

# LR Independent Assurance Statement

## Relating to Charoen Pokphand Foods Public Company Limited's Sustainability Report for the calendar year 2020

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 Limited (LR) was commissioned by Charoen Pokphand Foods Public Company Limited (CPF) to provide independent assurance on its Sustainability Report 2020 ("the report") against the assurance criteria below to a level of assurance and at the materiality of the professional judgement of the verifier using LR's verification procedure. LR's verification procedure is based on current best practice, is in accordance with ISAE 3000 and uses the following principles of - inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered Charoen Pokphand Foods Public Company Limited's and their subsidiaries' operations and activities in Thailand and specifically the following requirements:

- Confirming that the report is in accordance with:
  - GRI Standard and core option
  - GRI Food Processing Sector Disclosure
- Evaluating the reliability of data and information for only the selected indicators listed below:<sup>1</sup>
  - GRI 203-2 Significant indirect economic impacts (2016)
  - GRI 302-1 Energy consumption within the organization (2016)
  - GRI 302-3 Energy intensity (2016)
  - GRI 303-3 Water withdrawal (2018)
  - GRI 303-4 Water discharge (2018)
  - GRI 303-5 Water consumption (2018)
  - GRI 305-1 Direct (Scope 1) GHG emissions<sup>(1)</sup> (2016)
  - GRI 305-2 Energy indirect (Scope 2) GHG emissions (2016)
  - GRI 306-2 Waste by type and disposal method (2016)
  - GRI 403-9 Work-related injuries (2018)
  - GRI 403-10 Work-related ill health (2018)

Notes: <sup>(1)</sup>Reporting scope of Direct GHG emission includes emission from sources of fuel combustion only but exclude direct GHG emission from flaring of biogas and other sources of direct GHG emission

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

LR's responsibility is only to CPF. LR 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.

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<sup>1</sup> <https://www.globalreporting.org>

<sup>1</sup> GHG quantification is subject to inherent uncertainty.

## LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that CPF has not, in all material respects:

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

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

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## LR's approach

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

- Assessing CPF's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through:
  - interviewing representatives of some CPF's business units that have engaged with stakeholders, and
  - reviewing documents and associated records.
- Reviewing CPF's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by CPF and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether CPF makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing CPF's data management systems to confirm that there were no significant errors, omissions, or misstatements 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.
- Verifying data and information remotely via video conference for a selection of CPF's sites i.e.
  - Mahachai Aqua Feed Mill in Samutsakorn Province,
  - Choknavy Marine Shrimp Farm in Samut Songkarm Province,
  - Feather Mill Manufacturing Plant in Samut Prakarn Province,
  - Khokpikhong Swine Farm in Sa Kaeo Province
  - Nong Chok Egg Processing Plant in Bangkok
  - Bang Nam Prio Distribution Center in Chachoengsao Province.

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. CPF has open dialogue with all of its stakeholders, applying various methods at each business unit and then consolidating these results at corporate level. CPF's sustainability strategy, and the content of this report, have been informed by the views and expectation 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 established extensive criteria for determining which sustainability issues are material. These criteria are not biased to CPF's management but consider stakeholders' views and expectation, material issues identified by CPF's peers and current global trends. The resultant material issues are then prioritised and influence CPF's sustainable strategy, management approaches and performance disclosures.

- Responsiveness:

CPF has established and implemented 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, CPF should extend its reporting scope of:

- direct GHG emission to cover all direct GHG emission sources as the reporting scope is limited to combustion sources only. Complete reporting of direct GHG emissions will enhance the responsiveness of CPF's contribution for addressing this global material issue.
- work-related injuries to cover all worker groups who are not direct employees of CPF, but whose work and/or workplace is controlled by CPF as some of them are excluded, for example: third-party consultants, delivery drivers, and supplier's drivers. Inclusion of these worker groups will allow CPF's performance to be more comprehensively benchmarked in future reports.

- Reliability:

Data management systems are established and centralised for the collection and calculation of data associated with the selected specific standard disclosures listed above. However, it was noted that the:

- template used to collect energy consumption and GHG emission data from each facility did not capture all fuel sources i.e., Biodiesel with 7%, 10% and 20% palm oil. We believe that the reliability of renewable and non-renewable energy consumption, as well as biogenic CO<sub>2</sub> GHG emission and GHGs emission from fossil fuels, reported in future reports will benefit from CPF reviewing and updating its template.
- working hours reported for employees at some facilities did not consider absentee days and breaktimes, causing an over and under-reporting of total man-hours respectively. Although this is not a material misstatement, we believe that resolving this accounting error will further enhance the reliability of future reports.

We believe that more vigorous and systematic internal verification by each business unit will improve the reliability of reported data and information. It would also prevent errors such as those identified above being disclosed at the corporate level.

### **LR's standards, competence and independence**

LR 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.

LR reviews CPF's SHE & EN Standard to ensure that it was developed based on the risk management principles in accordance with ISO 14001:2015, ISO 45001:2018 and ISO 5001:2015. The verification and certification assessments are the only work undertaken by LR for CPF and as such does not compromise our independence or impartiality.

  
Paveena Hengsriratwat  
LR Lead Verifier

Dated: 28 February 2021

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