



Charoen Pokphand Foods Public Company Limited

# We Care We Share

» Sustainability  
Report 2014





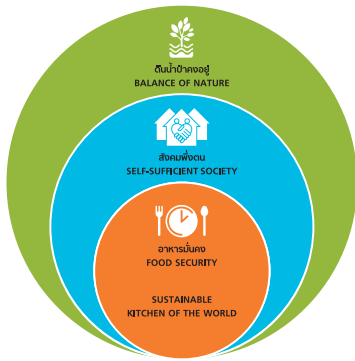
# We Care We Share

- » Food quality and safety lies at the heart of the Company. We are committed to developing innovations to ensure the best quality and safety while also being aware of environmental and social impacts throughout the value chains, for business sustainability and our stakeholders.

# CPF and Sustainability



## CPF and Sustainability



CPF's CSR to Sustainability Direction (Page 26)



## TOP 4 MATERIAL ASPECTS

### Management Approach for The Top 4 Material Aspects



#### Sustainable Sourcing



#### Food Quality and Safety



#### Human Rights



#### Climate Change

(Page 41)



## People Development



Employees in Thailand



Stayed with us for more than 5 years

**72%**



Stayed with us for more than 10 years

**68%**

(Page 70)



## Food Security

### Food Safety and Consumer Health

More than

**110,000**

students

had good nutritional status from participating in the "Raising Layer for Student's Lunch Project" (Page 97)



**All About Egg**  
Alternatives for health centric consumers (Page 94)



## Self-Sufficient Society

### Society Development

More than

**5,000**

smallholder farmers

were supported by the Company (Page 106)

More than

**1,930** Million Baht

economic value generated from Employment Generation Project (Page 110)



## Balance of Nature

### Resource and Environmental Conservation

Treated and Reused Wastewater



**22%**

of total water consumption (Page 118)





## Food Security

How does CPF deliver high-quality and safe products adequate for the needs of 3,000 million consumers in 40 countries and how does it prepare for global population growth in the near future?

- » The Company has a thorough quality control throughout the processes from selecting raw materials to delivering products to consumers, in accordance with international standards. We are also committed to research and development as well as the promotion of innovation to offer nutritious food for all.

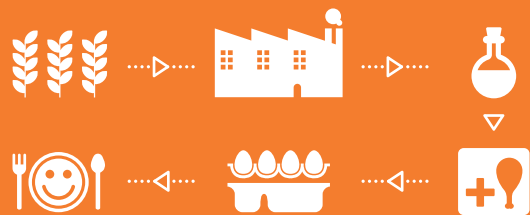


**Mr. Virachai Ratanabanchuen**  
Chief Operating Officer - Domestic Trading





## Quality and Food Safety Throughout the Chain



- ISO 22000
- ISO 9001
- GMP
- HACCP
- ISO/IEC 17025
- GAP
- BRC



**Kitchen of the World**

More than

**2,500** Products

that are of high-quality, safe, and  
nutritious provided for more than

**3,000**

Million Consumers Worldwide





## How does CPF encourage the participation of business partners and communities to create shared value and enjoy mutual growth?

- » The Company provides the opportunity for business partners and communities to participate in the decision-making process. We also disseminate knowledge, transfer technology, and support the improvement of quality of life.



**Mr. Anek Boonnoon**  
Deputy Chief Executive  
Officer-Regional Integration  
Business Unit





## Contract Farming



Participation  
in the Program

**5,000**

Farmers

Success Rate

**98%**



## 4Cs to Sustainability

We work with the community  
following the Competency + Creation  
+ Collaboration + (Connection) concept



**Competency**  
of the Company and  
stakeholder needs



**Creation**  
of innovation for  
sustainability



**Collaboration**  
between our people  
and stakeholders



**Connection**  
with networks to promote  
sustainable development





## Balance of Nature

How does CPF operate its business while mitigating environmental impacts and conserving natural resources for this current and the next generations?

- » The Company implements 4Rs concept; namely Reduce, Reuse, Recycle, and Replenish, in our production process and operation following the international environmental standards. We also contribute to the conservation and restoration of biodiversity in the country's strategic areas.



**DVM Sujint Thammasart**  
Executive Vice President -  
Aquatic Farming Unit and  
Aquatic Breeding and  
Farming Research and  
Development Unit





## Responsible Care for the Environment



Reduce Paper and Plastic in the Production Process

**170** tons



Reduce Carbon Dioxide through Green Farm Project

**100,800**  
tons of CO<sub>2</sub> equivalent/year



- ISO 14001
- ISO 14040
- ISO 50001
- ISO 14044
- ISO 14067
- CPF SHE MS



**“Grow-Share-Protect Mangrove Forestation Project”**

Set preservation and restoration target of over

**2,000** Rai



## People Development

How does CPF develop and take care of more than 100,000 of its people around the world to cultivate lifelong learning and contribute to the happy workplace?

» The Company aims to develop and retain “talents” to become professional and leader at the international level. We utilize information technology and communication in developing our people’s skills and support them for their career advancement. We provide working environment where people can participate and where differences are respected.

**CPF WAY**

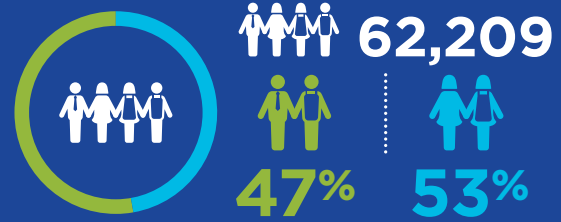
- 1. 3 benefits to sustainability
  - country
  - people
  - company
- 2. Speed & Quality
- 3. Simplification
- 4. Adapt to change
- 5. Innovativeness
- 6. Integrity, Honesty and Reciprocity

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





## Number of Employees (Thailand)



## Number of Training Hours for People Development 2014



## Robust Organization



Three Benefits to Sustainability



Speed & Quality



Simplification



Adapt to change



Innovativeness



Integrity, Honesty and Reciprocity





## Corporate Governance, Risk Management and Compliance

How does CPF operate its business towards a secured growth and how does it contribute to sustainable development?

» The Company recognizes the importance of risk management to mitigate risks and capture business opportunities. We conduct our operations in accordance with principles of good corporate governance to create short and long-term values for both shareholders and stakeholders.



**Ms. Patchara Chartbunchachai**  
Executive Director and  
Company Secretary





## Stakeholder



Shareholder  
and Investor



Employee



Customer  
and Consumer



Business  
Partner



Community  
and Society



## Economic Success in 2014

Net Sales

**426,039**

Million Baht

Net Profit

**10,562**

Million Baht



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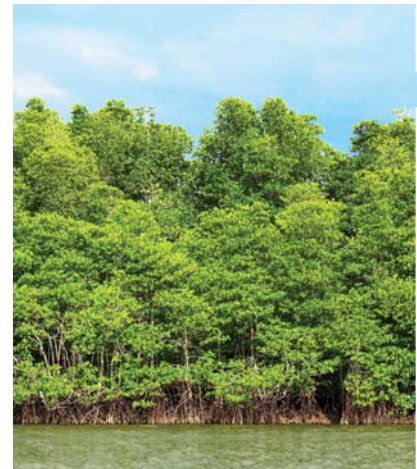


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## MESSAGE TO STAKEHOLDERS

» The path to “sustainability” is one that requires the understanding and cooperation of all relevant internal and external stakeholders. It is naturally filled with numerous obstacles, but that is something which everyone is determined to overcome to the best of their abilities, to create a better society in the best environment. We are therefore committed to **playing a part in building a strong foundation now for current generations and paving the way for future generations.**

We firmly believe that every crisis brings **opportunities, choices, and solutions to advance for the better.** Given this, the second half of 2014 was a very difficult time for us as we were confronted with issues relating to labor practices in the Thai fishery industry.

We would first like to take this opportunity to express our sincere gratitude and deepest appreciation to the government, civil society, the media, and all related stakeholders who gave us opportunities to play a part in managing labor and environmental challenges following allegations of labor rights violations in the Thai fisheries value chain by the international press. The allegations, which concerned forced labor and human trafficking on Thai fishing vessels, incoherently followed by the United States’ decision to downgrade Thailand to ‘Tier 3’ in its Trafficking in Persons Report in June 2014.

Although the issues occurred at origins far beyond our operations since we neither operate on nor source our raw materials directly from any fishing vessel, as a leading agro-industrial and food conglomerate we are willing and prepared to assist in solving these problems. While in practice we can use other raw materials to substitute fishmeal as a result of our research and development in protein substitutes, we consider that doing so would only be addressing the symptoms and not the root cause of the issue, and that may negatively impact the livelihoods of fishermen – leaving the problem unsolved. **We thus decided that we must continue to do the right thing following the national agenda and use our influence to help drive positive improvement.**



» **Mr. Dhanin Chearavanont**  
Chairman of the Board  
of Directors

» **Mr. Adirek Sripratak**  
President and Chief  
Executive Officer



One thing we learned from this and would like all parties to understand is that any decision to adapt to changes in different contexts requires a pooling of resources, whether it is money, manpower, or time. Some changes can be made immediately, such as machine upgrades to increase productivity and reduce environmental impacts. Other changes require both resources and collaboration especially if they are linked to changes in human behavior. This means that to improve and develop a sustainable Thai fishery industry, it is crucial to give the very best of efforts. **Only time will tell if the efforts made by government agencies, the private sector, and civil society will be successful. We are prepared to provide our fullest support and cooperation to this end, driven by our core philosophy of “3 Benefits to Sustainability (for the Country, the People, and the Company)”.**

In 2014, we continued to follow the Company’s CSR to Sustainability Direction which consists of three focus areas covering **Food Security, Self-Sufficient Society, and Balance of Nature**. We developed various important initiatives in response to the challenges in our value chain that have captured widespread stakeholder attention on corporate sustainability, including:

- **Food Quality and Safety:** The launch of our “CP Balance” under the concept “lo in what is not, hi in what is yes” which translated into the products low in cholesterol and saturated fat but high in nutritional value.
- **Human Rights:** The launch of our Human Rights Policy and the direct sourcing of labor from legal labor brokers from home countries where the Thai Government has bilateral employment MOUs with in order to stop human trafficking.
- **Sustainable Sourcing and Eco-efficiency:** Our contribution to the establishment of the Thai Sustainable Fisheries Roundtable (TSFR) which brought together all eight Thai fisheries products industry associations from upstream to downstream. The TSFR worked in collaboration with government agencies, civil society and NGOs to put forward the Fishery Improvement Project (FIP). We also developed our 5R Improvement Plan to elevate the sustainable shrimp value chain.
- **Climate Change Mitigation:** The expansion of the Company’s Product Sustainability project and the continuous effort to improve efficiency throughout our production processes.

The fruits of our efforts are illustrated in our external recognition at both national and international levels. Some of these include:

- SET Awards 2014 for “Best Corporate Social Responsibility” from the Stock Exchange of Thailand
- CSRI Recognition Award 2014 from the Corporate Social Responsibility Institute
- Sustainability Report Award 2013 for “Outstanding Report” from the CSR Club of the Thai Listed Companies Association
- 27 CSR-DIW Continuous Awards from the Ministry of Industry Thailand
- The CDP Hong Kong and South East Asia Climate Leadership Awards 2014 for Best Year-on-Year Disclosure Change, from the Carbon Disclosure Project, an international organization working on reducing GHG emissions and their impacts on Climate Change. The Company was one of seven recipients of this award for the Southeast Asia region in year 2014

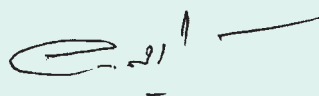
The world is facing a variety of new challenges - demographic shift, rising population from 7 to 9 billion by 2050, the accelerating urbanization, climate change and resource scarcity, shift in economic power, and technological breakthrough. To maintain a secure and sustainable growth in these global megatrend pieces, we have been creating added value by operating responsibly in the following ways:

- Developing innovations that meet social, economic, and environmental changes.
- Supporting knowledge dissemination and the development of our people’s potentials throughout the value chain to increase competitiveness and foster their mutual growth with the Company.
- Utilizing both advanced technologies and research and development to develop new technologies to overcome any limitations and improve efficiency.

In conclusion, on behalf of the Board of Directors, executives, and all employees, we would like to express our gratitude to all of our shareholders, customers, communities, business partners, and relevant stakeholders for their continued support. We remain committed to becoming the “Kitchen of the World” that holds the utmost responsibility to society and the environment, based on the principles of good corporate governance, and contributes to the sustainability of society as a whole.



**Mr. Dhanin Chearavanont**  
Chairman of the Board  
of Directors

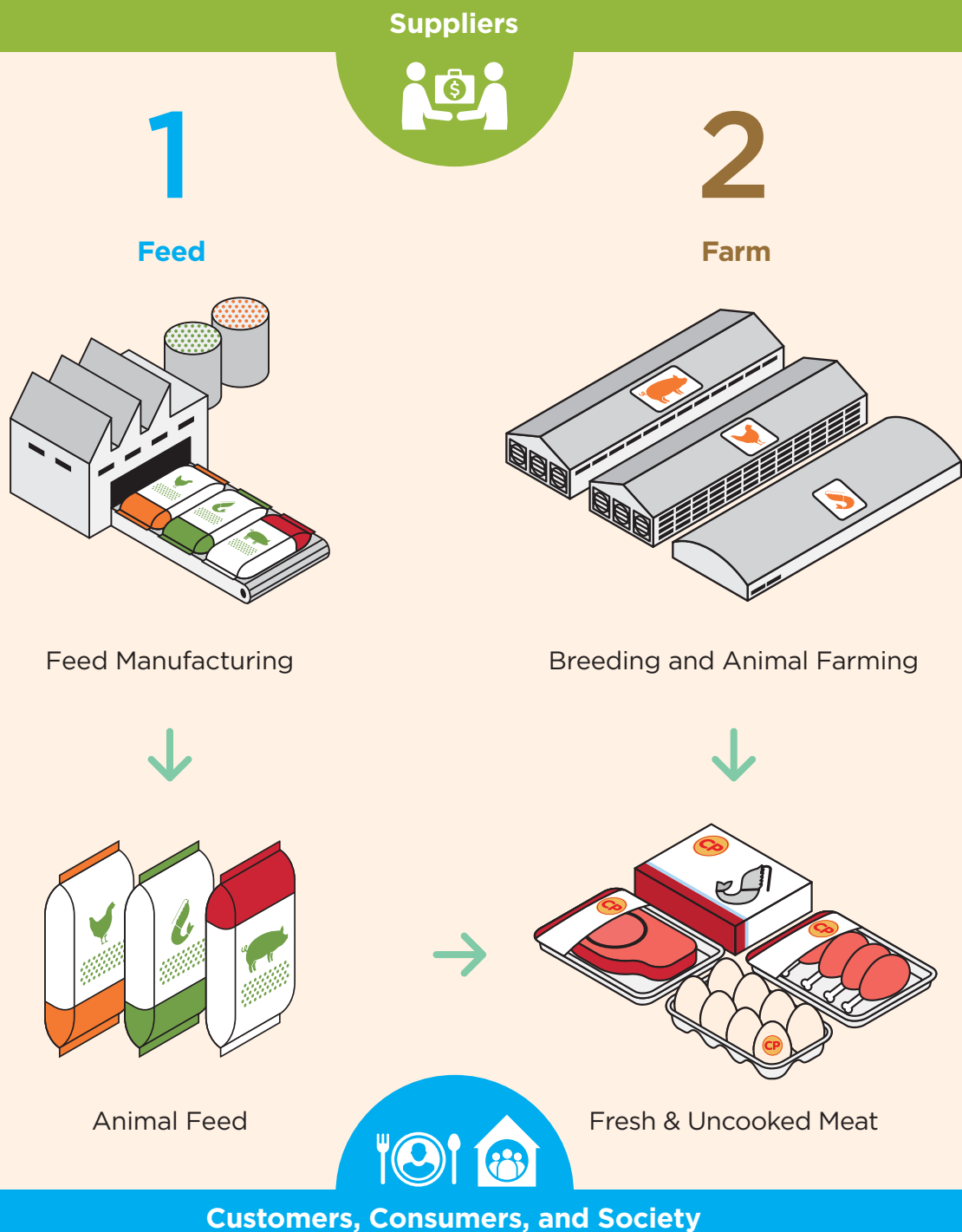


**Mr. Adirek Sripratak**  
President and Chief  
Executive Officer

## CPF AT A GLANCE

» Charoen Pokphand Foods Public Company Limited or CPF together with its subsidiaries is an agro-industrial and food conglomerate which operates a vertically integrated business covering livestock and aquaculture of swine, broiler, layer, duck, shrimp, and fish. The businesses are further categorized into four main businesses as followed:

1. Feed Business
2. Farm Business
3. Food Business
4. Retail and Food Outlets Business



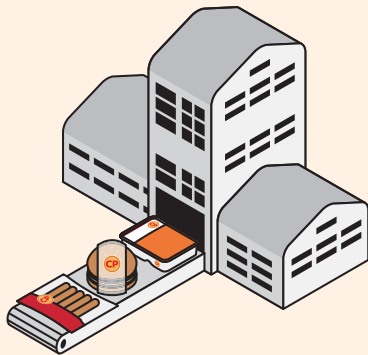


Our integrated food production processes adopt advanced technologies and comply with international standards. Our consumers from all over the world can be sure that at every bite, our product is of high quality, safe, hygienic, produced with environmentally

friendly technologies, and can be systematically traced back to the origin. Our value chain covers suppliers, who supply us with raw materials, products, and services, as well as customers, consumers, and the society.

3

### Food



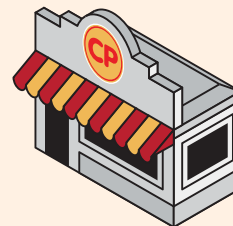
Production of Processed and Ready-to-eat Food



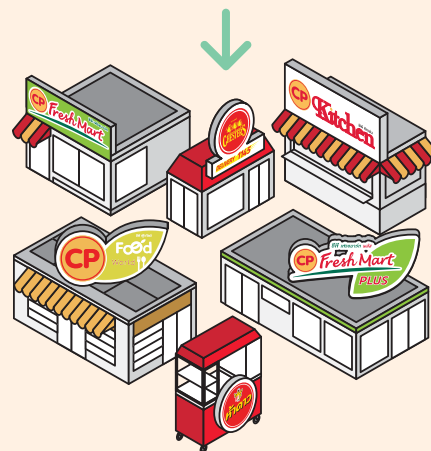
Cooked & Ready-to-Eat Meal

4

### Retail & Food Outlets



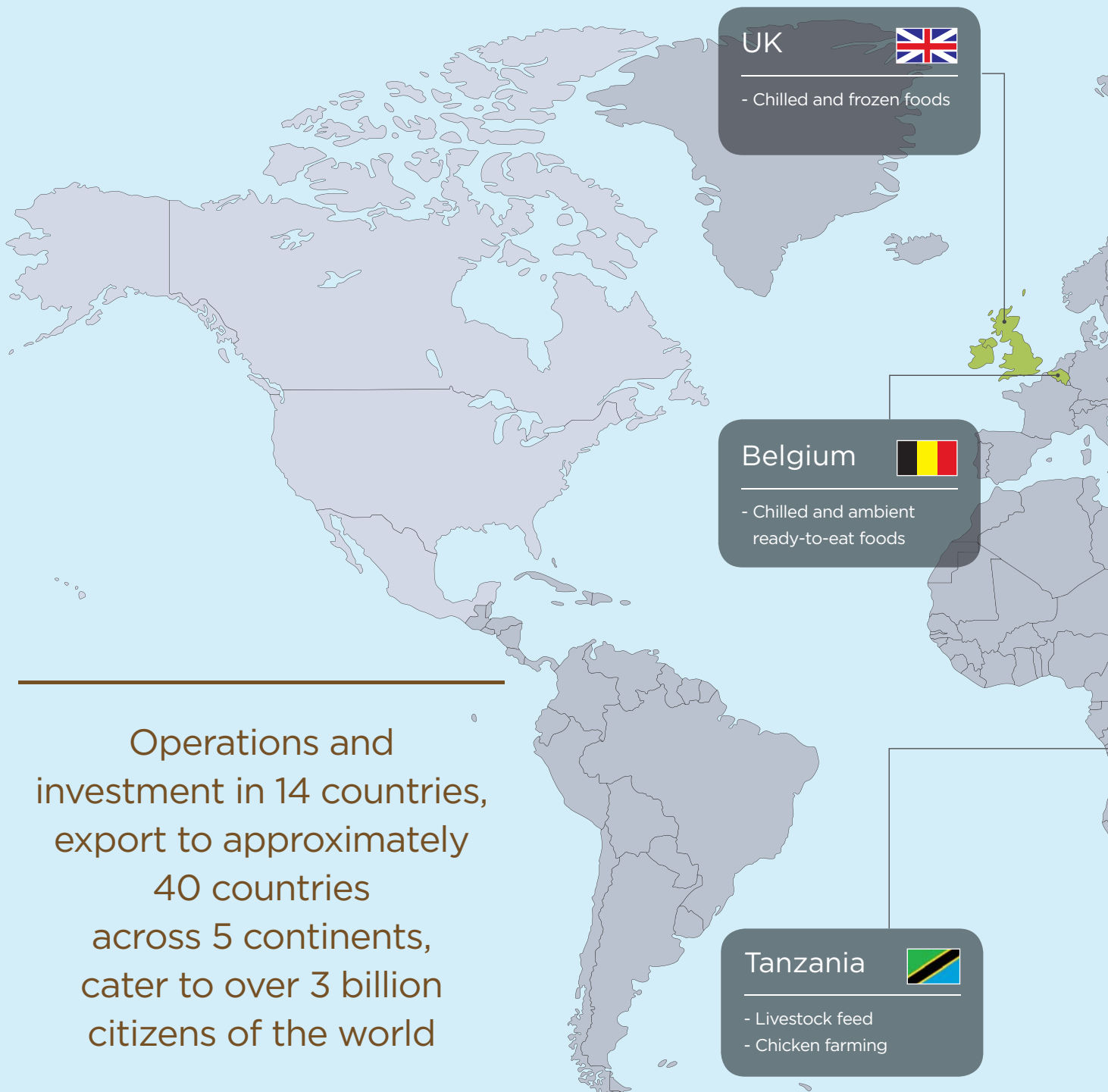
Distribution Channels

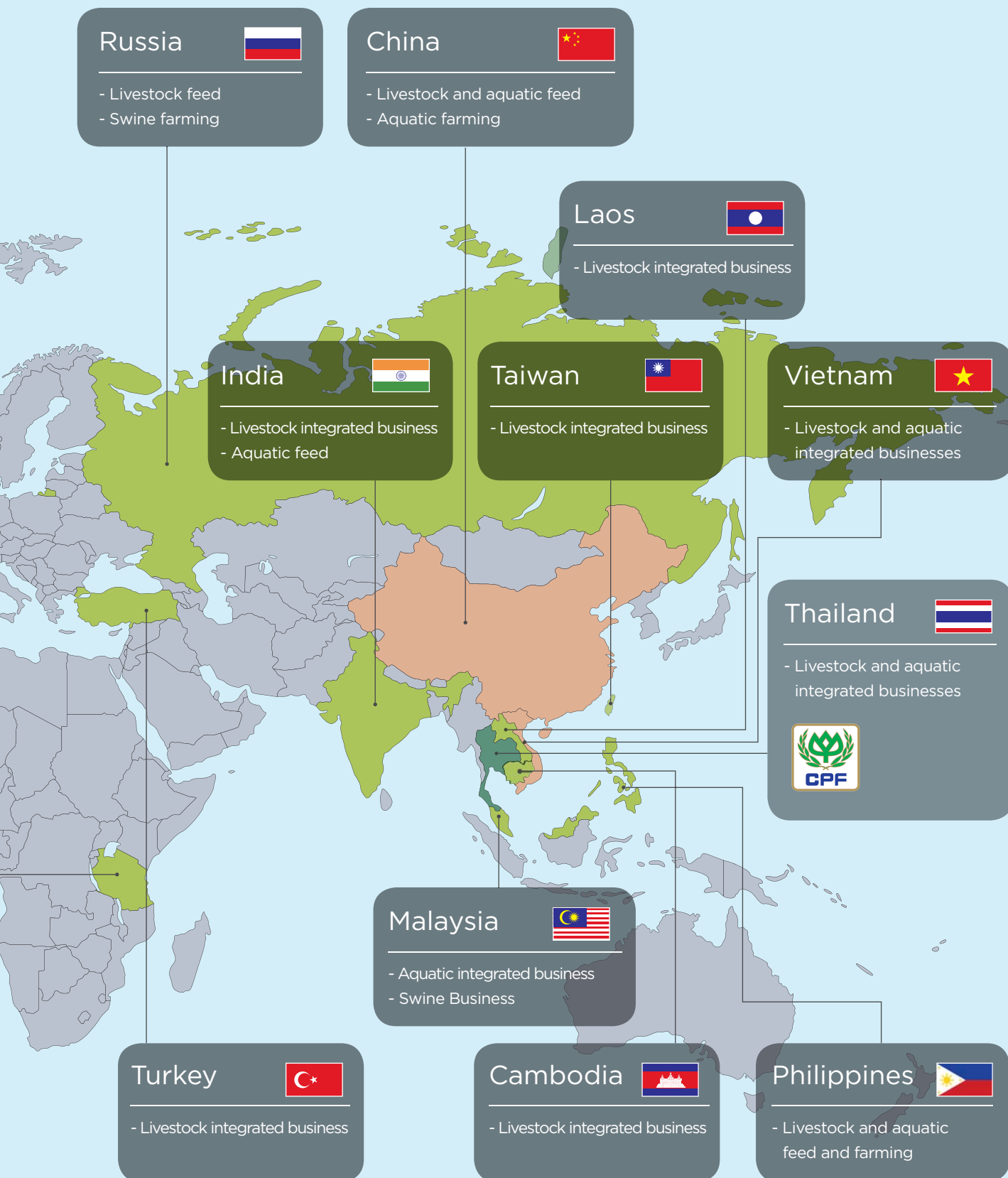


Food Retail Outlets, Restaurant & Food Courts

## CPF...KITCHEN OF THE WORLD

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





## 2014 HIGHLIGHTS

- » Strong Operational Results,  
Distribution of Economic Value to Stakeholders  
for Sustainable Growth



### Economic Success in 2014

Sales Revenue

**426,039** Million Baht

EBITDA

**27,487** Million Baht

Net Profit

**10,562** Million Baht

Net Earnings/Share

**1.43** Baht

Return on Assets

**2.70%**

Return on Equity

**7.20%**



### Distribution of Shareholders' Value

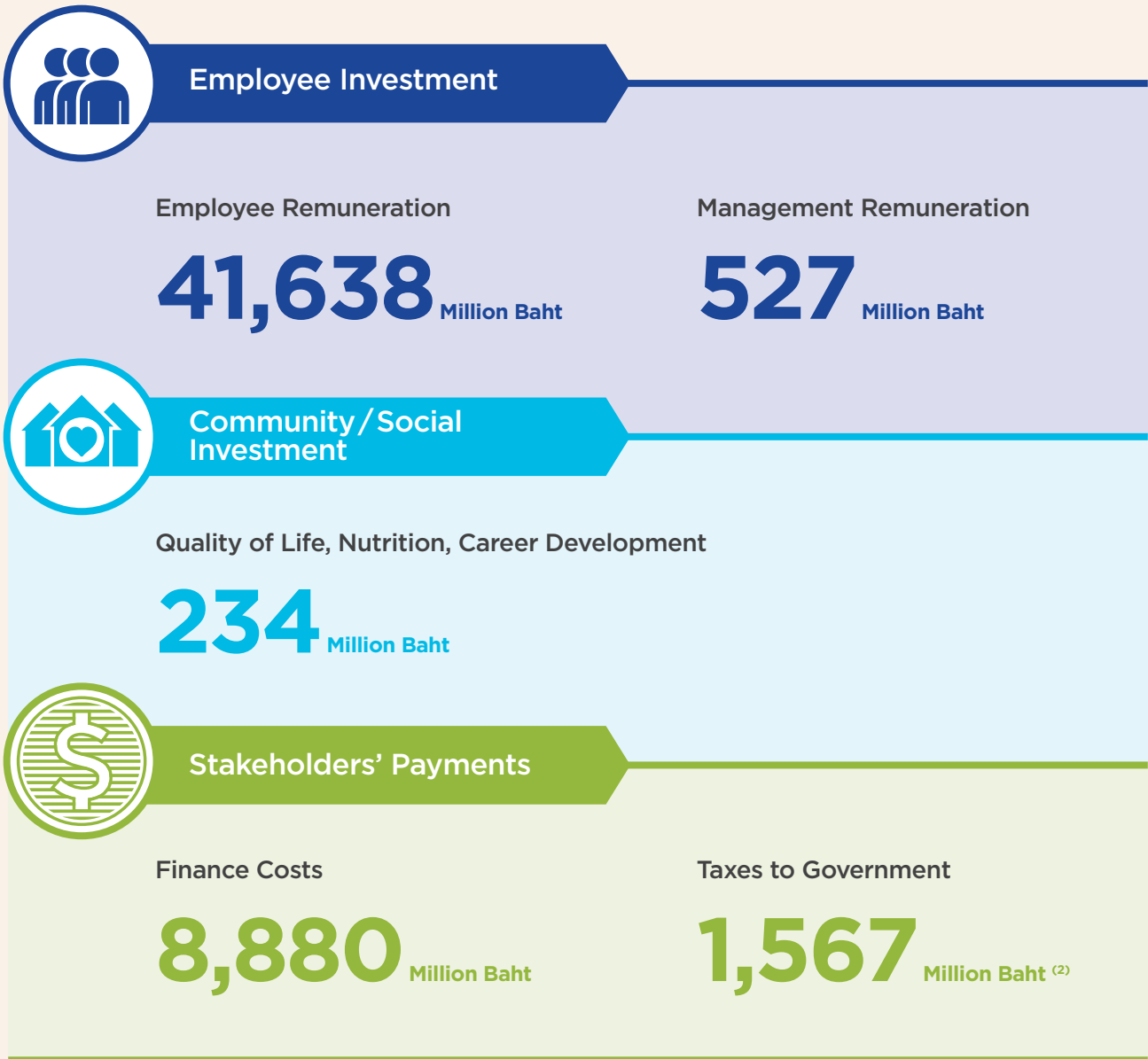
Shareholders' Dividend

**5,807** Million Baht <sup>(1)</sup>

Dividend/share

**0.75** Baht <sup>(1)</sup>





Note:

Data is from consolidated financial statement of Charoen Pokphand Foods PCL (CPF) and subsidiaries, except:

(1) Data from financial statement of CPF

(2) Data from consolidated financial statement of CPF and Thailand's subsidiaries.



## CPF AND SUSTAINABILITY

- » CPF, as the leading agro-industrial and food conglomerate, is committed to business sustainability, striking a balance of economic growth, social strength, and the abundance of the environment and ecosystem. We assure our stakeholders that we will achieve our missions in the near and far future. At the same time, we also work hard to ensure that we address sustainability issues by incorporating global sustainability trends and stakeholder concerns in order to achieve our vision to become “the Kitchen of the World”



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# CPF AND SUSTAINABILITY

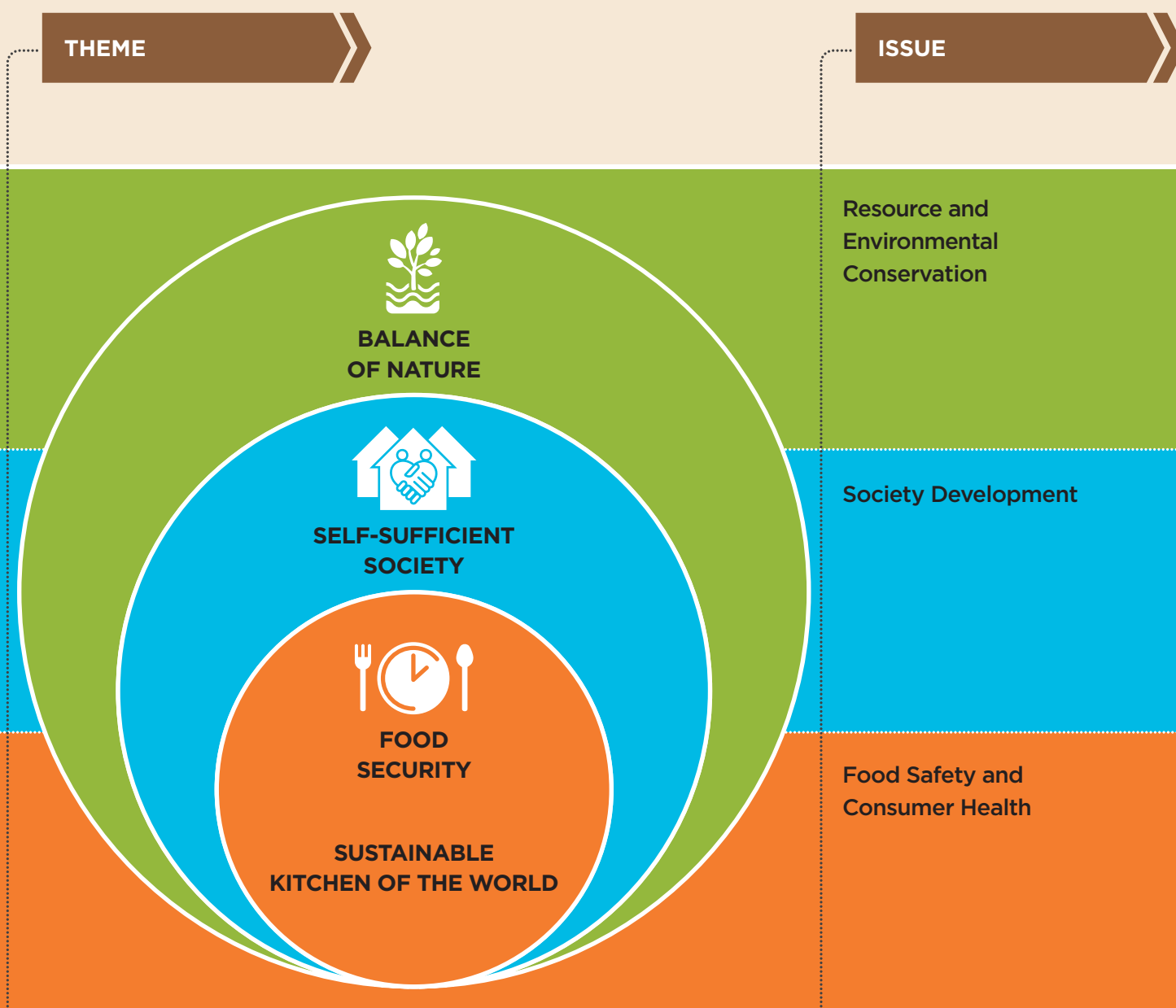


## CPF AND SUSTAINABILITY

With the vision to become “the Kitchen of the World” and our position as a leading agro-industrial and food conglomerate, we recognize the importance to operate in a socially and environmentally responsible and sustainable manner, based on the principles of good corporate governance. We continue to provide high quality and safe products and services amid the socio-economic and environmental challenges either from the increase in global population from 7 to 9 billion by 2050, malnutrition and poverty, diminishing labor supplies

in the agricultural sector, or the ever increasing impacts from climate change.

Over the course of business operations, we are committed to advancing our research and development and utilizing advanced technology and complying with international standards to increase efficiency along the process as well as supporting capacity development of our employees, business partners and communities. We operate while recognizing the importance of good





corporate governance, risk management and compliance with relevant laws and regulations which are the foundation of the secured and sustainable growth of the society as a whole.

### CPF's CSR to Sustainability Direction

The Company stipulates that Corporate Social Responsibility is one of the main strategies for operating sustainably. Our policy and strategic direction are translated into three pillars: **"Food Security,**

### **Self-Sufficient Society and Balance of Nature".**

We operate on the foundation of good corporate governance while nurturing our people, providing appropriate benefits to shareholders, paying attention to the health of consumers, as well as considering the security and livelihood of our people, business partners, and communities. At the same time, we also consider the environmental impacts of our operation and take appropriate steps to conserve natural resources that are the sources of the current and future socio-economic prospect.

## GOAL

- » Reducing Environmental Footprints
- » Protecting Biodiversity



PEOPLE  
DEVELOPMENT



GOVERNANCE,  
RISK MANAGEMENT  
AND COMPLIANCE  
(GRC)

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WE CARE. WE SHARE

- » Developing Win-Win Partnership
- » Supporting Community Livelihood



Three Benefits  
to Sustainability



Speed & Quality



Simplification



Adapt to change



Innovativeness



Integrity, Honesty  
and Reciprocity

- » Enhancing Quality & Food Safety throughout the Chain
- » Improving Food Access

## Sustainability Governance

Sound corporate governance is of paramount importance to gain trust from our stakeholders and it shows transparency in our decision-making process. The company's board of 15 directors is responsible for the supervision over the management to operate the business in accordance with the business objectives, strategies and the operational plan approved by the Board of Directors, in the best interests of the company, shareholders, and other stakeholders.<sup>1</sup> The Board is adhered to the principles of responsibility, cautiousness, and honesty and is in compliance with the Company's regulations and applicable laws.

Corporate Social Responsibility and Sustainability Development Committee (CSR&SD Committee), appointed in 2012 by the Board of Director, takes a leading role in managing and overseeing sustainability across the Company. The Committee comprising three director members: two independent directors, and one executive director (currently the President and CEO), meets 2 times annually to discuss challenges and set future sustainability direction. Our strategic direction encompasses our stakeholders' concerns (see how we engage our stakeholders in page 39), sustainability challenges in the industry, and our business goals and strategies.

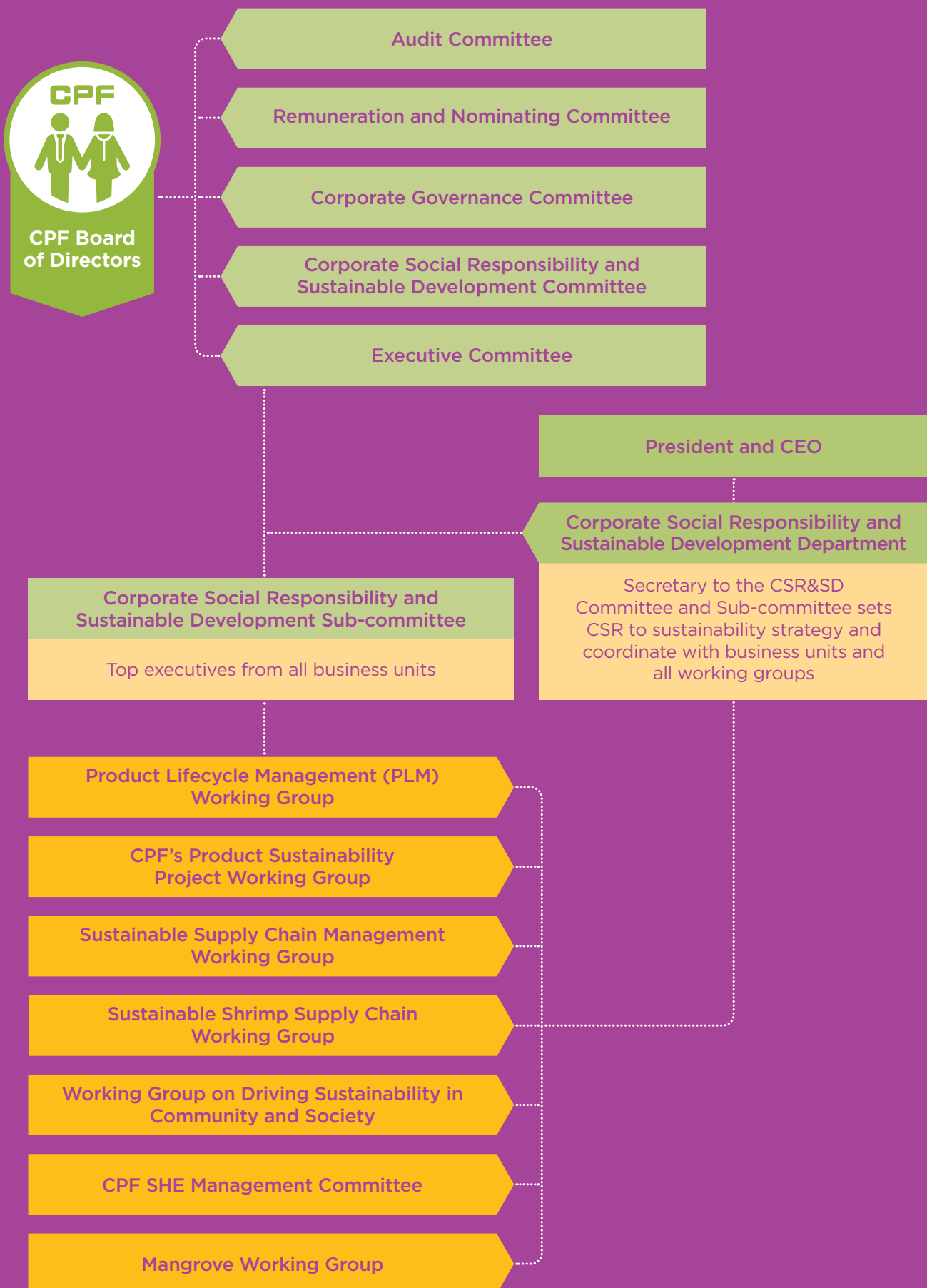
In 2013, CSR&SD Sub-Committee, chaired by the CEO, with 35 members from the management level from all businesses, was formed and tasked with driving the progress of the company's sustainability performance under the three pillars: "Food Security, Self-Sufficient Society and Balance of Nature".

The Company proactively communicates with our people and engages them on fostering responsible business practices. We also actively seek to excel in our sustainability journey by establishing a variety of working groups comprising representatives from diverse business units and functions to effectively drive changes in the Company. During 2013-2014, we set up the Product Lifecycle Management (PLM) Working Group, Sustainable Shrimp Supply Chain Working Group, and Working Group on Driving Sustainability in Community and Society. The structure of our sustainability governance is shown below. In addition, in 2014 the Company also announced the Anti-Corruption Policy following our pledge to Thailand's Private Sector Collective Action Coalition against Corruption. This demonstrated our commitment to prevent and eradicate all forms of corruption and our willingness to collaborate with the government, civil society, the media, and other international organizations to set the standard for transparent business practices.



<sup>1</sup> For full detail about our governance structure, please refer to our Annual Report 2014.

## CPF's CSR to Sustainability Governance Structure





## Risk Management

The Company values an importance of a robust risk management process to regularly identify and assess events and risk levels. The Risk Management Sub-committee is tasked to assess risks related to the Company and determine actions to mitigate such risks within the Company's risk appetite following the guidelines of COSO's Enterprise Risk Management (ERM). The Risk Management Sub-committee meets quarterly to review the progress of the mitigation actions before reporting to Management Committee. Management Committee will then make necessary decision on management and governance to ensure that the Company's overall policy and objectives are followed and up to the changing environment. The result of annual risk assessment is also reported to the Audit Committee.

All business units, facilitated by Risk Management Department, are also required on annual basis to identify risks associated with the business and the risk level, and to formulate mitigation plan. Each business unit is required to take ownership to manage its own risk and to monitor periodically.

Each year changing risk factors are assessed. Each risk is determined based on factors in different risk type including factors that are relevant to the Company, factors that affects our supply chain (primary activities), and factors that affects our supporting functions (supporting activities). Risk mitigation plan is required when risks that exceed our appetite levels are identified.

### Risk Management Structure



G4-14, G4-15

## Compliance with Laws and International Standards

The principle component of our success includes the compliance with local laws in all countries we operate. At the same time, we recognize that agricultural and food products, which are one of the most crucial basic needs for everyone, must be of high quality and safe

while being produced with responsibility to the society and the environment. We strive to go above and beyond national requirements and this is evidently demonstrated through a list of international voluntary standards to which we adhere. These cover various aspects as detailed below:

<b>Labor</b>	<ul style="list-style-type: none"> <li>• Thai Labor Standard 8001-2010</li> <li>• Good Labor Practices (GLP)</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>• ISO 9001: Quality Management</li> <li>• Good Manufacturing Practice (GMP)</li> <li>• Hazard Analysis and Critical Control Point (HACCP)</li> <li>• Good Agricultural/Aquaculture Practice (GAP)</li> <li>• British Retail Consortium (BRC)</li> <li>• International Food Standard (IFS)</li> </ul>
<b>Safety, Health and Environment</b>	<ul style="list-style-type: none"> <li>• CPF SHE Management System</li> <li>• OHSAS 18001: Occupational Health and Safety Management</li> <li>• ISO 14001 Environmental Management</li> <li>• ISO 50001: Energy Management</li> <li>• ASEAN Energy Manager Accreditation Scheme (AEMAS)</li> <li>• Code of Conduct (CoC) for Responsible Shrimp Aquaculture</li> <li>• ISO 14040: Environmental Management - Life Cycle Assessment - Principles and Framework</li> <li>• ISO 14044: Environmental Management - Life Cycle Assessment - Requirements and Guidelines</li> <li>• ISO 14067: Greenhouse Gases - Carbon Footprint of Products</li> </ul>
<b>Animal Welfare</b>	<ul style="list-style-type: none"> <li>• Animal Welfare Standard, the European Union</li> <li>• Red Tractor Assurance (RTA), the United Kingdom</li> <li>• Genesis Assured Duck Production (ADP), the United Kingdom</li> <li>• Agricultural Labeling Ordinance (ALO), Switzerland</li> </ul>
<b>Other Sustainability-related Issues</b>	<ul style="list-style-type: none"> <li>• International Fishmeal and Fish Oil Organization's Responsible Supply Chain of Custody (IFFO RS CoC)</li> <li>• Best Aquaculture Practices (BAP)</li> </ul>

G4-16

## Our Role in Supporting Public Policy

We believe that our participation in regulatory advocacy contributes to sustainability advancement in agro-industry and food industry in ways that enhance Thailand's competitive edge in international market. We regularly participate as an individual company and industry associations' representative in many committees at national level.

In 2014, we participated in many meetings aiming to elevate food standards and sustainability in the industry. Our participation includes:

- Brainstorming meeting on the (draft) Research Strategy by Sector on National Food Valley, hosted by Office of the National Research Council of Thailand (NRCT) on 9 June 2014 in Bangkok to gather ideas and suggestions from relevant organizations for the improvement of the (draft) Research Strategy.

The vision of the National Food Valley is to strengthen food industry cluster, encourage more production of healthy food, and promote machinery use in the production process.

- Meeting on the action plans/ projects for implementation of Thailand Food Security Strategy (2013-2016) by the Ministry of Agriculture and Cooperatives on 7 October 2014 at the Office of Agricultural Economics, Thailand to ensure national food security in every aspect.
- The 35th CODEX Committee meeting on Methods of Analysis and Sampling (CCMAS) on 3-7 March 2014 in Budapest, Hungary. We participated in this meeting for 6 consecutive years.
- The 46th CODEX Committee meeting on Food Hygiene on 17-21 November 2014 in Lima, the Republic of Peru to follow up on the changing international food standards on consumer health and safety.

In addition, we also participated in various national committees including:

Committee	On Behalf of	Roles/Benefits
The Sub-committee on the Veterinary Professional Standards <i>Veterinary Council of Thailand</i>	The Company	Enhance the veterinary education standards for universities and educational institutes in Thailand to keep up with the advanced technology and to be accepted at the international level.
The Review Sub-committee on the Use of Antibiotics in Animal <i>Veterinary Council of Thailand</i>	Thai Swine Veterinary Association	Lay the foundation for the veterinary services in the correct use of antibiotics in order to prevent antibiotic residues in meat and other products.
Board Member of the Queen Sirikit Royal Veterinary Service for the Rural Project	<ul style="list-style-type: none"> <li>Thai Swine Veterinary Association</li> <li>Thai Feed Mill Association</li> </ul>	Coordinate in the provision of animal feeds and other support work to help poor farmers and as relief efforts.
Advisor to the Extraordinary Committee for the Review of the Draft Animal Feed Quality Control Act <i>The National Legislative Assembly</i>	Thai Feed Mill Association	Review the Act to ensure a thorough coverage on animal feed system which leads to the affordable high quality animal feeds that are safe for both animal and consumers and are accessible by all farmers.



Committee	On Behalf of	Roles/Benefits
<p>Member of the Review Sub-committee on the OIE Terrestrial Animal Health Code</p> <p><i>National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives</i></p>	<ul style="list-style-type: none"> <li>• Thai Swine Veterinary Association</li> <li>• Thai Feed Mill Association</li> </ul>	<p>Provide information for the Thai delegates to World Organization for Animal Health (OIE) conferences</p>
<p>The Review Sub-committee on the Addition of Iodine to Salt and Other Products</p> <p><i>Department of Health, Ministry of Public Health</i></p>	<p>Thai Feed Mill Association</p>	<p>Cooperate with the Department of Health on the addition of iodine to egg to solve iodine deficiency among Thai population, especially children, and to improve IQ level in children according to HRH Princess Maha Chakri Sirindhorn's royal initiative.</p>
<p>The Technical Committee for Food Products</p> <p><i>Thai Industrial Standards Institute, Ministry of Industry</i></p>	<p>Thai Feed Mill Association</p>	<p>Develop and screen the draft standards for industrial products to be presented to the Industrial Product Standard Council and prepare the standard development plan consistent with the country's needs and international standards.</p>
<p>Advisor to the Working Group on the Application for Evaluation for Foot and Mouth Disease Free Zone</p> <p><i>Department of Livestock Development, Ministry of Agriculture and Cooperatives</i></p>	<p>Thai Swine Veterinary Association</p>	<p>Support and give suggestion on Thailand's application for OIE's recognition for Foot and Mouth Disease Free Zone.</p>
<p>The Review Committee on Establishing the Foot and Mouth Disease Free Zone in the Eastern Region</p> <p><i>Department of Livestock Development, Ministry of Agriculture and Cooperatives</i></p>	<p>Swine Producers and Processors for Exporting Association</p>	<p>Support the strategy on establishing the Foot and Mouth Disease Free Zone status and give advice on setting guidelines for establishing the Foot and Mouth Disease Free Zone in accordance with OIE's standards.</p>
<p>Agricultural Standards Committee</p> <p><i>National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives</i></p>	<p>The Federation of Thai Industries</p>	<p>Participate in reviewing the draft agricultural standards, both the mandatory and voluntary standards.</p>

Committee	On Behalf of	Roles/Benefits
<p>Endorsement Board for the Development of Occupational Standards and Professional Qualification for Food Scientist (Food Safety)</p> <p><i>Food Science and Technology Association of Thailand</i></p>	The Federation of Thai Industries	Endorse occupational standards and professional qualification to enhance capacity of personnel in food industry and other related sectors so that they have knowledge and recognize the importance of food safety. This is also to lay the foundation for the sustainable development of the food industry.
<p>Committee on the Supervision of Research Plan Emphasizing National Development Needs (Committee No.1)</p> <p><i>National Research Council of Thailand</i></p>	The Federation of Thai Industries	Support the national development on 11 issues; namely, rice, cassava, rubber, logistics and supply chain, tourism management, sugar cane and sugar, food, highland research and related issues to palm oil, rail transport, health, and biomedical sciences.
<p>The Review Sub-committee on the Performance of ASEAN Food Reference Laboratory for Food Contact Materials</p> <p><i>Ministry of Agriculture and Cooperatives</i></p>	The Federation of Thai Industries	Give opinion and suggestion on the collaboration between ASEAN Food Reference Laboratory for Food Contact Materials and ASEAN Consultative Committee for Standards and Quality to ensure that the requirements and measures that will come into effect are beneficial to consumers and national economy.
<p>Board of Directors, Management System Certification Institute</p> <p><i>Thai Industrial Standards Institute, Ministry of Industry</i></p>	The Federation of Thai Industries	Review the draft law on environment and safety and develop control system and governance.
<p>Advisor on Agriculture and Community Development 2014-2016</p> <p><i>Thailand Productivity Institute</i></p>	The Federation of Thai Industries	Give an advice for production and service sector on research for improving productivity, provide support for productivity improvement, and collaborate and support academic exchange with international networks.
<p>National Committee on the Development of Laboratory Animal Research</p> <p><i>National Research Council, Ministry of Science and Technology</i></p>	The Federation of Thai Industries	Develop the care and use of laboratory animals for scientific purposes in Thailand to meet the international standards and encourage the alternative use of new innovation such as nanotechnology, biotechnology, etc.

G4-28, G4-29, G4-30

## About This Report

This is the fourth Sustainability Report the Company has published. We have a strong commitment to reporting annually on our Corporate Social Responsibility (CSR) to sustainability performance against the Company's CSR to Sustainability Roadmap as well as others topics of interest to our stakeholders. Our previous report was Sustainability Report 2013 which was issued in April 2014.

G4-22, G4-33

## Report Boundary, Scope and Assurance

Unless otherwise stated, this report covers our performance on our sustainability goals from 1 January to 31 December 2014 of the operations of all CPF and its Thailand subsidiaries. While we have provided information on our management approaches covering our global operations, we report progress on goals and performance indicators for only CPF and operations in Thailand, as specified in scope of this report in Table below.

G4-17, G4-23

## Companies within the Scope of This Report

Company Name	Environmental Performance				Social Performance	
	Energy	Water	Waste	Emission	Safety & Health	Human Resource
1. Charoen Pokphand Foods PCL	•	•	•	•	•	•
2. CPF Thailand PCL	•	•	•	•	•	•
3. Bangkok Produce Merchandising PCL	-	-	-	-	-	•
4. Chester's Food Co., Ltd.	-	-	-	-	-	•
5. CPF Trading Co., Ltd.	-	-	-	-	-	•
6. CP Merchandising Co., Ltd.	-	-	-	-	-	•
7. CPF Training Center Co., Ltd.	-	-	-	-	-	•
8. CPF IT Center Co., Ltd.	-	-	-	-	-	•
9. CPF Premium Foods Co., Ltd.	In the process of liquidation					
10. Seafood Enterprise Co., Ltd.	In the process of liquidation					

Note:

- Economic performance and its reporting boundary can be found in our Annual report and snapshot can be found on page 22-23 of this report.
- This report does not include performance on environment and safety & health from companies 3-8.

We adhere to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4 and Food Processing Sector Supplement (FPSS), conforming to GRI Guidelines at Core level, in preparing this report. Data measurement methods and the bases of calculations in this report are stated in each related chapter. There is no restatement of information provided in previous report. The report is also subject to independent third-party assurance by Lloyd Register's Quality Assurance.

G4-18

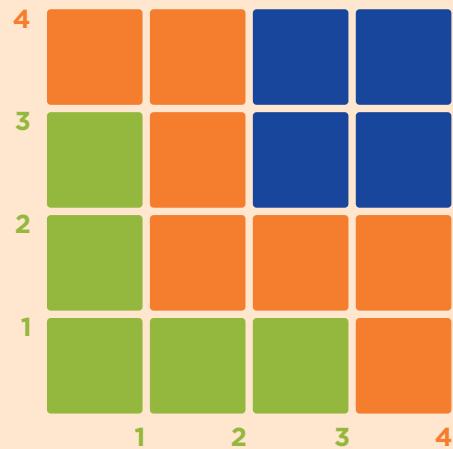
### Process for Defining Report Content

With the aim to focus our communication and internal resources on the major sustainability aspects of interest to our stakeholders and aspects that impact our sustainability, we assessed both internal and external inputs in selecting material sustainability aspects to be

presented in this report and to be closely monitored. We abided by the four principles: Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness, in conducting the analysis of internal and external environments, as well as the materiality test. The detail of our process is as below:

**Step 1: Identification** – Adhering to the Principles of Sustainability Context and Stakeholder Inclusiveness, we engaged with working team (top management level) to identify the aspects and any other relevant topics which might be considered to be reported on, using a combination of factors listed below:

- Global sustainability trends and challenges in food business



**Materiality Assessment**



- Benchmarking against our industry peers
- Issues raised during the engagement with stakeholders by each business unit/function
- CPF Strategic Direction, CPF Sustainability Direction, and CPF Risks and Opportunities

**Step 2: Prioritization** – After we got a list of aspects and relevant topics, we engaged with management team (executive level) to assess how each aspect is material and should be prioritized by considering the significance of their impacts on our business operation and influence on the assessments and decisions of stakeholders.

**Step 3: Validation** – We interviewed external stakeholders from various groups to obtain the external views about material aspects. The Company’s CSR&SD Committee then approved and confirmed the material aspects,

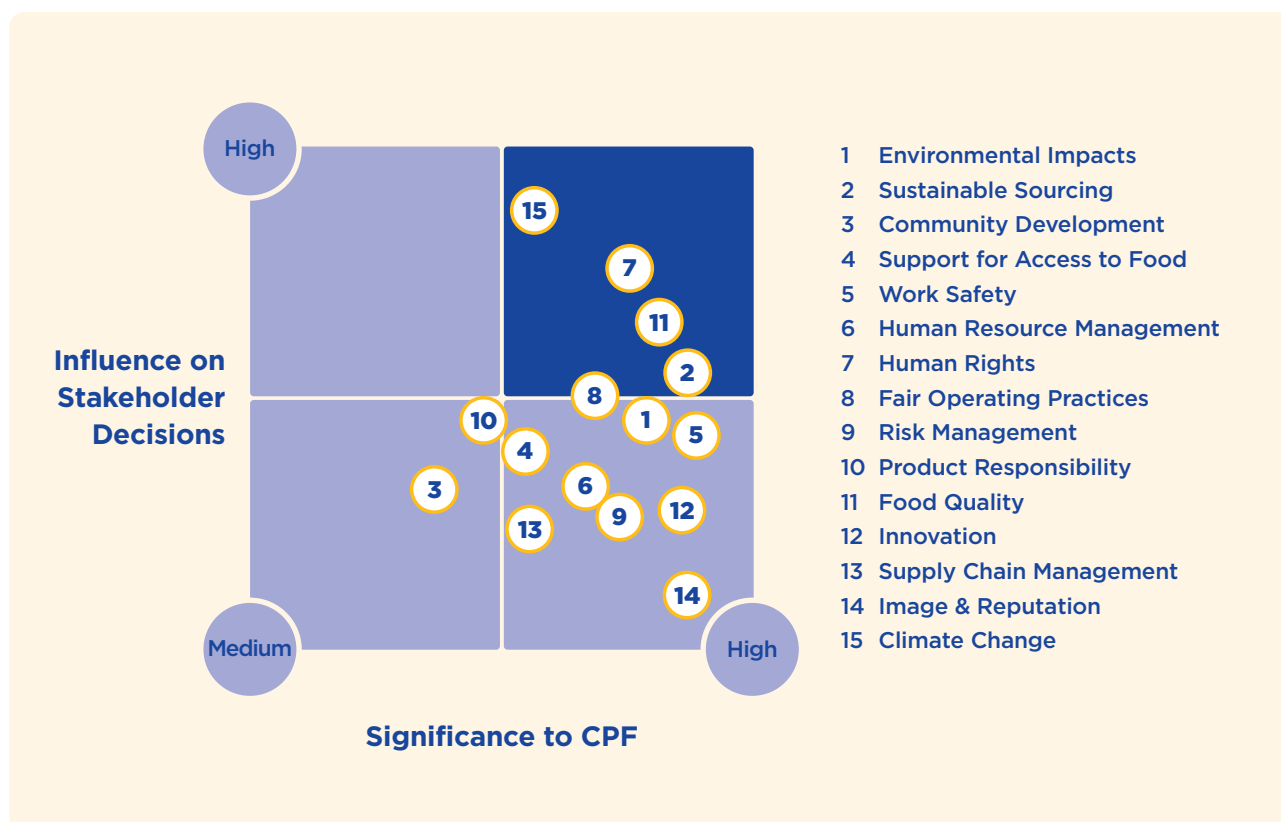
boundary and scope to be reported on in this report. An external party was also employed to verify and validate our reporting process, including reporting boundary and scope.

**Step 4: Review** – We seek to conduct a review process after the report has been published with our stakeholders in order to gain feedback to be used for improving and shaping our report contents for the next report. We would adhere to the Principles of Stakeholder Inclusiveness and Sustainability Context.

G4-19

### Outcomes of the Materiality Assessment

The results of the assessment are presented in the following diagram, which is the basis for this year’s sustainability reporting strategy.



## Reflecting Material Issues in the Report

Chapter	Material Aspects	GRI Aspects	Impact Boundary							
			Within the Company					Outside the Company		
			Feed Business	Farm Business	Food Business	Retail Business	Others i.e. Service/ Investment & Trading	Supplier	Customer / Consumer	Broader Society
Top 4 Material Aspects										
Sustainable Sourcing (2)			•		•			•		
Food Quality (11)			•	•	•	•		•	•	
Human Rights (7)			•	•	•	•	•	•		
Climate Change (15)			•	•	•			•		
Performance against CPF Sustainability Direction										
People Development	Work Safety (5) Human Resource Management (6) Human Rights (7) Supply Chain Management (13)	<ul style="list-style-type: none"><li>• Employment</li><li>• Occupational Health and Safety</li><li>• Training and Education</li><li>• Labor Practice</li><li>• Grievance Mechanisms</li><li>• Non Discrimination</li><li>• Child Labor</li><li>• Forced or Compulsory Labor</li></ul>	•	•	•	•	•	•		
Food Security	Support for Access to Food (4) Product Responsibility (10) Food Quality (11) Innovation (12) Supply Chain Management (13)	<ul style="list-style-type: none"><li>• Customer Health and Safety</li><li>• Product and Service Labeling</li><li>• Healthy and Affordable Food</li></ul>	•	•	•	•	•	•	•	•
Self-sufficient Society	Community Development (3) Fair Operating Practices (8) Innovation (12) Supply Chain Management (13)	<ul style="list-style-type: none"><li>• Local Communities</li><li>• Supplier Assessment for Labor Practices</li><li>• Supplier Human Rights Assessment</li><li>• Supplier Environmental Assessment</li></ul>	•	•	•			•		•
Balance of Nature	Environmental Impacts (1) Sustainable Sourcing (2) Innovation (12) Climate Change (15)	<ul style="list-style-type: none"><li>• Energy</li><li>• Water</li><li>• Biodiversity</li><li>• Emissions</li><li>• Effluents and Waste</li></ul>	•	•	•			•	•	•

G4-24 to G4-27

## Stakeholder Engagement

Stakeholder engagement is central to driving our sustainability strategy. We define stakeholders as all persons or organizations that are affected by our business. We continuously conduct an internal analysis to identify stakeholders and have identified and defined internal and external stakeholders for regular engagement including shareholders and investors, employees and their family, customers and consumers, business partners, community and society, non-profit organizations, and the media.

We engage our stakeholders with the frequency and communication mechanisms based on the most effective means to facilitate dialogue. The frequency of engagement with each stakeholder group is subject to the work plan and requirement. Our approach is to foster dialogue with stakeholders by relevant functions. Each

of our business functions has engaged with their relevant stakeholders on a regular basis and has consistently received feedback on our sustainability performance.

As a process for this year's reporting we asked each business unit to combine those feedbacks, allowing us to better understand key shared concerns and pre-screen priorities. It also helps us shape responses to those concerns and drive performance improvements.

Stakeholder engagement also underpins our process for preparing report content. This year we conducted one-on-one interviews with representative from four groups of stakeholder including customer, the media, non-governmental organization, and sustainability expert. The feedbacks from these external stakeholders are used to shape the report content.

## Our Stakeholder Engagement

Stakeholder Group	Types of Engagement	Example of Issues Raised	Example of Our Response
Shareholder and Investor	<ul style="list-style-type: none"> <li>Quarterly meetings</li> <li>Annual General Meetings</li> <li>Office of Corporate Secretary</li> <li>Office of Investor Relations</li> </ul>	<ul style="list-style-type: none"> <li>Good Corporate Governance</li> <li>Accurate and timely disclosures under relevant laws and regulations</li> </ul>	We comply with laws, company objectives, company regulations, and shareholder resolution. We listen to our shareholders and investors and incorporate the suggestions into our company strategies.
Employee and Family	<ul style="list-style-type: none"> <li>Intranet and internal magazine</li> <li>Employee surveys</li> <li>Open dialogues</li> <li>Volunteer programs</li> </ul>	<ul style="list-style-type: none"> <li>Fair treatment and equal opportunity</li> </ul>	In 2014, we issued Human Rights Policy, adhering to the Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
Customer and Consumer	<ul style="list-style-type: none"> <li>Customer surveys</li> <li>Visits with customers</li> <li>Customer service centers</li> <li>CPF Call Center</li> </ul>	<ul style="list-style-type: none"> <li>Quality and safe products</li> <li>Attention to consumers' health</li> <li>Traceability</li> </ul>	In 2014, we rolled out QR Code labelling where consumers can trace back the origin of the products.

Stakeholder Group	Types of Engagement	Example of Issues Raised	Example of Our Response
Business Partner	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Joint initiatives</li> <li>• Audits</li> <li>• Advisory services</li> <li>• Capacity-building program</li> </ul>	<ul style="list-style-type: none"> <li>• Fair practices</li> <li>• Transfer of knowledge and experience to improve competitiveness</li> </ul>	In 2014, we disseminated knowledge and encouraged fishmeal producers to be certified by IFFO RS Chain of Custody.
Community and Society	<ul style="list-style-type: none"> <li>• Community feedback</li> <li>• Ongoing dialogues and visits</li> <li>• Complaint Channels</li> <li>• Initiatives to promote quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Good environmental management to avoid negative impacts</li> <li>• Support for occupation, cultural activities and other initiatives</li> </ul>	We adhere to CPF SHE MS and other international standards and have a robust plan for annual community engagement.
Government	<ul style="list-style-type: none"> <li>• Joint initiatives</li> <li>• Participation in public policy making</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with relevant laws and regulations</li> <li>• Setting example for agri-business and food industry in social responsibility</li> </ul>	In 2014, there was no non-compliance of related laws and regulations. We worked with government agencies, WWF and SFP through the Thai Sustainable Fishery Roundtable on the Fisheries Improvement Project (FIP).
Non-governmental Organization	<ul style="list-style-type: none"> <li>• Ongoing dialogues</li> <li>• Networking</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights in the supply chain</li> <li>• Environmental degradation</li> </ul>	We continually seek inputs from non-governmental organizations in setting our sustainability direction and are willing to work in collaboration to address challenges.
Media	<ul style="list-style-type: none"> <li>• Public-relations activities</li> <li>• Media tours of Company's activities</li> <li>• Participation in media events</li> </ul>	<ul style="list-style-type: none"> <li>• Accuracy of information that is disseminated in a timely manner</li> </ul>	Continually reported on our performance throughout the year.

G4-5, G4-31

### Contact Point

For additional information or inquiries on this report, please contact us at  
Office of Corporate Social Responsibility and Sustainable Development  
Charoen Pokphand Foods Public Company Limited (Headquarter)  
313 CP Tower Building, Silom Road, Bangrak, Bangkok 10500, Thailand  
Telephone: +66 2625-8571 to 4  
Email: i-sd@cpmail.in.th



# TOP 4 MATERIAL ASPECTS

## Management of Top 4 Material Aspects



- » The Company abides by the 4 principles of GRI including Sustainability Context, Materiality, Completeness, and Stakeholder Inclusiveness in identifying sustainability aspects that are of interest of stakeholders and can impact the business.



## SUSTAINABLE SOURCING

### The Challenges

**The food system is coming under increasing pressure from growing food demand due to increased population, economic growth and urbanization. At the same time, dietary patterns are shifting towards more livestock products, vegetable oils, and sugar.<sup>2</sup>**

In order to meet growing food demand of 9 billion people who will exist by 2050 and the anticipated dietary changes, agriculture will need to produce 60 percent more food globally, according to a report by FAO. However, the current growth pattern in food production is not sustainable since it has negative impacts on natural resources and the environment. It is also projected that there will be growing scarcities of agricultural land, water, forest, fisheries and biodiversity resources. Our global food system contributes fundamentally to pollution and loss of land, water contamination, greenhouse gas emissions, deforestation, rising waste production and loss of biodiversity.

On the social side, many of the farmers who supply land and labor for food production often face harsh working conditions and do not have enough to eat. Today, more than 450 million people work in agriculture and up to 60 percent of them lives in poverty while, in overall, as much as 80 percent of the world population considered “chronically hungry” is farmer. At the same time changing weather conditions are also making farming an

increasingly unreliable occupation for those farmers.

Stakeholders, including consumers, are also taking an increased interest in corporate supply chain management. Steadily, consumers are more concerned about what they buy and from whom. They are interested in buying goods that are produced in a way that takes into account the consequences of their production and seek to benefit agricultural suppliers and buyers equitably.

These are not mere environmental and social challenges. For the Company, they also pose significant business risks, including commodity price volatility, product quality, and long term availability of agricultural raw materials. It is thus very critical to ensure that we, as a leading agro-industrial and food conglomerate, purchase agricultural products that are grown or produced sustainably in order to mitigate these risks and gain more secure supply sources. This will simultaneously lead to better stakeholders’ feedbacks, good reputation and better brand impacts.

<sup>2</sup> Food and Agriculture Organization, <http://www.fao.org/docrep/meeting/025/md883E.pdf>

## Our Approach

We simply cannot do business on a failing planet and dwindling society. Given the ever increasing global population, we need to make sure that resources will be available in the future to cater for rising demand for food. We see sustainable sourcing in our supply chain as a means to retain our competitiveness and to manage risks by looking after our resource base.

To fulfill our commitment, we make every effort to ensure that raw materials we procured are from responsible and sustainable sources. However, complexity of our supply chains makes traceability a key challenge. For example, the inedible and low quality by-catch fish or “trash fish” used for producing shrimp feed can originate up to 3 steps beyond our supply chain-the fishing boats supply the fish to the processing plants who sell the unwanted by-catch fish to the fishmeal processing plants that in turn supply fishmeal to our shrimp feed production.

Yet we know that the ability to trace back to the origin is crucial to effectively manage environmental and social risks that might arise in our supply chains and would have the opportunity to help farmers adopt more sustainable agricultural practices. We believe that collaboration among the government, the private sector, communities, and NGOs, together with our effort and commitment, we will be able to address these challenges. It will also help us secure sustainable supplies of raw materials for our products which would help us all secure food for our future. We have incorporated environmental and social criteria in our pre-qualification supplier assessment for fishmeal. Hundred percent of our current and new fishmeal suppliers were subject to these criteria. We plan to extend these criteria to other raw materials in the coming years.

In 2014, we launched **CPF Sustainable Sourcing Policy and Supplier Guiding Principle**, developed from environmental, social, and governance (ESG) standards,

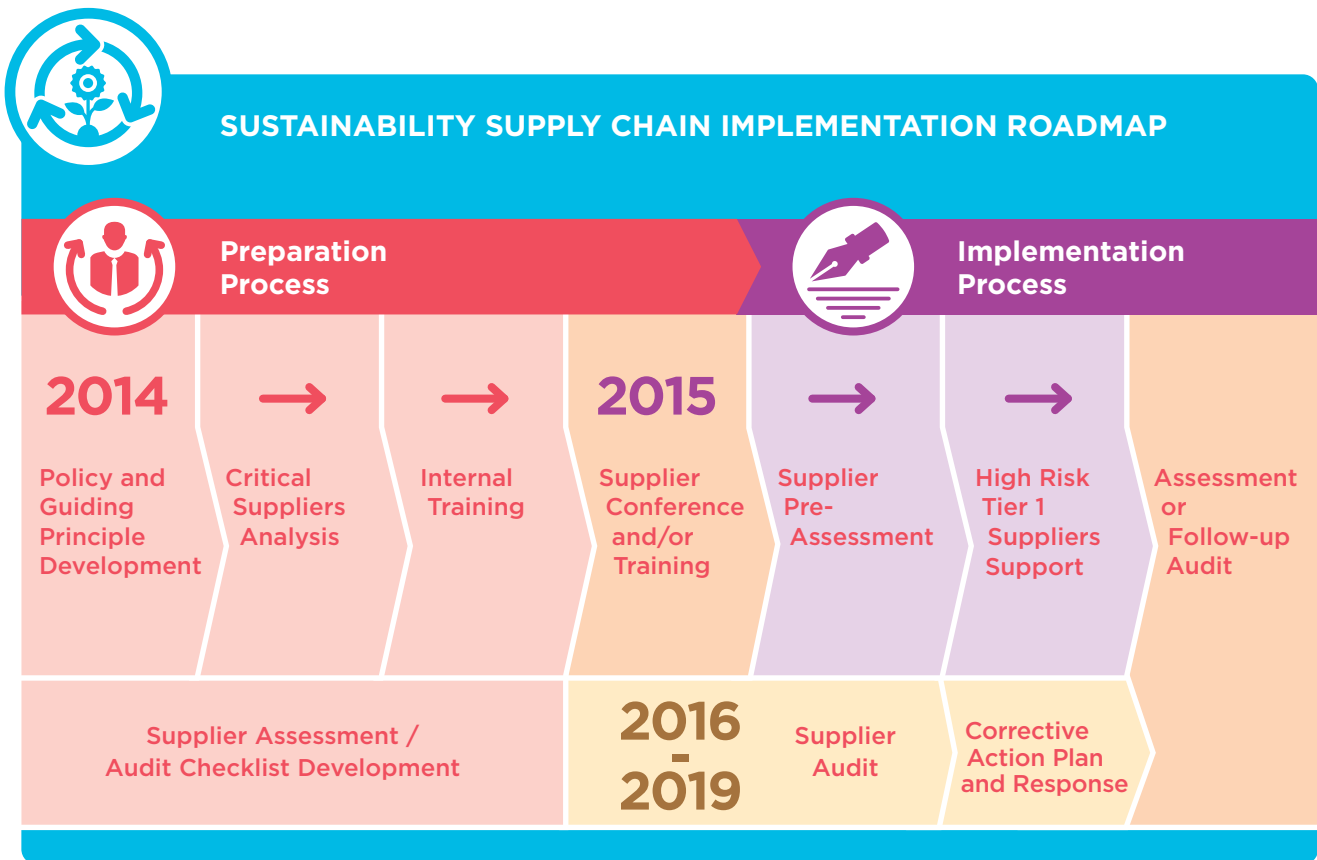
to reiterate our long-term commitment to sourcing sustainably. The policy applies to the Company and our subsidiaries and disseminated to suppliers for their operations. It lays out our expectations for suppliers, the so-called Business Partners, on 4 elements; namely, 1) Product and Service focusing on the quality and safety of product and services, 2) People focusing on fair labor practices and human rights, 3) Process focusing on environmental management and efficient use of resources, and 4) Performance focusing on good corporate governance.



In December 2014, we have trained our staffs from procurement and related functions on the Policy to build awareness and widen participation in sustainable sourcing practice before communicating with our suppliers in 2015 according to our sustainable sourcing plan.

Our targets are that by 2015 hundred percent of critical/core groups of suppliers (key animal feed raw materials, food ingredients and condiments, and food packaging) will be engaged in CPF Sustainable Sourcing Policy and

Supplier Guiding Principle training and that by 2019 we will complete sustainability audits of our critical suppliers. Our five-year sustainability supply chain implementation roadmap 2014-2019 is as below.



Besides pending full implementation of our Sustainable Sourcing Policy, we have long been working with farmers in our supply chains to improve their productivity while simultaneously being environmentally and socially

responsible. We have a variety of capacity-building initiatives for farmers in our supply chains. For full details about the initiatives, please see “Self-Sufficient Society” from page 103 to 106.



## In Focus: Sustainable Shrimp Value Chain

As a world's leading producer of shrimp feed, the Company has been committed to sustainable aquaculture, prompted by the concerns about rapid degradation of marine resources, poor labor practices, human rights violation, and impacts on the community. On the environmental side, we have been working since 2012 to drive positive change and improvement in fishing practices to address overfishing and for the ultimate protection of Thailand's seas.

In 2013, we focused on the environmental aspects of inappropriate fishing. We have been the only company that pays a premium for fishmeal producers that are non-IUU (Illegal, Unreported, Unregulated) certified and follow our raw material traceability system, enabling us to trace back to the origin of fishmeal.

Currently, the Company owns and operates **the world only International Fishmeal and Fish Oil Organization's Responsible Supply Chain of Custody (IFFO RS CoC) certified shrimp feed mill** from tuna by-product. This is a new initiative and the benchmark for the global shrimp industry. We also have the Best Aquaculture Practice (BAP) certification from the Global Aquaculture Alliance (GAA), the widely-accepted international standard on good fishery practice, for all our shrimp feed mills.

However, in 2014, serious allegations arose in the international press that the Company buy fishmeal, which it feeds to its farmed shrimps, from some suppliers that own, operate, or buy from fishing boats manned by forced labor from human trafficking. On hearing these allegations in June 2014, we immediately initiated and

successfully completed an investigation into every step of our supply chain. Our investigation showed that issues with forced labor in the Thai shrimp industry relate primarily to the by-catch fishing vessels. It is noted that the Company does not operate or own any fishing vessel.

Although in practice we can substitute fishmeal with other alternative protein sources that we have been researching and developing, we consider that doing so would only be addressing the symptoms and not the root cause of the issue – shifting the problem entirely to the fishery industry. **We thus decided that we must continue to do the right thing and should be committed to operating responsibly by using our influence to help drive positive improvement.** We firmly believe it is better to work within the system, using our buying power to drive eradication of labor issues in the region and to make fishing practices fully sustainable. While others talk about it, we are doing it by working with others to address this challenge.

In July 2014, we issued **"The Principles of Validation"** which was immediately implemented. We request validation of fishmeal and fishmeal products documents to affirm legal fishing practices and the prevention of human trafficking. To become our suppliers and qualify for Premium Pay, all of our suppliers must provide documents clarifying: 1) non-IUU fishery sources and practices; and 2) labor management confirming that their own supply chain is free from child or forced labor by a certification letter issued by the Ministry of Labor. We have been conducting on-site audits of each of our by-catch fishmeal suppliers, in conjunction with government agencies. Only those fishmeal suppliers (and the fishing vessels they work with) who agree that

they will record crew manifests at every arrival and departure from port, record and keep full vessel fishing logs, and agree to be regularly audited will be reinstated as suppliers to us.

And most important of all, since 2013 we have been instrumental in the formulation of Thai Sustainable Fisheries Roundtable (TSFR), which brings together all eight Thai fisheries products industry associations<sup>3</sup> to engage directly with two relevant government agencies<sup>4</sup> and three international organizations<sup>5</sup> to develop long-term, sustainable solutions for the Thai fisheries products

industry as a whole. The TSFR coalition is working in partnership with the World Wide Fund for Nature (WWF) Thailand and the Sustainable Fisheries Partnership (SFP) to develop and implement a Fisheries Improvement Project (FIP) for a more sustainable fishing practices and greater traceability for by-catch in both the Gulf of Thailand and the Andaman Sea. In the development of FIP, a pre-assessment task has to be conducted to benchmark Thailand's fishery industry against international standards, collect socioeconomic baseline data and communicate with relevant stakeholders on the work progress.

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3 Eight associations include Thai Frozen Foods Association, Thai Shrimp Association, Thai Food Processors' Association, Thai Tuna Industry Association, Thai Feed Mill Association, Thai Fishmeal Producers Association, Thai Overseas Fisheries Association and the National Fisheries Association of Thailand.

4 Two relevant government agencies include Department of Fisheries and Department of Livestock Development

5 Three international organizations include Food and Agriculture Organization of the United Nations (FAO), International Fishmeal and Fish Oil Organization (IFFO) and Southeast Asian Fisheries Development Center (SEAFDEC).



CPF Feedmill



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Although CPF can rely on other alternative protein sources, we consider that doing so would only be addressing the symptoms and not the root cause of the issue –shifting the problem entirely to the fishery industry. **We thus decided that we must continue to do the right thing by the national agenda and use our influence to help drive positive improvement.**

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**Mr. Adirek Sripratak**  
President and Chief  
Executive Officer





## CPF'S COMMITMENT AND CONTRIBUTION TO

### SUSTAINABLE SHRIMP VALUE CHAIN

2013 - 2015

1

2013

#### March

Developing the certification for Non-IUU fishmeal, enabling us to trace back to the origin of fishmeal

#### April

Started implementation by focusing on the environmental aspects of fishing

#### June

Jointly drove the collaboration for sustainable development of Thai fisheries by driving the creation of the Thai Sustainable Fisheries Roundtable - TSFR

#### July

Introduced price premium for fishmeal suppliers proven certified Non-IUU products

#### November

The eight key Thai seafood processors signed MoU to demonstrate their commitment for the sustainable Thai fisheries through the Thai Sustainable Fisheries Roundtable - TSFR

#### December

Full GAA BAP certification process completed - all CPF Aquaculture feed mills now BAP approved

2

2014

#### February

Through the Thai Sustainable Fisheries Roundtable - TSFR, put forward idea of Fishery Improvement Project (FIP) for the Gulf of Thailand and the Andaman Sea in collaboration with government agencies, SFP and WWF

#### June

- Issued official statement condemning all aspects of human trafficking and slavery and announced that we will cease buying fishmeal from suppliers suspicious of being involved in such malpractices
- Initiated an investigation into every step of our supply chain
- Drove the establishment of the Shrimp Sustainable Supply Chain Task Force together with leading overseas buyers and international NGOs to set pragmatic criteria, method, and process for traceability in order to set best practice for Thai shrimp industry on the basis of the Company's traceability system
- Collaborated with the government agencies in elevating labor standards into Non-IUU scheme. We will buy fishmeal only from vessels that are Non-IUU certified.

#### July

Issued "The Principles of Validation" requesting our fishmeal suppliers for validation of fishmeal and fishmeal products documents to affirm legal fishing practices, traceability, and the prevention of human trafficking

#### October to December

Enhance sustainable shrimp production throughout the chain

3

2015 onwards

Supporting the implementation of Fishery Improvement Project (FIP)

**"WE ARE THE FIRST  
AND ONLY FEED MILL IN THE WORLD  
CERTIFIED BY IFFO RS CoC"**



## FOOD QUALITY AND SAFETY

### The Challenges

Advanced technology and globalization have led to increased attention over food quality and safety. The supply chain is getting more and more complex and international trade is growing rapidly, hence more access to raw materials and foods produced outside the countries. Food industry is facing ever increasing pressures thanks to more stringent regulations and consumer expectations. In particular, consumers in developed nations like North America and Europe have more expectations on food in various aspects including food contents, its origin, nutritional requirements, freshness and safety.

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The complexity of global food supply chain presents many challenges with regards to food quality. Hazards in foods can arise from several factors, for example, poor agricultural practices, raw material contamination, lack of preventive controls in the processing, and improper delivery practices. Every step from farm to fork calls for preventive quality control measures while collaboration among stakeholders along the supply chain is of the utmost importance. The competitiveness of food producers will become more dependent on the ability to provide quality food, the reliability of food safety and the production process that follows best practices and internationally accepted standards.

Changing lifestyle alters the way people eat. Consideration is given not only on convenience or the amount of time needed to prepare

a meal, but also on content of the foods. Modern food industry must be able to act beyond food producers in ways that support nutritional awareness and product traceability. Innovation and technology have become increasingly important like never before.

As one of the leaders in food industry, the Company views all these challenges as opportunities. We pay attention to details and control the quality throughout the production process. Everything we do reflects our conscious decision to create trust from our consumers and stakeholders, and to remain accountable to them. We continue to do our business responsibly as we believe that this will play a major part in addressing aforementioned food challenges and creating well-being of our consumers and society at large.

## Our Approach

The Company recognizes the roles in championing healthy society. At the heart of our business lies the strong commitment to promoting food security to enrich life. We stand unwavering in our adherence to quality and safety of our products while acknowledging essential responsibilities to support greater access to food in Thailand.

Creating safe, quality, nutritious and affordable choices is one of our key actions in increasing product availability for consumers. The underlying focal elements of our product renovation and innovation are thorough analyses of global trend and household consumption with strong determination to create healthier choices.

In 2014 we initiated “CP-Balance” product in response to the demand from health-centric consumers. We also introduced Product Life Cycle Management (PLM), the widely accepted software in global food industry, in our product development process. The software significantly boosts efficiency throughout the product development cycle starting from ideation, raw material selection, research and development until the pilot product gets tested and approved by the management team and finally commercialized.

### Food Quality and Safety throughout the Chain

The Company firmly believes that every moment of our operations speaks to the safety and good health of our consumers. Therefore, we place high emphasis on research and development which is steered by research and development team. The team comprises researchers with extensive experience in areas of animal feed, breeding and food products. We continually work to develop and improve animal feed formula, animal breeds and farming technologies as well as promote innovation in our company so as to provide quality products.

All actions emphasize our strong will to achieve the “Kitchen of the World” vision.

The Company is attentive to detail in every step of the operations. Product quality begins with sourcing. We select only best quality raw materials which are tested by our laboratory accredited in accordance with ISO/IEC 17025 or the standard applicable to laboratories performing tests. In addition, we determine whether or not potential suppliers are qualified to become our partner by looking into details of their production practices and the consistency of their performance. While we place high expectation towards our suppliers, we are willing to work with them with a goal to develop their capacity so that win-win partnership is reached. For us, long-lasting relationship means our increased potential to secure safe, traceable and high quality supply. Meanwhile, our suppliers are enriched with technical knowledge that helps improve their productivity and product quality.



Enhancing efficiency in our operations to support high quality and safe food remains one of our pledges. We have established a set of policies, procedures and standards together with the implementation of internationally recognized standards. Our animal feed plants and food processing plants are certified against standards such as Good Manufacturing Practices (GMP), Hazard Analysis and Critical Control Point (HACCP), ISO 9001 for Quality Management, ISO 22000 for Food Safety Management System and British Retail Consortium (BRC). Our farms follow and are certified against Good Agricultural/Aquaculture Practices (GAP) and strictly adhere to animal welfare principles and the Company's policy and guidance.

We put in place a quality assurance system, which includes regular internal and external audits, to monitor food quality and safety compliance. Our experienced quality assurance team takes the leading role for internal audits while ensuring that business partners meet our expectation. Through expertise sharing, the team also drives the quality assurance cooperation among relevant parties in order to tackle quality challenges in our large

and complex supply chain and prevent any potential hazards in every step along the operations.

Besides delivering premium quality products which are packed in safe packaging that passes Food Grade Certification and Migration Test in accordance with Thai and EU laws and regulations, we recognize the essence of communicating accurate, clear and sufficient product information to our customers. Through product labeling, we support their decision-making and enhance access to our products. We provide our consumers with nutritional information beyond legal requirements of product labeling. In 2014 we brought in QR code (Quick Response code) for the pilot CP branded fresh chicken meat products from our Minburi 1 food processing plant. The QR code helps consumers get access to product information such as farm and factory locations, a list of standards against which farm and factory are certified as well as promotes hygienic eating habits. We also lay high emphasis on enhancing nutritional knowledge and wise eating habits through various advertisements and continual creative marketing campaigns.

The Company values feedback from our customers and consumers as we believe it tremendously helps us develop products that fulfill their expectation. We have Consumer Complaint Management Policy, Standards and Procedures and put in place several feedback channels including dedicated email address, social network and CPF consumer center for our consumers to send inquiries, give suggestions or raise concerns. Our customer service team and responsible business units work hand in hand to ensure a fast response and satisfying resolution for our consumers. We monitor and analyze the feedback regularly and bring the result into our continual process of product improvement.





# HUMAN RIGHTS

## The Challenges

During the last few decades, we have seen numerous examples of improvements in people's wellbeing and quality of life, brought about by rapid economic growth and trade and investment. Businesses contribute greatly to global development, acting as a key driver for creating wealth, jobs, and employment. However, not everyone has benefited from economic advancement equally. Unbalanced growth has significant impacts on human rights as it leads to differentiated access to resources and facilities of all kinds.

Human rights are generally defined as basic standards of treatment to which all people are entitled, regardless of nationality, gender, race, economic status or religion. Businesses have the ability to both positively and negatively impact the human rights of individuals by virtue of the relationships they have with their employees, customers, supply chains, value chains, and the communities within which they operate.

For food companies, it is of their unique ability to ensure the right to food for everyone. Companies can contribute greatly by making food available in markets. It is also of equal importance to food companies to ensure that everyone has access to all nutritional elements that a person needs to live a healthy and active life.

On the other hand, how and where food is produced and processed, distributed and consumed has implications for the health and well-being of people. Food companies are increasingly being held accountable for human rights issues in their supply chain.

Activists have strongly commented that cultivation of commodity crops as well as fisheries and aquaculture practices are labor intensive. Workers in the agricultural and aquaculture supply chain are widely adult and child forced labor. Often they are also illegal immigrants. Globally, agriculture is among the sectors most concerned for forced labor and over 98 million children aged under 18 years old work in crop and livestock production as well as in fisheries and forestry, helping supply some of the food and drink products we consume.<sup>6</sup>

6 ILO/FAO (2013) Child Labor in Agriculture, <http://www.fao-ilo.org/fao-ilo-child>



In addition, agriculture remains one of the most hazardous industries to work in (along with mining and construction), and agricultural workers face much poorer work environment than those in other sectors.<sup>7</sup> Apart from working in harsh conditions, farmers and workers are often the least organized into trade unions, farmers' and other employers' organizations and the least likely to be systematically protected under the social security scheme.

Ensuring productive and decent work for farmers and workers is crucial if they are to escape from poverty and thus have the means to produce or buy adequate and nutritious food. Providing safe, healthy and fair employment arrangement not only demonstrates respect to basic human and workers' rights but also ultimately promote the rights to food. As human rights are interdependent, indivisible and interrelated, promoting the right to food also enables the enjoyment of other human rights, such as the right to health, education and life.

In 2014, Thailand was relegated to tier 3, the lowest rank in the United States' Trafficking in Persons report, with the concurrence of the revelations by the international press of appalling maltreatment of migrant workers on fishing vessels that are a part of shrimp supply chain. These situations resulted in order suspension from some overseas customers. This was thus a big challenge for the Company who was the main target in this allegation. For more information, it can be found in our In Focus: Sustainable Shrimp Value Chain on page 45- 46.

## Our Approach

Respecting human rights is highly important to the Company. We recognize that all human beings are equal in dignity and rights. We ensure that the way we operate is in highest compliance with relevant international laws, standards, codes of conduct and our own business principles. We are committed to respecting and promoting the protection of human rights in our sphere of influence, including our supply chain.

As a leading agro-industrial and food conglomerate, we contribute to the promotion of human rights by, but not limited to, making nutritious food available and accessible, employing people with fairness, building capacity of our business partners in the supply chain and improving the quality of life of the surrounding communities. We regularly monitor and assess risks and impacts on human rights across our business activities. For our business to succeed, it is important that we understand and manage our human rights risks.

We significantly contribute to the promotion of right to food. We are committed to offering safe, high-quality products that meet or exceed all relevant standards – and ensuring that we advertise those products in a responsible way. We build capacity of smallholder farmers in food production so that they can better tackle poverty and improve food access. Our food access programs also emphasize on supporting vulnerable segment of the population such as impoverished children in rural areas. For more information on how we promote the right to food by ensuring food security, please see “Food Security” on page 97 - 99.

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7 ILO/FAO (2012) Decent Employment for Agricultural and Rural Development and Poverty Reduction, [http://www.fao-ilo.org/ilo-dec-employ/en/?no\\_cache=1](http://www.fao-ilo.org/ilo-dec-employ/en/?no_cache=1)



Within our own operations, we proactively put our best efforts to prevent and address any negative impact we may encounter on the rights of the people we employ. We do not condone forced, bonded or involuntary labor, or the exploitation or unlawful use of migrant labor. We provide the working culture that enables people from different generations, cultural backgrounds and personality styles to flourish. Our Employment and Labor Policy and Diversity and Inclusion Policy set out how we respect differences and treat our people equally by not giving favor or unfairly diminishing their rights due to race, national origin, ethnicity, color, ancestry, religion, social status, gender, age, physical disability, political thinking, or marital status.

Our **Human Rights Policy**, adopted in 2014, is an important manifestation of the Company's values and commitment to upholding human rights. The policy is a mechanism by which we hold ourselves accountable and demonstrate our commitment to human rights as we operate. The Human Rights Policy is guided by the Universal Declaration of Human Rights, which provides the most widely recognized definition of human rights,

and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We not only respect human rights in our own operations, but are also committed to working with and encouraging business partners to uphold our **Sustainable Sourcing Policy and Supplier Guiding Principle**, developed on the basis of environmental, social, and governance (ESG) standards. We planned to communicate and disseminate policy to our business partners in 2015. More information on our Human Rights Policy and Sustainable Sourcing Policy and Supplier Guiding Principle can be found on "People Development" on page 72 and "Sustainable Sourcing" on page 43 respectively.

Our commitments would be of no practical use unless we establish a process to communicate with our stakeholders and keep track of their compliance. We are committed to fostering proactive two-way communication amongst our people to promote greater awareness, knowledge and understanding of their role in respecting human rights. Awareness building and training are of key importance. We also established grievance mechanisms for our people as well as external

stakeholders to raise concerns and make complaints on human rights violations. Our people can file grievance on CEO website. For external stakeholder, we provide contact channel on our website for reporting on any inappropriate behaviors of our offices. We have procedures to investigate human rights violations upon receiving grievance reports from employees and/or stakeholders. We report findings to our top management in order to pursue effective solutions to mitigate any adverse human rights impacts.

In 2014, we were faced with allegation on human trafficking and slavery in the fishmeal supply chain from the media's reports. The allegation demonstrates the human rights challenges in the Thai fishery industry. The issue concerns various parties including the government agencies, NGOs, civil society, and the

Company and its business partners. All have been collaborating to eliminate human trafficking and slavery in the shrimp supply chain and contribute to the development of Thai sustainable fisheries. For more information, please see In Focus: Sustainable Shrimp Value Chain on page 45 - 46.

Our efforts to respect and uphold human rights are consistent with the intent of the Company based on the core philosophy "3-Benefit to Sustainability (for the Country, People, and Company)" which indicates that our people are to be treated with fairness, dignity, respect and equal opportunity along with ensuring community and social responsibility on the basis of safe and good quality of life. We strongly believe that respecting human rights of all stakeholders allows us to achieve sustainable growth.





# CLIMATE CHANGE

## The Challenges

The globe is experiencing unprecedentedly high temperature as the greenhouse gas emissions accelerate to the record highs. More frequent extreme weathers, unpredictable seasons and sea level rises are evident everywhere. The alarming fact of global warming threatens food security, given that agriculture is highly dependent on the climate.

Agriculture is vulnerable due to several factors. In many regions, a serious direct impact from climate change is decreasing seasonal precipitation and in some cases-long-lasting droughts. Warmer climate also induces higher water requirements of crops, creating greater water stress and lower productivity. The impacts are more pronounced in a variety of rain-fed crops such as corn, rice and soybean. In areas where extreme storms and floods are prominent, crop losses result as the incidents adversely damage the production areas. Farmers especially those in developing countries are most vulnerable due to the lack of capital, sustainable knowhow and adaptive capacity. Climate change is expected to affect the livelihoods of over 2.5 billion people relying on agriculture. In order to feed the world population sufficiently, agricultural and food sectors have to adapt and opt for innovative sustainable practices that not only increase efficiency but also are environmentally sound.

The perpetual global challenge calls for immediate business actions. Not only business

sectors are a fast responder, but also highly capable of mitigating the climate change risk. Business sectors can adapt themselves to the evolving problem and at the same time influencing their stakeholders to quickly pick up the pace on tackling the issue. Commitments from leading companies can advance the environmental and social sustainability progress as more and more of their stakeholders in the supply chain are expected to adopt practices that are more sustainable, opening ways for substantial improvement in their sector.

To the Company, climate change is a growing issue on which we place high strategic focus. We register it as having the potential to interrupt our business unless adaptation strategies are taken since we are tremendously dependent on agricultural raw materials. We also acknowledge that we have much to contribute to the mitigation efforts to alleviate the impact by improving our operations and investing in all of the new climate-smart initiatives.

## Our Approach

Climate change challenge remains at the heart of strategy formulation for business operations. As a forward-thinking leading agro-industrial and food conglomerate, we take a variety of mitigation and adaptation approaches to ensure our environmental leadership and that our business is going to be least affected in the near and far future.

### Climate Change Mitigation

To demonstrate our commitment to reducing greenhouse gas emissions of operations in Thailand, the Company set forth strategic plans, initiatives and activities that will drive the progress across business units. To date, we have implemented over 30 energy projects aiming to reduce energy consumption and increase energy efficiency in our production process. We also strive to increase the use of renewable energy through fuel switch to less carbon-intensive fuels and the utilization of waste and wastewater so as to reduce carbon footprint in our operations. The examples of some of our projects are on page 117-118.

Over the past years, through research and innovations and life cycle assessment, we have been able to provide products that incorporate sustainability dimension into consideration. The life cycle assessment allows us to understand the hotspot, analyze the process from which greenhouse gases are emitted and correspondingly design solutions. We already completed **“Product Sustainability”** project in chicken products which have been certified against the ProSustain® standard by Det Norske Veritas (DNV) as well as accomplished the eco-efficiency analysis based on ISO 14040 and ISO 14044. Our next steps are the expansion of the initiative to



a wider range of products in poultry, swine and aquaculture product lines. Read more about “Product Sustainability” project on page 120.

Adding on to the sustainable and efficient operations and the provision of sustainable products to our customers, we make a meaningful contribution to biodiversity through forest preservation efforts. We have set up forest restoration projects thanks to the forests’ potential to absorb carbon emissions. In 2014 we continue our effort through the recently initiated 5-year (2014-2018) mangrove forestation project “Grow-Share-Protect” that will restore and preserve mangrove forest in 5 key strategic areas by 2,000 rai<sup>8</sup>. In-depth detail is provided on page 123.

<sup>8</sup> 1 rai = 1,600 m<sup>2</sup>



## Climate Change Adaptation

The Company recognizes our increased exposure to climate change risks. Supply security of agricultural products such as soybean and wheat is becoming more vulnerable, pressuring our business given that raw material sourcing is extremely critical to our production. Supply shortage exerts upward pressure on price, causing higher costs for the whole supply chain, from feed manufacturing to food processing which may lead to business disruption. Moreover, climate change negatively impacts the quality of raw materials.

Our company has introduced a strategy as part of our Climate Change Adaptation Campaign that will address the short, medium and long term:

### Short Term Strategy

We assess supply risks, monitor global demand and manage our agricultural raw material stocks in response to changing situations. We closely observe the balance between supply and demand and explore potential sources of our key raw materials so that alternative sources are in place when there is a risk of shortage. To protect our business from price volatility, we hedge using forward contracts and monitor our safety stock as well as our stock capacity on a daily basis in all countries where we operate. Additionally, by using satellite data to support the analysis of past climate trend, we can better project future conditions that will allow us to optimize our current sourcing methods and plan for unexpected scenarios.

### Medium Term Strategy

Our research and development team seeks to develop substitutes for key raw materials that are highly vulnerable to climate change. For instance, wheat, cassava, canola meal or distillers dried grains with solubles (DDGS) can be used as substitutes for corn, soy and rice bran in animal feed. Furthermore, protein extracted from soy and grains can replace fishmeal in



shrimp feed. The development of raw material substitutes allows us to manage the cost of production, control quality, raw material shortage during certain period and ensure business continuity along our vertically integrated businesses.

### Long Term Strategy

We have been working in partnership with our suppliers, recognizing that changes in agricultural practices and supply chains can help mitigate greenhouse gas emissions and increase farmers' adaptive capacity.

In order to achieve long-term success, our company is aiming to improve the capability of our suppliers by providing practical information and technological resources to lower production costs, increase productivity and enable the ability to be self-reliant and adaptable to climate change. Currently, we have joined government agencies to organize training programs for farmers in Thailand. Initially, the program was introduced to growers who supplied corn to our animal feed factories. This cooperation helps strengthen long-term relationship with farmers while also creating a foundation for sustainability. More information can be found on the following page 104-105.



## PEOPLE DEVELOPMENT

- » In addition to an appreciation of differences, another important part of managing our diverse workforce is to make sure that we create an environment of involvement and respect on the basis of our CPF Way. This would thus help our people live up to their fullest potential. Our performance evaluation system is designed to support this corporate aspiration. It portrays us as the performance-driven organization with an aim to promote sustainable business growth.



**Mr. Precha Thanasukarn**

Senior Vice President,

CPF Corporate Human Resources Policy and Global Excellence

- » In my opinion, CPF is like the “Organization with Plenty of Opportunities”. Employees are provided with opportunities to learn and develop their potential in the real situation and chances to show their talents in overcoming challenges. It is also the place for young generation to demonstrate their capacity while working with other generations. We have the opportunity to grow in the company that is growing. We all see the opportunity for career growth both in the current and future path.



**Mr. Apinai Srisongsermsakul**

Department Manager, Operating Coordination

and Knowledge Management, Regional Integration Business



# PEOPLE DEVELOPMENT





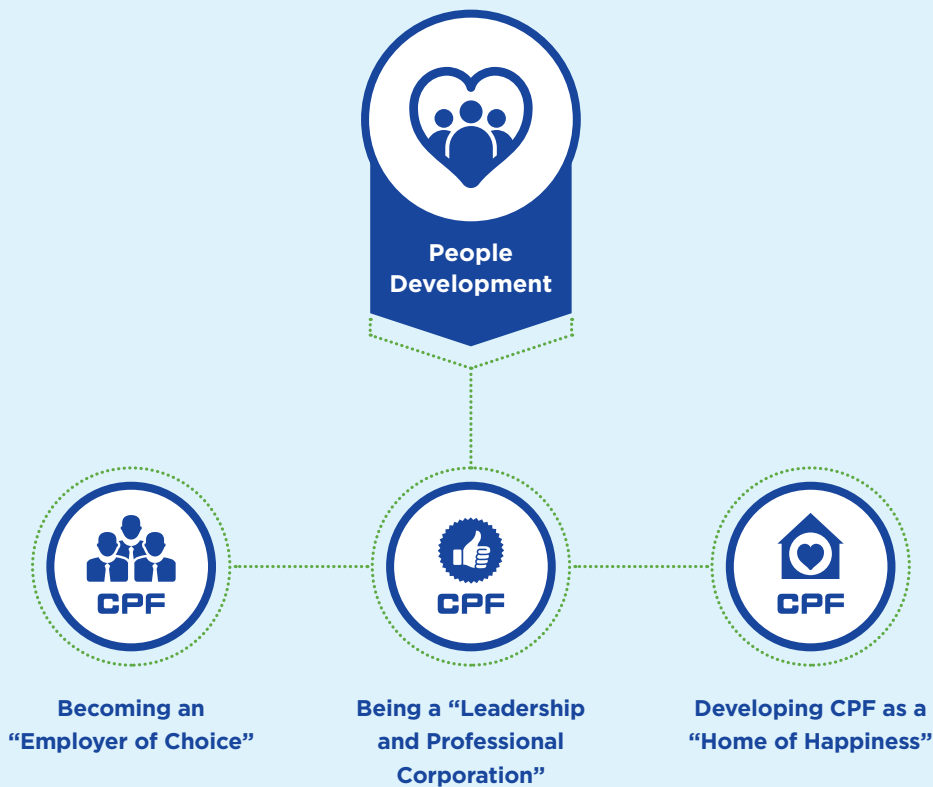


## PEOPLE DEVELOPMENT

### OUR COMMITMENT

We recognized that our people are the integral part to drive business success and our sustainability agenda. We developed human resource management on the basis of fair treatment and respect for human rights. We strive to provide opportunity for growth, the environment that encourages involvement and participation as well as opportunity for active learning and skill development throughout the career. Our endeavor is to enhance our people's well-being and promote work-life balance, in line with our "People Excel-Business Exceeds" vision.

### OUR GOAL



Our people are the integral part of our competitive advantage and of our sustainability agenda. We invest in recruiting talents, developing them to grow and live up to their full potential, and keeping them engaged, based on our corporate values outlined in CPF Way. We work hard to ensure that our people are happy to work with us by building a work culture where diversity is cherished. This would in the end lead to sustainability of the Company.

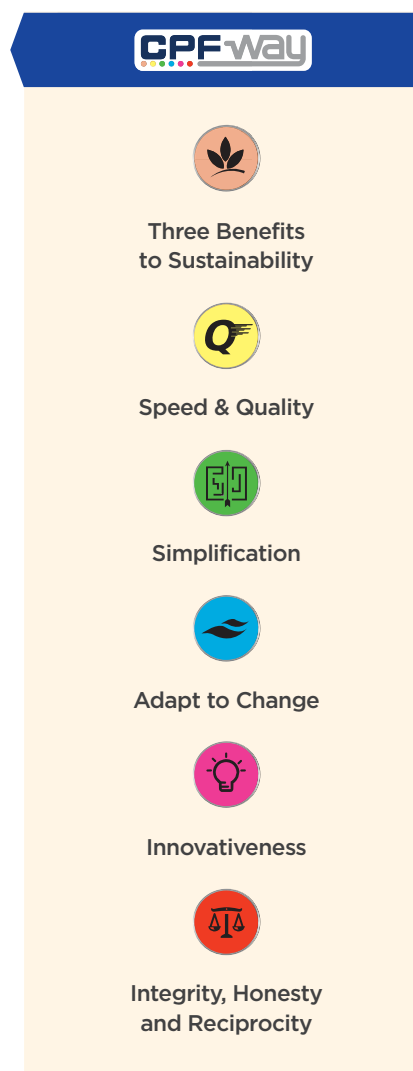


## Becoming an Employer of Choice

Our people make the Company successful and sustainable. It is a crucial element of our sustainability to recruit the best people and keep them with us. We put high priority in developing diverse and inclusive teams and provide our people with rewarding career opportunities.

### • Attracting the Best People

The Company aspires to become Thailand's Employer of Choice in respective industry. We attract talents who fit well with our corporate culture, skill requirements, and with relevant experiences, for both young professionals and management level. We also seek to attract a local workforce that reflects the diversity of the communities in which we operate. We provide equal opportunity in the recruitment process and equitable access to opportunities for career progression. We are committed to providing an environment of involvement, respect, and connection in the organization.



## CPF's Proactive Recruitment



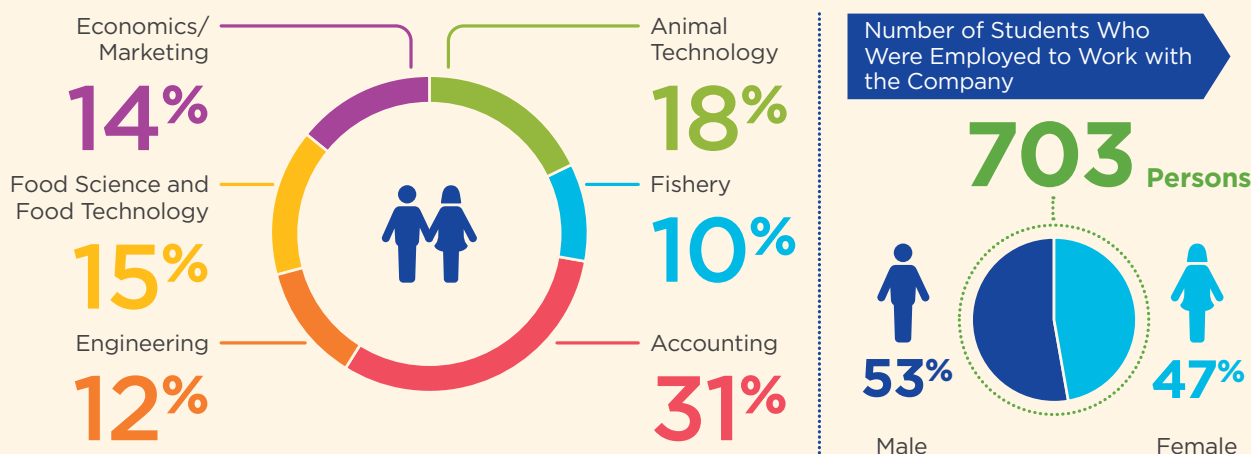


We proactively attract a variety of young talents through various recruitment programs. We run initiatives with universities and schools to attract the next generation of people. These include company and career introduction programs including Getting to Know, CPF Ambassador, CPF Future Career, and Student Journey “Roadmap to Success”. We also provide internship opportunities

for university students through summer Internship/ Co-operative Education program. We also specifically recruit students through Campus Recruitment program.

In 2014, there were 2,109 students participating in these internship and recruitment programs, 703 students or 33 percent of which were finally employed to work with us.

### Ratio of Students from Diverse Disciplines Who Were Employed through the Campus Recruitment Program in 2014



#### • Providing Competitive Compensation and Benefits

The company is well aware that rewards management system is one of the key ingredients that can help attract talented candidates, retain people with strong performance and moral character, and motivate the employees to work to their full potential. Therefore, the company designs its total remuneration scheme to be competitive with the leading players in the industry. Jobs in the organization with comparable value in relation to one another will be remunerated at a similar level. Remuneration level for all jobs will then be determined by their scope of responsibilities, skills required

to perform the jobs, and level of commitment to accomplish the organization’s goals. Compensations for the company’s employees are based on the performance of both the company and each individual, which will be considered from a wide array of perspectives such as financial, customer, efficiency, people, and sustainability.

As such, the Company performs job evaluation and reviews its total remuneration scheme on a regular basis. Over 400 jobs in the company’s Thailand operation have been reviewed and evaluated in 2014, with the plan to review and evaluate the jobs in its overseas operations in 2015.



## Being a “Leadership and Professional Corporation”

Workforce capability and performance enhancement are fundamental to our aim to become a leading and professional company. Career growth is a very important part of the employee life cycle at the Company. We put an emphasis on continuous professional development that enriches our people and moves them forward in their career.

The basic principle is that every employee has his or her own individual strengths and talents which deserve recognition and development. Once employed, our valued people are given opportunities to grow and develop. Performance management as well as learning and development opportunities are key enablers that support their career development.

G4-LA11

### • Growing Our People

We help our people live up to their full potential. Our online target-setting performance evaluation system is designed to help our people set clear targets and track their performance against target and their contribution to the team performance as well as expected behaviors in accordance with our corporate values (CPF Way). All of our people are required to receive performance evaluation once a year.

The evaluation system, with clear and transparent criteria that are used throughout the Company, will allow each of our people to conduct self-assessment prior to having a formal supervisor assessment where our people and their respective supervisor jointly evaluate individual performance. The supervisor assessment allows our people to have clear direction on how to improve their performance expectation. It is also the opportunity for our people and their supervisors to discuss

their strengths and development needs, career expectations and aspirations with the aims in agreeing on an Individual Development Plan or IDP to enable them to realize their potential within the Company. We are committed to making the best effort to support them with appropriate learning and development opportunities.

As a result of the performance evaluation, our people are rewarded, not just for what they deliver but also for how they lead and how they have demonstrated behaviors that reflect corporate values. The result of performance evaluation will be reflected on each individual's salary increase, incentive bonus, and promotion. In 2014, hundred percent of our people in all levels received performance evaluation based on performance against targets and/or working behaviors for each work type.

G4-LA9, G4-LA10

### • Developing Our People

Developing our people is fundamental to delivering our vision of Kitchen of the World. Our people are offered a wide range of learning and development opportunities that build on their strengths, grow their technical and leadership skills and help them overcome their individual challenges.

Our CPF Training Center (CPFTC) was established to provide training and development programs to our people of all levels so that they are good at work, good at people, and good at business. In 2014, CPFTC was the first company in Thailand to be certified with ISO 29990:2010 by United Registrar of Systems Ltd. (URS), which is accredited by United Kingdom Accreditation Service (UKAS), the United Kingdom. CPFTC was previously certified with ISO 9001:2008 in 2012 for its advisory service on the design and development of learning courses, for learning services management, and for the provision of electronic learning materials.

To provide continuous development opportunities that cover our corporate values as set out in CPF Way, we implement the competency-based development framework which focuses on four main areas as followed:

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

### CPF HR Development Model



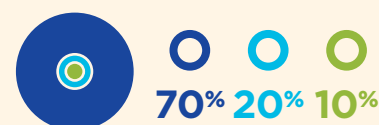
	BAND	CORE VALUE / CULTURE		SKILLS DEVELOPMENT	
<div>THINKING</div> <div>DOING</div>	Executive (SVP/VP)	Leading for Change	Functional / Technical	Lead	Leadership / Managerial
	Manager (AVP/GM)	Managing		Coach / Advise	
	Professional / Supervisor (DM/SM)	Communication		Develop Others	
	Operator (Staff)	Cooperation		Follow Guideline	
				Leading Business / Managing Strategies	
				Leading Teams / Business Units	
				Leading Others	
				Leading Self	

As for the methods of our competency-development framework, we adopt the Development Impact: 10-20-70 model for our people development programs. The detail of this model is as followed:

- Education Based Development which calls for 10 percent of classroom training, workshop and reading requirement
- Relationship Based Development which calls for 20 percent of coaching, mentoring, and receiving feedbacks
- Experience Based Development which calls for 70 percent of on-the-job learning through challenging experiences, assignments, and job change/new role

In 2014, the Company also provided lifelong learning and development programs, including retirement readiness programs. We provided more than 17,500 training courses in total to enhance our people's skills and maintain work standards to ensure that the food we deliver is safe. The average hours of training for our 62,209 people were 11 hours per person per annum. The ratio of training hours for male and female workforce was 13:9.

## 10-20-70 DEVELOPMENT IMPACT

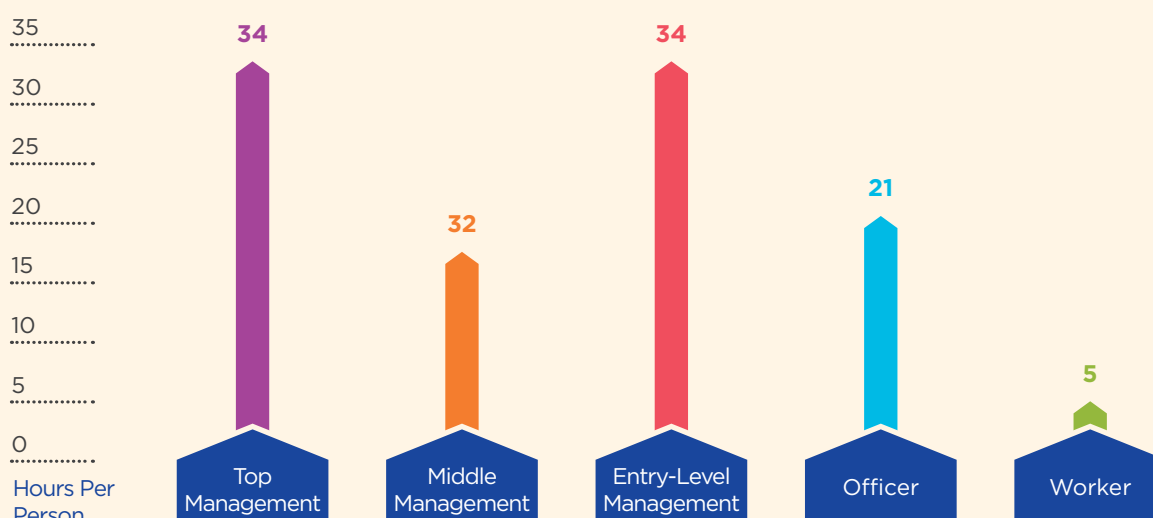


**70%** **Experience Based**  
On-the Job Training,  
Project Assignment  
Other Company Visit  
(Overseas/Local)

**20%** **Relationship Based**  
Coaching &  
Mentoring

**10%** **Education Based**  
Self-Study, e-Learning  
Training Course

## People Development, 2014



Note: These numbers neither include the Master's and Doctoral Education supported by the Company, nor the training courses that continue through 2015

For our retirement readiness programs, we have been piloting Aging Employee Management project in the Food Processing business unit since 2009. Our principal concept “D 4 D” focuses on four aspects of training; namely, D-Money on financial management, D-Healthy on health care, D-Work on creating new profession after retirement, and D-Life on retirement readiness. In 2014, we provided the opportunity for our people from various business units to participate in the program which resulted in 252 participants in total. The result from program evaluation showed that the satisfaction score was at 93 percent, higher than the target at 80 percent. In consequence of continuation of the program for six consecutive years and the success shown in the satisfaction score, we developed the new course on Employee Management: Retirement Program

which is the training for retiring workforce at all levels. This course is expected to be rolled out in 2015.

Moreover, we also promote systematic knowledge management which collects a variety of valuable knowledge that is beneficial and easy for our people to access and utilize to improve their competency and performance. Currently our CPF Knowledge Management system has more than 30,000 records of data, books, and documents which our people can get access anytime anywhere through website, e-Learning, and interactive simulation programs.

We also established learning center in each business line to help our people develop specific skills for specific business. This is to ensure that we will grow sustainably.

### Learning Center



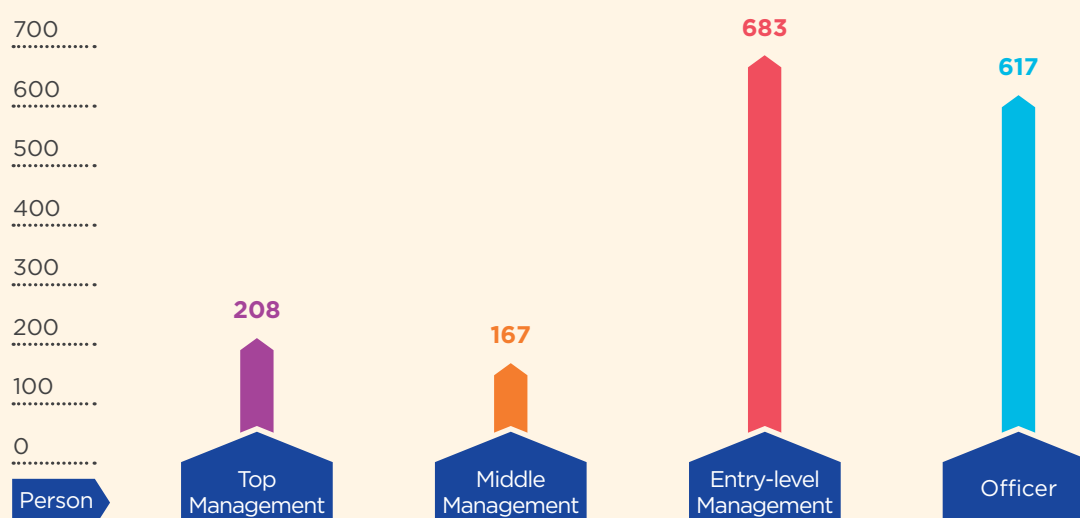


### Strengthening Leadership Skills

Developing leaders is of high importance to the Company. We offer a wide range of leadership development programs for our people, including the Leadership Program, which has four main courses for our people

from all levels and the Global Executives Development Program, which is geared toward our executives who will help drive the Company's growth and competitive advantage. During 2012 - 2014, more than 1,700 people have attended in these programs.

**Number of Participants in Leadership Program, 2012 - 2014**



### Talent Management

We believe that talented people drive organizations forward by working effectively, leading others, and being

innovative. Our Talent Management policy aims at preparing talents to become leaders. The process is as followed:

### Six Steps to Managing “Talented, Good, and High Potential” People



### Developing CPF as a “Home of Happiness”

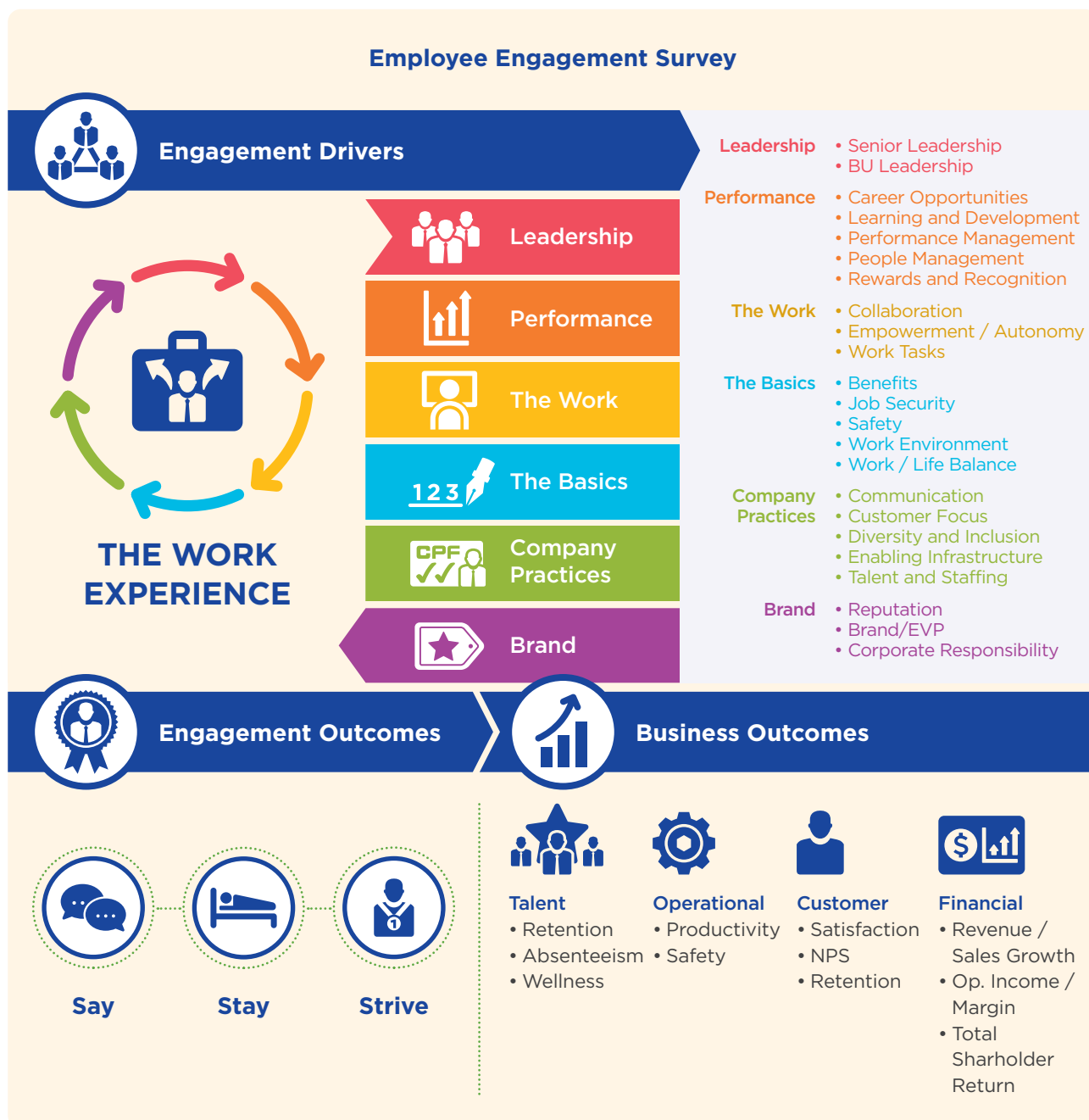
Our aspiration to become a “Home of Happiness” means that we are committed to providing just and favorable conditions of work. This means that it is our utmost obligation to keep everyone engaged, to build an inclusive workplace where every human and labor rights is respected and to provide a safe and healthy work environment for everyone.

#### • Keeping Our People Engaged

We want our people to be highly engaged and happy – with their work and corporate values. A more engaged and happy workforce would say good things about the company and become strong ambassadors.

In 2014, 72 percent of our people in Thailand has been with us for more than 5 years and 68 percent of those for more than 10 years while the turnover rate (excluding workers) is at 9.9 percent.

In keeping our people engaged, we put the best efforts in striving to help our people understand how the Company’s missions directly relate to their individual duties. We communicate with our people in ways that are open and transparent through a variety of robust two-way communication platforms including CEO Town Hall which is the meeting to communicate on the Company’s strategic direction with our people and face-to-face dialogue with supervisor. CPF intranet is the channel we use for communicating about changes



\*Reference Aon Hewitt

in the Company while CEO Website is the channel where our CEO communicates on strategic direction and where our people can also submit their comments, suggestion, and complaints directly to the CEO. In addition, we also have CPF HR Portal and People Engagement Headline e-newsletter, to share management practices, as well as The Way e-magazine, to communicate the latest

information on the Company's sustainability and relevant trends in the industry and globally.

In addition, in 2014, we have also increased our use of smartphone application through CPF Employee Engagement Application (CPF EE Application), to connect with our employees.

We continually conduct employee engagement survey, enabling us to improve and develop our human resource management according to our people's feedback. During 2011-2012 we hired a third party to conduct a company-wide engagement survey with our people using the online assessment survey. The survey was designed to analyze employee engagement from 6 drivers; namely leadership of the executives (Leadership), performance management (Performance), type of work (The Work), benefits and basic needs (The Basics), company management (Company Practices), and corporate image and reputation (Brand). The result demonstrated that 64 percent are engaged. In 2014 we primarily focused on conducting Employee Pulse Survey with sample groups of our workforce from 17 business units. The result of the pulse survey in 2014 demonstrated that 69 percent is engaged.

We plan to conduct the next company-wide engagement survey in 2015.

G4-LA16, G4-HR3, G4-HR12

#### • **Respecting Human and Labor Rights**

We know there is a strong benefit to the business when our people are engaged with their work and respect the differences. We work hard to ensure that we manage our 62,209 people with fairness, provide them with the opportunities to innovate, and respect a wide variety of differences. We also adopted the Thai Labor Standard: Corporate Social Responsibility of Thai Business (TLS8001-2010) and Good Labor Practice (GLP), and other applicable international labor standards to ensure our commitment in treating our people fairly and equally.

In 2014, we announced our Human Rights Policy, upholding and respecting human rights as reflected in the United Nations Universal Declaration of Human Rights (UNDHR) and the International Labor Organization

(ILO) Declaration on Fundamental Principles and Rights at Work. The Policy is supported by several other policies including:

- Corporate Governance Policy
- Code of Conduct
- Corporate Social Responsibility Policy
- Employment and Labor Management Policy
- Diversity and Inclusion Policy
- Safety, Health and Environment Policy
- Sustainable Sourcing Policy and Supplier Guiding Principle

With regards to more than 2,900 foreign workers in our Thailand operations, we are committed to working only with legal labor broker from home countries where the Thai Government has bilateral employment MOUs with in order to stop human trafficking and forced labor. Our foreign workers are also treated as equally as Thai nationals. We provide them with benefits and welfare higher than what is required by laws as we aim to make the Company the "Second Home" for them.

Additionally, we also make sure that we provide clear and safe channels for our people to communicate their concerns regarding working conditions and terms of employment to management. Our people can express concerns and file grievance anonymously through a variety of channels including CEO Website, Compensation and Benefit Committee, complaint box, email, letter, record, telephone, and verbal communication. Our executives, responsible functions, and/or related committees would investigate and act to address the concern and report back to the person who filed complaint (if not anonymous). In 2014, there were 11 grievances filed through plant Compensation and Benefit Committee quarterly meetings, of which all we had successfully responded and addressed.

There was, however, no complaint regarding human rights and discrimination filed through these channels. There was no pending complaint from 2013 which we continued to address in 2014.

### Fostering a Diverse Culture

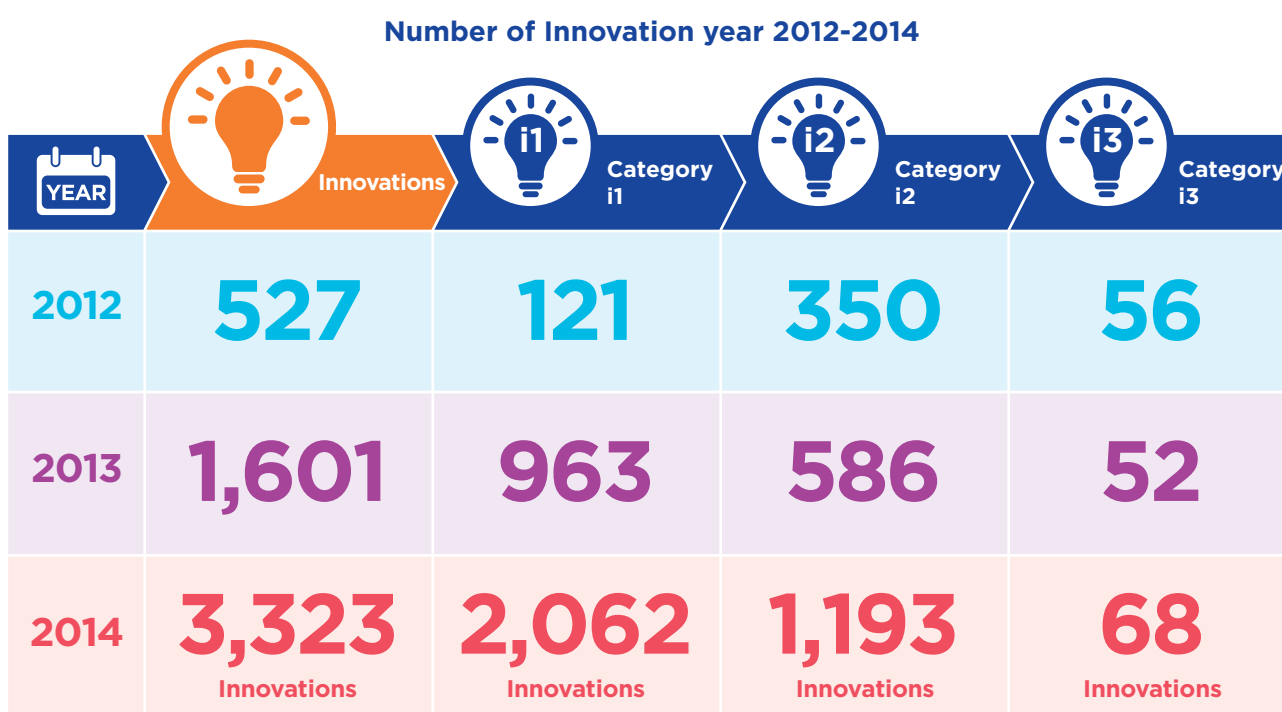
We recognize that a workforce made up of individuals with different ideas, strengths, interests and cultural backgrounds is a prerequisite to our success. Our Employment and Labor Policy and Diversity and Inclusion Policy set out how we respect differences and treat our people equally by not giving favor or unfairly diminishing their rights due to race, national origin, ethnicity, color, ancestry, religion, social status, gender, age, physical disability, political thinking, or marital status. We provide the working culture that enables people from different generations, cultural backgrounds and personality styles to flourish and the environment that cultivates creativity and innovation.

To us embracing diversity and inclusion means:

- Leaders must be open to different ideas from others
- Encourage employees' assertiveness to express their ideas constructively
- Foster a harmonized and respectful work environment where diverse employees can work together without discrimination and provided equal opportunities
- Recognize the employees appropriately

### Nurturing Innovation

We realize that innovation is an integral part for a growing business. Having people that are creative and innovative is the key to our sustainability. We continually promote creativity and innovation among our people from all levels through a variety of programs including:





- CPF 3i Day which is our internal innovation competition for our annual CPF CEO Awards. In 2014, there were 3,323 numbers of innovations submitted to the CPF CEO Awards competition, of which 2,062 were for i1: internal correction, 1,193 for i2: improvement, and 63 for i3: innovation. There were 8 petty patented innovations receiving CPF CEO Awards in 2014.
- Food Business Innovation which aims at promoting innovation among our people at factories within our food business. In 2014, more than 60 percent of our people participated in the program, generating more than 8,000 new innovation ideas.
- TRIZ Program which focuses on enhancing capability of our junior executives in creating and improving work process and technology that can lead to innovation. In 2014, there were more than 90 executives participating in the program.
- Cross BU Project which aims to develop our people to become innovator. In 2014, there were 75 participants, resulting in 10 new projects.

#### Improving Labor Practices in the Supply Chain

In addition to respecting our people's human and labor rights, we also work hard to ensure that human rights of all people are respected along our complex supply chain. In 2014, we launched CPF Sustainable Sourcing Policy and Supplier Guiding Principle to reiterate our commitment to respecting human and labor rights of people who work in the supply chain. We make our best effort to ensure that our supply chain employs people legally and fairly. For more information on our approach to respecting human rights in the supply chain, please see chapters "Human Rights" and "Sustainable Sourcing" on page 53 and 42 respectively.

G4-LA5, G4-LA6

#### • Ensuring Health and Safety in the Workplace

The Company takes responsibility to provide a safe and healthy work environment for our people very seriously in every workplace, including our farms, our production facilities, office spaces for administration and support functions and workplaces in our retail stores. We are committed to ensuring that our work would be safe for all our stakeholders including our people, our partners, and the surrounding communities.

Since 2008, the Company has developed and implemented comprehensive health and safety policy, standards, procedures and processes using CPF Safety, Health, and Environment Management System (CPF SHE MS) which adhered to OHSAS 18001 and ISO 14001 and was certified by both external certified body and internal audit team. Currently, CPF SHE MS covers 95 percent of our farms and factories. We expect to implement the system throughout our operation including trading, logistics, and office operations by 2015.

Our SHE MS is undergoing a review since late 2014 to reflect significant growth in our global operations and risk profile. The revision of our SHE MS will provide specific guidance on significant SHE issues such as energy management, water management and climate change and is planned to be launched in 2015.

For CPF SHE MS to be implemented to the fullest capacity throughout the Company, we drive health and safety through a three-layer governance structure. Our CPF SHE Management Committee, comprising top executives, determines and communicates management guidance and remains committed to ensuring that our people are safe and healthy. Business Line SHE Committee and Site SHE Committee are integral to efficiently implementing the system.

We also set up joint management-worker Occupational Health and Safety Committees at all operating units to oversee health and safety issues as required by the Company's regulation and applicable laws and collaborate with SHE committees in other levels. The ratio of representatives of the employees to representatives of the employer and professional safety officers is at 50 to 50 as required by Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment B.E.2549 (A.D.2006), Chapter 2: Committee of Occupational Safety, Health and Environment of the Workplace. There were 785 representatives of the employees in these committees, accounting for 4 percent of the 20,135 workforce in the operating units.



Joint Management-Worker Occupational Health and Safety Committee

We put an emphasis on health and safety from our people's first day during the orientation by building awareness on health and safety and providing them with an overview of our health and safety policies. Our people also regularly receive training tailored to specific jobs and learn how to prevent and respond to injuries the workplace. In 2014, we held 28 SHE standard training programs to 91 classes of which there were 2,114 participants in total. Simultaneously, we regularly provide on the job training (OJT) to all employees from all functions and recurrently hold five minute SHE talk.

We continually keep and report a record of all accidents. In 2014, we started recording all injuries and Occupational Disease Rate in addition to lost time injury rate. We draw no distinction between contractors and our own employees with regard to health and safety performance and reporting. We also categorized the data by gender.

**As a result of our efforts to engage our people, provide training, and implement CPF SHE MS, our performance on health and safety in 2014 has continually improved from 2013.** Our Lost Time Injury Rate of employees decreased from 0.45 cases per 200,000 hours worked in 2013 to 0.40 cases per 200,000 hours worked in 2014. The Lost Day Injury Rate of employees also decreased from 3.32 days per 200,000 hours worked in 2013 to 3.01 days per 200,000 hours worked in 2014. Lost Time Injury Rate of contractors decreased from 0.17 to 0.08 while Lost Day Injury Rate of contractors decreased from 1.78 to 0.93. There was no record on occupational diseases in 2014. There was, however, one fatality resulted from short circuit. Our SHE team investigated the incident thoroughly and took a number of active actions to improve our safety procedure.

Due to our utmost care for the health of our workforce and close monitoring on critical diseases, we saw no report on our people as well as contractors being at risk of having critical diseases in any business unit.

G4-LA6

Category	2014	
	Employee	Contractor
Lost Time Injury Rate (cases per 200,000 hours)	0.40	0.08
	Male: 0.41 Female: 0.39	Male: 0.09 Female: 0.04
Lost Day Injury Rate (days per 200,000 hours)	3.01	0.93
	Male: 4.36 Female: 1.89	Male: 1.11 Female: 0.45

Category	2014	
	Employee	Contractor
Rates of Injury (cases per 200,000 hours)	4.16	0.71
	Male: 3.15 Female: 5.01	Male: 0.63 Female: 0.94
Absentee Rates (percentage)	2.92	4.30
	Male: 3.29 Female: 2.62	Male: 3.80 Female: 5.71
Occupational Disease Rates (cases per 200,000 hours)	0	0
	Referring to the report by Workmen's Compensation Fund or according to medical certificate from occupational physician.	

Notes:

Day means scheduled work day

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 on (calculating from the day after the incident)

Lost Day is calculated from the day after the incident

Injury Rate (IR)

$$\frac{\text{Total number of injuries at all levels (cases) over the reporting period} \times 200,000 \text{ hours worked}}{\text{Total hours worked (over the reporting period)}}$$

Lost Time Injury Rate (LTIR)

$$\frac{\text{Total number of lost time Injuries (cases) over the reporting period} \times 200,000 \text{ hours worked}}{\text{Total hours worked (over the reporting period)}}$$

Lost Day Injury Rate (LDIR)

$$\frac{\text{Total number of lost days (days) over the reporting period} \times 200,000 \text{ hours worked}}{\text{Total hours worked (over the reporting period)}}$$

Occupational Disease Rate (ODR)

$$\frac{\text{Total number of occupational diseases cases (cases) over the reporting period} \times 200,000 \text{ hours worked}}{\text{Total hours worked (over the reporting period)}}$$

Absentee Rate (AR)

$$\frac{\text{Total number of missed (absentee) days excluding permitted leave absences over the reporting period} \times 100}{\text{Total number of workforce days worked for the same period}}$$

### Beyond Healthy and Safe Workplace

Not only we provide good environment for our people to work in, we have continually promoted emotional health and financial well-being as well as physical health. Each business unit has implemented a variety of activities and programs aimed at promoting a healthy work-life balance for all employees.

Our Happy Workplace project developed by Livestock Feed Business Unit has been running since 2010 to encourage our people to initiate activities that promote well-being in the workplace. The initiatives are divided into five main clubs that are:

- Happy Family Club
- Happy Body-Relax Club
- Happy Money Club
- Happy Soul Club
- Happy Society-Heart-Brain Club

### Workforce Data, 2011 - 2014

G4-9, G4-10

#### Workforce Profile by Employment Contract, Level, Age, and Gender

Performance	Unit	2011	2012	2013	2014
Total employees	persons	57,080	62,968	62,713	62,209
By employment contract					
- Employees	persons	18,246	19,443	19,962	20,135
- Workers	persons	38,834	43,525	42,751	42,074
By level					
- Top management	persons	336	389	407	410
- Middle management	persons	1,540	1,740	1,853	1,850
- Management	persons	2,447	2,745	2,886	2,914
- Staff	persons	13,923	14,569	14,816	14,961
- Worker	persons	38,834	43,525	42,751	42,074



Performance	Unit	2011	2012	2013	2014
<b>By age</b>					
- 18-35 years old	persons	32,195	35,321	32,927	30,186
- 36-50 years old	persons	21,868	24,015	25,618	26,453
- More than 50 years old	persons	3,017	3,632	4,168	5,570
<b>By gender (Employee)</b>					
- Male	persons	12,031	12,512	12,598	12,706
- Female	persons	6,215	6,931	7,364	7,429
<b>By gender (Worker)</b>					
- Male	persons	15,475	17,207	16,877	16,246
- Female	persons	23,359	26,318	25,874	25,828

G4-LA1

#### New Hires (Employee)

Performance	2011		2012		2013		2014	
	Persons	%	Persons	%	Persons	%	Persons	%
Total number of new hires	1,442	8%	1,553	8%	1,521	8%	1,468	7%
<b>By Age</b>								
- 18-35 years old	1,378	7.55%	1,483	7.63%	1,455	7.23%	1,367	6.79%
- 36-50 years old	59	0.32%	66	0.34%	58	0.29%	94	0.47%
- More than 50 years old	5	0.03%	4	0.02%	8	0.04%	7	0.03%
<b>By Gender</b>								
- Male	975	5%	980	5%	913	5%	839	4%
- Female	467	3%	573	3%	608	3%	629	7%

G4-LA1

**New Hires (Worker)**

Performance	2011		2012		2013		2014	
	Persons	%	Persons	%	Persons	%	Persons	%
Total number of new hires	8,152	21%	9,673	22%	27,226	64%	25,557	61%
By Age								
- 18-35 years old	4,299	11.07%	4,133	9.50%	22,727	53.16%	21,325	50.68%
- 36-50 years old	3,797	9.78%	5,470	12.57%	4,413	10.32%	4,145	9.85%
- More than 50 years old	56	0.14%	70	0.16%	86	0.20%	87	0.21%
By Gender								
- Male	3,778	10%	4,338	10%	11,498	27%	11,815	28%
- Female	4,374	11%	5,335	12%	15,728	37%	13,742	33%

G4-LA1

**Turnover (Employee)**

Performance	2011		2012		2013		2014	
	Persons	%	Persons	%	Persons	%	Persons	%
Total number of turnover	1322	7%	1553	8%	1806	9%	2021	10%
By Age								
- 18-35 years old	1116	6.12%	1204	6.19%	1343	6.73%	1407	6.99%
- 36-50 years old	144	0.79%	167	0.86%	206	1.03%	308	1.53%
- More than 50 years old	62	0.34%	182	0.94%	257	1.29%	306	1.52%
By Gender								
- Male	924	5%	980	5%	1153	6%	1222	6%
- Female	398	2%	573	3%	653	3%	799	4%

G4-LA1

## Turnover (Worker)

Performance	2011		2012		2013		2014	
	Persons	%	Persons	%	Persons	%	Persons	%
Total number of turnover	3,398	9%	9,673	22%	26,375	62%	24,653	59%
By Age								
- 18-35 years old	2,692	6.93%	8,123	18.66%	21,332	49.90%	18,668	44.37%
- 36-50 years old	659	1.7%	1,458	3.35%	4,631	10.83%	5,239	12.45%
- More than 50 years old	47	0.12%	92	0.21%	412	0.96%	746	1.77%
By Gender								
- Male	1,508	4%	4,338	10%	10,825	25%	10,120	24%
- Female	1,890	5%	5,335	12%	15,550	37%	14,533	35%

### Remark:

The Company adjusted the shrimp production line in response to the outbreak of Early Mortality Syndrome (EMS) during 2013-2014. This resulted in an increased turnover rate compared to previous year.



## FOOD SECURITY

- » When thinking of CP branded products, I think of reliability, cleanliness, and quality. I have consistently bought CP branded products for a long time. Now, as there is CP Fresh Mart branch nearby, it is even more convenient for me to get several fresh products for cooking for my family.



**Ms. Urai Sornchai**  
Consumer

- » The Raising Layer for Student's Lunch Project has a lot of benefits for students i.e. being able to get access to protein from egg and having additional income that the teacher allocated to the participating students. In addition, it also gave me a chance to take more responsibility, be more disciplined, and become more observant – the qualities that are useful for both daily life and my future career.



**Ms. Jing Lungsor**  
Student at Lions Mahachak 8 Border Patrol  
Police School, Chaing Mai province



# FOOD SECURITY







## FOOD SECURITY

### OUR COMMITMENT

Realizing that everything we do will have an impact on consumer health and safety, we are committed to providing nutritious, tasty, safe and traceable products that are affordable for our customers, consumers, and the society at large. Adhering to international standards, we place high an emphasis on research and development conducted by our experienced professionals as well as on the selection of raw materials from a responsible source. We put the best efforts in communicating and promoting access to safe and nutritious food for all.

### OUR GOAL



The Company recognizes our role as the leading agro-industrial and food conglomerate and takes responsibility in enhancing food security. Ongoing research and innovation, constant unleashing of employees' potential, and uncompromising safeguard of nature to support our capability in creating quality and safe food in ways that improve food access in the long run.

To build a healthy society where social and environmental constraints are currently prevalent, we put immense emphasis on holistic approach to food security. We ensure the production of safe, high quality food, improvement of access to sufficient and nutritious food, and support on health and nutrition education.

### **Enhancing Quality & Food Safety throughout the Chain**

Central to the Company's business strategy is our commitment in providing safe and nutritious food of uncompromising quality to our consumers across the globe. The vertically integrated business supports the quality and safety of our products. From raw materials sourcing, animal feed production, farming operations, food production, packaging to product delivery, we drive innovation through research and development, adhere to best practices and acquire applicable standards and certifications so as to ensure that our commitment is delivered.

G4-FP5

#### **Maintaining Superior Quality through Global Standards**

The vertically integrated business model incorporating animal feed, animal farming and food businesses allows us to control and monitor the operations systematically. We take preventive measures and strictly follow the Company's policies and guidelines. We assess risks in all steps, perform tests and analyze raw materials and packaging, control quality of our suppliers, as well as animal feed plants, farms and food manufacturing plants, and implement cold chain management. In addition, we apply effective reactive measures that include product traceability, product recall plan and well-planned complaint management.

Since 1996, we have been adherent to internationally recognized standards accredited by third party and have applied our customers' standards in manufacturing of animal feed and food products and farming practices.

#### **The Company's Aquatic Feed Manufacturers**



The Company's Aquatic Feed Manufacturers are granted with

#### **Best Aquaculture Practices (BAP)**

#### **The Company's Food Manufacturers**



The Company's Food Manufacturers are certified with Numerous International Food Standards and Assurances.

- ✓ GMP
- ✓ HACCP
- ✓ ISO 9001:2008



The Company's Export Food Manufacturers are granted with

#### **British Retail Consortium (BRC)**

Standard on the quality and safety of its products that allows the company to export worldwide.

Managing cold chain is important for the maintenance of quality and safety of the products. For frozen food, there is risk pertaining to cold chain breaks at transfer points and this may have significant impact on food quality and safety. Therefore, we have developed Cold Chain Code of Practice which details the guidelines for cold chain management in supply chain and logistics. The code of practice is applicable to personnel whose responsibility is involved with frozen food plants, cold store, transportation and distribution and sales to customers. We also collaborate with our modern-trade customers to continually improve quality control process.

We regularly keep abreast of changing Thai and international laws and regulations to ensure compliance at all times. In parallel, we continue on training our employees about updated food quality and safety management guidelines.

- **Securing Quality and Safe Raw Materials**

Our sourcing policy focuses on securing high quality raw materials. We have put in place quality control measures in all business operations covering thorough risk assessment of raw materials, suppliers and plants where raw materials are used.

For the manufacturing of animal feed and food products, we assess and evaluate quality of raw materials taking into account a variety of potential hazards. Physical hazard is any foreign matters that may cause harm to consumers. Biological hazard is biological agents that pose a threat to consumers, for example, microorganisms like Salmonella, virus and E.coli. Chemical hazard results from chemical contamination during production and storage processes or is intrinsic to the raw material. In order to mitigate these hazards, all potential

raw materials sourced for the production of animal feed and food products are tested by our experienced researchers in laboratory accredited according to ISO/IEC 17025. After that, the products are packaged in materials that pass Food Grade Certification and Migration test in accordance with Thai and EU laws and regulations.



Another critical aspect of securing quality raw materials is supplier assessment. Our quality and safety criteria take into account a number of factors including location of the plants, building structure, production and quality control system, hygiene management, risk assessment and transportation. We promote suppliers' practices that are in close alignment with Good Manufacturing Practice (GMP), Hazards Analysis and Critical Control Points (HACCP) and some relevant requirements under British Retail Consortium (BRC). Upon finding that improvement should be made, we relentlessly seek to work with them to improve their practices so that win-win partnership is reached (see examples of how we work with our suppliers Self-Sufficient page 103).

### • Continually Sustaining Animal Welfare and Biosecurity

Besides quality control throughout the chain, we strictly follow animal welfare principles and place critical emphasis on biosecurity to affirm quality of our products and safeguard food security to our customers.

#### Animal Welfare

Good animal welfare embraces both physical and mental health of animals, and is an important aspect to overall food quality. We are committed to elevating animal welfare in business practices and creating awareness among employees. We integrate internationally accepted framework of **“The Five Freedoms”** into our policy, standards and guidelines. The Five Freedoms are:

1. Freedom from hunger and thirst
2. Freedom from Discomfort
3. Freedom from Pain, Injury or Disease
4. Freedom to Express Normal Behavior
5. Freedom from Fear and Distress

We adhere to Thai legislation, EU Directive and international standards on animal welfare. The comprehensive practice requirements encompass siting, animal husbandry system, feeding and nutrition, health care and disease prevention, farm hygiene, animal handling and transportation, documenting and employee training. With all these best practices undertaken, we are able to provide good quality fresh food products including chicken meat, eggs, duck meat, pork, shrimp and fish, as well as processed food products. We ensure highest food safety to Thai and international consumers as hormone growth promoters and antibiotics are not used in our farms and the meat processing complies with international standards.

#### Poultry Business Accreditation



# 100%

- ✓ GAP
- ✓ Compartment
- ✓ RTA: Red Tractor Assurance
- ✓ ADP: Assure Duck Production
- ✓ ISO 9001:2008
- ✓ HACCP

#### Swine Farm Certification



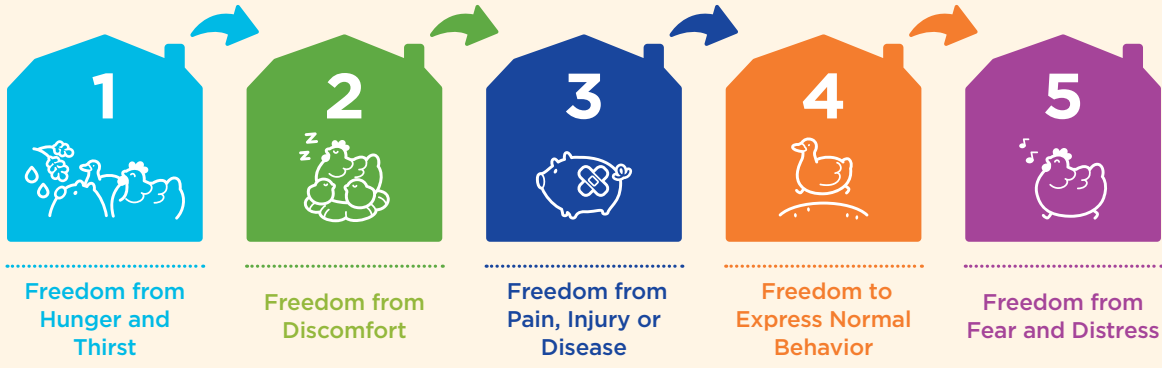
# 100%

- ✓ GAP
- ✓ ISO 9001:2008
- ✓ ISO 14001



## Animal Welfare

### "Five Freedoms"



#### Freedom from Hunger and Thirst

- Automatic feeding system to adequately provide food and water that meets animals' requirement

#### Freedom from Pain, Injury or Disease

- Biosecurity measures such as closed farming system to prevent contamination and transmission of diseases
- Appropriate treatment by veterinarians for animals in need of health care

#### Freedom to Express Normal Behavior

- Appropriate husbandry equipment for animals to freely express normal behavior

#### Freedom from Discomfort

- Evaporative Cooling System (ECS) to ensure ventilation and suitable temperatures for each growth stage
- Lighting management system to allow appropriate rest period
- Population control to prevent congestion
- Ensure air circulation, safety and comfort for transported animals with specially designed supporting equipment
- Installation of GPS tracking system on all vehicles to keep track of the transportation
- Control temperature in the transitional area and throughout processing procedures to provide comfort to animals

#### Freedom from Fear and Distress

- Calmly and quietly move animals with care by trained personnel in all trips with greatest emphasis on assuring that animals are stress free and injury free
- Train personnel to treat animals humanely



The Company strives to accelerate animal welfare practices by enhancing better understanding among employees. In collaboration with Bristol University during 2007-2009, we developed 40 poultry welfare trainers who became specialized in training and oversight of poultry welfare practices. Since 2009 onwards, we have been developing **“Poultry Welfare Officers (PWO)”** to support best practices in each working unit. In 2014, a total of 31 staffs received training and at the moment there are 108 trained PWOs. Our 2015 target is to train 40 more people so that at least a PWO is stationed at each export business unit.

### Biosecurity

The Company takes all necessary measures to prevent any contamination in the farm areas. We have put in place biosecurity policy, manual and standards in accordance with Thai and international regulations, as well as customers’ requirements. Biosecurity knowledge is disseminated to our people through mandatory training. We are dedicated to continual improvement of biosecurity management to ensure highest safety and quality to our customers.

The Company’s biosecurity measures effectively minimize transmission of animal-borne diseases to human. We work hard to identify and analyze causative agents that can be transmitted, directly or indirectly, to farms and find all measures to minimize the risk of the spread of the causative agents. Our measures include all channels where the agents can be transmitted into farm such as through our people, vehicles as well as other small objects and disease carriers.

We actively follow the Department of Livestock Development’s 2011 Announcement regarding compartmentalization system in poultry industry. Integrated biosecurity management between internal departments and relevant operational units is of highest importance. The Announcement also included measures to monitor and control avian influenza.



### CPF’s Success Factors in Preventing Avian Influenza

We are recognized for our preventive approach of adopting the compartmentalization concept in our poultry farming since start to finish of the production cycle. The key success factors include:

①



Our vertically integrated management approach

②



The selection of best quality animal feed

③



The implementation of best practices in our farm management in which animal welfare principles and biosecurity system are thoroughly applied

④



Continual improvement of technology employed in the farming operations including the computerized control broiler house

⑤



Environmentally and socially friendly production system



Our approach has been proven successful. We are the first Thai company receiving certification from Agri-Food Veterinary Authority of Singapore (AVA). The certification allows us to export fresh chicken meat to Singapore, known as one of the countries with most stringent food safety regulations, since 2013.

In 2013, we introduced biosecurity matrix system for risk evaluation and disease prevention in our swine farms. The quarterly evaluation supports timely preventive response. The methodology is shared with and adopted by our swine suppliers and feed customers. During 2012-2014, a total of 40 suppliers, including those in Kamphaeng Phet Agricultural Village and Nong Wah Agricultural Village as well as those participating in the Swine Farming Promotion project. We planned to disseminate knowledge on biosecurity matrix to 10 farms who are our customers for animal feed.

### • Controlling Quality and Safety in Our Retail Outlets and Restaurants

Delivering safe and quality food to consumers is an essential part of our quality assurance whose scope covers the entire value chain. The quality assurance system has been implemented in our distribution channels such as CP Fresh Mart, CP Fresh Mart Plus, CP Kitchen, Chester's grill and Five Star. In addition, the customer complaint system for post-sale services has been put in place. To ensure safe and high quality operations, our employees are regularly trained about food safety and sanitization.

At our food outlets, CP Fresh Mart and CP Fresh Mart Plus, the Product Selection Committee governs the process in which products are selected. The manufacturing plants must be certified according to standards such as GMP and HACCP. All suppliers have to undergo thorough quality and safety audits. We also manage transportation and distribution procedures including the monitoring and tracking of transport vehicles using the RFID (Radio-Frequency Identification) and the GPS (Global Positioning System) to control temperature, as well as apply appropriate product loading methods.

For quality control in the restaurants, we look into three areas:

1. **Store Audit Program:** The audit is performed by our quality assurance team in several aspects: Quality of service, temperature control and timing; Cleanliness of equipment and restaurant and employees' sanitary; and Maintenance of equipment
2. **Mystery Shopper Program (MS Audit):** Independent inspectors hired by customers assess quality of services provided for eat-in customers and for delivery
3. **Factory Audit:** Our quality assurance, research and development and procurement conduct audit at suppliers' factory

We also acquired food safety certificate from Thailand's Food and Drug Administration (FDA) following the audits held every year under the Ministry of Public Health's Food Safety campaign. Hundred percent of our food outlets and restaurants are audited and granted the food safety certificate.

**Five Star** implements quality control at distribution point including product check prior to receiving and releasing and product storage. In parallel, we implement quality assurance at the point of sale including site check and vehicle check, and at least once a year for unannounced customer audit. The audit checklist entails 1) Quality of raw materials, manufacturing and finished products, 2) Sale-related issues such as product display, services and promotional sales, and 3) Cleanliness of employee and equipment as well as management of pest and waste.

### • Managing Customer Feedback

We value customer and consumer feedback as an important element to help us develop quality products that meets customer demands and satisfaction. We have developed Consumer Complaint Management Policy, Trade Export Complaint Management Policy and Recall Policy and have established several channels for our customers to express their experience with all food products. Our customers can reach us through CPF Consumer Center, and Call Centers of our retail and restaurant outlets. Our complaint management procedure guarantees highest level of consumer confidentiality. In order to handle customer concerns, our CPF Consumer Center and Complaint Management Center work closely with complaint coordinators from across different business units to ensure a timely response. In 2014, we received about 700 complaints. We contacted all complainants to make sure that they receive correct information and that their complaint would be properly resolved.

We also developed customer and consumer network known as **CP Surprise**. CP Surprise members can readily access news and updates about our activities. Up until now, there are more than 250,000 members participating in CP Surprise.



**CPF Consumer Center**  
**0 2800 8000**  
[consumercenter@cpf.co.th](mailto:consumercenter@cpf.co.th)



[www.facebook.com/brandcp](http://www.facebook.com/brandcp)





## Products



### • Promoting Healthy Lifestyle

A number of factors have powerful influence on good health, namely, healthy and hygienic diet, sufficient nutrition for a body's requirement and timing of meals. Recognizing the role of food as well as market and consumer needs, we are dedicated to developing numerous innovative ideas supported by research in order to create products of value. We put effort in enhancing the right eating habits through effective communication and promotion of nutrition knowledge. At the same time, we continue on motivating our employees to embed innovative culture into their thought and working process so that we can respond to demographic dynamics and changing global trend.

### Creating a Variety of Quality Products for Diverse Consumer Need

Our continual dedication to research and development leads to the creation of a variety of quality, safe and nutritious products. **CP BKP** exemplifies our dedication as it offers over 2,500 products of varying forms, taste and nutrition.

In 2014, the Company has created 98 new products (domestic) and has introduced Product Lifecycle Management (PLM) software to 14 of our plants. The PLM software, which is widely used among leading global food producers, helps us systematically accelerate food product innovation by providing a single view of new product development across business processes from ideation and development to product launch. The PLM software allows us to automate the management of all the information that affects the product and integrate the information with other business processes such as procurement activities, manufacturing planning, and marketing.

Over  
**2,500**  
Products



Over 1,700  
Fresh Meat Products



Over 400 Processed  
Food Products



Over 390 Ready-to-Eat  
Food Products





In addition, the PLM supports information tracking on new product such as food additives and allergens, allowing us to check compliance with food additive and allergen regulations. With PLM, our dispersed functions can get access to product information and collaborate across geographical boundaries in real time. It helps our management to easily monitor and make decision related to new product development which significantly allows us to compress cycle times from ideation through launch. At the moment, more than 700 staffs are authorized to access the data. PLM strictly controls authorization to access information according to level of responsibility.

We care for your health

BALANCE

CP Balance To have a good nutritional status, it is important to have healthy and nutritious food. Realizing this, we partner with Mahidol University to develop healthy food under the concept “CP Balance” that helps people meet optimum nutritional requirements in each meal. We focus on 5 things: reducing sugar, saturated fats and total fats, and providing adequate fiber and protein. We will continue to develop healthy products for consumers in 2015.

**Pangasius Hypophthalmus Fish in Hot and Sour Soup with Brown Rice**

**(Total energy 210 kcal)**  
High in fiber from brown rice and colorful variety of vegetables served with low-calorie Pangasius Hypophthalmus Fish

**Savory Stir Fried Pangasius Hypophthalmus Fish and Thai Spicy Herbal Sauce with Brown Rice**

**(Total energy 220 kcal)**  
High in fiber from brown rice and colorful variety of vegetables served with low-calorie Pangasius Hypophthalmus Fish

**Spicy Whole Wheat Spaghetti**

**(Total energy 210 kcal)**  
High in fiber from whole wheat spaghetti and rich in protein from low-calorie chicken breast and button mushrooms

**Savory Boiled Brown Rice**

**(Total energy 150 kcal)**  
Delicate soup, high in fiber from brown rice and rich in protein from low-calorie chicken breast and mushrooms



## Providing Products Rich in Protein: From High Quality Egg to Omega Egg Tofu

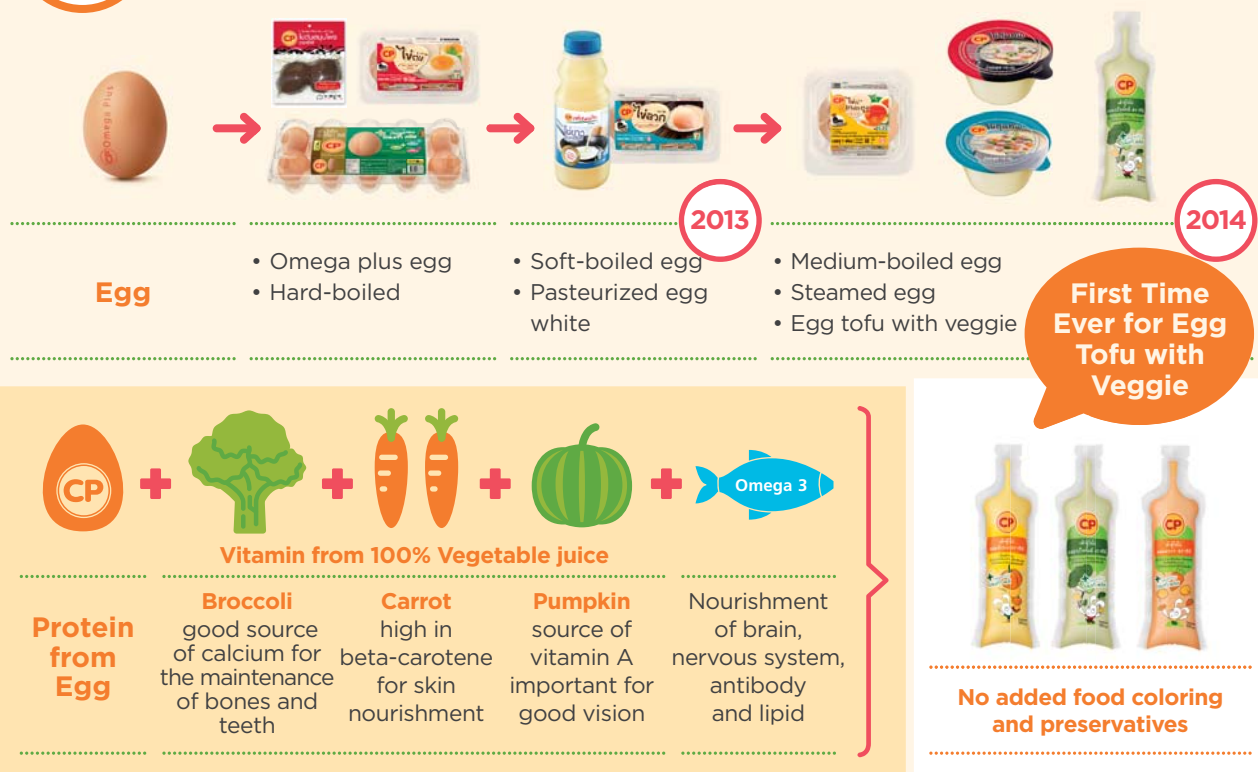
Improving nutritional value in our products is one of our business missions on product development.

Egg is an important source of protein which is high in quality and cheaper than other protein sources; therefore, we have continued on offering a variety

of egg products. In 2014, we launched omega egg tofu with veggie rich in vitamin and protein. Over five million units have been sold and in 2015 we target to triple the number to 17 million units to reach more consumers.



### All about Eggs Alternatives for Health Centric Consumers



G4-PR3

#### Providing Product Information and Nutrition Knowledge to Consumers

We place high importance on providing accurate, clear and sufficient information of the products and services to support consumers in exercising their choices. The labeling of all **CP** branded products includes important ingredients, safe use and storage instruction and nutrition information in accordance with the law. This helps consumers get access to nutrition fact so that

they can avoid products that may cause allergic reaction as well as support them in terms of food storage.

In recognizing the emergence of obesity and diet-related non-communicable diseases in Thailand, the Company also places Nutrition Facts label together with the ingredient list on food packages beyond legal requirement. The list of information provided is as followed:

- Allergen Statement
- GDA (Guideline Daily Amounts) to help consumers reduce their intake of sugar, fat, and sodium
- Nutrition Information
- Information on the packaging material including compatibility with microwave oven
- Halal labeling

In 2014, we commenced the implementation of the QR code (Quick Response Code) in 38 of our CP fresh chicken products, to facilitate our consumers in tracing back to the origin of the products. The QR code contains information such as product lot, factory location, farm location as well as factory and farm standards. We are also working to provide more information such as the product's carbon footprint and 365 cooking menus. The fresh meat products with QR code are available at over 144 branches of MaxValu and CP Fresh Mart.



In addition to providing information through product labeling, the Company also continually produces and broadcasts TV commercials, documentary, and printed articles, and arranges marketing activities. These materials and activities aim to give our consumers some guidance on how to select quality and fresh food ingredients and to cook and prepare food in a hygienic way while still maintaining food nutrients. We also continually promote wise eating habits.



A 30-minute variety show **“Kin Plien Cheewit” (Eat Changes Life)** aiming to provide informative food and nutrition education by medical doctors with an expertise on nutrition, chefs, and personal fitness trainers. These experts provide audiences with guidance on wise eating, cooking, and exercising that are appropriate for each age group. The show is aired every Saturday on True4U channel. It can be followed on a variety of channels including a 124,000-fan Facebook page on [www.facebook.com/kinpliencheewit](http://www.facebook.com/kinpliencheewit), YouTube channel on [www.youtube.com/user/kinpliencheewit](http://www.youtube.com/user/kinpliencheewit), and Instagram: [kinpliencheewit](https://www.instagram.com/kinpliencheewit). We also planned to continue this in 2015



Edutainment road show in 30 schools around Bangkok and its surrounding areas promoting the special campaign on **“CP Easy Snack”**. The road show provides knowledge for children on how to choose food that contains high quality raw material, high protein, and have no harmful additive. The aim is that children will be able to adopt healthier eating behaviors that are appropriate for their age group and lifestyle which will lead to healthy living in the future.



The campaign on **“Morning Wonton @ CP Mobile Cuisine”** promoting breakfast meals among working professionals at several business centers via our CP Mobile Cuisine. The campaign aims to raise awareness among people about the importance of breakfast and offer breakfast choice that is rich in protein and light enough for starting the new day. The campaign received good feedback from more than 20,000 participants. The Company plans to continually raise awareness on the importance of breakfast in the future.



## Improving Food Access

We believe that our meaningful actions contribute to addressing food access challenges in Thailand. Over the past years, we have extended our reach and influence to help more consumers get access to quality, safe and nutritious diets. Our main strategies to tackle food access challenges include 1) Promoting quality, safe and affordable products to Thai consumers through campaigns and promotions, 2) Developing learning process to support access to quality and safe food, and 3) Providing ad-hoc support to people in times of disaster.

During the past two decades, through a series of ongoing campaigns and activities, we are making a significant progress in this journey, both in collaboration with other organizations and our own initiatives.

- **Promoting Quality, Safe and Affordable Products to Consumers**

Our nation-wide “Caravan Sales” has entered its sixth year since the start in 2009. Over a hundred food products are sold at extra discount so as to enhance access to safe and high quality food for consumers across Thailand. Besides, our food retail outlets and restaurants across the country including CP Freshmart, CP Freshmart Plus, Chester’s grill and Five Star continue on holding regular promotional sales.

This year, more than two million people in 17 provinces were benefited from the Caravan Sales and promotional sales at our retail outlets and restaurants. In 2015, we aim to expand the project to 20 provinces, reaching over 2.5 million people in total.

- **Developing Learning Process to Support Access to Quality and Safe Food**

Proper and adequate nutrition is vital to promote positive intellectual and physical growth in children.



With this in mind, we are dedicated to developing their learning process and enhancing access to quality, safe and nutritious food that meets their nutritional requirement.

Since 1989, we have been working in partnership with the Rural Lives’ Development Foundation under the support from CP Group and other partners on the “Raising Layer for Student’s Lunch Project”. The project aids students in rural areas to get access to a good source of protein like eggs, meanwhile serves as a good learning opportunity for children to develop project management skills. Up until 2014, more than 460 schools have signed up and participated in the project, supporting over 110,000 students across Thailand. We also planned to extend the project to over 80 schools. For over 2 decades, our work to promote nutrition in children has been a rewarding contribution. Participating schools serve as a learning platform for students and communities in the project areas who also benefit from food production. On average, the revolving fund for each school is 50,000-80,000 Baht.



## Raising Layer for Student's Lunch Project

A total of

# 460

Participating Schools  
as of 2014

### Northern Provinces

# 59

Schools

- 14 in Chiang Rai
- 17 in Chiang Mai
- 11 in Nan
- 4 in Phayao
- 2 in Phare
- 2 in Lampang
- 7 in Lamphun
- 1 in Uttaradit
- 1 in Mae Hong Son

### North-eastern Provinces

# 175

Schools

- 4 in Kalasin
- 9 in Khon Kaen
- 4 in Chaiyaphum
- 8 in Nakhon Phanom
- 12 in Nakhon Ratchasima
- 4 in Bueng Kan
- 17 in Buri Ram
- 6 in Maha Sarakham
- 4 in Mukdahan
- 10 in Yasothon
- 6 in Roi Et
- 6 in Loei
- 8 in Sakon Nakhon
- 15 in Surin
- 13 in Si Sa Ket
- 3 in Nong Khai
- 5 in Nong Bua Lam Phu
- 10 in Udon Thani
- 26 in Ubon Ratchathani
- 5 in Amnat Charoen

### Central Provinces

# 60

Schools

- 5 in Kamphaeng Phet
- 2 in Chai Nat
- 3 in Nakhon Pathom
- 7 in Nakhon Sawan
- 6 in Phra Nakhon Si Ayutthaya
- 4 in Phitsanulok
- 8 in Phetchabun
- 1 in Pathum Thani
- 2 in Samut Prakan
- 2 in Samut Songkhram
- 2 in Samut Sakhon
- 3 in Sing Buri
- 1 in Sukhothai
- 6 in Suphan Buri
- 3 in Saraburi
- 2 in Uthai Thani

### Eastern Provinces

# 31

Schools

- 4 in Chanthaburi
- 4 in Chachoengsao
- 3 in Trat
- 2 in Prachin Buri
- 2 in Rayong
- 16 in Sa Kaeo

### Western Provinces

# 83

Schools

- 20 in Tak
- 26 in Kanchanaburi
- 4 in Ratchaburi
- 16 in Prachuap Khiri Khan
- 17 in Phetchaburi

### Southern Provinces

# 56

Schools

- 1 in Krabi
- 7 in Chumphon
- 4 in Trang
- 5 in Nakhon Si Thammarat
- 9 in Narathiwat
- 4 in Pattani
- 4 in Phangnga
- 1 in Phattalung
- 2 in Ranong
- 2 in Satun
- 12 in Songkla
- 4 in Surat Thani
- 1 in Yala





CPF  
**อิม សុវ**  
**ปลูกอนาคต**

CPF Growing Happiness,  
 Growing Futures Project

We are motivated to bring the success forward. In 2015 we plan to reach more students around our plants and farms through the “**CPF...Growing Happiness, Growing Futures**” project which lays out the 5-year plan with the ultimate goal to create a learning platform about food production for schools and communities.



2015

**Raising Awareness**



Build partnership network



Set guidelines for food production  
 for participating schools



2016-2017

**Knowledge Exchange**



Promote efficient management of  
 produce from the project



Share knowledge



2018-2019

**Create Partnership Network**



Create learning platform for schools and communities



**Learning Platform for Schools  
 and Communities**



G4-SO1

## SELF-SUFFICIENT SOCIETY

- » CPF consistently supports and develops knowledge, technology, personnel, and time for promoting sustainable sourcing in our factory. We established a department to promote non-IUU fishing and support appropriate fishing practices. We do not buy raw materials that are smaller than required by laws so that our business is sustainable, self-sufficient, and internationally accepted.



### Mr. Worawit Sirisaengarampee

Production Manager,  
Sirisaengarampee Co., Ltd.

- » I became CPF contracted farmer as I see that I can have a secured profession. I started from participating in the income guarantee scheme. Now I generate about one million Baht for one swine generation. In a year, I could raise two generations which means that I could generate two million Baht. Even though I still have to repay my bank loan, I will have more than 160,000 Baht of monthly income in two years when the loan is fully paid. This is much higher than any other professions. I am proud to that I can build up a fortune and be able to support my family by raising swine.



### Mr. Noppachat Panyavachiropas

Owner, Sasithorn Farm,  
Chachoengsao Province



# — SELF-SUFFICIENT SOCIETY —





G4-SO1

## SELF-SUFFICIENT SOCIETY

### OUR COMMITMENT

Our Commitment - Business partners and communities lie at the heart of our success in providing high-quality, safe, and traceable products and services in a socially and environmentally friendly manner. We invest in developing our business partners, communities, and the society. We encourage participation in enhancing the quality of work and quality of life to ensure that we can all achieve long-term growth, leading to the self-sufficient society.

### OUR GOAL





Businesses do not simply operate in a vacuum. Apart from the usual way to do business under familiar conditions, they thrive if the socio-economic conditions around them are vibrant and they absolutely cannot succeed in societies that fail. They therefore have a vested interest in proactively addressing socio-economic concerns.

We know that as a leading agro-industrial and food conglomerate our business can make a significant positive impact on people's lives. We are committed to including more local business partners into our business growth by promoting win-win partnership and supporting quality of life of communities both in and outside the areas we operate. We apply our skills, with participation from our business partners and communities, and build networks to develop communities and address social challenges.

We are determined to grow sustainably to fulfill our vision of becoming the "Kitchen of the World", we know that the success and well-being of our business partners and communities are in our interest. Our business partners and communities allow us to follow our mission to offer high-quality, safe, and traceable products and services to consumers. Additionally, we cannot completely operate in a socially and environmentally friendly manner by working individually without the support from our business partners and communities.

## **Developing Win-Win Partnership**

With the understanding that we are expecting our world population to rise to more than 9 billion by 2050, the challenge is how to prevent food shortage or how to ensure "food security". As a leading agro-industrial and food conglomerate, we recognize the essence of integrated management of food production and marketing, the need to ensure access to food, and the support for the dissemination of knowledge and innovation throughout the value chain. We promote win-win partnership with our business partners and smallholder farmers and make sure that our farmers are able to increase their productivity and grow more food.

In order to support local economies, we prioritize local farmers and producers in our sourcing of high-quality raw materials for animal feeds. At our feed business facilities, we primarily buy from local farmers to promote the sustainable local economy and save our transportation cost. However, we would alternatively import such raw materials from overseas in the case where there is not enough supply of raw materials from the domestic market or the quality is not up to our standards.

### • **Building Farmers' Capacity to Enhance Our Feed Business**

Our success in feed business partially depends on farmers who, whether directly or indirectly, source sufficient amount of high quality raw materials for us. To promote win-win partnership, we help our suppliers build their capacity through our "Developing Animal Feed and Enhancing Suppliers' Capability in Parallel" strategy.

### **Sustainable Fishmeal Supply Chain Management**

We have been working since 2009 to enhance the capacity of our fishmeal suppliers for better quality raw materials through a variety of programs. These programs included the training on safe fishmeal production through the suspension of Ethoxyquin use, and the training on Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP).

Moreover, in 2014 we supported our fishmeal producers in adopting practices which are in accordance with IFFO RS Chain of Custody, for example, the Southeast Asian Packaging & Canning Limited who supplies to Banbueng feed mill. As a result, Banbueng was the first feed mill in Asia to obtain such a standard.

We have also been working with 8 key Thai seafood associations, in collaboration with government agencies and NGOs, to develop the Fishery Improvement Plan (FIP) for more sustainable fishing practices and greater traceability for by-catch in both the Gulf of Thailand and the Andaman Sea. For more details on what we have done to improve the fishery supply chain, please see In Focus: Sustainable Shrimp Value Chain on page 45-46.



### Sustainable Agricultural Partnership Program for Corn

Corn is one of the critical agricultural raw materials used in our animal feed production. Although we do not directly source corn from farmers, we are determined to promoting sustainable corn production among farmers. This is to ensure that farmers are able to increase productivity for high-quality corn, reduce cost, and minimize long term negative impacts on the environment.

In partnership with farmers, we have launched the “**Self-sufficient Farmers, Sustainable Corn**” project piloted in Pakchong, Nakhonratchasima Province. The program covers 6 areas of work; namely training courses for enhancing productivity and quality, suggestions on technology and equipment modifications, the Environmental Footprint project, the set-up of the collective field, the analysis of the result and planning for continual improvement, and the extension of the project to other areas in collaboration with other stakeholders such as government agencies, suppliers, and NGOs.

In 2014, a total of 271 farmers participated in our Sustainable Agricultural Partnership Program for Corn. From the collective field in Pakchong, Nakhonratchasima Province, the result showed that most farmers had successfully increased their yields for more than 60 percent and reduced



their cost of production by approximately 29 percent. Furthermore, the program minimized the negative impacts to community and environment due to suitable agricultural waste management during cultivation and post-harvest periods, and reduced concerns over farmers' health as a result of proper chemicals handling.

Another advantage is that participating farmers gain economic benefits.

In 2015, we plan to expand the program to other provinces, targeting more than 1,900 farmers, covering an area approximately the size of 27,000 rai<sup>9</sup>.

### The Collective Field at Pakchong, Nakhonratchasima Province



#### • Enhancing Farmers' Capability to Increase Efficiency in Farm Business

We continually transfer our knowledge of animal feeds and feeding techniques to farmers so that they can choose the right feed formula for each animal type and

breed. The right feeding practice will improve efficiency resulting in optimized production cost for the farmers. It also enables farmers to supply high-quality products that meet the needs of consumers.

### Number of Farmers and Our Farm Technicians Participating in Animal Feed Training



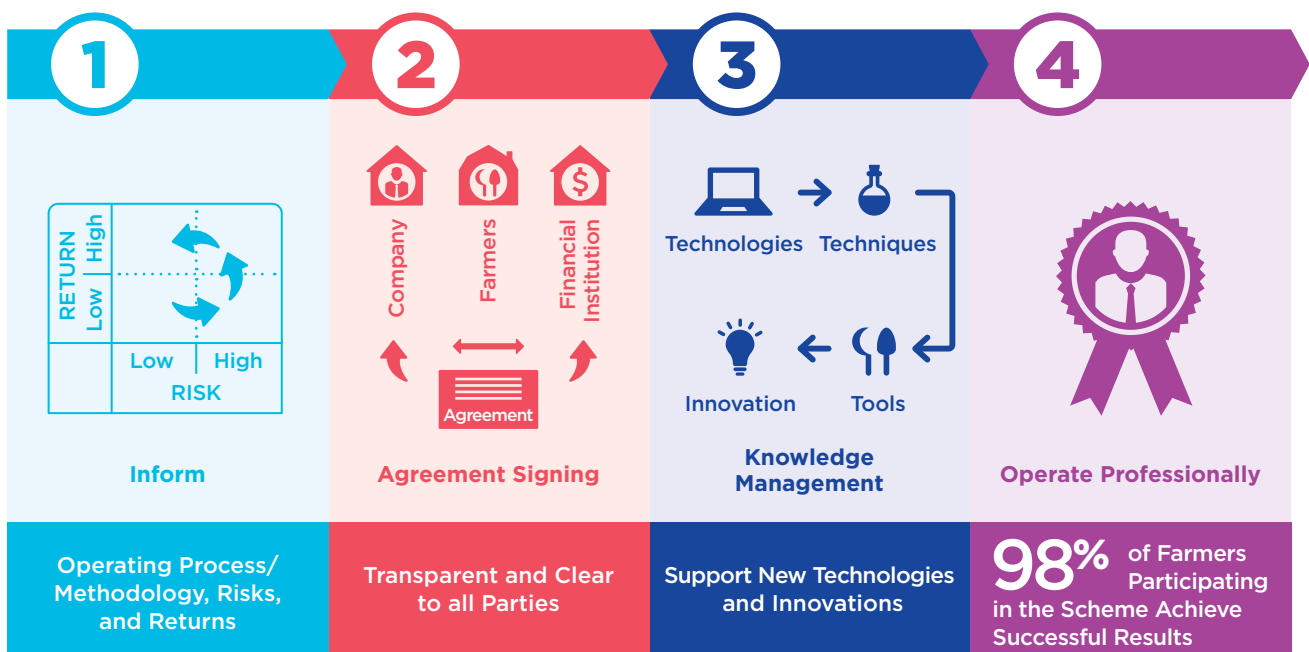
<sup>9</sup> 1 rai = 1,600 m<sup>2</sup>

In 2014, a total of **169 seminars and training programs were organized for swine, laying hen and cricket farmers and our farm technicians**. We are committed to continually transferring knowledge and techniques in feeding practices to ensure that farmers will keep up with changes that come their way, and to contributing to the sustainability of Thai livestock industry.

We have also been working with about 5,000 farmers under **the Contract Farming Scheme** since 1975 to provide assistance on agricultural technology, support

them on access to market, transfer knowledge, and help them get access to finance. We are committed to working with our contract farmers justly and fairly and we ensure that their contracts are mutually agreed.

The essence of the contract farming scheme is the guarantee for secured market and the assurance that contract farms are operated under the same traceable standards as the Company's own farms. This is to ultimately benefit the farmers by securing their income and to ensure our consumers of safe and high-quality food.



The result from our survey in 2014 with all 5,000 contract farmers demonstrated that 98 percent experienced great success. The success of our contract farming scheme is measured by the ability of the farmers to break even within 8-9 years and stay with the company for more than 10 years. The result showed that 2 percent of contract farmers were unable to pay back their debt to

financial institutions within the expected period of time due to their personal issues. Sixty-nine percent has been with us for more than 10 years, of these 53 percent has been in this scheme for 10-19 years, 13 percent for 20-29 years, and 3 percent for more than 30 years. In addition, we also found that 7 percent of our contract farms were successfully transferred to the successive generations.

**Ms. Kanchana Mingsakul**  
**Mingsakul Swine Farm, Lopburi Province**

“Before joining CPF Contract Farming Scheme, my family already had a small traditional swine farm. The swine were raised in the barn in our backyard, fed with hand-mixed feed, and sold to the local market. At that time I had to face a very high cost of farm management while the price in the local market fluctuated greatly. I was very stressed during that time. My relatives who had been under CPF Contract Farming Scheme introduced me to join the scheme. In 2012, I decided to transform my open-air swine farm into a closed system, investing about six million Baht. CPF has helped provide a standard format of feeding and has trained me in animal husbandry techniques. CPF also taught me to make use of biogas from manure, enabling me to reduce electricity bills by 75 percent to 20,000 Baht and allowing me to completely eliminate odor problems. Nowadays, I have five swine barns with the capacity to raise 3,750 swine, generating a net profit of about one million Baht per year. I am confident that I will be able to break even within four years.”



• **Helping Our Business Partners to Develop High Quality Products**

We believe that in order to deliver the best quality food it is of great importance to work closely with our business partners to ensure food safety and quality in every step of production. We continually collaborate with our partners to develop their capacity so that they could sell their products and services to us and that we could be assured of the quality.

Sesame oil is one of the critical ingredients for our shrimp wonton which is one of our most popular products in both domestic and international markets. In 2014, our sesame oil supplier faced a challenge in securing quality sesame seed from overseas suppliers, affecting the taste of our shrimp wonton. We proactively invested in



increasing our suppliers' capability through a series of workshops and training. We provided basic knowledge on sesame seed varieties, training on technique in manufacturing premium quality sesame oil, and instruction on quality control method.

In 2014, we provided complete training to one of our critical sesame oil suppliers resulting in consistent quality of the ingredient to be used in our shrimp wonton products. In 2015, we plan to roll out such capacity building program to more suppliers of the same ingredient and to more suppliers of different ingredients in the coming years.

#### • Working with Retailers to Deliver the Best Food Products

Every day we distribute our food products through a variety of channels – from our own retail outlets and restaurants to supermarkets and independent small-scale distributors and retailers. Our brand success depends largely on the success of retailers. Working in partnership with retailers is very important in order for the Company to reach out to consumers. We put in place a quality assurance system to guarantee high standards

of products in all our retail outlets and restaurants. We continually collaborate with other supermarket and retail chains to ensure that they can supply consumers with safe and high-quality products.

We also work with small-scale franchised distributors and retailers to improve their capability. Our Five Star brand has more than 5,000 franchised outlets nationwide and is expanding rapidly into other countries. We regularly train our Five Star franchisees and continually work hard to ensure their business success. In 2014, as part of the efforts to enhance sales capability of these Five Star franchisees, we helped 150 outlets in total set up perfect kiosk displays to increase their sales. As a result, these outlets experienced 30-40 percent increase in sales.



#### Supporting Community Livelihood

The Company has a strong commitment to support social and economic development of communities surrounding all of our operations as we know that healthy community brings about healthy business.

Our people play an important role in supporting our community programs. From finding the root cause of a problem and assessing community needs, our people contribute greatly to run and monitor our community programs. Our work with the community follows the “4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)” framework which outlines that we use our competency to create solutions, collaborate with different parties, and connect them together to leverage more impact.

In 2014, our factories and farms had more than 300 community programs to enhance quality of life of local people. These programs included supporting local income and employment generation, assisting the development of infrastructure and other public goods, supporting education, promoting arts and culture, and promoting a healthier lifestyle through sports programs and support for public health.

Before



After



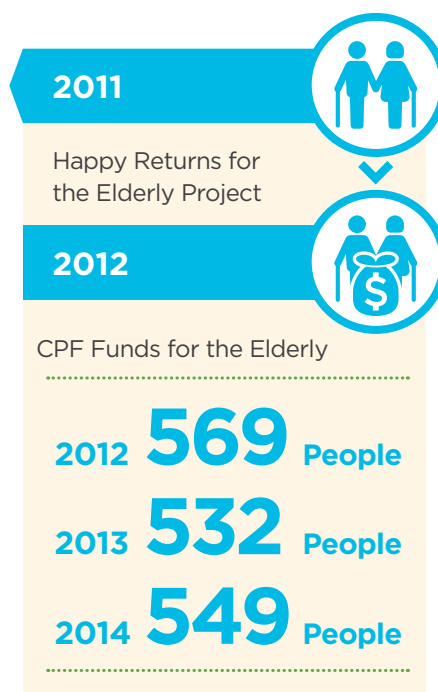




## CPF Funds for the Elderly

In addition, the Company recognized the importance of providing care for the elderly as Thailand is becoming complete ageing society by 2024. Hence, we launched the **“Happy Returns for the Elderly”** project in 2011 and developed the **“CPF Funds for the Elderly”** in 2012. The aim of this project and the fund is to find a sustainable solution to continuously support the elderly around the Company’s plants and farms.

In 2014, a total of 549 elderly people were given support through the “CPF Funds for the Elderly” scheme across the country. Under the scheme, we provide financial support, food and consumer staples, medical care through mobile units as well as support to improve homes through renovations and repairs. Our contribution totaled more than 13.4 million Baht for the year.



## Our Initiative

At Baan Don Wua in Lad Bua Khao Sub-district, Sikhio District, Nakhon Ratchasima Province, we have implemented our “4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)” framework in running community programs. We regularly engaged with the community and sought for local wisdom to support the establishment of the Sufficiency Economy Learning Center. The main objective of the Center is to demonstrate how sufficiency economy has strengthened their community and contributed to the enhancement of community livelihood through a variety of demonstration programs on duck and fish farming, organic vegetable farming, and Napier grass farming for animal feed.



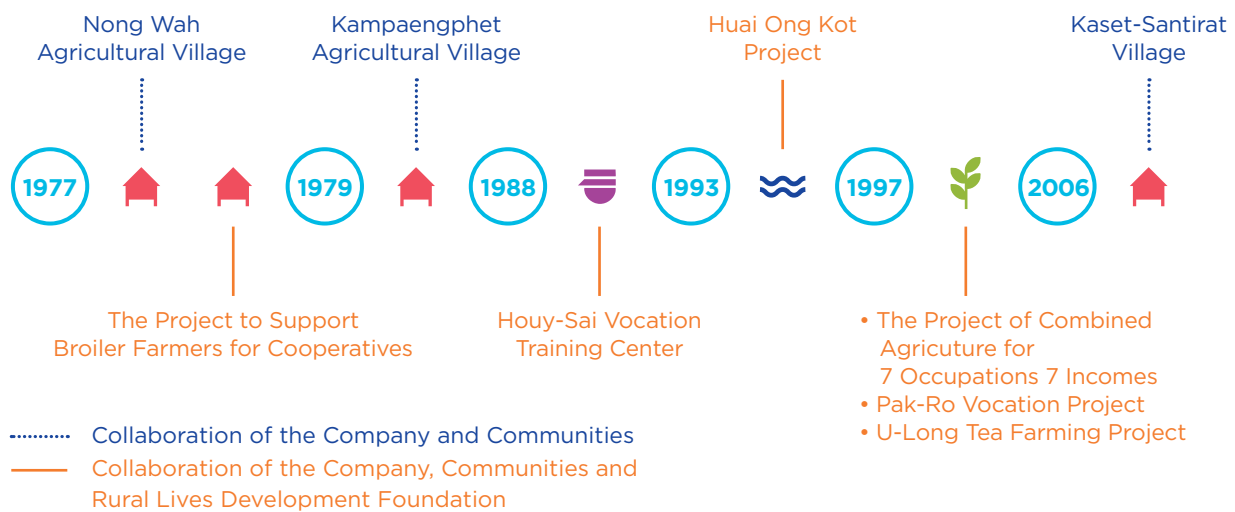
## Supporting Local Income and Employment Generation

As a leading agro-industrial and food conglomerate, we are well aware that our experience with innovation from decades of work in agri-business can be transferred to help farmers be more productive. We continually invest in a series of initiatives to help these farmers enhance their capacity. Over the years, our people have shared technology and techniques for multiple agricultural activities and aquaculture farming. We have also invested in promoting alternative livelihoods for farmers through series of vocational training programs.

In addition, we are determined to promote the “3 Good

Practices” concept to develop people to become “good people (realizing the importance of environmental conservation and efficient use of resources) and good citizens (collaborating in strengthening their community and improving quality of life), while having good occupation (being able to have a good occupation and to be self-sustaining)”. This would thus lead to a strong and sustainable society. For more than 26 years, we have been working closely with the Rural Lives’ Development Foundation under the support from CP Group and other partners to take part in community development programs following the royal guidance over development. Our performance on promoting the “3 Good Practices” in 2014 is detailed below:

### The Development of Our Effort to Support Smallholder Farmers



## Good Person

More than 150 youth and 2,150 farmer families were trained on the importance of the environment, collaborated in conservation activities, and disseminated knowledge to their networks by establishing conservation clubs in school.

## Good Citizen

Farmers from more than 200 communities worked collectively to address individual and group challenges and became the role model for others.

## Good Occupation

Farmers had more capability to manage and plan their farm and were able to market their produce. More than 5,000 farmers and their family benefited from our efforts. The benefits farmers and their family received accounted for more than 1,930 million Baht in total.





## BALANCE OF NATURE

- » CPF is one of the role model organizations that play a part in developing the country. With the continual adoption of sustainable development principles, benefits accrue to the economy, society and the environment of the communities and the country. The management and the employees place crucial emphasis on incorporating knowledge and innovation into business operations. This supports CPF's greenhouse gas emission management and hence the country's which help mitigate climate change problem. Moreover, CPF enhances access to nutritional food that supports good quality of life.



**Mrs. Prasertsuk Charmornmarn**

Director of Thailand Greenhouse Gas Management  
Organization (Public Organization)

- » Grow-Share-Protect project has systematic working procedures and is a collaborative effort driven by various stakeholders. CPF supports the formulation of strategy and plans, and provides financial capital and human resource. Our employees take part in every activity, for instance, forestation and mangrove ecosystem restoration, meeting and following up work progress, networking as well as building knowledge platform. The project is well received and supported by the communities in the coastal area.



**Mr. Sombat Kanjanapaiharn**

Forestry Technical Officer, Professional Level,  
Mangrove Forest Learning and Development Center 2, Samut Sakhon





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# BALANCE OF NATURE

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## BALANCE OF NATURE

### OUR COMMITMENT

Recognizing the significance of natural resources and the environment as the basis for our agro-industrial and food business, we are dedicated to operating in an environmentally responsible manner under the “Green Business” concept. Our aim is to minimize negative impacts and maximize positive impacts throughout the value chain.

### OUR GOAL



Resource and  
Environmental  
Conservation



Reducing Environmental  
footprints



Protecting  
Biodiversity

Environmental sustainability continues to be a global challenge. As one of the leading agro-industrial and food conglomerates, the Company realizes our potential to take impactful actions in battling environmental issues effectively and efficiently. We are committed to instilling environmental sustainability in our practices and this has been reflected through a number of strategic plans, initiatives and activities across our operations. In essence, we focus on 2 key goals: reduction of environmental footprints and the conservation of biodiversity.

## Reducing Environmental Footprints

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

To ensure that our operations run effectively and environmentally sound, we exercise Safety, Health and Environment Management System known as CPF SHE Management System or CPF SHE MS that is in alignment with ISO 14001 and OHSAS 18001.

At the same time, to show our commitment to minimizing negative impacts at each stage of the product life cycle, we use Life Cycle Assessments (LCA) that align with ISO 14040 and ISO 14044 to develop “Product Sustainability” and “Product Water Footprint” initiatives.

G4-EN3, G4-EN5, G4-EN6, G4-15, G4-16, G4-18

### • Energy Efficiency and Renewables

The Company is ambitious in improving energy efficiency and conserving energy. The use of renewables is a vital part in mitigating climate change impacts that can be worsen by conventional fossil fuels. With these in mind, we have put in place an Energy Management System in accordance with ISO 50001.

The Company is among the 7 companies

1



The Company is among the 7 companies being awarded the CDP Hong Kong and South East Asia Climate Leadership Awards 2014. We are recognized as the “Best Year-On-Year Disclosure Change” or the company that advanced the most in terms of environmental performance. CDP is an international organization established to tackle greenhouse gas emission reduction from companies around the world through carbon disclosure.



In 2014 we achieved our ASEAN Energy Management Scheme (AEMAS) target of implementing the scheme in 14 business units across feed, farm and food operations. The AEMAS scheme's objective is to reduce energy consumption from the manufacturing industrial sector in ASEAN and to cut greenhouse gas emissions in ASEAN member countries. is to reduce energy consumption from the industrial sector and to cut greenhouse gas emissions in ASEAN member countries. 58 employees attended the Certified Energy Manager training course.

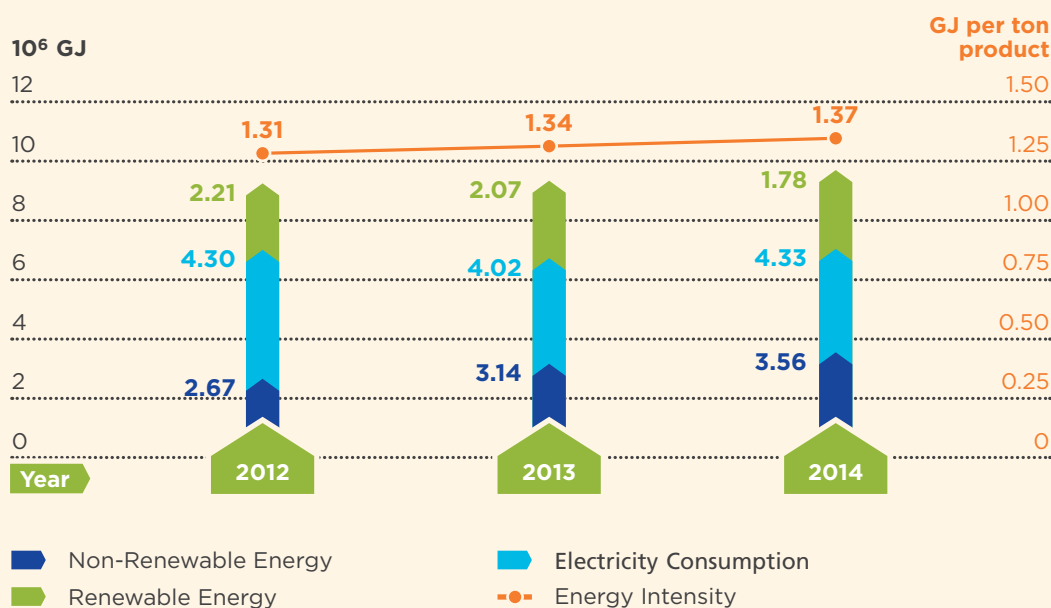
This year total consumption of energy in feed, farm and food businesses was 9.67 million gigajoules. Of this

amount, 3.56 million gigajoules were from non-renewable energy sources including coal, diesel oil, benzene, fuel oil, LPG and natural gas. 1.78 million gigajoules were from renewable energy sources including biogas and biomass (such as woodchips, corn, palm kernel shells and sawdust) and biodiesel. Our electricity consumption was 4.33 million gigajoules. The energy intensity in feed, farm and food business was 1.37 gigajoule per production ton.

We remained extremely careful with regards to the prevention of EMS disease in our shrimp farms. More electricity was used in the farming process, leading to the increased electricity consumption in the farm business and hence overall electricity consumption.



## Energy Consumption



### Remark:

1. The calculation is in accordance with CPF SHE KPI (Key Performance Index)

- Total fuel consumption = the sum of (the consumption of each fuel type in a month X heating value)  
Unit: Gigajoule per month (the conversion factor is based on Department of Alternative Energy Development and Efficiency's annual report)
- Electricity consumption = the sum of electricity consumption in a month (in kilowatt-hour) X 3.6  
Unit: Gigajoule per month

• Total energy consumption = total fuel consumption + total electricity consumption  
Unit: Gigajoule per month

2. Energy types included in the calculation of intensity per production ton are non-renewables including coal, diesel oil, gasoline, fuel oil, LPG, natural gas as well as renewables including biogas and biomass (such as woodchips, corn, palm kernel shells and sawdust) and biodiesel, and electricity consumed within the organization.



### Some of Our “Process Innovation” for Environmental Sustainability

• **Boiler Modification Project** The initiation of the project in 1987 has allowed us to substitute biomass for fossil fuels in animal feed factories. In 2014 the amount of biomass used was 86,411 tons, contributing to the reduction of greenhouse gas emissions of 123,900 tons of carbon dioxide equivalent per year and the reduction of 40.26 million liters of fuel oil.

• **Biodiesel Project (B100)** Used vegetable oils are the input for biodiesel production in 3 of our food processing plants. In 2014, the production of biodiesel (B100) from used vegetable oil prevented 1.93 million liters of used vegetable oil from reentering consumer market per year and 1.85 million liters of biodiesel was produced per year. This decreased the use of petroleum oil by 1.15 million liters per year and averted 125 tons of carbon dioxide emissions.

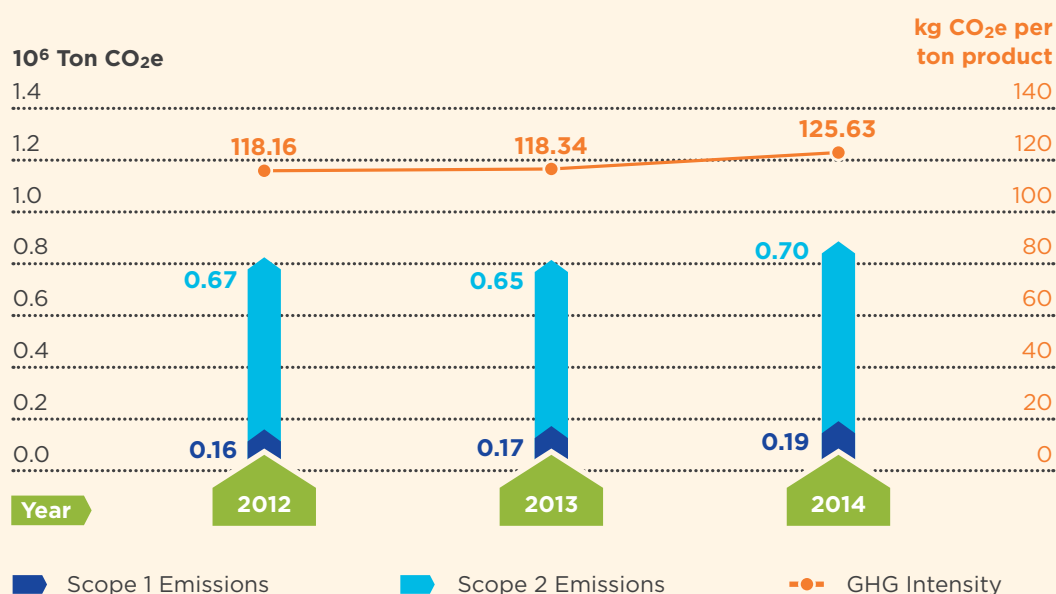
• **CPF Energy Efficiency Improvement project-Cogeneration** Commenced in 2008, the project aims to improve energy efficiency and to produce heat and electricity for the production process in 3 food processing plants. In 2014 the system generated over 76 million kilowatt-hours per year or 272,497 gigajoules per year as well as 98,919 tons of steam per year.

Our continuing effort to conserve energy and improve energy efficiency is demonstrated through over 30 energy projects. The total energy saving was 16,400 gigajoules compared to the baseline scenario when the projects had not been implemented. This is the equivalence of cost savings of 39.6 million Baht.

The Company has developed its greenhouse gas inventory based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard in accordance with ISO 14064-1:2006 and Thailand Greenhouse Gas Management Organization (Public Organization) guidelines. In 2014 our feed, farm and food businesses emitted scope 1 and scope 2 greenhouse gases in total 0.88 million tons of carbon dioxide equivalent.



### GHG Emissions



#### Remark:

- The chosen consolidation approach for greenhouse gas emissions is operational control.
- Gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. The Global Warming Potential (GWP) used in the calculation is referred to IPCC and Thailand Greenhouse Gas Management Organization (Public Organization) (EN15, EN16 and EN18)
- The calculation of energy intensity ratio combines scope 1 and scope 2 energy (EN18).

G4-EN10

### • Water and Waste Water Management

Increasing efficiency in water use is one of our environmental management strategies. We set appropriate water use target in every step of the operations. Advanced technology, research and development along with process improvement have been utilized throughout business operations so as to minimize water consumption and maximize water efficiency particularly in businesses that are more water-intensive like aquaculture, swine farming and food manufacturing.

The Company holds highest accountability in assuring that treated wastewater at our plants is qualified against environmental standard. We closely monitor the quality of the treated wastewater indicated by the Biological Oxygen Demand (BOD) value which must pass legal requirement. During 2005-2012, we installed real time monitoring system (BOD Online) in 9 food manufacturing plants, allowing the data to be reported directly to the Department of Industrial Work.

Furthermore, we put in our best effort to make use of wastewater from farming operations and food manufacturing, for example, tree watering. We also seek opportunity to create economic value such as the conversion of wastewater into energy.

### • Waste and Air Pollution Management

The Company recognizes the importance of managing waste in ways that do not pose any impacts to the surrounding communities and the environment. We are committed to using resources efficiently and maintaining high standard of waste management as well as creating value to waste generated during the operations, for example, the biogas system utilizes swine manure and sediment from wastewater treatment system.

## Some of Our "Process Innovation" for Environmental Sustainability



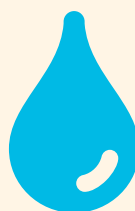
### • Wastewater Biogas Capture and Utilization Project

Wastewater is utilized through the closed anaerobic system of wastewater treatment. The methane gas generated from the system is used as an alternative energy to fuel oils and LPG at steam boilers at 6 of our food processing plants. In 2014 the project contributed to the greenhouse gas emissions reduction of 25,366 tons of carbon dioxide equivalent per year.

- Green Farm** The environmentally friendly swine farming has turned into a comprehensive waste and pollution management project. With the evaporative cooling system and bathroom installed in the closed barn, the foul odor is then effectively controlled and the water from the bathroom can be directed to plastic-covered biogas pond. In addition, wastewater undergoing the treatment is used for tree watering. In order to eliminate and prevent unpleasant odor from disturbing the communities surrounding the facilities, the 3 layers of natural air filter are in place. In 2014, the electricity generated from biogas replaced 31% of purchased grid electricity, saving 93 million baht per year. In terms of greenhouse gas emissions reduction, the project abated 100,864 tons of carbon dioxide equivalent per year.

GRI EN8

**In 2014, Our Water Consumption was**



**370**

**Million Cubic Meters**

GRI EN10

**In 2014, Treated and Reused Wastewater**



**82**

**Million Cubic Meters**



**or 22%**  
**of Total Water Consumption.**



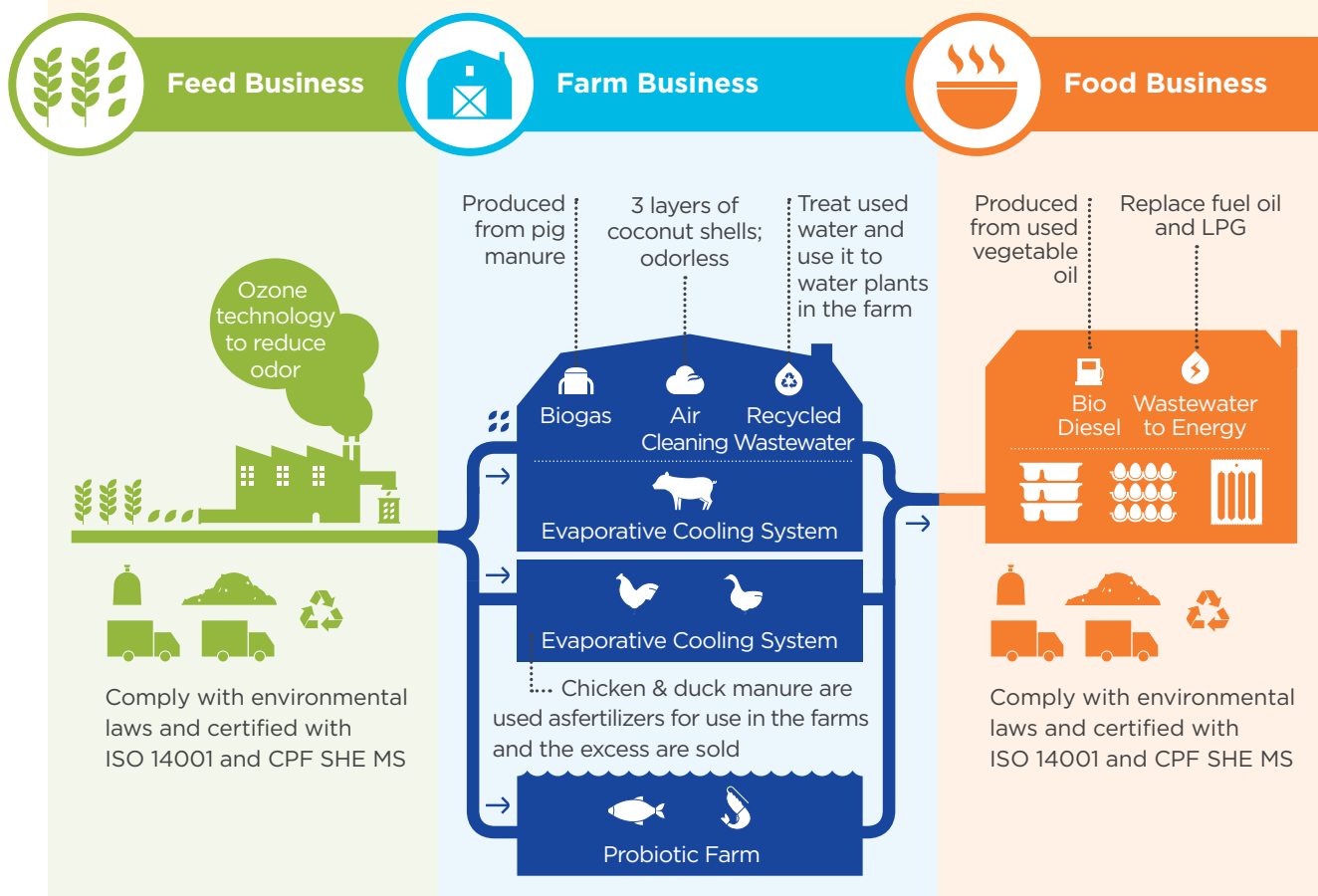
## Waste

We categorize waste into different types in accordance with relevant law and ensure that at every stage of the handling process including collection, transport, and disposal prevents contamination to the environment. We have also put in place the hazardous waste management system entailing internal control that covers monthly waste accounting and appropriate collection methods. The waste is sent to disposal sites managed by companies who have been authorized by Department of Industrial Works, Ministry of Industry, allowing full traceability in all procedures.

## Air Pollution

We control and treat air pollutants before the air is released from the plants. Strict monitoring is conducted twice a year to ensure that the levels of pollutants comply with relevant law. In 2014, the levels of dust particles, nitrogen oxide, sulfur dioxide, carbon monoxide and opacity are lower than legal requirements in all business units.

### The Overview of the Company's Waste and Pollution Management



## • Sustainable Products

One of our top sustainability priorities is to create products that are environmentally friendly, socially responsible and safe to consumers. This supports our Carbon Footprint for Organization (CFO) or the target to reduce greenhouse gas emissions for operations in Thailand.

### Product Sustainability

**“Product Sustainability”** project initiated in 2012 is a memorable milestone as it accelerates our progress towards the CFO target. We apply Product Life Cycle Assessment (LCA) to inform decision-making in every stage of a product cycle starting from the production of animal feed, farming, meat processing, and food manufacturing until the distribution and sales of finished food products.

Essentially, sustainability aspects of a product cover the consideration of 4 dimensions: product quality and food safety, environmental, social and economic. We focus on minimizing impacts in 6 important areas: required resources, land use, energy consumption, emissions, toxicity potential and occupational illness and accidents. The eco-efficiency methodology is employed to assess ecological efficiency in parallel with financial performance. Such methodology has been approved by globally recognized accreditation bodies, TUV Rheinland in Germany and the US National Sanitation Foundation in USA.

Our two pilot projects, CP Fresh Chicken and Roasted Chicken Strips, have proved successful. In 2013, the products were awarded ProSustain® certification by the Det Norske Veritas (DNV) and for this year, we achieved the target of completing the analysis in all chicken products. We have set goal to expand the project to a wider range of products under poultry, swine and aquaculture businesses.

## Some of Our “Product Innovation” for Environmental Sustainability



• **Carbon Footprint Label** The Company was the first chicken product manufacturer in Thailand and the world which was awarded Carbon Footprint Labeling from Thailand Greenhouse Gas Management Organization (TGO). Since 2008, a total of 145 products under fresh meat, processed food, dairy, animal feed and dog treat product lines have been registered and certified. The management during production process supports carbon emissions reduction throughout the supply chain.



## Sustainable Packaging

Packaging is an essential component in safeguarding the quality of our products and ensuring food safety to our consumers. We contemplate the environmental impacts of the manufacture as well as the disposal of product packaging. Sustainable packaging is our intention to continuously mitigate environmental impacts while maintaining or improving appearance, quality and safety dimensions.

Since 2004, we have been committed to continuous improvement and development of packaging that supports environmental impact mitigation. We have been able to reduce the consumption of plastic and paper by 1,700 tons, 170 tons of which is the performance of 2014. The cost saving during 2007-2014 accumulating to 230 million Baht came primarily from the reduction of resources used and the efficiency improvement in packing and loading capacity. This also benefits our customers who bear lower transportation cost as a result of increased loading capacity.

## CONTINUOUS IMPROVEMENT



From 2007 - 2014 Decrease plastic and paper from packaging production

BY

**1,700** tons



121

WE CARE. WE SHARE



## Some of Our "Product Innovation" for Environmental Sustainability

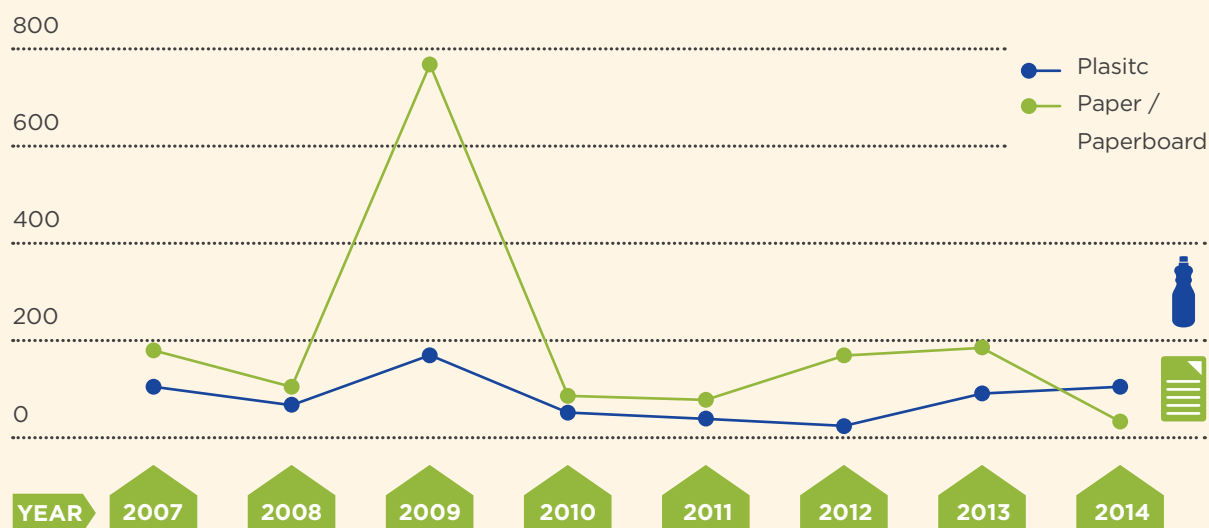
**Water Footprint Label :** The Company has furthered our water stewardship via the participation in the Water Footprint for Agricultural and Food Products, the project sponsored by the National Bureau of Agricultural Commodity and Food Standards (ACFS). The project goal is to enhance efficient use of water throughout the production process. Low water footprint means less water is used throughout the product life cycle.

In 2013, three of the Company's facilities were included in the project: Minburi 2 Food Processing Plant, Klang Aquatic Food Processing Plant, and Nakorn Luag Egg

Sorting Plant, with the 3 pilot products: Roasted Chicken Strip, CP Shrimp Wonton, and CP Fresh Chicken Eggs. The study finds that the water footprint for CP Fresh Chicken is 26% lower than the global average as our product's footprint is 3,200 liters per kilogram whereas the global average is 4,325 liters per kilogram (source: [www.waterfootprint.org](http://www.waterfootprint.org)).

In 2014, the project was implemented at Ranode Aquatic Food Processing Plant. This exemplifies our commitment to operational improvement for better environmental sustainability.

### Reduction of Plastic and Paper in our Packaging (Ton/Year)



G4-EN13

### Protecting Biodiversity

The Company has always strived for nature and biodiversity conservation in parallel with business operations. We take many approaches to safeguard environmental resources. For example, location of facilities must not overlap with conservation areas and all environmental law and regulation and standards must be complied. We assess potential impacts that may occur as a result of business operations on a regular basis. Above all, we intend to bolster natural capital stock which is an important element of sustainable economic and social development.

We recognize the importance of trees and forests which are inextricably linked to soils and water. They are essential to support the functioning of ecosystem including provisioning services such as food, water and fuel; regulating services such as climate, water quality, and erosion; cultural services such as recreation,

aesthetic enjoyment, and spiritual renewal. Therefore, we encourage our employees and communities to become part of volunteer network in conserving and restoring green areas and forest stock within and nearby our boundaries as well as Thailand's strategic areas.

#### • Rak Nives Project – Benefit Assessment of the Company's Green Belt

We recognize the need to build a database for the collection of tree profile and associated benefits. **Rak Nives**, a newly launched project in 2014, came about in response to such needs. In collaboration with Kasetsart University's Faculty of Environment, we conducted a study in 4 pilot plants from feed unit, swine farm, chicken farm and food processing plant to: 1) collect data and design a universal data collection system and 2) develop an assessment tool to calculate the benefits or payment for ecosystem services (PES). The project allows us to quantify the value of ecosystem services generated by planted trees and forest gardens including:



- The value of the important nutrients such as nitrogen, phosphorous, and potassium
- The value of decreased temperature
- The value of the absorption of carbon dioxide, and
- The value of biomass product

Our ultimate goal is to utilize the collected data to inform our strategic conservation plan and biodiversity restoration plan in the future.

In order to run the project efficiently and effectively, in 2014 we trained over 200 employees to enrich their knowledge about tree planting, protection and maintenance of ecosystem and biodiversity, and PES evaluation techniques. The evaluation of PES in 4 pilot plants shows the value of over 4.4 million Baht. Our 2015 target is to achieve participation rate of 50% from all farms.

#### • **Grow-Share-Protect Mangrove Forestation Project**

Mangrove ecosystem is of extreme importance. It connects land and marine ecosystems and is rich in biodiversity, thereby effectively maintains balance of nature. The Company has long been a strong advocate for mangrove afforestation and preservation. Since 1993 up until now, we have worked relentlessly with a wide range of stakeholders including government agencies, academic institutions and local communities to plant mangrove forests which amount to over 5,600 rai<sup>10</sup> in 17 provinces in the southern, central and eastern regions of Thailand.

This year we showed our support for the Thailand's Mangrove Forest Management Master Plan, whose target is to manage and restore mangrove trees of over 1.52 million rai and to strengthen the mangrove conservation network. The strategic cooperation was formed among the Company, Department of Marine and Coastal Resources, Biodiversity-Based Economy Development Office (BEDO) and civil society groups through the inception of **"Grow-Share-Protect" mangrove forestation project**. We aim to preserve and restore 2,000 rai of mangrove during 2014-2018 in 5 key strategic areas: Chumphon province, Samut Sakhon province, Rayong province, Phangnga province and Surat Thani province.

<sup>10</sup>1 rai = 1,600 m<sup>2</sup>



## Preservation and Restoration Guideline



### GROW

Grow awareness on mangrove forest preservation by promoting ecological and economic values of mangrove forest and coastal resources and the 4 key processes of mangrove forest replanting activities

#### Sowing



Raise strong seedlings in the nursery area that provides suitable sowing condition e.g. humidity, oxygen level, temperature and lighting

#### Planting



Plant young plants in the area with suitable environment for the plant type such as water depth and hydrology



#### Monitoring



Monitor and report on the mangrove preservation area, the number of mangrove trees and the variety of types



#### Nurturing



Replant the area where growth rate is low, get rid of barnacles and weeds as well as provide necessary care

### SHARE

Share knowledge and experience about mangrove forest replantation and preservation with relevant stakeholders

### PROTECT

Protect mangrove forest through the collaboration between the mangrove preservation and restoration network and civil society to provide strong knowledge foundation and better understanding regarding the benefits of mangrove forest.



In 2014, we made progress in 3 provinces: Chumphon, Rayong and Samut Sakhon where newly planted mangroves and conservation area account for 47 rai and 1,396 rai respectively. We monitored the survival rate by performing random check on one row of every 5 rows for the entire area. The monitoring showed that the survival rate of mangrove trees grown in Chumphon province was 85% while that of Samut Sakhon province was 26.4%. Low survival rate in Samut Sakhon area resulted because the coastal area is an estuary which is prone to erosion caused by strong waves. In order to

improve the survival rate, we continue working hand in hand with our partners through planning and close monitoring. In 2015, our plan is to expand the newly planted area for 100 rai and the conservation area for 2,000 rai.

The cooperative effort in the project enhances richer biodiversity as measured by greater number of species inhabiting the mangrove. The project also serves as a learning platform for youth and interested organizations and individuals.

G4-EN3, G4-EN5, G4-EN8, G4-EN10, G4-15, G4-EN16, G4-EN22, G4-EN23

#### Environmental Performance 2012-2014

Environmental Performance	Unit	2012	2013	2014
<b>Energy and Greenhouse Gas</b>				
Total energy consumption	million gigajoules	9.17	9.23	9.67
Non-renewable energy	million gigajoules	2.67	3.14	3.56
- Coal	million gigajoules	0.66	0.76	0.78
- Fuel oil	million gigajoules	0.44	0.49	0.56
- Diesel oil	million gigajoules	0.30	0.20	0.36
- Gasoline	million gigajoules	0.02	0.04	0.02
- LPG	million gigajoules	0.29	0.30	0.33
- Natural gas	million gigajoules	0.96	1.36	1.51
Renewable energy	million gigajoules	2.21	2.07	1.78
Electricity consumption (purchased)	million Kwh	1,193	1,117	1,203
Electricity consumption (purchased)	million gigajoules	4.30	4.02	4.33
Energy intensity	gigajoules per production ton	1.31	1.34	1.37
Total direct greenhouse gas emissions (scope 1)	million ton of CO <sub>2</sub> e	0.16	0.17	0.19
Total indirect greenhouse gas emissions (scope2)	million ton CO <sub>2</sub> e	0.67	0.65	0.70

Environmental Performance	Unit	2012	2013	2014
Total greenhouse gas emissions (scope 1 + scope 2)	million ton CO <sub>2</sub> e	0.82	0.81	0.88
Greenhouse gas emissions intensity	kg CO <sub>2</sub> e per production ton	118.16	118.34	125.63
Biogenic greenhouse gas emissions	million ton CO <sub>2</sub> e	0.21	0.19	0.16
<b>Water</b>				
Total water consumption	million cubic meter	186.78	207.62	370.07
- Municipal water supply	million cubic meter	n/a	n/a	16.74
- Seawater	million cubic meter	n/a	n/a	70.61
- River	million cubic meter	n/a	n/a	13.24
- Canal	million cubic meter	n/a	n/a	166.53
- Groundwater	million cubic meter	n/a	n/a	16.59
- Rainwater	million cubic meter	n/a	n/a	55.44
- Other surface water sources	million cubic meter	n/a	n/a	8.24
- Purchased water (excluding drinking water)	million cubic meter	n/a	n/a	22.65
- Waste water from outside	million cubic meter	n/a	n/a	0
Recycled and reused water	million cubic meter	n/a	n/a	82.69
Water discharge	million cubic meter	n/a	n/a	115.35
- Sea	million cubic meter	n/a	n/a	34.07
- River	million cubic meter	n/a	n/a	6.67
- Canal	million cubic meter	n/a	n/a	68.38
- Public waterway	million cubic meter	n/a	n/a	3.59
- Others	million cubic meter	n/a	n/a	2.62
<b>Quality of water discharge</b>				
- BOD value	milligram per liter	n/a	n/a	19.81
- Nitrogen value	milligram per liter	n/a	n/a	41.31
- BOD quantity	thousand ton	n/a	n/a	2.28

Environmental Performance	Unit	2012	2013	2014
- Nitrogen quantity	thousand ton	n/a	n/a	4.76
<b>Waste</b>				
Total waste	million ton	0.34	0.39	0.44
Non-hazardous waste	million ton	0.34	0.39	0.44
<b>Disposed Non-hazardous Waste</b>				
- Landfill within the organization	thousand ton	n/a	n/a	3.08
- Composting	thousand ton	n/a	n/a	1.63
- Burning	thousand ton	n/a	n/a	4.96
- Reuse	thousand ton	n/a	n/a	0.04
- Recycling	thousand ton	n/a	n/a	1.14
- Send to local government agency	thousand ton	n/a	n/a	13.96
- Send to disposal sites managed by authorized agency	thousand ton	n/a	n/a	17.36
- Selling to other organization	thousand ton	n/a	n/a	345.04
- Others	thousand ton	n/a	n/a	30.34
Waste stored within the organization	thousand ton	n/a	n/a	32.23
Hazardous waste sent to disposal managed by authorized agency	thousand ton	n/a	n/a	0.44
Hazardous waste stored within the organization	thousand ton	n/a	n/a	0.25

Remarks:

- The data for calculation of total water consumption includes data from water meter, water bills, flow rates of water pumps and average volume of rainwater from Meteorological Department (EN8).
- Total volume of reused/recycled water is calculated based on the data from water meter and flow rates of water pumps (EN9).
- Water consumption figures are not separated into planned and unplanned as the current design of data collection system does not support the separation. The separated data will be collected next year (EN22).
- The reported BOD value and nitrogen value are the average of BOD values and the average of nitrogen values respectively from all business units. The data were verified by external party (EN22).
- BOD value = amount of disposed water x average BOD intensity.
- Nitrogen value = amount of disposed water x average nitrogen intensity.
- The current data collection system does not include the documenting of disposal methods but the system will be adapted by next year.
- The disclosed quantity of waste which being stored within the organization is waste that was generated during 2014 only, but does not include waste which might be generated before 2014. The current data collection system does not include the documenting of disposal methods but the system will be adapted by next year.

# GRI Content Index for 'In accordance'- CORE

## General Standard Disclosures

General Standard Disclosures	Page	External Assurance
<b>Strategy and Analysis</b>		
G4-1	Pages 14-17	-
<b>Organizational Profile</b>		
G4-3	Page 18-19	-
G4-4	Page 18-19	-
G4-5	Page 40	-
G4-6	Page 20-21	-
G4-7	Annual Report, page 86-105	-
G4-8	Page 20-21	-
G4-9	Pages 20-23, 78, 92 ,Annual Report, page 20-29, 86-105 and Annual Review, page 28-43 <a href="http://www.cpbrandsite.com/product.php">www.cpbrandsite.com/product.php</a> <a href="http://www.cpfworldwide.com/th/product">www.cpfworldwide.com/th/product</a>	-
G4-10	Page 78-81 The Company does not have temporary contract employee All employees are full-time employees All work is performed mainly by employees and workers There was no significant variation in employment numbers during the reporting period	-
G4-11	Zero percent of our employees are covered by collective bargaining agreements.	-
G4-12	Page 18-19	-
G4-13	Annual Report, page 9	-
G4-14	Page 31, 43	-
G4-15	Page 31	-
G4-16	Page 32-34	-



General Standard Disclosures	Page	External Assurance
Identified Material Aspects and Boundaries		
G4-17	Page 35 and Annual Report, page 86-105	-
G4-18	Page 36-37	-
G4-19	Page 37	-
G4-20	Page 38	-
G4-21	Page 38	-
G4-22	Page 35	-
G4-23	There is no significant change in the scope and aspect boundary	-
Stakeholder Engagement		
G4-24	Page 39-40	-
G4-25	Page 39-40	-
G4-26	Page 39-40	-
G4-27	Page 39-40	-
Report Profile		
G4-28	Page 35	-
G4-29	Page 35	-
G4-30	Page 35	-
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G4-33	Page 35, 128-138	-
Governance		
G4-34	Page 26-29 and Annual Report, page 63-73	-

General Standard Disclosures	Page	External Assurance
<b>Ethics and Integrity</b>		
G4-56	Annual Report, page 63-73, website: <a href="http://www.cpfworldwide.com/th/investor/">http://www.cpfworldwide.com/th/investor/</a> <a href="http://www.cpfworldwide.com/th/investor/corporate-governance">http://www.cpfworldwide.com/th/investor/corporate-governance</a>	-

## Specific Standard Disclosures

Material Aspects	DMA and Indicators	Page	Omission	External Assurance
Economic Performance	G4-DMA	Annual Report, page 8-9, and Annual Review, page 4-5	-	-
	G4-EC1	Page 22-23 and Annual Report, page 20-29	-	-
Energy	G4-DMA	Page 115-116	-	-
	G4-EN3	Page 116, 125	-	Page 134-136
	G4-EN5	Page 116, 125	-	Page 134-136
	G4-EN6	Page 117-118	-	-
Water	G4-DMA	Page 118	-	-
	G4-EN8	Page 118, 126-127	-	Page 134-136
	G4-EN10	Page 118, 126-127	-	-
Biodiversity	G4-DMA	Page 122-125	-	-
	G4-EN13	Page 122-125	-	-
Emissions	G4-DMA	Page 57-59, 115, 118-119	-	-
	G4-EN15	Page 117, 125-126	-	-
	G4-EN16	Page 117, 125-126	-	-
	G4-EN18	Page 117, 125-126	-	-

Material Aspects	DMA and Indicators	Page	Omission	External Assurance
Effluents and Wastes	G4-DMA	Page 118-119	-	-
	G4-EN22	Page 126-127	Water consumption figures are not separated into planned and unplanned as the current design of data collection system does not support the separation. The separation will be commenced next year.	Page 134-136
	G4-EN23	Page 126-127	The disclosed quantity of waste is waste that was generated during 2014 only, excluding waste which had been generated before 2014. The current data collection system does not support the documenting of disposal methods but the system will be adapted by next year.	Page 134-136
Supplier Environmental Assessment	G4 DMA	Page 43		
	G4-EN32	Page 43	The disclosure of this indicator is available only for fishmeal supplier as this program in year 2014 was implemented for fishmeal suppliers only and the company is starting to assess all critical suppliers in 2015.	
Employment	G4-DMA	Page 63-64	-	-
	G4-LA1	Page 79-81	Reporting number of employees by region is not applicable since this report only covers operations in Thailand	-

Material Aspects	DMA and Indicators	Page	Omission	External Assurance
Occupational Health and Safety	G4-DMA	Page 74-75	-	-
	G4-LA5	Page 74-75	-	-
	G4-LA6	Page 76-78	Reporting the data by region is not applicable since this report only covers operations in Thailand	Page 134-136
Training and Education	G4-DMA	Page 65-69	-	-
	G4-LA9	Page 67	-	Page 134-136
	G4-LA10	Page 65-68	-	Page 134-136
	G4-LA11	Page 65	-	-
Supplier Assessment for Labor Practices	G4-DMA	Page 43-44, 54-56	-	-
	G4-LA15	Page 43-47	The disclosure of this indicator is available only for fishmeal supplier as this program in year 2014 was implemented for fishmeal suppliers only and the company is starting to assess all critical suppliers in 2015.	-
Labor Practices Grievance Mechanisms	G4-DMA	Page 54-56, 70-73	-	-
	G4-LA16	Page 72-73	-	-
Non-Discrimination	G4-DMA	Page 73	-	-
	G4-HR3	Page 73	-	-
Child Labor	G4-DMA	Page 43-45, 54-56	-	-
	G4-HR5	Page 45-49	-	-
Forced or Compulsory Labor	G4-DMA	Page 43-45, 54-56	-	-
	G4-HR6	Page 45-49	-	-

Material Aspects	DMA and Indicators	Page	Omission	External Assurance
Supplier Human Rights Assessment	G4-DMA	Page 43-45	-	-
	G4-HR11	Page 43-49	The disclosure of this indicator is available only for fishmeal supplier as this program in year 2014 was implemented for fishmeal suppliers only and the company is starting to assess all critical suppliers in 2015.	-
Human Rights Grievance Mechanisms	G4-DMA	Page 72-73	-	-
	G4-HR12	Page 73	-	-
Local Communities	G4-DMA	Page 108-109	-	-
	G4-SO1	Page 108-111 All of the community surrounding our operations are engaged regularly by our employee	-	-
Product and Service Labeling	G4-DMA	Page 94-96	-	-
	G4-PR3	Page 94-96	-	-
Healthy and Affordable Food	G4-DMA	Page 92-99	-	-
Customer Health and Safety	G4-DMA	Page 85-92	-	-
	G4-FP5	Page 85	-	-





Lloyd's Register  
LRQA

## LRQA Assurance Statement Relating to Charoen Pokphand Foods Public Company Limited's Sustainability Report for the calendar year 2014

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 for the calendar year 2014 ("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 Sustainability Report 2014 (CPF) and its subsidiaries in Thailand and specifically the following requirements:

- Confirming that the report is in accordance with:
  - GRI G4's reporting guidelines and core option
  - GRI G4's Food Processing Sector Disclosure
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - G4-EN3 (Energy consumption within the organization)
  - G4-EN5 (Energy intensity)
  - G4-EN8 (Total water withdrawal by source)
  - G4-EN22 (Total water discharge by quality and destination)
  - G4-EN23 (Total weight of waste by type and disposal method)
  - G4-LA6 (Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender)
  - G4-LA9 (Average hours of training per year per employee by gender, and by employee category)
  - G4-LA10 (Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings)

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 other business units apart from feed, farm and food processing in Thailand.

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 accurate and reliable performance data and information as no errors or omissions were detected
- 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 by 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 Company 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 sites of Baan That broiler farm and Nong Khae aqua feed (Saraburi Province), PB2 and CS1 shrimp farms (Petchburi and Chachoengsoa Provinces), Poultry processing factory Bang-Na (Bangkok Province), and Kanchanaburi swine farm (Kanchanaburi Province) to sample evidence for the selected specific standard disclosures to confirm its reliability.

**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. It should be noted that CPF has processes for identifying and determining their material aspects; the evaluation process considers factors such as stakeholder concerns, potential impact to economic, social and environment, business risk and issues addressed by peers. These aspects have then been prioritised and influenced CPF's performance disclosures and that these criteria are not biased to CPF's management.
- **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, even though it was noted that one of its peer's concern on animal welfare was not effectively captured by the CPF's direct stakeholder engagement activities, CPF has disclosed its management approach on this issue. We believe, however, that more information about the specific standard disclosures on this performance should be provided. We also believe that future reports should explicitly provide more information about its management approaches relevant to animal welfare performance by disclosing material sector specific indicators in accordance with the GRI G4's Food Processing Sector Disclosure. Future report should also expand its reporting scope to CPF's overseas subsidiaries to further demonstrate its responsiveness to and perception of stakeholder at a broader level. It should also consider reporting for the safety, occupational health and environmental key performance indicators (SHE KPIs) material to CPF's other business units apart from feed, farm and food processing, for example, CPF distribution centres.

- **Reliability:**  
Data management systems are considered to be properly defined and centralized for the data and information collection and calculation associated with the selected specific standard disclosures listed above. CPF also has process for internal data verification to ensure the quality of its reported data and information. We believe that a systematic and periodical implementation of this internal verification at facility level would prevent those errors identified at corporate level.

#### **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.

LRQA has not provided any kind of services except this sustainability report verification to CPF. This verification engagement is the only work undertaken by LRQA for CPF and as such does not compromise our independence or impartiality.

Signed

Dated: 22 February 2015



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