



Chiangmai Frozen Foods Public Company Limited

CSR

Corporate Social Responsibilities year 2013

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Corporate Social Responsibility: CSR

The Company has operated with responsibilities, transparency, and fairness for all stakeholders. As for society, the company has acted as one good member. To effectively carry on our mission and specified goals, the following corporate social responsibility practices has been set up.

1. Fair Business Practices

The Company recognizes the importance of administration under the codes of business ethics and good corporate governance - two key factors in strengthening the company's transparency, fairness, and equal treatment for all stakeholders. Our fair business practices include anti-corruption, proper selection of main trading partners and suppliers, shared commitment to follow legal requirements and TLS 8001-2010 standards, advance price guarantee for procurement of agricultural raw materials from the company's contract farmers, etc. Please see more details in the attached document on announcement of business ethics and good corporate governance.

2. Anti-Corruption

The company has focused on this matter and taken it as a part of our policies. Anti-corruption is specified in the company's business ethics under "Managing Conflicts of Interest" as a guideline for directors, executives and employees. Then, the Securities and Exchange Commission (SEC), had invited the company to become an anti-corruption partner. Hence, during the board of directors' meeting no. 4/2556 on November 11, 2013, the board has approved an announcement to join Thai Private Sector's Anti-Corruption Collective Action Coalition. Please see more details in the attachment.

3. Respect for Human Rights

The company respects its employees from all levels and provides them with opportunities to study and trainings, which aim at employees' increased knowledge and its application on both work and in everyday life. We also encourage employees to comply with the local culture such as wearing traditional costumes during the ongoing northern New Year festival, participating in different community's festivals, as well as the freely participating in social activities that comply with laws and the company's rules. Employees are encouraged to participate and share ideas to improvement the company through multiple channels such as a comment box and small meetings of each department. These can serve as communication channels among employees from all levels. Different activities are held within the company to strengthen the relationship between employees from all levels. The company has also announced labor policies and commitment with business partner to treat workers legally.

4. Fair Labor Practices

The company treats all employees as our most valuable resource.

Our success stems from cooperation of all employees. As a result, the company has set policies on social and labor responsibilities. We are committed that all employees' rights are respected and protected by labor laws. In addition, we make sure to comply with a standard of social responsibility and other related regulations including working guidelines according to client's suggestions.

The company focuses on taking a good care of all employees. We have complied with labor standards of Thailand and other government standards since 2008. Moreover, we are committed to follow the laws and regulations under the TLS 8001-2010 standard in cooperation with our suppliers and subcontractors.

Employment The Company adheres to employment with anti-discrimination gender, race, and religion. We do not employ child labor who is under 18 years old.

Health and Safety of Employees The company has set up practices in employees' health and safety in multiple ways such as an appointment of the Safety Committee responsible for inspecting security in terms of buildings, areas, and machines, along with unsafe equipment and working behavior. The committee then takes this information into account to improve the company's safety. We encourage that managers of each department ensure safety during all working period, training sessions, and meetings. The managers are also responsible for conveying information from the Safety Committee meetings to all employees for thorough knowledge and practice. As a result of a proper management of work and employees, in terms of statistics, a number of accidents has decreased.

Monitoring Health of Employees The Company provides a wellness clinic and a regular nurse for primary care and treatment of employees' illness. Initial measurements for fever are implemented to properly assign work to employees. The company signed a letter of agreement with nearby hospitals for 24 hours emergency treatment instead of hiring a doctor to work in the company. A reserved car for 24-hour delivery of emergency patients is provided. We do not allow pregnant employees to work overtime or at night. Special work is provided for employees who are pregnant. The company arranges an annual medical examination for all employees to check for and track any disorders.

If illness is found, it will be continuously monitored and treated. More appropriate work may be assigned to prevent or minimize possible hazards. The company also coordinates with nearby hospitals and related health agencies adjacent to our plants to carry on health promotion projects such as No Big Belly, Insured Cm Love Exercise, Health Promotion to Prevent Bone and Muscle Diseases, Behavioral Modification and Stress Management, Sufficiency Economy Philosophy, How to Work Happily, and Safe Driving, etc.





Employee Development Programs The company provides orientations for every new employee to learn about the overall rules and regulations such as the company's rules, rights in social security and compensation, complying with the company's quality system, safety at work, etc. Once employees start working in any position, their supervisors will provide an on-the-job training to ensure that all employees understand and are able to work in all positions correctly. The company has an annual training and knowledge development framework for employees from all levels. This framework is based on Training

Needs and the HR department personnel development plan, including various courses in cooperation with government agencies. Training is held both internally and externally. The company also allows employees to attend different training courses to increase their knowledge applicable for the organization.



Employee Rights and Participation We focus on letting employees receive information and sharing ideas through various approaches such as small meetings in each department to identify working guidelines, problems and solutions, along with getting back work information from employees. General meeting of all staff is held regularly to report news and stay informed of information from employees in all department. Comment boxes are installed to gather opinions and report them for information and consideration at the company's monthly meeting. The company's news release and exhibitions of general knowledge are put in place at both central and department boards. Public sound system, Internet, and file sharing system, including an appointment of employee representative are other channels for

coordination, information and problem sharing to convey to the management for further consideration.



Welfare The Company recognizes the importance of employees' personal lives and families. We offer all legal benefits to employees such as minimum wages required by law, a clear schedule of wage payment paid through banks every month. In addition, we provide employees' rights and welfare specified by social security such as benefits in cases of illness or injury, disability, maternity, child allowance, old age, etc. In addition, the company has other welfare policy to help and facilitate employees' work such as welfare for apparel and equipment needed for daily uses, a group life insurance, free cooked rice welfare, as well as other support during time of natural disasters, and so on.

Activities Strengthening Relationships within the Organization

Each year the company holds a variety of activities to strengthen relationships within our organization, which has two operating plants - one in Chiangmai and the other in Bangkok (headquarter). There are both internal activities within each plant and between plants in the two provinces as follows:

- Internal Sports Day and Fun Sports. This activity focuses on allowing employees to have fun, relax from work, and play sports to strengthen relationships with their fellow employees from other department. Types of sport are simple, fun to play, and anyone can play such as chess, petanque, other fun games for recreation, etc.



- Happy Traditional New Year. These activities are held at the manufacturing plant located in Chiangmai during Song Kran festival, which is considered the northern New Year. New year day is an important day for people in the north because it is a new beginning. People usually maintain a good tradition such as giving food offerings to monks in the morning, doing a Big Cleaning Day, having lunch together, Dam Hua - pouring water on the hands of elder executives and employees to pay respect and ask for blessing, enjoying other fun activities, etc.





- Cm La La Activities is a voluntary activity for employees who enjoy singing. It is held monthly during lunch time. Those who like singing a song can sing for their fellow employees at the cafeteria.



- Safety Week and Energy Conservation Activities. This event is held to raise employees' awareness of safety both in the factory and in everyday life, as well as conservation of energy. Example of activities include knowledge sharing of initial fire extinguishing, moving the wounded, usage of energy saving appliances or those with energy-saving No. 5 labels, safety boards and slogan contest, safety driving and no driving drunk, etc.



company has two manufacturing facilities located in different areas of Sansai district, Chiang Mai. Employees work in each plant separately. There are also sales and marketing headquarters in Bangkok. As a result, our activities and annual sports day focus on creating good relationships among all employees. Types of sports or games are fun, supporting teamwork, and activities to introduce new employees, etc.





5. Responsibilities for Consumers

Product Value to Society

The company has conducted marketing activities to promote consumers' access to our products. There are many kinds of our frozen food products and manufacturing styles offered in a variety of packaging sizes from small, one person serving, to a bigger family size. We also offer Bulk Pack packaging for other continuous industry.

Consumer Care and Protection

The company recognizes the importance of monitoring and product quality control for the safety of our customers. Our manufacturing process starts by selecting appropriate cultivating areas, having random checks for residues in soil and water, caring for crops by following the Good Agricultural Practice (GAP) principle. The company uses a contract farming system, which has over thousands of farmers. We employ random monitoring and checks for chemical residues in materials prior to sending them to manufacturing plants. There is also quality monitoring at all stages of production to ensure that products of the company are safe for consumption.

As for product information, type of product, size, manufacturing date and expiry date, instructions for how to use and how to store a product, and manufacturers and importers are identified on bag or box packing of products. (For exported a goods, which is the main product, these information is identified in foreign languages under the same meaning of the above Thai specification.) In addition, an identification code is identified for reverse verification in case of problems up to product recall.

To reinforce high-quality production process of products, the company has adopted international quality system and standards and applied them to our production management and operation as follows.

- Good Agricultural Practice (GAP) - for controlling primarily process of production from farmers since 2008 to present;
- Good Manufacturing Practice (GMP) - guidelines and good practice for food production since 2004 to present;

- Hazard Analysis and Critical Control Point (HACCP) - hazard analysis and critical control points system in food production since 2004 to present;
- ISO 9001 - quality management system during 2005-2008;
- The British Retail Consortium (BRC) - a standard for production of a Retail Business Association of England during 2005-2006;
- ISO 22000 - food safety management system since 2009 to present;
- TLS 8001-2003 - Labor Standards of Thailand since 2008 to present;
- and currently, the company is in a process of applying FSSC 22000 system to our production process to ensure the highest level of safety.

6. Environmental Management

Prevention of Pollution

The company values prevention of pollution that is consistent with production processes. This is an urgent matter to avoid any impact on environment and community. All water used in a manufacturing process needs to go to a sewage system. The company has improved our wastewater treatment system to be consistent with sewage from the production process. The system combines an activated sludge (AS) with and an anaerobic Bufflet reactor (ABR) system. This improvement benefits many departments as well as the environment.

Benefits to Factories

- The company's wastewater treatment improves to a standard level.
- Part of wastewater after treatment can be recycled and used within the plant, which reduces overall water use.
- Biogas is generated from such systems and can be used as fuel for power generation in some factories. This can be considered partly energy conservation.
- Reduce emissions of methane to the atmosphere. Methane is greenhouse gas caused a sewage system.

Benefits to Communities

- No polluted wastewater released from the factory causing problem to the community.
- The community can still fish from the small canal behind our plants as usual.

In terms of control and administrators of the factories, the company hires employees specifically responsible for this matter. Every day, water samples are collected and tested by preliminary examination in the company's own laboratory. This close monitoring system ensures that our sewage management system is efficient before discharging water into public canals. There is also a random water collection to be analyzed in external laboratories to verify our effectiveness of our sewage management system.

As for waste from agricultural products, the company sells it to farmers to be used as animal feed and fertilizer. Thus, the waste does not cause environmental pollution.



Sustainable Usage of Resources and Reuse/Recycle

The company focuses on managing use of water to achieve optimum performance. Thus, we adhere to the environmental conservation practices, in particular a reuse/recycle concept to improve production efficiency. Clean water released after a production process is reused to transport waste from the production line. Then the waste is separated out leaving the rest wastewater for the sewage system. This concept is based on the maximum usage of before transferring it to the wastewater management system. Some part of treated wastewater will be reused activities outside a factory such as street cleaning, garbage conveyor wash, and watering lawns and trees, etc. As for managing water in a production process, our factory focuses on raising employees' awareness of correct water usage - one of the methods to maximize usage of resources. Another indirect benefit from this activity is to reduce amount of water needed to be treated.

Energy and Control of Greenhouse Gas Emission

The company recognizes the importance of energy activities. Each year, we requires relatively high amount of heat and electricity. Energy Committee is appointed from representatives from related departments to oversee, control, and inspect energy consumption of the whole plants including water use, fuel oil as the heat energy, and power energy. The Committee specifies targets and set up meetings to monitor an operation. Trainings to raise awareness of energy conservation among employees are held. In addition, an employee team is chosen to monitor and prevent any wasteful use of energy by randomly inspect the work and energy usage of all departments and report in the meeting every month.

The team analyzed results from these activities and set up a more proper guideline. They also found that energy consumption per unit of production has decreased. Reducing energy consumption can indirectly reduce our production costs, as well as reductions of greenhouse gas emissions, which have become a critical environmental problem globally. The company is currently working on an ongoing project to evaluate Carbon Foot Print based on greenhouse gas emissions of products and coming up with a plan to further reduce these emissions.

7. Community and Society Development

Youth and Community's Potential Enhancement

The Company recognizes that in order to encourage youth to develop their knowledge and potential, it is essential to enhance experiences on top of education acquired in schools. Young adults play an important role in developing the country. Hence, the company gives students an opportunity to have a field trip related to their study. Each year, there are students from educational institutions located nearby factories, as well as organizations who are interested, having a study visit at our company periodically. Their objective is to apply obtained knowledge and working plan to their post-graduate career.



Relationship between Employee, Community, and Environment

During the establishment of our company and installation of factories since 1989, our location was far away from the community. However, after the company has operated for some period of time, the community has now expanded to be closer to our factories. Therefore, the company promotes and encourages employees to participate and volunteer in the community's social and environmental activities as follows.

- Children's Day. Every year the company has provided financial support and products and has cooperated with our colleagues in supporting money and additional prizes during evening period to join the Children's Day activity around the community.



- Seasonal Merit Activities. The company provides employees with opportunities to do merits for their mental benefits during many occasions. For example, there is a joint offering of candles in the rainy season (Kao Pansa). We also hold a morning food offerings to monks at the factory because some employees live far away from the factory, so they may have little chance to make merits. This is to facilitate and encourage employees to share and make merits. In 2008, the company also held a charity fundraising to support some temples in need of maintenance. We invited a group agricultural product collectors, partners and the general public at Wat Nong Sae temple, Maefaekmai, Sansai district. Also, in 2010 we did the same at Wat Sanpasak luang, Nongjom, Sansai district.



- Blood Donation with Chiangmai Red Cross. Every year, the company in cooperation with the Chiangmai Red cross hold a blood donation once or twice. This activity allows fellow employees to do merits by rescuing a man who needs blood. Every time we hold a blood donation, our employees are happy and joyful. There are also ongoing Peer Help activities - if one employee or a family member is sick and needs blood, he or she can inform the company and we will call for a blood donation from other employees.



- Labor Day Activity. Each year, the company organizes labor relation activities by attending events organized by the National Labor Office of Labor, Chiang Mai to encourage good relationships, love, harmony, joy and relaxation among fellow employees. It is also a good opportunity for them to meet and exchange ideas with other workers from other companies in Chiang Mai.



- Peer Help Activity. In the past, we found that employees have to face difficult times such as fire and flooding. This results in their daily life. Hence, the company has set up Peer Help activity to appropriately allow employees to help out during those times.
- Waste Separation Activity. The company allocates space to store waste categorized into different types to facilitate continuous removal. We separate out recyclable waste such as glass bottles, plastic bottles, and aluminum bezel ring box for donating to agencies such prostheses.



8. Innovation to Create Shared Social Values

Currently, agricultural occupation in Thailand is experiencing a labor shortage problem. Agricultural labor has become scarce and mostly consists of elderly workers. Younger workers tend to work in an industrial sector rather than agricultural. As a result, current agriculture is facing a critical problem, particularly farming job that requires high amount of labor. These problems have affected the company's contract farmers, especially a group promoting cultivation of soya. This group requires intense labor for harvesting. The company recognizes this problem and has started using innovations as soybean harvesting machines to help our contract farmers. This is considered **creating shared values between the company and our contract farmers** in order to help farmers who face labor shortage.

