of 8,611 million Baht

The proceeds have been used to strengthen
the Company capital structure and reserved
for future investment.

Management Structure

As of 31 December 2017



Board of Directors

As of 31 December 2017,

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

- | | |
|---|--|
| 1. Mr. Dhanin Chearavanont
Chairman | 9. Mr. Rungson Sriworasat
Director ⁽¹⁾ |
| 2. Mr. Prasert Poongkumarn
Vice Chairman | 10. Pol. Gen. Phatcharavat Wongsuwan
Director ⁽¹⁾ |
| 3. Mr. Min Tieworn
Vice Chairman | 11. Mr. Phongthep Chiaravanont
Director |
| 4. Mr. Chingchai Lohawatanakul
Vice Chairman | 12. Mr. Pong Visedpaitoon
Director |
| 5. Mr. Adirek Sripratak
Vice Chairman | 13. Mrs. Arunee Wacharananan
Director |
| 6. Dr. Chaigawat Wibulswasdi
Director ⁽¹⁾ | 14. Mr. Sooksunt Jiumjaiswanglerg
Director |
| 7. Emeritus Professor Supapun Ruttanaporn
Director ⁽¹⁾ | 15. Mr. Sukhawat Dansermasuk
Director |
| 8. Professor Dr. Pongsak Angkasith
Director ⁽¹⁾ | |



⁽¹⁾ Independent Director



Executives

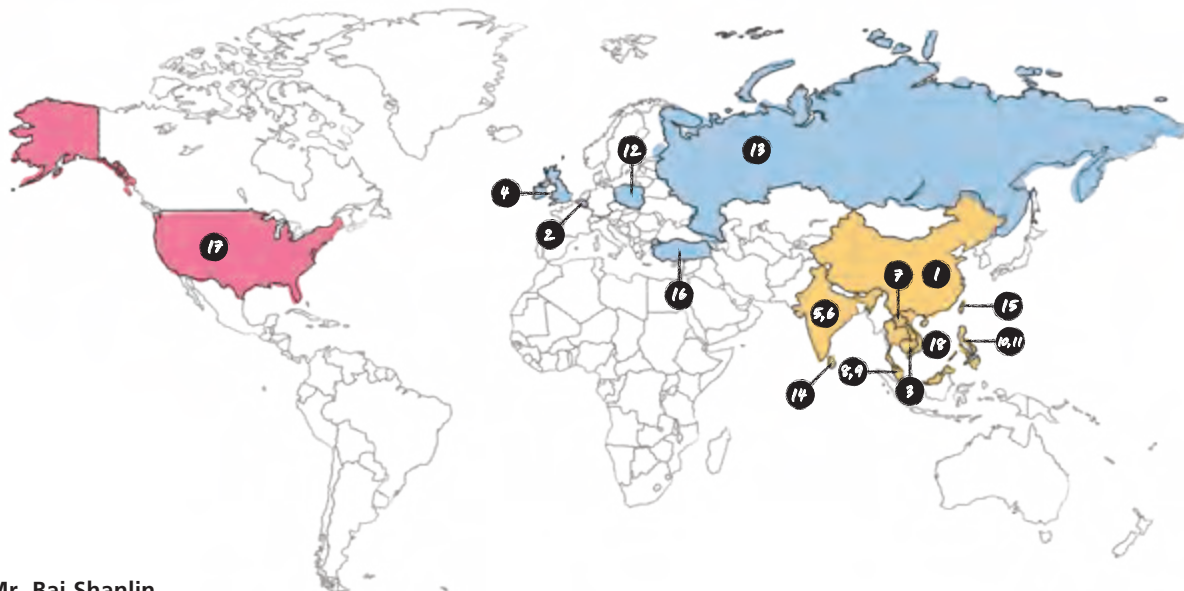
As of 16 February 2018,



1. **Mr. Sooksunt Jiumjaiswanglerg**
Chief Executive Officer (CEO)
Agro Industrial Business and
Co - President
2. **Mr. Sukhawat Dansermasuk**
Chief Executive Officer (CEO)
Food Business and Co – President,
and Chief Operating Officer
Food Business
3. **Dr. Sujint Thammasart, D.V.M.**
Chief Operating Officer
Aquaculture Business
4. **Mr. Teerasak Urunanon**
Chief Operating Officer
Livestock Feed Business
5. **Mr. Somkuan Choowatanapakorn**
Chief Operating Officer
Pig Business
6. **Mr. Virachai Ratanabanchuen**
Chief Operating Officer
Chicken Business
7. **Mr. Pisit Ohmpornnuwat**
Chief Operating Officer
Duck Business
8. **Mr. Sompop Mongkolpitaksuk**
Chief Operating Officer
Egg Business
9. **Mr. Prasit Boondoungprasert**
Chief Operating Officer
International Trade and Business
Development,
and Executive Vice President
Chicken Integration Business
(Bangkok, Minburi and Eastern Region)
10. **Mr. Sathit Sangkanarubordee**
Chief Operating Officer
Restaurant Business
11. **Mr. Paisan Chirakitcharern**
Chief Financial Officer
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. Somporn Jermpong**
Executive Vice President
Pig Business (Central and
Northeastern Regions, Bangkok
Metropolitan and Thonburi
Sale Regions)
15. **Mr. Prapoj Choakpichitchai**
Executive Vice President
Pig Business (Eastern Region,
Bangkok Metropolitan and
Phra Nakhon Sale Regions, Processing)
16. **Mr. Songsak Futrakul**
Executive Vice President
Pig Business (Northern, Western,
and Southern Regions)
17. **Mr. Prasit Chalongchaichan**
Executive Vice President
Chicken Integration Business
(Saraburi, Northern and Central Region)

- 18. Mr. Suchat Sittichai**
Executive Vice President
Chicken Integration Business
(Bangna, Western and Southern Region)
- 19. Mr. Siripong Aroonratana**
Executive Vice President
Chicken Integration Business
(Northeastern Region)
- 20. Mr. Vitit Pootanasap**
Executive Vice President
Aquatic Feed Unit
- 21. Mr. Narek Mangkeo**
Executive Vice President
Agri-Food Business
- 22. Mr. Viboon Supakarapongkul**
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. Nattawat Chunchawuttiyanon**
Executive Vice President
Business Planning Unit
- 30. Mr. Parisotat Punnabhum**
Executive Vice President
Human Resources Unit
- 31. Ms. Patchara Chartbunchachai**
Executive Director and Company Secretary

Executives-International Operations



- 1. Mr. Bai Shanlin**
China
- 2. Mr. Michael Tops**
Belgium
- 3. Mr. Preeda Chuwong**
Cambodia
- 4. Mr. Mark Cheadle**
United Kingdom
- 5. Mr. Wichit Kongkheaw**
India
- 6. Mr. Sompop Mongkolpitaksuk**
India
- 7. Mr. Thamnung Pholthongmak**
Laos
- 8. Mr. Suntipharp Seesuwanship**
Malaysia
- 9. Mr. Yip Kam Toh**
Malaysia
- 10. Mr. Sakol Cheevakoset**
Philippines
- 11. Mr. Soontorn Tuntanatewin**
Philippines
- 12. Mr. Cesar Lipka**
Poland
- 13. Mr. Nutthakrit Sivasri**
Russia
- 14. Mr. Habeeb Mohamed Ziauddin**
Sri Lanka
- 15. Mr. Thong Chotirat**
Taiwan
- 16. Mr. Paradon Jinkunthong**
Turkey
- 17. Mr. Ken Stickevers**
United States
- 18. Mr. Montri Suwanposri**
Vietnam

Awards and Recognitions

In 2017, CPF has been recognized for its operational excellence and Corporate Social Responsibilities from Thailand and International reputable organizations as follow:

Thailand Operations

Awards for Corporate Excellence



- Committee of Collective Action Coalition Against Corruption (CAC) certified the membership to CPF.



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

CPF has been approved as a member of Dow Jones Sustainability Indices, Emerging Markets



- **Brand of the Year 2017-2018 in the category “dog cookie”** won by “Jerhigh” pet food. The Award presentation was held by World Branding Forum at Hofburg Palace, Vienna, Austria.



- **“Thailand Sustainability Investment” (THSI) in SET Sustainability Awards** given to the company which operates its business under Sustainable Development approach on the basis of striking balance between environment, social and governance, along with creating shared value to all stakeholders.



In 2017, CPF has been selected as a member of FTSE4Good Emerging Index in 2017

by FTSE Russell.



CPF ranked number 191st Best Employer among 2,000 Companies in the world

by Forbes Magazine.



- **Prime Minister's Export Awards in the category of "Best Thai Brand"** in large corporate category
- "Jerhigh" pet food received **"Best Green Innovation"** award.



- **Gold medal from innovation jointly developed by True Corporation Plc, Charoen Pokphand Foods Plc, Pangapiwat Institute of Management, Srinakharinwirot University and Chulalongkorn University. "Smart 3T Speed Dx for SMART Farm"** is a testing kit to inspect DNA of diseases in animals firstly launched in pig farm. The award was received from the International Exhibition of Inventions Geneva (Geneva Invention 2017) held in Geneva, Switzerland.



- **TPM Excellence Award Category A from Japan Institute of Plant Maintenance (JIPM)** given to CPF's 7 feedmills, including Had Yai Feedmill, Tha Rua Feedmill, Ratchaburi Feedmill, Khok Kruat Feedmill, Lumphun Feedmill, Sriracha Feedmill and Thankasem Feedmill. This award is given to corporates around the world who successfully implemented **Total Productive Maintenance (TPM) system**.

- **CPF Training Center Co., Ltd is the first company in Thailand who is certified with human resource development standard ISO 9001:2015.** The Company has applied ISO9001 to its consultation of design and develop learning, training services, and e-learning.
- **"Drive Award 2017" in the category of Human** The award presents to company who has outstanding performance in management of human resources under corporate good governance principles. The award is to honor individuals and organizations with outstanding performance and be a prototype in driving social and business of the country. The award is arranged by MBA Chula Alumni Association.

Awards for Corporate Social Responsibility and Environment



- **HRH Princess Maha Chakri Sirindhorn granted royal award to Shrimp Hatchery Eastern II in Trad** for their excellence in labor management and keeping the standard for the longest period. The award was presented in Thailand Labor Management Excellence Award 2017 held by the Ministry of Labor.



- **Thailand Energy Award 2017 by the Department of Alternative Energy Development and Efficiency, Ministry of Energy** - The award is given to the organization that makes a role model for energy conservation and alternative energy development
- **CPF's "Every bite is irreplaceable" commercial advertisement has been selected as an outstanding advertisement for promoting gender equality** by Department of Women's Affairs and Family Development on International Women's day 2017.



- **GLP: Good Labor Practice certificate from the Ministry of Labour** was granted to the Company's broiler contract farmers totaling of 1,296 famers. This helps uplift farm management to meet international standards.
- **CPF's Biodiesel from vegetable oil scheme won the award on biofuel project category at ASEAN Energy Awards 2017.** The award ceremony took place in Manila, the Philippines.



- **Green Industry Award by the Ministry of Industry** - The award is given to 5 CPF's plants, including CPF chicken processing plants (Min Buri, Saraburi and Nakhon Ratchasima), CPF feedmill (Lamphun) and CPF food processing plant (Minburi).

Awards for International Operations



- **“Chargrilled Chicken Fillet” of CP Foods (UK) Limited** is selected by an expert jury at Anuga taste Innovation Show 2017 in Germany, as the food with innovation in terms of safety, high protein, low calorie and fat, being healthy and easy-to-eat food that appeals to new generations who are concerned about health.
- **Worcestershire Apprenticeship Awards 2017**, arranged by Worcestershire Local Enterprise Partnership and Worcestershire County Council, was given to **CP Foods (UK) Limited**, as the company with outstanding apprenticeship program in the medium employer category and overall award to demonstrate the company’s determination in human resource development.



- **Excellence Trade and Service Award**, from the Ministry of Industry and Trade Vietnam, was granted to C.P. Vietnam Corporation. C.P. Vietnam Corporation is the first Thai company proposed for the award.



CDP Hong Kong and South East Asia Awards 2017 in Best Performance across Programs

CDP assessment result in 2017
at Excellent in three categories including:

CDP Climate

as Management (B)

CDP Water

as Leadership (A-)

CDP Forest

as Management (B)

Businesses' Description

Animal Feeds Business

Animal feeds business is a core business which the Company gives importance. The Company has continuously developed innovation for production process to obtain quality animal feeds starting from **considering proper location, selecting quality raw materials, applying proper nutrition formula to meet specific nutritional requirements for**

different types of animal and different life stages, using modern technologies such as computerized system to control production process, **including developing effective logistic system.** At present, the Company's main products include swine feed, chicken feed, duck feed, shrimp feed, and fish feed.



Customers' success in animal farming shall lead to collaborative sustainability of animal feeds business

The Company attaches great importance to **providing technical animal husbandry services and proper farm management to its customers**. These are key factors to promote healthy animals with good feed conversion ratio.

Environmental-friendly swine feed

Animal feeds are key factors which directly affect health and nutrition of animals. Therefore, the Company has continuously given the importance to the innovation of animal feeds production and development of technology on animal nutritional science, has applied proper nutritious formula of animal feeds that are suitable for the needs of animals. The biotechnological products has also been applied to obtain environmental-friendly swine feeds with suitable nutritional value. All these has been resulting in effective production of swine and decreasing cost. The Company has taken account of **minimizing the excess nutrients in excrements**, particularly the quantity of nitrogen which is pollution to the environment, which has enhanced the sustainability in its animal feeds which shall be implemented in the Company's swine farming business around the world.



The feedmills are located covering animal farming areas

The Company directly supplies to large animal farms and distributes through animal feeds dealers. The Company applies **automatic system in the production process to reduce impacts to employees' health**, has developed the production process for **effective use of resources and reduction of environmental impacts**, and has taken care of the **biodiversity** in areas of factories and nearby communities.

The centralized unit to coordinate the purchasing of raw materials used in the production of animal feeds

Regarding the purchasing of raw materials, the Company shall take account of the related criteria including the quality and sources of raw materials which must come from the responsible source in terms of environment and labor. The Company researches and develops substitutable raw materials with equivalent quality for animal feeds production, particularly the use of protein from soybeans and grains instead of fishmeal to reduce long-term environmental impacts.

The Company continuously improves feed quality to meet international standards. Thus, Feed business is well accepted and certified with various Thailand and International standards, including:

- ✓ CEN/TS 16555-1:2013 - Standard on Innovation Management
- ✓ BAP (Best Aquaculture Practices) - Standard on good aquaculture production throughout the production chain starting from aquatic feedmill, farm and processing plant
- ✓ International Fishmeal and Fish Oil Organization's Responsible Supply Chain of Custody (IFFO RS CoC) - Standard on sustainable use of fishmeal

Farm Business

The Company has operated its business of animal breeding and commercial animal farming with main types of animals including swine, broiler, layer, duck, shrimp and fish. The Company has dedicated to developing the animal production process to obtain good and quality products; whereas all production processes are traceable in order to ensure the product standard to consumers.

The first company in Asia that has initiated the carbon footprint project.



The Company has registered carbon footprint labels of products in Thailand with the Greenhouse Gas Management Organization (Public Organization) (TGO), totally 148 items, covering chicken, shrimp, pork, dairy milk and animal feeds products, and accredited with carbon footprint reduction labels (global warming reduction labels) of 4 items of products including fresh chicken meat, live chicken, day-old chick and shrimp wontons (CP Brand).



The livestock farming with the evaporative cooling system

Livestock farming under cooling system in the closed house is equipped with automatic feeding and watering system. The **temperature can be adjusted to make animal feel comfortable and stress-free, and resulting in the proper growth according to potentials of their breeds.** There are also measures for prevention and **control of disease carriers into farms by using computerized system.** The **biogas system** has also been used in swine farms, which is regarded as technology to reduce global warming and to generate electricity for use in farm.

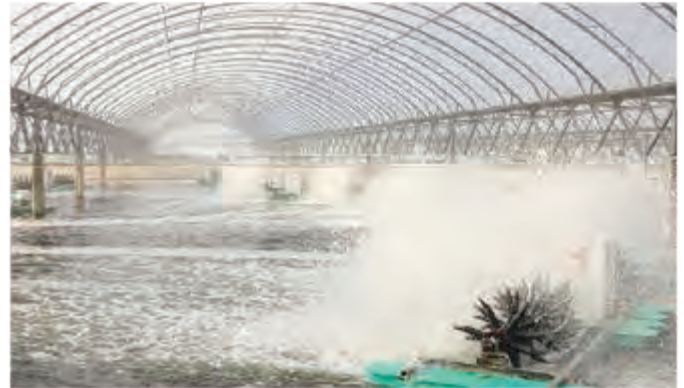
Moreover, the Company has developed patterns of animal farms to **green farms**, and the Company's swine farms are prototype farms which have currently been extended to layer chicken farms and shrimp farms.

In addition to ordinary quality standards that the Company received, the farm business is certified with various Thailand and International standards, including:

- ✓ Genesis G.A.P. - Standard on good animal welfare practices
- ✓ QS Standard – Standard of Germany on quality and safety food production throughout the production chain
- ✓ Green Industry Level 5 - Thailand standard from Ministry of Industry to certify environmentally friendly organization

Taking care of animal welfare concurrently with efficiency of animal farming per area

The animal farming research team has developed the solutions of animal farming based **on the concept of understanding natural behavior** of each type of animals together with having healthy breed and feed with proper nutritional value for each age of animals. The Company has not used antibiotics which are forbidden for animal husbandry under **the Principle of Animal Welfare of the World Organization for Animal Health (OIE) and Standard and Regulations of European Union**, which are taking into account of 5 freedom of animals, i.e., animals must be free of hunger and thirst, free from discomfort, free of pains, injury and disease, free of fear and distress, free to express normal behaviors.



Shrimp aquaculture in closed-housing system at Bang Sa Kao Farm, Chantaburi Province

CPF has conducted researches and development of modern shrimp farming and has founded the farming method in closed-housing system **to control the environment to be proper to the growth of shrimps, and to effectively prevent animal disease outbreaks and disease carriers from outside**, and to increase production per area and to continuously produce clean, healthy and disease-free shrimp throughout the year.

CPF has applied the ultrafiltration technology to the water conditioning process which can filter microscopic germs that are hazardous to aquatic animals before clean water is released into the system, and has used **biotechnology to treat used water** and circulate instead of replacement of water from outside, in order to reduce chances of contamination and to have sustainable and environmental-friendly shrimp culture.

Giving the importance to research and development on improvement of natural breed of animal

Animal breeds of the Company are of quality, healthy and **suitable to farming condition** and, as well as improvement of breeds to added value to its products such as:

- ✓ Develop breed of Tub-Tim fish with good taste, meaty, and free of smell of mud;
- ✓ Develop breed of white shrimp (Vannamei) which are disease-resistant and fast-growing;
- ✓ Develop breed of Kurobuta fattening pig with tender meat and good taste;
- ✓ Develop breed of swine breeder with large litter size, with high-quality meat that has met the market demand.

Food Business





Innovating food products that meet consumers' demand

Apart from the development on its production processes with **modern technology and safety standard throughout the production chain**, the Company has also **built the awareness on its brand** to be accepted for quality and safety. In addition, the Company emphasizes on innovate for food products to satisfy consumers in each region and changing consumers' behavior, including **the development of healthy foods** for consumers' of all age, such as food for elderly people and patient.

Placing high focus on the “food quality and safety”

The Company 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 group of customers, including **the food safety and inspection as well as the community and the environment issues**.

In addition to ordinary quality standards that the Company received, the food business is certified with various Thailand and International standards, including :

- ✓ BRC (British Retail Consortium) – Standard on food safety management
- ✓ ISO/IEC 17025:2005 – Standard on laboratory
- ✓ RSPO Supply Chain – Standard on sustainable palm oil production throughout the supply chain.
- ✓ Halal Certification – Customized standard to certify that the food products has produced along with the Muslims' regulation.

Packaging for convenience with care for the environment

The Company develops packaging for the convenience of consumers while taking care of the environment. The Company is the first one in Thailand to use “**Environmental-Friendly Packaging**”, which is made of Poly Lactic Acid (PLA), to package chilled meat products such as chicken meat and pork. PLA is bio-degradable, natural substance from plant.

Product packages are certified for their safety and suitability for different types of food in accordance with Thailand and international food regulations.

The Company's food products are, therefore, of high quality, fresh, hygienic, contains important nutrients, environmentally friendly and are traceable.

Products for the Thai Market

Fresh foods & Marinated Fresh Foods

Chicken & Marinated Fresh Chicken



Pork & Marinated Fresh Pork



CP-Kurobuta Pork



CP-Kurobuta Pork Fat



Fish & Marinated Fresh Fish



Duck





Ready & Light Meals



Vegetarian Meals
"Smart Meal"



Eggs

Ready Healthy Meals
"CP Balance"



Processed Eggs



Sausage & Ham



Premium Sausage "Bucher"



Appetizers



Bakery



Ready Meals for International Markets





Export Products



Food Retail Outlets

To make the products more conveniently accessible, the Company **has developed the distribution channels, as well as promotes career opportunity for society**, by developing sales points as follow:



Five Star Business



Five Star, that the Company has been operated for more than 30 years, is job creation project to promote quality products for customers to access clean, safe and hygienic foods with affordable price.

Entrepreneurs will 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 steps.

Nowaday, there are 6 types of Five Star kiosks, the roasted chicken kiosk, the fried chicken kiosk, the Hainanese 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.

There are

more than 5,500 outlets

in Thailand and Overseas.

As of 31 December 2017

Chester's (Quick Service Restaurant)



DELIVERY 1145

With the passion and commitment to offer creative and 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

There are

198 Chester's restaurants

in Thailand.

As of 31 December 2017

CP Freshmart



This is a retail stores that focus on cooking ingredients, fresh food products, cooked, ready meal and dry foods, under the standard of CP Brand, CP Freshmart Brand, and other leading brands.

There are

425 Stores

As of 31 December 2017

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. As of 31 December 2017, there are 7 branches of CP Food World in Thailand at Siriraj Hospital, Chulalongkorn Hospital, Panyapiwat Institutes of Management, Thammasat University – Rangsit Campus, the Government Complex - Chaeng Watthana, Fortune Town Shopping center, and Chakri Naruebodindra Medical Institute.

In addition, CP Food World offers catering services and food service for patients.

CP Kitchen



CP Kitchen is a quick service restaurant, operated under the concept of “Fresh, Full, and Fair price”.

CP Pork Shop



The CP pork shop is to support community with fresh, hygienic, safe and free of beta-agonist. It also provides career and increases income to entrepreneurs.

There are

over 2,000 Shops.

Jaosua Roasted Duck



Food business that encourage new generation who wish to be a business owner, with the concept of “Low Investment, Self-Employed, Realizable Profit”.

By operating as a franchise with quality and great taste, Jaosua Roasted Duck is well accepted from customers and expanded branches rapidly.

There are

45 Outlets.

CP Sef



CP Sef is retail business selling the Company's products in Turkey.

There are

100 Stores

As of 31 December 2017

Chozen Noodle



CHOZEN NOODLE

Quick service restaurant serving quick Asian meal in the format of food kiosks under the concept of convenience, hygienic and affordable price.

International Operations

① China

Integrated Livestock Business

Invested in 2012 through 50.43% holding in C.P. Pokphand Co., LTD (CPP), a listed company on the Stock Exchange of Hong Kong (HKSE:0043). The business includes the production and distribution of feed, poultry farming, and ready meal products.

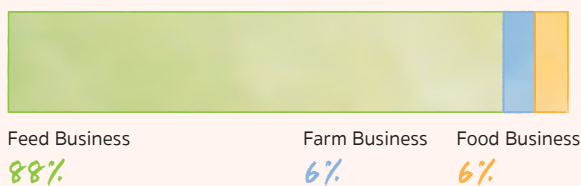
Aquaculture Business

Invested in 2002 through 100% holding in C.P. Aquaculture (Dongfang) Co., Ltd and C.P. Aquaculture (Beihai) Co., Ltd., engaging in aquatic feed and aquaculture farm business. CP Pokphands Co., Ltd. has also been engaging in production and distribution of aquatic feed.

In 2017, revenues from sales from China operations was

124,370 Million Baht
24.8%

of the Company's revenues from sales



② Vietnam

Invested in 1993 through 64.89% holding in C.P. Vietnam Corporation.

Integrated Livestock Business

Consists of livestock feed business, swine business, poultry business, ready meal and five star business which is food outlet in franchise format.

Integrated Aquaculture Business

Consists of aquatic feed, aquaculture farm and ready meal business.

In 2017, revenues from sales from Vietnam operations was

64,820 Million Baht
12.9%

of the Company's revenues from sales





3 Taiwan

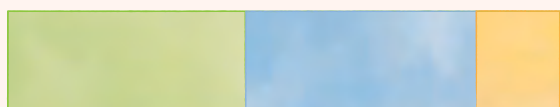
Integrated Livestock Business

Invested in 2009 through 32.68% holding in Charoen Pokphand Enterprise (Taiwan) Co., Ltd, a listed company on the Taiwan Stock Exchange (TWSE:1215), engaging in livestock feed, swine farm, poultry farm, and ready meal business.

In 2017, revenues from sales from Taiwan operations was

21,467 Million Baht
4.3%

of the Company's revenues from sales



Feed Business **44%** Farm Business **42%** Food Business **14%**



4 United States of America

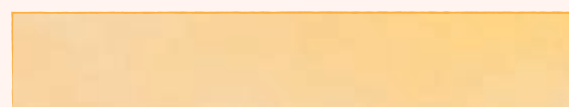
Ready Meal Business

Invested in 2016 through 100% holding in Bellisio Investment LLC, engaging in production and distribution of frozen ready meal business in the United States of America and Canada.

In 2017, revenues from sales from US operations was

21,344 Million Baht
4.3%

of the Company's revenues from sales



Food Business **100%**





5 India

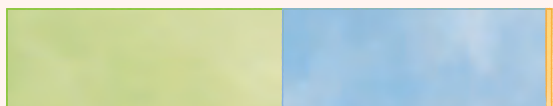
Integrated Livestock & Aquaculture Business

Invested in 1996 through 99.99% holding in CPF (INDIA) Private Ltd., engaging in livestock feed, broiler farm, ready meal business, five star business, aquatic feed, and aquaculture farm.

In 2017, revenues from sales from India operations was

19,511 Million Baht
3.9%

of the Company's revenues from sales



Feed Business	Farm Business	Food Business
50%	49%	1%



6 Turkey

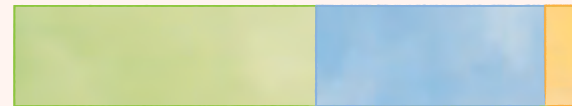
Integrated Chicken Business

Invested in 2004 through 100% holding in C.P. Standart Gıda Sanayi ve Ticaret A.S., engaging in livestock feed, broiler farm, and ready meal business.

In 2017, revenues from sales from Turkey operations was

15,255 Million Baht
3.0%

of the Company's revenues from sales



Feed Business	Farm Business	Food Business
55%	41%	4%



7 Russia

Livestock feed and farm business

Invested in 2006 through 99.99% holding in Charoen Pokphand Foods (Overseas) LLC., engaging in livestock feed and swine farm

Invested in 2013 through 75.82% holding in Russia Baltic Pork Invest ASA, engaging in livestock feed and swine farm

Invested in 2015 through 79.99% holding in CJSC Poultry Parent Stock Production Woyskovitsy and CJSC Poultry Production Severnaya, engaging in chicken feed, broiler farm and basic meat processing.

In 2017, revenues from sales from Russia operations was

14,316 Million Baht
2.9%

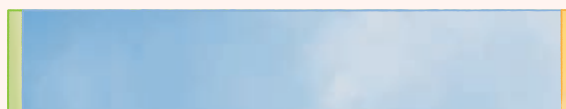
of the Company's revenues from sales

Others

CPF Group operates livestock and aquaculture business in others countries namely, the United Kingdom, Cambodia, the Philippines, Malaysia, Laos, Belgium, Sri Lanka and Poland.

In 2017, revenues from sales from other operations was

equal to 8.4%
of the Company's revenues from sales



Feed Business
2%

Farm Business
97%

Food Business
1%



Innovation for Sustainable Growth

“Innovation” is one of the Company’s core values. In 2017, the Company has brought the concept of **“Moving forward with social careness and technology creation for sustainable development”** to drive the organization towards sustainable growth in all dimensions including economic, social and environment aspects. To achieve these concept, the working processes and business patterns have been improved to keep up with rapid global changes. The innovation has included the employee engagement, social investment to

reflect social change and the invention of product that meet local consumers’ demand aspects. In addition to the enhancement of motivation and atmosphere for job development, the Company has also promoted the creation of network cooperation both internal and external to establish “Innovative Organizational Culture” that added value of innovation and continuous encourage the innovation throughout the supply chain. The resulting of integration from all sectors are some innovative products in 2017, as follows:

“Smart Meal” Healthy Food Products



At present, most consumers has been concious on their health and has given higher interest in healthy food. Therefore, the Company has developed healthy food under “Smart Meal” brand, with the concept of **“Taking Food as Medicine”** that consumers should be able to enjoy good tastes and good health. Then, the vegetarian foods has been developed by selecting quality natural ingredients such as egg white, tofu, variety of nuts and mushroom instead of meat, including premium quality seasonings such as using “flowers of salt” to give saltiness, using “coconut sugar” to give sweetness and using “coconut oil” for good health of consumers.

Chargrilled Chicken Fillet



This ready meal product from CP Foods (UK) Limited was awarded by the Food Innovation Expert Committee of Anuga Taste Innovation Show 2017 as the innovative food **in terms of quality, safety, high protein, with low calories and fat**. The product was developed from high-quality chicken fillet, cutting into small pieces and grilled with charcoal from sustainable sources mixed with the proper selected seasonings. Therefore, this product is health-friendly and convenient food ideal for new generations who care for their health and environment.



pudding Chicken Bites

Innovative product from UK by **adapting Pudding** which is a dessert to be a main course by using bite-size chicken coated with bread crumb topped with gravy sauce, making a taste of “crispy and soft” with smell of spices. This menu has satisfied consumer needs for convenience and for short time cooking and has been popular among UK consumers particularly during festive seasons.



Deep Fried Fish with Herbs and Spicy Source with Rice

Chilled box lunch that the Company **applies the frying technology with microwave pasteurization which is the latest technology in Thailand**, to maintain fried foods in good condition. It also developed a special recipe of chili sauce from selected raw materials. Therefore, “Deep Fried Fish with Herbs and Spicy Source with Rice” has become a very popular menu among consumers.



BKP Black Jelly Mushroom Drink

Black jelly mushroom has been well known for its medicinal properties such as immunity boost-up and reduction of inflammation, as a result of the substances contained therein namely Polysaccharides and Beta Glucan. Therefore the Company has developed the mushroom into packaged healthy drink with safety production process and improvement of taste for simple consumption, good for health and ideal for people of all genders and ages.



Easy Egg Tart

Frozen Easy Egg Tart is a result of collaboration between the Company and its business partner. This product is developed from pasteurized liquid egg. When cooked, this product tastes similar to freshly made egg tart. This menu has been a new dimension of bakery industry in Thailand. It's suitable for entrepreneurs in terms of convenience and cost control, while the egg tart be delicious as customer expected.

Corporate Social Responsibility towards Sustainability

The company specifies the Corporate Social Responsibility (CSR) to be one of the key strategies of sustainable business operation. Policy and Strategic Direction of the CSR to sustainability have been implemented under the 3 main pillars: **“Food Security, Self-Sufficient Society, and Balance of Nature”** on the basis of **good corporate governance** and **the personnel development** according to the ESG (Environmental, Social, and Governance) to provide the appropriate return to shareholders, good hygiene of consumers, security and happiness of employees, business partners and communities. At the same time, the Company preserves natural resources and the environment which are the costs of economic and social development, both in the present and in the future.

In addition, the Company continues to drive its corporate social responsibility towards sustainability in line with the universal principles of UN Global Compact's which covers human rights, labor, environment and anti-corruption. The Company also **supports 10 out of 17 goals of the Sustainable Development Goals (SDGs)**.

At the same time, the Company has participated in a number of international cooperation projects, such as **the Seafood Business for Ocean Stewardship (SeaBOS) Program** to produce the seafood that is responsible for both society and the environment; **the Food Reform for Sustainability and Health (FReSH) Program** to reform the food production systems that are sustainable and concerned with good health; and **the Global Dialogue on Seafood Traceability Program** to set the framework for a guideline for traceability of seafood throughout the supply chain.



Food Security

The Company is committed to providing quality products sufficient to the needs of customers and consumers with increasing numbers through a variety of distribution channels, and communicate the accurate and sufficient product information for their decision making. These are to create the ability to access the quality products and well-being, together with social and environmental balances for food security.

Part of our dedication in 2017

We are dedicated in research and development on management according to the international standards, the quality control and inspection throughout the value chain, the promotion of good nutritional access and the continuous communication with consumers.

Enhance quality and safety throughout the Value Chain

The company pays the highest attention to the food quality and safety throughout the process from the raw material selection, feed production, animal farming, food production, packaging and transportation to the consumer.



CPF Food Standard

In order to create quality and food safety standards throughout the Company's entire production process to be the single system around the world:

- Collaboration with the British Standards Institution (BSI)
- Integrate the international standards such as ISO9001, GMP, HACCP, BRC (British Retail Consortium), QS Quality Scheme for Food (QS)
- Pilot in broiler and duck business, then expand to cover all business in Thailand by 2018 and the International operations by 2020

Products for Better Health

To promote better health of consumers and to respond to the needs of consumers of all ages:

- Declared the Principles of Product Development for Better Health or CPF Healthier Choice Principles
- Developed healthier and better well-being products for consumers equivalent to 20.83% of all new products of Thailand operations

Product Traceability

To promote food safety in fresh chicken eggs and pork products to consumers in Ho Chi Minh City.

- Participated in food safety traceability program via QR Code using the TE Food System of the Ho Chi Minh Commercial Department to inform the consumers the sources of the fresh chicken eggs and pork products and to assure the consumers the safety of the products.
- Established the Traceability System for pork products in January, 2017 and fresh chicken eggs in September, 2017

Animal Welfare

To foster animal well-being and comfort without any suffering during the course of husbandry in accordance with their right which is an important element of Responsible Farming and Food Production.

Progress of Animal Welfare in 2017

- Supervision: The Animal Welfare Committee is appointed to set policies, targets and plans, including to monitor and follow up the overall performance
- Policy: Declared the vision of Antimicrobial Use in Animals that covers all countries where the Company has invested and the animal welfare policies in line with the International Guidelines or the Five Freedoms of Animal Welfare
- Practice: Setting the long-term goals for animal welfare

Promoting Food Accessibility

The quality of the population that will propel the country in the days ahead starts with children and young people with good life quality today. Getting complete and adequate nutrition will help the children's bodies grow to full potential. The

Company is committed to promoting food accessibility among children and youths to contribute to the relief of malnutrition in the country, and to encourage children and youths to develop appropriately according to their ages.

Promotion of Food Accessibility in Children and Youths

More than **222,000**
children and youths
in more than
690 schools
in Thailand



“Raising Layer for Student’s Lunch Project” for children in remote area



“CPF Growing Happiness, Growing Futures Project” for children surrounding the Company’s facility



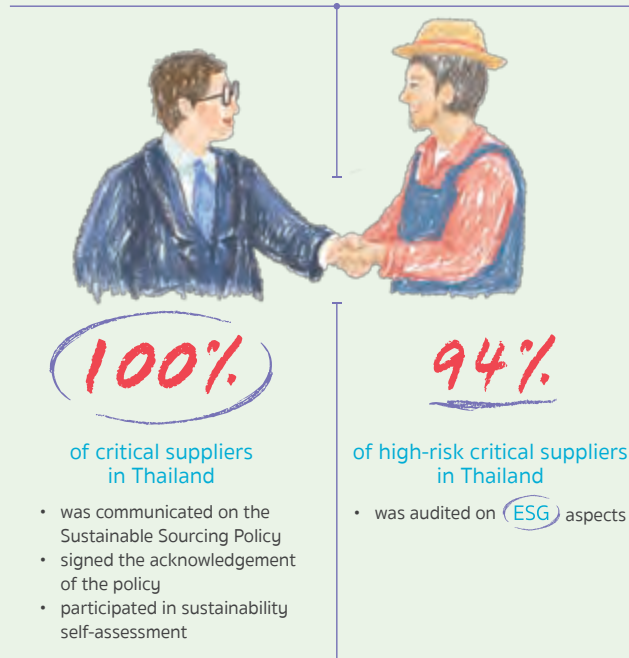
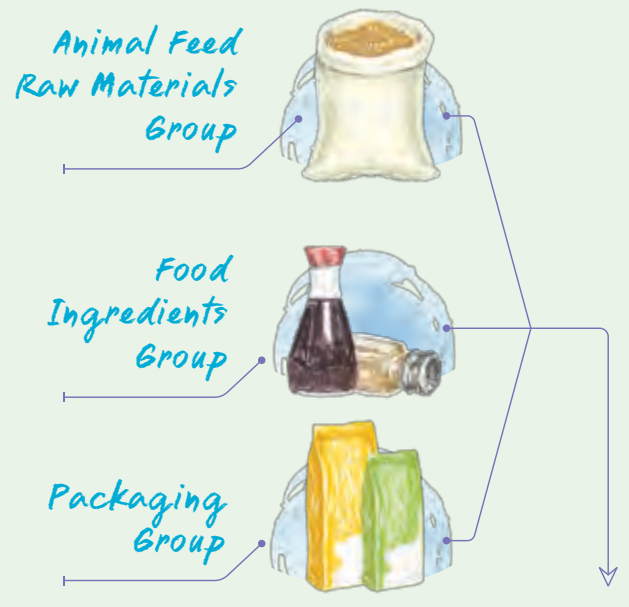
“Open the World of Learning Project” for children nationwide

Self-Sufficient Society

The Company places its importance on the social development in a holistic manner, on the basis of collaboration that promotes learning of essential knowledge and skills. With responsibility towards society and environment, the Company also develops economy and promotes well-being.

Develop business partners to grow together

The Company believes that the creation of growth, the drive for the excellence and the establishment of a secure foundation under the vision of “Kitchen of the World,” must be based on a systematic social and environmental responsibility throughout the business processes and its business partners. Since 2015, the Company has begun sharing its responsible business practice guideline through communications and training on Sustainable Sourcing Policies and Supplier Guiding Principle, including self-assessments on sustainability in environmental, social and corporate governance dimensions for business partners (Environment, Social and Governance: Supplier ESG Self-Assessment). Up until now, the policy has been assigned to more than 7,300 business partners of Thailand and Vietnam operations in 13 product groups.



Part of our dedication in 2017

Responsible and Sustainable Sourcing

In order to protect natural resources of the sea and forest, and to prevent human trafficking and forced labor in agriculture and fishery industry, the Company commits to source agriculture raw material responsibly and sustainably,

by encouraging the collaboration of business partners and support collaborative network with alliance with all sectors including government, private sector, and community.



Corn

100% of corn in Thailand has been procured under the Corn Traceability system developed by the Company since 2016. It can be traced back to the cultivation areas where the land title is legally documented. And there are no invasion of the forests.



Fishmeal

100% of fishmeal sourced and used in Thailand since 2015 has come from the sources certified with IFFO RS Standard, which is the best international standard for sustainable fishmeal and fishoil production at present.



Palm Oil

The Company is in the process of developing a traceability system of palm oil for the animal feed production and is expecting to use it in 2018. Currently, 89 % of palm oil used in the food business in Thailand is procured from the certified sources for sustainable palm oil production or Roundtable for Sustainable Palm Oil (RSPO)



Soybean

23.4% of soybean for feed production in Thailand comes from responsible sources. The Company has piloted a sustainable soybean meal supply system in partnership with AG Processing Inc. or AGP, the largest cooperative soybean processing company in the United States since 2016.



Cassava

The Company is in the process of developing a traceability system of cassava and is expecting to use it in 2018.

Commitment in responsible supply chain management is not only limited to the supply chain in which the Company operates its businesses, but the Company also realizes its role to uplift the supply chain at the industry level, by supporting and participating in:

“The Thai Sustainable Fisheries Roundtable or TSFR”

since 2013 to develop a Fishery Improvement Plan (FIP) in the Gulf of Thailand and the Andaman Sea.

“Seafood Task Force”

since 2014 to develop and drive the use of the traceability system and the proper use of labor in accordance with international standards as well as the supply chain of Thai seafood.

CPF Supply Chain Sustainability Audit

To ensure that the key business partners conduct their business on a responsible basis and to build the long-term business relationships:

- Assess the sustainability audit of key business partners in the groups of feed raw materials, ingredients, and packaging, by the independent outsourcing agencies and / or internal unit based on the Sustainable Sourcing Policy and Supplier Guiding Principle, totally of 28% of key business partners of Thailand operations
- Plan to complete the audit of key business partners in 2020

“Fishermen’s Life Enhancement Center”

since 2015 to reduce and eliminate illegal labor in fishing vessels

CP Vietnam Supply Chain Sustainability Conference 2017

To support sustainable business operation and create awareness on the importance of sustainability

- Communicate to all key business partners (100%) in the groups of feed raw materials, ingredients and packaging on the Sustainable Sourcing Policy and Supplier Guiding Principle
- Plan to complete the assessment of key business partners in 2020

Promotion of the quality of life of the communities.

The Company places its importance on promoting career and quality of life of the farmers and the small entrepreneurs including the communities around the Companies under the strategy of “4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)”

In 2017, the Company has participated in the promotion of the career and quality of life of more than 36,180 farmers and small entrepreneurs in Thailand including communities around the Companies, through the implementation of Contract Farming, Five Star Business, Community Freezer, CP Pork shop, Self-Sufficient Farmers-Sustainable Corn, Well-being Promotion Project for the Communities around the Companies, and Agricultural Occupation Promotion Project for Small Farmers.



Balance of Nature

Crises and changes in the natural resources and the environment are increasingly intense and take place more frequently. These can both directly and indirectly affect food security, quality of life of the people in society and business continuity.

For this reason, the Company is committed to conducting its business activities by taking into account the negative impact on the environment throughout the process and the creative activities that lead to a positive impact.

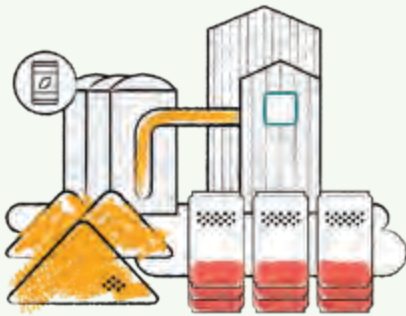
Environmental Impact Mitigation

The Company is constantly striving to improve, build upon and develop its operations in terms of process and product to preserve the natural resources,

which are a significant cost to drive the economy and social development.

Part of our dedication in 2017 in Thailand

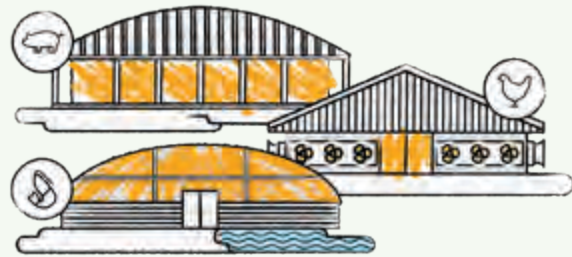
Feed



Bulk Feed Tank - Introduction of bulk feed tank to replace plastic feed bags.

- Reduced the use of plastic bags 8,755 tons
- Equivalent to greenhouse gas reduction 17,000 tons

Farm



Green Farm – The use of swine manure from all swine farms of the Company to produce the bio-electricity

- Replacement of electricity purchase 53% per year
- Equivalent to reducing greenhouse gas emissions 284,005 tons of carbon dioxide equivalent per year

Extension of Production of biomass electricity from Swine Manure to Chicken Manure

- Reduced the use of electricity totally 6.99 megajoules
- Equivalent to a reduction in greenhouse gas emissions of 13,087 tons of carbon dioxide equivalent per year

Implementation of Reverse Osmosis (RO) process for wastewater treatment in Pathio Shrimp Genetic Improvement Center*

- Reduced the use of fresh water 0.18 million cubic meters per year
- Reduced the salt water consumption from natural sources 0.44 million cubic meters per year

*based on natural method

Food



Air Chiller System to replace Water Chiller system in order to reduce the temperature of chicken carcasses for the first time in Thailand in 2011

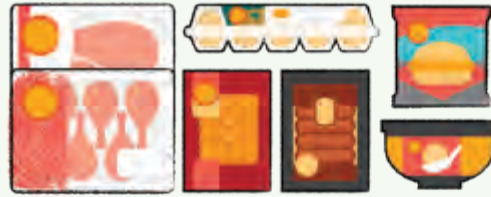
- Reduced water usage up to 521,400 cubic meters per year
- Reduced energy usage up to 1.82 million megajoules per year
- Equivalent to a reduction in greenhouse gas emissions of 3,403 tons of carbon dioxide equivalent per year

Protecting biodiversity

The Company recognizes the importance of natural resource bases that support and balance living and business operations sustainably. Therefore, the Company is committed to protecting biodiversity starting from raw material procurement, selection of the company location, production, to the participation of the upstream resource conservation which is an important factor for the agriculture and food industry.

In 2017, the Company continued to operate “Grow – Share - Protect” mangrove forestation project for the fourth consecutive year, in cooperation with the Department of Marine and Coastal Resources, Biodiversity-Based Economy Development Office (Public Organization) or BEDO and civil society networks. The Company also continued the “CPF Rak Ni-Ves” Project for PaSak watershed and Khao Phya Doen Tong Ecology Conservation for the second consecutive year, in cooperation with the Royal Forest Department, Thailand Greenhouse Gas Management Organization (Public Organization) or TGO, BEDO and civil society networks, in order to protect the biodiversity of the mangrove and upstream forest in the strategic areas of Thailand and support Thailand in implementing the Convention on Biological Diversity which will be implemented by the European Union in 2020.

Responsible Packaging



Designed packaging to reduce the environmental impact

- Reduction of plastic and paper usage in the production of packaging totaling of 185 tons in 2017 or more than 2,315 tons from 2007 to 2017



Up to now, the results of the project implementation in Thailand is an increase in the new plantation area along with the conservation and restoration of existing forest areas, totally 5,969 rai from the target of 9,000 rai by 2020. They also helped to store greenhouse gas 7,468 tons of carbon dioxide equivalent

Remark: Results of “Corporate Social Responsibility towards Sustainability of 2017” are exhibited in the 2017 Sustainability Report

Corporate Governance

In 2017, CPF Corporate Governance was evaluated at “Excellent” level, by the Thai Institute of Directors Association. (IOD)



In addition to the “Corporate Governance Policy” disseminate to directors, executives, and employees to be aware and bring into practices in every level of the Company. The Corporate Compliance Office was established 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.



1. Rights of Shareholders

The Board of Directors 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 have 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.

Administration of Subsidiaries and Associates

The Company 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 2 work plan meetings per year, in addition to monthly performance reporting system.

Protection of the use of insider information

The Company has a policy on the management and 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.

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 31 December 2017, the Company's Board of Directors comprised 5 independent directors, 5 executive directors, and 5 non-executive directors.

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 has become a member of 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.

Employee Engagement

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 as well as **developing**

skills and promoting learnings throughout the period of work to obtain “**talented and great personnel**” and adhering to the corporate values of “**CPF Way**”, creating 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)

126,341

Total employees and workers of CPF and subsidiaries as of 31 December 2017

*Bearing 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 including 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 has also provided its succession plan to support the job enlargement and replacement in case of vacancies together with the talent management in order to provide opportunities for employees to express their potentials and to step up to leader positions in the future and to develop local personnel in terms of professional skills and leadership skills to support local personnel to step up to executive positions.

The Company has its policy to offer total remunerations and welfare to its employees at competitive level to the Labor market, particularly to the leading industries on the basis of consideration of short-term and long-term operating results of the business, including the work performances of employees; in order to develop CPF Group as an “Employer of Choice”.

*Bearing towards
“Company with leaders and
professionals”*

For conformity of the Company's personnel development with the international system, the Company has focused the development through an international learning (10-20-70 Development Impact) and has continuously developed training courses. Employees are assigned to adapt the knowledge learnt with real work through the coaching and consulting from the superiors, or assigned with trainers to discuss on the application of the knowledge to real work or extension projects, including continuous follow-up of results. Finally, the employees adapt the discussions on the practical operation so that employees shall have experiences and shall use knowledge and skills for concrete results, in order for the Company to obtain talents with capabilities to achieve their personal goals and the organization's goals in each area of the development process.

*Promoting CPF Group as
“Home of Happiness”*

The Company determines to operate the businesses on the basis of respect of human rights, by applying standards and processes to promote employee treatment according to international principles within the organization. The Company arranges its working environment to be safe for all employees to create CPF Group as “Home of Happiness”. The Company focuses on:

- **Respect of Human Rights and Labor's Quality of Life**

With its awareness of importance of respect of human rights, the Company has issued its **human rights policy and employment and Labor management**



policy in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and the International Labor Organization (ILO).

The Company announced its appointment of the Committee for Support and Promotion of Thai Labor Standard System (TLS8001-2010) in order for the Company to have labor management standards that meet international standard.

In 2017, the Company, **in cooperation with the Labor Rights Protection Network Foundation (LPN), has signed the Memorandum of Understanding on Establishment of Labor Voices** to improve efficiency in creation of participation of all CPF employees by giving opinions and recommendations and notifying complaints through neutral organizations and leading to the development of quality of life of Labor.

- **Promoting Labor Practices in Supply Chain**

The Company places importance in respect for human rights not only in the workplace but also for Labor in the supply chain. The company delivered 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. It has been employed with critical supplier groups and will continue to expand to other sets of business partners.

- **Reinforcing Cultural Diversity**

The Company has envisaged the value and benefits of using different ideas, skills and experiences of personnel as major forces in business extension and

propelling, creation of innovation and having excellent operational performances. Therefore, the Company has prescribed policies or practices which promote the diversity within the organization such as **policy on diversity management and acceptance of differences, policy on employment and Labor management, and policy on non-discrimination and non-harassment** in order to prevent and protect employees at all levels.

The Company has also supported activities or facilitated foreign workers in the issue of language barrier such as posting up of notices and providing interpreters for foreign workers in workplaces; and some workplaces have also provided opportunities for foreign workers to participate in the Welfare Committee in the workplaces to give recommendations in the points of view of foreign workers.

- **Enhancement of workplace safety and happiness**

The Company has given importance to safe working environment to its employees at all workplaces and has **aimed to reduce statistics of work-related accidents to “zero”** by means of dissemination of knowledge and creation of understanding on occupational health and safety to employees since the first date of employment through activities that continuously promote “work and life balance” of employees, and the Company has announced **its vision, mission and policy on occupational health and safety, environment and energy** as operational guidelines throughout the organization.

Risk Management

The Company realizes the importance of risk management and set up the systematic risk management at enterprise wide and at business unit level. There has been a regular training and workshop for executives and employees to be aware of risks arising from factors both outside and inside the company, and to understand how to manage the risks. These are to support good corporate governance and enhance the Company achieves its objectives and goals.

In 2017, top executives of the Company has taken the class of Risk Management Program for Corporate Leader (RLC) by Thai Institute of Director. The course allows the Company's executives to understand various type of risks to which the Company should pay attention. The executives also learnt how to govern and manage opportunity and potential crisis that could happen to the Company, in order to define strategy and drive the Company towards its goal.



Risk Management Framework

1. Principle

The Company has managed its risks in an enterprise-wide. Risks management is assigned as a duty of personnel at all levels, and were part of the culture of the organization.



3. Risk Management Process

The Company has provided the risk management process consisting of Risk Identification, Risk Assessment, Residual Risk Management, and Follow-up and Reporting of risk assessment to the Executive Committee and the Audit Committee for at least once a year. Risk management of the Company is implemented at organization and business unit level, as well as taking into account the relation of risk factors and causes, in order to be able to define risk management guideline more efficiently.

2. Structure and Responsibilities

The Company has appointed the Risk Management Subcommittee responsible for consideration of the overall risk factors of the Company as well as prescribing guidelines for risk management in cooperation with all related units as risk owners in supervising and managing risks under their responsibilities to be at a level acceptable to the Company. The Risk Management Subcommittee, consisting of executives from business units and key management from support functions, shall organize meetings at least on a quarterly basis and report to the Executive Committee and the Board of Directors, respectively.

4. Creation of Culture on Risk Management





The Company defines risk management as part of corporate strategies, and has used risk management as part of the working process from design of process to implementation. Each business unit has set risks as agenda in its meetings in order to create continuous communication and management of risks between executives and operators.



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