
STATEMENT ON SLAVERY AND HUMAN TRAFFICKING (2018-2019)



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CHAROEN POKPHAND FOODS PCL.
STATEMENT ON SLAVERY AND HUMAN TRAFFICKING
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Charoen Pokphand Foods PCL. or CPF¹ operates as an agro-industrial business and food conglomerate across 17 countries with net annual sales of 541,937 Million Baht² and currently has more than 133,389 employees. A full list of our subsidiaries can be found in our annual report at https://www.cpfworldwide.com/storage/annual_review/CPFAnnualReport2018.pdf.

The Company operates multiple businesses including feed production, farming, food processing and retail & food outlets located across Asia, Europe, and America.

In 2018, we remained strongly committed to the respect and non-violation of human rights. Slavery and human trafficking, in all its forms, for instance, forced labour, child labour or debt bondage, is prohibited within the Company and its business relationships, and full cooperation, at the same time, from all stakeholders is required in order to prevent such activities. Furthermore, in 2018, we focused on labour rights through both internal and external engagement with related stakeholders.

In recognition of CPF's journey towards sustainability, in 2018, CPF was recognized in Dow Jones Sustainability Indices (DJSI), a globally recognized sustainability index, in the category of Emerging Markets, a recognition listed to CPF now for four consecutive years. This recognition means that CPF is among 16 high profile companies in the FOA Food Products industry group selected from 104 companies across the world³.

As a leading Thai and multinational company, we recognize the importance of our active participation in the mitigation, prevention, and resolution of any slavery and human trafficking in our businesses and supply chain, which can be seen from the steps taken to combat such behaviour set out in this statement.

¹ When we use the terms "CPF", the "Company", "we", "us- and "our", we mean Charoen Pokphand Foods PCL.

² The net annual sales are available: https://www.cpfworldwide.com/storage/annual_review/CPFAnnualReport2018.pdf

³ The journey towards sustainability is available: <https://www.cpfworldwide.com/en/media-center/1074>

POLICY

We are consistently committed to sustainable development and human rights form one of our core sustainability priorities, as shown by our policy⁴ which is applicable across our entire group structure, including all subsidiaries incorporated in Thailand and other countries around the world. In addition, we continue to prioritise the participation of all parties involved in our supply chains which we consider to be fundamental in addressing human rights issues most effectively.

Furthermore, in 2018, we have continued our engagement in the Labour Rights Promotion Network Foundation (“LPN”), which began in early 2017. This has allowed us to participate in preparatory discussions on what workers’ grievance mechanisms should be in place in order to improve labour practices and the working environment. In more detail, on 14 November 2017, CPF signed a Memorandum of Understanding (MoU) with LPN to launch the Labour Voices Hotline as a tool allowing CPF workers to voice their concerns to LPN as a neutral party. Through the dedicated Labour Voices Hotline, CPF’s employees and workers nationwide, regardless of position or nationality, are encouraged to freely express their opinions, recommendations, and complaints. This seeks to establish trust among workers and should enable us to obtain honest feedback on actual working conditions and to promptly deal with all concerns.

Throughout 2018, CPF has continued its close collaboration with LPN, and has disseminated information about the **Labour Voices Hotline by LPN** put in place for the entire CPF workforce and advertised through posters and leaflets. In total, 6 hotline numbers have been reserved and put forward exclusively for CPF, 2 lines of such 6 numbers being operated in each of the languages spoken by our workers: Burmese, Cambodian and Thai. To tackle all reported cases with an efficient management of investigation and settlement, all calls have been recorded and classified into 3 case categories: human rights violation, labour law violation and other minor non-conformance. Complaints are dealt with on an anonymous basis. CPF adopts a transparent approach to these matters by communicating the existence of resolved cases to workers via the on-site communication boards, while also setting out the corrective actions taken and preventive measures put in place going forward. This reflects CPF’s persistent adherence to human rights principles.

⁴ Our Human Rights policy is available here: https://www.cpfworldwide.com/en/sustainability/policy/human_rights_policy.pdf

Moreover, we have completed an awareness survey which was conducted among 600 workers across CPF operations to gather useful information and any first-hand feedback from the workers, in order to identify and understand how the grievance mechanisms, through both internal and external channels, are functioning and how the workers are using the available mechanisms.

The results of the survey showed that most of the workers knew there were internal channels put in place to report grievances and to allow their concerns to be voiced and heard. They seem to firstly rely on a conventional channel, such as the on-site suggestion box, but prefer discussing directly with their supervisors and HR officers.

Workers have been encouraged to make use of the Labour Voices Hotlines, while LPN evaluates their understanding of the options available in large and small groups. Social media is also being deployed to widen the access and establish trust among workers. All workers, regardless of their nationality, can gain access to this external and neutral grievance mechanism for voicing comments, suggestions, or seeking assistance from the civil society.

In the same way, CPF is noticeably one leading member of Sub-Group #9 dedicated to **Responsible Recruitment Oversight**, which was established in 2017. CPF has collaborated with the **Fair Hiring Initiative (FHI)** and its founder, Marie Apostol Harvey, together with **Verité**, an independent,

non-profit organisation with its Mission Statement to illuminate labour rights violations in supply chains and remedy them to both workers and companies, through a systematic and step-by-step approach. Together we have collectively addressed the concerns around hiring fees. The ultimate goal of this project is to verify and certify the labour agencies in Myanmar, Cambodia, and Thailand as the **Ethical Labour Agency**.

Alongside its engagement in respect of human rights, CPF also places importance on other aspects of sustainability. This is demonstrated through several policies⁵, such as our Corporate Governance Policy, Code of Conduct, Corporate Social Responsibility towards Sustainability Policy, Employment and Labour Management Policy, Foreign Labour Hiring Practice, and Sustainable Sourcing Policy and Supplier Guiding Principle.

⁵ Our policies are available here:
<https://www.cpfworldwide.com/en/sustainability/policy/>

ASSESSING AND MANAGING RISK

As a business, our key risk relates to illegal fishing practices that often involve modern slavery-related issues. To manage this risk, the Seafood Task Force was co-founded by us in 2014 and aimed at eliminating forced labour, human trafficking, and Illegal, Unreported and Unregulated Fishing (IUU Fishing) across the Thai seafood industry.

So far, we have fully supported the missions of the Seafood Task Force through sharing information and knowledge, as well as contributing resources. We recognise that the social and environmental issues described are both closely linked to IUU fishing - hence the Company's clear focus on strengthening controls on the supply chain at the fishing vessel level.

We are the leader of the Sub Group#4 which focuses on Vessel Behaviour Analysis. The sub-group has a significant role in strengthening the controls on the supply chain by collaborating with VMS/Fishery experts from the United Kingdom. With funding support from the Seafood Task Force and Thai Producers, experts are responsible for stationing full-time at the Thai Department of Fisheries, which they have done since 2016, and giving advice to the Thai government on utilizing technology to identify suspicious activity of fishing vessels using an efficient Vessel Monitoring System ("VMS") with behaviour analysis algorithms.

The VMS is enhancing practices on Monitoring, Control and Surveillance (MCS) of IUU Fishing within Thailand's territorial waters and vessels who dock at Thai ports with marine animals.

Multiple projects are currently in progress, in relation to which more information can be found in the Progress Report on the website of the Seafood Task Force⁶.

⁶The progress report of the Seafood Task force is available here:
https://www.seafoodtaskforce.global/wp-content/uploads/2019/01/Seafood-Task-Force_-Multi-Stakeholder-Progress-Report_-_Dec-2018-1.pdf

DUE DILIGENCE

We continue to focus on human rights issues in our supply chain through active communication of the Sustainable Sourcing Policy and Guiding Principle⁷. We also provide training for our business partners and seek that contractors and critical suppliers adopt a similar stance towards human rights.

In 2018, 53 percent of our critical tier-1 suppliers in animal feed raw materials, food ingredients, and packaging groups were audited on sustainability issues such as human rights by a third party and/or internal auditors in compliance with our Sustainable Sourcing and Guiding Principle. Of these, 94 percent of critical tier-1 high-risk suppliers were already audited on Environmental, Social, and Governance aspects. For our operations, compliance with health and safety laws and regulations is encouraged by our employees. It is the aim of our audit programme to have audited 100% of critical suppliers by 2020.

TRAINING ASSESSMENT AND AUDIT

Our Sustainable Sourcing Policy and Supplier Guiding Principle was introduced in 2014 and disseminated at an early stage to all of the critical suppliers in animal feed raw materials, food ingredients, and packaging groups, representing 90% of CPF's procurement spending in Thailand.

In addition, to understand our Sustainable Sourcing Policy and Supplier Guiding Principle, the Company also provides capacity building, either in the form of classroom-based or online training. The training covers but is not limited to CPF's Policy, applicable laws and regulations, and technology.

We are currently in the final stage of developing an online supplier sustainability self-assessment tool. The tool should be expected for existing and new suppliers by the end of 2019.

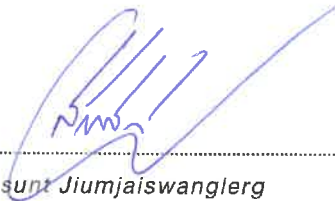
CPF aims to audit all critical tier-1 suppliers of animal feed raw materials, food ingredients, and packaging groups in Thailand for sustainability risks by the year 2020.

Now, CPF has been transitioning to use the Online Supplier Sustainability Self-Assessment system as part of our criteria for selecting new suppliers and performing annual assessments since 2017

⁷ Our Sustainable Sourcing Policy and Guiding Principle is available here: https://www.cpfworldwide.com/th/sustainability/policy/sourcing_policy.pdf

We implement the online assessment for suppliers in the critical direct raw materials group. Then, we currently plan to expand the online assessment to cover suppliers from the other 12 groups of suppliers by 2020 in order to manage initial supply chain risks from the very start of our procurement process.

This statement has been prepared pursuant to section 54 of the UK Modern Slavery Act in respect of the financial year running between 2018 and 2019 from 1 January 2018 to 31 December 2018. The statement has been approved by the board of directors of Charoen Pokphand Foods PCL and will be reviewed annually.



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