



# LRQA Independent Assurance Statement

## Relating to Charoen Pokphand Foods Public Company Limited's Sustainability Report for the calendar year 2022

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

LRQA was commissioned by Charoen Pokphand Foods Public Company Limited (CPF) to provide independent assurance on its Sustainability Report 2022 ("the report") against the assurance criteria below to a limited level of assurance and at materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA'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 CPF's and their subsidiaries' operations and activities in Thailand and overseas in Laos, Malaysia, Philippines, India, Cambodia, Vietnam and Turkey and specifically the following requirements:<sup>1</sup>

- Confirming that the report is in accordance with:<sup>ab</sup>
    - GRI Standard 2021
    - GRI Food Processing Sector Disclosure
  - Evaluating the reliability of data and information for only the selected indicators listed below:
    - 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>(2)</sup> (2016)
    - GRI 305-2 Energy indirect (Scope 2) GHG emissions (2016)
    - GRI 306-3 Waste generated (2020)
    - GRI 306-4 Waste diverted from disposal (2020)
    - GRI 306-5 Waste directed to disposal (2020)
    - GRI 403-9 Work-related injuries (2018)
    - GRI 403-10 Work-related ill health (2018)
    - GRI 405-2 Ratio of basic salary and remuneration of women to men (2016)<sup>(3)</sup>
- and non-GRI indicators listed below
- Lost Time Injury Frequency Rate (LTIFR)
  - Food loss and Food Waste<sup>(4), (5)</sup>
  - Total GHG emissions reduction from low-carbon products<sup>(6)</sup>
  - Increase renewable energy in operation (Unit% compare with total energy consumption from all type of energy compare with previous year)<sup>(7)</sup>

#### Notes:

- <sup>(1)</sup> It's worth noting that reporting boundary of CPF's sustainability Report 2022 mainly cover its Thailand operations only, except data and information which reported under the selected indicators related to Energy consumption within organization, Energy intensity, Scope 1 & Scope 2 GHG emissions, Water withdrawal, Water discharged, Water consumption, Waste generated, Waste diverted from disposal, Work-related injuries, LTIFR and work related ill health which cover its overseas operations.

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

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



- (2) 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
- (3) Reporting scope of Ratio of basic salary and remuneration of women to men in the CPF's Sustainability Report 2022 includes non-management level employees in its Thailand operation only.
- (4) Reporting scope of Food Loss is limited to food loss in CPF's business units in Thailand which operation related to shrimp business units in Eastern region of Thailand and egg products, chicken meat products in Thailand only.
- (5) Reporting scope of Food Waste is limited to some Pilot sites which includes two branches of Chester's restaurant (i.e. C.P. Tower Silom Branch and Imperial Samrong Banch), three branches of Food World, which are a branch at UN convention center in Bangkok, a branch at Rama IX hospital and a branch at a Hospital for Tropical Diseases, and one Distribution Center which is Bang Nam Prio Distribution Center only.
- (6) Reporting scope of Total GHG emissions reduction from low carbon is limited to performance of CPF (Thailand) Public Company Limited only.
- (7) Reporting scope of Increase Renewable Energy in Operation (unit: % compare with all type of energy) is cover CPF and their subsidiaries' operations in Thailand. In addition, this performance specifically for CPF (Thailand) Public Company Limited is also covered by the reporting scope and our assurance engagement.

Our assurance engagement excluded the data and information of CPF's 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 office, offices and other business units apart from feed, farm, food processing, wholesale and retail food products and restaurant in Thailand. Exclusion of SHE performance data and information are also made to some CPF's business units i.e. swine transferring stations, and raw milk transferring stations; and the operation which is in pilot scale i.e. research and development facilities (dairy farms, milk goat farm, cheese processing plant, and cattle feed). Our engagement of SHE indicators for restaurant in Thailand also excluded CP Kitchen, CP Food World, CP-Hilai Harbour and Dak Galbi restaurants.

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, in all material respects:

- Met the requirements above
- Disclosed 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. 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.

### LRQA's approach

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

- Assessing CPF's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through 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.
- Visiting a selection of CPF's sites, both in Thailand and overseas (see list below), to verify data and information:
  - Five operation sites in Thailand
    - Phra Phutthabat Slaughterhouse in Saraburi province
    - Suphan Buri Freshwater Aquaculture Research Center in Suphan Buri province
    - Thankasem Agro Feedmill Factory in Saraburi province
    - CPF FOOD & BEVERAGE Saraburi Factory in Saburi province
    - CPF Rendering Plant Nakhon Ratchasimain Nakhon Ratchasima province
  - Four operation sites in Vietnam
    - Ben Tre Aqua Feedmill
    - Ben Tre Shrimp Hatchery
    - Ben Tre Processing Plant
    - Long Dinh Farm
  - Three operation sites in India
    - Bangalore SJ76 Broiler Farm
    - Vizag Feedmill
    - Vijaya 1 Shrimp Hatchery
  - Two operation sites in Malaysia
    - Johor Farm
    - Star Feedmill
  - One operation site in Philippines which is Zambales 3 Shrimp Farm
  - One operation site in Laos which is Nasala Poultry Farm
  - One operation site in Cambodia which is Phnom Penh Feedmill, and
  - One operation site in Turkey which is Osmaneli Slaughterhouse.

## 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 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, has 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. CPF has identified its relevant sustainable issues by considering its context, business relationships, stakeholders' concerns, sector specific issues, and global trends. The resultant issues are then prioritized by impact assessment. These identified material issues 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 as well as management approaches for addressing its material issues. 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 Greenhouse Gas emissions (Scope 1 GHG emissions) to cover all its emission sources. Currently, the reported data is limited to GHG emissions from combustion sources only. Several emission sources are excluded, such as fugitive CH<sub>4</sub> from wastewater treatment system and other anaerobic treatment facilities, fugitive emission from refrigerants, and emissions from flaring. Therefore, the emission baseline is incomplete which may in turn mislead CPF's emission reduction performance. Note: GHG emission reduction roadmap, with committed target through 2030, has already been announced.



- All other material issues, apart from SHE performance, to cover not only Thailand but also overseas operation. This will further demonstrate CPF's commitment for managing all relevant material issues across its entire operations.
- Impact:

CPF has implemented processes to measure, evaluate and manage impact(s) relevant to its material topics. However, we believe that reporting performance of some specific disclosures could be improved to demonstrate how effective CPF has been in managing the impact. For example:

  - To address their material issue: food security, CPF has implemented some initiatives to enhance food security. To measure one of this initiative, CPF has used the FAO's "Voluntary code of conduct for food loss and waste reduction" by measurement both edible and inedible parts of food loss. Future reports could make it clearer how these measures can create a positive impact on food security, i.e. wasting fewer edible parts becomes an opportunity to feed more and help addressing impact of food security.
- 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:

  - Quantification of Scope 1 GHG emission from biomass combustion, using the EF (to convert mass to GHG) used dry basis figure but the verification found that the data was using wet basis. This caused errors in the GHG calculation due to %moisture content in biomass. To improve reliability, and reduce uncertainty in this reported data, %moisture content should be taken into account for applying dry base weight activity data in the calculation as same basis as the heating value and EF.
  - Reporting scope of contractors' manhours, which is used to calculate contractor injury rate, does not include all contractors i.e. logistic contractors whose activities include arranging for loading of raw materials and open/close the cargo canvas at height, while at CPF's workplace. Likewise, comparability of work related injury performance data against other organizations needs improving.

#### **LRQA's standards, 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 provided service to review CPF's SHE & EN Standard to ensure that it was developed based on the risk management principles in accordance with the relevant ISO standards. The verification and certification assessments are the only work undertaken by LRQA for CPF and as such does not compromise our independence or impartiality.

A handwritten signature in black ink, appearing to read 'Paveena Hengsrirawat'.

*Paveena Hengsrirawat*

LRQA Lead Verifier

On behalf of LRQA (Thailand) Limited

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