



Charoen Pokphand Foods Public Company Limited

Sustainable... Kitchen of the World

Sustainability
Report 2018



Food
Security



Self-Sufficient
Society



Balance of
Nature





*We commit to produce
"Sustainable Foods"
that are good for you,
and good for our planet,
at once.*

OUR SECRET RECIPE FOR SUSTAINABILITY

OVERVIEW

- 02. CPF at a Glance
- 06. Message from the Executives
- 08. 2018 Highlights
- 09. Awards and Recognition



SUSTAINABILITY AT CPF

- 13. Sustainability Strategy
- 14. Sustainability Targets and Performances
- 16. CPF's Sustainability Journey
- 17. Sustainable Development Goals (SDGs)
- 18. Outcomes of the Materiality Assessment 2018
- 20. New Significant Sustainability Issues Management in 2018
 - Responsible Marketing and Labeling
 - Animal Welfare
 - Packaging Management



GOVERNANCE TOWARDS SUSTAINABILITY

- 34. Governance towards Sustainability, Risk Management, and Compliance



PEOPLE DEVELOPMENT

- 42. People Development



FOOD SECURITY

- 57. Enhancing Quality and Food Safety throughout the Chain
- 61. Improving Food Access



SELF-SUFFICIENT SOCIETY

- 69. Developing Win-Win Partnership
- 78. Supporting Community Livelihood



BALANCE OF NATURE

- 91. Reducing Environmental Footprints
- 95. Protecting Biodiversity



APPENDICES

- 102. About this Report
- 107. Performance Summary
 - People
 - Occupational Health and Safety
 - Environment
- 115. GRI Content Index and UN Global Compact
- 124. Assurance Statement



CPF AT A GLANCE OF... BUSINESS OVERVIEW

1

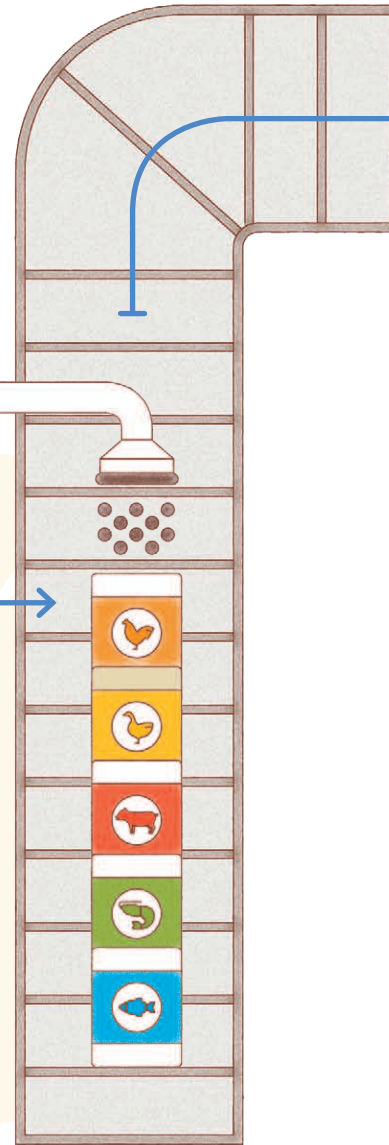


Feed Business

Feed Manufacturing
and Distribution



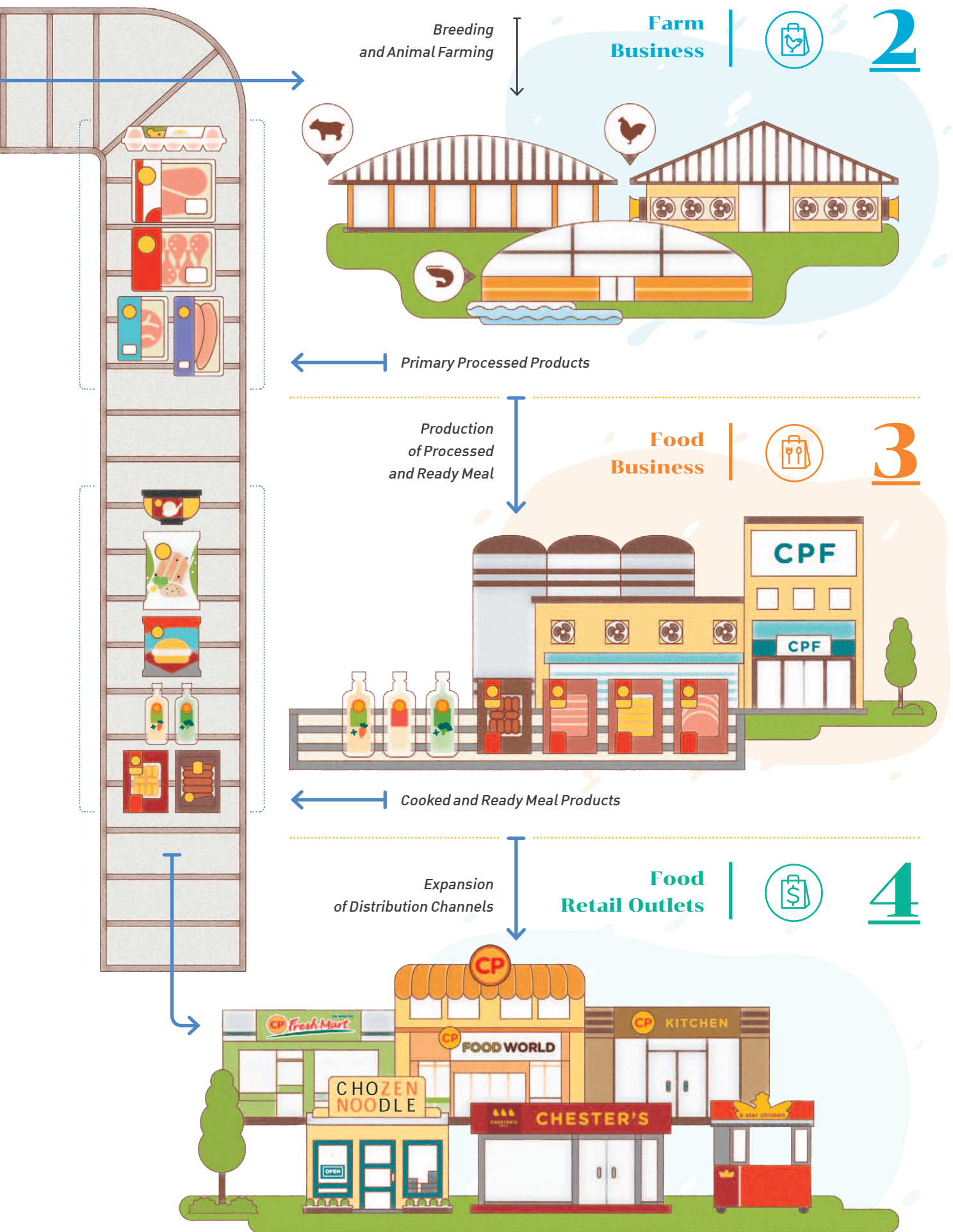
Feed
Products



CPF delivers traceable,
and environmentally-friendly
food products with care in every
stage from the upstream,
midstream, and downstream
businesses.

Charoen Pokphand Foods Public Company Limited or CPF has developed an integrated agro-industrial and food business, including livestock and aquaculture i.e., swine, broiler, layer, duck, shrimp, and fish. The businesses are categorized into 3 categories, namely Feed, Farm, and Food Businesses. In addition, the Company operates Food Retail Outlets.

Its production process utilizes modern technology, follows international standards, and is under close monitoring to ensure the delivery of high quality, safe products, and services that are friendly to the communities and environment. In this regards, it aims that its products are systematically traceable throughout the supply chain. Moreover, the Company develops a win-win partnership with its business partners for sustainable mutual growth.

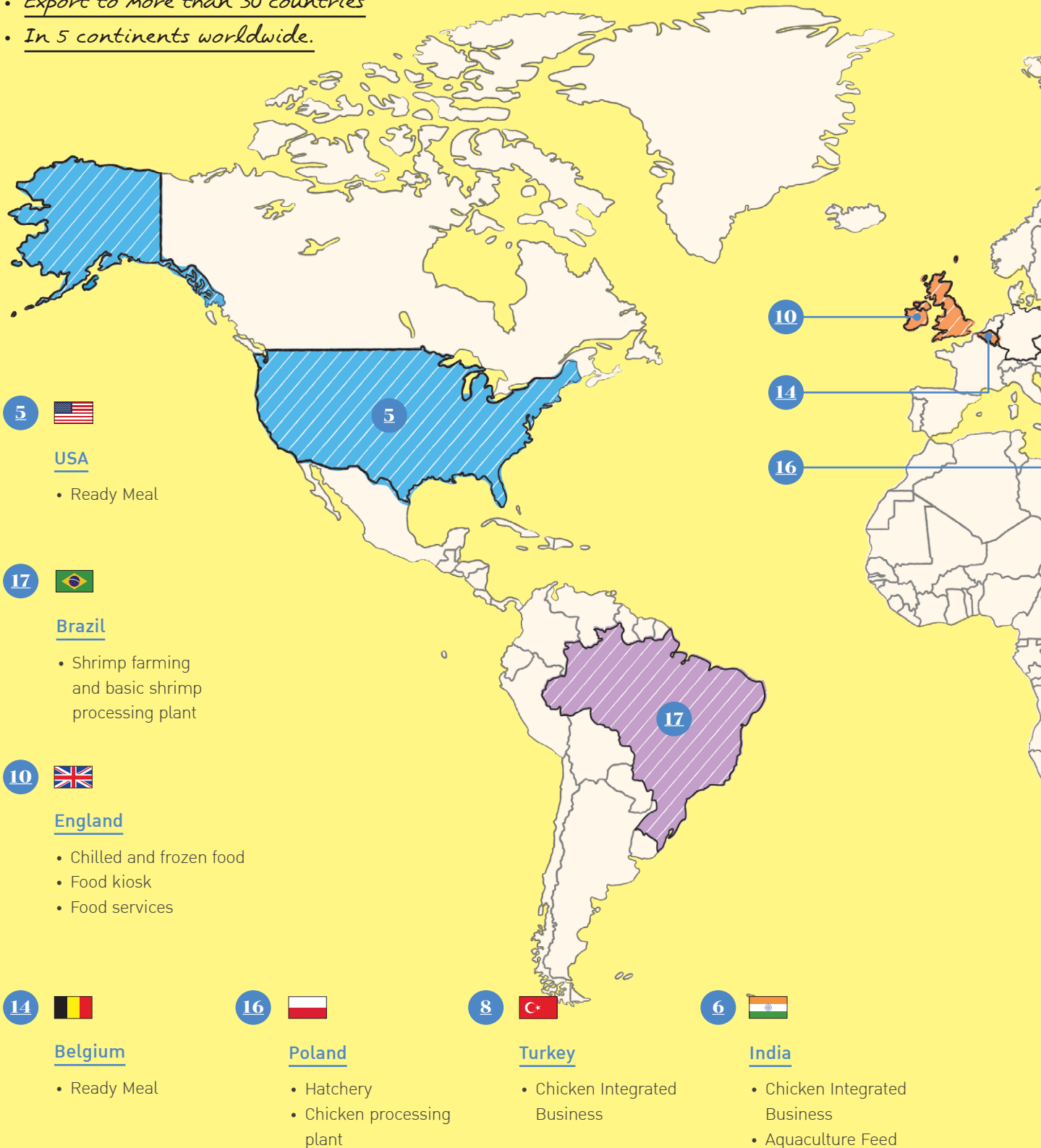


CPF AT A GLANCE OF...OUR COMPANY BUSINESS

As of 31st December 2018

CPF expands its businesses to other countries. The nature of businesses in each country depends on opportunities and potential of the industry in which the Company invested.

- Cover 17 countries
- Export to more than 30 countries
- In 5 continents worldwide.





7

Russia

- Livestock Feed
- Swine Farming
- Chicken Integrated Business



4

Taiwan

- Livestock Integrated Businesses



11

Philippines

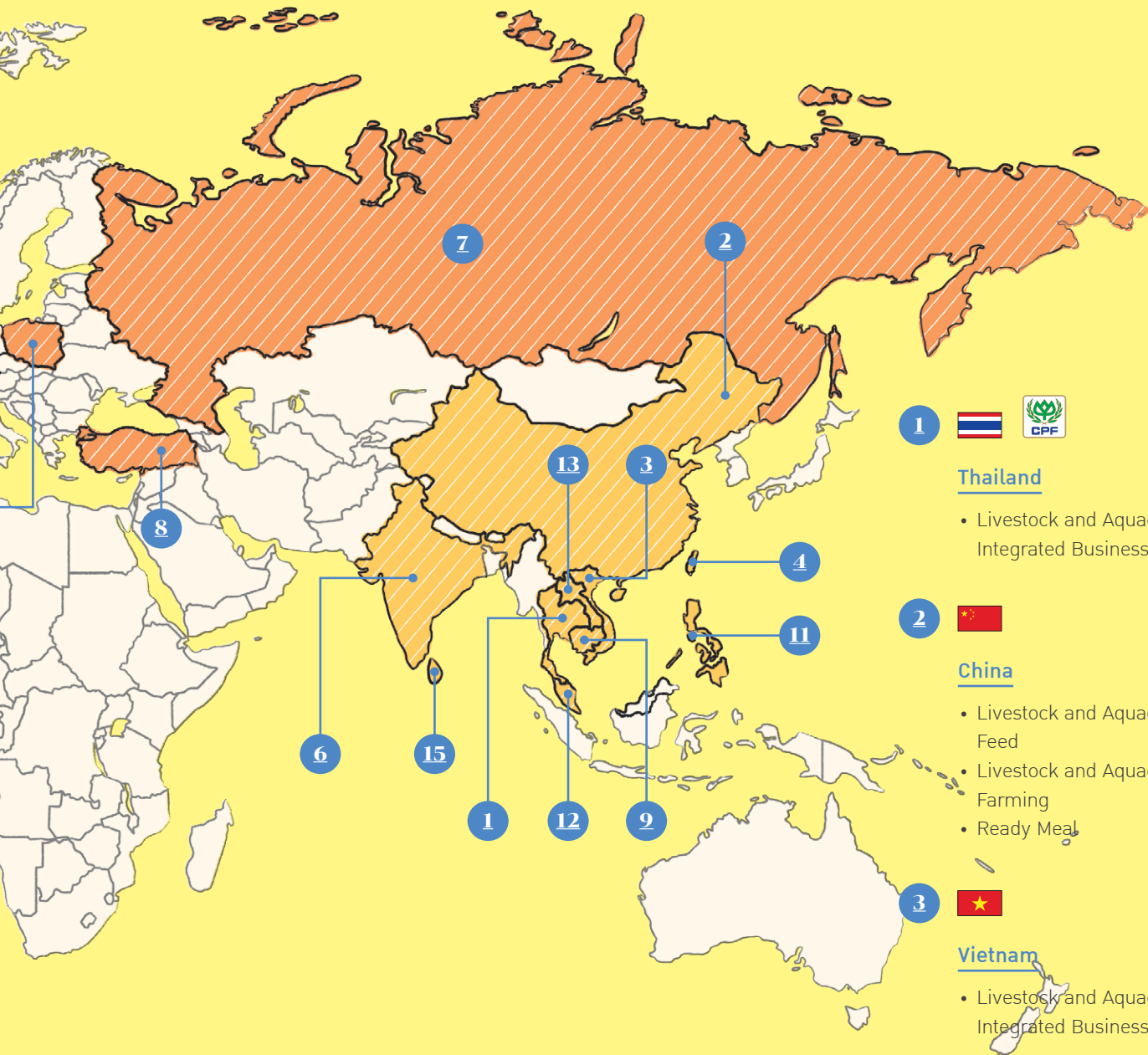
- Livestock and Aquaculture Feed
- Livestock and Aquaculture Farming



13

Laos

- Livestock Integrated Businesses



1



Thailand

- Livestock and Aquaculture Integrated Businesses



2

China

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



3

Vietnam

- Livestock and Aquaculture Integrated Businesses



15

Sri Lanka

- Ready Meal



12

Malaysia

- Livestock and Aquaculture Integrated Businesses



9

Cambodia

- Livestock Integrated Businesses

Remark:
Countries are ordered by Revenue

MESSAGE FROM THE EXECUTIVES

The Company continued to thrive based on the philosophy of Three Benefits to Sustainability (for the Country, the People, and the Company) and CPF Way, both of which are the bedrock of our corporate culture that leads to sustainable growth and success. Concurrently, we have driven our business on the principle of Corporate Social Responsibility towards Sustainability under the three pillars - "Food Security", "Self-Sufficiency Society", and "Balance of Nature" which followed the beacon of UN Global Compact and the United Nations Sustainability Development Goals (SDGs).

The year 2018 witnessed another challenging time as the business ecosystem endured economic and financial turbulences, especially constant ripples resulting from US-China trade dispute, rising interest rates tendency, intensifying climate change, and changing consumption behavior due to global healthy and eco-friendly trends and technological advances.

CPF was well aware of these rapid changes, which have become its drivers to shift and gear up its capabilities to stay on top in the new era of global competition and to ensure sustainable growth. Digital transformation was incorporated for the Company to achieve innovation in the social, economic, and environmental area of operations as well as progress in logistics, distribution, and its people. Our progress also contributed to solutions for global concerns such as antimicrobial resistance and plastic waste.

In its time of transition and transformation, CPF focused on maximizing its potential as the leader of the agro-industrial and food industries in 17 countries via investment and strategic partnership to expand its expertise, vertically and horizontally, and enhancement of its capabilities and efficiency. The Company continued to thrive based on **the philosophy of Three Benefits to Sustainability (for the Country, the People, and the Company) and "CPF Way"**, both of which are the bedrock of our corporate culture that leads to sustainable growth and success. Concurrently, we have driven our business on **the principle of Corporate Social Responsibility towards Sustainability under the three pillars – "Food Security", "Self-Sufficiency Society", and "Balance of Nature"** which followed the beacon of UN Global Compact and the United Nations Sustainability Development Goals (SDGs).

In 2018, CPF achieved the business goal mainly driven by revenue streams from domestic and overseas businesses at the proportion of 33% and 67%, respectively. The Company reported total net profit of 15,531 million Baht or an increase of 2% when compared with the previous year. The growth was derived from overseas operating performance and effective cost management. In this regard, the Board of Directors endorsed the proposal to the 2019 Annual General Meeting of Shareholders for the annual dividend payment at 0.65 Baht per share (consisting of paid interim dividend of 0.35 Baht per share and annual dividend to be paid on 23 May 2019 at 0.30 Baht per share).

Our efforts **to drive sustainable growth based on good corporate governance** was recognized as the Company continued to be enlisted for the 4th consecutive year in the 2018 Dow Jones Sustainability Indices (DJSI), emerging markets; and was listed for the 2nd consecutive year as member of the FTSE4Good Emerging Index. In Thailand, CPF was awarded the SET Sustainability Awards 2018-Outstanding Category from the Stock Exchange of Thailand. Other awards included domestic and international recognition of CPF in the area of labour, safety, and social responsibility practices.

Our strategy to "sustainable growth, aiming for excellence, and building solid foundation" that paves our way toward sustainability could not be attained without longstanding support from all shareholders and stakeholders. On behalf of the Board of Directors, executives and all employees, we extend our sincere gratitude to all parties for the unwavering participation in our journey to be the "Kitchen of the World".



A stylized black ink signature of Mr. Sooksunt Jiumjaiswanglerg.

Mr. Sooksunt Jiumjaiswanglerg

Chief Executive Officer
Agro Industrial Business
and Co-President

A stylized black ink signature of Mr. Dhanin Chearavanont.

Mr. Dhanin Chearavanont

Chairman
of the Board of Directors

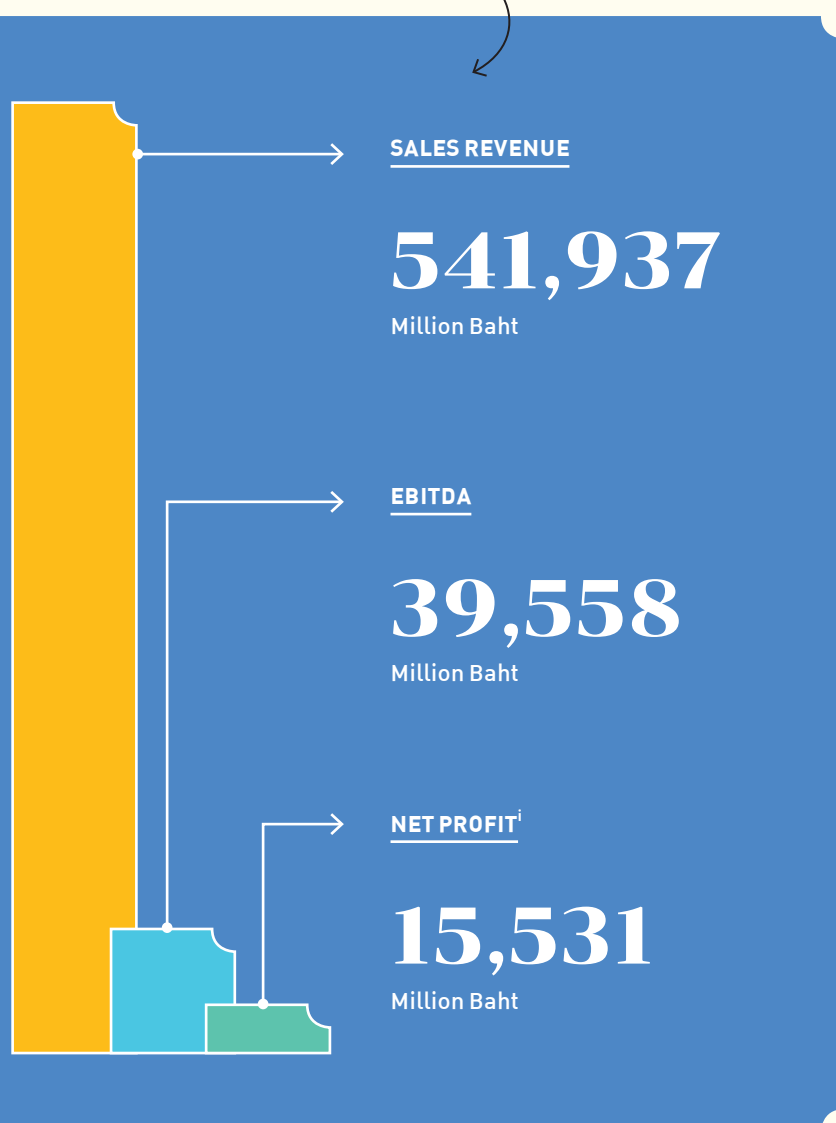
A stylized black ink signature of Mr. Sukhawat Dansermasuk.

Mr. Sukhawat Dansermasuk

Chief Executive Officer
Food Business
and Co-President

2018 HIGHLIGHTS

*Strong operational results,
distribution of economic
value to stakeholders for
sustainable growth.*



EARNINGS PER SHARE

1.82

Baht

DIVIDEND PAID TO SHAREHOLDERSⁱⁱ

5,597

Million Baht

RETURN ON EQUITY (ROE)

9.31%

RETURN ON ASSETS (ROA)

3.51%

INCOME TAX PAIDⁱⁱⁱ

5,667

Million Baht

COMMUNITY AND SOCIAL INVESTMENT

389

Million Baht

FINANCE COSTS

11,703

Million Baht

INVESTMENT ON HUMAN CAPITAL

56,122

Million Baht

ⁱ Net Profit is profit attributable to equity holders of the Company.

ⁱⁱ Board of Directors Meeting on 18th February 2019 arrived at a consensus at the 1/2019 Annual General Meeting of Shareholders, to propose a dividend payment for the Company's 2018 performance at 0.65 Baht per share or a total value of 5,597 million Baht to the shareholders.

ⁱⁱⁱ Income Tax Paid is from the Statements of cash flows in Consolidated Financial Statements of Charoen Pokphand Foods PCL. (CPF) and its subsidiaries.

AWARDS AND RECOGNITION



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

SAM
Sustainability Award
Bronze Class 2019

*Listed as a member of
Dow Jones Sustainability
Indices for the 4th consecutive
year in 2018*



FTSE4Good

**Selected as a Member
of FTSE4Good Emerging Index**

for the 2nd consecutive year, which measured the performance of the Company demonstrating strong Environmental, Social and Governance (ESG) practices... assessed by FTSE Russell.

DJSI Emerging Markets Index for Food Products (FOA) industry, and received the Bronze class distinction in the Food Products Industry on the Sustainability Yearbook 2019 for the 2nd consecutive year.
...from RobecoSAM and S&P Dow Jones Indices



**Received the “Asia’s Best CEO” Award,
“Asia’s Best CFO” Award, and
“Best Investor Relations Company
(Thailand)” Award**

from the 8th Asian Excellence Award in 2018...
by Corporate Governance Asia Magazine



**Listed in the “Thailand Sustainability
Investment (THSI)” 2018**

for the 4th consecutive year and granted the SET Sustainability Awards: Outstanding Category for the first time...
by the Stock Exchange of Thailand (SET)



**Received an “Excellent CG Scoring” Rating in 2018
for our corporate governance performance**

from the Thai Institute of Directors (ID0) under the support of the Stock Exchange of Thailand (SET).





SUSTAINABILITY AT CPF

- Sustainability at CPF -

As a leading agro-industrial and food conglomerate with the vision of “Kitchen of the World”, we recognize that it is our role, responsibility, and obligation not only to provide high quality and safe products and services, but also to operate in a socially and environmentally responsible and sustainable manner. Over the course of our operations, we utilize our full potential to foster changes so that sustainable development in economic, social, and environmental dimensions could be achieved. Our endeavor is on the foundation of good corporate governance and people development with the core philosophy of “Three Benefits to Sustainability (for the country, the people, and the Company)”.



Governance towards
Sustainability



People
Development



Food
Security



Self-Sufficient
Society

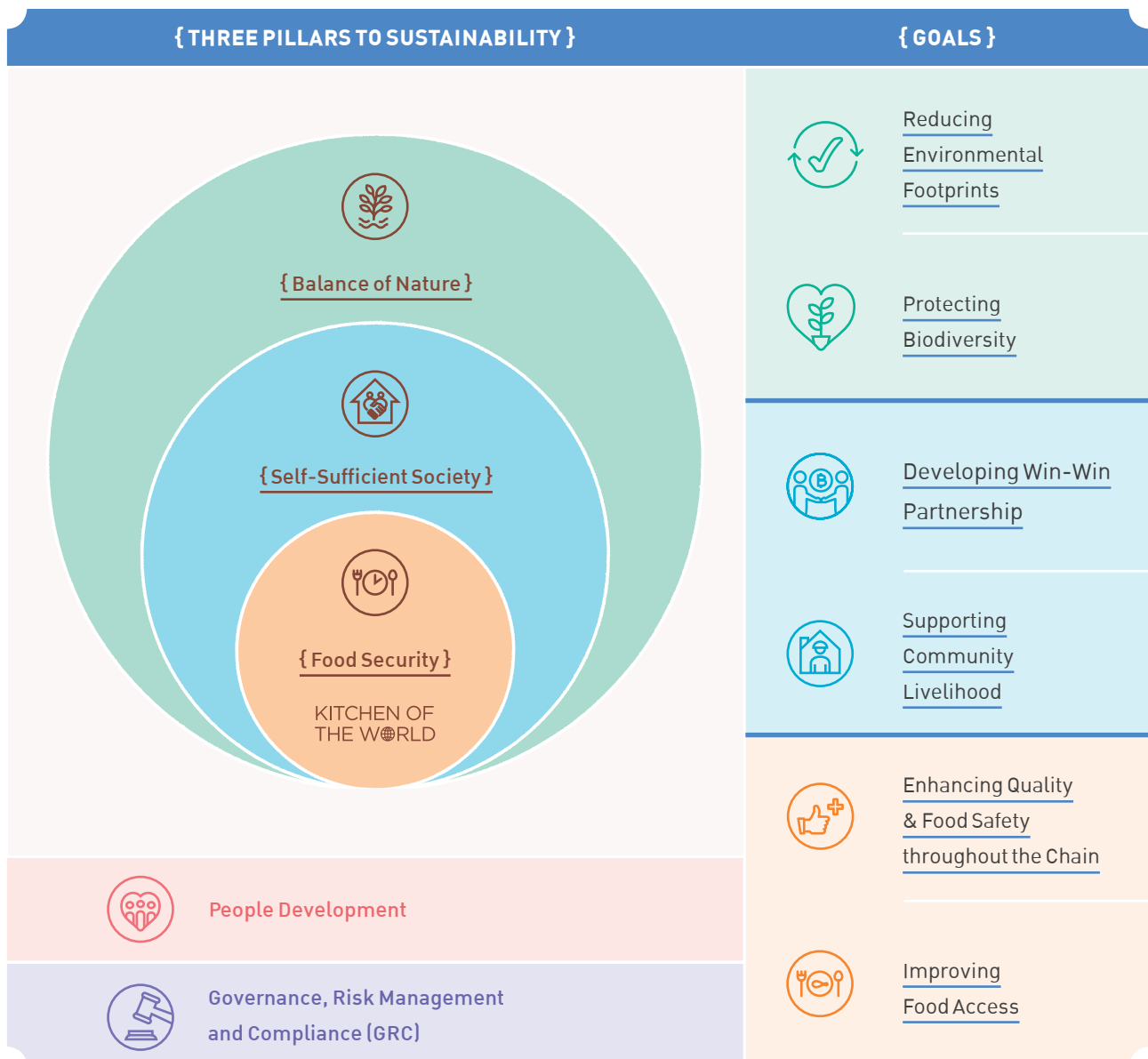


Balance
of Nature

SUSTAINABILITY STRATEGY

The Company drives the CSR to Sustainability Direction under the three pillars: "Food Security, Self-Sufficient Society and Balance of Nature". The three pillars are based on the principle of good corporate governance and people development. Our objective is to ensure 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. At the same time, we also consider the environmental impacts of our operation and take appropriate steps to sustainably conserve natural resources that are the capital of the current and future socio-economic development.



SUSTAINABILITY TARGETS AND PERFORMANCES

As sustainability is a continuous and long-term process, in 2016 the Company has set 2020 targets. During 2017-2018, the Company has set additional long-term targets for animal welfare, reducing environmental footprints and packaging management. The performance against targets is detailed as follows:



Enhancing Quality & Food Safety throughout the Chain

By 2020, no product recall incident that would affect public health.



By 2020, 30% of new product development are healthier and more nutritious products.



By 2025, 100% of sow's crates in Thailand operations are group gestation pen.



By 2028, 100% of sow's crates in overseas operations are group gestation pen.



Layer chicken farms in Thailand transition towards the cage-free housing.

Started a pilot farm

By 2020, 100% of broiler chicken farms in Thailand and overseas operations have Poultry Welfare Officer (PWO).

Thailand
Overseas



Improving Food Access

By 2020, >300,000 of children and youth have the opportunity to access knowledge and skills on food production and/or on consumption of safe and nutritious food.



Developing Win-Win Partnership

By 2020, 100% of critical suppliers in the following groups are audited on sustainability:

- Direct raw materials: animal feed raw materials group; and
- Indirect raw materials: food ingredients group, and packaging group.



By 2020, 100% of key agricultural raw materials are responsibly sourced and traceable.



Progress:

= 0%

= >0-25%

= >25-50%

= >50-75%

= >75-100%

Remark:

Unless stated otherwise, scope of targets and performances cover Thailand operations



Supporting Community Livelihood

By 2020, improve employment prospect and quality of life of 50,000 smallholder farmers, small entrepreneurs, and vulnerable groups.



Reducing Environmental Footprints

By 2020 to 2025, reduce energy consumption per production unit by 15% compared to the base year 2015.



By 2020, reduce greenhouse gas (GHG) emissions (Scope 1 and 2) per production unit by 15% compared to the base year 2015.



By 2025, reduce GHG emissions (Scope 1 and 2) per production unit by 25% compared to the base year 2015.



By 2020, reduce water withdrawal per production unit by 25% compared to the base year 2015.



By 2025, reduce water withdrawal per production unit by 30% compared to the base year 2015.



By 2020, reduce waste disposal to landfill and incineration per production unit by 30% compared to the base year 2015.



Reducing Environmental Footprints

By 2025, reduce waste disposal to landfill and incineration per production unit by 35% compared to the base year 2015.



By 2025, in Thailand operations
By 2030, in overseas operations
100% of plastic packaging are reusable or recyclable or upcyclable or compostable.

In the process of data collection

By 2025, in Thailand operations
By 2030, in overseas operations
Eliminate the use of unnecessary plastic packaging or plastic packaging that causes environmental impacts.

In the process of data collection



Protecting Biodiversity

By 2020, protect biodiversity in mangrove forest and watershed forest in strategic areas and green areas within the boundary of operations covering the areas of 9,000 rai.



Progress:



= 0%



= >0-25%



= >25-50%



= >50-75%



= >75-100%

Remark:

Unless stated otherwise, scope of targets and performances cover Thailand operations

CPF'S SUSTAINABILITY JOURNEY

[1978]

- Registered under the name 'Pokphand Feedmill Company Limited', making a start to the animal feed and livestock farming businesses in Thailand

[1987]

- Listed ordinary shares on the Stock Exchange of Thailand (SET) with the trading symbol 'CPF'

[2005]

- Ranked "Very Good" for Governance Report of Thai Listed Companies (CGR) Scoring by Thai Institute of Directors (IOD) with support from the Stock Exchange of Thailand (SET)

[1999]

- Renamed as 'Charoen Pokphand Foods Public Company Limited'
- Announced CPF vision of the 'Kitchen of the World'

[2011]

- Published the First Sustainability Report. The Company has continually published in the subsequent years

[2012]

- Established the Corporate Social Responsibility and Sustainable Development Committee
- Awarded CSRI Recognition by Corporate Social Responsibility Institute (CSRI) under the Stock Exchange of Thailand (SET)

[2013]

- Announced the Corporate Social Responsibility towards Sustainability Strategy and Policy
- Received the Best Corporate Social Responsibility Awards from the Stock Exchange of Thailand (SET)

- Received the Sustainability Report Award by CSR club of the Thai Listed Companies Association supported by The Securities and Exchange Commission and Thaipat Institute
- Joined as a member of Anti-Corruption Organization of Thailand (ACT)

[2015]

- Participated and listed as a member of the Dow Jones Sustainability Indices (DJSI) for the first time. The Company has continually listed in the subsequent years.
- Selected in the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand (SET) for the first time. The Company has continually listed in the subsequent years.
- Joined the UN Global Compact

[2016]

- Announced the Sustainability Targets

[2018]

- Operations in Vietnam awarded as the Top 100 Sustainable Businesses from the Vietnam National Sustainable Business Development Council (VBCSD)

[2017]

- Co-founded the Global Compact Network Thailand
- Selected as a member of FTSE4Good by FTSE Russell for the first time. The Company has continually listed in the subsequent years.
- Recognized with Bronze class distinction in the RobecoSAM Sustainability Yearbook for the first time. The Company has continually selected in the next year.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)



We have integrated the Sustainable Development Goals (SDGs) into our business under the Corporate Social Responsibility towards Sustainability Strategy. It is our commitment to support 10 of 17 SDGs, which align with our capacity and potential. We, as a leading agro-industrial and food conglomerate, are committed to applying our knowledge, capability, experience, and expertise not only for corporate development but also to support the growth of the society and leave no one behind.

Moreover, the Company operates its businesses in line with the ten principles of the United Nations Global Compact (UN Global Compact). The principles cover 4 key issues; human rights, labour, environment and anti-corruption. We are also one of the fifteen founded members of the Global Compact Network Thailand (GCNT). It commits to drive Thai corporations to operate their businesses in accordance with the ten principles.



Governance towards Sustainability



Targets

12.6, 16.7
Details can be found on page 34



People Development



Targets

8.5, 8.7, 8.8, 16.3
Details can be found on page 42



Food Security



Targets

2.1, 2.2, 3.4, 17.17
Details can be found on page 52



Self-sufficient Society



Targets

2.3, 2.4, 8.3, 8.7, 14.4, 15.1, 17.17
Details can be found on page 64



Balance of Nature



Targets

6.3, 6.4, 12.2, 12.4, 12.5, 13.2, 13.3, 14.2, 14.5, 15.1, 15.5, 17.17
Details can be found on page 84

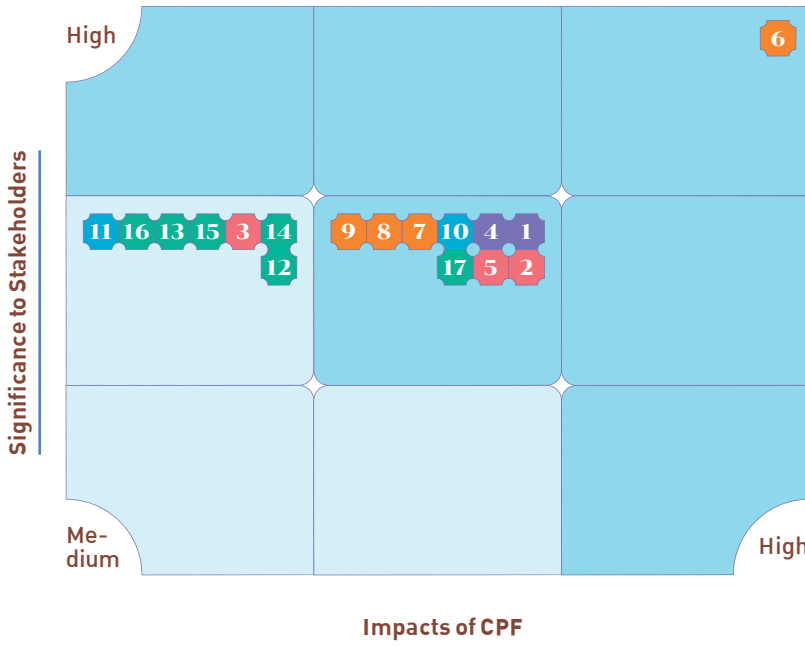
Outcomes of the Materiality Assessment 2018

When assessing material sustainability issues, we considered relevant aspects both within and outside the organization, as well as views and expectations from our stakeholders. This was also used to develop our Social Responsibility towards Sustainability direction to ensure that it is in accordance with the interests of our stakeholders.

In 2018, there are three additional key material issues which are of importance to our stakeholders compared to 2017. They are:

1. Responsible Marketing and Product Labeling
2. Animal Welfare
3. Packaging Management

In order to be responsive to any changing circumstances occurred, we have set a framework to manage the three issues mentioned above, please find on page 20, 26, and 30, respectively.



Key Material Issues

of the organization that are important to our key stakeholder groups, create organization-wide impacts, and/or performances are actively managed.

Material Issues

of the organization that are important to certain stakeholder groups. Performances are monitored and disclosed in this report, as necessary.



Governance towards Sustainability

1. Corporate Governance and Business Ethics
4. Human Rights and Labour Practices



Food Security

6. Food Quality and Safety
7. Health and Nutrition
8. Responsible Marketing and Product Labeling
9. Animal Welfare



Balance of Nature

12. Biodiversity and Ecosystem
13. Climate Change and Greenhouse Gas Emissions
14. Energy Management
15. Waste Management
16. Water Management
17. Packaging Management



People Development

2. Innovation Management
3. Human Capital Development
5. Occupational Health and Safety



Self-Sufficient Society

10. Responsible Sourcing
11. Community Development and Support

Impact Boundary

			Impact Boundary								
			Within the Organization					Outside the Organization			
			Feed Business	Farm Business	Food Business	Food Retail Outlet	Others (Services/ Investment & Trading)	Business Partner	Customer/ Consumer	Society	
Chapter	Material Issues	GRI Topic									
New key material issues	• Responsible Marketing and Product Labeling	• Marketing and Labeling • Consumer Health and Safety	NA*	NA	✓	✓	NA	✓	✓	✓	
	• Animal Welfare	• Animal Welfare	✓	✓	✓	✓	NA	✓	✓	NA	
	• Packaging Management	• Materials	✓	✓	✓	✓	NA	✓	✓	✓	
Corporate Governance, Risk Management, and Compliance	• Corporate Governance and Business Ethics	• Anti-corruption	✓	✓	✓	✓	✓	✓	✓	✓	
	• Human Rights and Labour Practices	• Human Rights Assessment • Supplier Human Rights Assessment	✓	✓	✓	✓	✓	✓	✓	✓	
People Development	• Human Capital Development	• Training and Education	✓	✓	✓	✓	✓	NA	NA	NA	
	• Innovation Management	• Numbers of Innovations and Innovators**	✓	✓	✓	✓	✓	✓	✓	✓	
	• Human Rights and Labour Practices	• Employment • Diversity and Equal Opportunity • Labour Practices and Grievance Mechanisms	✓	✓	✓	✓	✓	✓	NA	NA	
	• Occupational Health and Safety	• Occupational Health and Safety	✓	✓	✓	✓	NA	✓	NA	NA	
Food Security	• Food Quality and Safety	• Consumer Health and Safety	✓	✓	✓	✓	✓	✓	✓	✓	
	• Health and Nutrition	• Healthy and Affordable Food	✓	✓	✓	✓	NA	✓	✓	✓	
Self-Sufficient Society	• Responsible Sourcing	• Supplier Social Assessment • Supplier Human Rights Assessment • Supplier Environmental Assessment	✓	✓	✓	✓	✓	✓	NA	NA	
	• Community Development and Support	• Local Communities	✓	✓	✓	✓	NA	✓	NA	✓	
Balance of Nature	• Energy Management	• Energy	✓	✓	✓	✓	NA	✓	NA	✓	
	• Climate Change and GHG Emissions	• GHG Emissions	✓	✓	✓	✓	✓	✓	NA	✓	
	• Water Management	• Water	✓	✓	✓	✓	NA	✓	NA	✓	
	• Waste Management	• Effluents and Waste	✓	✓	✓	✓	NA	✓	NA	✓	
	• Biodiversity and Ecosystem	• Biodiversity	✓	✓	✓	✓	✓	NA	NA	✓	

Remark:

* "NA" is referred to not applicable

** Numbers of innovations and innovators are the Company's Key Performance Indicators (KPIs) for Innovation Management

{ OVERVIEW }

{ SUSTAINABILITY AT CPF }

{ GOVERNANCE }

{ PEOPLE DEVELOPMENT }

{ FOOD SECURITY }

{ SELF-SUFFICIENT SOCIETY }

{ BALANCE OF NATURE }

{ APPENDICES }



WHY WE DO RESPONSIBLE MARKETING AND PRODUCT LABELING



RECIPE FOR RESPONSIBLE MARKETING AND PRODUCT LABELING



RESPONSIBLE MARKETING AND LABELING

The World Health Organization (WHO) revealed that over 80% of the world's population living in developing countries died from Non-Communicable Diseases (NCDs). In Thailand, NCDs accounted for over 300,000 deaths, or 73% of total deaths in the country in 2009. This amounts to 200,000 million Baht in economic lost per year, which is projected to increase in the future.¹ The main of this issue are related to living with risky behaviors, including the over consumption of sweet or oily or salty foods and lack of exercise. However, these behaviors can be changed. Indeed, the development of healthy foods for consumers is one way in which organizations can demonstrate the responsibility for promoting better health, as well as by labeling products clearly, which will meet the marketing needs in the new era of increasingly health-conscious consumers.

The Company is highly committed to the production of safe and high-quality foods; the good health and well-being of its consumers; and the preservation of environment of the food supply. These commitments are guided by the **CPF Healthier Choice Principles²**, **the Health and Nutrition Policy³**, and other related policies⁴. In addition to the commitments, the products are traceable, appropriately priced and responsibly communicated to consumers.

OUR PERFORMANCE IN 2018

2020 TARGET

30%

of the Company's
new product development



New product development
is healthier and more nutritious
products.

2018 PERFORMANCE

27%

of the Company's
new product development

1 Referenced "Non-Communicable Diseases (NCDs)" from Thai Health Promotion Foundation: www.thaihealth.or.th

2 See details of the CPF Healthier Choice Principles at: <https://www.cpfworldwide.com/en/sustainability/policy>

3 See details of the Health and Nutrition Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

4 Examples include the Genetically Modified Organisms (GMOs) Policy: <https://www.cpfworldwide.com/en/sustainability/policy>



Product Development for Good Health and Well-Being

The trend of consumers' preferences today-apart from taste and quality of food products-is focused on health nutrition, free from disease and longevity. The Company is therefore, committed to develop food products with good nutrition and meet the dietary requirements of all age and different body conditions, which is align with the "CPF Healthier Choice Principles⁵" in accordance with the Goal of the United Nations⁶

guidelines. These commitments are heedfulness researched and developed under the advanced technology through the CPF Food Research and Development Center. The Company aims to produce healthier and more nutritious products for 30% of the new product development in 2020 to foster sustainability to the health of the world's population.

Healthier Choice Products	Highlight	Sales Volume (Million Baht)
	Balance yourself and made with selective natural ingredients Low baddies, High goodies	19
	Incredibly delicious and low in calories Be full and good for health	338
	The best choice for health, composed of natural raw materials	7
	Brown rice fed, nice aroma, tender, juicy, free from chemical and 100% natural Raised without antibiotics	33

Examples of New Products Released in 2018 and to be Released in 2019



CP Delight: such as Lemon Yogurt Chicken Breasts and Glass Noodle Pad Thai with Chicken Breast

"Incredibly delicious and low in calories"

High protein, high dietary fiber, and low cholesterol.



Benja Chicken: Raw chicken product under U Farm brand

"Brown rice fed, nice aroma, tender, juicy and free from chemical"

⁵ See details of the CPF Healthier Choice Principles at: <https://www.cpfworldwide.com/en/sustainability/policy>

⁶ Referenced from the United Nations: <https://sustainabledevelopment.un.org/sdg2>



Smart Meal: Frozen vegetarian foods made from natural ingredients including salt flower, coconut sugar and coconut oil i.e., vegetarian spicy stir fried with rice and vegetarian spicy salad with rice.



Smart Soup: Healthy soup that made from 100% natural ingredients with high quality that can be traceable, no preservatives, no artificial flavorings, and processing through advanced technology to maintain the nutrition, and convenient for consumption. Therefore, it is an alternative for those who have chewing problems such as the elderly and patients.



Smart Drink: Beverage products catered to health and beauty promotion divided into 2 categories;

- **Smart Drink Beauty:** Functional drink that made from fruit juice, no sugar added, full of vitamins and nutrients that good for health including;
 - Anti-Aging: with collagen, coenzyme Q10 and mixed with pomegranate juice to restore youthfulness skin.
 - Detox: with fiber, garcinia cambogia extract and mixed with prune juice to help stimulate excretion.
 - Bright & Shine: with L-glutathione and mixed with mixed berry juice for bright skin.
 - Eye Care: with lutein, goji berry extract and mixed with black currant juice for beautiful eyes.
 - Block and Burn: with L-carnitine, navy bean and apple extract and mixed with apple and kiwi juice for body firming.
 - Good Night: with chamomile extract and L-theanine mixed with white grape juice for good sleep.
 - Good Day: with L-theanine, vitamins B1, 6, 12, mixed with green tea extract and white grape juice to refresh, relax and nourish the brain.
- **Smart Drink Healthy:** Healthy drink is fulfilled with poly-saccharide and beta-glucan from snow fungus and black mushroom that help stimulate immune system, destroy foreign bodies causing diseases, reduce allergy symptoms, reduce inflammation and help control sugar and fat level in the body.



- **Smart Sauce:** Seasoning sauces made from high quality natural ingredients that are well selected and traceable, no coloring, no MSG and no preservatives.



Product Labeling

The Company emphasizes on the accurate, clear, and sufficient information of its products and services to support on consumer buying decision.



All products under the brand display important information about ingredients, uses, storage, nutrition facts (as required by law), as well as the use and disposal of packaging.



Chilled and frozen ready-to-eat products under the brand as well as Smart Meal products, which display the nutrition labeling, energy, sugar, fat and sodium along with the Guideline Daily Amount (GDA).



Display additional information e.g., information for allergies and the Halal mark.



Healthy Choice logo is a simple symbol that helps consumers to identify food products that have higher nutritional value. Our products certified with this logo are C.P. Balance Baked Rice with Cereal and Chicken and Smart Soup Chicken Cream Soup, etc.

Please see “Packaging Management” chapter for our product packaging.

Case Study: CPF Food Research and Development Center



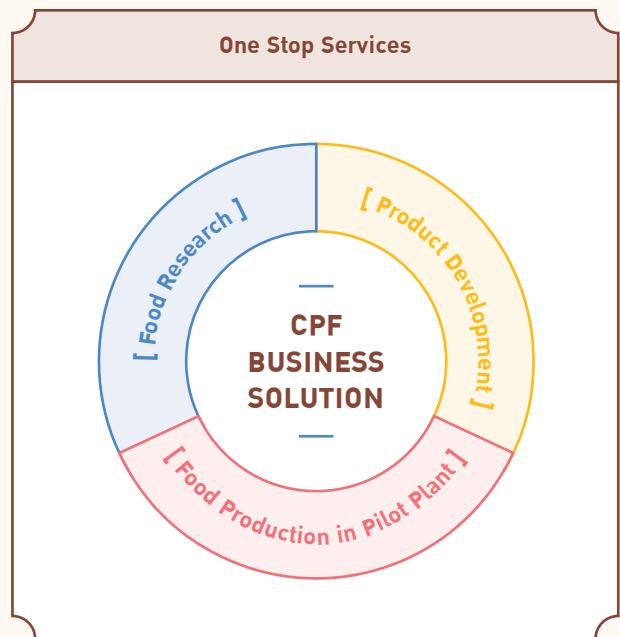
The Company established the CPF Food Research and Development Center, on an area of 10 rai (1.6 hectares) in Wang Noi District, Phra Nakhon Si Ayutthaya Province with 1,300 million Baht on capital investment.

This is to serve as a center for driving food industry on food research for all age and food products for health conscious groups, and food products development responded to the changing of world food industry. Moreover, there is a pilot plant to be an area of trial production with cutting-edge technology to increase the chances to respond precise and promptly to market even more. The CPF food research and development center personnel are more than 255 experts from food science, engineering, culinary arts, and packaging design and development to share knowledge. These diversified experts will innovate food products that have a good taste and proper nutrition with safe and environmentally friendly production and packaging design and work together to leverage the prototype processes for maximum efficiency throughout the value chain of the company.

Additionally, the building also has a unique design with solar rooftop and solar hot water to reduce energy consumption up to 70% which helps reduce negative effects on the environment effectively.



Therefore, the center is ready in every dimension including business, society, and environment to accommodate the future food science and to be a center of knowledge and customer service (One Stop Services). Furthermore, it is expected to internationally deliver the best health and business outcomes to customers, partners, and consumers.



Part of the Research: Smart Soup – The Soup for Health

The “Smart” group products are innovated conceptually to response to fast pace lifestyle that requires essential nutrients and ready-to-eat food products. The “Smart Soup” under “Smart” group products are intentionally developed to meet the needs of health-conscious consumers as well as the needs of consumers who has limitations of chewing and swallowing such as elderly and patients. The Company has partnered with the Food Nutrition Department of the Faculty of Medicine Ramathibodi Hospital, Mahidol University, to apply sterilization technology to make the soup free from microorganisms with remaining nutritious. Additionally, the product is labeled as a healthy choice product. Due to the fact that the smart soup can be stored at room temperature and no need to be refrigerated, it helps reducing burden on medical staff and the patients’ relatives in preparing food for patients. This also contributes to better mental and physical health of patients.



WHY WE CARE ABOUT ANIMAL WELFARE



RECIPE FOR ANIMAL WELFARE



ANIMAL WELFARE

Animal welfare directly contributes to food safety and quality. Therefore, raising animals to have good health and well-being following their rights definitely promotes consumers' health. An antibiotic resistance issue is a global agenda over the past two to three years. Each year, almost one million people die from antibiotic resistance. If this problem is not tackled urgently, it is estimated that the number of deaths could increase more than tenfold or equal to economic damages of over 100 trillion US dollars. It is even predicted that our planet could enter a "Post-Antibiotic Era" in which humans, once again, will die from bacterial infections⁷.

The Company fully recognizes that good animal welfare covers both animals' mental and physical well-beings and is a critical factor to food safety. The Company is, therefore, committed to developing and enhancing our business approach to ensure that it is animal-friendly following "Five Freedoms". "Farm Biosecurity" is also applied to the farm management. In addition, the **Animal Welfare Committee** has been established to drive the operations to be in line with our "Animal Welfare Policy and Long-Term Targets on Animal Welfare"⁸. Furthermore, the Antimicrobial Resistance Action Committee has also been established to promote "Global Vision for Antimicrobial Use Stewardship in Food Animals"⁹.

OUR PERFORMANCE IN 2018

TARGET

By 2025
in Thailand
operations

By 2028
in overseas
operations

100% **100%**

Thailand operations
transition towards the
cage-free housing

By 2020

100%



Sow's crates
are group gestation pen.



Layer chicken farms transition
towards the cage-free housing.



Broiler chicken farms
have Poultry Welfare Officer (PW0).

2018 PERFORMANCE

33%¹⁰ **7%**¹⁰

in Thailand
operations

in overseas
operations

Piloted the cage-free system
at the Wang Somboon farm in
Saraburi Province; the first
batch of production will be
launched in March 2019.

100% **63%**

in Thailand
operations

in overseas
operations

⁷ Referenced from Review on Antimicrobial, 2014: <https://amr-review.org/>

⁸ See details of the Animal Welfare Policy at: www.cpfworldwide.com/en/sustainability/policy

⁹ See details of the Global Vision for Antimicrobial Use Stewardship in Food Animals at: www.cpfworldwide.com/en/sustainability/policy

¹⁰ Calculated from proportion of group gestation pen sows and total sows on production.

Focusing on Raising Animals according to Animal Welfare Principles

The Company focuses on raising animals in alignment with the “Five Freedoms” which includes 1. Freedom from hunger and thirst, 2. Freedom from discomfort, 3. Freedom from pain, injury or disease, 4. Freedom to express normal behavior, and 5. Freedom from fear and distress in order to provide the farming animals to express their natural behaviors under the animal housing independently.

Moreover, the Company is transitioning the animal housing, from individual stall to group gestation pen for sows and from conventional cage to cage-free housing for layer chickens. The cage-free housing for layer chickens is being piloted in Thailand and implemented in Taiwan and Cambodia at 12% and 50% of their production capacities, respectively.

Raising Sows in Group Gestation Pen



provides them the freedom to move and interact with other sows, helping them to feel relaxed and stress-free. They are free to eat, rest, and excrete as needed and can fully express their natural behaviors.

Raising Layer Chicken in Cage-Free Housing



allows them to freely spend their time with other layer chicken in the housing, which will help them to feel relaxed and contributes to their good health.

Case Study: Enhancing Animal Welfare

Swine Chewing Rope



In 2012, the Company partnered with Iowa State University to develop a testing method for Porcine Reproductive and Respiratory Syndrome (PRRS)¹¹ which studied on collecting swine saliva by having them chew on rope – a method which differs from the conventional collection of specimen from their blood, but successfully delivers the same results. This allows the swine to be free from pain. Following that, in 2018, we collaborated with the Faculty of Veterinary Science of Chulalongkorn University to develop tests for Classical Swine Fever (CSF) and Aujeszky's Disease (AD)¹² using swine saliva. To date, the Company has tested more than 13,000 samples of swine saliva for diseases, replacing the need to conduct blood tests on more than 30,000 specimens.

Separating Ill or Injured Sows in Group Gestation Pens



In raising sows in group gestation pens, it is possible that some of them may become injured or fall ill. In these cases, the sows will typically be separated from the group and cared for in a different pen. However, once the sows recover, if they are returned to the same pen, they could become reinjured as they might be restricted by the grouping behavior of the sows. On the other hand, if the ill or injured sows are separated from the rest of the group lately, they may be disturbed by the other sows and their illness or injury could be worsened. To resolve this issue and ensure that sows under our care are free from disease, pain, and injury, we created an individual pen within the group pen for their recovery period. This method separates the ill or injured sows but still ensures that other sows in the group do not consider the ill sows to be new to the group, and, therefore, they will not be disturbed to the extent of worsening their illness or injury.

Water Troughs for Ducks



We developed the innovation “Water Troughs for Ducks,” in which the ducks can place their heads into the water troughs without wetting their bodies. This allows them to preen their feathers naturally and thereby supports their freedom to express normal behaviors.

11 Referenced from Detection of Porcine reproductive and respiratory syndrome virus (PRRSV) antibodies in oral fluid specimens using a commercial PRRSV serum antibody enzyme-linked immunosorbent assay. Kittawornrat, A., et al., J Vet Diagn Invest. 2012.

12 Referenced from Effective surveillance for early classical swine fever virus detection will utilize both virus and antibody detection capabilities. Panyasing, Y., et al., Vet Microbiol. 2018.

Responsible and Prudent Use of Antibiotics

The Company supports the management of the problem of Antimicrobial Resistance (AMR), which is considered an urgent agenda at the United Nations under the “One Health”¹³ initiative. This initiative focuses on driving multidisciplinary collaborative efforts from all sectors at all levels to bring about holistic good health for humans, animals, and the environment.

Under this commitment, the Company announced our **Global Vision for Antimicrobial Use Stewardship in Food Animals** in 2017. We are determined to produce safe and quality foods that adhere to sustainability principles through the responsible and prudent use of antibiotics in both our own farms and those under the Contract Farming Scheme. According to that, the farming practices must be

- free from human-only antibiotics,
- free from shared-class antibiotics which is important in human medicine with the purpose of growth promotor, and
- free from hormones with the purpose of growth promotor.

Meanwhile, the antibiotics should only be employed under veterinary oversight for therapeutic uses without compromising on animal welfare principles. Additionally, all medicines that are used by the Company must be permitted by the Food and Drug Administration of the Ministry of Public Health, and the Department of Livestock Development, Ministry of Agriculture and Cooperatives of Thailand.

Furthermore, the Company has distinct policy and guideline of antibiotics uses for the purpose of therapy in the broiler and swine businesses. They must not be included in the “Highest Priority Critically Important Antimicrobials (HPCIA)” group which is categorized for human-only antibiotics or shared-class antibiotics, as specified by WHO in their 5th revision of the Critically Important Antimicrobials for Human Medicine. Besides, the Company has eliminated the use of Colistin in the broiler and swine businesses since 2015 and 2017, respectively.

Other than that, we are committed to reducing our use of antibiotics by partnering with the Department of Microbiology, Faculty of Medicine, Mahidol University and the Department

of Microbiology, Faculty of Veterinary Science, Chulalongkorn University to study antimicrobial resistant strains within the Company’s swine farms from 2016 to 2018. A total of three research projects were carried out, as follows:

- Study of Antimicrobial Resistance Genes in swine farms that employ different forms of antibiotics uses
- Study of the Mobilized Colistin Resistance (MCR-1) gene in swine farms
- Study of antibiotic resistance based on all types of probiotic bacteria used in swine farms

We also encourage the testing of local herbs as remedies for swine illnesses. Examples include the White Siris leaf,¹⁴ which is highlighted in the traditional knowledge of local communities for treating diarrhea in piglets, and the use of probiotics (or good bacteria) to treat diarrhea in swine.

As a result of our commitment to reduce, avoid, and eliminate the use of antibiotics, in 2018, our broiler integrated business in Minburi achieved the international-level certification for chickens “Raised without Antibiotics” (RWA) from the NSF¹⁵ in the United States of America. The certification verified that our Minburi operations did not use antibiotics throughout the entire of production processes, from broiler chicken hatchery, broiler chicken farm, slaughterhouse to processing plant.

In our layer business, the Company applies probiotics and natural extracts to recover injured or ill layer chicken, resulting in free of antibiotics in the layer chicken farms belonging to the Company and to the farmers under our Contract Farming Scheme.

For shrimp larvae hatchery and nursery business, there is currently no need the application of eyestalk ablation on female shrimp to induce reproduction, as we have applied biotechnological innovation to allow female shrimps spawning—a much better alternative to eyestalk ablation.






Finally, for the shrimp farming business, the Company uses probiotics for health benefits of shrimp as well as water quality improvement, thus eliminating the needs of antibiotics.

¹³ One Health is referred to a new approach of solving health issues which is supported by a partnership of three international organizations that focus on human and animal health, including: the UN Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), and the World Health Organization (WHO)

¹⁴ White siris, Sit (Common name), or *Albizia procera* (Roxb.) Benth (Scientific name), is classified as a member of the family of Fabaceae or Leguminosae, and a member of the sub-family of Mimosodeae or Mimosaceae. Other local Thai names include Phraya Chatr Tan, Ton, and Chur Bong.

¹⁵ The NSF (The Public Health and Safety Organization) is a leader in food product safety certifications from the United States of America



Antibiotics used only for Therapeutic Purposes			Free from Antibiotics	
				
Swine	Broiler Chicken	Duck	Layer Chicken	Shrimp



"Raising animals responsibly according to animal welfare principles is beneficial for the animals, businesses, and consumers. The commitment from the leading food producers such as CPF will make a great influence to sow farming in Thailand and the rest of the world. This is a significant step for food producers across the world to focus more on the well-being of their farm animals, and help elevate the standards of food safety for consumers."

Mr. Somsak Soonthornnawaphat
Head of Campaigns at World Animal Protection (WAP) Thailand

Case Study: Benja Chicken

"Benja Chicken" is the first raw chicken product in the world in which the chickens are raised with brown rice. This is due to the Company's belief that, **"If the chickens eat well, they will be in good health."**

- ✓ Come from excellent, healthy, and non-GMO breeds.
- ✓ Raised according to animal welfare principles: cage-free, a method of large-scale farming for disease prevention wherein the air and temperature are controlled; whereas the chickens are fed according to the needs of nutrition as appropriate to their life phase, provided with clean drinking water from a special filtered system, and provided with regular health checks.
- ✓ Received nutritious food from brown rice abundant in Vitamins B3, 6, 9, and Gaba, which contributes to the chickens' strong muscles. This results in the chicken meat that has a texture and taste which differs from widely available chicken meat, in that it is juicier by 55% than other chicken meat and tender and aromatic.

By raising the chickens through these careful means, the result is that our Benja Chickens are healthy and strong. They grow appropriately according to their age, are disease-free, and do not require antibiotics throughout their entire lifespan. This has led to an NSF certification for the product as being 100% free from antibiotics, and is the origin of the phrase, **"Brown rice-fed, nice aroma, tender, juicy, safe and chemical free."**





WHY WE MANAGE PACKAGING



RECIPE FOR PACKAGING MANAGEMENT



PACKAGING MANAGEMENT

Today, packaging has become a part of the way we live. Every day, over billion pieces of packaging are packed, transported, and used for the convenience of consumers. At the same time, if post-consumer packaging cannot be reclaimed, the packaging waste, especially from plastics, will certainly have impacts on natural resources, the environment and human well-being. It was estimated that environmental impacts from plastic waste amount to approximately 40 billion USD per year. If we continue to use packaging wastefully, by 2050, the plastic waste will be more than the total of fish in the ocean by weight.¹⁶ This crisis would inevitably and severely impact the environment and society in the future, and it is also a crucial issue to which the world pays attention.

The Company is determined to develop sustainable packaging design and management based on the concept of **Circular Economy** throughout the value chain. The approach is intended to optimize resources used in the production of packaging, reduce packaging waste, and to promote the use of environmentally-friendly packaging materials in accordance with the **Sustainable Packaging Policy and Principle**.¹⁷

OUR PERFORMANCE IN 2018

Sustainable Packaging Design and Development

The Company never ceases to design and develop food packaging. We take into account packaging use throughout the lifespan, from maintaining product quality, product protection during transportation, consumption, to post-consumer packaging management. In addition, the Company

has also developed food packaging to extend food product shelf life in order to help reducing unconsumed food waste which supports one of five key issues under Food Reform for Sustainability and Health (FReSH)

¹⁶ Referenced from the New Plastic Economy: Rethinking The Future of Plastics & Catalysing Action by Ellen MacArthur Foundation 2016

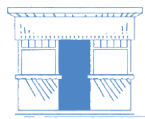
¹⁷ See details of Sustainable Packaging Policy and Principle at: <https://www.cpfworldwide.com/en/sustainability/policy>



Design with Consideration throughout the Packaging Lifespan



Transport



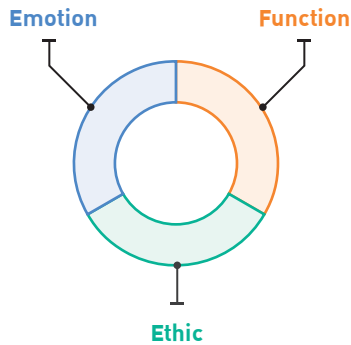
Retailing



Consumption



Disposal



Product Image



- Fresh
- Clean
- Attractive

Use of Products



- Easily open
- Re-closable
- Extend product shelf life

Consumer Safety



- Use materials in compliance with the local and international regulations
- Reserve food quality and safety
- Safely use packaging

Environmental Impacts



- Consider post-consumer management
- Use environmentally-friendly materials
- Use materials from renewable resources

Examples of Sustainable Packaging Design and Development Projects

Packaging Re-Design Project for Raw Chicken Products

Before



- Use multiple layers of plastic bags
- Use stickers as product labeling

After



- Use single layer of plastic bags
- Print labeling on bags
- Reduce the size of bags affecting on reducing the size of shipping carton box
- 100% recyclable

Paper Reduction

Plastic Reduction

Cost Reduction

11%

43%

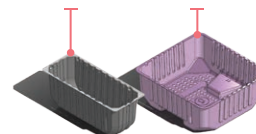
24%

Packaging Modification Project for Omelet Burger with Tender Chicken Breast

Before



Sauce Tray Burger Tray



After



Laser Cut:
Enable a straight tear of packaging

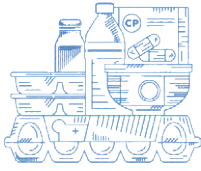
Plastic Reduction

Cost Reduction

57%

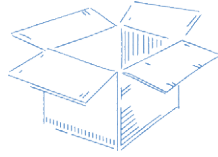
6%

Categories of Materials Used for Packaging



Plastic

74%



Paper

24%



Others

2%

Long-Term Targets for Plastic Packaging

By

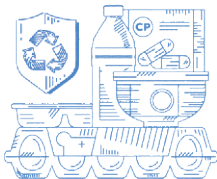
2025

in Thailand Operations

By

2030

in Overseas Operations



100%

of Plastic Packaging will be
Reuseable or Recyclable or
Upcyclable or Compostable

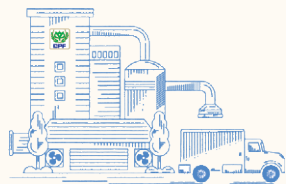
In 2018, the use of packaging in our operations was consisted of 74% of plastic packaging, 24% of paper packaging and 2% of others packaging based on purchasing value. In order to support the efficiently resource use in accordance with the Sustainable Packaging Policy and Principle. The Company is attempt to source packaging that has recycled material containing in non-contact food packaging (Secondary Packaging)¹⁸ or, i.e., corrugated boxes. Those packaging have contained recycled material ranging from 70-100%.

***We commit to reduce the plastic footprints
throughout the value chain in order to
protect the ocean for sustainable future.***

Plastic Packaging Reduction throughout Value Chain Project

In 2018, the Company set a long-term target to reduce plastics in the production process and the packaging design, while monitoring our performance on a regular basis. This target will drive our business to achieve the objective of solving the plastic packaging waste issue and the determination to optimize resources. At the same time, this commitment also supports the nation's goal of plastic management and UN Sustainable Development Goal 14: conserve and sustainably use the oceans, seas and marine resources.

¹⁸ The use of recycled materials for contact food packaging (Primary Packaging is not permitted) by the regulation in Thailand in which it must be produced from virgin material only.



Feed Business

BULK FEED TANK

Since 2013, we have replaced plastic feed bags with Bulk Feed Tank in our livestock feed business. In 2018, the Thailand operation was able to reduce 62% of plastic feed bags, accounting for 9,600 tons of plastic which is equivalent to a GHG emissions reduction over 30,000 tons CO₂e per year. We have expanded the practice to overseas operations in eight countries, namely Laos, Cambodia, Vietnam, Malaysia, Philippines, India, Turkey and Russia. Plastic feed bags from those overseas operations were reduced by 31%, accounting for 2,800 tons of plastic which is equivalent to GHG emissions reduction over 6,600 tons CO₂e per year.



Farm Business

Q-PASS TANK

Since 2006, the Company has replaced over 99% plastic bags with Q-Pass Tank to transport shrimp larvae to customers. This helped reduce 130 million plastic bags or 1,700 tons of plastic, which is equivalent to GHG emissions reduction over 3,700 tons CO₂e.



Integrated Broiler Business

Plastic Reduction in the Production Process

Since 2006, the integrated broiler businesses have replaced plastic bags with stainless steel trucks to transfer products within the production processes. This approach reduced more than 93 million plastic bags in the production processes, accounting for 4,300 tons of plastic which is equivalent to GHG emissions reduction over 29,000 tons CO₂e.



Food Business

Environmentally-friendly Food Packaging

The Company is determined to optimize resources used in packaging, while ensuring the properties and performance of reserving food safety and maintaining full nutritional values. Since 2007, we have reduced the use of plastic and paper for more than 1,190 tons and 1,650 tons respectively.

Moreover, we developed plant-based bioplastic trays made from natural renewable resources, namely Polylactic Acid (PLA) which is compostable. In 2015, we were the first company in Thailand to use such trays in chilled raw chicken and pork products. In 2018, we could reduce more than 3.9 million PET trays or over 60 tons of plastic, which is equivalent to GHG emissions reduction of 132 tons CO₂e per year.

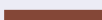
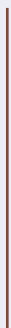


Food Retail Outlets

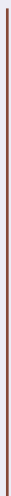
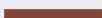
“Say No to Plastic Bags When Shopping a Few Items”

CP Freshmart supports the reduction of single-use plastic waste through a campaign to urge customers shopping a few items to refuse plastic bags. At CP Freshmart, every Wednesday is a plastic bag free day. This aims to encourage our customers to reduce the use of single-use plastic bags, creating a collaboration for solving the plastic waste issue. It is expected that this initiative will help reduce 5 million pieces of plastic waste a year. In addition, 10 shops in Bangkok and its vicinity have planned to be the piloted spots in order to take back and collect post-consumer packaging for recycle process.



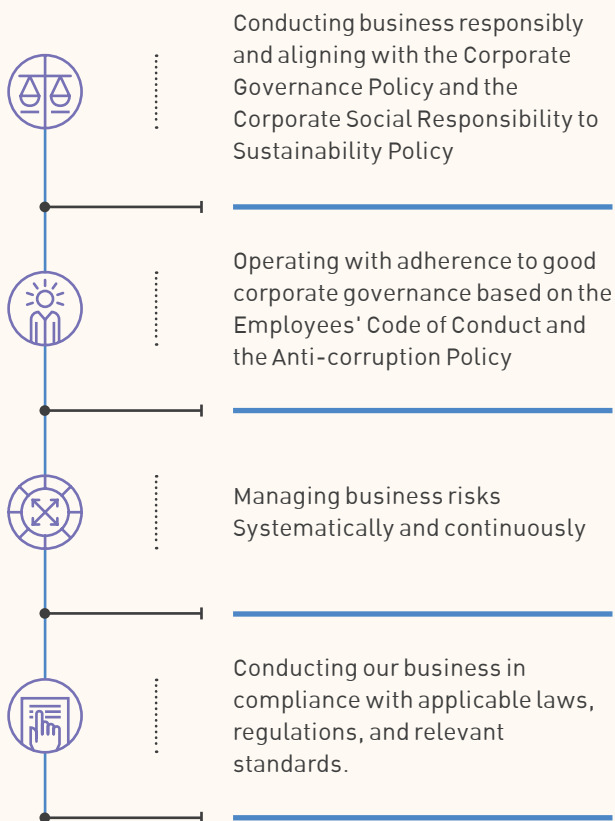


GOVERNANCE TOWARDS SUSTAINABILITY



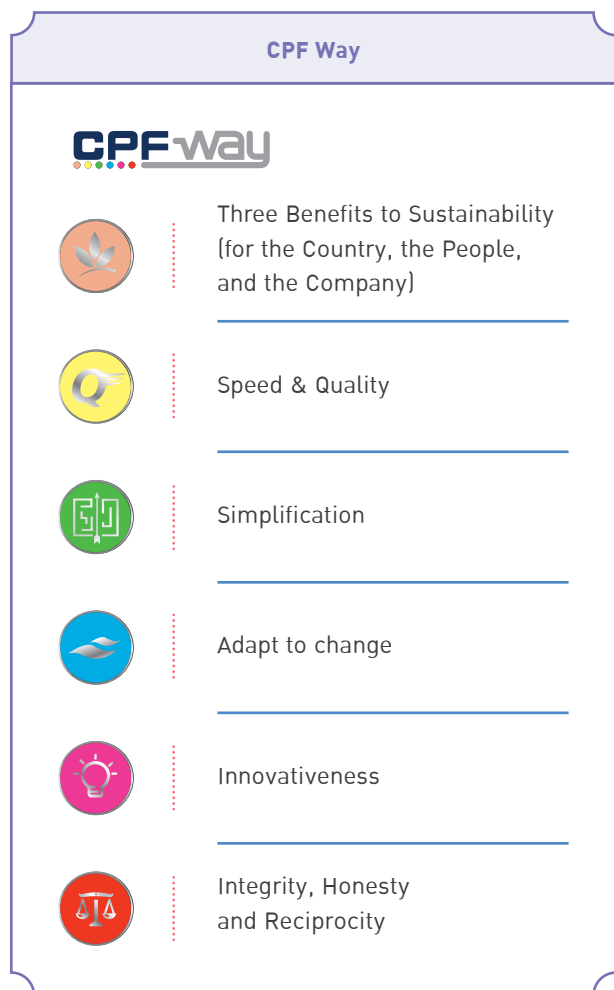
Corporate Governance towards Sustainability

Good corporate governance is a pivotal foundation that navigates an organization towards sustainable success and helps build stakeholder confidence. Thus, the Company strives to conduct its business with adherence to good corporate governance, promote ethical conducts for all employees, under the **Corporate Governance Policy, the Six Core Values (CPF Way) and our Code of Conduct.**¹⁹ Currently, the Code of Conduct is being reviewed and developed into the Business Ethics Handbook, in order to align with current business conditions and environment and to guide the business operation towards sustainable corporation based upon good corporate governance and social responsibility. We also provide communication channels for reporting grievances or allegations of improper behaviors or breaches against the Code of Conduct (whistleblowing channels). In this regard, the Board of Directors has a major role in overseeing corporate governance, acting as the Company's good role models for all employees, and monitoring regularly.²⁰



¹⁹ See details of CPF Way and Employees' Code of Conduct at: <https://www.cpfworldwide.com/en/sustainability/policy>

²⁰ See details about Board of Directors and Committees in our Annual Report 2018



Sustainability Governance

The Company envisions the importance of responsible business conducts, and taking into careful consideration of environmental, social and economic impacts towards a successful sustainable business. In 2018, the Board of Directors approved an appointment of an additional executive director posted in the Corporate Social Responsibility and Sustainability Development (CSR&SD) Committee, totalling three executive directors and two independent directors. The Committee is tasked to take a leading role in establishing policies as well as managing and overseeing sustainability performance then reporting the performance to the Board of Directors. The Executive Committee which is composed of top executives from the Company's different businesses is responsible for setting the targets and driving the implementation according to sustainability policies and strategic direction.



Anti-Corruption

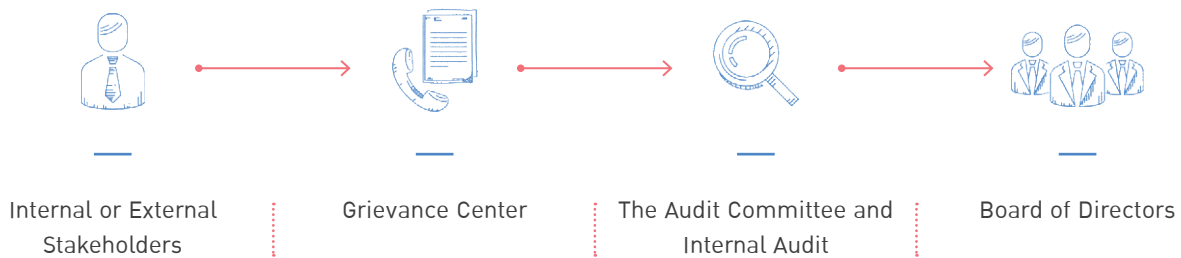
Transparent business conduct is a profound principle for a sustainable business which enables trust from all stakeholders, credibility on the business operation, and good reputation for an organization. To align our business operation with social responsibility on the basis of good corporate governance, we adopt a clear standpoint against all forms of corruption throughout the organization through the Anti-Corruption Policy²¹, which has been translated into twelve languages. In addition, the Company is an active member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

In accordance with the announcement of the Anti-Corruption Policy, in 2018, we provided training on the Anti-Corruption Policy and developed an action plan to build awareness and implement of the policy among employees on combating corruption in overseas operations. For the start, we trained and developed the plan in Malaysia as the first country in our operations. The Company also requires the members of the Board of Directors, executives, and all employees and workers to acknowledge and understand the Policy and practices of not tolerating all forms of corruption through various communication channels, i.e., internal communication, orientation programs for the Board of Directors as well as for all employees, e-Newsletters, and CPF-Connection mobile application, and an e-Learning course on "Basic Corporate Governance" which includes "Anti-corruption-CPF Way-Employee Code of Conduct". It was reported that the Anti-Corruption Policy are communicated with all employees of all levels throughout the organization, including members of the Board of Directors, employees, and workers. While, more than 15,000 persons, accounted for approximately 71%, from the employees and all of the Boards of Directors attended a training related to the anti-corruption. In addition, more than 7,300 suppliers which equal to 84% of the Company's business partners in Purchasing and Feed Ingredients units were communicated with our Sustainable Sourcing Policy and Supplier Guiding Principle²², covering aspects such as legal compliance, transparent business conducts, and anti-corruption practices. In 2018, the Company has revised the policy to improve its efficiency in applying with the businesses. We plan to begin the communication of the revised policy in 2019. Suppliers are also encouraged to specify their policy in the same manner.

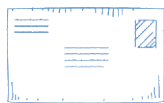
²¹ See details of the Anti-Corruption Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

²² See details of the Sustainable Sourcing Policy and Supplier Guiding Principle at: <https://www.cpfworldwide.com/en/sustainability/policy>

Whistleblowing Procedure



Whistleblowing Channels



Mail

1/1 Soi Yen Chit 2
Intersection 1, Sapsamut
Building 2, 4th floor,
Yen Chit Road,
Thung Wat Don, Sathon,
Bangkok 10120 Thailand



Telephone

+66 (0) 2673-1105
+66 (0) 2673-1092-3



Fax

+66 (0) 2673-1090



Email

iaoffice@cpf.co.th



Website

[www.cpfworldwide.com/
en/contact/committee](http://www.cpfworldwide.com/en/contact/committee)

In practice, the Company provides various channels for both internal and external stakeholders to report grievances or allegations of improper behaviors or breaches against the Company's Code of Conduct. We ensure that all employees and whistleblowers who resist extortion or report any violation of potential corruption activities in the Company shall be protected and treated with fairness against retaliation. In 2018, the Company received 68 whistleblowing cases on alleged corruption and wrongdoing via the Audit Committee. After investigations, 3 confirmed cases were found in minor breaches against the Code of Conduct as alleged, and 7 cases were found to be in compliance with the Company's regulations. However, the investigated cases were identified as having insignificant impacts on the Company's reputation or its financial performance. We took appropriate disciplinary actions against the violators, in accordance with our guidelines on disciplinary actions.

Risk Management

To better cope with business risks, due to constant changes in economic, social and environmental context, the Company puts great emphasis on managing risks which could create adverse effects on the sustainability of the organization. We abide by the international guidelines of COSO's Enterprise Risk Management (ERM) to assess potential risks both in short and long-term impacts, to determine guidelines and measure to manage risks by the risk owners; whose play a critical role in responding each risk. The Company monitors and reports annual results of risk assessment to the Board of Directors and the Audit Committee. We also communicate with and build awareness among all executives, employees, and concerned departments to raise organizational awareness on risk management as one pillar of the organizational culture.²³

²³ See details about the Company's risk factors, please refer to our Annual Report 2018

Compliance with Applicable Law and International Standards

A sustainable business requires compliance with applicable laws and regulations of every country in which we operate. They can be related to occupational safety and health, the environment, labour practices, animal welfare, quality, and sustainability. In addition, the Company always strives to comply with international voluntary standards which are beyond national requirements.²⁴

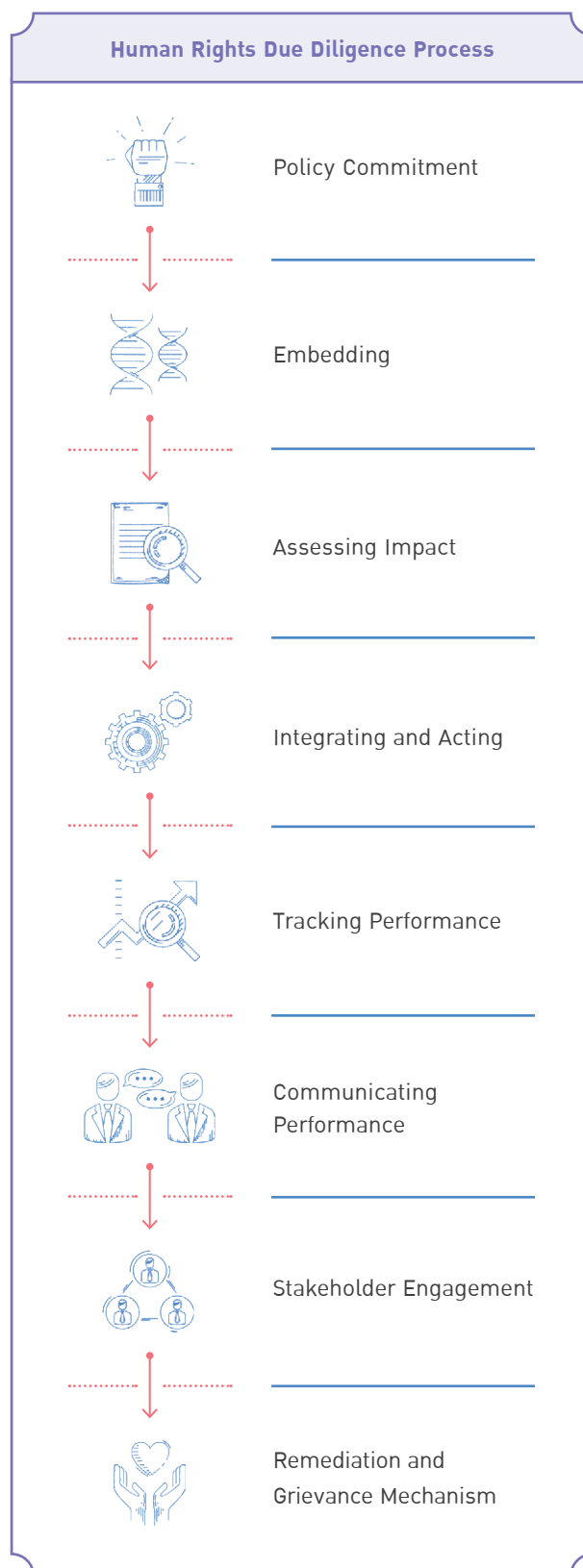
Respect for Human Rights

With the recognition of the inherent dignity and equality of all human beings as the underlying principle of working and living together, the Company puts its greatest effort to ensure human rights issues are effectively managed in accordance with the Company's **Human Rights Policy**.²⁵ The Human Rights Policy was prepared in accordance with international standards, which are the International Labour Organization (ILO), UN Global Compact, and UN Guiding Principles on Business and Human Rights (UNGPs). In addition, we place emphasis on human rights in our supply chain anchored in our **Sustainable Sourcing Policy and Supplier Guiding Principle**.²⁶

We have exercised the Human Rights Due Diligence (HRDD) process since 2016. The HRDD process is implemented to identify salient human rights issues, covering all groups of stakeholders, including vulnerable groups such as ethnic or religious minority groups, disabled groups, and children. The process integrated within all the business units in Thailand. It focuses on an integrate management approach to minimize human rights impacts, regular monitoring and strengthened reporting mechanism of the Company's performance on human rights, and developing procedural guidelines for potential grievances. The aim of implementing this process is to minimize possible impacts in a timely manner.

Our salient human rights issues consist of the following:

- Forced labors in the supply chain;
- Migrant labors in the supply chain; and
- Health, safety and well-being of employees and contractors within the operations.



²⁴ See details about applicable international standards and/or certifications at: <https://www.cpfworldwide.com/en/sustainability/commitment/governance>

²⁵ See details of the Human Rights Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

²⁶ See details of the Sustainable Sourcing Policy and Supplier Guiding Principle at: <https://www.cpfworldwide.com/en/sustainability/policy>



In 2019, the Company plans to review and doing the HRDD process which is cycled every three years. The salient human rights issues assessment's result can be tracked on the website of the Company at https://www.cpfworldwide.com/en/sustainability/governance/human_rights

At the same time, the slavery and human trafficking is a significant global human rights issues that the Company has been actively involved in mitigating, preventing and solving such grave violations. We stand firmly in combating all forms of slavery and human trafficking by issuing the Statement on Slavery and Human Trafficking in 2017.²⁷ The Statement aligns with international human rights laws and standards, including the UK Modern Slavery Act 2015 and the Company's policies.

Since 2017, the Company has joined hands with the Labour Rights Promotion Network (LPN) in establishing the **Labour Voices Hotlines by LPN Center**. In 2018, the Company

continued its second-year collaboration with the LPN, where we disseminate information about the Center to our workers through posters and leaflets in four languages; Thai, English, Cambodian, and Burmese. Furthermore, the Center also provides a hotline service in Burmese, Cambodian, and Thai (with two lines per language) to ensure that all workers of all nationalities can gain access to this hotline channel for voicing comments, suggestions, grievances, or seeking assistance via a Non-Government Organization (NGO). The Company organized 84 hours of trainings on human rights issues, Thai labor laws, health and safety at work, past case studies, introduction to the Labour Voices Hotlines by LPN, and communication channels for counselling, suggesting, complaints, and seeking assistance in different languages for 24 sessions in the total of 1,063 workers. After being provided with the trainings, workers were found to be more aware of and have a better understanding of labour rights, increasing from 48% to 89%.

²⁷ See details of the Statement on Slavery and Human Trafficking at: <https://www.cpfworldwide.com/en/sustainability/policy/>

The Result of the Human Rights Related Trainings

265

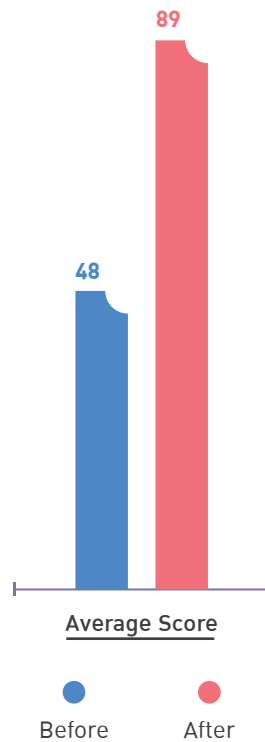
Cambodian
Workers

468

Burmese
Workers

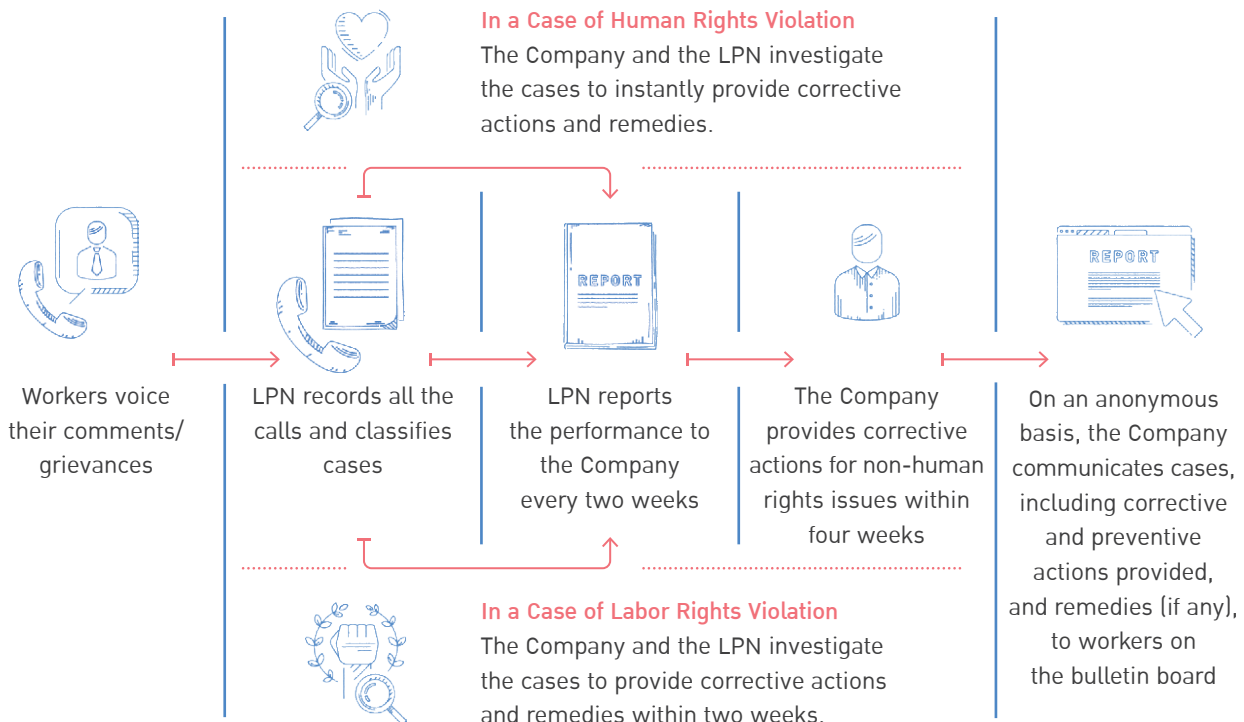
330

Thai
Workers



In 2018, the Center received two grievances relevant to the Company. They were concerned with manners of working and living together, and non-compliance with the Company's regulations. We investigated and settled the cases, and informed all involved parties of the two cases within two weeks, which reflects our persistent adherence to human rights principles.

Grievance Management Process by the Labour Voices Hotlines by LPN Center







PEOPLE DEVELOPMENT



- People Development -

Employees are an integral part of our competitive advantage and the sustainability agenda. The Company is, therefore, committed to becoming a **Learning Organization** where employees can constantly enhance their learning capability and encourage them to independently develop innovations. We fairly treat every employee equally and appropriately on the basis of our people governance. We aim to become a “**Leadership and Professional Organization**” and a “**Home of Happiness**” for all of our people.



Promoting equality and providing opportunities in working and enhancing employee capability



Enhancing capability and supporting career advancement of our employees



Preparing capable employees for key positions and business expansion



Promoting creative thinking in the working environment to become a sustainable organization



Constantly communicating and managing employee relations to become CPF a “Home of Happiness”



Continuously considering Occupational Health, Safety, and the Environment in our workplaces



WHY WE DEVELOP OUR PEOPLE



RECIPE FOR PEOPLE DEVELOPMENT

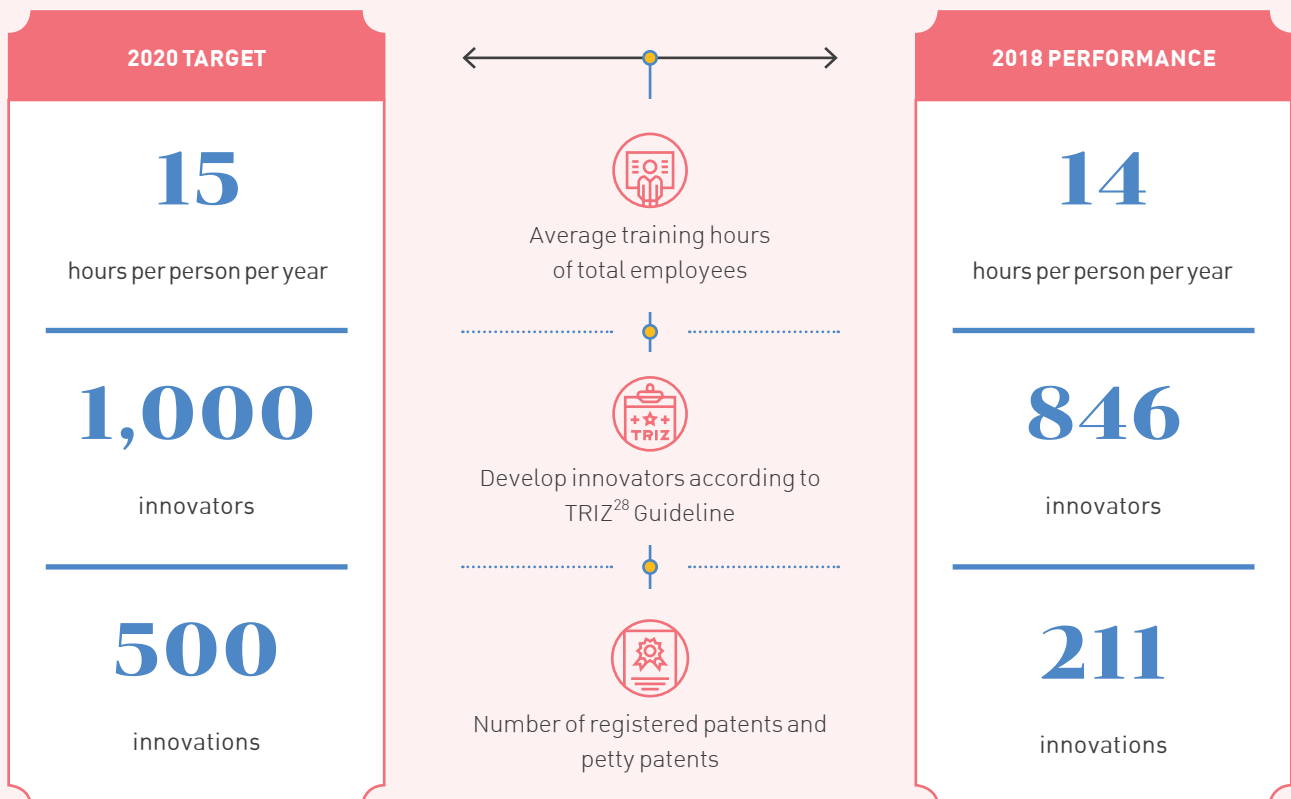


PEOPLE DEVELOPMENT

Amidst the rapidly changing global situations and highly competitive business environment resulting from today's fast-paced technology and new innovations, large scale organizations need to stay highly focused on attracting human resources, which suit their business continuity and sustainable growth, and developing human resources management strategies. They enable organizations to respond to their needs in the constantly changing world. The focus is also on retaining talents, and encouraging them to unleash their full capacities, competencies and skills, and to build their knowledge. These are among many challenging factors for the Company to be meticulously managed and aligned with the business operations while being responsive to the needs of their employees.

The Company believes that a collaborative working environment with happiness, equality, and be able to adapt to emerging business trends are fundamental for a sustainable growth business. We are, therefore, committed to developing and retaining **"Talents"**, creating working atmospheres where diversity of all employees is respected. Our employees are encouraged to foster innovative culture, enhance their capabilities, and promote career advancement for all of our employees under the vision **"People Excel-Business Exceeds"**. This is based on a safe and healthy working environment of the CPF's Home of Happiness.

OUR PERFORMANCE IN 2018



28 TRIZ is the Theory of Inventive Problem Solving which is a theory of creative thinking management that has been growing in popularity. It developed by Genrich S. Altshuller.

Promoting Equality and Increasing Capability

The Company upholds and promotes reciprocal respect among employees within the organization when working and living together. Recognizing that all employees are inherently valued and equal in dignity, the Company has policies in place to emphasize that all employees have equal opportunities in their career. We do not discriminate with respect to all aspects of the employment, including recruitment, compensation, training, assignment, promotion, benefits arrangement, safety and workplace environment. This is to strengthen the organization and increase capability of the business operation towards sustainable growth. Our related policies include:

- Human Rights Policy
- Employment and Labour Management Policy
- Foreign Labour Hiring in Thailand
- Discrimination and Harassment Policy
- Diversity and Inclusion Policy²⁹

In addition, we have a policy to encourage every employee to participate in the Welfare Committee. The Committee is composed of employee representatives from all levels and business functions. Their responsibilities include raising employees' concern and providing advice and feedback on the improvement of employees' welfare, in terms of working conditions and beneficial benefits.³⁰ In 2018, the Welfare Committee received feedback and considered many suggestions to improve the organization. 74% of our employees have benefited from such improvements.

Empowering Disabled People... Creating Opportunities and Equality

Our Employees

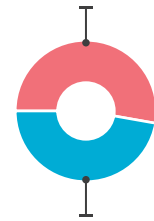
In Total
72,319

persons³¹



Female

52%

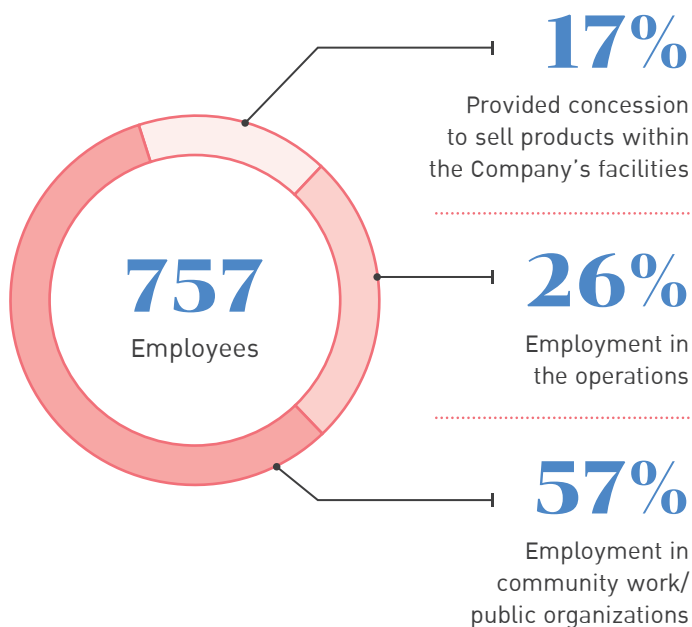


48%



Male

In 2018, the Company Hired Disabled Employees



Example of selling products are foods, snacks, and beverages

- Accounting
- Planning e.g. demand planning
- Industrial hygiene related work
- Warehouse unites e.g. ready-to-eat product warehouses

- Agricultural work e.g. vegetable farming, and livestock farming
- Cleaning services
- Technical services e.g. plumbing, carpentry, cement work, and maintenance

²⁹ See details of the CPF's Human Rights Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

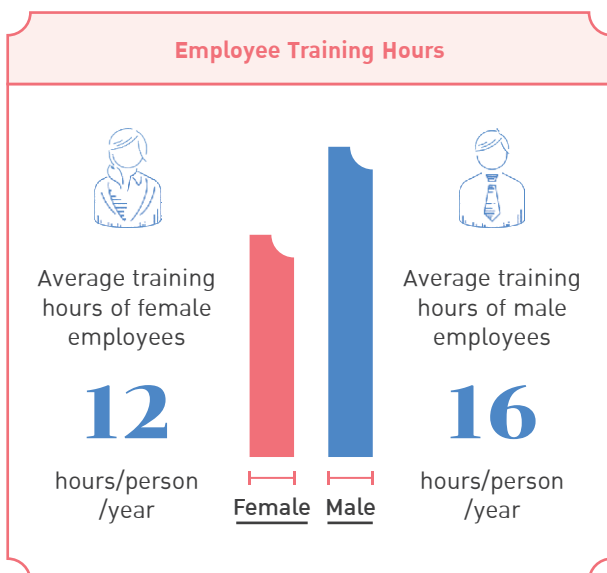
³⁰ See details on engagement channels, examples of issues, and employee survey, please refer to Stakeholder Engagement section on page 105

³¹ The total number of employees is as of 31st December 2018. For full details on the total workforce, please refer to page 107

The Company promotes equal access to rights and welfare of disabled employees through its collaboration with the Ministry of Social Development and Human Security, and Social Development and Human Security Offices at the provincial level. Together, we organized a series of training on occupational health and safety in the workplace, rights of and benefits for disabled people, basic information on the social security. This promotes the access to benefits and rights of the Workmen's Compensation Fund. The training aims to ensure that disabled people are aware of their entitlements, rights, and benefits that can improve their livelihood and social well-being, which can, in turn, reduce social inequality. This also helps us achieve our goal to be a home of happiness and equality for all employees.

Enhancing Capabilities and Promoting Career Advancement

Human resources are key components for creating competitive advantage and increasing an organization's profitability. To become **a learning organization**, we encourage our employees to participate in training which is related to their respective business functions and suitably enhance capabilities of employees at all levels. The CPF Training Center (CPFTC) was established to provide training and development programs for our people so that they are simultaneously **"good at work, good at people, and good at business"**. The trainings and programs are organized under international certification standards related to quality advisory services on the design and development of learning courses, learning services management or ISO 9001:2015, and related to specifically control the quality of the learning outcome, and the provision of electronic learning materials or ISO 29990:2010 (we are the first company in Thailand certified with such a certification) for respectively 7 and 6 consecutive years.



The standards certified by United Registrar of Systems Ltd. (URS), which is accredited by the United Kingdom Accreditation Service (UKAS) in the United Kingdom. In addition, the organization has certified many industrial management systems around the world.

In 2018, the Company organized trainings for employees to build their professional skills and provide lifelong-learning development opportunities. There were 7,462 training curriculums, categorized into four groups as follows:

- Basic training for employees such as Basic Corporate Governance, cyber security, and Five Basic Workplace Hazards and Accidents
- Awareness and understanding of occupational health and safety training
- Necessary job and professional skills development training
- Leadership and managerial skills development training

Developing Leaders for Thailand's Sustainable Education and the New Generations

In addition to supporting our employees to become more talented, we also encourage our talented leaders to engage with communities in gearing Thailand towards sustainable development.

The "CONNEXT ED" Project

For two consecutive years, the Company has been part of propelling basic education development and building Thai leaders through the CONNEXT ED Project, as part of the "Pracharath" Project – the public-private project for educational development in Thailand. The Company collaborated with 195 schools in 2017. Continuously, in 2018, we continue our work with the 35 schools from 2018 and extend the collaboration to another new 88 schools. In total, we participated in developing 123 schools in the Project under our 57 School Partners or SPs' supervision and advice, who are our young professional leaders volunteering to drive sustainable education. In order to practically enhance the Thai education sustainably, the Company developed an action plan for the Project and assigned SPs to collect data, discuss with executives of each partner school, develop a teaching and learning plan, and set targets.

The "Partnership School" Project

We are one of the private companies collaborating with, developing, managing, and supporting the two public schools in Nakhon Ratchasima Province, under the auspice of the Ministry of Education's Partnership School Project. The Project encourages the private sector to assign company's representatives to enhance school management



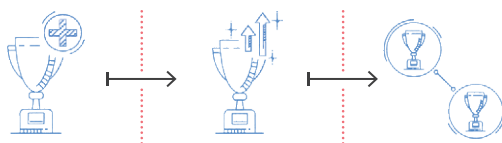
C.P. Leadership Institute (CPLI) by Charoen Pokphand Group

capability with the Thai government by applying business managerial skills to work with the schools. Those can include academic, human resources, and budget management. This will help improve the quality of education, while responding to different educational needs of learners, given that the economic and social contexts vary geographically. Thus, the Project aims to tackle inequality in education which is addressed as part of the 20-year Strategic Education Plan (2017-2036).

Managing Talent and Planning for Succession

In order to respond to a fast growing and rapidly changing business environment in the future, we put great emphasis on attracting and retaining high-potential talents. The Company, therefore, established human resources management frameworks to develop the capability and skills of our people, and to set out guidelines for all employees to be provided with opportunities to develop and grow professionally. The frameworks include the Talent Management Framework and the Succession Management Framework which are used to prepare our people for future changes potentially impacting the business growth and continuity. We have already identified successors in all key positions while constantly and regularly monitoring their performance.

Talent Management Framework



Identification

Development

Retention

In 2018, the Company evaluated and identified 120 talents into our talent pool according to our criteria. These talents will be provided with opportunities to develop their Individual Development Plan (IDP) and participate in leadership development programs to enhance their competencies and skills in many business aspects. The leadership development programs are in collaboration with the C.P. Leadership Institute (CPLI). The programs include the **Future Leader Program (FLP)** and the **Leadership Development Program (LDP)**. This increases new windows of business opportunities, and on the other hand, develop themselves as the Company's successors. We value these programs as the mutual benefit for both the Company and all qualified talents for their future career development and advancement.

Succession Management Framework



Identify Critical Position



Talent Identification



Readiness Assessment



People Review

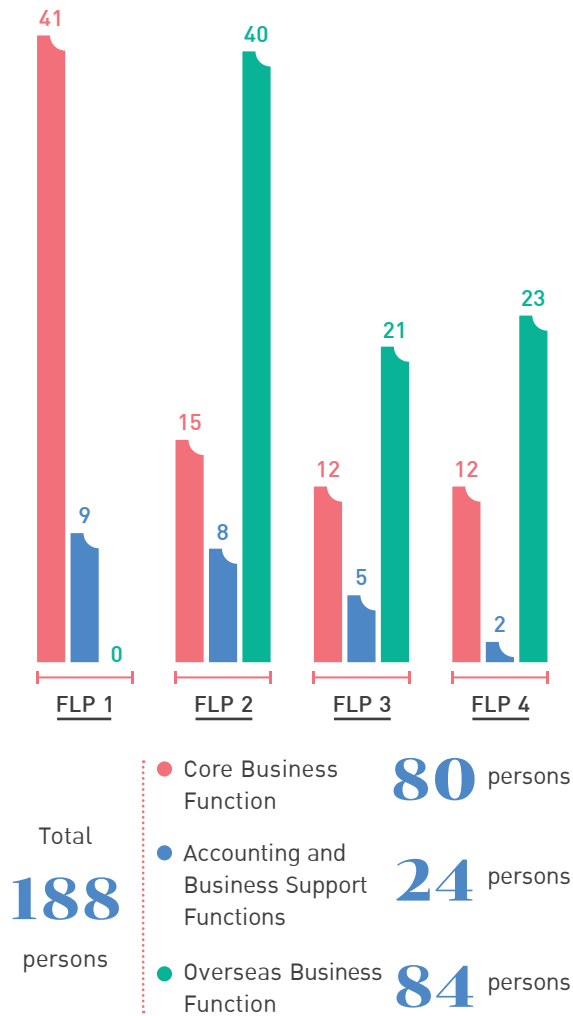


Succession Plan & IDP



Succession KPI

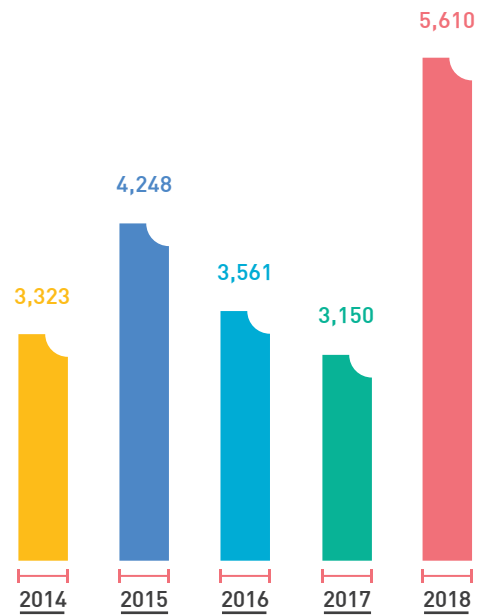
Employees Participated in the Future Leader Program (FLP) in 2018



Leadership Development Program (LDP), in 2018, has participated in

387 employees

Innovations were Invented between 2014 and 2018 (Unit : Innovations)



Promoting Innovative Culture

As innovation can be an integral part of increasing business competitiveness, we highly focus on creating and fostering an organizational culture which continually encourages creativity and innovated working atmospheres. For instance, the Company organized "Business creativity through design thinking" training to further develop knowledge and innovative ideas of our people. We advocate our employees to be innovators among all business functions. The CPF Innovation Office is centered to provide technical support and helps facilitate the registration of patents and petty patents. Each year, our innovators are rewarded with compensation for their innovations. In addition, the Company organizes a range of innovation awards in order to create more innovators and to share knowledge and ideas on their inventions at the organization level.

Part of the Result from Promoting Innovative Culture "Rapid Listeria Aptasensor" to Detect *Listeria Monocytogenes* (LM)

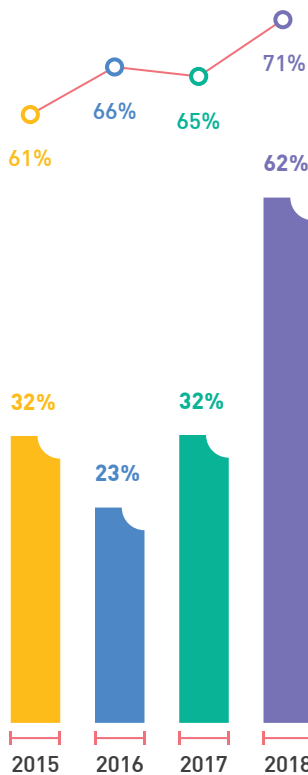
- Our innovator invented the Rapid Listeria Aptasensor to detect LM, shortening the time from 7–10 days to merely 5 minutes-24 hours. The Aptasensor is used to detect bacteria in frozen and chilled foods to provide quality and safe foods for all consumers.
- Our innovator awarded with Gold Medal and Special Prize (China Delegation) from the 45th International Exhibition of Inventions of Geneva, Switzerland.



"I am fortunate to work with an organization which gives good opportunities for all employees to unleash their capability and to enable them to drive CPF towards a globally recognized innovative company. I am in the midst of the working atmospheres that foster employees to constantly improve innovations in response to the fast-changing consumers' demand and to this rapidly evolving world."

Ms. Sudarat Ledlod (In the center of the picture)
CPF's Microbiologist and the Innovator
of the "Rapid Listeria Aptasensor"

The Result of 2018 Employee Engagement Survey



○ Engagement Score
■ Percent of Employees Participated

Connecting our People

The Company recognizes the importance of internal communication and employee relations. We also promote employee engagement through various channels.³² Moreover, we ensure that employees are free to express their opinions and suggestion to the Company through the annual employee engagement survey. The comments are used to improve better working conditions and atmospheres. We believe this will bring the organization towards stability and sustainability.

Ensuring Occupational Health and Safety

The Company places great emphasis on ensuring workplace safety and promoting employee well-being, in accordance with the Safety, Health, Environment and Energy Policy.³³ Therefore, the Company reviews its performance every year in order to improve our emergency management, escalate proactive workplace safety measures, and prepare for rigid preventive and emergency responses to build workplace safety and prevent loss of our employees and related personnel.

Apart from regular training related to occupational health and safety that the Company has provided every year. In 2018, the Company launched an e-Learning training on **"Five Basic Workplace Hazards and Accidents"** for employees at all levels. This course has raised employee awareness and understanding of five key hazards and accidents in the workplace while preparing them to promptly act in response when emergency occurs and preventing any potential loss. In addition, the Company published internal public relations media, such as posters and leaflets, to raise awareness and build a safety culture among all employees and workers.

Moreover, the Company determined the guideline for appointment of "Emergency Response Team" and equipment describing the preparation of personnel in forming the emergency response team by qualifications, roles and responsibilities, required

³² For more details on engagement channels, examples of issues, and employee survey, please refer to Stakeholder Engagement section on page 105

³³ See details of the Safety, Health, Environment and Energy Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

training courses, annual physical examination, and preparation of appropriate countermeasures equipment. The guideline was set in order to ensure that the emergency response team is able to promptly response emergency situations covering five key hazards and accidents, and complying with relevant laws and regulations.

66%

***of total employees and workers passed the training
on Five Basic Workplace Hazards and Accidents***

The Company is consistently and seriously committed to ensuring workplace safety measures in place to reduce work-related accidents and increase efficiency at work. In 2018, we set our long-term target that we will reduce the Lost Time Injury Frequency Rate (LTIFR) to 0.12 case per 200,000 hours worked by 2025. In 2018, we found that our LTIFR³⁴ was reduced to 0.31 case per 200,000 hours worked, or 14% reduction compared to the 2017 performance. Moreover, it is likely that we are able to continuously maintain our Occupational Disease Rate (ODR) at zero.

Lost Time Injury Frequency Rate (LTIFR) (case per 200,000 hours worked)



Five Key Hazards and Accidents consist of



Fire



Electrical Hazards



Falling from Heights



Confined Spaces



Chemical Hazards

³⁴ Lost Time Injury Frequency Rate (LTIFR) and Occupational Disease Rate (ODR) data were verified by an independent party. Please refer to the Assurance Statement on page 124-126





FOOD SECURITY

Food security is a challenging issue every country is facing. As a leading agro-industrial and food conglomerate, we continuously devote in building food security. Thus, we have set goals of “**enhancing quality and food safety throughout the chain**” in conjunction with “**improving food accessibility**” to alleviate inequality and promote health by developing high quality, safe, and sufficient foods.

- Enhancing food safety and quality -



Research and
Development



Management through
International
Standards



Quality Control and
Assurance



Labeling



Customer Care

- Improving food access -



Knowledge Management
Based Competency
Development



Collaborative
Partnerships



Management Skills
Support



WHY WE SECURE OUR FOOD



RECIPE FOR FOOD SECURITY



ENHANCING QUALITY AND FOOD SAFETY THROUGHOUT THE CHAIN

Food safety and quality are the foundation of food security. They also affect health of the consumers and ultimately all other aspects in relation to a country's development. Furthermore, consumers' interests in issues, such as microbiological and antibiotic contaminations in foods, and health risks from consuming insanitary foods are on the rise around the world. This trend encourages the Company to conduct research and develop food products with quality, nutrition, tastiness, and safety, to respond to the changing consumer behaviors and needs. We ensure that we focus more on quality and safety control throughout the food chain.

The Company's food safety and quality enhancement starts from innovation research and development which leads to a global standard of management certified by third parties. We use automatic and robotic technologies in animal feed production, animal farming, and food production. We also have quality control and assurance with assertive measures of risk assessment, quality analysis and assessment, in parallel to receptive measures of traceability systems and product recalls, as well as listening to customers' feedback and managing complaints. The Company also appropriately communicates clear and accurate product information so that the customers can decide and select healthy and safe products.



IMPROVING FOOD ACCESS

Studies found that children with malnutrition are delayed in learning development compared to their counterpart. Among children with malnutrition, most of them are growing primary school students and account for 66 million in all developing countries.³⁵ Therefore, collective problem solving of malnutrition among children and youth is considered a national agenda for the country's sustainable future.

As the Company understands the importance of improving food access in a sufficient and sustainable way at the community level, especially among children and youth, we use our knowledge and expertise in food production in developing their skills and learning processes. With our network alliance, we provide knowledge about safe food consumption with accurate and adequate nutrition to children and youth.

35 Referenced from the World Food Program: <https://www.wfp.org/stories/6-reasons-next-generation-needs-us-solve-hunger>

SUSTAINABILITY JOURNEY TO...FOOD SECURITY

[1988]

- Be the first company who applied Evaporative Cooling System (EVAP) in Thailand

[1989]

- Launched the Raising Layer for Student's Lunch Project
- Applied the World Organization for Animal Health (OIE)'s Animal Welfare Principles and EU's Standards and Regulations to broiler industry

[1996]

- Applied a third-party certified quality and safety international standard in feed, farm, and food businesses

[1991]

- Launched a closed-loop water system in shrimp farming

[2002]

- Launched a biosecurity system in shrimp farming
- Launched the developed Vannamei farming method and system with the yield of 2.5 ton/rai/crop (15.625 ton/hectare/crop)

[2006]

- Launched the Open the World of Learning Project

[2016]

- Announced the Health and Nutrition Policy

[2015]

- Launched CP Balance and CP Delight brands, the CPF's frozen, ready-to-eat, and healthy products
- Launched the CPF Growing Happiness, Growing Futures Project

[2017]

- Announced the CPF Healthier Choice Principles
- Launched Smart brand, the CPF's frozen, ready-to-eat, and healthy products

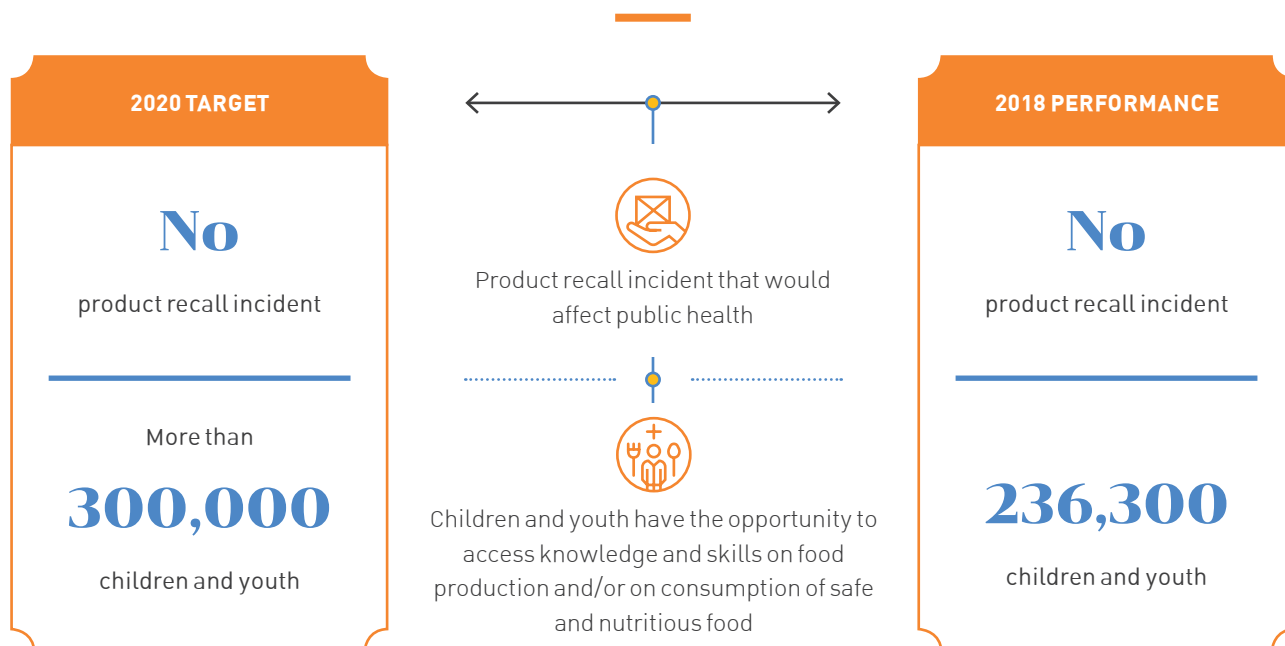
- Applied CPF Digital Traceability in the broiler business

[2018]

- Launched "Benja Chicken" the first raw chicken product in the world in which the chickens are raised with brown rice
- Launched CPF Food Research and Development Center

- Announced the revised GMO Policy
- Applied Digital Supply Chain Transformation in the broiler business

OUR PERFORMANCE IN 2018

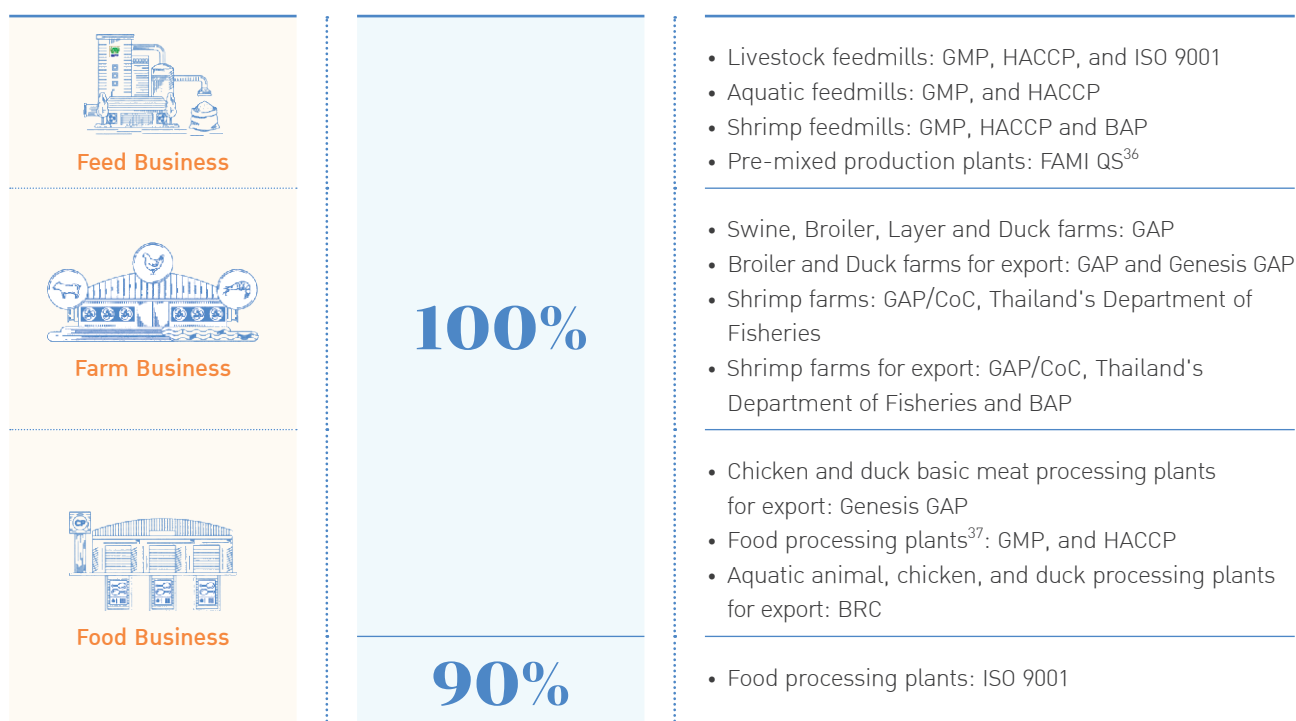


Enhancing Quality and Food Safety throughout the Chain

Quality and Food Safety Management throughout the Chain

Foods with quality and safety is resulted from stringent production control that meets international food and safety standards.

International Food Quality Standard Certifications in 2018



³⁶ FAMI QS [Feed Additives and Pre-mixtures Quality System] is a standard to control quality and safety throughout the production chain for animal feed producers. Aspects covered by this standard include animal health, animal feed production, ingredients, raw materials, and others.

³⁷ Food processing plants cover: basic meat processing, processed semi-cooked and cooked meat products manufacturing, and ready meal or ready-to-eat products manufacturing.

CPF Food Standard Project

[2017]



Started the **CPF Food Standard Project** under the **CPF Quality Policy**³⁸ in collaboration with the British Standards Institution (BSI) to establish a quality and food safety management and sustainable food production system throughout the Company's production processes. This is set to be a standard for our productions throughout the world. The standard has been integrated with a number of international operational standards such as quality, food safety, and food sustainability standards that we have been certified:

- International food standards such as CODEX, ISO 9001, ISO 22000
- National and international regulations
- Customers' requirements such as BRC, Genesis GAP

These standards have helped improving the efficiency of the Company's quality and safety risk management. As a result, we can consistently deliver product value to the customers, gain consumers' trust, and are accepted by stakeholders from all sectors.

[2019]



To announce the **pilot** of the CPF Food Standard in our broiler and duck businesses. It will be the first implemented in the integrated broiler business, including the feed, farm, and food businesses. The implementation will be audited by a third-party organization and ready to be expanded to cover all the integrated broiler and duck businesses by 2019.

[2020]



To expand the project to our overseas operations

³⁸ See details on the CPF Quality Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

³⁹ See details on the Traceability Policy at: <https://www.cpfworldwide.com/en/sustainability/policy>

Quality Control and Certification

[1996]



Began food product traceability according to the CODEX international food standards

[2014]



Began the development of the **CPF Digital Traceability** throughout the value chain, from raw material sourcing, to animal feed production, animal farming, food production, and product distribution, following the Traceability Policy.³⁹ With the digital technology system that has been designed and developed specifically for the Company's products, the production and distribution of products can be delivered to customers in a timely manner. The implementation was started in the broiler business.

[2017]



Successfully implemented the **CPF Digital Traceability** in the broiler business.

[2018]



- Thailand: in the process of developing the model of digital traceability system in swine, duck, shrimp, and ready meal businesses and to cover every business.
- Vietnam: successfully implemented the CPF digital traceability system in broiler business and is in the process of system installation in swine, layer, shrimp, fish and ready meal businesses.
- Laos, Cambodia, China, Malaysia, and India: in the process of the CPF digital traceability system installation.

Trained executives and employees about digital traceability throughout the value chain to disseminate the knowledge to:

- every business in Thailand.
- overseas operations in eight countries (Laos, Cambodia, Vietnam, Philippines, Malaysia, Russia, India, and Turkey).



Sample products with a CPF Digital Traceability QR Code, from business in Thailand (left) and overseas (right).

Complaint Management



CPF Consumer Center
0 2800 8000
consumercenter@cpf.co.th



Quality

e.g. color, odor, taste

Within **5** days



Safety

e.g. extraneous materials

Within **3** days



Emergency

e.g. consumers feel sick

Within **24** hours



Listen to and Learn from Customers' Feedback

Feedback from customers and consumers is important and supports the Company to develop quality products in response to their needs and satisfaction. We have multiple channels in place to listen to the feedbacks and opinions of our customers and consumers about our food products. This customer care is in accordance with the customer and consumer's complaint management policy, the trading and export complaint management policy, and the product recall policy. Communication channels available are the CPF Consumer Center, direct contact to the Company, emails, websites, and online social platforms such as Facebook and webboards. The Company has an ultimate goal to reduce the number of product recall incidents due to safety and quality issues to zero.

The CPF Consumer Center offers integrated services in providing information, receiving complaints, and servicing, as well as taking orders and delivering the Company's products. We have set three levels of complaint management based on the severity of the issues. The CPF Consumer Center acts as a central operator linking the responsible department to the complaint and follow-up with the investigation until the issue is resolved. Complaints received from other communication channels will also be sent to the CPF Consumer Center to process.

Case Study: Digital Supply Chain Transformation in the Broiler Business



As a global leading food producer, we recognize the importance and substantial benefits of the digital system that help in managing work process, increasing accuracy in work prioritization, completely connecting supply chain data and integrating work of related units. For example, in our broiler business, digital systems have been used to connect the data from farms, planning of production processes, marketing, and sales with consumers' information. This process focuses on managing information database to comply with the central management plan to assist with the decision-making process in Sales and Operation Planning (S&OP), making supply chain management easier.

It also helps increasing efficiency throughout the business chain, improve customer services, resolving issues in a timely manner, reducing food lost that can be used to add market value, and strengthen the operations.

In 2017, the Company, in collaboration with JDA Software Company Limited, started using the Digital Supply Chain Transformation Technology in the broiler business.

The transformation aimed to increase the efficiency of quality and safe food production to be delivered to the customers and consumers in a timely manner, which is one of the Company's core strategies. In the future, we tend to expand this transformation to other overseas operations. We are **the first company** in the food business sector in **Thailand** and **the first company** in **Asia** among the protein food business sector that uses the digital supply chain technology in the operations.

Improving Food Access

Improving Food Access in Children and Youth

Northern Region

 **135**
Schools

 **2**
Schools

Central Region

 **63**
Schools

 **32**
Schools

 **5**
Schools

Western Region

 **112**
Schools

 **2**
Schools

North-eastern Region

277 
Schools

14 
Schools

1 
School

Eastern Region

41 
Schools

15 
Schools

2 
Schools

Southern Region

90 
Schools

13 
Schools

1 
School

The Raising Layer for Student's Lunch Project

Enable students in rural areas to have access to high-protein food sources such as eggs. The Project also offers an opportunity for students to learn about the process of raising layers, management of produces, and selling them in the community to generate a revolving fund for the school which acts as a learning center for experience exchange within the community.

The CPF Growing Happiness, Growing Futures Project

Solve the malnutrition issue constantly from 2015-2019 by establishing a goal to develop and support schools as food access learning centers for children and youth in communities.

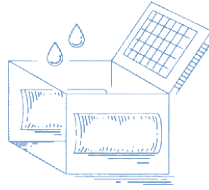
The Open the World of Learning Project

Supplemented knowledge about and understanding in producing good quality, safe, and nutritious foods for children and youth around the country from the Company's food production plants that use modern technology and innovation in productions.

Part of Outcomes from CPF Growing Happiness, Growing Futures Project at Ban Mai Samrong School



Mobile Mushroom
Cultivation House Innovation



Mushroom
Cultivation Kit Innovation



Learning Center
by QR Codes

The CPF Growing Happiness, Growing Futures Project, in collaboration with the Office of the Basic Education Commission, the National Electronics and Computer Technology Center (NECTEC), and the Charoen Pokphand Rural Lives Development Foundation have supported students to manage products and food in accordance with nutrition need that are suitable for their growth development.

In 2018, around 14,300 students were supported through the Project, and six model schools were developed into food and nutrition learning centers in communities. The six model schools are Ban Mai Samrong School, Khlong Khayaeng School, Khlong Yang School, Wat Bangpidlang School, Ban Wang Yai School, and Ban Lad Buakhao School.

Case study: Good Deeds Company (Un) Limited

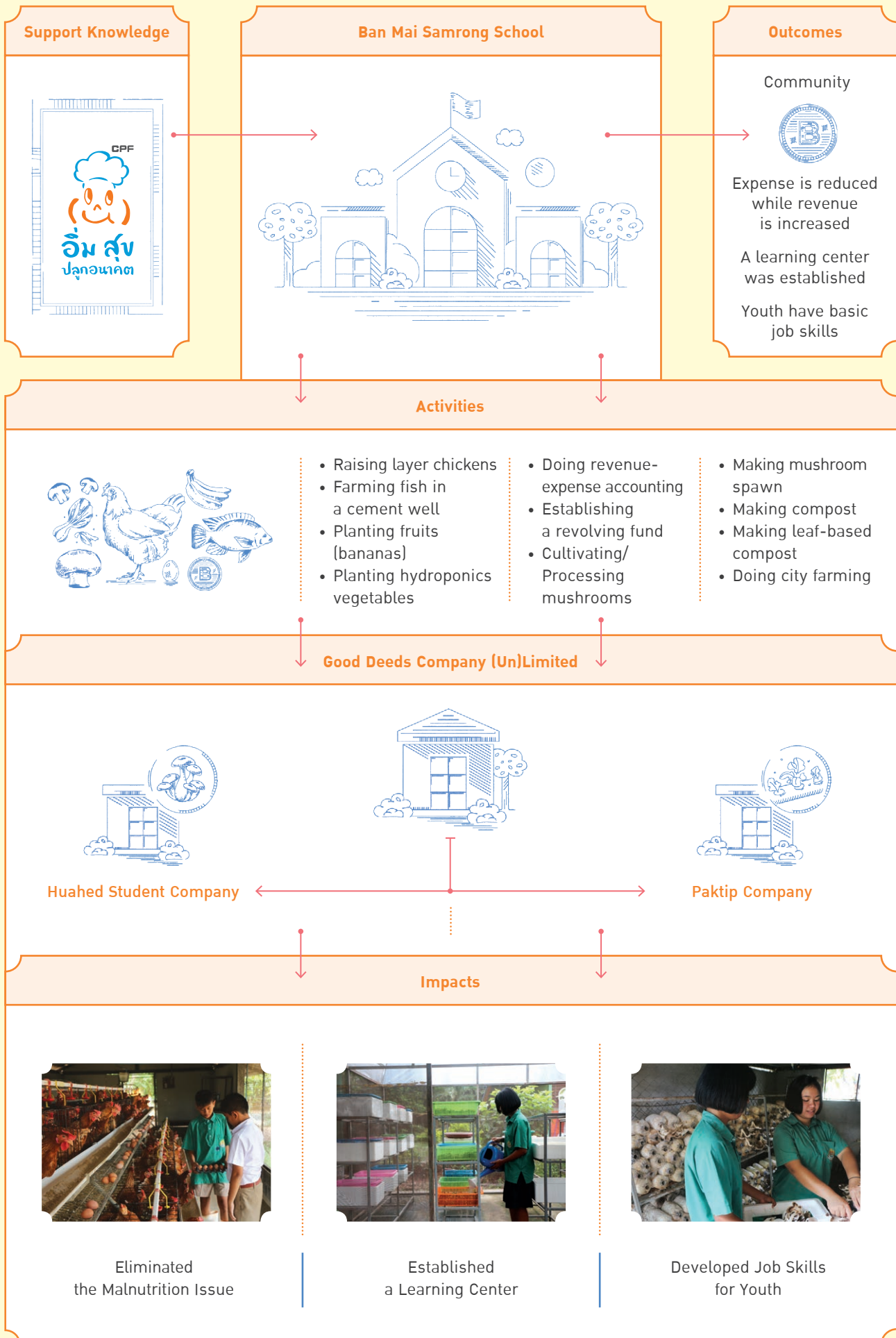
Ban Mai Samrong School in Lad Buakhao Sub-district, Sikhio District, Nakhon Ratchasima Province has participated in the CPF Growing Happiness, Growing Futures Project since 2014. They have been successful in reducing the number of students with malnutrition from 7.6% in 2015 to zero in 2016.

Students at the school built on their knowledge by establishing the Good Deeds Company (Un)Limited which has two subsidiaries: Huahed (mushroom) Student Company, and Paktip (vegetable) Company. The companies were established to provide an opportunity for students to be business owners, develop team working skills, and learn how to do income and outcome report by themselves. Mushroom and vegetable that students and teachers grow are used to cook for school lunch. The remaining will be processed to be food products such as dry shredded oyster mushroom, herbal mushroom, and fermented mushroom, and sold within the community. This enables students to learn, gain experience, and use their knowledge to add on to their future job. Therefore, 80% of the graduate students choose to study at Nakhon Ratchasima College of Agriculture and Technology after completing Grade 9 at the school.



"After participating the project, none of our students have malnutrition. As a teacher, I am very glad. I also want to educate and support the students with other experiences so they can learn, be trained about responsibility, and have some job skills. Knowledge and skills like these cannot be developed in a day, they need some time to cultivate and flourish. All the teachers want to take part in assisting the students to learn, equip them with some job skills, and reach their goals."

Mr. Nattapong Tohsongnoen
Ban Mai Samrong School Director







SELF-SUFFICIENT SOCIETY

The Company recognizes the importance of our role in managing social and environmental issues that are internal and external to the organization in order to prepare for potential future challenges concerning food security and balance of nature. We emphasize on developing the society as a whole based on the engagement with our communities. Which enriches the relevant knowledge and necessary capacity but not limited to advocate well-being among them. Our objectives are “**Developing Win-Win Partnership**” and “**Supporting Community Livelihood**”, gear towards developing knowledge assets and creating positive impacts for smallholder farmers. These are vital components for economic, social, and environmental development and thus important for the business sector.

- Developing Win-Win Partnership -



Operating responsibly under the “Sustainable Sourcing Policy and Supplier Guiding Principle”



Assessing risks in the supply chain and encouraging business partners to conduct Supplier Sustainability Self-assessment



Developing traceability system for key raw materials and conducting audit in critical suppliers



Building capacity on responsible operation and production, and optimizing the use of technology based on sustainable development principles



Collaborating with business partners, farmers, government agencies, and networks for sustainable development



Monitoring performance against targets and reviewing practices/management opportunities

- Supporting Community Livelihood -



COMPETENCY: Utilizing the Company’s competency to build our ability to serve the needs of our stakeholders



CREATION: Creating and sharing ideas or innovation for the Sustainability



COLLABORATION: Collaborating between the Company, employees, and all relevant parties



CONNECTION: Connecting with networks for the sustainable development



WHY WE PROMOTE SELF-SUFFICIENT SOCIETY



RECIPE FOR SELF-SUFFICIENT SOCIETY



DEVELOPING WIN-WIN PARTNERSHIP

The rate of population growth is increasing significantly, subsequently leading to multiplying demands for food. For this reason, society expects food companies to develop technology and innovation, share knowledge to increase resources and/or production efficiency, especially for the agricultural sector, in a sustainable manner. All of this should be achieved on the foundation of socially and environmentally responsible business operation.

To develop the Company to grow sustainably under our "Kitchen of the World" vision, the Company focuses on managing, at the basic level, responsible sourcing throughout our supply chain, and building sustainable growth across our operations and those of our business partners in adherence to **CPF's Sustainable Sourcing Policy and Supplier Guiding Principle**.⁴⁰ Similarly, we engage and share knowledge with business partners, communities, farmers, independent organizations, and the government agencies, in order to improve agricultural competency and support to create a responsible operation society in line with the laws, regulations, and international standards. Throughout all of this, the Company operates with due consideration to different situations and today's context.



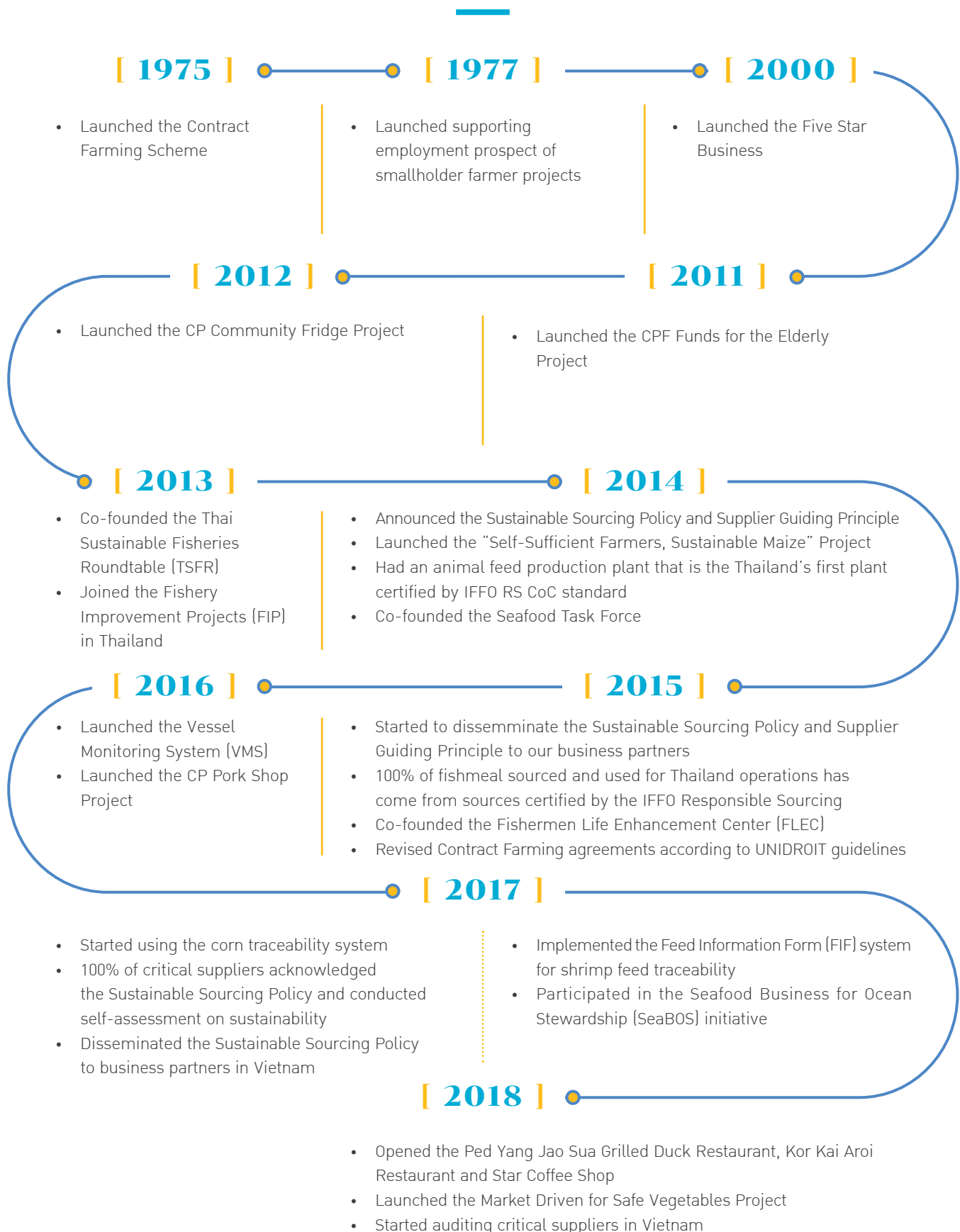
SUPPORTING COMMUNITY LIVELIHOOD

Conditions of economic uncertainty stemming from problems of unemployment, poverty, and social inequality continue to pose challenges for the qualities of life and livelihoods of members of society. Such conditions also affect economic and national development as a whole. Meanwhile in the social dimension, the world, including Thailand, is entering an "Aged Society" in which a portion of the working age population must now assume caretaker roles for the higher number of aged individuals. Given this, one task that all parties can support is the provision of basic needs, in the realms of healthcare, housing, and life values for all individuals in society.

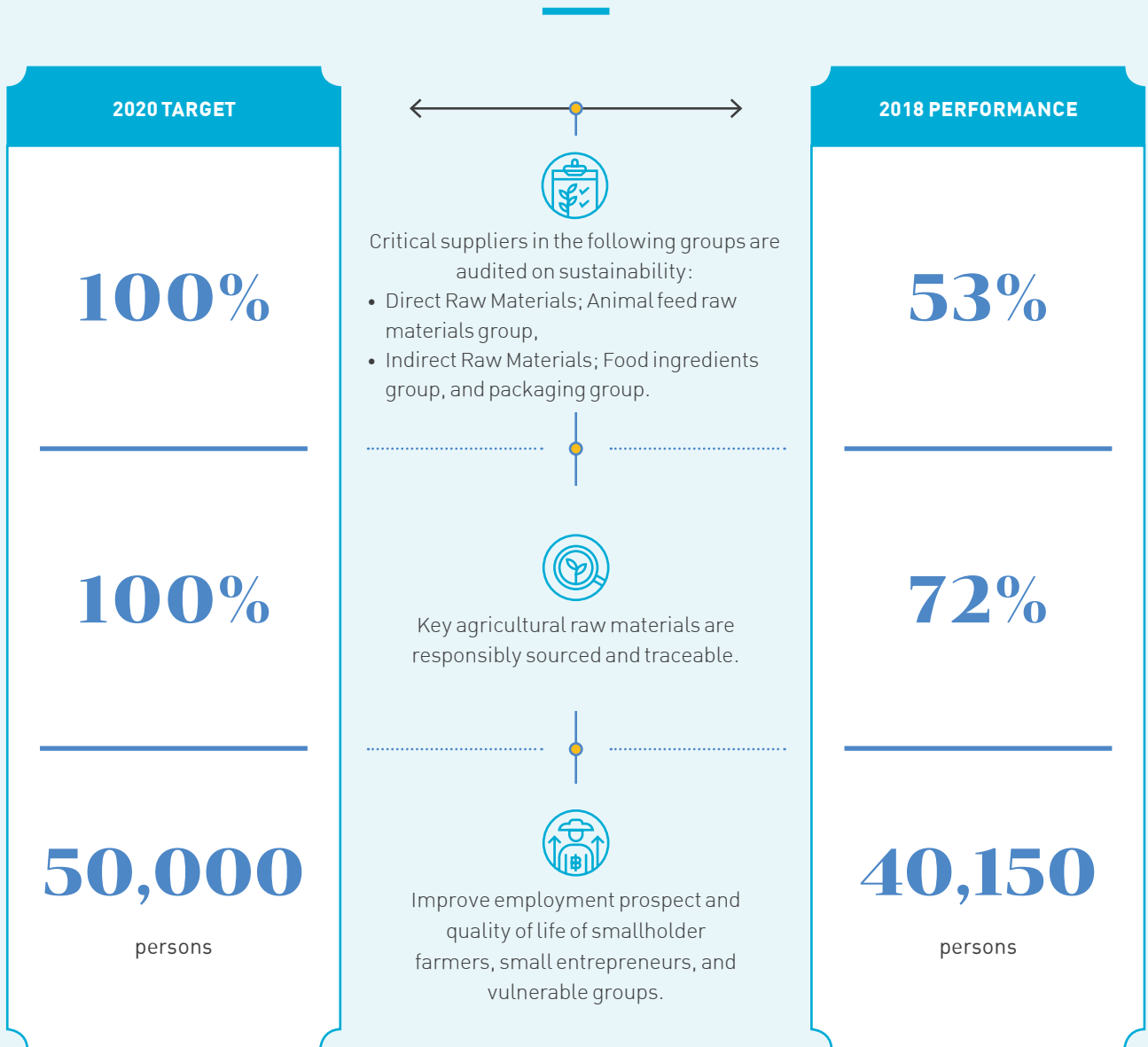
The Company focuses on supporting jobs that will enable regular income creation for stallholder farmers and small entrepreneurs. We believe that job and income security contributes to good livelihoods and well-being of communities, Thailand's economic security, and food security. We, therefore, continually carry out projects to enhance the quality of life of communities and vulnerable groups, guided by the **"4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)"** framework, which leverages our competitive advantage as a tool to create positive impacts while reducing negative impacts on society. The Company also shares and jointly develops concepts or innovations through employee and related party engagement, and coordinates partnerships with networks, as appropriate, to ensure the efficiency and effectiveness of our work over the long term.

40 See details of the Sustainable Sourcing Policy and Supplier Guiding Principle at: <https://www.cpfworldwide.com/en/sustainability/policy>

SUSTAINABILITY JOURNEY TO... SELF-SUFFICIENT SOCIETY



OUR PERFORMANCE IN 2018



Responsible Sourcing

Product & Service

People

Process

Performance

Developing Win-win Partnership

Responsible Sourcing

As our business offers a diverse range of products, we have to source raw materials from different groups of business partners, which increase the complexity in our supply chain management. This means we need an appropriately supplier's management to deliver safe and high-quality food products to our consumers in line with the Sustainable Sourcing Policy and Supplier Guiding Principle at the beginning of the chain. We select, assess, and develop our business partners with the goal of mutual growth, and have also

translated the Policy into a total of ten international and local languages. The Company has disseminated the Policy to our business partners in Vietnam. In 2019, we plan to communicate it to business partners in China, India, Laos and Cambodia.

Reflective of our focus on operating in a socially and environmentally responsible manner throughout our supply chain, we commit to selecting new business partners, and auditing business partners with significant business risks, high spending, critical components, and non-substitutability based on their labour rights and practices, environmental, and supply chain risks management. Moreover, our new business partners in the animal feed raw materials group have already passed the sustainability audit, and we plan to expand the scope of this audit to new business partners in other groups in the future.

In order to communicate the Sustainable Sourcing Policy and Supplier Guiding Principle to all supplier groups, the Company started by categorized our critical suppliers in 13 groups, which together comprise approximately 90% of the Company's procurement spending. Three groups identified as our critical suppliers; Animal Feed Raw Materials, Food Ingredients, and Packaging groups. These represent critical direct and indirect raw material suppliers who have a significant impact on food quality and safety – issues that are ultimately at the heart of our business.

Following the grouping stage, all three groups of critical suppliers must undertake the Supplier Sustainability Self-Assessment to identify their Environmental, Social, and Governance (ESG) risks. The Company will then evaluate the suppliers to manage those that are high-risk, and subsequently provide recommendations on resolving ESG-related issues uncovered during the assessment. Overall in 2018, the Company was made aware of issues related to compensation, logging of work hours, and occupational health and safety in suppliers' operations. The Company has notified the suppliers on the corrective action report and provided recommendations for improvement to ensure that their operation adheres to the law and meet the standards required by the Company. Going forward, the Company will continue to enhance collaborations with our business partners, implementing plans to exchange knowledge on a regular basis and to enable them to grow sustainably alongside us.⁴¹ Examples of issues for collaboration include:

- Food safety
- Good labour practices and environmental management
- Developing traceability systems
- Supporting existing practices in accordance with and/or seeking certifications on the Good Manufacturing Practice Plus (GMP+), Feed Certification Scheme
- The Hazard Analysis and Critical Control Point (HACCP)
- The Roundtable on Sustainable Palm Oil (RSPO)
- The IFFO Responsible Supply (IFFO RS) Standards for fishmeal suppliers











Online Supplier Sustainability Self-Assessment



The Company has been transitioning to use the Online Supplier Sustainability Self-Assessment system as part of our criteria for selecting new suppliers and annually assessing them since 2017. We implement the online assessment for suppliers in the critical direct raw materials group. Then, we plan to expand the online assessment to cover suppliers from the other 12 groups in order to manage initial supply chain risks from the very start of our procurement process.

⁴¹ For further information about CPF Supply Chain ESG Management Approach, please visit https://www.cpfworldwide.com/en/sustainability/social/partnership/supplychain_esgapproach.pdf

Our Progress towards Responsible Sourcing

	Critical Supplier	2018 Performance
Critical Direct Raw Materials	 Animal Feed Raw Materials Group	 51%
Critical Indirect Raw Materials	 Food Ingredients Group	 44%
	 Packaging Group	 91%
New Critical Direct Raw Materials Suppliers	 Audited for Environment, Social, and Governance (ESG) Aspects	 100%
High-Risk Critical Suppliers	 Passed the Environment, Social, and Governance (ESG) Audit	 94%

Since 2017, the Company has communicated the Sustainable Sourcing Policy and Supplier Guiding Principle to business partners in Vietnam. In 2018, we completed audits on approximately 20% of critical suppliers in Vietnam from the Animal Feed Raw Materials, Food Ingredients, and Packaging groups. We plan to audit all of our critical suppliers in Vietnam by 2020.

Development for Mutual Growth in the Sustainable Supply Chain

In order to develop and improve our sustainable supply chain management in the long term, the Company annually organizes the CPF Supply Chain Sustainability Focus Group meetings to communicate material sustainability issues resulting from the supplier assessment and exchange opinions. We also organize the annual CPF Capacity Building for Partnership conference to raise the awareness on material sustainability issues for the industry and build the competitive advantage to be able to response the current and future challenges. In 2018, we collaborated with the Ministry of Labour to conduct a seminar on legal labour practices, improving safety in the workplace, and enhancing labour rights coverage align with international human rights principles.



Our Progress on the Traceability of Key Agricultural Raw Materials

Fishmeal



100%

**Certified Sources
According to
the IFFO RS Standards**

100% of fishmeal is sourced from the by-products fishmeal which is traceable and sourced from processing plants certified by the IFFO Responsible Sourcing (IFFO RS), or the IFFO RS Improvers Programme (IFFO RS IP). Otherwise, the by-product fishmeal must not include species at risk from extinction as defined by the World Conservation Union: IUCN Red List of Threatened Species and be traceable by third party.

Corn



100%

**Responsibly
Sourced**

100% of corn used in animal feed production in Thailand has been sourced using the Corn Traceability System which we developed in 2016.

The system helps to ensure that all corns are grown on land with legal title deed and not in forest areas.

Soybean Meal



38%

**Responsibly
Sourced**

38% of soybean meal for animal feed used in Thailand is responsibly sourced. Since 2016, the Company has partnered with AG Processing Inc (AGP), a large agricultural cooperative from the United States of America, to pilot the sustainable soybean sourcing system.

Palm Oil



89%

**Certified Sources
According to
the RSPO Standards**

89% of the palm oil used in the food business comes from sources that are certified according to the Roundtable for Sustainable Palm Oil (RSPO). The Company is in the process of collecting farmer data in Thailand, as well as developing and testing the palm oil traceability system which is expected to be launched in 2019.

Cassava



The Company is in the process of collecting farmer data in Thailand, as well as developing and testing the cassava traceability system which is expected to be launched in 2019.



Supporting the “Self-Sufficient Farmers, Sustainable Maize Project”

Since 2014, the Company has been involved in the sustainable development of maize farmers through the “Self-Sufficient Farmers, Sustainable Maize” Project. In collaboration with Agricultural Land Reform Office, our experts have provided trainings on proper corn cultivation methods for farmers in the proximity with legal title deed so that they are able to independently analyze their soil and apply fertilizers that are appropriate to the soil conditions. The Company has also encouraged farmers to form groups to exchange knowledge about sustainable plantation. This has resulted in higher yields per Rai, lower capital costs per unit, and quality produce that meets the standard of the Thai Agricultural Standard-TAS4402-2010, Good Agricultural Practices for Maize. In turn, farmers are earning higher incomes. Moreover, the Project helps to reduce the health problems stemming from chemical use in farming, and reduces the environmental impacts of unsustainable farming methods such as stubble burning, forest encroachment, and forest burning in restricted areas.

The Project targets to share the knowledge in sustainable corn plantation for more than 15,480 corn farmers, covering an area of 225,000 rai (36,000 hectares). Between 2014 and 2018, over 8,720 farmers have participated in the Project, covering 225,694 rai (36,111 hectares) of farming areas across 23 provinces. To date, the Company has been supporting the corn farmer groups through various types of projects, as follows:

Promoting Markets and Supporting Farmers’ Produce

The Company supports smallholder farmers to sell their produce directly to our animal feed production plants at 15 locations across Thailand, and opened two points of sales and produce collection near to the cultivation areas of maize farmers participating in the Project. The first point is located in Nonthai District, Nakhon Ratchasima Province, which has been launched since 2016, and the second one is in Lan Sak District, Uthai Thani Province, launched in 2018. This is to facilitate the farmers’ convenience by reducing the burden

6 Steps for the Sustainable Agricultural Partnership Program

Step

1



Training Courses e.g. Yield Improvement, GAP, Soil Treatment, Waste Management, and Recording

Step

2



Suggestions on Technology and Equipment Modifications

Step

3



Environmental Footprint Projects

Step

4



Collective Field

Step

5



Result Analysis/ Continual Improvement

Step

6



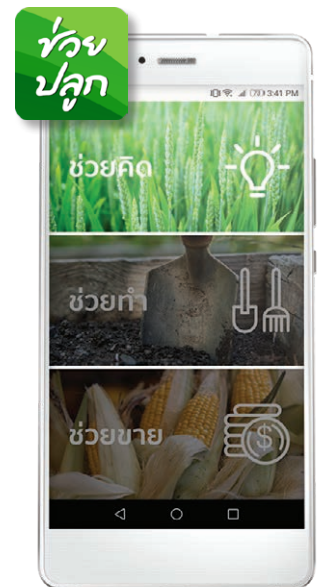
Extend the Results to Other Areas and Seek out Collaborations for Training with Other Stakeholders



of transporting their produce, and enhancing their confidence that the Project offers a guaranteed market to sell their produce in a fair and transparent way. As for the Company, this enables us to collect high quality corn for animal feed raw materials from the source and thus offer good value chain, from the farmers into the hands of consumers.

Enhancing Maize Farmers' Access to Knowledge through the Smartphone Application "Chuay Plook"

In 2018, a time in which the majority of farmers are able to access smartphones for use in their daily lives, the Company recognizes the importance of technology and partnered with True Corporation Public Company Limited to develop a smartphone application called "Chuay Plook" for farmers participating in the "Self-Sufficient Farmers, Sustainable Maize" Project. The objective of the application is to be a beneficial tool for farmers that grants them easy access to information on management and how to improve efficiency in corn cultivation throughout the entire process; to support farmer conglomerations in a systematic way, and to help farmers access a more diverse range of farming groups.



Case Study: "Banlang Model" Corn for Animal Feed Farmer Group

The Company works to promote farmer conglomerations and organize a project to demonstrate modern agricultural technology called, "Self-Sufficient Farmers, Sustainable Maize Projects (Banlang Model)" in Banlang Sub-district, Nonthai District, Nakhon Ratchasima Province. The Project was achieved through a collaboration with partner networks with the objective of applying modern agricultural knowledge, technology, and Good Agricultural Practices (GAP), as

appropriate, to the project areas. The goal is to enable farmers to generate higher incomes through the provision of quality corn produce according to market needs; to improve yields per rai, and to build off of the benefits of the Project by sharing knowledge and ultimately developing sustainable animal feed corn farming in other areas within the Project as well.



"I am willing to follow the advice that the CPF staff gave me. The (CPF) staff helped me care for the soil and for the fertilizer. I tried doing as they suggested, and the result was that the corn [yields] improved and I earned more income"

Uncle Koon Ratsantia
a corn farmer participating in
the "Banlang Model" Project.

2018 Successful Results of “Banlang Model” and Farmers in Nonthai District, Nakhon Ratchasima



Farmers
980



Cultivation Areas
13,983 rai
(2,237 hectares)



Yields Increase
32%



Farmers' Income Increases
37%

Partnering and Creating Shared Value... for a Sustainable Seafood Supply Chain

The Company is committed to continuously supporting the drive to transform Thailand's seafood industry, in order to achieve responsible sourcing of fishmeal, which is a raw material for shrimp feed and the only raw material that

connects our business with the fishery sector. In this mission, the Company collaborates with both national and international groups. In 2018, the progress of our support for a sustainable seafood supply chain is as follows:

Thai Sustainable Fisheries Roundtable (TSFR)



The Company has supported and collaborated with the Thai Sustainable Fisheries Roundtable (TSFR), through the Thai Feed Mill Association, to develop the Fishery Improvement Plan (FIP). The objective is to promote sustainability in the trawl fishery along the coasts of the Gulf of Thailand and Andaman Sea. Particularly in the Gulf of Thailand, the Global Standard for the Responsible Supply (IFFO RS) Version 2, which is the latest version of the IFFO RS, has been applied in the assessment and development of the FIP for the first time in the world. Moreover, we have been in active collaboration with the International Fishmeal and Fish Oil (also known as IFFO RS) to develop the assessment criteria in line with Mixed trawl fisheries, which are unique in the South East Asian region and challenging to manage. The reason is that no current sustainable fishery standards are applicable to such fishery practices. This will leverage the region's fishery practices to meet with international standards.

In late 2018, the draft of the FIP in the Gulf of Thailand was granted approval from all relevant stakeholders, and is currently in the process of verification and approval by international experts. Then, it will be announced to the public and implemented as planned in 2019.

SEAFOOD TASK FORCE



Since 2013, the Company has fully supported the drive towards missions of the Seafood Task Force through sharing information and knowledge, as well as contributing resources. The Company is the leader of the Sub Group 4 which focuses on Vessel Behavior Analysis. The sub-group has a significant role in driving the controlling of the supply chain by collaborating with an expert from England. Since 2016, the expert is responsible to give advice to the Thai government on utilizing technology to identify abnormal activity. We also engage and support the Thai Department of Fisheries to improve the efficiency of the Vessel Monitoring System (VMS). The VMS is developing for vessel Monitoring, Control and Surveillance (MCS) of Illegal, Unreported and Unregulated Fishing (IUU Fishing) within Thailand's territorial waters and vessels who dock at Thai ports with marine animals. All of this has had a significant impact on the EU's consideration to remove the yellow card from the Thai fishing industry.

The Fishermen Life Enhancement Center (FLEC)



The Company is a part of a multi-stakeholder initiatives to developing of human rights for fishermen and their families and providing training on the rights and basic responsibilities. For the current progress, the fishermen were provided with first-aid and safety on board ships training which was attended by 586 fishermen, including Thais, Burmese, and Cambodians. In addition, they were promoted access to medications for on-ship operations according to the ILO, which has engaged with 1,617 fishermen. We also promote educational access for the families of fishermen, to expand opportunities for education in public schools through the Learning Center for Migrants' Children and Families. The project also cares for the families through the Sufficiency Agriculture Project, where a vegetable garden was planted for the families consumption, thus it helps reduce their household costs.

Seafood Business for Ocean Stewardship (SeaBOS)

This initiative was founded on collaborations between a group of scientists and global leading seafood producers to protect the oceans, natural resources, and the marine ecosystem. The ambition is to achieve the goals of conserving the ecosystem and producing quality seafood for humans with sustainable responsibility. The Company is one of the leaders of the Task Force 1, the aims of which are to reduce the IUU Fishing and to eliminate any form of modern slavery. These were concluded at the Stockholm Dialogue in Sweden. At present, action plans are clearly devised, and scientific-based data and best practices have also been implemented for the member companies. In 2018, the Company participated in the working team meeting at the Amersfoort Dialogue in the Netherlands and the CEO meeting at the Karuizawa Dialogue in Japan, to continue their work within the Task Forces, so that the goals of the SeaBOS can be successfully achieved.

Global Dialogue on Seafood Traceability



GLOBAL DIALOGUE
on Seafood Traceability



The Company has consistently contributing to the Global Dialogue on Seafood Traceability (GDST), which aims to set up a framework on implementing a traceability system through knowledge exchange across different sectors throughout the seafood industry supply chain. The GDST puts high emphasis on seafood traceability, interoperable traceability systems and building trust within the industry according with its goal. The Company has been involved in the Working Group 1, which aims at defining, aligning and verifying key data elements, to work on data lists for traceability within the aquaculture supply chain as part of the Aquaculture Task Group. Other responsibilities include sharing data and knowledge, and pushing forward the work of the Working Group. Currently, the data lists have already been prepared. We are in the process of carrying out a trial of actual data collection, which will be announced to the public in 2019.

Global Sustainable Seafood Initiative (GSSI)



GLOBAL SUSTAINABLE
SEAFOOD INITIATIVE

The Company is partnered with the Global Sustainable Seafood Initiative (GSSI) to collaborate with member groups from public and private sectors, which comprise of leading seafood producer companies with a seafood supply chain operations, related government units, civil society sector, and international organizations like Food and Agriculture Organization of the United Nations (FAO). GSSI aims to ensure confidence in the supply and promotion of certified seafood, as well as to promote improvement in seafood certification schemes. This is achieved through GSSI's Global Benchmark Tool, which meet the United Nations Food and Agriculture Organizations' (FAO) Code of Conduct for Responsible Fisheries (CCRF) and FAO Ecolabelling Guidelines. The initiative collaborates with partners to develop solutions to address other pressing issues facing the seafood sector including, social compliance and Illegal, unreported and unregulated fishing (IUU). Furthermore, it provides a single recognition of regional and global seafood certification schemes that enables fisheries and aquaculture operations to reduce their certification costs and eliminate redundancy while still being recognized as a credible and robust in the global market.

ASC Certification



Our three shrimp farms in Vietnam, and a shrimp farm in Thailand, have received the ASC Certification, an international certification standard on sustainable seafood production. We plan to expand the certification to cover the other farms in the future.



The “Catch the Trash” Project: Eliminating and Reducing Trash from Thai Seas

The Company, in partnership with the Department of Fisheries and networks from the public, private, and civil society sectors, and academic institutions, have supported an establishment of the marine trash clearing project or **Catch the Trash Project**. In 2018, the Provincial Fish Marketing Organization and the network of the National Fisheries Association of Thailand participated in trash collection and stimulated an engagement and awareness on trash reduction

in the oceans. Fishermen and fishing harbors were also invited to participate the Project and helped cleaning up the trash in the sea. The Department of Local Administration assumed the responsibility of coordination to ensure that the waste was managed collectively, such as sorting trash by type and recycling or upcycling plastic trash. As for the next steps of the plan, in 2019, the Company will establish a working team to systematically drive the Project towards the ultimate goal, which is to reduce environmental impacts on marine ecosystem and protect the ocean, which is vital natural resources and food sources for all.

Supporting Community Livelihood

Supporting Small Entrepreneurs

The Company aims to continuously improve the quality of life of people in society by offering opportunities for small entrepreneurs to start and own a business with small investment through our “**Small Entrepreneur Project**” which includes:

- **Five Star Business**, started in 1985 and open for small entrepreneurs to be owners in 2000
- **CP Community Refrigerator**, started in 2012
- **Small Entrepreneur - Community Fridge for Fresh Pork and CP Pork Shop**, started in 2016
- New brands, **Ped Yang Jao Sua**, **Kor Kai Aroi**, and **Star Coffee**, started in 2018.

These businesses provide an alternative way for small entrepreneurs to generate income, help enhancing safety standard of pork products to be in line with the Livestock OK Standard and deliver these safe products to communities.



"Many people asked me why do I succeed in running the CP Pork Shop this fast? I replied that the main factor behind success is sincerity. I sell pork as much as the customer's request because I would love to transfer the safe pork to the consumers in the community. Today, I am glad to be a part of the value chain in transferring quality and safe foods to the community."

Kanchana Huaykhuntod
started "CP Pork Shop Huay Bong" in June 2018
in Tumbon Huay Bong, Amphoe Dan Khun Tod,
Nakhon Ratchasima Province

Supporting Vulnerable Groups

The CPF Funds for the Elderly Project has been established to continuously provide support for disadvantaged, impoverished, neglected, unaided, or disabled elderly people living in the communities surrounding our factories and farms through fund from the CPF Fund for the Elderly since 2011. In 2018, the Company helped assisting and supporting 469 elderly people.



"Due to the lower body paralysis that make me unable to walk and also asthma, the support from the Company helps me feel more encouraged. My livelihood is better, not as difficult as before."

Mr. Pol Kerdkwamsuk, 70 years old
a participant in the CPF Funds for the Elderly Project
in Nakhon Nayok Province



Mrs. Yuanjai Nanto, 80 years old, is a participant in the Project under the supervision of Khok Toom fattening farm in Lopburi Province. Grandma Yuanjai also bears alone her son who had an accident and unfortunately lost his sight many years ago. The Company, therefore, supports her with some allowance, commodities and consistently visiting which helped improve her quality of life and mental health.



Promoting Quality of Life of the Communities Surrounding our Manufacturing Plants and Farms

All of our manufacturing plants and farms have engaged with the surrounding communities in many ways, including conducting field survey to learn about their needs and identify potential community impacts prior to initiating the projects or activities. This is to ensure that our projects aiming to promote quality of life are truly carried out in harmony with way of life and needs of the communities. In 2018, we supported the quality of life of those communities through over 200 projects/ activities.

The “Three Collaboration for Community Enterprise Development Project” is implemented in collaboration with three sectors: Kasetsart University Kamphaeng Saen Campus, CPF’s Sai Mun Slaughterhouse from Northeastern Swine Business Unit, and Sai Mun Sub-district Municipality in Yasothorn Province. It is a project to train and share knowledge of safe food processing for pork products, the Company’s product. The Project has brought research into practice and offered a hands-on training to help the community learn and be able to advance their knowledge further.

“Promoting employment of the women’s group in Sai Mun Sub-district Municipality demonstrates that CPF recognizes the importance of job creation and income for the community. At the same time, people can gain knowledge and have an opportunity to train with faculty members from Kasetsart University as well.”

Mr. Manid Tongboh
Mayor of Sai Mun Sub-district Municipality

“This Project helps supporting food security because it offers the community safe and hygienic food. It also creates income security from the sales of the products. We are confident that we can develop the Project further in the future.”

Asst.-Prof. Dr. Sasitorn Nakthong
Associate Dean for Research and
Academic Services, Faculty of Agriculture
at Kamphaeng Saen, Kasetsart University
Kamphaeng Saen Campus



"The processed pork products can be turned into One Tambon One Product (OTOP) products. The Project can help creating jobs, generating income for community members, and unifying the community."

Veterinarian Jaturong Yotharak
Senior Vice President, Swine Business, CPF

Supporting Smallholder Farmers

Contract Farming Scheme for Smallholder Farmers

The Company has supported smallholder farmers through the Contract Farming Scheme since 1975. We have provided knowledge and technology from our academics and experts, marketing channels, the funding sources through our partner financial institutions. The three models of business partnership with the farmers are as follows:

- Guaranteed income: suitable for smallholder farmers;
- Guaranteed price: suitable for medium or large farmers;
- Guaranteed market: suitable for large farmers.

The Company organizes training for the participating farmers under the **"Partnership towards Kitchen of the World"** concept. The training entails aspects of quality, efficiency, animal welfare, labour practices, and society and environment. This reflects our social and environmental responsibility in doing the business. In the mean time it provides opportunities and business success to smallholder farmers.

Training Format

Group Training

- Meeting
- Seminar
- Group discussion
- Workshop
- Site visit

Individual Training

- Weekly site visit and provision of guidance on farm
- Consultation

Our Good Labour Practices: GLP in Contract Farming

GLP
Good Labour Practices



100%

In Poultry Business
Since 2016



100%

In Swine Business
in 2019



The contracts of the Company's Contract Farming Scheme was developed using the guideline from UNIDROIT⁴² to support the roles of farmers with the concept of **"Partnership for Mutual Growth"**.

"CPF Contract Farming Complaint Center 0-2000-1888" provides an alternative communication channel between farmers under the Scheme and the Company when farmers have inquiries or complaints with the Company. It is also used to encourage the farmers to voice their opinions directly to our executives with the due response time of 24 hours.

To create the occupational security for farmers, **the Company is the first corporate in contract farming scheme in Thailand** recognizes the importance of risk management for small farmers by **providing insurance to farmers, without law**

obligations and free of charge. It started from September 1, 2017 and continues to the present day for over 5,000 small farmers.



A former finance turned his back to the city and an office salary to be a farmer under the Contract Farming Scheme.

"I am confident that I made the right decision on my partnership with the Company. Being a swine business partner with CPF creates stable income for me and my family. Our revenue after all the expenses is about 200,000 Baht per month. The most important thing is I can spend time with my family. I also would like to pass on this business to my children and grandchildren as a family inheritance."








Mr. Songwut Nimnuan
the owner of "Suwit Farm",
a fattening farm in Ubon Ratchathani Province

Supporting Employment Prospect of Smallholder Farmer Projects

We are determined to improve employment and income security of smallholder farmers for over four decades since 1977, in order to help improve the country's economic and food security. The Charoen Pokphand for Rural Lives Development Foundation, supported by Charoen Pokphand Group and its employees and other network partners are the main partners to drive the implementation through

promoting smallholder grouping. We promote the "3 Good Practices" concept to build **"Good Person, Good Citizen, and Good Occupation"**, in line with the late King Bhumibol Adulyadej's initiatives. In 2018, the Company and the Foundation supported over 9,600 smallholder farmers and their family to have secured employment and sufficient income.

⁴² UNIDROIT (The International Institute for the Unification of Private Law) is an independent intergovernmental organization on universal laws

Supporting Employment Prospect of Smallholder Farmer Projects		
<ul style="list-style-type: none"> Nong Wah Agricultural Village The Royal Project to Support Cooperatives Kamphaeng Phet Agricultural Village 	<ul style="list-style-type: none"> Huai Ong Kot Project Integrated Agriculture Under the 7 Occupations and 7 Incomes Project 	<ul style="list-style-type: none"> Pak-Ro Vocation Project U-Long Tea Farming Project Kaset-Santirat Village
Generated Economic Value	Animal Farming	Rice Farming
from the Projects throughout 2018 with value of 885 million Baht or over 7,015 million Baht from 2012-2018	 <p>Supported for over 271,900 animals/ year Approx. valued 387 million Baht</p>	 <p>Produced 43,380 tons/ year Approx. valued 445 million Baht</p>
Fish Farming	Other Crops Farming	Cooperatives
 <p>Produced more than 23 tons/ year Approx. valued 0.13 million Baht</p>	 <p>Produced 19,800 tons/ year Approx. valued 11 million Baht</p>	 <p>Approx. valued 16 million Baht</p>
Revolving Funds and Community Welfare	Biogas Production as Alternative Energy	<ul style="list-style-type: none"> Carried out by the Company and Communities Carried out by the Company, the Charoen Pokphand for Rural Lives Development Foundation and Communities
 <p>Approx. valued 27 million Baht</p>	 <p>Provided energy for 10 households Approx. valued 30,000 Baht</p>	

Case Study: Market Driven for Safe Vegetables Project

In 2018, the Company signed a Memorandum of Understanding (MOU) with Nakhon Pathom Co-op's farmers under the "Market Driven for Safe Vegetables Project" to supply safe vegetables from the farmers. This Project allows us to source vegetables directly from the farmers and enable us to identify their sources by tracing from the QR-CODE system. The vegetables are produced under the Good Agricultural Practices (GAP) and are sorted and pre-cut following Good Manufacturing Practices (GMP). The Project supports Thai farmers to gain sustainable income and employment through provision of a guaranteed market. The Company also provides safe vegetable farming knowledge and supports funding for improvement or development of cutting and packaging plants in the forms of a grant and an investment loan.







BALANCE OF NATURE

Limited natural resources, impacts from climate change, environmental pollutants, and the increasingly rapid decline in biodiversity – all of these factors pose considerable direct and indirect impacts to people's quality of life, food security, and business continuity. For this reason, we are committed to operating our business on the basis of reducing our environmental impacts, and promoting the conservation of natural resources throughout the value chain. This is in accordance with our goals of “**Reducing Environmental Footprints**” and “**Protecting Biodiversity**,” we strive to create balanced development that will lead to a sustainable future.

Reducing Environmental Footprints



Enforcing the CPF Safety, Health, Environment and Energy Policy Standard



Assessing environmental impacts and water scarcity throughout product's life cycle; and assessing water scarcity risks of the Company and its business partners



Inventing, creating, and innovating to enhance efficiency in environmental management



Collaborating with public and civil society sectors, as well as other stakeholders

- Protecting Biodiversity -



Enforcing Sustainable Sourcing Policy on key agricultural raw materials from responsible sources⁴³



Selecting appropriate locations for operational sites



Operating animal feed production, farming, and food production processes in an environmentally-friendly manner



Collaborating with public and civil society sector to conserve and restore upstream forest areas, mangrove forest areas and green areas within our operations

43 For further information, please refer to the Self-Sufficient Society chapter on page 64



WHY WE BALANCE OUR NATURE



RECIPE FOR BALANCE OF NATURE



REDUCING ENVIRONMENTAL FOOTPRINTS

In 2050, global demand for food is expected to increase by 60% compared to 2006.⁴⁴ Concurrently, climate crisis, decreasing in natural resources, and the severity of environmental pollutants will pose direct and indirect impacts on all sectors – especially the agro-industrial and food businesses. These impacts could manifest in the forms of raw material shortage or in the volatility of raw material prices, as well as disruption of production processes owing to water scarce conditions that occur due to drought or degraded water sources, and flooding. In light of this, it needs collaboration of all sectors to adapt and set proactive measures in order to prepare for future changes and maintain food security. To ensure that businesses, society, and the environment will be impacted as less as possible both in the short and long terms.

The Company is dedicated to improving and developing its production process on the concept of the Circular Economy, integrated into the business operations throughout the value chain in order to optimize resource use. Likewise, we are committed to mitigating our environmental impacts by complying the **CPF Safety, Health, Environment and Energy Standard** (CPF SHE&En Standard), where the CPF SHE&En Management Committee is responsible for overseeing and managing operations in accordance with the Company's policies, standards, and targets. The Committee is chaired by the executive and consists of Chief Operating Officer (COO) from each business unit as members. Furthermore, the Company emphasizes on training and performance evaluation. The Company uses the SHE KPIs System to monitor performance throughout the year.



PROTECTING BIODIVERSITY

The Living Planet Index (LPI) revealed that between 1970 and 2014, the population of vertebrate animals decreased by 60%.⁴⁵ This has been due to the exponential increase in demand for natural resources beyond acceptable limits, which have resulted in the continuous degradation of the ecosystems that vitally serve as natural resources for forests and the agricultural sector, and which also serve as the primary sources of sustenance for both people and animals. Given this, to continue developing the agricultural sector in a sustainable way and ensure food security, protecting diversity is not a choice. Indeed, it is vital for the agricultural and food industry to work together to preserve and restore natural resources in order to maintain the foundation of food resources sustainably in the future.

The Company has always given due consideration to the importance of environment and biodiversity conservation across our business operations, starting from site selection, the operational sites must not be located in conservation areas in accordance with regulations. The Company also regularly assesses the potential impacts of our business activities to ensure the security of the ecosystem and to protect the country's invaluable resources. Moreover, the Company has partnered up with the public and civil society sectors, and encouraged our employees to participate in volunteer networks that aim to conserve and restore natural resources within and outside the boundaries of CPF's plants, farms, and at other important strategic areas across the country.

44 Referenced from the State of Food and Agriculture: 2016: Climate change, agriculture and food security by Food and Agriculture Organization of the United Nations (FAO)

45 Referenced from the Living Planet Report 2018 by World Wildlife Fund (WWF)

SUSTAINABILITY JOURNEY...

BALANCE OF NATURE

[2006] [2007] [2008]

- Launched the Q-Pass Tank project to replace plastic bags for transporting shrimp larvae
- Announced the CPF Safety, Health and Environment Vision, Mission and Policy
- Launched the first "Carbon Footprint Project" in the Asian region and the world's first received Carbon Footprint labels for raw chicken and Teriyaki chicken products

[2014] [2013]

- Launched the CPF Grow-Share-Protect Mangrove Forestation Project in five strategic areas within five provinces
- Received the certification of the "World's First Sustainable Chicken Products" by DNV-GL, a globally recognized sustainability certification organization
- Launched Bulk Feed Tanks project to replace plastic bag for animal feed packaging
- Launched the Green Farm Project on swine farms

[2015]

- Revised and announced the CPF Safety, Health, Environment and Energy Vision, Mission and Policy
- Announced to refrain from the use of polystyrene packaging for food products
- Launched the use of Polylactic Acid (PLA) in packaging for chilled raw pork and chicken products as the first food producer in Thailand
- Received Carbon Footprint labels for raw chicken and shrimp wonton products

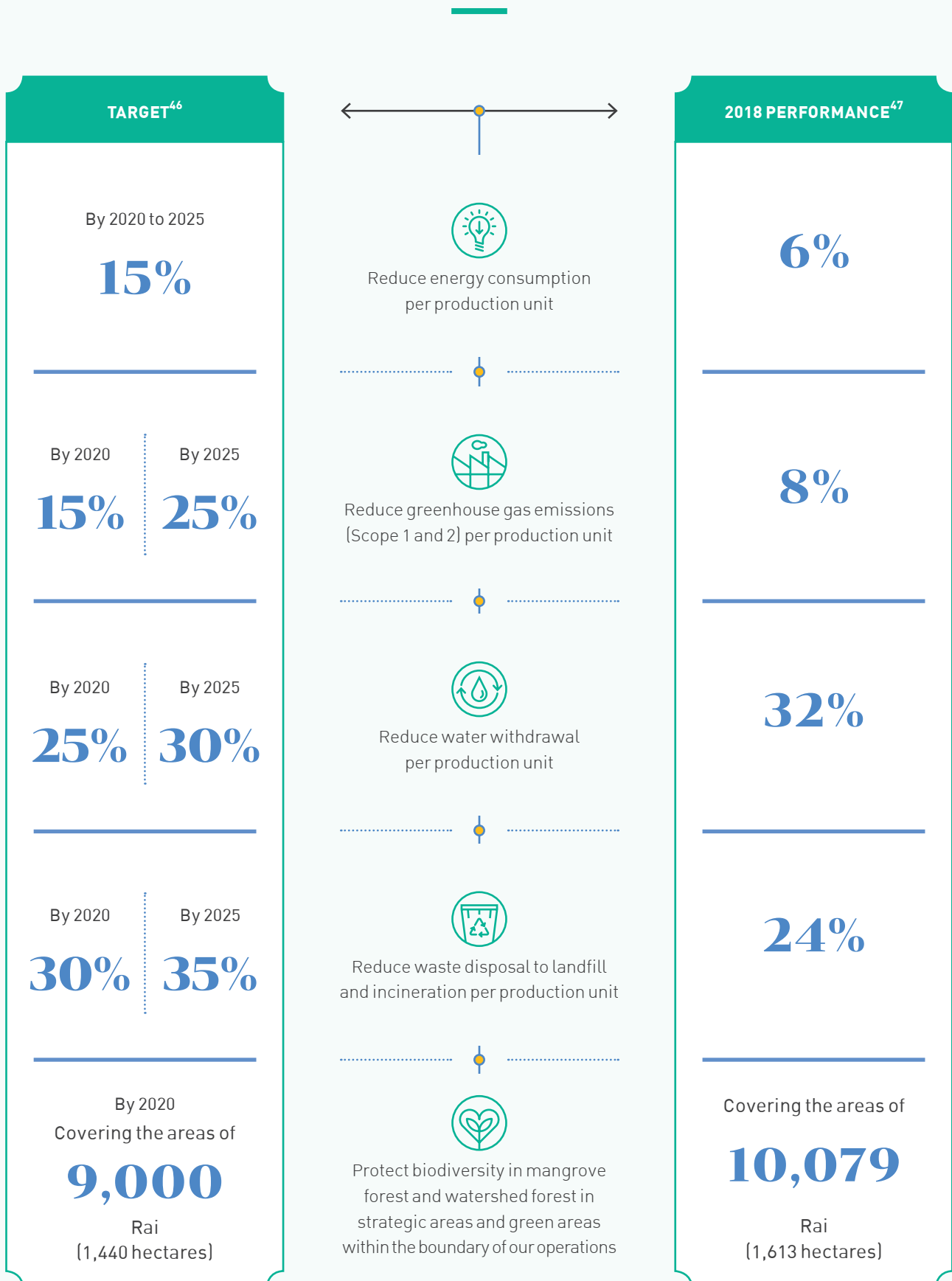
[2017] [2016]

- Launched environmentally-friendly swine feed project, which helps to reduce greenhouse gas emissions from swine manure
- Launched the CPF Rak Ni-Ves Project at Pasak Watershed, Khao Phraya Doen Tong, Lopburi Province

[2018]

- Announced the Sustainable Packaging Policy and Principle
- Signed a Memorandum of Understanding (MOU) on the "CPF Solar Rooftop" Project with Gunkul Engineering Public Co., Ltd.
- Raw chicken meat products and tender chicken breast product have been certified for "Water Scarcity Footprint" label as the first company in Thailand

OUR PERFORMANCE IN 2018

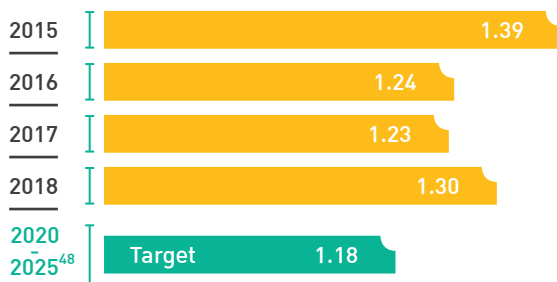


⁴⁶ The Company added long-term targets in 2025 related to greenhouse gas emissions, water, and waste disposal to landfill and incineration compared to the base year 2015

⁴⁷ Compared to the base year 2015

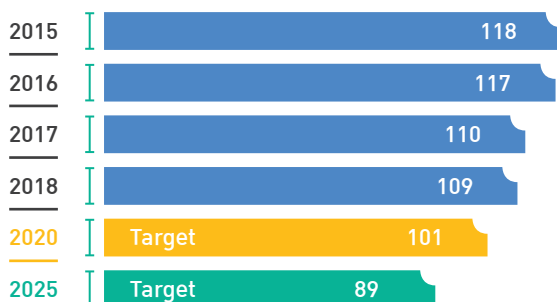
Energy Consumption

Energy Consumption per Production Unit (GJ/ton of product)



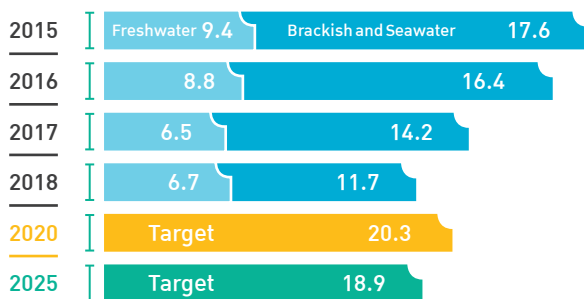
Greenhouse Gas Emissions (Scope 1 and 2)

Greenhouse Gas Emissions (Scope 1 and 2) per Production Unit (kg CO₂e/ton of product)



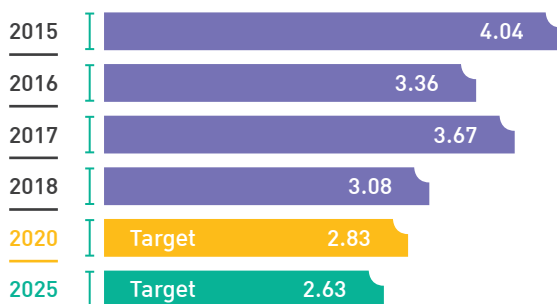
Water Withdrawal

Water Withdrawal per Production Unit (m³/ton of product)

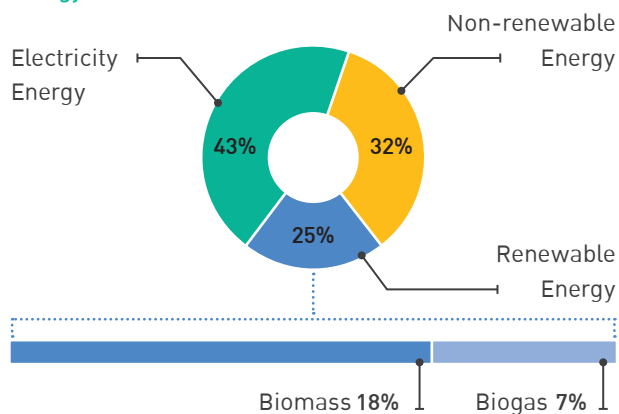


Waste Disposal to Landfill and Incineration

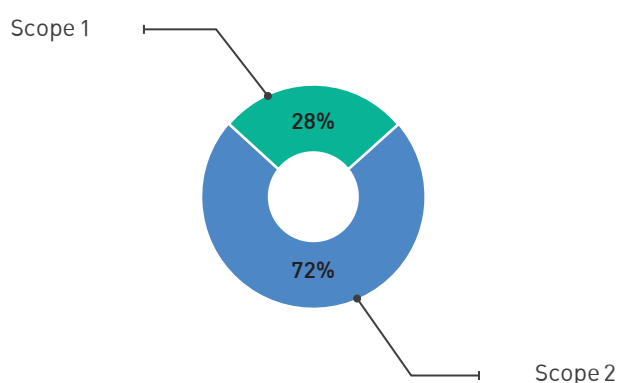
Waste Disposal to Landfill and Incineration per Production Unit (kg/ton of product)



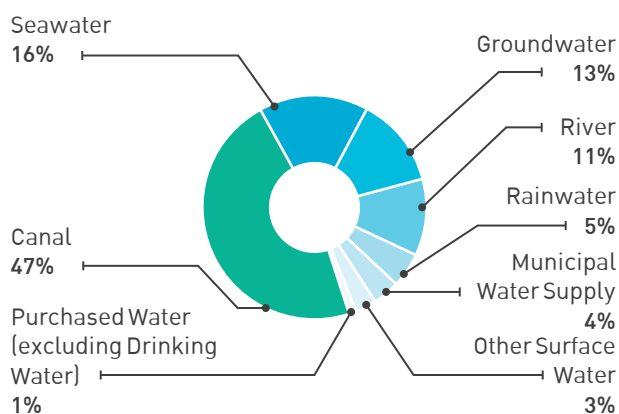
Energy Mix



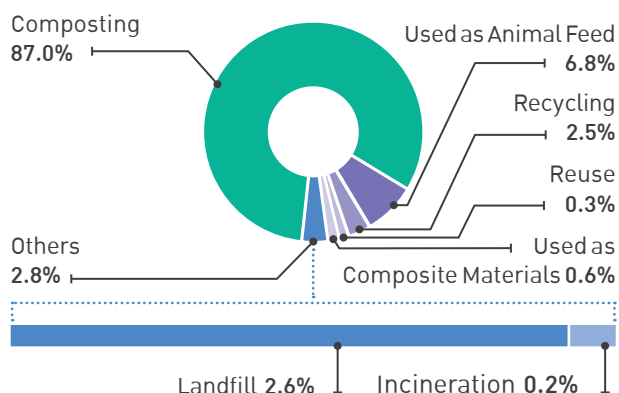
Ratio of Greenhouse Gas Emissions



Water Withdrawal by Source



Waste by Disposal Method



⁴⁸ This target is committed to achieve by 2020 and maintain it until 2025.

Energy Consumption



25%

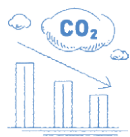
of total energy
consumption was
from renewable
energy

Environmentally-
friendly Swine Feed
Innovation Project

Reduced nitrogen in
swine manure by

20-30%

In 2018,
Thailand operations



Reduced GHG
emissions by

23,700

tons CO₂e

Equivalent to
planting up to

3,600

rai of forests
(576 hectares)

Reducing Environmental Footprints

Energy and Climate Change Management

In 2018, the energy consumption per production unit increased by 5% compared to 2017, due to increase in production of cooked chicken products e.g., fried and grilled chicken. However, the scope 1 GHG emissions per production unit, decreased by 1% compared to 2017. This was resulted from the Company increased the ratio of renewable energy consumption from 21% of the total energy consumption in 2017 to 25% and the following projects;

Renewable Energy Promotion Projects

- Electricity Generation from Biogas Project** Stemming from the success of the “Green Farm” Project in swine business, which reduced greenhouse gas emissions by transforming waste to energy, the concept has been further expanded to the layer business since 2017. In 2018, electricity generated from biogas was substituted of purchased electricity up to 41 million kilowatts per hour (kWh). It amounted to over 163 million Baht in cost savings and a reduced GHG emissions up to 322,000 tons CO₂e.
- Biomass Energy for Steam Boiler Project** We attempt to increase renewable energy use ratio in the livestock and aquaculture feed businesses continuously. In 2018, steam boiler combustion chamber with ten tons of steam capacity in Ratchaburi Feed Production Plant was adjusted by changing its fuel source from coal to biomass. As a result, the plant is able to save 8 million Baht per year in costs and reduce GHG emissions over 11,000 tons CO₂e per year.
- CPF Solar Rooftop Project** The Company signed a Memorandum of Understanding (MOU) with Gunkul Engineering Public Co., Ltd. on the “CPF Solar Rooftop” Project, which aims to generate more than 40 Megawatts of electricity from solar power by installing rooftop solar panels on the roof of 34 plants, consisting of livestock and aquaculture feed mills, food processing plants, and ready-to-eat production plants. In total, the Project is estimated to help reduce GHG emissions by 28,000 tons CO₂e per year, and substituted for 53 million kWh of purchased electricity per year. The Company plans to install the solar PV panels at the beginning of 2019 and expects to be completed within the same year.

Efficiency Improvement of Large-scale Cooling and Air Conditioning System Projects

The swine, broiler, layer, and ready-to-eat food businesses, in collaboration with the Department of Alternative Energy Development and Efficiency launched a total of 32 projects geared towards improving the energy efficiency of large-scale cooling and air conditioning systems. The projects are able to reduce annual electricity consumption by up to 8.5 million kWh, saved more than 29 million Baht per year, and reduced GHG emissions by 4,600 tons CO₂e per year.

Environmentally-friendly Swine Feed Innovation Project⁴⁹

In 2018, the Environmentally-friendly Swine Feed Project was able to reduce the quantity of nitrogen in swine manure by 20-30%, equivalent to a reduction of approximately 90 tons of nitrous oxide emissions, or 23,700 tons CO₂e in Thailand operations. The Company expanded the implementation of the Project to its swine feed production businesses in seven countries: Laos, Cambodia, Vietnam, Philippines, China, Taiwan, and Russia, which reduced GHG emissions by more than 41,000 tons CO₂e.

Green Products Projects

In 2018, the Company received a total revenue from green products consisting of products that have been certified Carbon Footprint Labels and Carbon Footprint Reduction Labels – including raw chicken products, live broiler chickens, and chicks – by Thailand Greenhouse Gas Management Organization (TGO). In addition, the implementation of the project has been expanding to livestock feed products and expected to be completed by 2019. Furthermore, the raw chicken products and tender chicken breast product have been certified Water Footprint Labels in compliance with ISO 14046 by the Federation of Thai Industries.

Water Management

Water Recycling

In 2018, we reduced the water withdrawal per production unit by 32% compared to the base year 2015. This was due to the fact that our aquaculture business, continuously develop the nursing method in the shrimp farming business by adjusting proper density of shrimp and increasing the pumped air rate in nursing pond, and also reusing treated water.

In addition, we recycle treated water in our non-production processes for purposes such as watering plants in the green areas within our operations. This has reduced the amount of water withdrawals from external water sources by 28 million m³, or 18% of total water withdrawal.

Water Footprint Labels

In 2018, as the first company in Thailand, we received the “Water Scarcity Footprint”⁵⁰ label for our raw chicken meat products and tender chicken breast product by the Federation of Thai Industries. To receive the label, it required companies to assess the likelihood of impacts of water scarcity in each area. This, along with proactive water resource management measures, will help relieve impacts of water stress in the future.

Water Scarcity Risk Assessment

In 2018, an assessment of the Company’s operational sites in Thailand found 0.9% of the operational sites were located in extreme water scarcity areas and its suppliers’ operational sites. Specifically those of water-intensive businesses,

Green Products Projects



In 2018, the revenue generated from Green Products, was

17,764
million Baht



or equal to

10%
of Thailand’s revenue

revealed 25% of the operational sites located in water scarcity areas. The assessment was conducted by WBCSD’s Global Water Tool™.

In response to this, we have water risk-related management plan in place, along with engaging with communities to listen to their concerns regarding water consumption. In addition, a staff has been allocated to provide knowledge and to support suppliers in setting up a water scarcity risk response plan. All of these efforts not only reduce the operational risks of both the Company’s and the suppliers’, but can also reduce impacts that may incur to the surrounding communities when water is scarce, which could happen at present or in the future.

Waste Management

In 2018, we successfully reduced waste disposal to landfill and incineration per production unit by 24% compared to the base year of 2015. Since we reused the waste from Thailand operations for various purposes, for example, 87% was used as compost for in agricultural sector e.g., sludge and chicken manure, and 7% was reused as animal feed.

In Vietnam, the Company carries out Organic Vegetable Farming Projects on more than 150 swine farms across the country. For these organic farms, the Company uses compost produced from swine manure to reduce the quantity of waste by as much as 10,100 tons per year. The farms were

⁵⁰ Water Scarcity Footprint is referred to the assessment of water use across the entire life cycle of a product, taking into consideration conditions of water scarcity in a particular operational area. Referenced from ISO 14046: 2014

able to yield more than 420,000 kg of chemical-free vegetables for employee and worker consumption each year, or the equivalent of 14 million Baht in value.

Furthermore, in Turkey, the Company mixed together chicken manure with leftover biomass materials to produce biochar in order to reduce the use of coal and lignite.

Sharing Bio-fertilizer Water with Communities Project

The swine farming business proclaimed its commitment to managing its water use in ways that would deliver maximum benefit and decrease the impacts of water shortages on communities surrounding its operations. In response, the business launched a project to share bio-fertilizer water with communities for agricultural use, such as to grow corn, napier grass, sugarcane and longan etc. The water that is distributed to farmers has been treated from biogas system, and complied legal standards in quality. At the same time, the bio-fertilizer water contains nutrients that are appropriate for growing crops, such as potassium, nitrogen, and phosphorus. In 2018, the Company distributed more than 380,000 m³ of water to communities surrounding our swine farms, which also helped to reduce fertilizer costs for farmers.



"Jomtong Farm shared the bio-fertilizer to our corn plantation – it led to almost a two-time increase in yields and reduced our costs from buying chemical fertilizer about 25%. Thanks to the farms that shared the bio-fertilizer water with us. This truly helped us to increase our income."

Mrs. Panna Sighatha
Corn farmer, Khuang Pao Sub-district,
Chom Thong District, Chiang Mai Province

Case Study: The Layer Complex Project

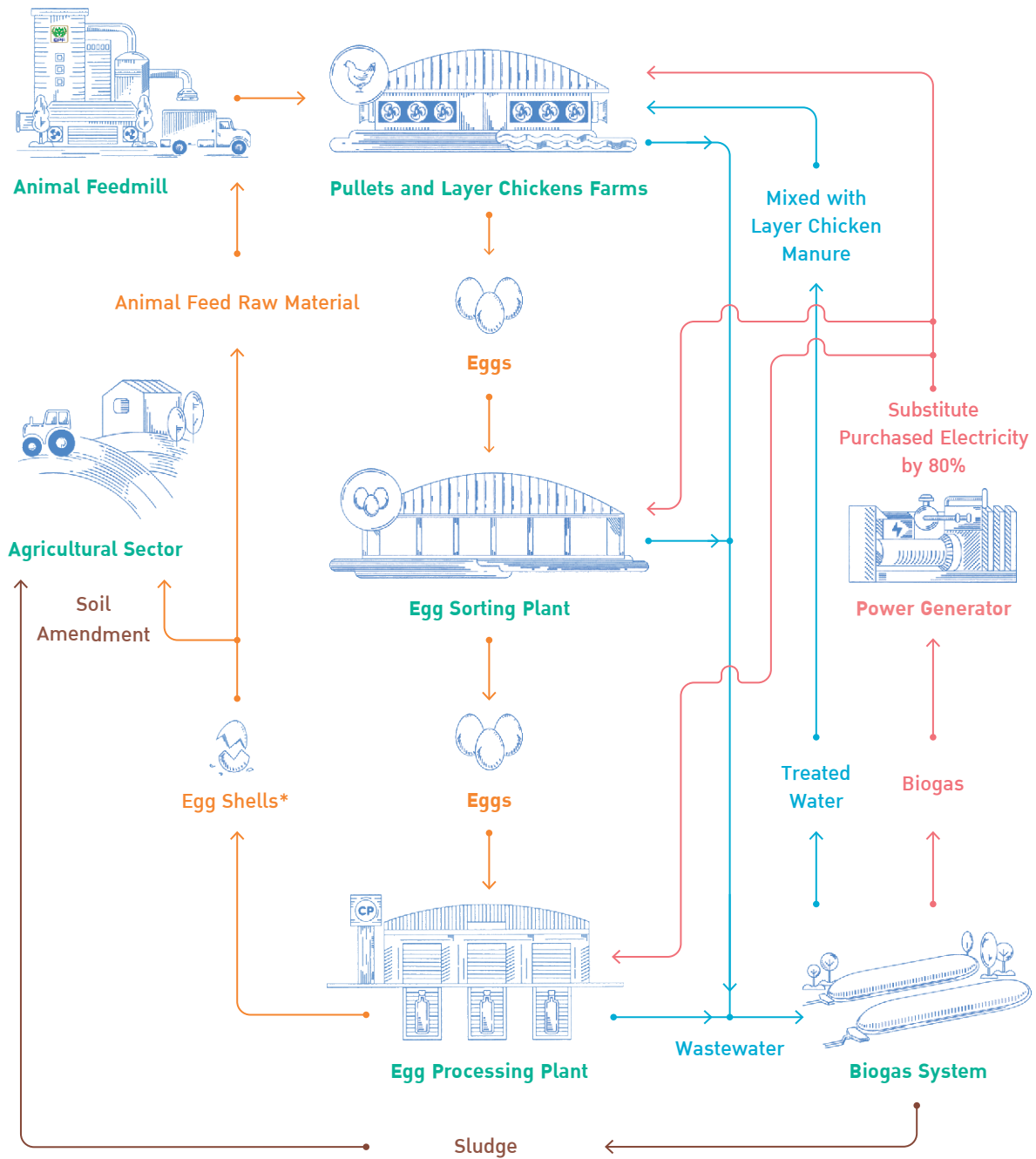
Since 2017, an important change occurred with our layer business, emerging from the concept of integrated chicken egg production and improving the prevention of external diseases according to the biosecurity principle. The Company began consolidating the farms of pullets and layer chickens, an egg sorting plant, and an egg processing plant into one single area, becoming the **"The Layer Complex under the**

Zero Waste Concept." The Complex was developed by integrating the circular economy concept into the production process, from the design of the production process, to renovating machinery using environmentally-friendly technologies and innovations, production planning, and managing resources for optimum efficiency. These measures will help us to minimize waste generation, and environmental

impacts, as well as to build up trust to communities and stakeholders. The first pilot complex was built in Chana District, Songkhla Province. The Company was also able to use animal manure and wastewater to produce biogas, where it is used to generate and supply electricity to the Complex that aims to 100% substitute from purchased electricity in the future. In 2018, the electricity generated

from biogas was replaced from purchased electricity by 80%, saved costs more than 23 million Baht, and reduced up to 26,000 tons CO₂e of greenhouse gas emissions. Owing to the success of the model Layer Complex, the Company plans to expand the Project to six more locations covering all regions of Thailand, which is expected to be completed by 2019.

The Layer Complex at Chana District, Songkla Province under “Zero Waste” Concept





Protecting Biodiversity

The CPF Grow-Share-Protect Mangrove Forestation Project

The Company deeply considers the importance of the quality standard of coastal water and the benefits provided by mangrove forests, for example, as a food source for a diverse species of animals; as breeding and nursing grounds for aquatic animals; and as food and income sources for humans. Furthermore, mangrove forests have the capacity to absorb and store pollutants that are emitted from agricultural, industrial, and household activities.

The CPF Grow-Share-Protect Mangrove Forestation Project began in 2014 with the combined dedication and efforts of the Company, the Department of Marine and Coastal Resources, and the Biodiversity-Based Economy Development Office (Public Organization), along with various local organizations and communities. The Project aimed to increase the mangrove forest areas and conserve mangrove forests in five strategic locations across the country, including in areas that are near the Company's operations, in Samut Sakhon, Rayong, Chumphon, Phang Nga, and Songkhla provinces. A mangrove learning center was also established to share knowledge about mangrove ecosystems with the public.

In 2017, the success of our mangrove conservation and restoration efforts was further developed into the promotion of ecotourism and community tourism in two locations: the Paknam Prasae Community in Rayong Province, and the Bang Ya Praek Community in Samut Sakhon Province. The communities were ultimately selected as tourism routes under the **Amazing Thailand Unseal Local 2018** initiative, while the Paknam Prasae Community in Rayong Province was also selected as a tourism route under the **Local Life & Learn** Project of the Tourism Authority of Thailand.

In 2018, the Company handed the Mangrove Fund to the working groups of two communities in order to be responsible for the management of the fund which is revolving funded for developing the community's products and services, generating income leading to their good quality of life. Furthermore, the fund can be spent for conservation and restoration of the mangrove sustainably.



"This is a very well thought through example of a project that demonstrates a successful multistakeholder approach, to restore the environment and create a sustainable infrastructure for payments for ecosystem services. Ultimately restoring the balance of economic, social and environmental demands proving that they can work in harmony."

Laura Hardman
Ethical and Sustainable Manager,
our customer APETITO Limited,
a company from the United Kingdom

The CPF Rak Ni-Ves, Pasak Watershed, Khao Phraya Doen Tong Project

Thailand has integrated its economic development approach upon the basis of the "Bio-economy," where the agricultural and food industry is one of the important sectors that will drive the country's economic development forward while using the nation's bio resources in a valuable way, and maintaining balance with the environment.⁵¹

With this in mind, in 2016, the Company launched the "CPF Rak Ni-Ves Project" at Pasak watershed, Khao Phraya Doen Tong to conserve and restore a vital upstream forest. The Pasak watershed is a critical water source for agricultural and industrial sectors in five provinces: Loei, Petchabun, Lopburi, Saraburi, and Phra Nakhon Si Ayutthaya, and also serves as an important water source for our Feed, Farm, and Food businesses.

In 2018 results of the project revealed that the average survival rate of newly planted trees was at 90%, while the communities surrounding these forest areas had also received benefits from the ecosystem products that came with the restored forests. The Company continued to conserve this forest area and conduct engagement activities, including by constructing weirs to continuously humidify in the forest area, building a firebreak, reforesting the forest, and removing weeds to allow natural plant reproduction, on an the area of more than 5,971 rai (955 hectares). Furthermore, we collaborated with Faculty of Forestry, Kasetsart University to study the biodiversity in project area. The study results will be used as a baseline data for comparing to the change of biodiversity. We found 9 species of mammals, 119 species of birds, 20 species of reptiles and 15 species of amphibians and the diversity index of wildlife in the project area equal to biodiversity index of 3.297.⁵²



In 2016

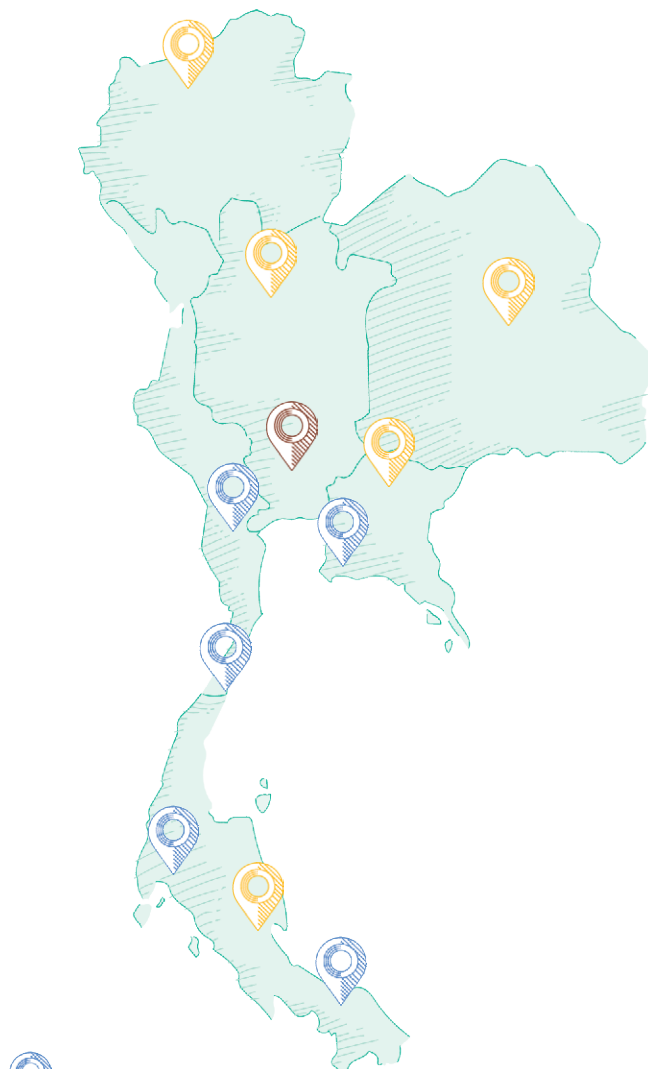


In 2018


⁵¹ Referenced from the White Paper, "BCG in Action" by the Research Community on the Bio-Circular-Green (BCG) Economy, 2018

⁵² Calculated by equation of Shannon-Wiener Index of diversity

The Progress of Protecting Biodiversity Projects




Mangrove Forests

	Target in 2018	2018 Performance
Conserved and restored areas	2,065 rai (330 hectares)	2,063 rai (330 hectares)
Reforested areas	319 rai (51 hectares)	325 rai (52 hectares)
Learning Centers	3 locations	
Tourism sites	2 locations	



Khao Phraya Doen Tong

	Target in 2020	2018 Performance
Conserved and restored areas	4,971 rai (795 hectares)	4,971 rai (795 hectares)
Reforested areas	1,000 rai (160 hectares)	1,000 rai (160 hectares)
CO ₂ storage		38,108 tons CO ₂ e



Operations

	Target in 2018	2018 Performance
Conserved and restored areas	1,000 rai (160 hectares)	1,720 rai (275 hectares)

Case Study: From Mangrove Conservation and Restoration to Sustainable Tourism for Communities, by Communities, at the Paknam Prasae Community, Rayong Province, and the Bang Ya Praek Community, Samut Sakhon Province

From Commitment to Collaboration

Guided by the Company's **commitment** to conserving and restoring mangrove forests in areas near our operations at the Paknam Prasae Community, Rayong Province, and the Bang Ya Praek Community, Samut Sakhon Province, the Project was built upon the **collaborations** of the public, civil society, and private sectors on an area of more than 1,200 Rai.

From Learning to Sharing

The Company, in partnership with Local Alike, a social enterprise company, and the Paknam Prasae and Bang Ya Praek communities, collectively **shared** their ideas and designed pathways for ecotourism and community tourism. Together, we created jobs by crafting community products from the earnings of the mangrove forest conservation and restoration project, and promoted the unique identities of each community's culture by having the locals share stories



"I'm happy that the private sector came in and helped to expand the mangrove forest area. The ecosystem has become abundant again; the aquatic animals that had disappeared have started coming back in large numbers. The majority of the people in the community are fishermen, and they can catch more shrimp, shellfish, crabs, and fish. As for the community tourism routes, the members of the fund are able to receive more income from selling their goods and from tourism."

Mrs. Duangruedee Kwanniyom
Director of the Community Organization and
Community Tourism Group, Paknam Prasae District,
Rayong Province

From Collaboration to Learning

The Grow-Share-Protect Mangrove Forest **Learning** Center was established to promote awareness about the importance of coastal mangrove ecosystems and natural resources for communities and tourists.

about the livelihoods of different groups of people living in those communities. As a result of the **learning, sharing,** and job creation efforts, the community members are able to receive additional income from tourism. A portion of that income is **shared** and allocated towards a mangrove conservation fund, which allows the communities to have a revolving fund to be used in sustainably preserving the mangrove forests for the future.



"Today, I find that it is easier to fish on the coastal areas near my house; I don't need to take the boat very far from the shore. Importantly, angel's wing clams have come back, and we haven't seen them in over 10 years. There are also many more sesarmas in the area."

Community Leader from Baan Moo 5,
Deputy Director of the Community Organization and
Community Tourism Group, ang Ya Praek District,
Samut Sakhon Province

CPF Grow-Share-Protect Mangrove Forestation Project



Commitment



Collaboration



Learning



Sharing



Community Tourism Spots at Paknam Prasae Community, Rayong Province

Community Tourism Spots at Bang Ya Praek Community, Samut Sakhon Province



Tricycle tourism group



Fish sticks making group



Dancing activities by elderly groups



Krill fishing group



Indian pluchea tea making group



Thai desserts group



Model ship making group



Salt farming group

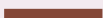


Biochar making group





APPENDICES



ABOUT **THIS REPORT**

Choroen Pokphand Foods PCL., also known as CPF, has compiled and continued our annual Sustainability Report since 2011, to communicate our continuous commitment on economic, social, environmental and corporate governance responsibilities. This report discloses our sustainability performance from 1st January to 31st December 2018 of CPF and our subsidiaries in Thailand, referred to as “the Company”, as indicated in the table on page 103.

The report adheres to the Global Reporting Initiative Standards (GRI Standards) and additional disclosure guideline for Food Processing Sector Supplement (FPSS). In addition, this report includes a Communication on Progress (COP) at the Advanced level in compliance with United Nations Global Compact (UN Global Compact). We also support the Sustainable Development Goals (SDGs).

This report has been prepared in accordance with the GRI Standards: Core option. Which is also subject to independent third party assurance by Lloyd's Register Quality Assurance Ltd., (LRQA). The assurance also covers environmental, and occupational health and safety performances as shown on page 124. The financial performance is reviewed by KPMG Poomchai Audit Ltd., and details are shown in the Auditor's Report in the 2018 Annual Report.



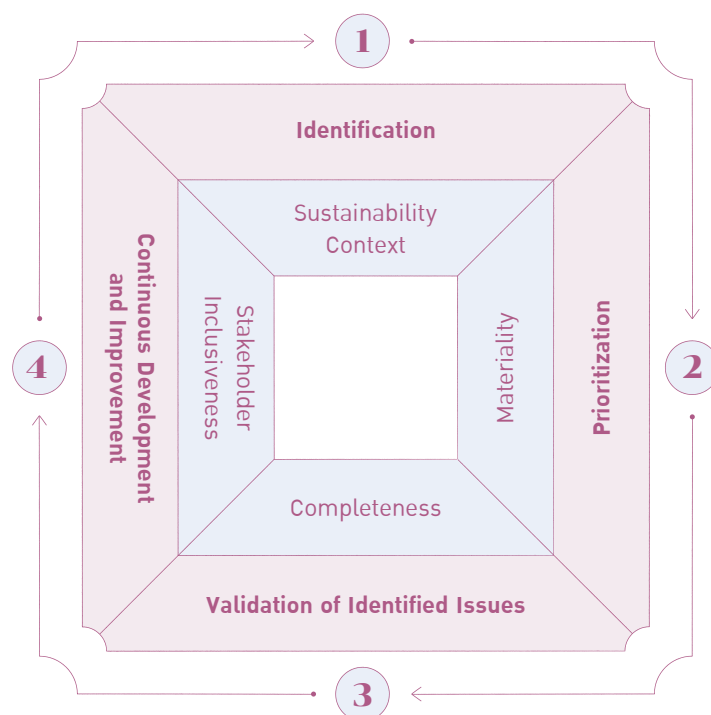
Companies within the Scope of this Report

Business/ Company	Environmental Performance				Social Performance	
	Energy	Water	Waste	Emissions	Occupational Health and Safety	Human Resources
1. Charoen Pokphand Foods PCL.	•	•	•	•	•	•
2. CPF Thailand PCL.	•	•	•	•	•	•
3. International Pet Food Co., Ltd.	•	•	•	•	•	•
4. CPF Food and Beverage Co., Ltd.	•	•	•	•	•	•
5. CPF Restaurant and Food Chain Co., Ltd.	•	•	•	•	•	•
6. Bangkok Produce Merchandising PCL.	-	-	-	-	-	•
7. Chester's Food Co., Ltd.	•	•	•	•	•	•
8. CPF Trading Co., Ltd.	•	•	•	•	•	•
9. C.P. Merchandising Co., Ltd.	-	-	-	-	-	•
10. CPF Training Center Co., Ltd.	-	-	-	-	-	•
11. CPF IT Center Co., Ltd.	-	-	-	-	-	•
12. CPF Research & Development Center Co., Ltd.	-	-	-	-	-	•
13. CP HiLai Halbour Co. Ltd.	-	-	-	-	-	•

Remarks:

- Economic performance and its reporting boundary can be found in the Company's Annual Report. This report only presents some parts of the summarized information on page 8
- Environmental and Occupational Health and Safety performances cover all production plants, as well as some of food retail outlet businesses including Five Star, Chester's, CP Fresh Mart but excluding headquarter, offices, CP Kitchen and CP Food World.

Process for Defining Report Content



The material sustainability topics presented within this report were assessed from both inside and outside the organization. The Company abides by the four principles of GRI Standards including Sustainability Context, Materiality, Completeness, and Stakeholder Inclusiveness. The process for assessing the material sustainability topics is as follows:



STEP 1 Identification

The Company identified material topics based on the internal and external factors of the organization, such as CPF Strategic Direction, CPF Sustainability Direction, CPF's risks, CPF's material topics identified in 2017, material topics benchmarked against industry peers, and global sustainability trends identified from international sustainability standards. In the meantime, the Company gathered stakeholders' opinions and views from stakeholder engagement and inclusiveness surveys.



STEP 2 Prioritization

Executives/Heads of relevant departments and eight groups of stakeholders prioritized the topics identified in Step 1 through an online assessment platform based on two considerations: impact of the Company on economic, social and environmental dimensions and significance to stakeholders.



STEP 3 Validation of Identified Topics

The Company's Corporate Social Responsibility and Sustainable Development (CSR&SD) Office primarily validated the identified material topics, along with conducting interviews with external stakeholders which are a business partner, an investor, and a customer, to gather their opinions on topics that are significant to the sustainability of the Agro-industrial and Food business. Views on how to manage these sustainability topics from the stakeholders were also collected from the interview. The validated material topics were later presented to the CSR&SD Committee to approve and confirm, under the boundary of the organization's internal and external impacts. Moreover, an external party was employed to verify and validate our sustainability reporting process based on the GRI Standards, in addition to evaluating the reliability of the selected data set.



STEP 4 Continuous Development and Improvement

The Company provides channels for feedback, views, and suggestions in order to develop and improve the content for the next year's report. We continue to adhere to the Stakeholder Inclusiveness and Sustainability Context Principles.


Stakeholder Engagement





The Company believes that stakeholder engagement is a critical foundation to building and becoming a sustainable organization. We define stakeholders as all persons or organizations that are positively and negatively affected by our internal and external business activities.

We continuously conduct an analysis and review to thoroughly identify stakeholders and emphasize on continuous engagement through a variety of activities and communication channels. The frequency of communication with each stakeholder group varies, depending on the Company's work plan and stakeholders' needs. Understanding their needs, opinions, concerns, and suggestions will help us

improve our sustainability practices in an appropriate and fair way.

As part of the process for Sustainability Report 2018, the Company incorporated stakeholders' topics and feedback covering economic, social, and environmental aspects. We prioritized those topics, and conducted one-on-one interviews with representatives from stakeholder groups including a business partner, an investor, and a customer to gather their views on the Company's sustainable development. The feedback from these external stakeholders was also used to define the report content.

Stakeholders	Engagement Channel	Example of Issues
 Shareholders and Investors	<ul style="list-style-type: none"> • Meetings, Conference Calls, Roadshows • Annual Site Visit • Quarterly Meetings, Annual General Meeting 	<ul style="list-style-type: none"> • Corporate Governance • Transparent, Accurate and Timely Information Disclosure • Innovation and Technology Development
Approaches to how we address these issues can be found in "Corporate Governance towards Sustainability" "People Development" chapters.		
 Employees and Families	<ul style="list-style-type: none"> • Annual CEO Town Hall, CEO Corner • Intranet, CPF Connect Mobile Application • E-mails, e-Newsletters, HR Communications (Video Clips, Announcements) • Welfare Committee: Quarterly Meetings • Safety Committees • Open dialogues, Meetings, Employee Surveys • Annual Performance Assessment 	<ul style="list-style-type: none"> • Occupational Health and Safety • Career Advancement • Compensation, Benefits, and Welfare • Employee Engagement
Approaches to how we address these issues can be found in "People Development" chapter.		
 Customers and Consumers	<ul style="list-style-type: none"> • Customer Meetings site, Visits, Audits • Annual Customer Survey • Customer Service Center, CPF Consumer Center 	<ul style="list-style-type: none"> • Food Quality and Safety • Traceability • Product labelling
Approaches to how we address these issues can be found in "Food Security" chapter.		
 Business Partners	<ul style="list-style-type: none"> • Meetings, Seminars, Site Visits • Phones, e-mails • Special Joint Initiatives as appropriate • Annual Audit • Annual Customer Survey 	<ul style="list-style-type: none"> • Human Rights and Environmental Impacts in the Supply Chain • Capacity Building for Farmers and Business Partners • Business Ethics
Approaches to how we address these issues can be found in "Self-Sufficient Society" chapter.		

Stakeholders	Engagement Channel	Example of Issues
 Communities and Societies	<ul style="list-style-type: none"> • Annual Community Feedback and Survey • Complaint Channels • Quality of Life Promotion Programs • Annual Ongoing Dialogue and Site Visit 	<ul style="list-style-type: none"> • Environmental Protection and Conservation • Participation in Promoting Quality of Life of Communities • Continuous Local Hiring Promotion
Approaches to how we address these issues can be found in “Food Security”, “Self-Sufficient Society” and “Balance of Nature” chapters.		
 Governments	<ul style="list-style-type: none"> • Visits through Various Occasions • Participation and Support in Initiating, Developing Creative Projects and Activities • Seminars 	<ul style="list-style-type: none"> • Compliance with Relevant Law and Regulations • Sharing and disseminating of Sustainability Innovation Knowledge • Setting an Example for agro-business and food industry
Approaches to how we address these issues can be found in “Corporate Governance towards Sustainability” chapter.		
 Civil Society Organizations and Academia	<ul style="list-style-type: none"> • Monthly Ongoing Dialogues • Supporting Partnership Networks as appropriate • Annual Site Visit • Monthly Seminars 	<ul style="list-style-type: none"> • Human Rights in the Supply Chain • Social and Environmental Impact Assessment • Social Project Implementation
Approaches to how we address these issues can be found in “Corporate Governance towards Sustainability”, “Self-Sufficient Society” and “Balance of Nature” chapters.		
 Media	<ul style="list-style-type: none"> • Regular Public-Relations Activities through All Types of Communication Channels • Media Visits to the Company • Supporting and Participating in Media Events • Monthly Press Conferences, Interviews 	<ul style="list-style-type: none"> • Corporate Governance • Improvement in Driving the Organization with Social Responsibility towards Sustainability • Food Quality and Safety
Approaches to how we address these issues can be found in “Corporate Governance towards Sustainability” and “Food Security” chapters.		

Contact Point

For additional information or inquiries on this report, please contact us at:

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People Performance during 2015-2018

GRI Stadards	Performance	Unit	2015		2016		2017		2018		
			Male	Female	Male	Female	Male	Female	Male	Female	
GRI 102-8	Total employees	persons	62,503		65,682		69,690		72,319		
			30,906	31,597	32,148	33,534	33,874	35,816	34,481	37,838	
GRI 405-1	EMPLOYEE DIVERSITY										
	By level										
	- Top management	persons	372	73	370	77	364	79	60	4	
		percent	0.60	0.12	0.56	0.12	0.52	0.11	0.08	0.01	
	- Middle management	persons	1,314	566	1,311	549	1,399	574	301	71	
		percent	2.10	0.91	2.00	0.84	2.01	0.82	0.42	0.10	
	- Entry-level Management	persons	1,987	1,090	2,107	1,121	2,151	1,145	3,596	1,818	
		percent	3.18	1.74	3.21	1.71	3.09	1.64	4.97	2.51	
	- Staff	persons	8,412	5,935	7,999	5,855	8,487	6,586	8,553	6,770	
		percent	13.46	9.50	12.18	8.91	12.18	9.45	11.83	9.36	
	- Worker	persons	18,821	23,933	20,361	25,932	21,473	27,432	21,971	29,175	
		percent	30.11	38.29	31.00	39.48	30.81	39.36	30.38	40.34	
	By age										
	- Under 30 years old	persons	11,229	9,964	11,885	10,994	12,362	11,966	12,729	13,209	
		percent	17.97	15.94	18.09	16.74	17.74	17.17	17.60	18.27	
	- 30-50 years old	persons	17,959	19,667	18,455	20,324	19,306	21,005	19,398	21,610	
		percent	28.73	31.47	28.10	30.94	27.70	30.14	26.82	29.88	
	- Over 50 years old	persons	1,718	1,966	1,808	2,216	2,206	2,845	2,354	3,019	
		percent	2.75	3.15	2.75	3.37	3.17	4.08	3.26	4.17	
	Others										
	- Employees with disability	persons	ND		ND		744		757		
		percent	ND		ND		1.07		1.05		
	GRI 401-1	NEW HIRES									
		Employee									
		Number of new hires	persons	1,281		922		1,835		1,425	
				706	575	521	401	1,001	834	803	622
		Rate of new hires	persons	6.42		4.71		9.14		6.79	
				3.54	2.88	2.66	2.05	4.98	4.15	3.83	2.96

GRI Stadards	Performance	Unit	2015		2016		2017		2018	
			Male	Female	Male	Female	Male	Female	Male	Female
GRI 401-1	By age									
	- Under 30 years old	persons	544	464	417	334	765	707	629	535
		percent	2.73	2.33	2.13	1.71	3.81	3.52	3.00	2.55
	- 30-50 years old	persons	160	109	97	65	160	94	147	81
		percent	0.80	0.55	0.50	0.33	0.80	0.47	0.70	0.38
	- Over 50 years old	persons	2	2	7	2	76	33	27	6
		percent	0.01	0.01	0.04	0.01	0.38	0.16	0.13	0.03
	Worker									
	Number of new hires	persons	10,505		15,425		26,639		16,136	
			5,277	5,228	7,341	8,084	12,296	14,343	7,247	8,889
	Rate of new hires	percent	24.77		34.64		55.97		32.26	
			12.44	12.33	16.49	18.16	25.83	30.13	14.49	17.77
	By age									
	- Under 30 years old	persons	2,532	1,888	4,849	4,906	8,568	9,438	4,719	5,332
		percent	5.97	4.45	10.89	11.02	18.00	19.83	9.43	10.66
	- 30-50 years old	persons	2,701	3,302	2,409	3,101	3,598	4,667	2449	3421
		percent	6.37	7.79	5.41	6.96	7.56	9.80	4.90	6.84
	- Over 50 years old	persons	44	38	83	77	130	238	79	136
		percent	0.10	0.09	0.19	0.17	0.27	0.50	0.16	0.27
	TURNOVER									
	Employee									
	Number of turnover	persons	2,007		1,941		1,627		1,786	
			1,185	822	1,148	793	910	717	1,038	748
	Rate of turnover	percent	10.06		9.92		8.10		8.51	
			5.94	4.12	5.87	4.05	4.53	3.57	4.95	3.56
	By age									
	- Under 30 years old	persons	503	471	484	405	369	376	423	379
		percent	2.52	2.36	2.47	2.07	1.84	1.87	2.02	1.81
	- 30-50 years old	persons	442	267	382	274	370	258	365	257
		percent	2.22	1.34	1.95	1.40	1.84	1.28	1.74	1.23
	- Over 50 years old	persons	251	73	282	114	171	83	250	112
		percent	1.26	0.37	1.44	0.58	0.85	0.41	1.19	0.53

GRI Standards	Performance	Unit	2015		2016		2017		2018	
			Male	Female	Male	Female	Male	Female	Male	Female
GRI 401-1	Worker									
	Number of turnover	persons	12,248		11,983		12,521		14,620	
			5,493	6,755	5,298	6,685	5,439	7,082	6,582	8,038
	Rate of turnover	percent	28.88		26.91		26.31		29.23	
			12.95	15.93	11.90	15.01	11.43	14.88	13.16	16.07
	By age									
	- Under 30 years old	persons	3,516	4,340	3,463	4,221	3,561	4,397	4,012	4,793
		percent	8.29	10.23	7.78	9.48	7.48	9.24	8.02	9.58
	- 30-50 years old	persons	1,841	2,029	1,685	2,007	1,737	2,264	2,365	2,664
		percent	4.34	4.78	3.78	4.51	3.65	4.76	4.73	5.33
	- Over 50 years old	persons	136	386	150	457	141	421	205	581
		percent	0.32	0.91	0.34	1.03	0.30	0.88	0.41	1.16
GRI 404-1	EMPLOYEE TRAINING AND DEVELOPMENT									
	Average hours of training for all employees	hour/person/year	18		15		9		14	
			19	16	17	12	12	7	16	12
	By level									
	- Top Management		36		54		25		64	
			ND	ND	ND	ND	26	24	65	52
	- Middle Management		42		41		25		39	
			ND	ND	ND	ND	26	24	40	32
	- Entry-level Management	hour/person/year	43		46		31		35	
			ND	ND	ND	ND	31	30	34	36
	- Staff		30		27		19		22	
			ND	ND	ND	ND	22	15	25	20
	- Worker		10		7		4		8	
			ND	ND	ND	ND	4	4	8	8

Remark:

- ND = No Data
- The Company has no part-time employees, no temporary employees, no seasonal variations in the data of employee, and the data have been compiled from the Company's HR data base. (GRI 102-8)
- Worker means a person who performs work at the Company's plants or farms.
- Average hours of training neither include the Master's and Doctoral Education supported by the Company, nor the training courses that continue during 2015-2018. (GRI 404-1)
- In 2017, the Company started collecting data of employee training and development by level and gender. (GRI 404-1)
- In 2018, the Company has changed its definition in diverse its employees by level.

Occupational Health and Safety Performance during 2015-2018

GRI Standards	Performance	Unit	2015		2016		2017		2018	
			Male	Female	Male	Female	Male	Female	Male	Female
GRI 403-2	Lost Time Injury Frequency Rate: LTIFR									
	Employees and workers	case/ 200,000 hours worked	0.25		0.35		0.36		0.31	
			0.29	0.23	0.39	0.33	0.43	0.30	0.37	0.25
	Independent contractors		0.01		0.01		0.00		0.00	
			0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00
	Lost Day Injury Rate: LDIR									
	Employees and workers	lost day/ 200,000 hours worked	2.07		2.93		2.96		2.64	
			2.54	1.76	3.39	2.50	3.62	2.39	3.44	1.95
	Independent contractors		0.04		0.15		0.00		0.00	
			0.05	0.00	0.18	0.00	0.00	0.00	0.00	0.00
	Injury Rate: IR									
	Employees and workers	case/ 200,000 hours worked	3.51		7.52		8.19		4.33	
			3.69	3.39	6.45	8.51	7.14	9.10	4.04	4.58
	Independent contractors		0.02		0.03		0.01		0.07	
			0.03	0.00	6.45	8.51	0.01	0.00	0.08	0.00
	Absentee Rate									
	Employees and workers	percent	1.29		1.30		1.78		1.42	
			0.95	1.62	1.10	1.70	1.43	2.11	1.11	1.74
	Independent contractors		ND		ND		ND		ND	
			ND	ND	ND	ND	ND	ND	ND	ND
	Occupational Disease Rate: ODR									
	Employees and workers	case/ 200,000 hours worked	0.00		0.00		0.00		0.00	
			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Independent contractors		0.00		0.00		0.00		NA	
			0.00	0.00	0.00	0.00	0.00	0.00	NA	NA

Remark:

- ND = No Data
- NA = Not Applicable
- In 2018, there were two fatalities, which were one of male employee and worker, and one of male independent contractors, due to short circuit (GRI 403-2)
- Number of occupational disease is referred to the report by Workmen's Compensation Fund or according to medical certificate from occupational physician (GRI 403-2)
 - Days mean scheduled work days
 - Injury means work-related injury from first-aid level to lost-day level (from 1 day)
 - Lost Time Injury means injury that causes lost-day from one day onwards (calculating from the day after the incident)
 - Lost Day is calculated from the day after the incident
 - In 2018, the Company revised the absentee rate formula which excluded employees who worked at offices. (GRI 403-2).

Environmental Performance during 2015-2018

GRI Standards	Performance	Unit	2015	2016	2017	2018
ENERGY						
GRI 302-1	Total energy consumption within the organization	million GJ	10.38	9.59	10.35	10.92
	Non-renewable energy	million GJ	3.87	3.25	3.51	3.48
	- Coal	million GJ	0.90	0.82	0.89	0.76
	- Fuel oil	million GJ	0.49	0.55	0.55	0.72
	- Diesel	million GJ	0.34	0.32	0.35	0.33
	- Gasoline	million GJ	0.02	0.02	0.02	0.02
	- LPG	million GJ	0.28	0.27	0.30	0.27
	- Natural gas	million GJ	1.83	1.27	1.40	1.38
	Renewable energy	million GJ	2.44	1.98	2.21	2.69
	- Biodiesel	million GJ	0.00	0.00	0.00	0.00
	- Rice husk	million GJ	0.00	0.00	0.00	0.01
	- Corn cob	million GJ	0.21	0.18	0.18	0.19
	- Pal kernel shells	million GJ	0.03	0.02	0.02	0.15
	- Fire wood/ scrap wood/ woodchips	million GJ	1.03	0.99	1.18	1.47
	- Sawdust	million GJ	0.06	0.09	0.13	0.11
	- Charcoal	million GJ	0.03	0.01	0.00	0.01
	- Cashew nutshell	million GJ	0.03	0.02	0.01	0.00
	- Biogas	million GJ	0.49	0.61	0.59	0.71
	- Others	million GJ	0.56	0.05	0.07	0.04
	Electricity purchased	million kWh	1,134	1,212	1,285	1,319
		million GJ	4.08	4.36	4.63	4.75
GRI 302-3	Energy intensity	GJ/ton of product	1.39	1.24	1.23	1.30
GREENHOUSE GAS EMISSIONS						
	Total greenhouse gas emissions for scope 1 + 2	million tons CO ₂ e	0.88	0.91	0.92	0.92
GRI 305-1	Direct greenhouse gas emissions (scope 1)	million tons CO ₂ e	0.22	0.24	0.26	0.25
GRI 305-2	Indirect greenhouse gas emissions (scope 2)	million tons CO ₂ e	0.66	0.67	0.67	0.67

GRI Standards	Performance	Unit	2015	2016	2017	2018
GRI 305-4	Greenhouse gas emissions intensity	kg CO ₂ e/ ton of product	118.25	117.01	110.00	109.31
	Biogenic greenhouse gas emissions	million tons CO ₂ e	ND	0.18	0.20	0.25
WATER						
GRI 303-1	Total water withdrawal	million m ³	201.36	195.14	174.20	154.77
	- Surface water	million m ³	157.71	143.18	137.91	119.89
	- River	million m ³	16.96	17.50	18.66	17.76
	- Canal	million m ³	85.37	76.54	86.29	73.37
	- Seawater	million m ³	42.22	44.38	28.20	24.74
	- Other surface water sources	million m ³	13.16	4.76	4.76	4.02
	- Groundwater	million m ³	15.08	16.51	15.98	19.50
	- Rainwater	million m ³	20.62	27.11	10.85	7.62
	- Wastewater from outside	million m ³	0.00	0.00	0.00	0.00
	- Municipal water supply	million m ³	6.38	6.57	6.49	6.65
	- Purchased water (excluding drinking water)	million m ³	1.56	1.77	2.97	1.11
	GRI 303-3	Recycled and reused water	million m ³	34.59	24.16	24.15
percentage of total water withdrawal			17.18	12.38	13.86	17.86
WASTEWATER						
GRI 306-1	Water discharge					
	Total water discharge	million m ³	81.88	94.41	100.87	93.17
	- Sea	million m ³	25.75	29.60	27.00	23.32
	- River	million m ³	5.76	7.16	8.24	9.04
	- Canal	million m ³	45.56	51.32	56.23	50.39
	- Public waterway	million m ³	3.69	4.34	8.40	6.23
	- Others i.e., Lake	million m ³	1.12	1.99	0.99	4.19
	Quality of discharged water					
	BOD Value					
	- Livestock feed business	mg/L	ND	ND	ND	24.75
	- Aquatic feed business	mg/L	ND	ND	ND	10.41

GRI Standards	Performance	Unit	2015	2016	2017	2018
	- Broiler business	mg/L	ND	ND	ND	9.11
	- Duck business	mg/L	ND	ND	ND	14.09
	- Swine business	mg/L	ND	ND	ND	14.81
	- Aquatic animal farm business	mg/L	ND	ND	ND	4.68
	- Food business	mg/L	ND	ND	ND	7.60
	- Fivestar and restaurant business (Production plants)	mg/L	ND	ND	ND	30.23
	Nitrogen value					
	- Livestock feed business	mg/L	ND	ND	ND	29.35
	- Aquatic feed business	mg/L	ND	ND	ND	49.43
	- Broiler business	mg/L	ND	ND	ND	24.37
	- Duck business	mg/L	ND	ND	ND	6.84
	- Swine business	mg/L	ND	ND	ND	31.74
	- Aquatic animal farm business	mg/L	ND	ND	ND	2.14
	- Food business	mg/L	ND	ND	ND	5.18
	- Fivestar and restaurant business (Production plants)	mg/L	ND	ND	ND	14.35
	- BOD quantity	thousand tons	0.61	0.58	1.18	0.49
	- Nitrogen quantity	thousand tons	0.58	0.49	0.55	0.45
WASTE						
GRI 306-2	Total waste generated	million tons	0.44	0.44	0.51	0.93
	Total non-hazardous waste generated	million tons	0.44	0.44	0.51	0.93
	- Reused	thousand tons	0.24	1.14	2.81	2.86
	- Recycled	thousand tons	31.04	13.73	20.49	21.74
	- Composting	thousand tons	282.20	333.20	367.10	799.50
	- Used as animal feed	thousand tons	ND	ND	73.33	62.92
	- Used as composite materials	thousand tons	ND	ND	0.26	5.48
	- Incineration	thousand tons	3.30	2.62	2.07	1.59
	- Landfill	thousand tons	26.66	23.22	28.38	24.06
	- Stored in packaging containers	thousand tons	ND	ND	0.44	0.07

GRI Standards	Performance	Unit	2015	2016	2017	2018
	- Used as dual fuel	thousand tons	ND	ND	0.26	0.08
	- Stored in the operation units	thousand tons	ND	ND	0.05	0.00
	- Stored in the operation units to be disposed	thousand tons	40.70	10.72	18.10	9.80
	Total hazardous waste generated	thousand tons	0.67	1.16	1.80	1.12
	- Reused	thousand tons	0.02	0.27	0.28	0.06
	- Recycled	thousand tons	0.39	0.64	0.69	0.75
	- Incineration	thousand tons	0.02	0.07	0.07	0.07
	- Landfill	thousand tons	0.11	0.13	0.37	0.24
	- Stored in the operation units to be disposed	thousand tons	0.13	0.05	0.40	0.00

Remark:

- ND = No Data
- The calculation is in accordance with CPF SHE&En Key Performance Indices (CPF SHE&EN KPIs) (GRI 302-1)
 - Total fuel consumption = the sum of (the consumption of each fuel type X heating value)
Unit: GJ per month (the conversion factors are based on Department of Alternative Energy Development and Efficiency's annual report)
 - Electricity consumption = the sum of electricity consumption (in kWh) X 3.6
Unit: GJ per month
 - Total energy consumption = total fuel consumption + total electricity consumption
Unit: GJ per month
- Energy types included in the calculation of intensity per production ton are non-renewables including coal, fuel oil, diesel, gasoline, LPG, and natural gas as well as renewables including biogas, biomass (such as rice husk, corn cob, pal kernel shells, fire wood/ scrap wood/ woodchips, sawdust, charcoal and cashew nutshell, etc.), and biodiesel, and electricity used within the organization only (GRI 302-3)
- The chosen consolidation approach for greenhouse gas emissions is operational control (GRI 305-1 and GRI 305-2)
- Reporting of the greenhouse gas emissions are covered CO₂, CH₄, and N₂O. The Global Warming Potential (GWP) used in the calculation is referred to the given values of IPCC, while the emission factors are referred to information from Greenhouse Gas Management Organization (Public Organization), and Energy Policy and Planning Office, Ministry of Energy (GRI 305-1, GRI 305-2, and GRI 305-4)
- GHG scope 1 includes GHG emissions from fuel combustion only, but excludes biogas combustion from flaring (GRI 305-1 and GRI 305-4)
- Reporting scope of GHG intensity includes only GHG scopes 1 and 2 (GRI 305-4)
- Total water consumption is calculated using data from water meters, water bills, flow rates of water pumps, and average volume of rainwater from Meteorological Department (GRI 303-1: 2016 Version)
- Total reused / recycled water volume is calculated using the data from water meters and flow rates of water pumps (GRI 303-3: 2016 Version)
- Biochemical Oxygen Demand (BOD) value measures the amount of oxygen required or consumed for the microbiological decomposition of organic material in water, used for measuring water quality (GRI 306-1)
- BOD and Total Kjeldahl Nitrogen (TKN) values are derived from the results from sources of wastewater, analyzed by a laboratory certified by ISO/IEC 17025 (GRI 306-1)
- BOD quantity = volume of discharged water X average BOD intensity (GRI 306-1)
- TKN quantity = volume of discharged water X average nitrogen intensity (GRI 306-1)
- Wastewater data is collected from water meters for business units with Online BOD installed, and from wastewater volume estimation from the efficiency of wastewater pumps, for business units without water meters (GRI 306-1)
- Approaches to treating wastewater include: (GRI 306-1)
 - In Feed business, wastewater from aquatic feed mills is treated using activated sludge process
 - In Farm business, wastewater from swine farms is treated by anaerobic digestion, followed by in oxidation ponds, while wastewater from aquatic animal farms is treated in oxidation ponds
 - In Food business, wastewater from food factories is treated using activated sludge process.
- Non-hazardous and hazardous waste stored within our facilities was cumulative sum from previous years (GRI 306-2)
- Total waste generated was the sum of total non-hazardous and hazardous waste generated during the year. Amount of waste stored within our facilities during the year = cumulative waste stored during the current year – cumulative waste stored during the previous year (GRI 306-2)
- Waste disposal information was obtained from disposal method or waste manifest provided by waste disposer (GRI 306-2)
- In the past year, the amount of discharged water from swine farms used in farmers' agricultural areas was reported as water discharge to others. In 2018, this discharged water is defined as waste for composting.
- The amounts of waste disposed by others method in 2015 at 55.92 thousand tons and in 2016 at 54.32 thousand tons have not been reported in the table since it cannot be specified as disposal method listed in the table.
- The amounts of waste stored in the operation units to be disposed in 2015-2017 have been re-calculated.

GRI Content Index

GRI 102: General Disclosures 2016

Disclosures	Page/ Website/ Omission	External Assurance
Organizational Profile		
102-1 Name of the organization	Page 2, 102	-
102-2 Activities, brands, products, and services	Page 2-3	-
102-3 Location of headquarters	Page 106	-
102-4 Location of operations	Page 4-5	-
102-5 Ownership and legal form	Page 2-3, 102, 106	-
102-6 Markets served	Page 2-3	-
102-7 Scale of the organization	Page 4-5, 8, 46, 107 Annual Report 2018 (Key Financial Performance) https://www.cpfworldwide.com/en/product https://www.cpbrandsite.com/product	-
102-8 Information on employees and other workers	Page 107	-
102-9 Supply chain	Page 2-3	-
102-10 Significant changes to the organization and its supply chain	Page 103 Annual Report 2018 (Business Overview) (https://www.cpfworldwide.com/th/investor) There was no material change in the location of suppliers and structure of supply chain.	-
102-11 Precautionary principle or approach	Page 92	-
102-12 External initiatives	Page 75-78	-
102-13 Membership of associations	Page 17	-
Strategy		
102-14 Statement from senior decision-maker	Page 6-7	-
102-15 Key impacts, risks, and opportunities	Page 18	-
Ethics and Integrity		
102-16 Values, principles, standards, and norms of behaviour	Page 36-37 Annual Report 2018 (Business Overview) (https://www.cpfworldwide.com/th/investor)	-
Governance		
102-18 Governance structure	Annual Report 2018 (Management) (https://www.cpfworldwide.com/th/investor)	-
Stakeholder Engagement		
102-40 List of stakeholder groups	Page 105-106	-

Disclosures	Page/ Website/ Omission	External Assurance
102-41 Collective bargaining agreements	Page 46 CPF does not have a trade union. However, CPF has its welfare committee which is composed of representatives from all levels of employees. Their responsibilities are similar to a trade union.	-
102-42 Identifying and selecting stakeholders	Page 105	-
102-43 Approach to stakeholder engagement	Page 105-106	-
102-44 Key topics and concerns raised	Page 105-106	-
Reporting Practice		
102-45 Entities included in the consolidated financial statements	Page 103 Annual Report 2018 (Business Overview) (https://www.cpfworldwide.com/th/investor)	-
102-46 Defining report content and topic boundaries	Page 104	-
102-47 List of material topics	Page 18-19	-
102-48 Restatements of information	Page 114	-
102-49 Changes in reporting	Page 18	-
102-50 Reporting period	Page 102	-
102-51 Date of most recent report	Our previous Sustainability Report was published in April 2017.	-
102-52 Reporting cycle	Page 102	-
102-53 Contact point for questions regarding the report	Page 106	-
102-54 Claims of reporting in accordance with the GRI Standards	Page 102	-
102-55 GRI content index	Page 115-122	-
102-56 External assurance	Page 102, 124-126	-

Material Topics

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
Economic Performance 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Annual Report 2018 (Business Overview)	-	-
	103-2 The management approach and its components	Annual Report 2018 (Business Overview)	-	-
	103-3 Evaluation of the management approach	Annual Report 2018 (Business Overview)	-	-

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 8 Annual Report 2018 (Business Overview)	-	-
Anti-corruption 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 36-37	-	
	103-2 The management approach and its components	Page 36-38	-	
	103-3 Evaluation of the management approach	Page 37-38	-	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Page 37	-	
Energy				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 85	-	-
	103-2 The management approach and its components	Page 86-87, 89-91	-	-
	103-3 Evaluation of the management approach	Page 87, 89	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 111, 114	-	✓
	302-3 Energy intensity	Page 90, 111, 114	-	✓
Water				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 85, 87	-	-
	103-2 The management approach and its components	Page 86-87, 89-90, 92	-	-
	103-3 Evaluation of the management approach	Page 87, 89, 92	-	-
GRI 303: Water 2016	303-1 Water withdrawal by source	Page 90, 112, 114	-	✓
	303-3 Water recycled and reused	Page 112, 114	-	✓
Biodiversity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 85, 87	-	-
	103-2 The management approach and its components	Page 86-87, 95-96, 98	-	-
	103-3 Evaluation of the management approach	Page 89, 96-98	-	-

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Page 95-98	-	-
Emissions				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 85, 87	-	-
	103-2 The management approach and its components	Page 86-87, 89-91	-	-
	103-3 Evaluation of the management approach	Page 87, 89	-	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 112-114	Reporting scope of GHG scope1 includes GHG emission from fuel combustion sources only, but excludes biogas combustion from flaring.	✓
	305-2 Energy indirect (Scope 2) GHG emissions	Page 112-114	Energy indirect (Scope 2) GHG Emission is not reported the location based method (Electricity grid) and market based method separately, since the emission factor cannot be obtained from the market based provider.	✓
	305-4 GHG emissions intensity	Page 90, 112, 114	-	-
Effluents and Wastes				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 85, 87	-	-
	103-2 The management approach and its components	Page 86-87, 89, 92-93	-	-
	103-3 Evaluation of the management approach	Page 87, 89	-	-
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Page 112-114	-	✓
	306-2 Waste by type and disposal method	Page 113-114	-	✓
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 65, 67	-	-
	103-2 The management approach and its components	Page 66-67, 69	-	-
	103-3 Evaluation of the management approach	Page 69-70	-	-

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
GRI 308: Suppliers Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 71	100% of new animal feed suppliers, that were sourced and used in Thailand, were screened on ESG criteria. Other new suppliers are going to start doing the online supplier self-assessment in 2019.	-
Employment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 44-45, 48	-	-
	103-2 The management approach and its components	Page 44-45, 48	-	-
	103-3 Evaluation of the management approach	Page 48-49	-	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 107-109	-	-
Occupational Health and Safety				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 44-45, 50	-	-
	103-2 The management approach and its components	Page 44-45, 50-51	-	-
	103-3 Evaluation of the management approach	Page 51	-	-
GRI 403: Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 51, 110	-	✓
Training and Education				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 44-45, 47	-	-
	103-2 The management approach and its components	Page 44-45, 47	-	-
	103-3 Evaluation of the management approach	Page 47	-	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 47, 109	-	-

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 44-46	-	-
	103-2 The management approach and its components	Page 44-47	-	-
	103-3 Evaluation of the management approach	Page 46-47	-	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 107 Annual Report 2018 (Management)		
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 39, 40	-	-
	103-2 The management approach and its components	Page 39- 41	-	-
	103-3 Evaluation of the management approach	Page 41	-	-
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	Page 40	-	-
Local Communities				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 65, 67	-	-
	103-2 The management approach and its components	Page 66-67, 69, 80	-	-
	103-3 Evaluation of the management approach	Page 80-81	-	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 80	-	-
Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 65, 67	-	-
	103-2 The management approach and its components	Page 66-67, 69	-	-
	103-3 Evaluation of the management approach	Page 69-70	-	-

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
GRI 414: Suppliers Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 71	100% of new animal feed suppliers, that were sourced and used in Thailand, were screened on ESG criteria. Other new suppliers are going to start doing the online supplier self-assessment in 2019.	
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 20, 53, 55	-	-
	103-2 The management approach and its components	Page 20, 25, 53-55, 57-59	-	-
	103-3 Evaluation of the management approach	Page 57, 59	-	-
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 37	-	-
Sector-specific Indicator 2014	G4-FP5 Percentage of production volume manufactured in sites certified by an independent third-party according to internationally recognized food safety management system standards	Page 57	-	-
Marketing and Labeling				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 20	-	-
	103-2 The management approach and its components	Page 20	-	-
	103-3 Evaluation of the management approach	Page 23	-	-
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Page 23	-	-
Healthy and Affordable Food				
GRI 103: Management Approach 2016 & Food processing sector disclosure 2014	103-1 Explanation of the material topic and its boundary	Page 53, 55	-	-
	103-2 The management approach and its components	Page 53-55, 57, 61-62	-	-
	103-3 Evaluation of the management approach	Page 62	-	-

GRI Standards	Disclosure	Page/ Website	Omission/ Note	External Assurance
Animal Welfare				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 26	-	-
	103-2 The management approach and its components	Page 26	-	-
	103-3 Evaluation of the management approach	Page 26	-	-
Sector-specific Indicator 2014	G4-FP11 Percentage and total of animals raised and/ or processed, by species and breed type, per housing type	Page 28-29	-	-
Innovation				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 44-45, 49	-	-
	103-2 The management approach and its components	Page 44-45, 49	-	-
	103-3 Evaluation of the management approach	Page 49-50	-	-
CPF's Own Indicator	Number of innovations and innovators	Page 45	-	-
Materials 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Page 30	-	-
	103-2 The management approach and its components	Page 30-32	-	-
	103-3 Evaluation of the management approach	Page 32	-	-
GRI 301: Materials 2016	GRI 301-2 Recycled input material used	Page 32	Percentage of recycled input material for packaging is disclosed in this report only excluding raw materials, associated process materials and semi-manufactured goods or parts. Materials of packaging by weight are in the process of data collection. The data will be available in 2019.	

United Nations Global Compact (UN Global Compact)

Communication on Progress–Advanced Level

Criterion	Description	Page
1	The COP describes mainstreaming into corporate functions and business units	Page 26, 37, 87
2	The COP describes value chain implementation	Page 37, 69-71, 73
3	The COP describes robust commitments, strategies or policies in the area of human rights	Page 39-41, 65-74
4	The COP describes effective management systems to integrate the human rights principles	Page 39-41, 65-74
5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Page 39-41, 65-74
6	The COP describes robust commitments, strategies or policies in the area of labour	Page 39-41, 44-51, 65-74
7	The COP describes effective management systems to integrate the labour principles	Page 39-41, 44-51, 65-74
8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Page 39-41, 44-51, 65-74
9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	Page 65-74, 85-99
10	The COP describes effective management systems to integrate the environmental principles	Page 65-74, 85-99
11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Page 65-74, 85-99
12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	Page 36-38
13	The COP describes effective management systems to integrate the anti-corruption principle	Page 36-38
14	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Page 36-38
15	The COP describes core business contributions to UN goals and issues	Page 17
16	The COP describes strategic social investments and philanthropy	Page 8, 61-63, 78-83, 95-99
17	The COP describes advocacy and public policy engagement	Page 6-7, 17, 75-78
18	The COP describes partnerships and collective action	Page 17, 37, 40-41, 60-63, 75-83, 95-99
19	The COP describes CEO commitment and leadership	Page 6-7
20	The COP describes Board adoption and oversight	Page 37
21	The COP describes stakeholder engagement	Page 105-106



LRQA Assurance Statement Relating to Charoen Pokphand Foods Public Company Limited's Sustainability Report for the calendar year 2018

This Assurance Statement has been prepared for Charoen Pokphand Foods Public Company Limited in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Charoen Pokphand Foods Public Company Limited (CPF) to provide independent assurance on its Sustainability Report 2018 ("the report") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification approach. LRQA's verification approach is based on current best practise and uses the principles of AA1000AS (2008) - inclusivity, materiality, responsiveness and reliability of performance data and processes defined in ISAE3000.

Our assurance engagement covered CPF's and their subsidiaries' operations and activities in Thailand and specifically the following requirements:

- Confirming that the Report is in accordance with:
 - GRI's Standard and core option
 - GRI's Food Processing Sector Disclosure
- Evaluating the reliability of data and information for the selected specific standard disclosures which are listed below:
 - GRI 302-1 Energy consumption within the organization
 - GRI 302-3 Energy intensity
 - GRI 303-1 Water withdrawal by source
 - GRI 303-3 Water recycled and reused
 - GRI 305-1 Direct (Scope 1) GHG emissions ⁽¹⁾
 - GRI 305-2 Energy indirect (Scope 2) GHG emissions
 - GRI 306-1 Water discharge by quality and destination
 - GRI 306-2 Waste by type and disposal method
 - GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Notes:

- (1) Reporting scope of Direct GHG emission includes emission from sources of fuel combustion only but exclude direct GHG emission from flaring of biogas and other sources of direct GHG emission

Our assurance engagement excluded the data and information of CPF's operations and activities outside of Thailand and its associated and jointly-controlled entities both in Thailand and overseas. Our assurance engagement also excluded the safety, occupational health and environmental (SHE) indicators of its head offices, other offices and other business units apart from feed, farm, food processing, whole sale and retail food products and restaurant in Thailand. Our engagement of SHE indicators for restaurant in Thailand also excluded CP Kitchen and CP Food World.

LRQA's responsibility is only to CPF. LRQA disclaims any liability or responsibility to others as explained in the end footnote. CPF's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of CPF.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that CPF has not:

- Met the requirements above.
- Disclosed reliable performance data and information for the selected specific standard disclosures.
- Covered all the issues that are important to the stakeholders and readers of this Report.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.



LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing CPF's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
 - Reviewing CPF's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by CPF and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether CPF makes informed business decisions that may create opportunities that contribute towards sustainable development.
 - Auditing CPF's data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the Report.
 - Visiting CPF's sites at:
 - Pakthongchai Feed Mill in Nakhon Ratchasima Province
 - Kumyai Broiler Farm in Saraburi Province
 - Minburi 2 Food Processing Plant in Bangkok
 - Sriracha Feed Mill in Chonburi Province
 - Bangsraklao Farm in Chanthaburi Province, and
 - Rayong 2 Swine Farm in Rayong Province
- to verify the documentary evidence and data made available for the selected specific standard disclosures.

Note: LRQA did not verify the data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations

Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder inclusivity:**
We are not aware of any key stakeholder groups that have been excluded from CPF's stakeholder engagement process. The Report content, as well as CPF's visions for addressing sustainability development, has then been informed by the views and expectations of these stakeholders.
- **Materiality:**
We are not aware of any material issues concerning CPF's sustainability performance that have been excluded from the Report. CPF's process for identifying and determining their material issues considers factors such as stakeholder concerns, potential impact to the economy, society and the environment as well as global trends based on CPF's analysis of international standards, media coverage, business risks and issues addressed by peers. These material issues have then been prioritised and influenced CPF's performance disclosures.
- **Responsiveness:**
CPF and its subsidiaries have processes for responding to concerns from various stakeholder groups. We believe that these communication processes are effective in explaining CPF's aim in contributing towards sustainable development. However, the reporting scope of direct GHG emissions should be extended to cover all direct GHG emission sources, as currently it is limited to combustion sources only. Reporting complete data and information will enhance the responsiveness of CPF's contribution towards addressing this global material issue.
- **Reliability:**
Data management systems are established and centralized for the data and information collection and calculation associated with the selected specific standard disclosures listed above. We believe that each business unit should consider more systematic and regular internal verification of its data and information to ensure the reliability of data and information aggregated at corporate level and prevent any errors being reported.



LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This report verification is the only work undertaken by LRQA for CPF and as such does not compromise our independence or impartiality.

Signed

A handwritten signature in blue ink, appearing to read 'P. Hengsitawat'.

Dated: 26 February 2019

Paveena Hengsitawat
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd.
Lloyd's Register International (Thailand) Limited
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LRQA reference: BGK405157

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Your opinions
are valuable
to our sustainable
development.



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