

**C.P. MERCHANDISING CO., LTD.**  
**STATEMENT ON MODERN SLAVERY**  
**AND**  
**HUMAN TRAFFICKING**  
**(1 January 2023 – 31 December 2023)**

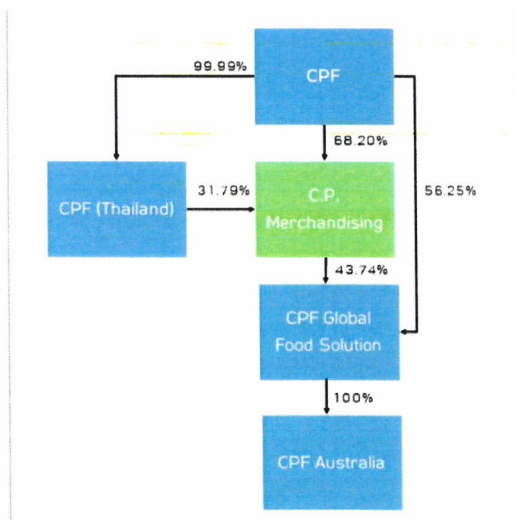
**1. INTRODUCTION**

This statement has been published in accordance with the *Australian Modern Slavery Act 2018 (Cth)*. It sets out the steps that C.P. Merchandising Co. Ltd., CPM, or the Company<sup>1</sup> have taken during the year ending 31 December 2023 to identify and prevent modern slavery and human trafficking taking place in the Company’s business and supply chains.

**2. CPM’S BUSINESSES, OPERATIONS, STRUCTURE AND SUPPLY CHAINS**

CPM, having Australian Registered Body Number 152 033 460, is an investment and international trading company. It is a 99.99% subsidiary of Charoen Pokphand Foods PCL (“CPF”) and has branches in various countries such as Australia, Germany and France, where it mainly traded products from CPF (Thailand) Public Company Limited (“CPF (Thailand)”). On 1 September 2023, CPM transferred the entire business in its Australia branch (including 6 employees) to a newly established company, CPF Australia Pty Ltd (“CPF Australia”), having Australian Registered Body Number 84 666 074 942. CPF Australia has, throughout 2023, consolidated revenue of approximately AUD 38 million and therefore falls out of scope of the *Australian Modern Slavery Act 2018 (Cth)*. Although CPM no longer operated in Australia, it did for part of the relevant reporting period and had the consolidated revenue in 2023 of around AUD 544 million and is therefore a reporting entity for the purposes of the *Australian Modern Slavery Act 2018 (Cth)*.

The Structure and relatedness amongst CPM, CPF (Thailand), and CPF Australia are shown in the picture below.



<sup>1</sup> When we use the terms “CPM”, the “Company”, “we”, “us” and “our”, we mean C.P. Merchandising Co., Ltd. and any entity that it owns or controls.

CPM engages in the international trade business investment. The Company invests in a range of assets across both listed and unquoted securities in Thailand. The investment objective is intended to ensure that the Company receives sustainable returns in the form of dividends. The international trade business investment parts include import, export and trading business in Australia and Middle East.

CPM's main procurement category was processed chicken which we purchased from our main supplier CPF (Thailand). CPF (Thailand), as our predominant supplier, is located in Thailand.

The products traded by CPM were categorized into 3 categories:

- **Food:** A variety of fresh meat and processed meat products, including semi-cooked and cooked or Ready-to-Eat as well as vegetable, fruits and beverage;
- **Feed:** Animal feed, pet snacks or pet food and feed bags; and
- **Farm:** Swine and chicken breeders and farming equipments.

CPF, as a parent company, has developed a comprehensive Sustainable Sourcing Policy and Supplier Guiding Principles, which includes human rights issues and labour practices in CPF's and CPM's supply chain. These policies apply to CPM. CPF reviews and updates these policies on a regular basis. CPF regularly conducts ESG risk assessments of the countries from which CPF sources main raw materials.

Apart from the mentioned above, we sourced our products from trusted third parties. The selection of third party suppliers was based on the Company's best interests, whereby the selection process must be unbiased. All agreements must be clearly defined, both in respect of the type of products or services provided and the terms of payments, and are approved by the relevant parties.

### **3. IDENTIFICATION OF MODERN SLAVERY RISKS**

Under the UN Guiding Principles on Business and Human Rights (UNGPs), CPF as the parent company of CPM recognises its responsibility to respect human rights in all aspects under the Human Rights Due Diligence ("HRDD") Framework<sup>2</sup>. It entails analysing and assessing any human rights, including rights relating to modern slavery, with an aim to identify and mitigate those risks and to prevent human rights violations or other adverse impacts on human rights deriving from CPF's operations and its value-chains.

CPF has conducted the Human Rights Risk Assessment ("HRRR"), which is an integral part of the HRDD Process, comprehensively every 3 years and reviews annually in order that the assessment be up-to-date and reflect the contextual accuracy. The HRRR covered the operations and supply chains of CPM. The 2022 HRRR conducted aimed to identify the human rights issues, including modern slavery risks, in our operations and supply chains, and related to the 4 following categories of right-holders.

#### *Employee Practices*

- Working conditions
- Health & Safety
- Discrimination and harassment
- Freedom of association and right to collective bargaining
- Illegal forms of labour (including modern slavery risks such as child labour, forced labour and human trafficking)

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<sup>2</sup> The details on CPF's Human Rights Due Diligence Process are available here:  
[https://www.cpfworldwide.com/en/sustainability/social/human\\_rights/HRDD.pdf](https://www.cpfworldwide.com/en/sustainability/social/human_rights/HRDD.pdf)

#### *Community Practices*

- Health and safety
- Standard of living and water & sanitation
- Land acquisition and forced re-settlement

#### *Customer / Consumer Practices*

- Health and safety
- Data privacy
- Discrimination and harassment

#### *Supplier / Contractor Practices*

- Working conditions
- Health and safety
- Discrimination and harassment
- Illegal forms of labour (including modern slavery risks such as child labour, forced labour and human trafficking)

The human rights issues have been identified, ranked, prioritised, then assessed on the basis of severity and likelihood, CPF identified and prioritised 5 salient issues within its own operations and 2 salient issues in CPF's Tier-1 Suppliers.

#### *Own-operations*

1. Employee health and safety: As health and safety incidents from working in CPF activities can result in employees' injuries, human rights related to workers' health and safety can probably be violated.
2. Community health and safety: Incidents occurred from CPF Manufacturing and operational activities which may impact the local community's right to health.
3. Community standard of living and water & sanitation: Incidents occurred from CPF manufacturing and operational activities which may impact the community's source of livelihood and standard of living.
4. Customer / Consumer health and safety: The products that CPF has put on market may be subjected to contamination with such foreign objects as hair, plastic or metal and improper for human consumption, including the case of damaged packaging.
5. Supplier health and safety: CPM's suppliers and sub-contractors' workers in its operating sites may suffer injuries, from for instance malfunctioning machinery, while performing their tasks.

#### *Tier-1 Suppliers*

6. Working conditions
7. Employee health and safety

The rest of this Statement details the actions that CPM and CPF (Thailand), as its predominant supplier, have taken to assess and address the modern slavery risks in this Statement.

## **4. POLICIES, PROCEDURES AND MECHANISMS TO ASSESS AND ADDRESS MODERN SLAVERY RISKS**

### **4.1 Policy Commitment**

CPM and its predominant supplier CPF (Thailand) have adopted the human rights-related policies as committed and set out by CPF. Such policies are based on the international principles of fair and equal treatment without discrimination nor harassment, protection and respect for fundamental human rights including human rights relating to modern slavery, promotion of freedom and association and the right to collective bargaining, and particularly protection of vulnerable groups. Specifically, the human rights performance has been orchestrated by the principles of Diversity, Equality and Inclusivity (D-E-I)<sup>3</sup>.

### **4.2 Embedding human rights awareness**

CPM and CPF (Thailand) aim to cultivate an awareness of human rights, including rights which relate to modern slavery, in their employees. They are instilled with understanding and awareness on the human rights programmes which are disseminated in their spoken languages through a wide array of available channels such as posters, leaflets, emails, trainings and online platforms. CPM and CPF (Thailand) have continuously run communication and promotional campaigns on different issues among their employees so as to emphasise and promote the importance of adherence to good corporate governance as well as compliance with rules and regulations.

#### Trainings

CPF develops the subject matters and the implementation of guidelines in CPF Code of Conduct<sup>4</sup> and continually updates the content to reflect the current context. It is adopted by all its subsidiaries, including CPM and CPF (Thailand).

Comprehensive trainings on CPF Code of Conduct are provided to the Directors, Executives, and all the employees of CPM and CPF (Thailand) through various channels, including business meetings, CPF website, online platforms (such as HR-eXp, CPF Connect, CPF Family), orientation sessions and e-Learning programmes. Employees are encouraged to appreciate and recognise other employees' behaviour in adherence to CPF Way.

In 2023, all the employees of CPM and CPF (Thailand) undertook and received trainings on a variety of human rights courses through the CPF Fundamental Programme; for instance, CPF Code of Conduct (which 100% of employees acknowledged, agreed to, and complied with), CPF Integrated Value-Chains, CPF Way, Corporate Compliance, Anti-Corruption, Conflict of Interest, Personal Data Protection Act (PDPA), ESG Fundamental, and Basic Risk Management.

In addition, through the partnership between CPF and the Labour Protection Network Foundation ("LPN"), one key engagement activity is to build understanding and awareness of human rights and the labour rights that the employees are entitled to, in accordance with the Thai Labour Protection Act and the international labour standards. Training sessions are provided by LPN to the employees of CPF (Thailand), both locals and migrants. They are also to know that when their rights are not respected, they can freely voice their concerns through the grievance channels CPF has put in place, both internally and the external channel as the "Labour Voices Hotline by LPN" platform.

Furthermore, under the partnership programme with LPN, there were also meets-and-greets sessions organised in the form of visits to residential quarters of migrant workers, during which the workers expressed

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<sup>3</sup> All the relevant policies are available at: <https://www.cpfworldwide.com/en/sustainability/policy>

<sup>4</sup> The Code of Conduct is available at: [https://www.cpfworldwide.com/en/sustainability/policy/code\\_of\\_conduct\\_en.pdf](https://www.cpfworldwide.com/en/sustainability/policy/code_of_conduct_en.pdf)

their expectations. LPN also looked out for any red-flag indicators of those who might have fallen victim to debt-bondage related to misconduct in the migration process.

#### **4.3 Employment and Labour Management**

CPM and CPF (Thailand) have adopted the Employment and Labour Management Policy<sup>5</sup> as set out by CPF. CPM and CPF (Thailand) do not employ any individuals below the legal minimum age of employment. Youth labour (or young workers of ages 15 to 18) is not employed in hazardous conditions or in conditions that would obstruct their development. They do not engage directly or indirectly with the use of any form of forced labour. There is no collection of money, nor retention of the employees' identity documents. They pay wages and benefits, including overtime, in compliance with the legal requirements and in a timely manner.

CPF (Thailand) seeks to ensure that the working hours that are set for any 7-day period do not exceed the legal limits and that overtime hours comply with applicable national law. CPF (Thailand) also seeks to make continuous improvements to provide safe working environments to protect their employees and relevant parties against health impacts.

It is noteworthy that CPF, the parent company of CPM and CPF (Thailand), had set out the Compensation and Benefits Policy with the commitment to pay all its employees a living wage by 2023 and this goal has effectively been attained.

CPM and CPF (Thailand) also protect their employees against discrimination on the basis of race, skin colour, gender, religion, and political beliefs, by setting out guidelines for various stages throughout the Employee Journey. This entails recruitment and selection, human resources development, performance appraisal, employees' compensation, transfer and exit. The guidelines cover the procedures to follow when encountering discrimination and harassment incidents and the assigned persons responsible for receiving the cases, investigation and deliberation<sup>6</sup>.

#### **4.4 Ethical Recruitment and Responsible Employment**

According to International Labour Organization, over the last 3 decades, Thailand has become a key destination for migrant workers from neighbouring countries. They are predominantly employed in low-paid jobs, including fishery, agriculture, construction, manufacturing, domestic work, etc.

Despite the set-out of a legal framework on labour migration through the bilateral Memorandum of Understanding ("MoU") on employment cooperation that the Thai Government signed with those of neighbouring countries, only a small proportion of migrants have entered Thailand under the MoU. This is caused by the complicated, lengthy and expensive procedures involved. Migrants face major challenges or even fall victim to be scammed ending up getting involved in debt bondage which could lead to forced labour and human trafficking.

In this context and as an employer of migrant workers, CPF (Thailand) attaches high importance to ethical recruitment and responsible employment through adoption of CPF's Foreign Worker Recruitment in Thailand Policy<sup>7</sup>. This policy provides, among other things, that the foreign worker recruitment process across the operations of CPF and its subsidiaries (including CPM and CPF (Thailand)) shall not involve forced labour.

CPF (Thailand) employs migrant workers under the MoU's as mentioned above. The recruitment of migrant workers is done directly through legally-registered and certified labour recruitment agencies, both in the

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<sup>5</sup> The Employment and Labour Management Policy is available at: [https://www.cpfworldwide.com/en/sustainability/policy/employment\\_and\\_labour\\_management.pdf](https://www.cpfworldwide.com/en/sustainability/policy/employment_and_labour_management.pdf)

<sup>6</sup> The Non-Discrimination and Anti-Harassment Policy are available here: [https://www.cpfworldwide.com/en/sustainability/policy/non-discrimination\\_and\\_anti-harassment.pdf](https://www.cpfworldwide.com/en/sustainability/policy/non-discrimination_and_anti-harassment.pdf)

<sup>7</sup> The Foreign Worker Recruitment in Thailand Policy is available here: [https://www.cpfworldwide.com/en/sustainability/policy/foreign\\_labor\\_hiring.pdf](https://www.cpfworldwide.com/en/sustainability/policy/foreign_labor_hiring.pdf)

employees' home country and in Thailand as the country of employment, to ensure that the process and recruitment related costs are accurate and transparent.

Once the migrant workers are employed, they are subject to the same, equal and fair treatment as local workers.

CPF has set out the measures and the criteria related to the selection of the labour agencies that it engages and CPF (Thailand) abides by such guidelines. For instance, CPF ascertains that the agencies conduct their business in accordance with the applicable laws, that they provide job-seekers with basic information about the employer company, nature of work, working environment and working conditions, including wages and benefits, before they enter into the recruitment process.

With regard to recruitment fees and related costs, CPF (Thailand) is responsible for the migrant workers' passport processing fees and the labour agency's service fees, as well as the expenses from the borders to the country of employment (e.g., pre-departure training, medical check-up, visa and its renewal, work permit and its renewal, COVID-19 prevention-related expenses). Personal expenses such as travel expenses between hometown and the labour agency in the country of origin are borne by migrant workers. It is to note that the responsibility of CPF (Thailand) on its migrant workers' passports is effective as of the 1<sup>st</sup> of January 2024.

CPF (Thailand) conducts the Post-Arrival Verification to verify that the process has been undertaken accurately, responsibly and transparently. This approach enables CPF (Thailand) to take, in a timely manner, appropriate corrective actions against any non-compliance that has occurred. As part of the Post-Arrival Verification, CPF (Thailand) would assess a random sample of newly-employed migrant workers in accordance with international standards. The 2023 verification process concluded that there were no cases of non-compliance with the migrant worker recruitment processes and practices of CPF (Thailand), and that the recruitment fees and related costs complied with the relevant policies.

#### **4.5 Whistleblowing and Grievance Mechanisms**

The mechanisms which CPF, including CPM and CPF (Thailand), uses to mitigate human rights risks, including modern slavery, is to provide a whistleblowing service for the reporting of concerns and complaints in relation to inappropriate behaviours or non-compliances with CPF Code of Conduct, and to manage the service effectively.

It includes principles on adhering to and promoting basic human rights in all businesses. CPM and CPF (Thailand) have adopted the Whistleblowing Policy that CPF has set out. The Policy provides their respective employees, as well as stakeholders of all groups, with the opportunity for whistleblowing or lodging complaints relating to any violation of law or CPF Code of Conduct, corruption or infringement of rights.

All complaints are passed through the Internal Audit Office of CPF for investigation and deliberation. In the event that such complaints are found to be fraudulent or improper, a committee will be set up to investigate and consider disciplinary actions according the rules and regulations of CPM and CPF (Thailand) respectively.

Moreover, in 2023, CPF concluded a partnership agreement with LPN for the 6<sup>th</sup> consecutive year. The key engagement activity is the setting up of the "Labour Voices Hotline by LPN" Centre which serves as an external and neutral channel through which employees of CPF (Thailand) can confidently express their views, give suggestions, speak out their concerns or lodge their complaints. The communication is in the languages that are spoken by the employees of CPF (Thailand).

Through these programmes, CPF (Thailand) is enabled to gain awareness of their employees' opinions, doubts or concerns and to seek to provide solutions and improvement to its human resource processes.

This approach not only helps promoting equality rights and remediating unfair treatment, it also minimises any risks related to modern slavery and human trafficking.

The Hotline is advertised through posters at the manufacturing facilities of CPF (Thailand) available in 4 languages, which are Thai, English, Myanmar and Cambodian.



Poster in Thai / English



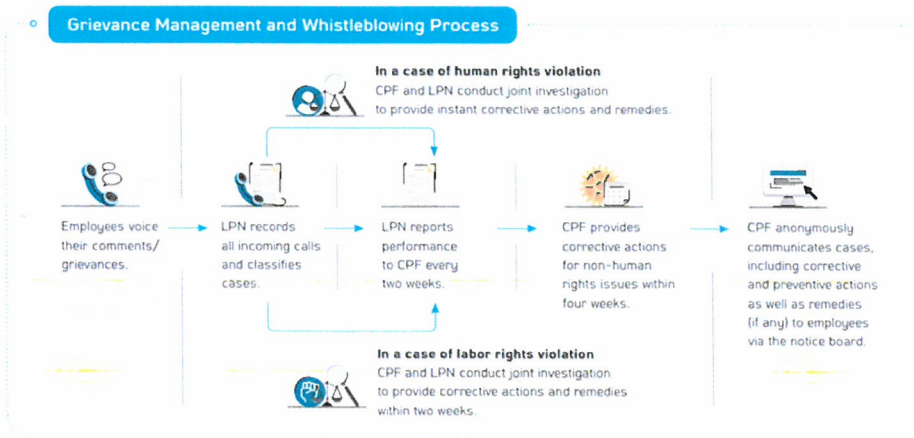
Poster in Myanmar / Thai



Poster in Cambodian / Thai

Poster campaigning "Labour Voices Hotline by LPN Centre"

The Hotline is managed as described below.



Grievance Management and Whistleblowing Process managed by Labour Voices Hotline by LPN

The calls received through the "Labour Voices Hotline by LPN" are systematically logged and classified into 3 categories of cases:

- In the case of human rights violations, CPF - together with LPN - is to investigate and deliberate into the issue and provide verdict, solution and remediation, if any, immediately.
- In the case of labour rights violations, investigation and remediation must be put forward within two weeks.
- In other cases, solutions are to be sought within four weeks.

Throughout 2023, there were no cases of human rights violations reported at CPM or CPF (Thailand).

### Welfare Committee in the Workplace

In order to promote the diversity-equality-inclusivity principles, the employees of CPF (Thailand) are encouraged to sit on the Welfare Committee in the Workplace as representatives of their colleagues. The Committee members gather the suggestions that arose from consultations and discussions among the employees and present them to the Management. The election of the Welfare Committee in the Workplace is held systematically and transparently and the candidates as well as the voters are free to make their decision at the ballots.

This mechanism is aimed at improving the working environment and the employees' welfare and benefits. It is noteworthy that CPF (Thailand) has set the number of members sitting in the Welfare Committee to be in appropriate proportion to the number of employees at a given operating site, which is higher than the legal minimum of 5 committee members requirements, with a maximum of 17 members. In addition, it is determined that the Committee covers a diverse range of vulnerable groups, such as females, migrants, disabled persons, and those of minority religious faiths.

However, if the members do not reflect and cover such diverse and vulnerable groups, CPF (Thailand) will make a selection of a welfare sub-committee to represent employees from such groups. The welfare sub-committee is responsible for receiving suggestions, queries or complaints from employees and presenting them to the Welfare Committee in the Workplace prior to the meeting with the executives representing CPF (Thailand).

### **4.6 Safety and Occupational Health**

Additionally, CPF took further into consideration the salient issues that had previously been identified from the detailed assessment of the risk involved, so as to understand the impacts of the actual risks on the right-holders through the conduct of the Human Rights Impact Assessment (HRIA). This entailed evaluating, from the right-holders' standpoints, the effectiveness of the control measures to ensure that they appropriately and effectively enable mitigation of such impacts or they are subjected to certain adjustments.

Concretely, in 2022, the HRIA was carried out on a selected right-holder group that is CPF's employees, including those of CPM and CPF (Thailand), covering the salient risks of working condition and safety and occupational health. It is aimed at assessing and addressing human rights impacts actually occurring to CPF's employees in Thailand.

The result demonstrated that the issue which was identified as high impact concerned safety and occupational health in workplace. To mitigate such impact, CPF has been committed to developing a "culture of safety" across the organisation, including CPF (Thailand), through creating awareness and encouraging its employees to strictly comply with the policies related to safety and occupational health.

Fostering safety culture has been integrated into CPF SHE&En Standards (Safety, Health, Environmental and Energy Standards). As a subsidiary of CPF, CPF (Thailand) has built strong leadership by assisting employees to understand their roles in terms of safety and encouraging them to act as role-models for others to aspire to. Its employees are given awards to promote participation. Opportunities are provided to groups of business unit executives, operational employees and contractors, for them to exchange information, news, knowledge, good practices and to join activities such as safety talks and lesson-learned sessions.

Additionally, CPF (Thailand) has organised the Safety Week Exhibition that promoted safe behaviour and a cautious approach through the "Think Before You Act" Programme, the "Helping Friends" Programme and the "Behaviour-Based Safety Observation" Programme as well as monitoring progress, providing suggestions and creating positive motivation.



## **5. EFFECTIVENESS**

Over the previous 6 years of partnership with the LPN, 91 training sessions of 3 hours each were organised covering over 3,600 employees at different operating facilities of CPF across the country, including those of CPF (Thailand). Out of this figure, 74% were migrants. To assess the effectiveness of the training, which covered modern slavery related issues, tests preceding and succeeding each session were carried out. The results showed that employees had better awareness and understanding of human and labour rights, with the average score of 66 (out of 100) increasing to 91 after the sessions.

With regard to grievances handled through the “Labour Voices Hotline by LPN”, a total of 22 calls have been received between 2018 and 2023 from both Thai and migrant workers across CPF’s operations in Thailand. There have been no cases related to violation of human rights or to modern slavery.

There were some cases of minor misconduct and misunderstanding which were handled and resolved or remediated effectively and in a timely manner; for instance, manners of working and living together, breaking CPF’s work or safety regulations. With lessons learned from the cases reported, CPF, including CPF (Thailand), has continuously taken necessary steps to improve its work processes to be concise and precise so as to prevent those issues from reoccurring.

Only a handful of workers were seeking information or assistance caused by misunderstanding or mishap in the processes, which led to concerns about their legal status, wages or welfare benefits. They were provided with an explanation and assistance, as appropriate, to ensure their general satisfaction.

In addition, throughout 2023 on the Internal Audit Office channel, there were 86 whistleblowing cases and complaints received, but there were no cases that related to the violation of human rights as well.

### **Human Rights Awards 2023**

One of the “Human Rights Awards 2023” was bestowed on CPF as a group of companies including CPM and CPF (Thailand) for its human rights performance in the category of large corporations for the 3rd consecutive year. The Award was presented by the Rights and Liberties Protection Department, Ministry of Justice of Thailand, to CPF as an outstanding role model for the Thai business sector, for having integrated human principles into its business operations across its value-chains and supply-chains, promoting best practices among its business partners and bringing benefits to society as a whole.



Outstanding Organisation Supporting People with Disabilities Award 2023



In recognition of its firm commitment to people with disabilities, the Ministry of Social Development and Human Security of Thailand awarded CPF as a group of companies including CPM and CPF (Thailand), for the 7th consecutive year, an “Outstanding Organisation Supporting People with Disabilities” at the Excellent Level. This honour reflects CPF’s continuous and systematic support to people with disabilities and vulnerable groups. It has been determined to foster equality, create employment opportunities, while ensuring life stability and self-reliance of individuals with disabilities. It contributes to continuous enhancement of self-esteem and a promotion of a sense of pride among them.

Asia Sustainability Reporting Awards (ASRA) for Human Rights

CPF as a group of companies including CPM and CPF (Thailand) was awarded the “Asia Sustainability Reporting Awards (ASRA) for Human Rights - Bronze Class” from CSRWorks International, a non-profit organisation in sustainability in Singapore. This Award reflects the CPF’s commitment to comprehensive and transparent sustainability reporting, with a priority focus on human rights principles and practices throughout its value-chains.

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*This statement has been prepared pursuant to the Australian Modern Slavery Act 2018 (Cth) in respect of the financial year from 1 January 2023 to 31 December 2023, and in consultation with the relevant entities that CPM owns or controls. This statement has been approved by the board of directors of CPM on 27 June 2024.*

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(Mr. Prasit Boondoungprasert)  
Authorized Director of  
C.P. Merchandising Co., Ltd.